



VERTEX[®] O SERIES[®] ARCHITECTURE

DEVELOPED FOR VERTEX INC. BY
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Executive Summary

Today's business environment is marked by constant change, placing tax departments in the position of having to adapt swiftly while ensuring the highest levels of accuracy and compliance with tax regulations. Yet most tax departments find it difficult to adapt to change, let alone stay on top of compliance regulations, handle increased workloads, or meet growing demands for sophisticated tax analysis. Why? It's true that many tax departments are understaffed and under-funded – facts that are unlikely to change any time soon. But an often overlooked contribution to the problem is reliance on multiple, outdated tax software products that do little to reduce overall workload via automation of repetitive processes, hinder adaptation to change, and hold companies back when it comes to compliance.

Vertex[®] O Series[®] is a revolutionary tax platform that centralizes all corporate tax processing and data and supports tax compliance with unrivaled automation capabilities and extensive tax rule research. Designed and built from the ground up by Vertex's U.S.-based software development team, this Web services-based platform allows organizations to deploy a flexible, end-to-end tax solution by implementing a family of integrated Vertex O Series tax modules designed to run on it, such as sales, CUT, and VAT tax modules. As a result, businesses can centralize tax processing on a single-vendor solution, even for global enterprises with multiple instances of ERP and financial systems. The solution can be installed inside or outside the firewall, and once deployed, runs with minimal intervention. In addition, every action by every employee is traceable and auditable. It also offers exceptional reliability and low total cost of ownership, in part because it does not require the use of a specific infrastructure. Rather, the Vertex O Series supports multiple operating systems, databases, and web service infrastructures, so that it can complement, rather than dictate, infrastructure investment.

The Vertex O Series platform also offers an efficient, cost-effective way to accommodate business change, such as upgrading to a new financial system, integrating the ERP system of a newly acquired company, or enabling secure access for global business users. And by acting as a central hub for tax processing, the Vertex O Series platform insulates tax departments from the effects of business change. An organization can acquire new businesses and easily link their financial software into the hub, seamlessly upgrade or change ERP software, and add new lines of business by simply integrating related systems into the Vertex O Series platform. As a result, tax organizations are more adaptable and can provide highly reliable tax services during periods of business change.

This paper provides an overview of the Vertex O Series platform and makes a strong case for investment in the platform based on the following features and benefits:

- **Centralized, Web-based management, data access, and tax decision making:** Vertex O Series runs on a single Web server, enabling access to all tax modules and data from any location. Role-based access centralizes tax administration in hands of the tax department, while at the same time allowing others to access relevant data as needed, but not make any harmful changes or decisions. For example, if an administrative assistant purchases copy paper, and the store from which it was purchased did not charge him tax on it, the receipt would typically be passed to accounting for reimbursement, and the tax obligation may be neglected. With Vertex O Series, all tax decisions are centralized within the tax department; as "intelligent" software, Vertex O Series would identify that consumer's use tax is still owed and automatically make the adjustment. In this way, the application automates the tax process once it knows what was purchased, where it was purchased, and the tax status of the purchasing organization.



- **Simplified and low-cost tax rule maintenance:** Vertex O Series is an easily maintained application that with built-in tax rules that address most, if not all, tax needs of businesses today, right out of the box. It includes over 80,000 tax rules from the over 8,000 tax jurisdictions in the U.S. alone—significantly more content than any other tax software provider. These rules are researched and maintained every month by Vertex’s dedicated research team. Equally important, Vertex O Series is designed to simplify the process of maintaining tax rules over time. As a data driven solution, all tax rules within Vertex O Series reside in a relational database that is accessed by the application as needed. Because tax rules reside in a database as data (rather than being hard-coded in the software), updating tax rules requires a simple data upload into the database. Vertex sends all tax rule changes to customers as monthly, downloadable data updates that can be quickly incorporated; there is no need to bring the system down, ever.
- **Reduced TCO:** As a comprehensive, integrated tax solution, Vertex O Series can greatly reduce TCO by minimizing implementation and maintenance costs. For example, the solution eliminates the need to maintain separate engines for different tax types, and because it requires only one installed instance (i.e., one database and one server) for multiple tax types, IT departments have fewer systems to manage and keep current.
- **Ease of use:** The consistent user interface shared by all Vertex O Series modules makes it easier to learn and operate the full suite of Vertex O Series modules. As a result, Vertex O Series increases efficiency and productivity while lowering training costs. Equally important, users only have to import tax data once for any supported tax type, rather than multiple times, as occurs when tax departments use heterogeneous tax applications.
- **Flexibility:** In the past, companies could not manage their taxes as a whole. Multiple instances of software or manual forms were needed to properly file taxes. With Vertex O Series, companies now have the option of deploying a single platform and gradually deploying various modules in order to create an end-to-end tax solution that enables more efficient compliance.
- **Reporting and Analysis:** Vertex O Series centralizes all tax data in a database for efficient access. Tax processing modules—such as sales tax, value-added tax, consumer use tax, and returns processing modules—share the same data and use it to ensure accurate processing. For example, the sales tax module generates transactions, and this transaction data is stored in the Vertex O Series database. A returns processing module would access the transaction data in order to process returns. Because all tax processes pull from the same set of data, Vertex O Series helps to ensure compliance with tax regulations and Sarbanes-Oxley. And once data is in one place, tax departments can use this data for analysis, reporting, and audit defense activities that make compliance easier and businesses more effective.



