



Bell Canada Enterprises Partners with Thoughtcorp to Increase Tax Credits, Improve Accuracy, and Reduce Processing Time for SR&ED Tax Credits

Customer Profile

As Canada's national leader in communications, Bell Canada Enterprises (BCE) provides connectivity to residential and business customers through wired and wireless voice and data communications, local and long distance phone services, high speed and wireless Internet access, IP-broadband services, e-business solutions and satellite television services.

Business Situation

The Scientific Research and Experimental Development (SR&ED) claims process was a laborious manual process that needed to be updated and integrated to properly gain the advantages of the government tax incentive. The process was arduous for both Bell Canada as well as the CCRA and as a result an integrated automated claims processing solution was required.

Technology

- Microsoft Windows 2000
- Microsoft SQL Server
- Microsoft.NET
- SAP

"We needed a system fast, we needed it to be feature-rich and reasonably priced, and, most important, we needed to be assured that it would be fully supported in the future. In terms of ROI, speed to market, and reliability, our partner, Thoughtcorp really provided the end-to-end solution we were looking for. A solution that utilized the existing resources, provided powerful new information management capabilities, and met Bell's budgetary requirements. We needed integration of all systems into one management information system that required less maintenance, relied on fewer separate reporting systems, and ran reports much faster."

Senior Director, Solutions Innovation—Bell Canada

Bell Canada Enterprises is Canada's national leader in communications as it provides connectivity to residential and business customers through wired, wireless, as well as voice and data communications, local and long distance phone services, high speed and wireless Internet access, IP-broadband services, e-business solutions and satellite television services. Bell offers the broadest set of platforms in North America and is already exercising the growing power, flexibility and convenience of IP-based communications to ensure Canadians are among the first to receive unsurpassed access to emerging services of the IP world.

Bell's goal is to deliver the latest integrated communications to Canadians by providing exemplary service, and setting the highest standards among industry competitors and customers with respect to product innovation, and service simplicity. To ensure that the company continues to provide integrated solutions and continuously meet customer demand, Bell focuses on research and development following strict financial and project management disciplines.

To maintain its strong market position and continue to provide the best and latest products as well as services, Bell Canada has to continue to push the envelope by investing heavily into R&D. As a result, Bell Canada is now Canada's second highest investor in R&D. This provides Bell with an opportunity to utilize tax programs to offset the associated costs. The Scientific Research and Experimental Development (SR&ED) program is a federal tax incentive that encourages Canadian businesses of all sizes and in all sectors to conduct research and development (R&D) in Canada that will lead to new, improved, or technologically advanced products or services. Claimants can apply for SR&ED investment tax credits for expenditures such as wages, materials, machinery, equipment, development licenses and some overhead. Canadian corporations, proprietorships, partnerships, and trusts can receive an investment tax credit of 20% of qualifying SR&ED expenditures.

Due to the fact that Bell invests a large amount of time and money into R&D, the need for Bell to create an accurate and efficient data collection, reporting, and management was very high.

The Business Situation

The SR&ED claims preparation process was very labour-intensive in nature as projects were manually surveyed for eligibility using various spreadsheets, access questionnaires, documents or interview sources. Cost records existed in spreadsheets for some organizations multiple systems, and centrally using SAP.

Due to the complex submission process for claims, Bell was experiencing many drawbacks managing this manual process, some of which included:

- General lack of data availability and long periods of latency.
- No single source of data collection; therefore data was not readily available for reporting.
- Massive amounts of unreliable data, which often had to be re-keyed in multiple documents, with little or no validation logic.
- Data was poorly secured against unauthorized access.
- Significant labour efforts were involved in compiling claims, which greatly decreased operational efficiency and effectiveness.
- Heavy reliance on costly external consultants who did not have the depth of expertise that was required to maximize SR&ED credits.
- Submittal of multiple filings due to missed opportunities or data errors.
- Unreliable tracking without any follow-up functionality.
- No real-time organization or management of the SR&ED.

Bell realized it was imperative to fix these problems as the manual claims processing system was not efficient. As a result Bell decided that it needed to integrate and connect the data from different systems to create a central repository where data could be cleansed and then accessed through a web-based interface for reports, analysis and insertion into the forms.

