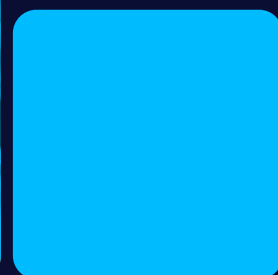


SOVOS



Sovos Compliance 2025

Why Global Enterprises Choose Sovos Over SAP DRC for Tax Compliance



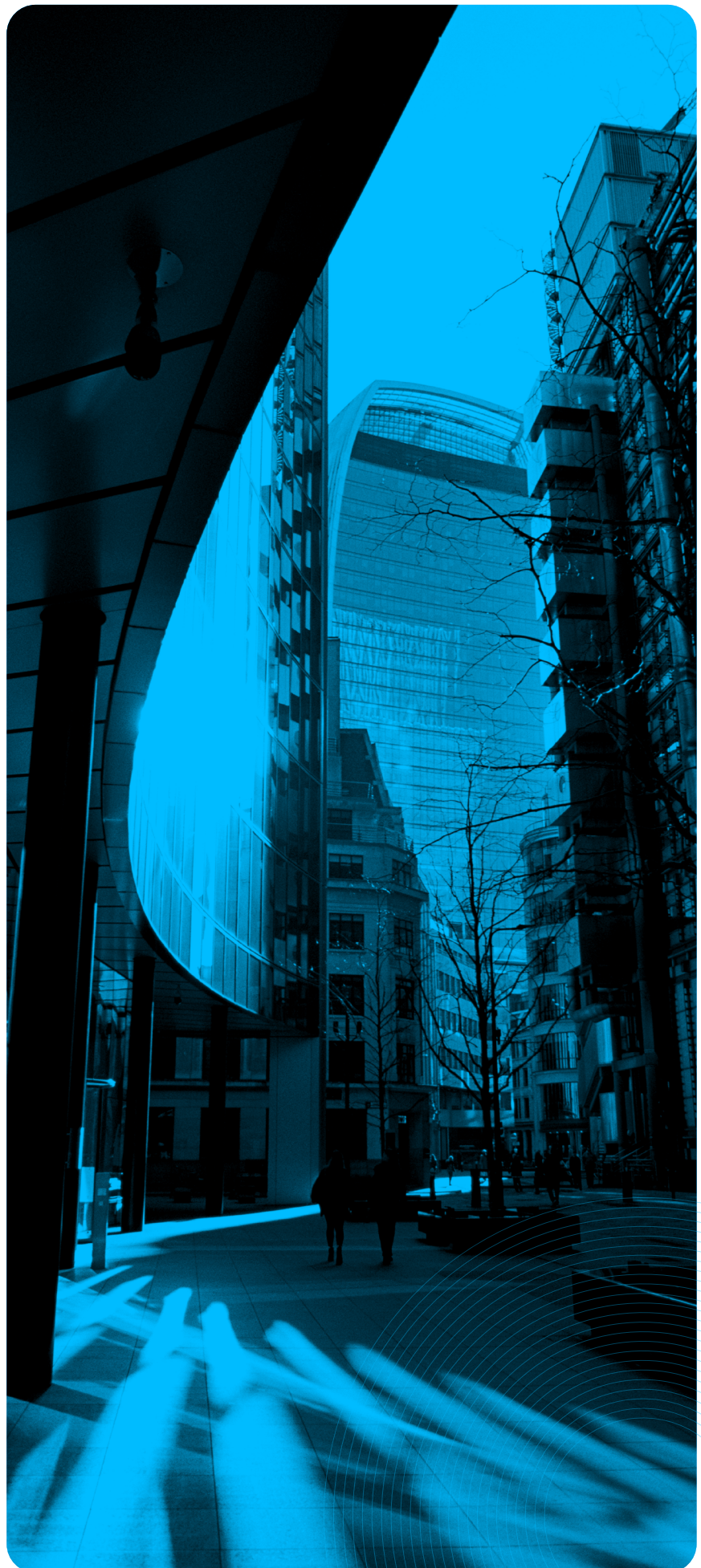
Introduction

As e-invoicing mandates accelerate worldwide, enterprises face a critical decision: Implement a complete compliance solution or attempt to build one using SAP's Document and Reporting Compliance (DRC) framework. This paper outlines why Sovos delivers superior value, speed, and global coverage compared to SAP DRC.