Facing Change in the Tax Department

Tax departments generally dislike change, and for good reason. Tax professionals manage and execute highly complex tax processes that must be performed with 100 percent accuracy and reported publicly. Because nearly every business activity—such as buying, selling, holding and moving inventory, and shipping goods to customers—has tax implications, business changes can have significant consequences for tax departments.

But the fact remains that companies face constant change today, and tax departments must adapt to it whether they like it or not. Today's business environment is marked by intense global competitive pressures that are forcing companies to cut costs and reorganize their businesses. Organizations face increasing regulations, both nationally and internationally, including complex legislation regarding reporting and Sarbanes-Oxley requirements. And of course, tax regulations at local, state, federal, and international levels are constantly changing, and tax departments need to stay current or risk the penalties of non-compliance.

At the same time, companies themselves are constantly evolving. Business models are in flux as organizations add new lines of business or begin to conduct business internationally—both of which can have serious consequences for tax departments. Companies are also outsourcing non-strategic functions—including tax functions—in an effort to streamline their organizations and increase competitiveness. As the IT landscape evolves—for example, by upgrading to a new ERP release, investing in new financial software, or consolidating systems after a merger or acquisition—tax departments need to adapt quickly and continue to deliver reliable, accurate tax services. And the growth of E-commerce continues to place new and complicated demands on tax departments.

Too Much Work – and Too Few Resources

Because nearly every business activity has tax implications, business and legislative changes can have significant consequences for tax departments. For example, new tax processes may be required to support new lines of business, which in turn generate new compliance and reporting requirements and increase administrative burdens. Mergers and acquisitions can have similar consequences, which can complicate audits and increase business risk from a tax perspective because of disparate tax systems and other IT and data resources. And many enterprises may require new analysis and reporting capabilities to support strategic decision making.

Yet most tax departments are unprepared to handle increased workloads or to meet growing demands for sophisticated tax analysis. According to a recent survey by the Tax Executives Institute (TEI)¹:

- About 40 percent of corporate tax department budgets over the past three years either remained the same or decreased. The average overall change in tax department budgets over the past three years was a modest increase of 12.2 percent. At the same time, the typical department has increased by less than 1 FTE.

¹ Tax Executives Institute, Inc. 2004-2005 Corporate Tax Department Survey. Survey conducted by the Tax Executives Institute, Inc.



- Furthermore, the TEI survey shows that the current allocation of the tax department budget is heavily weighted to personnel costs—with almost 60 percent of budgets being used for compensation and an additional 20 percent for outside consultants.
- Only 5 percent of the corporate tax department budget is allocated to purchasing technology.
- Only 18 percent of those surveyed reported that their company had a data warehousing system, which would be necessary to support tax analysis and advanced reporting capabilities.

So how can tax departments, which are typically understaffed, overworked, and facing shrinking budgets, accommodate change that results in increase workloads and business demands? The answer is to reduce the tax department's overall workload by automating repetitive tax processes. With the right software, manual and time-consuming tasks can be eliminated, freeing up staff for higher-value tax activities. By enabling tax professionals to be more efficient and to refocus on strategic tasks, tax departments can accommodate the needs of the business without having to add additional staff.

