

Overcoming Financial Management Challenges In Today's Digital Economy

How To Enhance Your Financial And Compliance Reporting

Q&A



Sarah Clayton

Senior Research Analyst, IT



Dave Hunt

Manager, Enterprise Sales



Asad Ahmed

*Principal Industry Solutions Adviser
Retail & Ecommerce*



Agenda

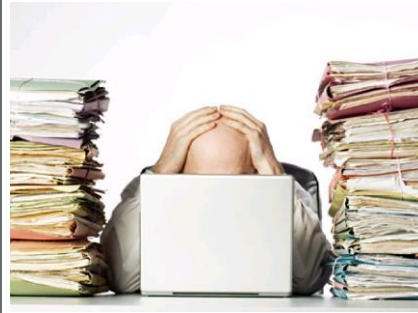
- **Current Industry Challenges**
- **Survey Overview & Research Methodology**
- **Key Survey Findings: The State of Digital Commerce Tax**
- **The Best-In Class Approach**
- **Key Takeaways**

Current Industry Challenges

Catalysts for Change:



- Compliance regulations vary by jurisdiction and are in a constant state of change.



- Scarcity of qualified resources is becoming more difficult given the rate of change.



- States are increasing the number of sales tax audits that are conducted in order to regain lost revenue



- Determination inefficiencies and Compliance disputes affect:
 - 📌 Cost to company (fines/fees/penalties)
 - 📌 Reputation cost
 - 📌 Audit cost
 - 📌 Cash flow optimization

- ***The ability to address complexity, reduce cost, and avoid confrontation is a strategic advantage.***

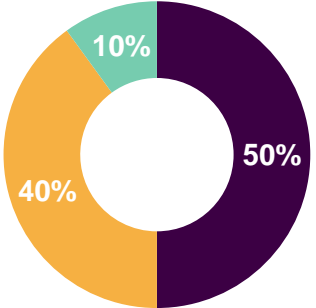
Survey at a Glance: 500 Respondents

QUALIFICATION CRITERIA:

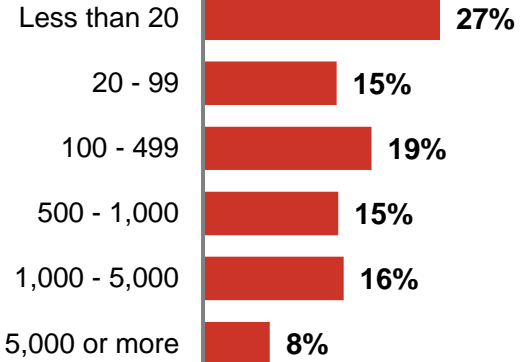
- Located in the United States, United Kingdom, and Netherlands
- Manager role or higher in finance, accounting, or tax / compliance departments
- Organizations with annual revenue greater than \$4 million
- At least moderate knowledge of tax and global compliance processes

Country

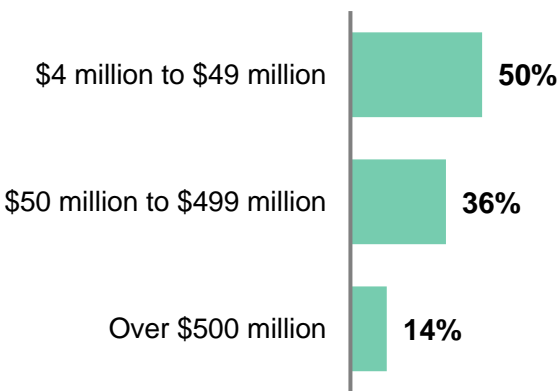
■ US (n=250) ■ UK (n=200) ■ NE (n=50)



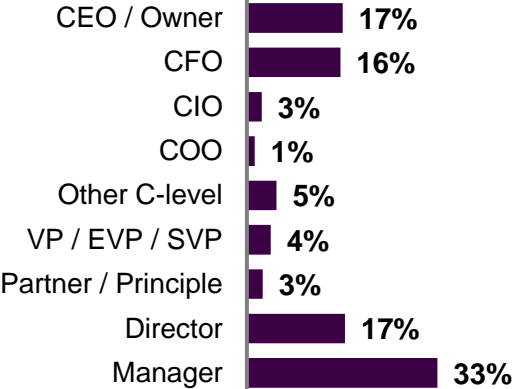
Org Size (# of employees)



