

# Hickory Farms Transforms for Growth

*Avalara software integrates with Microsoft Dynamics 365 for Finance and Operations and Salesforce Commerce Cloud Digital to enable retailer's bold, new growth ambitions*



**HICKORY  
FARMS®**

EST. 1951

## Tax Challenges

- Exponentially increasing complexity
- Need to integrate with new systems

## Business Systems

- ERP: Microsoft Dynamics 365 for Finance and Operations
- Ecommerce: Salesforce Commerce Cloud Digital

## Avalara Products

- Avalara AvaTax
- Avalara CertCapture

## Results

- Seamless integration with new business systems
- Scalability with ease of management
- Enabling new customer experiences

For 65 years, Hickory Farms has been a leading retailer of food gifts and specialty foods online, in catalogs, in leading mass merchants and supermarkets, and more than 600 seasonal, retail shopping locations. Going forward, the company is eyeing growth through new customer segments and new product offerings, while expanding current sales channels.

As the company transforms itself into both a leader and a destination in its expanded definition of the market, it has found “technical debt” to be an inhibitor. Systems that worked fine for the old ways of doing things are coming up short in the new model – a classic case of “what got you here won’t get you there.”

## Meeting Complexity with Simplicity

Offering an expanded line of products through additional sales channels to a broader set of customers, Hickory Farms found itself in need of more robust and integrated business processes and systems. “We needed a technology infrastructure that would enable our growth, rather than being a barrier,” recalls COO Matt James.

Sales tax compliance, in particular, quickly emerged as an area of increasing complexity. The company found itself selling food and non-food items – which are taxed differently – in the same gift box. Its multi-channel approach added further complexity, as shipping for online and catalog sales are often taxed differently. The company’s retail footprint alone requires sales tax collection and reporting in 46 states, and taxability determination at the municipal level can be even more complex.

In early 2016, Hickory Farms selected Microsoft Dynamics 365 for Finance and Operations as its new ERP system. RSM, an accounting consultancy with comprehensive financial and technological expertise, would deliver the implementation.

## Automating and Integrating Sales Tax Calculations

Choosing a system to handle the company’s increasingly complex sales taxes was the next priority. Driven by strong recommendations from Microsoft and RSM, Matt and his team landed quickly on Avalara’s AvaTax to automate sales tax calculations and CertCapture for managing exemption certificates and compliance.

“Avalara was early in partnering with Microsoft and being ready for the cloud and for Dynamics 365 for Finance and Operations,” says Matt. “Being early can come with its own challenges, but we saw some advantages in testing out the new platforms and making sure they’re working for us.” While getting out of the

datacenter business was a must-have for Hickory Farms, Matt also acknowledges some nice-to-haves offered by Avalara's software – for instance, the ability to consolidate sales tax calculations and address verification for shipping in Commerce Cloud Digital, the company's ecommerce system.

While the ERP implementation presented “a fair number of hurdles,” according to Matt, they stemmed mostly from the scope and pace of change at Hickory Farms. “We had lots of internal challenges overcoming our own technical debt,” he explains. “There was a decent amount of data, that's required for a modern ERP system, that we didn't even have. We were also dealing with some significant organizational changes. We have a lot of new people who are learning Hickory Farms while we're also learning new systems.”

Despite these headwinds, Matt reports that the integration of the two solutions went smoothly. “Because we were early adopters of the Microsoft-Avalara integration, we ran into some new things – no showstoppers, just work that we needed to get done,” he says. “The teams have been incredibly responsive and they work great together. All of our issues have been resolved really well.”

## Enabling New Customer Experiences

While Hickory Farms is still in the early stages of using Dynamics 365 for Finance and Operations, AvaTax and CertCapture together, Matt has been pleased so far. “It's working,” he says, “and the configurability of AvaTax has been really straightforward. That's always a concern when you stand up a new system, but we haven't found any burdens or challenges there.”

More importantly, the adoption and integration of these platforms is helping Hickory Farms to realize new scenarios in the journey with customers. The company is currently deploying Dynamics 365 for Finance and Operations as its retail point-of-sale solution. AvaTax will be integrated, enabling the company to take orders in retail stores and have them fulfilled from a warehouse. A retail customer picking up a gift box for her neighbor will be able to send one to her brother in another state in the same transaction.

“It's complicated enough to get the sales tax correct at the local store level for cash-and-carry transactions,” Matt laughs. “Now we're adding the complexity of shipping to someone in another jurisdiction. But we believe it will be an exciting, new customer experience, and AvaTax will handle the tax calculations at the point of sale.” The company piloted this new integration last year and aims to scale to all 600 retail locations by fall of 2018.

“We're changing a lot and we're excited about it,” says Matt. “And we're excited to be working with great partners who can enable our success.”

“We wanted one system that could do everything well – a few things very well – and we wanted it to be cloud-based. The teams involved with our tax compliance upgrade have been incredibly responsive and they work great together.”

– Matt James, COO  
Hickory Farms



## Avalara Tax Compliance Suite

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