New Requirements for Tax Solutions

Given the increased pressure to perform, the expectation of little or no budget increases, and the need to accommodate change quickly and easily, Vertex anticipates that corporate tax departments will need new technologies that enable them to do the following:

- Increase flexibility to accommodate business change
- Reduce administrative burdens and improve efficiency via automation
- Simplify and reduce the cost of compliance
- Minimize IT and training costs
- Reduce the number of redundant tax systems
- Provide a centralized tax system and data repository for enterprise use

In other words, they need tax solutions that help them do more with less and to provide more strategic value to their organization over time.



Vertex[®] O Series[®]: The Tax Platform that Enables Change

Vertex[®] O Series[®] was designed with the above requirements in mind. Leveraging our deep tax knowledge and business expertise, Vertex has applied this knowledge using the latest technology, resulting in a truly innovative, forward-thinking tax solution that helps businesses be more efficient, adaptable, and competitive.

Designed and built from the ground up by our U.S.-based software development team, Vertex O Series is a state-of-the-art, Web services-based platform upon which organizations can deploy a flexible, end-to-end tax solution. Businesses can implement a whole family of Vertex O Series tax modules on top of the platform in order to centralize tax processing, even for global enterprises with multiple instances of ERP and financial systems. The solution can be installed inside or outside the firewall, and once deployed, runs with minimal intervention. In addition, every action by every employee is traceable and auditable.

Equally important, embedded within Vertex O Series is the industry's most comprehensive tax research, saving businesses hundreds and even thousands of hours of work, as well as ensuring that tax rules are always up to date. These rules are researched and maintained each month by Vertex's dedicated research team, and changes are compiled and sent to customers as downloadable data updates that can be run at any time—without ever having to reboot the system.

Built Using Broadly Adopted Standards

The Vertex O Series platform is built using broadly adopted, proven technologies such as Java, HTML and XML, and SOAP, as well as a service-oriented architecture for maximum flexibility and low total cost of ownership (TCO). These technologies allow all Vertex O Series tax modules running on the platform to function as services to any ERP or financial system, as well as to enable global users to access the software via a standard Web browser. Because all Vertex O Series modules run on the same platform, they share a unified data model; a common interface; and basic services such as setup and maintenance; tax calculations; accessing, importing and exporting data; reporting; and data coordination between modules.

A Central Hub for Tax Processing

For IT- and C-level executives, the Vertex O Series platform offers an efficient, cost-effective way to accommodate business change, such as upgrading to a new financial system, integrating the ERP system of a newly acquired company, or enabling secure access for global business users. As illustrated in Figure 1, it acts as a central hub for tax processing, liberating companies to pursue different business models to meet changing demands. It also offers exceptional reliability and low total cost of ownership, in part because it does not require the use of a specific infrastructure. Rather, the Vertex O Series supports multiple operating systems, databases, and web service infrastructures, so that it can complement, rather than dictate, infrastructure investment.

For tax professionals, the Vertex O Series platform enables tax departments to handle business changes more effectively. By acting as a central hub for tax processing, Vertex O Series allows organizations to



acquire new businesses and easily link their financial software into the hub, seamlessly upgrade or change ERP software, and add new lines of business by simply integrating related systems into the Vertex O Series platform. As a result, tax organizations are more adaptable and can provide highly reliable tax services during periods of business change.

