



Jaggaer Manages Global Transfer Pricing Complexity due to M&A Activity with CrossBorder Solutions

Summary

Jaggaer LLC grew quickly expanding from the US into 17 other countries primarily through m&a activities over just five years. This added significant complexity to their transfer pricing. The company chose to leverage a software approach over hiring a Big Four consulting firm. They were able to centralize their transfer pricing documentation, ensure completeness and consistency, faster than they thought was possible. Jaggaer was also able to leverage CrossBorder's team of tax experts for additional strategic review and support.

Meet Jaggaer

Formerly SciQuest Inc, Jaggaer LLC provides cloud-based software solutions to automate all kinds of business operations: invoicing, spend analytics, inventory management, sourcing, supply management, to name just a few. With 31 entities in 18 countries around the world, the company has experienced explosive growth. Numerous mergers and acquisitions bred a host of new intercompany transactions in uncharted jurisdictions, so Jaggaer faced the difficult challenge of identifying and thoroughly documenting complex transfer pricing transactions. Fast.

Industry: Technology

Company Size: 1,169

Subsidiaries: Jaggaer Canada Holdings,

Jaggaer Austria, BravoSolution Spa, Jaggaer Arabia for Information Technology, Jaggaer FZ-LLC, and Docskiff

Previous Subsidiaries: Advanced Sourcing, B2E Markets, BravoSolutions Technologies Ltd, SciQuest Scuba, CombineNet, AEC Global, PI Confluence, Inc., Spend Radar, Pool4Tool, AG, and Tejari-FZ Products: Software Solutions for Spend Analytics, Category Management, Supplier Management, Sourcing, Contracts



Expanded into 17 countries through m&a in 5 years



Transactions that required fresh benchmarking data completed in seconds



Centralized, consistent reporting across all jurisdictions

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Transfer Pricing Through Mergers and Acquisitions

When a company experiences growth, it's great for everyone—except maybe the tax department. And if you happen to be a one-person tax department then a business boom can be even more daunting—which is exactly the situation Jaggaer's Global Director of Tax Angela Griffin found herself in.

Before 2017, Jaggaer was a relatively simple U.S. company. But over the last five years, the software giant has spilled into Italy, Austria, Australia, Canada, Dubai, France, Germany, Italy, Saudi Arabia, Serbia, Mexico, Netherlands, Singapore, Spain, and UK, to name just a few countries. As the group grew more intricate, it bred a wild new maze of transfer pricing arrangements. Each new entity had its own historical related-party transactions, and now under one larger umbrella, the sister companies were forging new ones—but with eyes on efficiency and quality-control, not compliance.

For Griffin this meant a huge responsibility rest on her shoulders alone: She had to track down each and every intercompany arrangement throughout the conglomerate and make sure they were not only documented but that they were detailed enough to stand up in a post-BEPS world.

“The Big Four might seem like an obvious answer but like at most companies, the budget was tight.”



Cost-efficient

Griffin found herself in a race against the clock. Many transactions hadn't been documented at all and she found a host of arrangements that hadn't even been identified as transfer pricing transactions. “I discovered we had cross charges that we didn't consider in our IP transfer pricing planning. We had intercompany loan arrangements, various service type transactions ranging from customer service, implementation, management type services and then we realized we had other intercompany service transactions not previously identified in any agreement,” she says.

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COVID remote working combined with new mergers and acquisitions also created a migrating workforce, especially in Europe. Teams that were previously in Italy were transitioned to Serbia and were performing services from Serbia. Teams from France had relocated to the Netherlands, and so on. As new head count was added the Serbia service center multiplied and grew exponentially. However, outside the tax department, executives were oblivious that such transfers would require new transfer pricing documentation. Griffin had to educate executives and teammates about the tax implications of functions moving through the supply chain and streamline the group's approach to transfer pricing from the ground up. And she had to work fast.

