

# Multi-entity

Microsoft Dynamics GP

## Strategies for multi-entity environments

White Paper

Approaches used to deploy Microsoft Dynamics GP for multi-entity clients

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## Introduction

Microsoft Dynamics™ GP serves the needs of many multi-entity customers in a variety of business scenarios. While multi-entity deployments can carry a greater degree of complexity than single-entity deployments, the flexibility and strength of Microsoft Dynamics GP enable you to create solid solutions for most scenarios. Because there are several options available, it is important to have a sound and disciplined process to determine the best deployment solution for a customer scenario.

This document provides suggested procedures and resources that you can use to support your decision process when recommending multi-entity deployment solutions. You will find customer examples that highlight particular deployment scenarios. You will learn that by following a disciplined analysis and decision process, you can represent your proposed solution to your client with the confidence that's necessary to earn their business. Finally, you will be able to carry that solution to the deployment process, and provide a thorough plan for implementing the solution successfully.

## Overview

The discussions in this document focus on a proven methodology—assessment, research, strategy development—that you can use to successfully implement Microsoft Dynamics GP in multi-entity environments.

Stages of Building a Solution	
Assessment	Define the client's needs and requirements.
Research	Consider options that best suit the business structure and meet the client's needs.
Strategy Development	Build a solution strategy based on your assessment, research, and advice from experts.

The solution strategy that you develop ultimately becomes the plan that guides you through the implementation process.

Before making suggestions and forming conclusions about the solution, it's essential to assess the client's business practices. Listening to the client's concerns and observing the operation's procedures focuses your efforts and helps ensure that you will search for the solution that best meets their needs.

Sound research should follow the needs assessment. Be aware of the client's misconceptions about the capabilities of Microsoft Dynamics GP, especially those involving the use of a single database versus multiple databases, and be prepared to present information that dispels any inaccuracies. In many cases, a single database can be successfully applied.

Consider contacting other experts for recommendations and examples that can help you not only develop your strategy but also add credibility to the solution you present to your client.

During your research, you may find that an independent software vendor (ISV) application is required. As you begin to develop your strategy, make sure you know the roles played by ISVs and the products that are available.

The strategy you develop is ultimately the solution you will be asked to implement for your client. Your research should lead you to a solution that you can present with certainty, a solution that's backed with credible examples from the field. As a result of your careful assessment of the organization's business needs, your thorough research, and your credible sources, your client will trust your strategy recommendation and have confidence in the solution you will be asked to implement.

When you begin preparations to implement your solution, you can use your strategy to help map the procedures you're going to follow. Your strategy will also help you when you're asked to communicate each step of the implementation and describe how the pieces fit together to build the client's solution.

Applying this methodology—assessment, research, strategy development—will not only take the guesswork out of your strategies, but it will also help you approach your clients with informed solutions that can be implemented with confidence.

## ***Start with a thorough assessment***

When you're asked to propose a multi-entity solution by using Microsoft Dynamics GP, you must have a comprehensive understanding of the operation and each of the processes you need to consider as you develop the strategy.

"Assessment is about listening to what your clients tell you about their business, and it's about asking questions. Assessment is not about demonstrations for the latest, greatest tools and features that your products have available," offers a Microsoft business consultant. "It seems obvious, but it's one of the most common mistakes I see people make. Features and functionality aren't important until you fully understand your customer's business requirements."

A thorough assessment will specifically define the needs of your client and their expectations about how the solution will work to address those needs. Assessment involves listening carefully to your client and analyzing what they've told you, so that you can make considered, informed recommendations.

## **Determine the client's needs and requirements**

Understand what the client ultimately wants to achieve with the implementation. Some of the common reasons client's have for considering new solutions are to:

- Improve internal and external processes
- Boost productivity
- Achieve operational excellence
- Streamline financial reporting
- Increase reporting capabilities
- Keep up with evolving technology

You should have a clear understanding of the client's situation before you start demonstrating tools and features or recommending options.

When a Microsoft Dynamics account team was asked for a consolidated reporting solution by WebMD—a leading healthcare information company that provides superior services for consumers, physicians, corporate healthcare programs, and online interactive portals and publications—the team conducted multiple, in-depth discovery sessions to ensure they had a complete understanding of the WebMD business requirements.