Annual Revenue

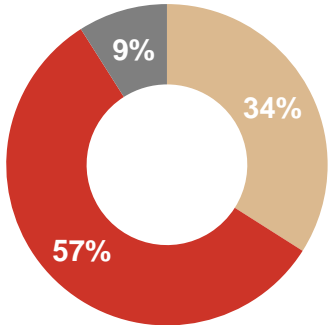


Role

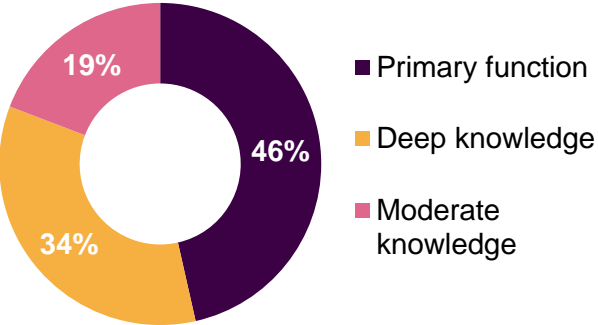


Area of Function

■ Accounting ■ Finance ■ Tax / compliance

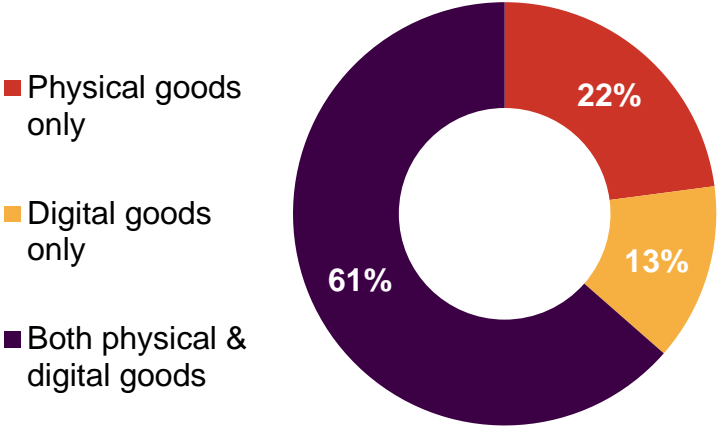


Knowledge of Tax Activities

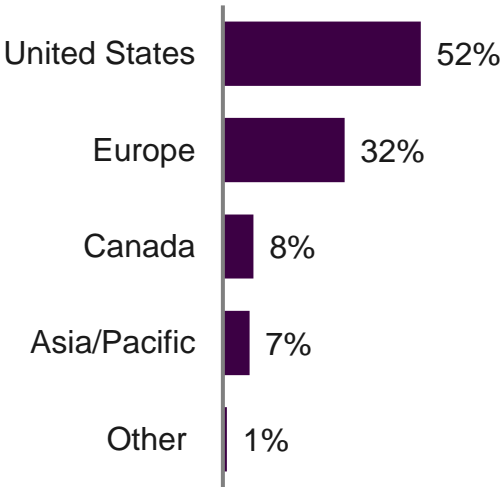


Sales Activity & Footprint

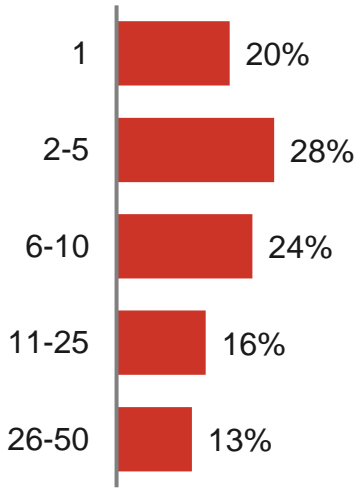
Types of Goods Sold



Percentage of Sales Coming from...



Number of States with Sales Tax Obligation



n = 500, Source: Aberdeen, March 2023

Key Study Findings

Increasing the number of digital channels is the top strategy businesses are taking to support digital growth

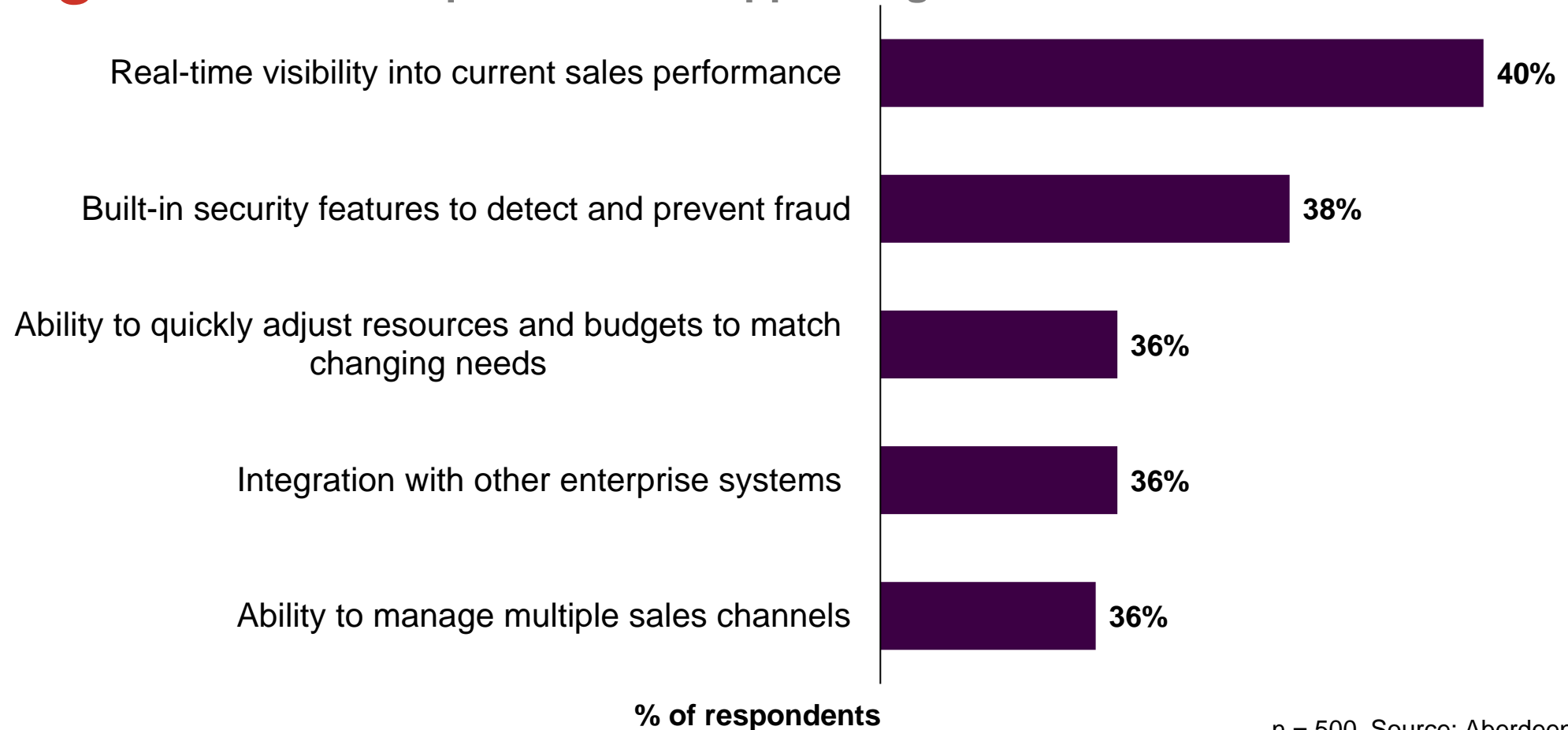
Top Strategies for Digital Commerce Growth



