

Why Tax Belongs at the Center of SAP Transformation



Ray Grove

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Every rule written by a regulator eventually becomes a line of code. This connection between policy intent and system design is where Ray Grove, Head of Tax and Trade at Thomson Reuters, has built his career. As governments move compliance into real time through continuous transaction controls, the systems that calculate and report tax are being reengineered in step.

Through Thomson Reuters' collaboration with SAP, Grove and his team are translating that convergence of policy

and technology directly into SAP-native compliance capabilities. The scale is real, with the company delivering 100 million rule, content, and logic updates in a single year to keep customers aligned with shifting requirements — while also integrating statutory reporting directly into SAP applications.

In an interview with ASUG, Grove explained why tax must have a seat at the transformation table, how clean-core principles and real-time integrations with SAP create “truth in process,” and where artificial intelligence is beginning to turn compliance data into strategic advantage.

This interview has been edited and condensed.

Q: How are evolving regulations, tariff structures, and geopolitics reshaping how organizations approach tax and trade in their business strategy?

Maybe I'll go a little bit macro first in my response. There's clearly a lot of change happening on the geopolitical side, and that has an implication on the regulatory side. I think it's helpful to start with the core problem tax is meant to solve, since it's often not considered in a clear, holistic way. From my viewpoint across different areas of compliance, I see how this broader perspective is essential.

Most people see tax and trade obligations as a way to fund governments or systems, but they're actually not. It's more about driving the socioeconomic structures that we want to have in society. Tax and trade policies

are designed to shape economic and social systems. Because they're driven by regulatory bodies, they're inherently political — and constantly evolving. As the world changes, so does the way that we design and shape it. Tax and trade policy play a key role in supporting that evolution.

We see change around those elements of tax that are more real-time, such as the transactional compliance side, and with things like Pillar Two, or statutory reporting requirements. To achieve real-time reporting depends on the availability and ability of the government, with technology, to be more prescriptive in focusing on those changes.

With the rapid expansion of continuous transaction controls and e-invoicing, really changing to a look-forward, real-time world of tax would reduce the tax gap, so it improves collection, but it also reduces the

need for audits in the future for government agencies — getting tax right the first time.

To give you a data point on trade, we operate over 90% of the Foreign Trade Zones that are automated in the U.S. Last year, I did about 100 million changes to my trade application based on content, rules changes, and logic changes to meet compliance and regulatory requirements. We averaged getting those changes to our customers in about 0.62 days from when those changes were published. This year, by July, I had already done 86 million changes.



Q: Thomson Reuters and SAP have a deep S/4HANA partnership. How do TR's tax and trade solutions integrate with SAP, and how does that create an advantage for customers?

We've got an incredible relationship with SAP. We have four certified apps, which is more than any provider, and we've embedded our statutory reporting

solution into SAP Control Tower for ESG reporting and compliance.

Working with SAP and being a big part of that ecosystem is critical for us. When I look at what it takes to be right, to be frictionless, and to be a good experience for my customers, I need to have those integrations not just be a bunch of APIs that are super technical. We spend a lot of time and energy to make sure that we have a clean-core offering for our customers, and that these are tested, validated, and managed like actual products.

If you don't have connected processes within the ERP and in the flow of determining tax, preparing compliance reports, or managing your e-invoicing, you no longer have truth in data. If you don't have truth in your data, you don't have truth in compliance.

We're usually first to come out with a lot of things. We have relationships to make sure we're testing and managing. Our solutions cover over 220 countries from a compliance perspective, and we have best-in-class content to deliver that. Many customers use us as part of their compliance obligation with SAP. We try to maximize value for the problem they're solving and give them ways to get it right the first time.

Q: When ASUG members move to or optimize within S/4HANA, how does embedding tax and trade early drive measurable ROI?

People don't realize this, but tax can pay for a massive part of your transformation, if not all. I've seen projects where just by implementing a tax engine and tax policy with rules and obligations—keeping in mind that your indirect tax obligations are your number one book liability and have a massive cash-flow implication—there's a lot of savings.

