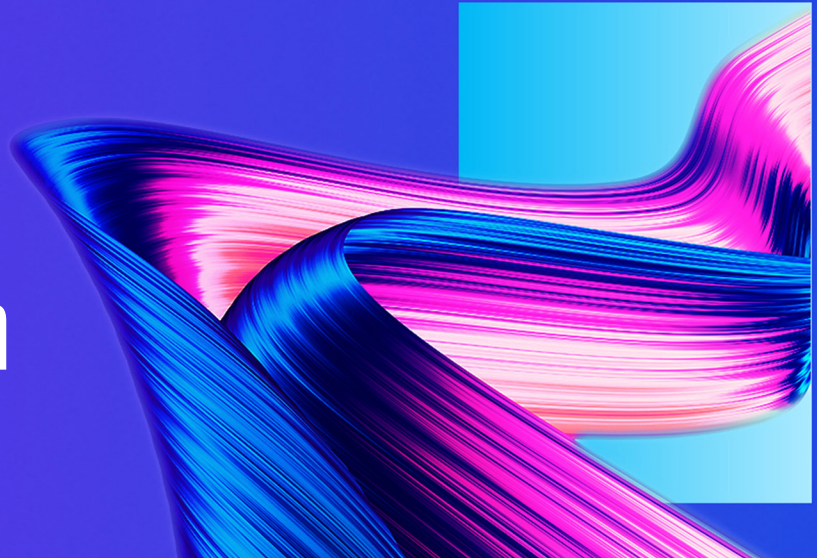




KPMG and IBM tax value acceleration

Aligning Tax with business goals for a successful ERP transformation



Bring Tax to the table

Today's leading organizations are implementing cloud Enterprise Resource Planning (ERP) platforms that are helping to transform their business. Accelerating Tax to the forefront of the transformation can be instrumental in driving significantly more value throughout the enterprise.

Since Tax is one of the largest users of financial data within an organization, it should be engaged early in the project to help ensure access to the right financial data to optimize tax processes and offer opportunities for greater agility and user experience across the tax function. This greatly enhances the ability for the tax function to identify tax planning strategies that are fully aligned with the transformative business initiatives driven by the implementation. Additionally, it can significantly enhance the after-tax cash flows of the organization and potentially serve as a funding source for the ERP project and other transformational initiatives.

Prerequisites for creating tax value: To help ensure value creation is enabled vis-à-vis Tax, the following must be top of mind:

- **Data:** Make global trustworthy data readily available for more efficient compliance, planning, and forecasting.
- **Sponsorship:** Gain executive sponsorship from outside the tax organization, along with adequate budget, to not only enhance the tax operating model but also unlock tax benefits across the organization's value chain.
- **Leveraging broader business transformation:** The tax function must have full visibility into the organization's plans for unlocking value across the business following the ERP implementation to help ensure that such initiatives are implemented in a manner that facilitates optimal effective tax rate (ETR) and after-tax cash flow outcomes.



Four areas to identify and accelerate the creation of tax value

A migration or adoption of a new ERP system provides a ready opportunity for the organization to unlock incremental value in the tax function and across the entire value chain. These opportunities may be found in the following areas:

- **Optimize the tax function:** The Tax department can utilize this opportunity to transform its way of operating through the implementation of leading technologies and augmentation of employee capabilities to reduce cost, elevate user experience, and improve business outcomes.
- **Core tax planning:** A tax-sensitized implementation of the ERP will allow the tax function to identify and implement tax planning strategies to improve ETR and after-tax cash flows.
- **Incentives and credits:** Substantial tax credits and incentives are available across the globe to encourage investment in technology initiatives. Proper focus will help ensure they are harnessed to the full extent possible. Benefits may include accelerated expensing of related costs, favorable tax credits for research and development, and incentives for hiring and training employees, which can help to offset the financial cost of the ERP implementation.
- **Tax benefits unlocked from within the value chain:** Focusing across the organization's value chain can enable realization of tax benefits beyond traditional core tax planning. A fully integrated design and implementation can deliver significant incremental ETR and after-tax cash flow benefits. Most importantly, it is compatible with today's substance-driven tax rules emerging from tax authorities across the globe.



KPMG and IBM help your Tax, Operations, and IT functions work better by working together

To gain the potential benefits of including Tax early in a transformation, your company must bring together information technology (IT), operations, and tax professionals—teams that may not always speak the same language and often do not collaborate with each other on large, multiyear projects.

KPMG and IBM can help bridge these gaps to effectively manage your ERP implementation or upgrade. Teaming with KPMG and IBM can help an organization's tax function by improving efficiencies and cost savings, enhancing business outcomes, and generating better user experiences during and after the implementation. Furthermore, KPMG and IBM can help the organization unlock value across the business in a manner that, when designed and implemented through an integrated business and tax lens, can deliver enhanced ETR and after-tax cash flows.

KPMG and IBM are ready to help your organization include Tax throughout your ERP project. Doing so may help offset project costs and improve return on investment (ROI) of the entire transformation while helping you gain lasting, long-term tax value.

KPMG and IBM help your Tax and IT functions increase the ROI from your ERP transformation

As the tax environment continues to change, your business needs a well-executed response inclusive of tax transformation and refreshed tax planning strategies integrated with the overall business structure.

The KPMG global organization provides a powerful combination of deep tax knowledge and dedicated tax technology professionals to realize the tax value inherent in your ERP transformation, whether from within the Tax function itself or captured through tax planning implemented elsewhere in the company's value chain.

IBM brings professionals with extensive implementation experience and established methodologies to your ERP transformation project.

For over 15 years, KPMG and IBM have teamed to bring their combined investments, insights, innovation, and experience to help you succeed. By adding the strength and reputation of KPMG and IBM, you will have the confidence and know-how to reach your transformation goals, align Tax with functional areas across your organization, and achieve your desired business outcomes while reducing costs, increasing efficiencies, and improving the user experience of your employees.

To assess how Tax can improve the ROI on your ERP implementation, please contact:

Tim Zuber

Partner, Tax

T: 212-872-6653

E: tazuber@kpmg.com

Sanford Fisher

Principal, Tax

T: 212-954-4462

E: sanfordfisher@kpmg.com

Jason King

Partner, Tax

T: 267- 256-1956

E: jsking@kpmg.com

Marie Lucas

Managing Director, IBM Alliance

T: 203-918-2926

E: malucas@kpmg.com

Michael Dempsey

Managing Director, Alliances

T: 612-305-5503

E: michaeldempsey@kpmg.com

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