

Elettric80 Goes Unmanned with Sales Tax

U.S. subsidiary integrates Avalara and SAP to reduce effort and error



Tax Challenges

- Rapid growth, increasing complexity
- Compliance risk
- Manual, time-consuming processes

Business Systems

- SAP-ECC

Implementation Partner

- DMA – DuCharme, McMillen & Associates

Avalara Products

- Avalara AvaTax
- Avalara CertCapture
- Avalara Returns [pending]

Results

- Streamlined, tightened processes
- Confident compliance
- Easy to expand into new states

Based in Viano, Italy, Elettric80 creates automated solutions for fast-moving consumer goods (FMCG) companies. Designing and building robotic warehouse machinery, laser-driven forklifts, high-density storage systems – and the software to run it all – the company helps its customers maximize flexibility, save time, increase quality and reduce waste in unmanned warehouses around the world.

When Elettric80 opened a U.S. subsidiary in Skokie, Ill., just north of Chicago, growth happened quickly. The company soon found itself struggling to keep up with complex and dynamic sales tax requirements as it added customers in new states.

Pains

Like the warehouses it designs, builds, and automates, Elettric80 runs on as little human power as possible. The small administrative team in Skokie was stretched thin managing the ever-changing database of sales tax rates, manual filing of returns, keeping track of exemption certificates, and changes resulting from customer mergers and acquisitions.

“It was getting difficult for us to keep up with the changes in sales tax,” says Julie Meredith, director of accounting and administration at Elettric80. “It was a fairly manual process, and we were hoping to take some of that extra work from our administrative team – setting up new customers’ tax rates, managing the database of tax rates, managing exemption certificates, staying current on tax rules in the U.S. and in Canada. A few times we learned about a change in tax rates from a customer, or because our numbers were off when we filed a return. As you grow, mistakes like that become more expensive.”

The company reached out to a few solution vendors for information and demos. “Our main requirement was for the solution to be cloud-based,” says Luciano Spotti, the company’s IT manager. “I didn’t want anything we had to install on site, because we are focused on reducing the internal effort required to maintain IT solutions.”

“We’re not selling a million different SKUs, so we didn’t want something super complex,” adds Julie. “We really just needed something to automate the process, make it more objective, and be easy to use.”

Based on those requirements—and the need to integrate the solution with SAP—the team chose the Avalara Tax Compliance Suite, which automates sales and use tax calculations, filing, and exemption certificates and compliance. The Avalara team then brought in DuCharme, McMillen & Associates (DMA), a partner with expertise in SAP integration.

Solution

Once the team decided on Avalara, the implementation moved quickly. “I think we had two meetings,” Luciano recalls. “One to sign the Avalara contract in early November, and a second one to talk with DMA a week later about configuration and project scheduling. It only took us a few days to get SAP set up for the integration because it was basically just Julie and me making decisions. It was a very short process.”

After testing the systems internally for a few weeks, Elettric80 went live with Avalara AvaTax and Avalara CertCapture on the first of February. “There were a few situations where we needed help on the SAP side, dealing with unforeseen internal issues,” says Luciano, “like customers with very special tax circumstances. In every case, these issues were resolved by DMA’s very responsive implementation team within one or two days.”

Benefits

Having gone live with AvaTax and CertCapture only a few months ago, Elettric80 is already starting to experience some of the benefits of automation. Keeping up with changing tax rates is no longer a manual effort, and compliance is no longer the risk it once was. “It has caused us to go through all of our certificates and make sure they’re current and categorized correctly, and in one place,” says Julie. “Hands down, the most important thing is knowing that we’re compliant. It helps me sleep better at night.”

The company also uses AvaTax to calculate use tax. Prior to Avalara, the team would review vendor invoices and accrue any use tax that should have been applied but were not. “It was a very manual process and there was always room for error,” Julie confides. “Now, with AvaTax, the taxes are calculated within SAP and if the tax amount doesn’t match the vendor’s invoice, the system alerts our bookkeeper to accrue the use tax. It’s a nice double-check.”

Expanding into new states has become a matter of a few clicks. “That also has become a nice check-and-balance benefit for us,” says Julie. “We had a couple of situations where the accountant noticed that AvaTax hadn’t calculated any tax on a new customer’s invoice, and that turned out to be a sign that our registration for sales tax in that jurisdiction was still pending. It prompted us to follow up regarding our registration and was a good reminder for us.”

The team looks forward to using Avalara Returns in the next month or two. “That’s the area where we expect to see the most benefit from a time-savings standpoint,” says Julie.

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– Julie Meredith, Director of Accounting and Administration



Avalara Tax Compliance Suite

A complete, end-to-end sales and use tax compliance solution – built to grow with your business.

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Avalara Returns handles monthly sales & use tax filing, payments, and notice management.

Avalara CertCapture helps businesses collect, store, track and utilize exemption certificates.

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