

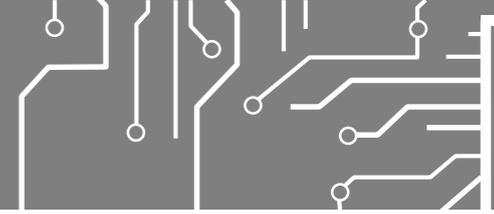
*Tax Function of the Future series*

# ***Spotlight:*** Your Tax function – Automated and empowered

June 22, 2018

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Welcome to the *Tax Function of the Future series* – we spotlight topics relevant to Tax with a focus on what Tax needs to do now to operate successfully in an increasingly complex tax and business environment.

This spotlight highlights how **small automation tools** can yield smart and fast solutions for your Tax function's challenges and pain points. It describes the growing automation trend that promises to transform the Tax environment. Leading Tax functions are embracing this trend, leveraging new available tools to gain efficiencies and expanded capabilities in a quick time frame.

### **Learn more**

For more information about emerging trends affecting the Tax function, please see our library of articles and videos at [www.pwc.com/taxfunctionofthefuture](http://www.pwc.com/taxfunctionofthefuture) that focus on:

- New legislative and regulatory challenges and the resulting impact on risk management
- Data analytics and its integral role in broader Finance transformation initiatives
- The importance of enhancing income tax reporting processes
- The robust and expanded use of enterprise performance management (EPM), business intelligence (BI), analytics tools and capabilities, and robotic process automation (RPA)
- The Tax professional of the future and the need for technology and other expanded skill sets.



## Automation now

Automation may or may not be a subject you're entirely comfortable talking about right now. But it should be. Not because it is a fascinating trend, but because it will help transform your Tax function, allowing it to perform at the next level and beyond. The potential benefits could help shift the perception of Tax from a purely compliance-focused function, to one that also has enhanced capabilities and a proactive mindset.

### A celebrated evolution

A rapidly expanding trend is the increased emphasis on quality data and technology-enabled processes for Tax. Drivers for this trend include:

- The Tax function's need for enhanced functionality to address rising global tax transparency and compliance requirements and US tax reform
- Finance functions are already moving and transforming enterprise systems to the cloud
- Push from the C-suite to look for creative ways to reduce cost
- Available technology tools are quickly expanding.

Automation is a critical part of this trend, in particular so-called 'small automation.'

These tools put the power to solve problems and streamline tasks into the hands of Tax professionals. 'Low-code' or self-service tools can enable teams to address data challenges on their own and eliminate repetitive tasks. **Now that's a reason to celebrate!**

More advanced tools (so-called 'big automation') require stronger collaboration with the IT department. They are also designed for business users and take advantage of artificial intelligence (AI), for example, to optimise tax processes. However, this spotlight focuses on small automation as a first step to embrace the automation trend due to the ease with which it can be implemented, and the ability to reap benefits quickly.

### Start small

Small automation within the Tax function means fast implementation of flexible and adaptable technologies not easily accomplished by enterprise systems. Available tools can drive significant efficiency and increase control – making room for more value-added activities. Examples include:

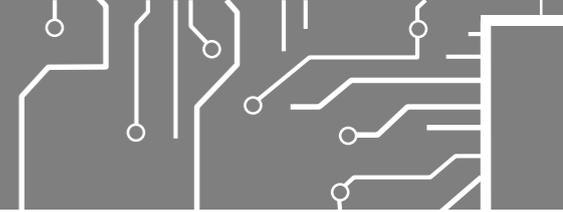
- Extract, transform, and load (ETL)
- Robotics – robotic process automation (RPA) and robotic desktop automation (RDA)
- Analytics and data visualisation.

*Integrating small automation is a practical approach **driven by the end-user**, as compared to enterprise-wide 'big' projects. Stated simply, it is a 'new' versus 'old' school mindset.*

### What can small automation tools do?

- **Transfer** data automatically
- **Evaluate** large data sets
- **Display** a variety of data points and measures
- **Enable** collaboration with data-sharing
- **Access** data in a centralised location
- **Create** ad hoc reports and queries
- **Mimic** repeatable human behaviour





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## The ‘top five’ pillars

It’s easy to jump to technology tools, but that’s often the last piece of the puzzle. Instead, reframe the *small automation* discussion with the following five questions:

### **Do we understand our Tax function’s pain points?**

Start with analysing end-to-end processes or specific tasks – how are people spending their time? Too many manual processes? Look for ways that small automation ‘sprints’ could attack discrete areas, such as extracting data from multiple ERP systems. Identify the ‘short list’ of those tasks that could yield a high return, but with few barriers for success.

**Example:** Data is needed from various systems to calculate new global intangible low-taxed income (GILTI). Tax staff must log into the ERP, run a report, download data, open a new spreadsheet, transform the worksheet, and import into a modelling tool. A self-service data management tool can now be used to fully automate the data extraction, clean-up, and loading process.

### **Are people and culture at the heart of our strategy?**

Small automation can empower Tax professionals. The Tax function is marked by spikes in demand for tax staff time, built around reporting schedules.