The immediate needs that were communicated by WebMD revolved around the consolidation of dissimilar financials, financial reporting, billing, and human resources. With more than 600 employees in the New York area and revenues of \$160 million USD, WebMD first considered implementing Oracle, which was used by its parent company. However, WebMD was not convinced that Oracle would be a prudent investment nor provide the adaptability necessary for the company's growth at a cost that made sense.

In this example, the Microsoft Dynamics account team's extensive experience in the publishing and media vertical was critical to WebMD's confidence in the company and the solution. Selling Microsoft Dynamics GP to WebMD drove the sale of multiple Microsoft platform products, including Windows workstations, Terminal Server for remote clients, Microsoft® SQL™ Server, Windows Server 2003, and Microsoft Office, which was leveraged for reports and e-mail notifications. In addition, the deployment of the Business Portal in Microsoft Dynamics GP and the PubSuite workflow engine drove Microsoft SharePoint® Portal Server licensing.

During the assessment in the discovery sessions, it was the account team's responsibility to thoroughly outline WebMD's expectations for improved financial reporting. Before offering demonstrations and suggestions, the account team was careful to clarify exactly how WebMD pictured a solution fitting into their particular environment. For WebMD, improved reporting meant that consolidating financial data would eliminate repetition and streamline reporting procedures. For other organizations, improved reporting may have involved the ability to customize the way the information was to be presented in their reports. You can understand, then, how introducing and demonstrating an application or feature too early during assessment may not be appropriate to the requirement you define in the end.

### **Avoid judging the situation too quickly**

You want to avoid offering a hasty recommendation about a solution that you feel would meet the client's needs. When you have to backtrack and find custom fits for something you misrepresented, you lose time, money, and credibility.

"It's very easy to get caught up in the technology," states a Microsoft partner. "We're always anxious to apply new tools and features, but sometimes that excitement gets in the way of making the right decision. And sometimes it's the client who asks for the new applications or tools without understanding their purpose. So it becomes extremely important to stay focused and guide them through each part of your approach while finding the right solution."

### ***Conduct comprehensive research for sound strategies***

To build a sound strategy, you want to consider a variety of options that may be a good fit for the business structure and will also meet the specific needs of your client. Considering which option is best is where the bulk of the solution process occurs.

Your research should include an analysis of which solution would be the most effective—a single database or multiple databases. You must also be aware of situations and environments that are going to require custom solutions, and know where to find providers to meet those needs.

If you need further assistance, you need to know how to reach the experts that have the resources and experience to help you.

## **Research several options for your client**

Before preparing your strategy, be sure you have adequate knowledge about numerous potential options. Analyze these options to determine how well they fit the business structure, and address the specific needs and requirements expressed by your client.

The results of your research should provide sufficient information to dispel any misconceptions about the database options, consider the advantages and disadvantages to each method, and include outside resources where they're needed.

Not long ago, a management team at corporate headquarters for Six Flags amusement parks was faced with a complex financial management situation. The 39 different theme and water parks were entertaining nearly 50 million guests annually across eight countries, each country running a different general ledger system, and all while the multi-national organization continued to grow. The management team realized they needed a single, integrated business solution to span the parks' diverse management needs and reduce the cost of ownership of the unrelated systems. The team contacted Collins Computing, Inc., a Microsoft partner, to find the solution.

At the park level, the Six Flags' solution had to support the local language, including adherence to local tax codes and local currency computations. At the corporate level, the solution had to provide management with global reporting capabilities. To undertake this challenging implementation, Six Flags needed a coordinated international effort. The slogan "Thinking globally, acting locally" became the mission statement for the implementation.

Collins Computing used Microsoft Business Solutions—Great Plains, now part of Microsoft Dynamics, in conjunction with Microsoft Business Solutions Analytics, Microsoft Business Solutions Financial Management, and Microsoft SQL Server 2000 to provide Six Flags with immediate insight into their financial operations around the globe. The solution streamlined financial reporting, provided quick analysis of financial data, improved inventory management and business processes, and resulted in expense savings of close to one million USD annually. In the world of family fun, the improvements gave Six Flags more opportunity to focus on its highest priority, pleasing customers.

### **Database considerations**

A major consideration is the database setup: whether to implement a single database or multiple databases. Your strategy will be built around the database option that you determine is most beneficial for your client's overall solution.

#### ***Common multi-entity database misconceptions***

Common misconceptions about security, taxes and reporting cause many to believe that a multiple database solution is the only way to meet the client's requirements; however, today, the functionality in a single database can meet these requirements, as well.

