

Pacon gets creative with Avalara Tax Compliance Suite

Fast-growing maker of art and educational supplies meets unique needs with expert implementation partner



Tax Challenges

- Rapid growth
- Increasing sales tax obligations and complexity
- Keeping up with rate changes
- Time required for manual tax filing

Business Systems

- SAP-ECC

Implementation Partner

- DMA - DuCharme, McMillen & Associates

Avalara Products

- Avalara AvaTax
- Avalara Returns
- Avalara CertCapture

Results

- Flexible implementation
- Confident compliance
- More efficient filing
- Adding states with ease

Founded in 1951, Pacon provides educational and art products to teachers, students, and artists. From construction paper to easel pads and organizers, their products inspire creativity and empower imaginations.

The company has expanded its product lines in recent years, and much of this growth is the result of thoughtful acquisitions – five in the past five years – which have added complexity to Pacon’s sales tax obligations.

Growing Complexity, Mounting Headaches

With the acquisitions came adjacent product categories, each with its own set of tax requirements that vary by state. In addition, the acquired companies all make or buy goods, then sell and ship them around the world.

As Pacon’s sales tax requirements became more complicated, compliance became a bigger headache. “We were using native SAP functionality,” says Joe Rossmeissl, the company’s controller. “It was difficult to stay on top of all the rate changes in all the jurisdictions.”

Adding states only exacerbated the inefficiencies. The process of adding just one state might take as much as half a day – downloading current rates, verifying, and updating SAP, not to mention the burden of keeping up with rate changes every month.

“We decided that we wanted to automate the process,” says Joe.

The Solution – Avalara Tax Compliance Suite

The tax expert at Pacon’s audit firm recommended the Avalara Tax Compliance Suite, a cloud-based solution that integrates with SAP (and hundreds of other business applications) to automate sales tax calculations, filing, and exemption certificates and compliance.

Since the integration with SAP was paramount to Pacon, Avalara sent DMA – DuCharme, McMillen & Associates – a partner that specializes in integrating the Avalara Suite with SAP – to present the solution. Joe and his team looked at two other solutions as well, but quickly decided that Avalara was the right choice. “It does everything we need it to do, is competitively priced, and it looks like a modern app,” says Joe. “Also, I liked the DMA team who showed it to us. I was confident in their expertise right off the bat.”

That expertise helped make the implementation and integration surprisingly easy, according to Joe and his team. AvaTax and Avalara Returns were turned on in just

a few months. It would have gone even faster if the team's attention hadn't been diverted to another acquisition right in the middle of the project.

Besides the speed and ease of the implementation, Joe and his team were struck by DMA's commitment and creativity when it came to making the solution fit Pacon's specific needs – dealing with buying groups, for example, or enabling Pacon to exempt its foreign customers. "DMA really held our hands through the process," says Joe. "In other implementations I've done, the third party might have suggested a workaround or told us to 'live with it' because our needs are unique. Instead, DMA made the solution work specifically for our business. This is one of the easier implementations we've done."

The vast majority of Pacon's customers are tax-exempt, with certificates on file. But for the few who haven't furnished paper copies, turning on Avalara CertCapture would have applied tax to those invoices and likely created a lot of busy work for the team. They decided to wait until all the paper was in before going live with CertCapture, which they anticipate will happen this summer. "That extra work up front will pay off," says Joe, "since there will be just one repository for all certificates and we'll be alerted when one is about to expire, so we can stay in front of that."

Efficiency and Peace of Mind

Since most of Pacon's customers are tax-exempt, the Avalara Suite is mainly for compliance and managing exceptions for Joe and his team – benefits that are more qualitative than quantitative. But Joe doesn't hesitate to underscore the importance of those qualitative benefits.

"The number one benefit is the peace of mind that comes with knowing that we're doing things the right way," says Joe. "For example, we learned some things about our Arizona tax returns after Avalara started filing them for us... how they use location codes versus how we had been using them. And whenever we've seen a discrepancy in a tax rate, AvaTax has turned out to be correct, which surprised me pleasantly. It's definitely more audit-ready than our old way of doing things – having our auditors know that we're running Avalara is a real source of confidence."

Another major benefit for a fast-growing company like Pacon is the ease with which they can add new states. "It's flipping a switch in AvaTax, and I like that," says Joe. Pacon took the unusual step of loading all 50 at the outset of their implementation, since they're still in growth mode. "That might not be the way everyone implements Avalara's Suite, but it was good for us," he says. "Now we're set up going forward. We had a very positive experience, and we're happy with the result."

“I see 46 states in our future, and I think it'll be easier now because of Avalara.”

– Joe Rossmeissl,
Corporate Controller



Avalara Tax Compliance Suite

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

Avalara AvaTax determines and calculates sales & use taxes.

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

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

Avalara supports quick deployment by providing over **700 pre-built integrations** to business applications including ERP, POS, Ecommerce, Billing and CRM.

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