

CASE STUDY



Multinational health and fitness company

ONESOURCE Indirect Tax delivers now while setting table for future growth

Challenges

- Expansion in both product offering and geographic areas of doing business.
- Many changes to jurisdictional tax regulations that can't be handled manually with any scale or efficiency.
- Process up to 40,000 daily transactions.
- Easy, predictable integration with Oracle ERP.

A powerful determination and calculation engine

This multinational health and fitness corporation based in the United States sells fitness, weight loss, and training home-exercise products using multi-level marketing, e-commerce, and other direct-to-consumer tactics. The company has been a ONESOURCE Indirect Tax client since 2009. They made the transition to Thomson Reuters® ONESOURCE with their increasing need for global expertise.

Overall, health and fitness is a growing sector. Approximately one in five Americans use health and fitness facilities, according to an industry trade group, and both traffic and revenue at health club operators are trending upward. Products and services that encourage an active lifestyle are frequently subsidized by insurance and employers. It's a good business to be in as consumers all over the world turn to healthy, active living.

The Director of Financial and Human Resource Applications for Technology knows the importance of having tax technology that can keep up with today's demands and offers scale that future growth will necessitate. For this, he turns to ONESOURCE Indirect Tax.

Right now, this organization needs a flexible tax platform because it runs three lines of business, all of which require different processes for tax and accounting. In total, the businesses currently using ONESOURCE Indirect Tax manage up to 20,000 daily transactions, and during peak season — which is the first quarter of the year — this volume can grow to 40,000 transactions. Once the third business line implements the ONESOURCE Indirect Tax Solution, which is now the plan, this transaction volume will double.

The process of quickly and compliantly determining the right rate for every transaction is paramount to most any company that sells online and in various tax jurisdictions. In 2010, there were 8,704 tax regulatory alerts issued, but in 2015, that grew to 43,420. That's about one change in tax regulation every 12 minutes.

Additionally, the platform for determining and documenting these rates needs to be easy to implement because the company uses an Oracle ERP. Finally, showing tax at the order level and also at an individual line level is an important capability and ONESOURCE meets the need for this kind of taxability matrix.

Accommodating growth

This organization is mindful of building out the company's tax infrastructure with the future in mind. They are selling new things and doing so in new tax jurisdictions, and the right tax platform needs to accommodate this growth plan.

Outcome with ONESOURCE Indirect Tax

- Compliance with all tax regulations around the world.
- Accurate metrics that can be presented with confidence to senior leaders.
- More time to focus on tax strategy and data analysis.
- A scalable, global approach to indirect tax that will not falter as the business grows.

Right now, all of their products are tangible: physical things that its customers can hold. But management sees a major growth opportunity in streaming video, and the decision has been made to roll out a streaming offering soon. Viewed from the perspective of tax, this raises some issues. Intangible services are taxed differently than tangible goods.

Additionally, the company is expanding internationally, into markets like Germany, France, Italy, and Nordic countries and needs a solution that is scalable across the world.

"When we expand, the tax system will already be in place. To have that essentially done effectively and correctly already is a huge bonus," said Director of Financial and Human Resource Applications for Technology of the Multinational Health and Fitness Company.

"From a strategic standpoint, both the tax and IT teams have all the confidence in the world that if we want to do business in another country, or expand into some new market, that we would have no difficulties doing so from a tax perspective. ONESOURCE would accommodate those business decisions."

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