- Security

Many incorrectly believe that using multiple databases is the only way to ensure that user access is limited to entities where the user is authorized to enter or view transactions.

In fact, if you use a single database, you can implement account-level security and enhancements that have been developed by ISVs to restrict user access to master records, transactions, and accounts by entity.

- Taxes

Another popular belief is that a multiple-database setup is required when each entity must generate 1099's for its own vendors, and when sales taxes and payroll taxes must be tracked separately by entity.

But if you use a single database, the functionality that is provided by a proven ISV application allows you to associate a Tax ID with one or many entities within a database. That way, you can create 1099's per entity.

When calculating payroll, all entity-specific information can be saved in one database, and payroll tax information can be produced by entity. Payroll check runs can also be processed simultaneously for all entities.

- Multi-entity payables, receivables or cash processing

Many organizations believe that payables, receivables, and cash processing cannot be achieved centrally if multiple databases are deployed within a Microsoft Dynamics GP installation.

But if you use a single database, business processes, integration, and ISV solutions can provide functionality that allows organizations to achieve their business objectives.

- Reporting

Another common belief is that producing trial balance, aging, and consolidated financial reports for each entity requires multiple databases.

In fact, if you use a single database and Microsoft FRx® functionality, you can create individual financial statements when you restrict the account segment value. And where you have no account restrictions, you can consolidate financial statements.

In general, creating reports in one database for multiple entities is much less complex, and a single database provides higher performance than multiple databases do.

### ***Concerns about multiple-database solutions***

Misconceptions clients may have about the capabilities of single-database solutions may cause providers to implement a multi-database solution; however, the issues that are associated with multiple databases often become pain points for these clients.

With a multiple-database solution, customers' most noted pain point is accessing information. For many organizations, the same pool of administrative professionals is responsible for completing entries and transactions in all databases. This requires the individual to log in and log out every time they move to a new company to complete transactions or entries.

For database administrators, the greatest concerns are:

- 
- Time to create and configure multiple databases

Cost and deployment time is greater than that of a single-database solution.

- Amount of maintenance required

The effort it takes to maintain one database is multiplied by each additional database the business adds.

- Duplication of data

Most businesses require master records that have to be repeated in each of the databases used. For example, in many scenarios, the multi-entity customer has vendors or General Ledger (GL) accounts that are shared by each entity. When this occurs, all related information must be entered repetitively in each database for each entity, consuming time and increasing the chances of error.

- Shared transactions over multiple entities

It's also very common for the multiple entities to share a single operation, such as an information technology (IT) department, that is responsible for all IT-related activities and purchases for each of the entities, further increasing maintenance efforts. When this scenario exists with multiple databases, all related transactions need to be entered across entities and into several databases. In this case, maintenance requirements are more challenging, and the potential for errors is greatly increased.

Centralized Accounts Payable (AP) processing, where checks are generated from a parent entity, is common to multi-entity environments and creates maintenance effort concerns.

- Effort to consolidate reports

When a financial report requires information to be consolidated from several databases, the effort is time consuming and, again, creates an added possibility of inaccuracy.

### ***Advantages of single-database solutions***

When you understand the challenges of using multiple databases, you may understand how a single-database approach would have advantages, including:

- Master records are stored in the database and are not required to be shared across other databases.
- Administrative professionals will log in to the database only one time to gain access to the records they work with throughout their workday.
- Transactions for shared services are maintained in the one database.
- Consolidated financial reporting is inherent to a single-database setup.

### **When you consider custom solutions**

As you research the options that are available to include in your strategy, don't overlook the opportunities offered by independent software vendors (ISVs). According to an old school of thought, incorporating solutions other than those developed by Microsoft will make your Microsoft Dynamics GP system appear to have weaknesses. The fact is, ISVs have been developing sophisticated, credible applications that not only integrate with a Microsoft Dynamics GP system but also enhance and improve its functionality for a number of business types and processes.

For example, to address the needs of various industries, Binary Stream Software, a Microsoft Gold Certified Partner for ISV/Software Solutions, has developed an elaborate add-on product for a single-database solution called Multi-Facility Processing. Current customers include long-term care facilities, construction companies, food service organizations, utility companies, and hospitality-service corporations. All of these organizations have benefited from the single-database approach. Binary Stream Software has done this by

capitalizing on the product's ability to provide shared and controlled access to all master records, to create entity specific profit and loss reports, and to centralize AP or Payroll processing.