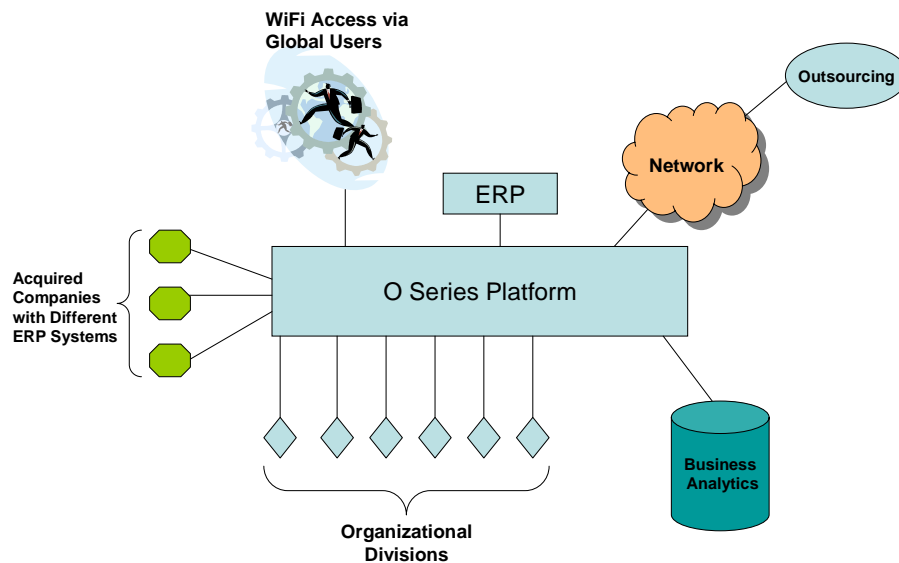


Figure 1: Central Tax Hub Accommodates Change Easily

A Central Hub for Tax Data Persistence

Vertex O Series is also unique in that tax data is centralized in a database for efficient access. Tax processing modules—such as sales tax, value-added tax, consumer use tax, and returns processing modules—share the same data and use it to ensure accurate processing. For example, the sales tax module generates transactions, and this transaction data is stored in the Vertex O Series database. A returns processing module would access the transaction data in order to process returns. Because all tax processes pull from the same set of data, Vertex O Series helps to ensure compliance with tax regulations and Sarbanes-Oxley. And once data is in one place, tax departments can use this data for analysis, reporting, and audit defense activities that make compliance easier and businesses more effective.



A Solid Return On Investment

Vertex[®] O Series[®] is the next-generation solution for effective management of a corporation's tax responsibilities. By combining 25 years of tax solution expertise with the latest Internet technologies, Vertex is delivering a platform upon which businesses can build the most accurate, flexible, and comprehensive tax automation solution available. The unique capabilities and benefits of Vertex O Series offer a solid business case for investment. In particular:

The Vertex O Series platform supports multiple tax types—and over time, will support all corporate tax needs.

The Vertex O Series platform is designed to support multiple tax types, and as part of Vertex's strategy, the platform will eventually be able to support all corporate tax needs. Currently, Vertex offers Vertex O Series modules for sales tax, value-added tax, and consumer use tax, as well as other applications for sophisticated reporting and analysis. In the future, customers will be able to extend their existing investment in Vertex O Series by adding additional modules to their existing deployment, including a returns processing module, state and federal income tax modules, and a tax data repository.

To support multiple tax types, the platform uses a single, data-driven calculation engine that supports real-time transactions, as well as periodic processing required for generating state and federal tax returns. As an "intelligent" engine, it automatically knows which type of tax to calculate—and how to calculate it—based on the messages (or data) passed into it from various ERP and financial systems. (In contrast, conventional tax solutions, which are built using multiple, disconnected tax products, require that the application calling in (e.g., an ERP system) pre-determine the type of tax that needs to be calculated and then send the data to the correct machine responsible for handling that type of tax calculation. In addition, most tax products require additional, and often complex, business logic be developed during integration in order to properly handle multiple tax types. This type of integration is more costly to develop and requires ongoing maintenance whenever the individual tax products change.)

The benefits of having a single calculation engine for all tax types are significant. In addition to greatly simplifying integration (because ERP and financial systems only need to send messages to one engine, regardless tax type), having one calculation engine also translates into IT spending less time and budget spent on maintaining tax systems and updating tax rules—and more time available for more strategic activities.

Vertex maintains the extensive tax rules embedded in Vertex O Series, relieving businesses of the costly, time-consuming burden of maintaining ever-changing tax rules.

Given the limited resources and high demands faced by most tax departments, Vertex designed O Series to insulate businesses from ever-changing tax legislation, thereby freeing staff to focus on more value-added activities. To this end, Vertex O Series is an easily maintained application that with built-in tax rules that address most, if not all, tax needs of businesses today, right out of the box. It includes over 80,000 tax rules from the over 8,000 tax jurisdictions in the U.S. alone—significantly more content than any other tax software provider. These rules are researched and maintained every month by Vertex's



dedicated research team. New rules are added as customers identify additional, more esoteric rules that their businesses require.