Building a Team

The sheer volume of reports that Jaggaer had to produce was hardly a job for a one-person tax department. Jaggaer needed an efficient, knowledgeable transfer pricing team and found it at CrossBorder Solutions. "They are transfer pricing experts and I loved their breadth of knowledge," says Griffin. She also found the transparent, competitive pricing to be a benefit. "When we needed additional benchmarking for new transactions CrossBorder was able to help provide at no additional cost." Best of all, Griffin had an invested team in place. "CrossBorder Solutions made efforts to know our company. The economists talked through our transfer pricing planning and questioned it instead of just accepting what we gave them. It was almost like a second review."

Compliance in a Hurry

The need to document so many intercompany arrangements accurately on unique, tight deadlines called for automation. CrossBorder Solutions' software is able to streamline the process and get the job done quickly.

"Transactions that require fresh benchmarking searches can be completed in seconds."



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Their unique software can identify and report documentation needed for compliance quickly, and CrossBorder Solutions' economic experts could advise on little-known country-specific preferences. Jaggaer chooses to utilize the CrossBorder Solutions team for outsourced benchmarking and compliance documentation versus hands on and in-house usage of the software to ensure transactions are covered from every angle.

"We needed to ensure that the company has accurate, defensible positions that are documented well in all countries where we had operations—and we needed a comprehensive plan for the whole company," Griffin says.

Building Bridges

Deadlines and language barriers were also tricky. Each country had its own deadline for documentation submission or completion, there were secret preferences regarding transfer pricing methods, and tax terminology meant one thing in country X and another in country Y. "The language barrier has hindered communication and understanding of proper categorization, especially for the various types of intercompany services. That's how we get incorrect markups that are not apparent until year end," says Griffin. "We've utilized CrossBorder Solutions Italian specialists on formatting of the reports in Italy. When we have unique transactions it helps to have someone who speaks Italian to discuss the local requirements and comfort our local employees on the accuracy of our reporting."

Education and Efficiency

Griffin literally found herself working in uncharted territories—the company's operations were growing in many unfamiliar jurisdictions. She also had to document transactions involving IP and intercompany services—two of the most highly scrutinized transactions by tax authorities.

CrossBorder Solutions' economic experts were able to advise on complex transactions and identify those that would likely be under the microscope.

"It's been a huge learning experience," she says.

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Certain transactions required fresh benchmarking searches, and Griffin, usually a solo act, had a team with which to collaborate.

“When we’ve had issues that required benchmarking, we were able to ask a lot of questions without incurring additional fees.”



Get Answers

Together, the team decided on “agreed-upon terminology,” a vocabulary lesson she was able to impart to Jaggaer’s financial controllers to ensure the company was always on the same page.

CrossBorder Solutions reached out to Jaggaer for information and then prepared documentation for the entire group. Griffin noted early conversations about the company and each transaction are key. “They prepared thorough documentation. Each report describes the parent’s relationship with the entity and also includes a visual presentation, which is helpful,” says Griffin. “CrossBorder loaded them onto the portal, and we just had to review them.”

Confident Compliance

CrossBorder Solutions was able to help identify and produce documentation for the continuously growing Jaggaer, so the company’s transfer pricing is in compliance all over the world. Plus, now Jaggaer has a process in place that streamlines compliance and makes it a slick operation throughout the group.

Griffin feels much better about the company’s transfer pricing position. “I feel more confident now that our transfer pricing documentation has been prepared,” she says.

“CrossBorder Solutions has saved me lots of time. I didn’t have the experience or time to create these documents myself, especially in such a short timeframe.”



Time-Saver

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CrossBorder Solutions helped us be compliant.

“Given our sudden growth, we wouldn’t have been able to be compliant without tax technology.”



**Leveraging
Tech**

Had she gone with traditional consultants, the cost would have been exorbitant. As Griffin said, “CrossBorder Solutions has given us a lot of bang for our buck.”

The Intelligent Approach to Tax

Yesterday’s compliance approaches are no match for today’s increasingly complex, dynamic regulatory environment. CrossBorder’s tax compliance solutions deliver unmatched total value with modern, intelligent technology that minimizes risk, reduces or eliminates manual, error-prone processes for greater accuracy, and enables our customers to strengthen their tax position with valuable insights and forecasting. Our solutions come with flexible support options, transparent, competitive pricing and free audit support. Visit xbs.ai for more information.

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