To help you find an ISV solution, there are many resources available:

- **Partner Solutions–Solutions Directory**  
Search for applications in any industry. This directory lists all the solutions that are offered by Microsoft partners.
- **Microsoft Solution Finder**  
Search for add-in and custom solutions that have been created by technology providers and independent software developers to meet the unique needs of midsize businesses in specific industries or professions. These solutions are created by Microsoft partners and can be integrated with Microsoft products that help midsize businesses automate and better manage financials, customer relationships, the supply chain, and more.
- **Additional resources to consider**  
Consult Microsoft Dynamics PartnerSource and CustomerSource to find current information about ISV solutions and more. Also, you can reach a Microsoft sales representative or a local contact in your area to discuss solutions you may want to consider.

## **Ask other experts for assistance**

Despite your best research efforts, there may be times when you have difficulty finding all the pieces to a solution. Or you may not have answers readily available to respond to your client's questions. Remember that it's acceptable to admit when you don't have a solution or answer. However, point out that you have Microsoft experts readily available to provide the information. By using this approach, you will gain more respect than you would by misrepresenting the product and then needing to reposition.

One of your greatest resources is the team of Microsoft experts who can offer suggestions, provide examples of solution strategies that are successful for other businesses, and bring added credibility to the strategy you recommend.

Assistance is available through these Microsoft resources:

- **PartnerSource**  
PartnerSource is a portal for partners who focus on Microsoft Dynamics and related business products. PartnerSource provides up-to-date tools that help partners connect to customers, improve the skills of their personnel, and deliver innovative products and superior customer service. PartnerSource is available any time from anywhere, which allows you access to product updates, downloads, and training materials. You can also attend online sessions, register for special events, and exchange information with other partners.
- **Microsoft Momentum**  
The Momentum team of experienced writers, editors, and thought leaders delivers content that is especially designed for growing and midsize companies. The team focuses on best practices and advice about solutions, applications, and modules. Together, the Momentum Web site and the Momentum e-newsletter can help your business achieve enterprise-class efficiency. Each month ,

the contributing journalists and thought leaders explore new topics, providing features, tips, and viewpoints.

- Additional sources of assistance

The Partner Account Management Team and Technical Support can each provide resources. You can also search the Partner Knowledge Base for articles and information that are related to multi-entities, multi-companies, and inter-company set ups.

## ***Develop a solution strategy***

After you have a thorough understanding of the options that are most suitable to meet your client's needs, you're ready to build your solution strategy.

As you build your strategy, you will decide whether to use a single- or double-database solution, and which approach is best. You may determine that a multiple database approach is the best, or only, option for your solution. You also may decide that there are ISV modules you need to include in your strategy.

Carefully document your decisions, the research behind each of your choices, and how it's all intended to fit together for the final result. Documentation will help you accurately communicate the solution to your client, and help with the implementation planning and execution that follows.

## **Determine whether to use a multiple-database strategy**

If during your needs assessment and research you find that the following situations apply to your client, then a multiple-database strategy is the only option for your solution. These situations are:

- Limited report requirements

Choose the multiple database approach when the only consolidation requirement is for financial reporting. In this scenario, the best approach is multiple databases, because there are tools such as FRx to consolidate financial reporting, and because transactions do not cross entities, and master records won't need to be shared.

- Separate set ups and procedures

When each entity has its own unique chart of accounts, or each entity has unique customer and vendor lists, a multiple-database approach is best. Follow this approach, too, when at least one of the entities closes its books independently of the other entities in the business.

- Limited inter-company transactions

If the amount of transactions that are shared across the entities is minimal, and the transactions occur infrequently, you should recommend a multiple-database approach.

- Currency differences

You need multiple databases when at least one of the entities operates with different currency units from others in the same business, such as dollars versus euros.

- Calendar differences

Multiple databases are necessary when businesses have entities that are using different fiscal calendars that start and end on different dates.

## Examine approaches for single-database strategies

If you determine that a single-database solution is going to best meet the needs and requirements for your client, you next need to determine which setup option is going to be used as you build your strategy and prepare for implementation.

Examine the following descriptions of the Account Segment approach and the Transaction Dimension Code approach to determine which is best for your client's organization. Both approaches are well-suited to any number of customer scenarios. Your recommendation will be based on functionality preferences.

