

PRESS RELEASE

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# Operational Transfer Pricing and Intercompany Service Charging: Solution providers EXA and nicetec enter into cooperation

**Heidelberg/Bissendorf.** EXA AG, a provider of SAP add-on software for operational transfer pricing, and nicetec GmbH, a provider of special software solutions for intercompany service cross-charging, have signed a cooperation agreement to provide a whole new level of automation and digitization of operational transfer pricing processes in multinational groups.

Besides the replacement of manual processes with comprehensive process digitization, the benefits for mutual customers include the group-wide consolidation of transfer pricing-related data to reduce tax risks and double taxation.

## Tax compliance and efficiency through the digitization of intercompany processes

The cooperation aims to achieve the functional integration of the complementary software applications – “OTP” by EXA and “insighTPro” by nicetec – for operational transfer pricing management. For the first time ever, customers can benefit from integrated, highly automated, transparent, and tax-compliant processing of intra group supply and service relationships, in particular in an SAP environment. Thanks to this integration, both the flow of goods as well as intra-group services can now be managed across borders in an efficient, cost transparent, and tax-compliant manner, thus reducing tax risks in transfer pricing. Increased efficiency, fewer penalties, less double taxation and interest provide customers with a quick “return on investment” after implementing the solutions.

## Automation of group-internal service charging as an important data source for EXA OTP

“By integrating insightPro with our SAP add-on solution OTP, we can process all information from intercompany service charging with maximum granularity to achieve the segmentation of financial results necessary for tax and transfer pricing purposes. Many customers have asked us how they can automate existing or new intercompany service cross-charging in a legally secure and transparent manner. Proving the benefit of the service provided to the recipient as well as correctly recording all relevant costs at the service provider are often a major challenge for large multinationals. Although this can be done using spreadsheets, this option is prone to errors, labor-intensive, and difficult to reproduce”, says Dr. Frank Schoeneborn, Head of the Operational TP Program at EXA AG. “EXA customers can now also leverage the leading solution for service charging and, by combining both software solutions, achieve significant compliance and efficiency gains in local and global transfer pricing processes.”

## Consistent information and data flow from SAP to insightPro, EXA OTP, and back to SAP

ERP data, especially from SAP systems, is adapted by the software solutions via standard interfaces. “We plan to continuously integrate and optimize the software solutions within the scope of the cooperation with our partner EXA with regard to specific transfer pricing requirements,” explains nicetec’s Managing Director Ralf Meyer. “In doing so, we rely not only on the IT expertise that unites us, but also on extensive international experience and joint transfer pricing knowledge. We are delighted to be able to offer our customers significant added value through this cooperation. For customers with SAP systems in particular, price calculations and processes can now be standardized and automated across the board, not only for services charged on an arm’s length basis, but also cross-border deliveries of goods within multinational groups.”

## Increasing pressure to digitize operational transfer pricing processes

As soon as tax audits examine intercompany transfer prices, large sums of money are on the table which are subject to potential double taxation. The risk lies in the legally compliant determination and ongoing monitoring of transfer prices in day-to-day business. Tax inspectors often identify organizational failures and errors in operational transfer price calculations and subsequent billing processes for intercompany deliveries of goods and services, which are usually carried out outside the tax departments. Too often, manual processes still exist due to a lack of support by adequate IT solutions. By the end of the year, it inevitably becomes extremely difficult to consistently meet the legal documentation requirements for transfer pricing with the required data quality for each country, both for deliveries of goods and for intercompany services.

#### **Operational Transfer Pricing management with EXA OTP**

With OTP, transfer pricing managers can monitor global processes for the calculation of transfer prices for intercompany deliveries of goods and proactively intervene in the event of deviations from the arm's length principle. Group-wide and transaction group-related reporting is available for this purpose. Automatically generated forecast calculations support the assessment of expected local profits to avoid retroactive transfer year-end pricing adjustments. Suggested values for new product transfer prices can be managed and double-checked across borders using integrated workflows with standard SAP components. Once these have been approved, the OTP solution allows these updated transfer prices to be automatically transferred to SAP ERP / SAP S/4HANA systems, for example, of both the sending and the receiving entity of the multinational group. Finally, OTP offers extensive customizing options and uses the latest SAP technologies.

#### **Intercompany service charging with nicetec insightPro**

With insightPro, customers can consistently manage and track values as well as other relevant quantitative information flows, such as quantities or allocation keys, for cross-border service charges across a multinational group. For example, foreign subsidiaries can order a service from the head office, which is calculated transparently in a service catalogue both in terms of quantities and cost centers and in accordance with the applicable tax requirements. The main benefit of insightPro is that all parameters are transparent end to end and processes can be standardized and integrated with a high degree of automation. Even years later, calculation results can still be traced and reproduced at any time in the event of tax audits. All affiliates involved, both service providers and recipients, benefit from the internationally proven solution.

#### **About EXA AG**

EXA is a leading provider of Digital Transformation solutions and services with headquarters in Heidelberg, Germany, and affiliates in India and the U.S.. EXA engages in delivering customized and niche solutions while leveraging SAP and non-SAP technologies across Financial Management Transformation, Process Data Engineering, Big Data and Advanced Analytics. With Operational Transfer Pricing (OTP) and Global Value Chain (GVC), EXA provides its own IT solutions in the SAP ERP environment. The company's main focus is on the automation of global intercompany processes in medium-sized and large multinational corporations.

#### **About nicetec GmbH**

nicetec GmbH, founded in 1998 and headquartered in Bissendorf, Germany, is a market leader in the field of flexible software solutions for intercompany service charging and IT financial management. The technology company provides software products as well as service, consulting, and development services to well-known customers worldwide. Both netinsight and insightPro software solutions from nicetec GmbH are leading when it comes to automating service charging within large multinationals.

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