



DATEV is one of Europe's largest and most trusted providers of business software and IT services. Founded in 1966, DATEV delivers products and services to tax consultants, auditors, attorneys and their clients in Germany and across Europe. With 8,300 employees, the company earned EUR 1.2 billion in 2021.

### Industry

Business Services

### Strategic priorities

- Multi-Cloud
- Cloud Native Ops
- Cloud Transformation

### VMware footprint

- VMware® NSX® Data Center
- VMware Tanzu® Kubernetes Grid™
- VMware Tanzu Labs™
- VMware Technical Account Management Services
- VMware Cloud Foundation on VxRail

## DATEV Future-Proofs Data Center Strategy with Cloud Native Technology

DATEV engaged VMware Tanzu Labs to modernize its application infrastructure to provide a hybrid cloud foundation, built on VMware Cloud Foundation on VxRail. VMware Tanzu Kubernetes Grid with vSphere and VMware NSX Data Center provide DATEV faster application development and deployment. Now the company can respond rapidly to a volatile market, comply with financial regulations, and meet the evolving needs of its tax consultants and small and medium enterprise customers.

### Tackling infrastructure modernization while strengthening trust

DATEV provides software and IT services for tax consultants, auditors, attorneys and their clients in Germany and across Europe. And the company provides payroll services for a number of companies employing a total of about 14 million people. Since its founding nearly six decades ago, DATEV has made substantial investments in digital technology, from storing data on magnetic tape, to creating its first data center in 1969 using early mainframe technology, to supporting an extensive on-premises data estate at its headquarters in Nuremberg.

DATEV occupies a storied place in the financial services industry. The third-largest provider of business software in Germany, DATEV employs more than 1,700 developers whose solutions process some of the most sensitive data in the financial services sector—payroll and taxes—earning the company a sound reputation as a dependable provider of digital solutions that are innovative, but also reliable, highly available and secure.

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“The benefits of such a cloud native approach range from greater resilience to better collaboration and smart automation. And it is the foundation of supporting the digitalization of our customers.”

Lars Riedel, Executive Board Member and Head of Homebase Development and Operations, DATEV

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“What most customers need today are fully digital workflows and smart collaboration in between tax advisory offices and companies. And since digitalization is not a straight path, their requirements can change quickly,” says Dr. Stefan Schröder, executive board member and head of platforms, infrastructure and technology.

For DATEV, trust is a core value, foundational to the brand. In a high-trust society like Germany, being one of the most reliable providers of IT solutions and services for the financial services industry puts DATEV on reputational par with government institutions. Millions of employees of small and medium enterprises across the nation see the DATEV logo printed on their pay slips alongside their net pay.

No wonder millions associate the security of their hard-earned money with the DATEV brand. For this reason alone, the organization cannot stake its reputation on solutions that may expose client or customer data to unnecessary risk.

## Adapting to a dynamic, rapidly changing financial market

As the financial sector became more dynamic—reshaped by digital banking, smartphone financial apps and self-service, and cloud-based accounting and tax solutions—DATEV needed to adapt to this rapidly evolving business landscape. The company also faced a regulatory environment demanding more frequent compliance with government mandates.

“The industry was getting increasingly competitive. Government directives were getting more complex. We needed agile ways of working or we would have risked survival,” says Lars Riedel, executive board member and head of homebase development and operations, DATEV.

Government changes created tight, inflexible deadlines. Sometimes payroll changes had to be made in two or three weeks and changes driven by COVID-19 were sometimes

mandated on three- or four-day turnarounds. “And if you’re not agile enough to react that quickly,” says Riedel, “you’re out of business.”

DATEV had to change quickly. The company needed to expand and diversify its customer base, rapidly develop and deliver new software solutions, and scale its reach from B2B to B2C, all while maintaining its commitment to government security protocols. With the company’s plans to move its entire product portfolio step by step to the cloud, this transition demanded a modernized IT infrastructure—including migration to the cloud—to support its ability to develop cloud native applications.

