



# CASE STUDY

## TELECOMMUNICATIONS

### Executive summary

A leading telecommunications provider operates a nationwide multi-terabit network that delivers industry-leading IP and network solutions at the fastest speeds available today. They are experts at delivering data critical to business success. So, they were particularly disappointed to discover that inaccurate data had caused them to incorrectly bill taxes to customers. A tax audit uncovered the outdated tax information and, as a result, the company faced significant fines. The provider needed a highly accurate and advanced system to help them cleanse existing data and maintain a consistently high level of accuracy on tax calculations for their customers.

### Business challenge

The telecommunications provider offers comprehensive IT Infrastructure, Managed Network and IP Communications solutions to over 90,000 organizations across the U.S. leveraging its 19,000 route mile inter-city fiber network.

With thousands of customers in diverse locations, the provider needed to apply precise tax jurisdiction details when billing in order to establish the correct amount to charge its customers.

On more than one occasion, the company ran into problems with the accuracy of its tax jurisdiction calculations when it was audited. The tax auditors discovered that the geolocation data used by the telecommunications provider for tax jurisdiction calculations were outdated. Consequently, this created a shortfall in the providers tax payments—on one occasion, representing millions of dollars.

Antiquated tax jurisdiction software and processes were causing the inaccuracies. Adding to the complexity of the problem, customer address details in numerous databases were affected and reconciliation was needed across the data sets. The tax team subsequently prioritized upgrading the system as a business critical objective.

After assessing the potential of building an in-house solution with the IT department, the provider came to the conclusion that it was imperative to seek a best-in-class external tax jurisdiction solution to provide more accurate geocoding and greater certainty about the tax it needed to charge each of its customers.

### CUSTOMER PROFILE

As one of the largest communications service providers in the U.S., this leading telecommunications provider offers customers the right network, the right solutions and an unrivalled focus on delivering the best customer experience through the provision of high quality data.

*“Both our tax and IT department have been delighted with the implementation and the benefits we have seen so far. Knowing that we are keeping as up to date as possible with our customers’ exact tax status gives us piece of mind in the tax department.”*

Executive Director of Tax  
Leading Telecommunications  
Provider

## Solution

The provider enlisted the help of Pitney Bowes Software to reduce the financial risk associated with its customers' tax jurisdictions. The company implemented Pitney Bowes Software's GeoTAX solution, which integrates up-to-date jurisdictional boundaries with the exact street address for each customer record. It utilizes enhanced street address and nine-digit ZIP Code matching methods for the highest degree of accuracy.

The solution was used to successfully challenge one specific audit finding that calculated millions of dollars potentially owed to the IRS due to tax jurisdiction discrepancies. The telecommunications provider used GeoTAX to highlight and correct inaccuracies in the tax auditor's data. This substantially reduced the amount owed by the provider to the government to a fraction of the original projection by the IRS.

"GeoTAX saved us from settling a hefty tax bill almost immediately after implementation" said, Executive Director of Tax at the organization. *"Both our tax and IT department have been delighted with the implementation and the benefits we have seen so far. Knowing that we are keeping as up-to-date as possible with our customer's exact tax status gives us piece of mind in the tax department."*

## CASE STUDY

### TECHNOLOGY USED

- GeoTAX Enterprise Tax Management solution provides businesses with the necessary tools to centralize their entire corporate tax jurisdiction processing needs and supports critical tax compliance issues.
- GeoTAX provides businesses with current jurisdiction assignment to customer and employee address records, helping to reduce financial risks and regulatory liability.

### Results and benefits

Reduced financial risk and regulatory liability associated with incorrect customer tax jurisdictions.

Integrated up-to-date jurisdictional boundaries with the exact street addresses of customer records.

Remedied inaccurate tax jurisdiction data for all future customer billing.

Negated large tax charges by updating locational data used in a recent tax audit.

*"GeoTAX saved us from settling a hefty tax bill almost immediately after implementation."*

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Leading Telecommunications  
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For more information call 800.327.8627 or visit us online: [www.pb.com/software](http://www.pb.com/software)

#### UNITED STATES

800.327.8627  
[pbsoftware.sales@pb.com](mailto:pbsoftware.sales@pb.com)

#### CANADA

800.268.3282  
[pbsoftware.canada.sales@pb.com](mailto:pbsoftware.canada.sales@pb.com)

#### EUROPE/UNITED KINGDOM

+44.800.840.0001  
[pbsoftware.emea@pb.com](mailto:pbsoftware.emea@pb.com)

#### ASIA PACIFIC/AUSTRALIA

+61.2.9437.6255  
[pbsoftware.australia@pb.com](mailto:pbsoftware.australia@pb.com)  
[pbsoftware.singapore@pb.com](mailto:pbsoftware.singapore@pb.com)



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