n = 500, Source: Aberdeen, March 2023

Businesses support commerce activities by improving data visibility and accuracy to guide better decision making

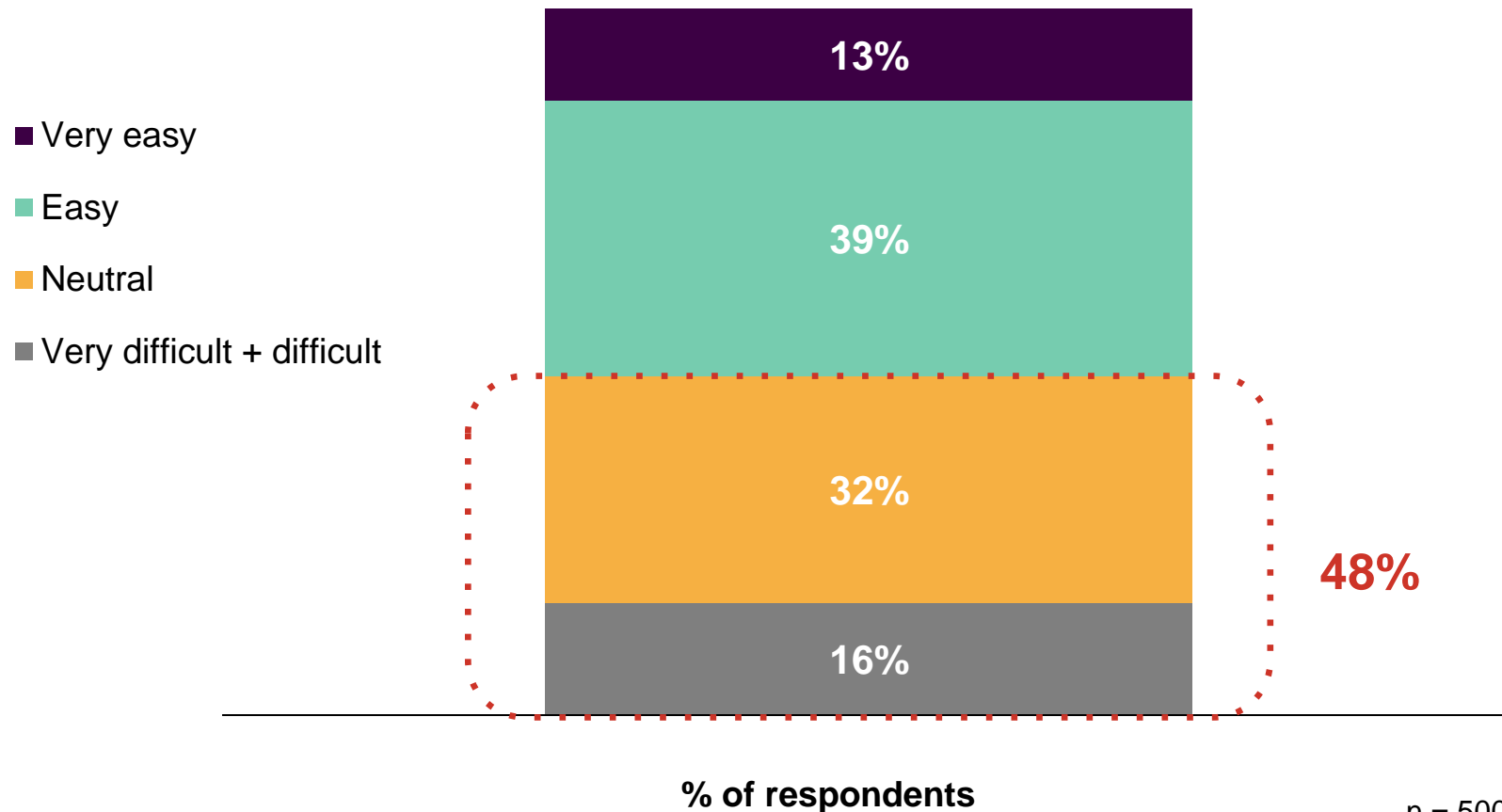
Business Capabilities to Support Digital Commerce Activities



