

# Interview with

## JAMES BUCKLEY

Sovos, being the leading company in the world in finance, taxation software, and reporting solutions, commenced operations in our country in 2019 by acquiring Foriba; one of Turkey's leading domestic initiatives in the field of regulation technologies, to serve high-level clients. In October 2021, the company extended its activities by acquiring Istanbul based e-transformation tax compliance company Digital Planet this time to serve SMEs. We spoke to James Buckley, who is the Managing Director of Sovos EMEA, about his views concerning Turkey and its role in global growth strategies.

Reported by **LEVENT DAŞKIRAN**

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### How do you summarize Sovos's offered services and its views on taxation?

We began with the “Solve tax for good” principle, i.e.: by finding a solution for all kinds of taxation problems. We are working for our clients whether they are small to medium scale businesses, big businesses or multi-national companies to solve the difficulties that our clients face directly or indirectly regarding their tax declaration worldwide and to find complete solutions without leaving any discrepancies. Another motivation for the company's approach to solving tax fundamentally is the government's VAT shortfall problems throughout the world.

As a company working in this field, we also believe we help governments to collect taxes. At the end of the day, all services for public use are provided to us by our collected taxes.

### Three years ago, you entered the Turkish market by purchasing Foriba which had 20 years of history. What was the reason for your choice?

We began to work in Turkey by purchasing Foriba three years ago. Foriba was focused generally on large, multi-national companies and especially on their use of SAP. They had high quality

European and American multi-national clients. They were also focused on MSE via their channel. They could foresee growing a market as the government gradually switched to collecting direct and indirect taxes electronically, thereby, expanding the market economy.

Sovos acquired Foriba because it was important for us to have a market share in one of the most advanced digital taxation regimes as part of our taxation solution strategies worldwide. If you look into e-receipt trends in general, starting in Latin America at the beginning of the year 2000 and continuing, you can see the trend to real-time or near enough real-time reporting. We call this continuous transaction control. Brazil and Turkey are among the governments in the world that use advanced systems in this field. Sovos is by far the market leader and is growing its business largely through acquisitions.

Because, when you enter the Turkish market with a multi-national company, it is a long process to install such software, finding and hiring such experts in regulations and developing product. In addition, it is very difficult to compete in the local market and make sales with local

companies in this way. For this reason, we continue by purchasing market leaders when we penetrate into new markets. This is exactly what we have done in Turkey. Sovos belongs to a London based company called HG Capital, a privately owned capital company, being the majority owner. Our investors support us in our acquisitions when we are penetrating into emerging markets and back us up in our decisions.

**What happened after you acquired Foriba, what steps did you take?**

First of all, we integrated Foriba into Sovos successfully gaining two key advantages. Firstly; It has enabled us to offer our services in a localized form to our customers around the world, most of which we share with Foriba. Secondly; we have acquired highly skilled people here for our European markets. At this moment, around 80% of our product development is done here in İstanbul for European markets. İstanbul has become the second-largest development center in the world for us. We develop here advanced VAT periodic report products for Europe. We carry out all our SAP

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integration for the European market in Turkey. All our SAP professional services are carried out by our Turkish professional service team for European customers too.

In short, we envisaged a growing economic opportunity for the future and we wanted to have our share of what we believe in. We think that Turkey is a good country to invest in. It is a wonderful country to employ newly skilled people, to create a team, and grow. It has both easy and fast access to the European market in terms of technical resources. Other neighboring countries are also forming a bridge for our expansion.

**Can you detail your resources in Turkey and your efforts for solution developments?**

We have more than 100 people working in product development. We will definitely increase this. Turkey, as the leading economy with a digitized infrastructure, has adapted to continuous transaction controls around the world; faster than many European countries. This trend is now spreading all over Europe. It is implemented in Italy. France is getting ready to implement it in 2024. Poland will start implementing in July of this year. This will spread throughout Europe just like in Latin America.