The Fundamental Difference: Complete Solution vs. Framework

The distinction between SAP DRC and Sovos begins with their foundational purpose. SAP DRC is plumbing, not a solution. DRC provides a technical framework for formatting and submitting e-documents within SAP environments. However, it requires extensive custom development, systems integrator work, and multiple third-party solutions to achieve actual compliance in most jurisdictions. Organizations implementing DRC quickly discover they've purchased a toolkit that requires substantial additional investment before it can meet even basic regulatory requirements.

Sovos takes a fundamentally different approach. From data extraction through regulatory reporting and archiving, Sovos handles the entire e-invoicing compliance lifecycle out of the box. You get a unified system of record that manages not just e-invoicing, but VAT determination, reporting, and compliance across 80+ countries. This comprehensive platform eliminates the need to piece together multiple vendors, manage complex integrations, or worry about whether your solution will meet the next regulatory change.





Three Critical Gaps in SAP DRC

Gap 1: Incomplete Global Coverage

SAP DRC's coverage limitations represent perhaps its most significant weakness for global enterprises. The platform provides no coverage whatsoever in more than 18 countries including Albania, Bahrain, Bulgaria, Canada, Indonesia, Philippines, South Africa, United Arab Emirates, United Kingdom, and Vietnam. For organizations with operations in these markets, DRC offers no path forward without additional third-party solutions.

Even in countries where DRC claims to offer support, the reality often falls short. Markets such as Turkey, Mexico, Peru, Portugal, Italy, and Saudi Arabia require you to purchase and integrate five or more third-party solutions to achieve compliance. Each additional vendor brings its own integration challenges, maintenance requirements, and cost structures. In Brazil, DRC supports only NFSe for São Paulo and Rio de Janeiro, with no NFCom support at all, leaving significant gaps in Latin America's largest economy.

Sovos delivers direct government connectivity in more than 80 countries with certified endpoints and local expertise. As mandates evolve across Europe following the adoption of the VAT in the Digital Age (ViDA) directive, throughout Asia where governments

seek to enable finance automation while capturing tax control opportunities, across Latin America where continuous transaction controls originated, and in Africa where authorities are transitioning from cash register compliance to classic CTC systems, Sovos maintains real-time compliance through dedicated regulatory teams and in-country experts. This isn't just about current coverage, it's about staying ahead of the regulatory curve as new mandates emerge.





Three Critical Gaps in SAP DRC

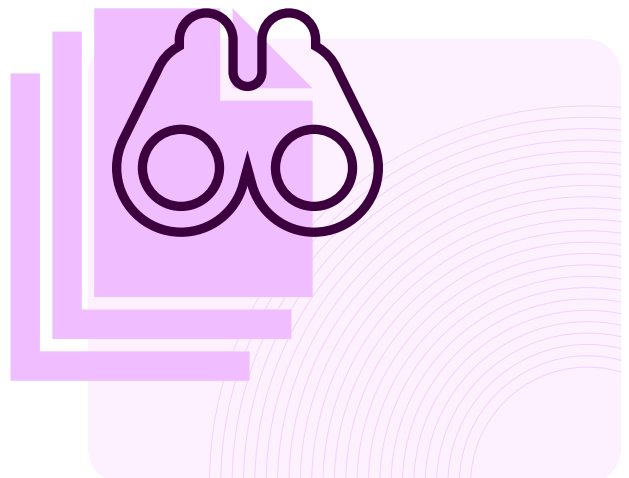
Gap 2: Limited Scope Beyond E-Invoicing

E-invoicing represents only one component of comprehensive indirect tax compliance, yet many organizations mistakenly view it as the complete solution. Modern enterprises need VAT determination engines to calculate tax accurately across jurisdictions, global tax filing capabilities to meet periodic reporting requirements, SAF-T reporting for countries requiring standard audit files, and comprehensive tax analytics to understand liabilities and optimize compliance strategies.

SAP DRC focuses narrowly on e-document formatting and submission. It lacks end-to-end validation and reconciliation capabilities that ensure your submitted documents match what tax authorities expect. Government-certified archiving capabilities, which are mandatory in many jurisdictions, must be sourced separately. VAT determination engines for global transactions require additional SAP modules or third-party solutions. Automated filing and reporting across multiple jurisdictions simply aren't part of the DRC offering, forcing enterprises to maintain separate systems for these critical compliance functions.