## Significant changes, both technical and cultural

It’s one thing to change quickly. But deciding what must quickly change is something else altogether. “You can’t just copy existing technology to the cloud. It’s a completely different place,” says Schröder. “So, we changed our strategy into the future-proof alternative: a cloud native strategy.”

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Though DATEV was committed to modernizing its IT platform, this transition was neither its first, nor its most important, step. An organizational transformation of this magnitude required extensive preparation and planning, and for a company that prides itself on worker consensus and satisfaction, employee buy-in. Where many companies might hesitate to undertake such an expansive approach to a business transformation, DATEV management exhibited extraordinary resolve, confidence built on a solid commitment to its people-centered culture, strengthened by solvency created over decades.

DATEV management understood that engaging its employees in these decisions—a group of workers with a high degree of collegiality and trust and deeply engaged in organizational process—would be empowering and provide a greater chance of success. The company deeply considered its change management strategy and turned to its employees to help it find the way.



“We wanted these changes in order to add more value for the customer,” says Schröder. “And in this business of payroll and business accounting, your customer doesn’t care about on-premises, doesn’t care about the cloud. They care about more value, about more comfort, more security, and we realized it’s only possible in the cloud way of tomorrow.”

## Creating leaner, more efficient processes

“It was clear to us. To survive in the market, we needed to move our whole IT infrastructure to the cloud, to respond faster to the market and to legal changes. We needed to become cloud native,” says Riedel.

To execute the enormous task of modernizing its existing data center infrastructure, including extensive revisions to its operating model and flagship applications, DATEV turned to VMware. The company deployed VMware Cloud Foundation on VxRail to create a scalable, automated, hybrid cloud platform. This platform, enabled by VMware Tanzu, supported the seamless integration of the Tanzu portfolio of products and cloud native consulting services that enabled DATEV to modernize business-critical applications, overhaul the software development environment and accelerate app deployment.

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VMware Cloud Foundation provides DATEV a highly automated and easily managed on-premises platform that supports fast and smooth provision of infrastructure, facilitating efficient application development, enabling developers to create IT environments independently,

in minutes. The combination of VMware Cloud Foundation and Tanzu has enabled DATEV to remove infrastructure hurdles and speed development, leading to faster, more effective modern applications.

DATEV has transformed some of its core applications from classic software development models to those built on the cloud, preparing the foundation to move closer to a fully cloud native design model. Working with Tanzu Labs, DATEV developers were able to simplify some of the company’s most complex solutions, which had become difficult to maintain, including lacking the flexibility to accommodate new features. The Tanzu Labs approach enabled DATEV to quickly undertake the refactoring by modernizing the system “slice by slice,” using microservices and APIs. The new slice can be built, tested and deployed to production while the original system continues to run, eliminating business interruptions for clients.

This flexible approach to app refactoring created leaner, more efficient processes and empowered the company’s developers to transform their ways of working. Tanzu Labs worked side-by-side with the DATEV team, teaching them new techniques and ways of working while simultaneously delivering the refactored application, enabling DATEV developers to execute the tremendous volume of legally mandated changes through hundreds of DATEV programs much more quickly than previously possible.

“The benefits of such a cloud native approach range from greater resilience to better collaboration and smart automation. And it is the foundation of supporting the digitalization of our customers,” says Riedel.

## Moving the foundational legacy forward

With VMware solutions and new and nimble ways of working, DATEV has a flexible and responsive system to support business innovation and the rapid delivery of apps. The resulting improvement in customer services and the ability to respond faster to market changes and government legislation is helping DATEV become more competitive in its industry. The company is now better positioned to continue to help tax advisory offices as well as small and medium sized businesses in Germany successfully navigate the digitization of their business processes.

With these foundational changes in place, DATEV is poised to become one of the largest cloud companies in its sector in Europe, successfully bridging its foundational legacy to its future transformation. Adopting cloud native application architecture and agile ways of developing software will help DATEV respond to future changes in the market more quickly and economically.