Avalara

# Designing AI-enabled compliance at enterprise scale

## From periodic obligation to continuous execution

For global enterprises, tax and regulatory compliance has shifted from a quarterly task to an ongoing function, embedded across revenue, supply chain, and finance systems. The volume, speed, and complexity of this data demand intelligent and continuous oversight.

Three primary forces drive this shift:




### Digitized tax administration:

Real-time reporting, e-invoicing, and continuous transaction controls require connected systems and AI-driven validation to keep transaction data accurate and compliant at scale.



### Multi-entity, multi-ERP expansion:

M&A and regional growth create layered ERPs and varied billing, commerce, and procurement stacks where tax logic diverges.



### Board-level expectations:

Audit committees want defensible, explainable positions across jurisdictions, not local best efforts.

**Snowflake**, **Zillow**, and **Comcast** have faced this challenge differently, but the conclusion is the same: compliance must function as core infrastructure, not an after-the-fact process.

## Where traditional approaches break

### 1. Fragmented logic across systems and entities

Legacy and disparate ERP, billing, and ecommerce systems often rely on their own tax logic and workflows. Over time, this creates divergent rules, inconsistent outcomes, weak audit defensibility, and a lack of control across the organization.

When Snowflake expanded globally, its exposure to risk increased. Without a single, consistent platform, the company lacked a way to continuously improve data quality, surface error patterns, and tie decisions back to policy.



"[We needed a solution] that supported Snowflake's internally developed tax web services without the need for customizations or significant custom rules or overrides."

— **Riaan du Preez**, Senior Director of Financial Systems

### 2. Project-by-project rework

Many organizations modernize compliance one initiative at a time: e-invoicing in one region, VAT in another, ERP rollout elsewhere. Each effort redesigns integrations and tax logic locally and often adds vendors or custom connectors.

Zillow followed this path until its acquisition of Trulia. Multiple revenue streams and systems exposed the limits of manual processes and local fixes, making it clear that compliance could not scale without a more coordinated, system-level approach.

### 3. Late or narrow visibility into risk

Without a connected compliance data layer, risk is often discovered too late — at period-end, during audits, or in the middle of ERP or regulatory transformations. By the time issues surface, they've already impacted reporting.

Leaders are left trying to answer critical questions too late:

- Where are we exposed, and why?
- What risks emerge as we enter new markets?
- How much manual work is embedded in our processes?
- How can AI help streamline my team's workflow?

One global SaaS company (**$2B+ ARR**, operating across **40+ countries** with a finance team of 35), redesigned its architecture to address these challenges.

The impact of re-architecting compliance is measurable:

**15 FTEs → 5 FTEs**
on compliance, with 10 redeployed to strategic finance

**45-day → 18-day**
tax close, approximately 60% faster

**3 audit findings per year → 0 audit findings in 2 years**

**6+ months → under 4 weeks**
to enable a new market

## How leading enterprises are reframing tax and compliance

### 1. Compliance as an execution layer across ERP, billing, and commerce

Leading organizations centralize tax policy and expose it wherever transactions occur, including:

- A platform of record for indirect tax and compliance connected to ERPs, billing, commerce, and AP/AR
- Shared rules and content for taxability, registrations, and reporting across entities and regions
- AI capabilities to enrich data, apply consistent decisions, and monitor for anomalies across systems
- A clear separation between business logic in the platform and transactional systems

Snowflake's move to an integrated architecture in Workday reflects this approach. By supporting its internal tax services without custom rules, Snowflake reduced manual correction and streamlined tax operations. It built a scalable platform that uses AI to maintain data quality and surface potential issues before they affect customers.

## 2. Global by design, local by execution

Leading enterprises define a global framework and localize where needed, including:

- Local configurations for returns, e-invoicing, and documentation
- A shared data and policy backbone to keep variations consistent and traceable

This approach avoids redesigning for every market entry or mandate change.

## 3. From point solutions to a connected compliance life cycle

Compliance is a connected series of steps: determine, document, file, reconcile, and learn. This life cycle requires:

- High-quality tax data at the transaction edge
- A single authoritative view of obligations and filings
- Continuous feedback from audits and notices into rules and controls

Analyst research on corporate tax management mirrors this pattern: AI and machine learning are used for monitoring and control while real-time reporting keeps data aligned with fast-moving mandates.

## Questions for the C-suite

For global enterprises looking three to five years ahead, the key questions are focused on design.

- **Architecture and ownership:** Is tax and compliance an execution layer across systems, or a patchwork of local solutions?
- **Global readiness:** Are we designing for real-time reporting and e-invoicing across continents, or reacting mandate by mandate? How quickly can we add (or exit) countries without destabilizing operations? Can our AI-powered controls keep up?
- **AI, governance, and trust:** Where are we ready to apply AI in compliance today and under what standards for documentation and explainability? Can we defend those decisions to regulators?

**Enterprises that address these questions early position compliance as a strategic enabler of growth, not a constraint — and they use AI to scale sound architecture, not replace it.**

**Compliance doesn't need more tools. With 1,400+ signed partner integrations, see how Avalara enables consistent, scalable compliance across your systems.**