Sovos provides the complete Indirect Tax Suite, purpose-built to address every aspect of indirect

tax compliance. The platform includes global tax determination covering VAT, GST, and Sales Tax with accurate rates and rule updates across the United States and more than 185 countries. Automated filing solutions handle both real-time and periodic reporting obligations. SAF-T compliance ensures you meet standard audit file requirements across European and other jurisdictions. AI-powered analytics through Sovos Intelligence provide operational and strategic insights that help you understand future liabilities, assess risks, and evaluate readiness to enter new markets.





Three Critical Gaps in SAP DRC

Gap 3: Years-Long Implementation Timeline

Perhaps the most pressing challenge with SAP DRC is timing. S/4HANA migrations typically take three to four years from planning to full deployment. SAP DRC implementations require extensive customization in each jurisdiction, adding months or years to your compliance timeline. Each country presents unique requirements that demand consulting work, systems integrator involvement, and iterative development cycles.

This extended timeline creates a fundamental mismatch with regulatory reality. Mandates are rolling out now, not in three years. France, Germany, Poland, and other European countries have announced e-invoicing requirements with implementation dates in 2024, 2025, and 2026. Asian markets are moving rapidly toward mandatory e-invoicing. Latin American countries continue to expand and refine their continuous transaction control systems. Waiting three to four years to achieve compliance isn't an option when penalties and business disruption loom in the immediate future.

Sovos implementations take weeks to months, not years. The platform's pre-built connectors, embedded integrations, and SAP-certified solutions enable rapid

deployment without extensive customization. More than 70 integrations to SAP ERP, accounts payable, and accounts receivable systems keep your indirect tax compliance within existing workflows. The Compliance Network provides persistent connectivity to all relevant government agencies. You achieve compliance before mandates take effect, not after, eliminating risk and enabling business continuity across all markets where you operate.





The Total Cost Reality

While SAP positions DRC as part of your existing ERP investment, calculating the true total cost of ownership reveals a different picture. Custom development for each jurisdiction involves substantial consulting fees, often running into hundreds of thousands of dollars per market. Multiple third-party solution licenses and integrations add recurring costs that compound across your geographic footprint. Ongoing systems integrator fees for updates and localization continue indefinitely as regulations evolve. Compliance gaps requiring additional tools emerge as you attempt to handle VAT determination, reporting, and analytics. Extended timeline costs accumulate while you remain non-compliant, including potential penalties, business disruption, and competitive disadvantage in markets where you cannot operate legally.

Sovos delivers predictable, lower operational costs with a future-proof platform maintained by dedicated regulatory compliance teams. Updates happen automatically as regulations change, with no costly customizations required. The platform's comprehensive scope eliminates the need for multiple vendors, reducing both direct costs and the hidden expenses of managing complex vendor relationships and integrations.

The Sovos Advantage

Sovos enables compliance in weeks or months rather than years, providing global coverage across more than 80 countries with a single trusted partner rather than fragmented third-party solutions. The platform manages the complete compliance lifecycle including e-invoicing, VAT determination, tax reporting, and analytics in one unified system. As the only IDC MarketScape "Leader" with significant market share in both e-invoicing and tax automation, Sovos brings proven expertise and market leadership. More than 70 certified SAP integrations ensure seamless connectivity with your existing systems while enabling rapid deployment and sustained compliance.





The Decision is Clear

Tax compliance can't wait for multi-year ERP migrations. Regulatory mandates are accelerating globally, and the gap between frameworks and complete solutions has never been more apparent. Enterprises choosing SAP DRC face years of complex implementation, multiple third-party dependencies, significant compliance gaps, and total costs that far exceed initial estimates.

Sovos offers a different path: Comprehensive global coverage delivered through a complete platform, rapid implementation that meets pressing compliance deadlines, lower total cost of ownership with predictable ongoing expenses, and the confidence that comes from partnering with the proven market leader in e-invoicing and tax automation.

The question isn't whether to comply with regulatory requirements, you have no choice. The question is whether to spend years attempting to build a solution from SAP's framework or to implement a complete platform that's ready now. With Sovos, you get everything you need to stay compliant everywhere you do business, backed by experts who monitor regulatory changes globally and ensure your solution evolves as requirements change.

To better understand the differences between a framework and a solution to submitting e-documents, speak with one of our experts.

Contact us →

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