n = 500, Source: Aberdeen, March 2023

48% of business leaders do not find it easy to manage sales channels from a financial perspective

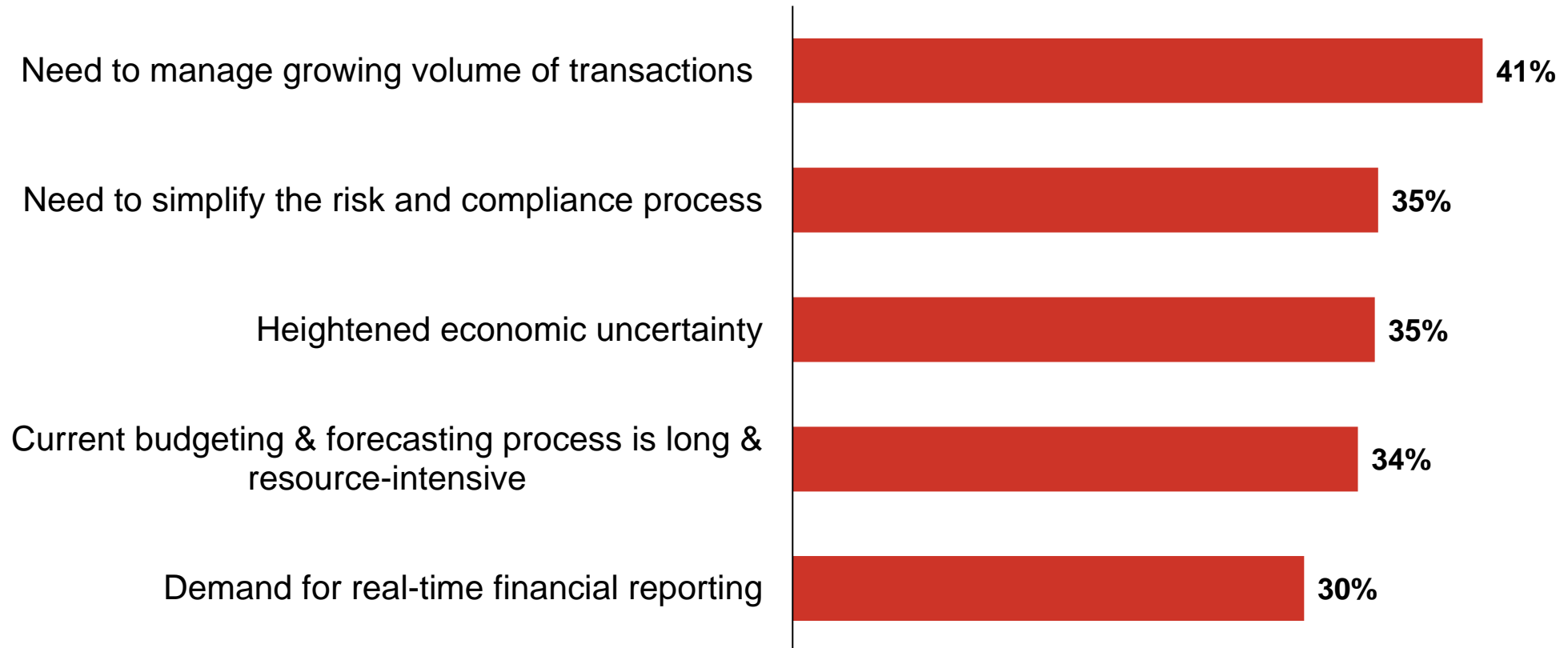
Ease in Managing Sales Channels



n = 500, Source: Aberdeen, March 2023

The top pressure driving process improvements is the need to manage the growing volume of transactions