Automation can reduce those spikes, greatly improving the work experience and making for happier teams. This is the case because end-users can drive the process change from start-to-finish, and directly reap the benefits.

Communication and transparency are critical. Leading companies are tying the automation agenda to the reasons why people are at the organisation in the first place – great work experiences, opportunity for creative thinking, and generating impact for the organisation.

### **Will our efforts be sustainable through robust governance?**

Defining and implementing an automation governance framework is pivotal to achieving returns over the long-term. Processes must be supported and monitored – for example, leading organisations are creating cross-functional automation ‘centers of excellence’ or ‘technology councils.’ Regulatory requirements must be considered, as well documentation of new processes, IT security, and access controls.

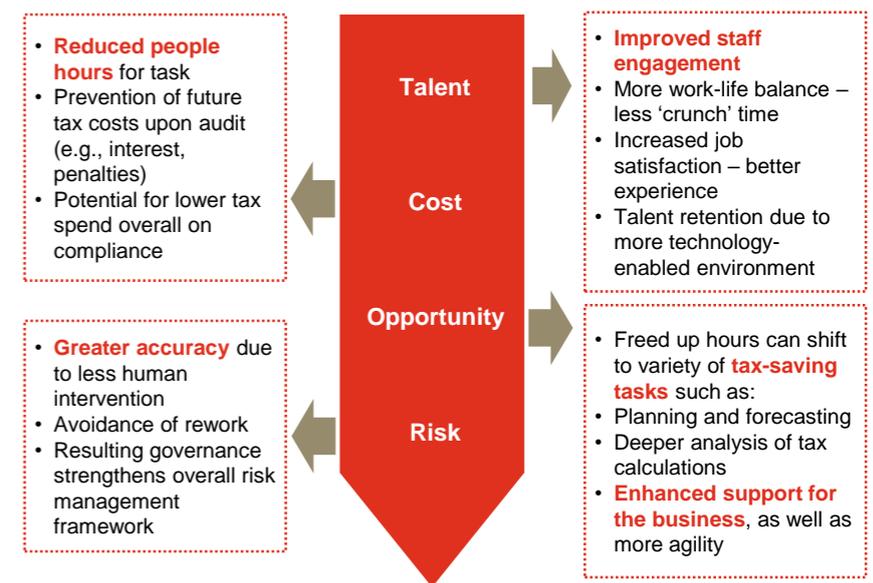
**Organisations need to balance:** A culture of experimentation/innovation of automation tools by end-users, with the need for best practice sharing, quality standards, and consistency.

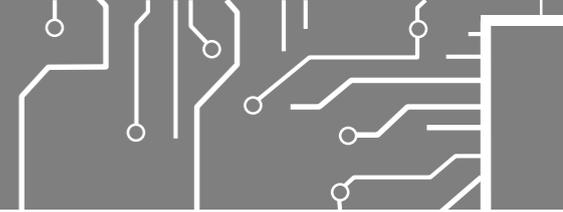
### **How is our tech ecosystem evolving to meet our goals?**

The automation toolbox keeps expanding—a new class of small automation software lets Tax automate tasks quickly, reaping benefits in a short time frame. However, such tools should be evaluated within current enterprise platforms – for example, should existing software be modified? Organisations need to understand the scope and timing of ERP and other enterprise investments first.

### **Are we measuring business returns beyond financial ROI?**

Cost reduction can be a strong reason to pursue small automation solutions. However, there’s more than one bottom line for automation:





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## Start tomorrow

### **Creating a roadmap for change**

*Why now?* Sweeping US tax reform, or other external factors, can present a compelling business case for change. Tax functions that are ‘on the edge’ of their capacity, i.e., meeting their compliance goals but with little room for extra projects or requirements, should take a longer-term view of their needed functionality.

Small automation solutions also can provide an opportunity for enhanced capacity to support strategic corporate objectives. Most notably, the Tax function may need to take on additional tasks due to growth agendas that involve new markets or acquisition activity.

### **How to get started**

- **Perform an initial scan of current Tax pain points:** Where are the inefficiencies and how are they impacting the organisation? In the long-term, what problem areas could stifle the organisation’s ability to grow?
- **Assess and select a short list of processes suitable for automation.** Organisations must consider the broader business goals and strategies – does the short list align? What areas could yield the greatest value (ROI) and how difficult will the effort be to pursue change?
- **Develop prioritised roadmap and project plan.** A critical aspect is that the implementation approach and timing for automation should not disrupt core Tax function tasks. Stakeholder roles and responsibilities must be outlined. And a clear definition of what constitutes ‘success’ must also be described.

### **Start steering your mindset**

Leading Tax functions are...

**Value-focused-** demonstrate strong returns in short time frames using next generation tools

**Looking ahead to the future of work** – embrace a new way of working and accompanying opportunities

**Taking a big picture perspective** – develop creative solutions and experiment



## Connect with us

To have a deeper conversation about how these issues and trends may affect you and your business, please contact:

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