Equally important, Vertex O Series is designed to simplify the process of maintaining tax rules over time. As stated previously, Vertex O Series is data driven, meaning that all tax rules within Vertex O Series reside in a relational database that is accessed by the application as needed. Because tax rules reside in a database as data (rather than being hard-coded in the software), updating tax rules requires a simple data upload into the database. Vertex sends all tax rule changes to customers as monthly, downloadable data updates that can be quickly incorporated; there is no need to bring the system down, ever. (In contrast, most competitor products require tax rules to be created and maintained by the tax departments, forcing businesses to expend budget to keep these rules current.

The Vertex-maintained rules database also makes it easier for businesses to automate tax calculations and manage taxability. Tax departments simply map their customers and products to the tax rules supplied by Vertex. Tax codes are mapped to jurisdiction-independent tax categories and jurisdiction-specific rules (in terms of the tax categories) that are used to determine tax treatment. From that point on, no further changes are required by the tax department to maintain taxability. Vertex's monthly tax rule updates will keep the rules current and ensure that tax is being calculated correctly.

By allowing Vertex to shoulder the bulk of their tax research needs, businesses can save hundreds of thousands of dollars each year that would otherwise be spent paying internal staff or costly outside consultants to perform this work, as well as free up staff for more value-added, strategic activities such as tax planning and proactive audit defense.

Vertex O Series greatly reduces and can even eliminate the need for tax rule customization—and in instances where it is needed, it allows tax departments to create their own tax rules and track them to ensure ongoing compliance with Sarbanes-Oxley.

Because Vertex O Series provides such exhaustive tax rules out of the box, even Fortune 100 clients find that they rarely, if ever, need to add or augment tax rules, saving them thousands of dollars per year on custom tax rule maintenance typically required with other tax software. In most products, tax rule additions and changes are handled as hard-coded customizations, or extensions, created outside the tax software by third-party consultants. Such customization is very costly to create and maintain because tax rules are constantly changing in thousands of jurisdictions, and custom code must be manually updated each month to ensure compliance. Equally important; over time, extensive customization can make it impossible to perform a release upgrade of the tax product, as well as impair compliance with regulations such as Sarbanes-Oxley. Tax departments are often forced to either hire additional people or become dependent upon costly outside consultants to maintain the software, costing thousands and even millions of dollars in consulting fees per year.

To accommodate customers with very unique tax situations that are not covered by our tax research, Vertex offers the TaxAssist tool, which allows tax departments to extend Vertex O Series to include even the most complex tax situation. TaxAssist makes Vertex O Series products infinitely customizable. Tax rules created with TaxAssist automatically *override* the tax rules that come standard with Vertex O Series. It is important to note that with TaxAssist, the original tax rules still exist in the system. So unlike competitor solutions, as modifications are made to Vertex O Series, the integrity of the system remains



intact. As a result, enterprises can still perform software upgrades even as many modifications are made—a key capability that protects their investment over time.

As a stand-alone application with a service-oriented architecture, Vertex O Series enables comparatively easy integrations with multiple, geographically distributed systems.

Vertex O Series is a stand-alone application that runs independent from the applications connected to it. Built using a service-oriented architecture, it provides tremendous flexibility for integrating with the leading ERP systems and financial software. Rather than hard-coding integrations, businesses can seamlessly integrate the Vertex O Series application with their existing software via direct call (Java-to-Java), proxy client (via HTTP), and Web services (via SOAP or XML messages), and then call upon the various Vertex O Series modules as “tax services” whenever needed. XML integration interfaces make integrations seamless with a wide range of ERP and financial applications.

Equally important, enterprises can integrate and manage multiple instances of ERP and financial systems with just one instance of Vertex O Series. The application can be centralized at the corporate office and then used, for example, to tie together ERP instances and online stores located in both the United States and at international locations (see Figure 2). Furthermore, because financial and ERP applications are decoupled from Vertex O Series, they can be upgraded at any time without any impact on the Vertex O Series installation.

To further simplify integration with ERP and financial systems, Vertex represents each tax service request in terms of familiar business functions so that integrators always know exactly how to call upon any Vertex O Series service. By looking at and defining functionality from a customer’s perspective and using familiar financial terms to describe the services of the tax engine, Vertex O Series dramatically speeds integration and reduces ongoing maintenance costs.

Vertex O Series provides the most comprehensive tax calculation automation available.

The Vertex O Series platform utilizes a single, data-driven calculation engine to deliver the most comprehensive tax calculation automation in the industry. Once products and services are mapped to Vertex-supplied tax rules—a one-time step completed during implementation—users simply provide facts about each transaction, such as what was purchased and the buyer’s address, and the system instantly calculates the required tax. Over time, this level of automation translates into significant time and cost savings.