Pressures Driving Financial Processes Improvements

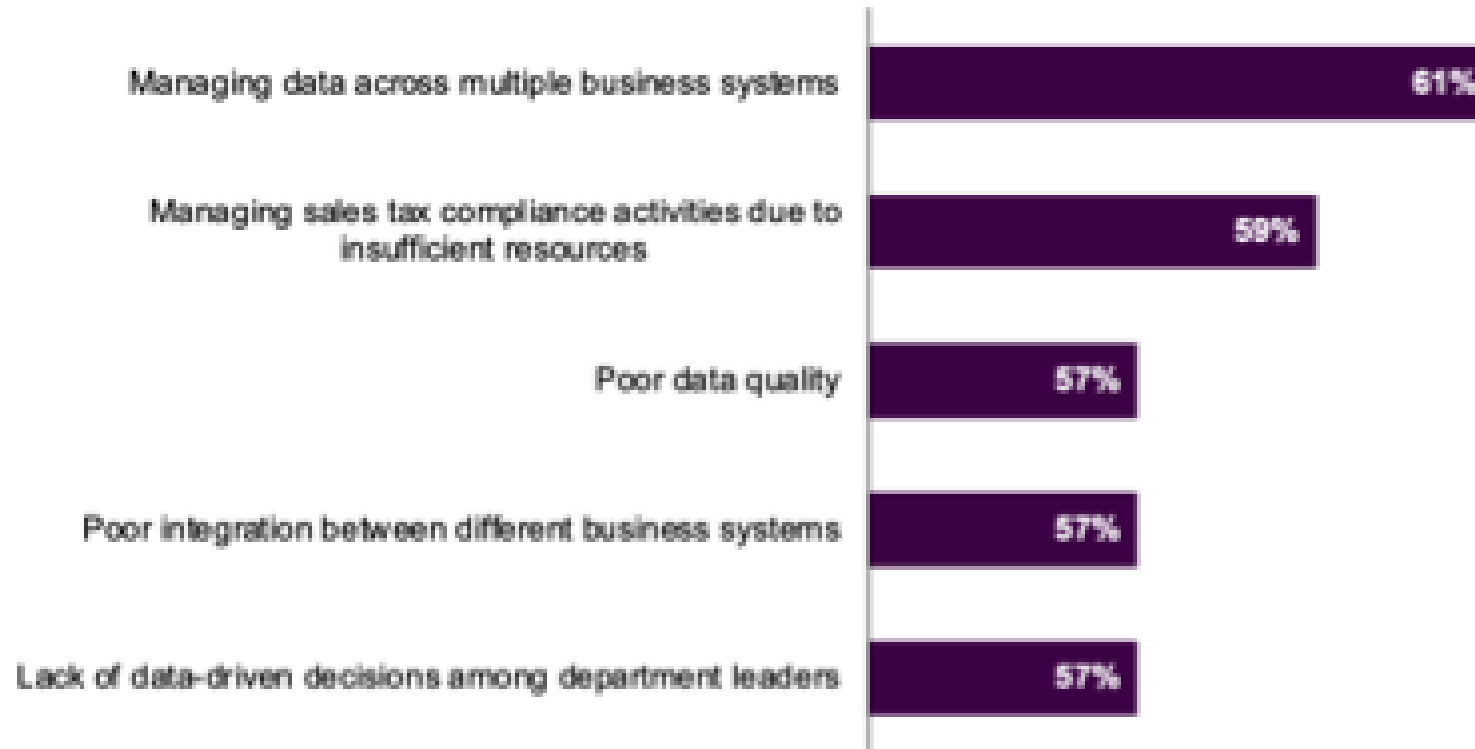


% of respondents rating each pressure as one of their top 3

n = 500, Source: Aberdeen, March 2023

Businesses face risks due to data management challenges and lack of resources to manage tax activities

Risk Posed by Business Challenges



% of respondents selecting "Moderate", "Significant", or "Extreme"