Moreover, in the following three years, we have support plans for more than 30 countries and the majority of product development will be done here in İstanbul. If you visit our career website, you will notice we are actively employing people in İstanbul. We will pursue this along with the company’s technology strategy.

**Isn’t it a troublesome process to ensure that the solutions you purchase in the geographies you expand through acquiring, are compatible with your central structure?**

If I am a large multi-national company and I want to make purchases in five countries, this corresponds to five separate integrations. Naturally, this causes disorder. We pay our utmost attention to APIs to alleviate this disorder. When we purchase places in new markets, one of the first things we do is to insert this

behind the single interface. If I have a company that supports different regions where there are different rules, our clients should be able to connect to a single API and it should support more than one country at the same time. This is really difficult to achieve.

Another feature that many of our clients are looking for is, to have built-in SAP support as they want to deliver transactions to a service cloud, coupled with visibility and control. All our European SAP integration is done here in Istanbul. In each of these 30 countries, there has to be a cloud component behind the API to which you will connect once and an SAP component accordingly. All of these have their benefits. If you are a big multi-national company and you are using Sovos in more than one country, this means that you have detailed knowledge as to how the system and supply chain works. It is a very good development field if our clients can see and gain insights from such data in creating tools and opportunities. In other words, we are trying to implement improvements beyond simple harmony.

#### **How did the pandemic change the tax system in the world and your views of work?**

The pandemic has had the effect of delaying many regulations. During this period, governments slowed down the changes that were going to make for the companies in their way of doing their business. For this reason, there were some delays in the implementation of new regulations.

The other effect of the pandemic is that economies became completely digitized. Accordingly, we have seen that e-invoice arrangements in Turkey expanded in vertical markets such as real estate, tourism and automotive-like industries. The government tends to lower the usage requirement, even more, to get more companies into the system. We see this expansion as an opportunity for Sovos. This is the reason why we bought Digital Planet in Turkey. Digital Planet has a great power in key connections, for example, it has developed business

#### **SOVOS IN NUMBERS**

- 40 years of business experience
- More than 16,000 Corporate clients in 70 countries
- 16 different spoken languages, and more than 3 billion transactions
- More than 100 regulation consultants and experts
- 4 global centers of perfection for regulations
- More than 19,000 tax authorities follow-up worldwide
- Servicing half of the Fortune 500 companies.

#### **SOVOS IN TURKEY**

- 240 business partners of which more than 80 are e-transformation
- Integration with many different ERP's, including SAP, with more than 150 ERP partners.
- More than 20.000 Sovos Cloud portal users

partnerships with the ERP sales team. It is extremely competent, especially in the SME and the micro-enterprises market. Once economies become digital, more companies will comply with digital tax obligations and thus, will need service providers such as Sovos. I think the stability and scale we provide due to our size in Turkey, makes us a really safe choice for our customers, whether they are small companies or large multinationals. If you ask me if we are planning new acquisitions, I can't give you a clear answer; however, we have a lot to do in Turkey.

#### **How do you see companies' views on digital transformation in Turkey?**

Digital transformation in Turkey is a well-known fact. There is a matured market in Turkey. They all know well how to make purchases through their purchasing departments, tax departments, and technology departments, and they administer it. All large companies that purchase solutions either from us or from our competitors, will have the skills to adapt to what we offer, and they will embed this within their organizations, whereas SMEs is another area in which to adapt technology.

Medium-scale businesses use dominant consumption models for accountancy and ERP packages. Sovos and Digital Planet provide a backup compliance functionality for many local ERP vendors in Turkey. We would like to sustain this. SMEs and micro businesses are a very important sector for us. It was part of our strategy to acquire Digital Planet, and it secures our place in Turkey in the future. We, as a company, believe in the future of the Turkish economy. We believe in the people here. We have a splendid team, which we would like to grow. This is a very nice place to do business and employ new talent.

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**James Buckley: SMEs and micro businesses are a very important segment for us. Digital Planet acquisition is part of our important strategy and secures our future in the Turkish market.**