Vertex O Series also includes Vertex TaxGIS™, industry-unique capabilities to ensure jurisdiction accuracy and granularity when calculating tax. The TaxGIS component of the system identifies the appropriate taxing jurisdictions for each transaction. The full set of jurisdictions can include the country, state, county, city, and even low-level districts such as Mass Transit Authorities, providing a high degree of granularity for the final tax calculation. No other tax product offers such granular jurisdiction mapping.



Vertex O Series is a platform-independent solution, enabling businesses to deploy on their existing technology and to accommodate IT changes.

Vertex O Series is completely platform independent for maximum flexibility and cost savings. It can fit into any existing IT infrastructure, making deployment comparatively easy and low cost. Platform independence also enables Vertex O Series to adapt to changing IT infrastructure—without constraining platform choices. Businesses are free to invest in any hardware, databases, and software required to run day-to-day operations, as well as to integrate IT infrastructure from acquired organizations.

Vertex O Series provides instant access to comprehensive tax data for analysis, strategic planning, and audit defense.

Vertex O Series automatically exports all tax data—regardless of tax type—to a reporting database that simplifies data access and report generation. Unlike competitors, Vertex provides tools that enable IT departments to perform these activities in-house, without the need for costly consultants. Vertex O Series includes a number of pre-formatted, standard reports that can be generated with a single click of a mouse, and an add-on product for customized reporting and formatting is also available. Tax departments can use this data in countless ways, including the following:

- **Quickly find answers to difficult questions:** For example, tax departments can find out if they have an exemption certificate for every transaction for buyers that claim exemptions in seconds, rather than hours and even days. Or, given a company's tax rate, tax departments can recommend the locations to open a new distribution center.
- **Perform proactive problem analysis and audit prevention:** Tax departments can find and correct tax problems before they actually file their returns.

At the same time, departments such as sales and marketing may be able to leverage tax data to support their own initiatives and decision making. By analyzing the transaction data captured during sales tax calculations, they can, for example, determine sales by customer or sales by geographic location—information that can help re-focus strategic activities to maximize revenue. As these examples illustrate, having rapid access to a centralized database allows tax departments to not only be more efficient, but also to provide more strategic value to the business.



Vertex O Series reduces total cost of ownership.

Vertex O Series can help reduce total cost of ownership in a number of ways, including the following:

- Because organizations no longer need to deploy and manage multiple, stand-alone tax products to address each tax type, they can use Vertex O Series to reduce their total cost of ownership.
- Because Vertex O Series is platform-independent, businesses do not need to purchase a specific operating system in order to deploy it. This saves on acquisition costs, as well as maintenance and training costs.
- By looking at and defining functionality from a customer's perspective and using familiar financial terms to describe the services of the tax engine, Vertex O Series dramatically speeds integration, which minimizes costs and reduces ongoing maintenance requirements.
- Because Vertex shoulders the bulk of tax research needs, businesses can save hundreds of thousands of dollars each year that would otherwise be spent paying internal staff or costly outside consultants to perform this work, as well as free up staff for more value-added, strategic activities such as tax planning and proactive audit defense.
- Because Vertex O Series uses a single calculation engine for all tax types, it greatly simplifies integration (because ERP and financial systems only need to send messages to one engine, regardless tax type) and reduces the time IT spends maintaining tax systems.
- Vertex O Series' central tax database speeds access to information needed to prepare for audits and to defend tax returns—activities that can otherwise take hundreds and even thousands of man-hours with other leading tax software.
- Because tax calculation data is centralized and extracted in the format required by Vertex's Sales Tax Returns software module, returns preparation is dramatically simplified.
- Vertex O Series reduces manual intervention in a number of ways, which in turn reduces costs.

These are just some of the ways that Vertex O Series can help organizations reduce total cost of ownership. And as Vertex releases new tax modules for the Vertex O Series platform, the potential for cost savings will increase over time.



Vertex® O Series® Modules

Customers can implement one or more Vertex O Series modules that together offer a comprehensive, global tax solution. Currently available modules include the following:

Vertex Sales Tax

Vertex Sales Tax calculates tax for business transactions from the point-of-order entry through invoice generation by the accounts receivable system. Tax can be estimated on sales quotations, calculated on an order that is entered, revised based on order changes, and included on the final invoice to the customer. For more information, please refer to the following Web site address: vertexinc.com/products/sales_tax_O.asp.