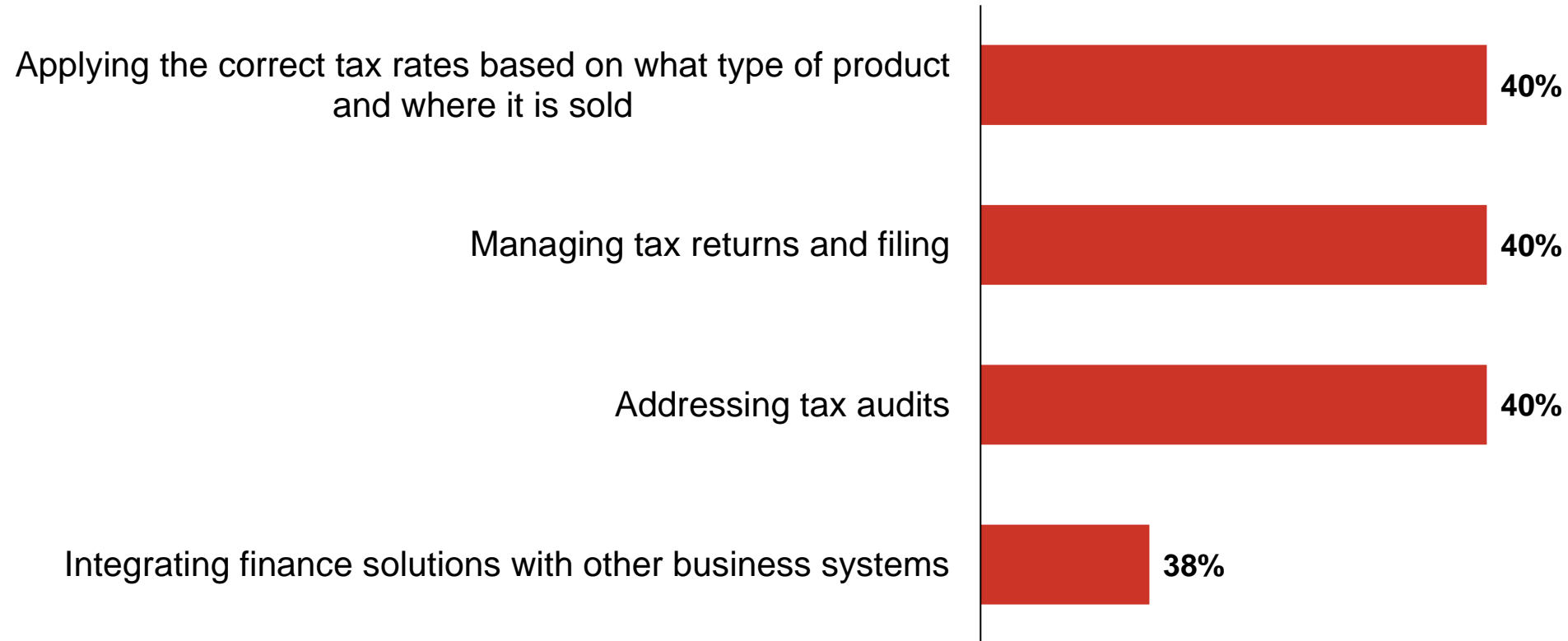
n = 500, Source: Aberdeen, March 2023

% of respondents

n = 500, Source: Aberdeen, March 2023

Tax calculations, returns/filings, and audits are most time-consuming for financial teams

Most Consuming Tax Compliance Activities



% of respondents ranking activity in their top 3

n = 500, Source: Aberdeen, March 2023

Improving financial accuracy via process efficiencies and higher data quality are top priorities for finance teams

Top Future Priorities for Finance & Accounting Teams

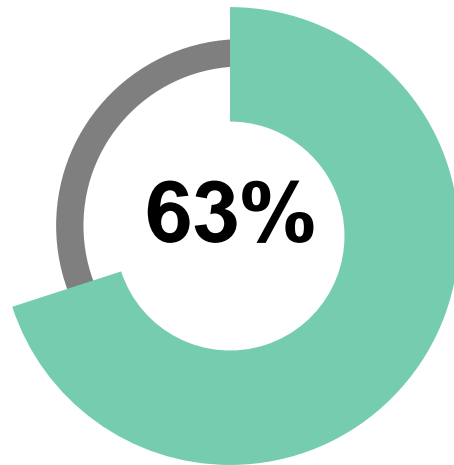


n = 500, Source: Aberdeen, March 2023

Improving financial reporting accuracy via better data quality and accessibility is most critical in a solution

Future Finance Solution Plans

Plans to Change Finance Solution in Next 2 Years



% of respondents

Most Important Factors When Choosing a Finance Solution



% of respondents rating each factor as one of their top 5

n = 500, Source: Aberdeen, March 2023

Best-in-Class Findings

Definition of Best-in-Class Companies

Year-over-Year Performance Improvement (n=500)	Best-in-Class (n=103)	All Others (n=397)
Change in accuracy of returns over the past 2 years	+20.7%	+0.3%
Change in total cost of audits , including fines/penalties/corrective labor over the past 2 years	+20.6%	-0.6%
Change in time / resources dedicated to monthly tax processing and reconciliation over the past 2 years	+15.2%	-1.0%

Average % improvement over the past year

n = 500, Source: Aberdeen, March 2023

Best-in-Class businesses experience greater financial and operational success

Year-Over-Year (YoY) Performance Improvements in KPIs



Average % improvement over the past year

n = 500, Source: Aberdeen, March 2023

Best-in-Class businesses are better prepared to address the market pressures they face

Level of Preparedness in Addressing Market Pressures



% of respondents who are “Extremely prepared”

