

MCJ Supply Chain Solutions prevents tax risk

Young joint venture chooses AvaTax from the start



Tax challenges:

- Compliance risk
- Process inefficiency
- Tax complexity

Product used:

- Avalara AvaTax

Integrations:

- SAP Business One

Results:

- Increased compliance
- Integrated systems
- Improved processes
- Enabled growth
- Cost savings
- Customer satisfaction



Company overview

MCJ Supply Chain Solutions, LLC. based in Houston, Texas, is a joint venture of Logisnext Americas Inc., also of Houston, and Jungheinrich, AG, based in Hamburg, Germany. MCJ's primary focus is the distribution of automated guided vehicles, used primarily in warehouses. Additionally, they also rent electric forklift trucks.

MCJ Supply Chain Solutions was formed in January 2019 and is based in Houston, Texas. The company is in the early stages of its growth. It's currently registered in about 10 states and expects to add more rapidly.

Tax challenges

As a young company, MCJ Supply Chain Solutions hasn't run into any tax challenges yet, and Finance Controller Necia Rebello aims to keep it that way. Before joining MCJ Supply Chain Solutions, she worked for Mitsubishi Caterpillar for 10 years with two different sales tax compliance systems – one that was integrated with the ERP system, and one that wasn't.

"When your ERP system is not tied to an automated tax system, it becomes very challenging to manage ever-changing tax rates. All 50 states are continuously changing laws and thresholds. Just keeping up with that was very challenging. At MCJ Supply Chain Solutions, I wanted to avoid tax challenges, not respond to them after they happened."

As a startup, MCJ Supply Chain Solutions was running on limited resources. "We could not really afford to have one person trying to figure out the latest tax rate to put on every customer invoice," says Necia. "From my experience at Mitsubishi Caterpillar, I knew that we needed an automated tax system that would tie into our ERP, and we decided that from the beginning."

Why Avalara

During her time at Mitsubishi Caterpillar, Necia worked with a subsidiary that used both Avalara (integrated with their ERP system), as well as another company's application that loaded a tax table into their ERP system.

"Given all the challenges I saw with the latter approach," she says, "I knew Avalara was our best bet," she recalls. "I investigated one other company, and they were cheaper than Avalara, but there were a lot of shortcomings with their solution. I found AvaTax's reporting to be comprehensive and its response time to the ERP

system to be quick. Our external tax consultant is also very familiar with Avalara, which just reinforced the decision.”

Necia reports that implementing AvaTax and its integration with SAP Business One went smoothly. “We had several conversations with SAP and Avalara,” she explains. “They really helped me understand how the two systems connect with each other. And Avalara was able to provide a matrix showing which of our products are taxable in which jurisdictions, which was very helpful for us.”

Results

Since Necia’s primary goal was to improve compliance, “I really don’t worry about incorrect rates,” she says. “I have peace of mind with the system.”

Necia also cites Avalara’s customer support team as a great source of knowledge. “Whenever we have questions, we get fast and thorough responses.”

Perhaps more importantly for a young company, “Avalara is ready to scale with us as we grow,” she adds.

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– Necia Rebello, Finance Controller



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