The Solution

Thoughtcorp, a Toronto based technology consulting company that solves complex business problems for a wide range of organizations, became involved at the initial planning phase when Bell determined an integrated solution was required to automate the submission process for SR&ED.

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By synthesizing Bell and Thoughtcorp employees from the start, Thoughtcorp was able to create a timeline and project scope that clearly fit the company's requirements. Crucial to the entire project was the initial "Discovery and Definition" stage, where Bell together with Thoughtcorp, determined the optimum solution and how it could be most effectively delivered. By creating a solid, trustful working relationship in the early developmental stages, Thoughtcorp was able to be responsive and adjust to any requirements or changes required by Bell.

To be able to deliver a high quality, reliable solution, the decision was made to use Microsoft technology, "Bell selected Microsoft.NET Enterprise servers for its ability to deliver fast time to market, and a flexible, reliable foundation that would grow with the company's changing needs," said Nitin Mather, Thoughtcorp Project Leader. "Microsoft.NET also offered easy content management and business analytics to aid Bell's form-fill-out efforts. The Microsoft.NET enterprise servers use an open architecture and Internet standards like XML and SOAP to minimize interoperability issues, and to integrate Microsoft's core technology

with the technology of Bell's strategic systems such as SAP, PEATS and LDAP." With the Microsoft Windows Server platform as the foundation, the team was able to deliver dependable infrastructure for data management and analysis; enterprise integration; business process automation; communications and collaboration; and core IT operations including security, deployment, and system management.

The team built a centralized project repository of financial and qualitative project data. By using this repository, official data was automated and consolidated, providing a central tool for creation and financial tracking of projects, import of prior year data (in spreadsheets and access), a role-based security model with two tier access, and check-in/check-out rules.

The customizable, schedule-driven reporting engine consists of claim management tools with notification and task engines for assigning and submitting questionnaires and filing reports. Bell also has patents pending on the innovative Finance and Science Trees that were created to aid with costing and exception management. The different components created a complete solution that operates like a smart system. By combining four different solutions to create the entire automated claims process system, the solution was not only extremely innovative in design and creation; but remarkably efficient and beneficial.

Results

Thoughtcorp worked closely with Bell to understand the business requirements, enabling the project team to establish a framework that would give the company an impressive technical edge. In addition to network-wide access to an accurate, consistent, and flexible information source, the solution also delivered a much faster turnaround. Web-enabled questionnaires and underlying application logic for determining the SR&ED eligibility of project costs with optimized coverage and development knowledge facilitated in speeding up the claims process as well as savings costs by reducing the amount of unnecessary duplicated claims.

The development solution not only increased the size and the yield of R&D claims, but also reduced the time and labour required to complete and file the claims.

Online tools for reviewing and managing the SR&ED tax claim in real time has significantly decreased the time cushion withheld for audit risks, minimized the re-filing risks, and increased the turnaround of tax credits issued.

Refundable claims are now processed within 180 calendar days from year end. Compared to a full year later, the new automated solution substantially increased the processing time, which benefited not only Bell Canada but the CCRA as well.

As data collection, managing, and reporting has become automated and more efficient, Bell has been able to recapture otherwise lost IP licensing opportunities. The cost to hire high priced third party consultants has been virtually eliminated due to the proficient recording, tracking and analyzing claims processing system.

Despite the complexity of the task at hand, by working decisively as a team, the Bell and Thoughtcorp group were able to deliver it in very short period of time. The team started the project August 2003 and were able to go live December 2003. The first release was in December 2003 and eleven releases were completed in 2004, bringing the entire solution to market in just twelve months.

The SR&ED solution created by Thoughtcorp not only met the business and system requirements for Bell, but was an innovative unique solution custom built to meet Bell's complex needs. The solution also had the added benefit of helping the CCRA with the SR&ED claims process as well. Because a lot of time was spent in the discovery, analysis, research, otherwise known as the preparation stage, Thoughtcorp was able to understand and successfully fulfill Bell's needs.

About Thoughtcorp

Thoughtcorp is a 14-year-old, Toronto-based consulting company that uses business performance improvement technology to solve complex business problems for large organizations. With experience in a wide array of technology platforms, Thoughtcorp focuses on business solution architecture, solution development, system integration, Data Warehousing, and Business Intelligence. Our clients are able to make educated and timely decisions, which is crucial for survival in today's competitive market.

For more information, please visit www.thoughtcorp.com