n = 500, Source: Aberdeen, March 2023

ORACLE NETSUITE

A Suite of Applications to Run Your Business

36,000+

CUSTOMERS

ACQUIRE AND GROW CUSTOMERS

HIRE AND EMPOWER EMPLOYEES



CREATE AND DELIVER PRODUCTS AND SERVICES

OPTIMIZE CASH AND PROFITS

Omnichannel Strategy

Increasing the number of digital channels



Ecommerce

- Amazon
- Shopify
- Walmart
- eBay
- WooCommerce
- BigCommerce
- Adobe Commerce



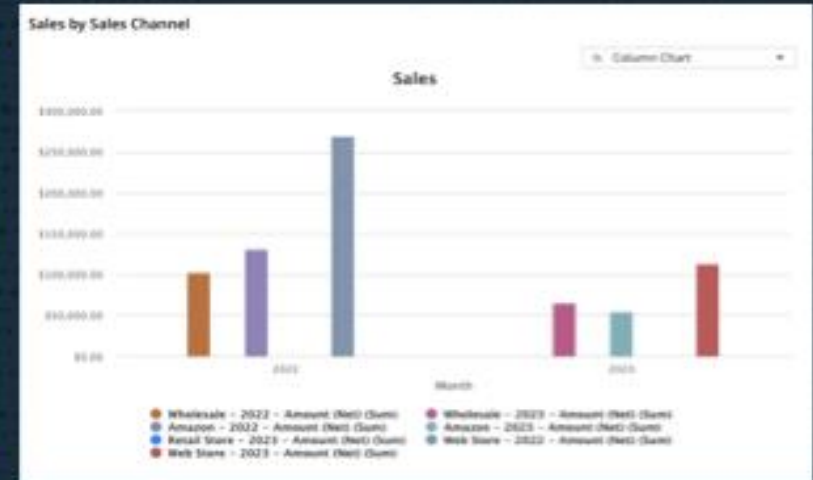
Logistics

- Amazon Supply Chain
- Shipstation



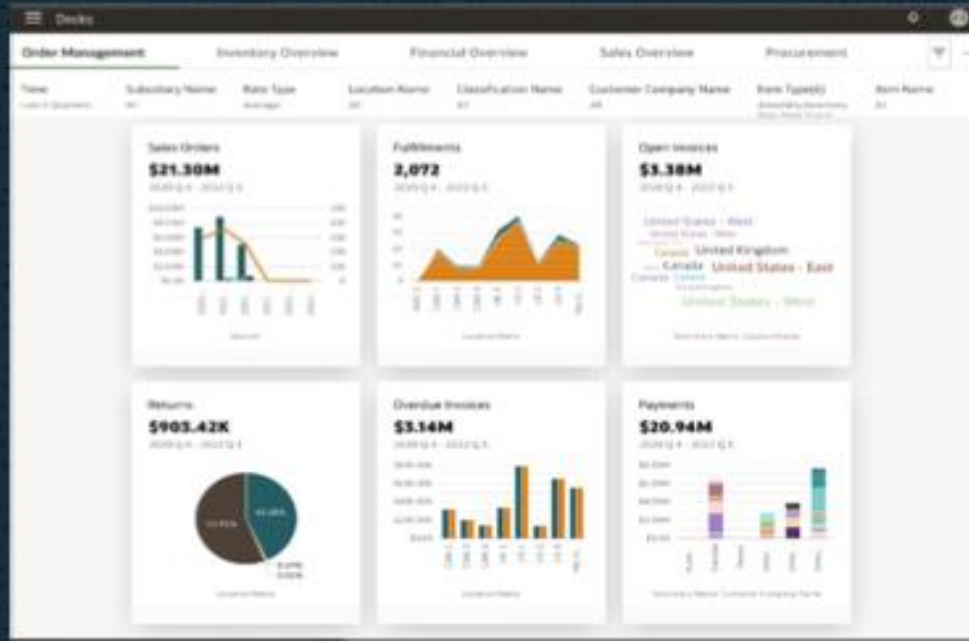
POS

- Shopify POS



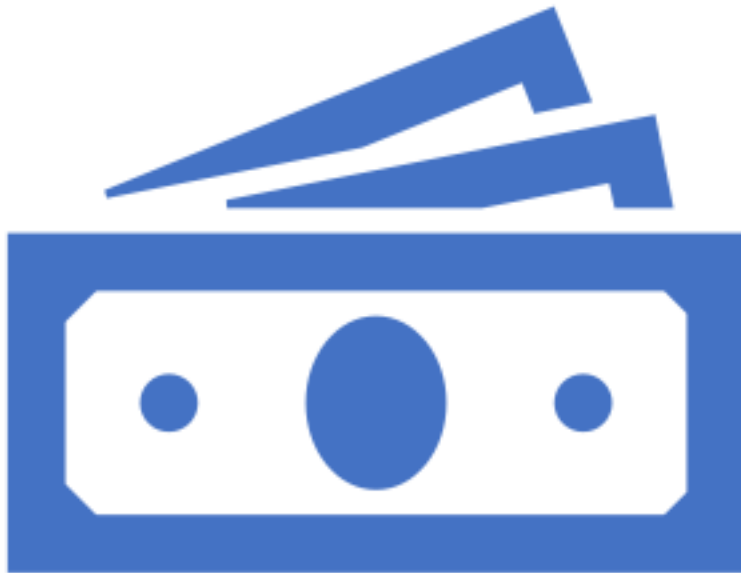
Improving data visibility and accuracy with NetSuite

NetSuite Analytics Warehouse (NSAW)



NetSuite Account Reconciliation (NSAR)





