

Tektronix

Beaverton, OR
www.tek.com



Year Founded

1946

Annual Revenues

\$1,035M (FY05)

Number of Employees

3,834 (2004)

Industry

High Technology

Sabrix Products Used

- Sabrix Sales Tax Manager
- Sabrix Use Tax Manager

Platform

Oracle

Tektronix reduces business costs with Sabrix

The Customer

As a world leader in test, measurement and monitoring, Tektronix is one of the principal players in enabling the coming together of computers and communications. Almost every time you view a Web site, click a mouse, make a cell phone call, or turn on a TV, you touch the work of Tektronix. Their products and technologies populate the design centers, laboratories and communications networks of virtually every global leader engaged in pushing the envelope of information technology. In the process, Tektronix draws upon a 50-plus year heritage of technical expertise and innovation.

Tax Challenges

- Maintained heavy software and IT infrastructure to support various financial systems that were redundant and not easily integrated with one another
- Overly manual processes to share data, add custom products, or update tax rules make it difficult to quickly implement changes
- Tax department became too focused on manual decisions and working with IT, rather than on strategic planning and reporting
- Lack of visibility over the entire enterprise led to delays in reconciliation and consolidated reporting, and restricted the ability to perform strategic transaction tax planning

Why Sabrix?

- Sabrix did not require costly custom programming or irregular tax rule and rate updates that needed to be applied by IT or a 3rd party vendor.
- Enables sales and purchase orders to be handled by the same system, leading to increased accuracy and speed
- Lessens the burden on tax staff by automating the decision making process

Business Benefits

- Substantially reduced the cost of doing business around the world and has saved millions of dollars in reduced tax penalties, calculation, software support, and personnel costs
- DSO (Days Sales Outstanding) dropped from 87 days to 41 days
- Centralizing transaction data led to simplified reconciliation; data no longer needs to be migrated from one system to another

“ Sabrix is the only product that handles multi-level taxation outside the US. ”

-- Lois Hughes, Senior Business Analyst, Global Accounts Receivable.

Lightning-Fast Response to Tax Environment Changes

Australia changed its tax code to a standard GST (Goods and Services Tax) approach from a tax on the last whole-sale sale. This substantial change, which would have taken up to 6 months to implement using other tax solutions, took 20 minutes using Sabrix Solution. Using the Sabrix Solution:

- The change was quickly modeled on the Sabrix Workbench to ensure, in real time, that Australian taxes would be correctly calculated.
- Tektronix Tax Professionals then implemented the change in The Sabrix Solution quickly and easily. There was no need to use the IT department, or hire programmers to implement API or custom code changes.
- The time savings enabled Tektronix to bypass a costly transition period in which invoices would have needed to be re-processed using the new rates. Customer disputes, including requested credits and subsequent bills, were completely avoided.

Increased Calculation Accuracy Leads to Reduced Penalties and Lower Costs

Brazil is one of the most challenging tax environments in the world. A multitude of tax authorities levy transaction taxes using logic found nowhere else. Exceptions, reverse calculations, and tax-on-tax were too complex for other tax solutions to handle, and the result was time-consuming, manual calculations, failed audits, and tax penalties.

Using The Sabrix Solution, tax calculations became fully automated and the following benefits were realized:

- Accurate tax calculations led to Tektronix fully passing a Brazilian audit with no exceptions for the first time – ever.
- Tax penalties in Brazil were reduced to zero, creating confidence of substantially reducing exposure to future financial penalties.
- Tektronix was able to re-deploy 8 tax professionals who had previously worked on Brazilian tax calculations and filings: the number of employees needed for this task was reduced from 11 to 3.

Rapid Implementation Eases Acquisitions, Speeds Expansion

As a growing company, Tektronix often moves into other markets or geographies by purchasing other companies. These companies often have proprietary point tax solutions that have all of the same liabilities Tektronix experienced before moving to the Sabrix Solution.

By using Sabrix Solution, Tektronix has reduced the time needed to integrate all order management and accounts receivable to 6 weeks. Other financials, such as accounts payable, purchasing, and GL, also experience reduced transition times.

Because Tektronix migrated all tax data into the Sabrix Solution they have been able to retire several inflexible, costly point solutions. This has reduced the need to support multiple systems and substantially lowered ongoing support, maintenance, and custom programming costs.

The Sabrix System Automates Decision Process, Reduces Errors

Tektronix's tax professionals are among the best in the business. However, the old tax solutions required far too much manual intervention in interpreting tax codes, determining the nature of specific transactions, then working with IT to implement any special coding or logic used to calculate tax correctly. Because so much of the process was manual, errors leading to inaccurate calculations occurred regularly, and tax professionals spent too much time on processes that did not reflect their expertise.

The Sabrix Solution simplified and automated the decision-making process by automatically determining the transaction type (for example, finished goods, software, manuals, repair, warranty, labor, or exchange) and jurisdiction/nexus information for thousands of worldwide locations. This both lessened the burden on the Tektronix tax staff and freed them to focus more on strategic tax planning, reporting, and compliance efforts.

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