A lot of people look at tax as “good enough” until they get tax advisors, but they start seeing massive opportunities to do things better. On those everyday indirect tax pieces, if you're not appropriately

calculating tax and you're just going in standard, you could be over-collecting or overpaying. If you're not checking what your vendors are charging you, you could be overpaying tax and never know.

If you include tax at the very beginning, you can start looking at your item master and product classification. Are you identifying the right products, and are you treating them the right way for how you calculate tax in the jurisdiction with all the different rules?

Most of the world still uses native ERP with rate files for calculating tax. They're leaving a lot of money and creating a lot of risk. It's risk mitigation, and there is cash flow you can uncover. On trade, being able to take advantage of trade programs means you need the ability, data, and automation to manage that.

A couple of years ago, we bought a company called Pagero, the leader in electronic invoicing, according to an IDC report. Part of it is the approach to e-invoicing with an intelligent business network and the broadest coverage of any provider.

Regulators want to know in real time what you're charging for tax. It's starting with invoices, but when I refer to CTC compliance, they're going beyond the invoice — those business documents you exchange that have implications on compliance obligations.

The plan is to have systems, applications, and providers to find that level of transparency so you can have a real-time, look-forward view of compliance versus what it is today for most organizations: looking back in time at imperfect data and imperfect process.

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Q: You've argued that tax needs a seat at the transformation table, especially in an S/4HANA program. Why is that involvement so critical?

A lot of organizations are looking at historical systems and going through financial transformations to upgrade and simplify their ERPs. The number-one delay in a successful ERP implementation is usually tax, because it's thought of at the very end of the project. Every decision you make from day one of that ERP modernization has a tax implication.

How are we going to implement these things? Are we going to use a tax engine? Are we going to use compliance tools? What organizations can we work with? What are our obligations? What are we capturing so that we can get that part done? You need to bring these functions into the front end of the decision process, so you don't miss the date at the end.

The dual opportunity: read Thomson Reuters' guide to transforming tax operations while migrating enterprise resource planning systems to the cloud.



Q: AI is changing enterprise systems overall. How is Thomson Reuters leveraging AI to transform tax and trade management for SAP customers?

I have a single customer with 120 instances of SAP. It's not always one big perfect box. I can become that connective tissue for compliance across the entire SAP estate. Maybe you have another ERP from an acquisition; I can be that consistent piece.

We're working to identify anomalies as you process, automate the workflow of preparing compliance returns, reconcile the transactions you calculate for purposes of tax to the ERP, classify items for tax, and automate chart-of-account mapping.

Because we have this connectivity, richness of data, and market-leading content, we can apply machine learning, agentic AI, or generative AI across that waterfront.

The next phase is our MCP strategy. We have a very rich set of APIs — over 600,000 endpoints across all APIs. Our MCPs will allow people, whether using internal tools for AI or ours, to develop more automation with agents to help manage the work. Many organizations are looking at improving business processes and taking away some of the burden on employees to level up the value they create. That's a big focus for us.

Q: Finally, how is Thomson Reuters positioning its product strategy to serve SAP-driven organizations in this next wave of intelligent enterprise transformation?

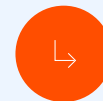
My goal is to deliver as perfect as possible of an experience for customers at that intersection of commerce and compliance. My product strategy exists in three core pillars: embedded, connected, and intelligent.

Embedded means that it's important for customers to do the work where they're doing their work. A lot of the work with SAP and the integrations we develop is to make those native SAP experiences as much as possible, where the customer doesn't have to learn a new system or worry that there's a gap between systems.

Connected gives us that truth in process, which creates truth in data and compliance. Connected isn't just about SAP; it's also within the broad scope of Thomson Reuters solutions. I've got a full suite of indirect tax offerings, from determination to compliance to certificate management to e-invoicing, to trade offerings (FTZ, FTA agreements, import/export), and all the direct tax and other offerings.

With truth in process and truth in data, my connected applications can bring that power to the organization so you can prepare — and get truth in compliance.

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