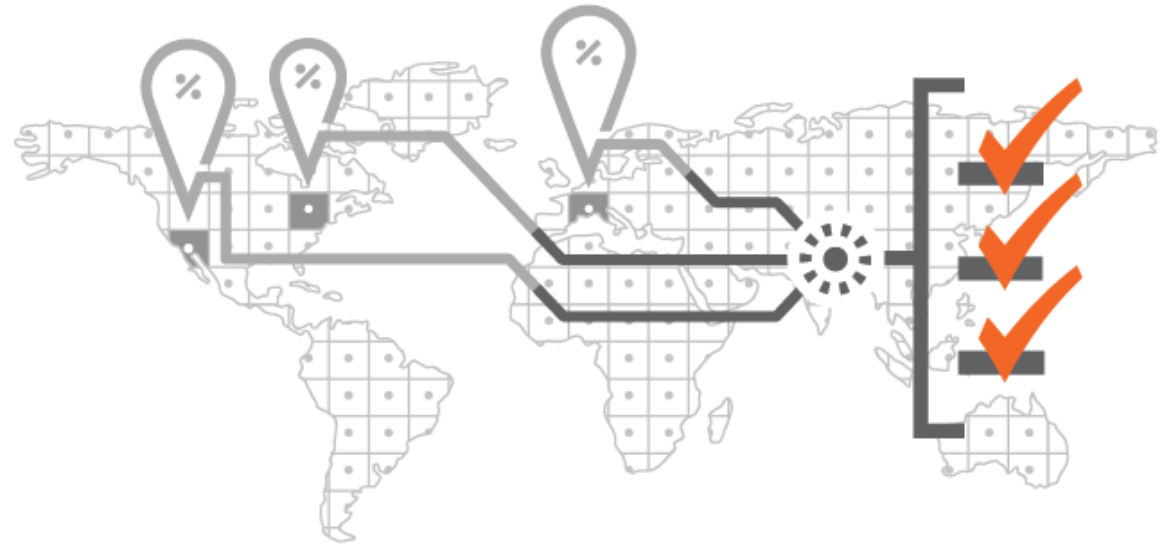
The cost of manual compliance.

- Businesses with less than 500 employees spent an average of 147 hours and more than \$14,000 per month on tax compliance activities.
- Those with between 20 and 499 employees estimate spending \$4,894 and 45.7 hours per month on tax returns.

The Positive ROI of Automation


Avalara can help:

- ✓ Reduce tax compliance complexities
- ✓ Minimize reporting risks from changing regulations
- ✓ **Decrease cost** and improve government reporting efficiencies
- ✓ Consolidate multiple reporting jurisdiction requirements
- ✓ Produce Schedules and Signature-ready returns in the mandated format
- ✓ Offer automated import from your accounting back office
- ✓ Reduce the effort required to meet monthly compliance reporting requirements, enabling the tax analyst to focus on value added opportunities






COMPLIANCE CLOUD




Calculations



Returns & Reporting



Documents



Licenses



Fiscal



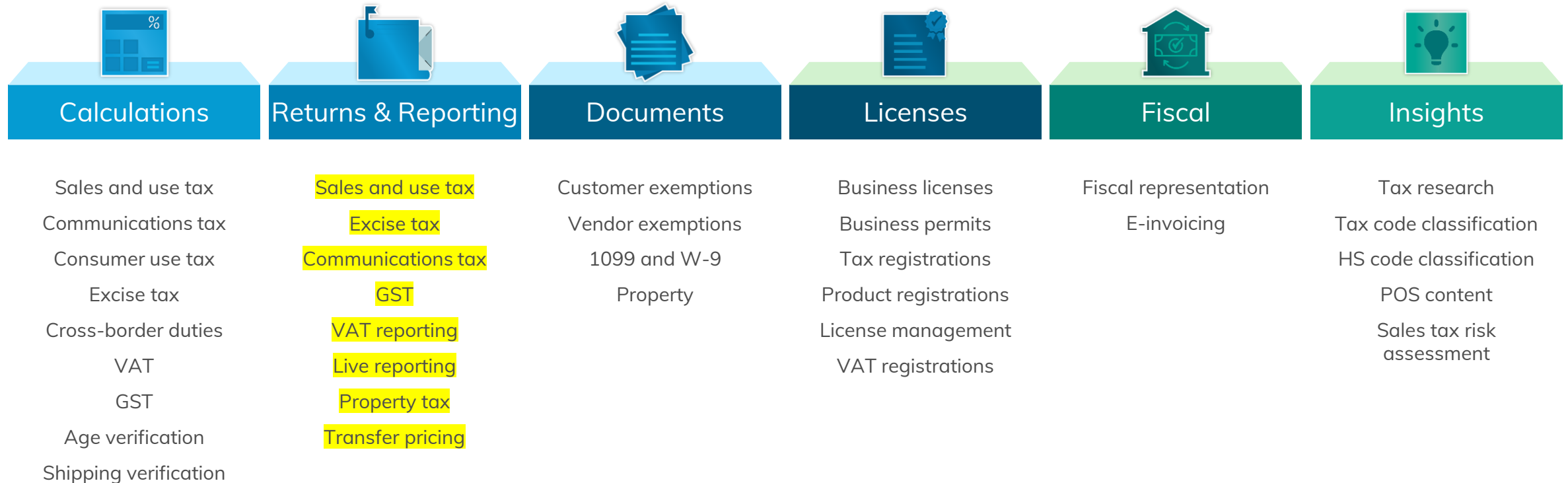
Insights

Business Transactions

Tax Compliance

End-to-end tax compliance across industries

The Avalara Compliance Cloud and platform help solve challenges across the compliance journey



Key Takeaways

A 360-centralized platform encourages cross-department collaboration and data-driven decision making among key business leaders

Finance management software allows for easier management, freeing up employees so they can support other impactful business strategies.

Automating key finance processes eliminates errors resulting in higher quality data that can be used to fuel more successful future business decisions.

Q&A



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Thank you!

Sarah Clayton

sarah.clayton@aberdeen.com

Dave Hunt

david.hunt@avalara.com

Asad Ahmed

www.netsuite.com