Vertex Consumer Use Tax

Vertex Consumer Use Tax exclusively handles the special situations associated with consumer use tax compliance, from the procurement phase through payment to suppliers. Tax on purchase orders is calculated to inform suppliers of the tax amount to be charged, sales tax on vendor invoices is verified, and tax can be accrued when vendors have not charged the appropriate amount or when a direct-pay permit applies. For more information, please refer to the following Web site address: vertexinc.com/products/cut.asp.

Vertex Value Added Tax

Vertex Value Added Tax calculates tax for international transactions and helps manage the complexities associated with value added tax (VAT) regulations. Internal logic within the Vertex Value Added Tax product handles tax situations such as triangulation, distance sales, consignment stock, VAT groups, and connected persons. Because landed cost data is essential to accurately calculating VAT, the system also accepts such items as freight, insurance, and customs data. Data for each transaction is centralized and stored in a centralized database included with Vertex O Series. In the near future, this database will be used to create reports that enable users to prepare VAT declarations/returns and special reports. For more information, please refer to the following Web site address: vertexinc.com/products/vat.asp.

Analytics and Reporting

Vertex offers Vertex Reporting and Analysis™ (VRA), an integrated, powerful reporting tool based on an industry-leading platform. Tax departments can export data to the platform's reporting database, where it can be queried and reported on using preformatted reports, as well as any number of custom reports. This toolset is tailored and supported by Vertex to meet the needs of each organization. For more information, please refer to the following Web site address: vertexinc.com/products/analysis_planning_solutions.asp.

Tax Data Repository (available in 2006)

In early 2006, Vertex will release a tax data repository module (TDR), which will create a central hub around which tax compliance point solutions, process controls, and services can be integrated in the pursuit of continually expanding value opportunities. The Vertex O Series TDR will extend the analytics



capabilities of VRA considerably by enabling organizations to capture and consolidate tax data from multiple sources, including non-Vertex products. Organizations will be able to use the TDR for more robust reporting and analytics than previously offered as part of Vertex O Series or included in other vendors' point products. For example, tax departments will be able to generate reports across tax types and from a historical and business intelligence perspective. The tools available with the TDR will help businesses make strategic business decisions and simplify tax data administration.

Upcoming Modules

Vertex is working with Vertex O Series customers to define enhancements to Vertex O Series that will allow organizations to configure the modules for specific vertical industries. At this time, Vertex is currently planning to develop retail-specific and leasing-specific components for the Vertex O Series.

Vertex O Series: Providing More Value Over Time

Equally important, Vertex O Series will provide tax departments with more value over time, which in turn will enable them to provide more value to the organizations they support. Looking toward the future, the Vertex O Series calculation engine makes possible innovative, efficiency-boosting tax capabilities that allow tax departments to do more with less. As more modules are developed to run on the Vertex O Series platform, it can be leveraged even more effectively for tax processing, management, analysis, and strategic planning. Ultimately, Vertex O Series enables tax departments to function as a strategic contributing asset to their corporation.

And because Vertex O Series functions as a stand-alone, centralized hub for tax processing, enterprises can adapt to business changes that will inevitably occur over time. Whether adapting to these changes requires integrating the financial software of newly acquired businesses to Vertex O Series or upgrading ERP software, the Vertex O Series platform enables tax departments to respond with ease and to provide highly reliable tax services during periods of business change.

ABOUT VERTEX INC.

Vertex Inc. is the leading provider of tax technology solutions featuring products and process management services for more than 10,000 customers worldwide. Vertex solutions help companies streamline tax compliance processes and leverage information to discover new strategic tax savings that enhance decision information across every major line of business tax including income, sales, consumer use, value added, communications, and payroll. To serve its customers, Vertex works in partnership with leading software and service providers, including SAP, Oracle, Microsoft, IBM, and PeopleSoft.

Founded in 1978, Vertex is a privately held company that employs over 600 professionals at its headquarters in Berwyn, PA and offices in Arizona, Atlanta, Chicago, Dallas, Sarasota and Washington, DC.

For more information about Vertex O Series, visit www.vertexinc.com/go2o/home.asp or contact Vertex at 800.355.3500.