### ***Account Segment***

During the needs analysis, you should collect enough information about your client's business practices to learn whether the Account Segment approach will best meet their expectations. Some of the benefits to using the Account Segment approach include:

- Master records are shared and available to each entity
- Users are not required to log in and log out of each entity or company
- Consolidation of financial reporting is inherent for this setup
- Transactions across entities are available throughout the system

While the Account Segment strategy provides these benefits, there are some considerations to include in your strategy development. Often times, an ISV application is utilized to resolve the considerations that are described in the summary and examples that follow.

Account-Segment Summary	
Consideration	Solution Examples
Assigning security to multiple levels	Account Level Security allows security for users at an account level, as well as at the facility level.
Reporting, such as trial balances, needs customization	Consider Binary Stream's Multi-Facility Processing application, or other business intelligence tools such as Tensoft, for multinational scenarios where reports per entity are easily generated.
Customizing by account segment is required for 1099 generation	When you use Binary Stream's application, you can create 1099s by facility or by company after assigning Tax IDs to one or several entities within a database.
Filtering using customized inquiries to filter customer and vendor summaries by company	With Binary Stream's application, you can assign various master records to one or many entities. For example, you can assign customer and vendor master records, then both customer and vendor summaries are modified to filter inquiries.
Inter-company posting capabilities	Typical inter-company transactions are supported in Binary Stream's application, where processing "Intracompany" transactions takes place within the database.
Account allocations by facility	Multi-Facility Processing also allows allocations, or costs, by

	facility. Distributions are automatically updated.
Module integration performance	The Binary Stream application integrates with General Ledger (GL), Accounts Payable (AP), Accounts Receivable (AR), Bank Reconciliation (BR), Cost Management (CM), Purchase Order Processing (POP), Sales Order Processing (SOP), Payroll, Financial Accounting (FA), Wennsoft, Mekorma, and Analytical Accounting.

### ***Transaction Dimension Code***

Then again, during your analysis, you may find that the Transaction Dimension Code approach best meets your client's expectations. Some of the benefits to using the Transaction Dimension Code approach include:

- Master records are shared and available to each entity
- Users are not required to log in and log out of each entity or company
- Consolidation of financial reporting is inherent for this setup
- Transactions across the entities are available throughout the system

Along with the benefits of this strategy, there are also considerations. ISV applications are often the solution to resolving the considerations as described in the summary and examples that follow.

<b>Transaction Dimension Code Summary</b>	
<b>Consideration</b>	<b>Solution Example</b>
Reporting, such as trial balances, needs customization	The partner solution requires building custom reports or modifying existing reporting functionality to allow for a company dimension as selection criteria for a report, such as customer and vendor aging.
Customization by dimension code is required for 1099 generation	The partner solution requires a build-out process that is based on the company dimension for creating 1099s.
You need to customize inquiries to filter by company for customer and vendor summaries	Because financial data is consolidated in a single database, you may need to consider solutions that provide the capability to filter and further break down the financials.
Year-end processing needs to be customized to close by dimension code	The partner solution requires building out the year-end-close process based on the company dimension.

### Examine approaches for multiple-database strategy

If you determined that the best way to meet your client’s needs and requirements is with a multiple-database approach, you need to consider which options are going to be used as you build your strategy and prepare for implementation. Benefits to the multiple-database approach include:

- Supports different currency units for multiple entities
- Multiple entities can use different fiscal calendars
- Allows use of unique accounts and lists to each entity
- Advantageous when compliancy issues play a role for entities

Considerations for a strategy using multiple databases may involve solutions from ISV applications as described in the summary and examples that follow.

Multiple-Database Summary	
Consideration	Solution Example
Sharing master records, supporting multi-entity allocations, and triggering document creation in other databases	Customizations are made possible by using the functionality provided by Web Services and Visual Studio Tools for Microsoft Dynamics GP.
Creating “due to” and “due from” transactions across different databases	These transactions require a solution such as Inter-company for General Ledger and Accounts Payable or a solution from an ISV application, such as that offered by MC2.
Searching for added inter-company capabilities	Consider an ISV application, such as those offered by Nolan Computers and MC2, that provides options designed to meet this requirement.

### *Position the strategy with confidence*

By investing the effort in the solution strategy process, you stand to gain in three significant ways:

- You will have a comprehensive understanding of the solution that you’re going to recommend, and you will be able to present the solution for your client from a position of absolute confidence.
- Your complete understanding will make designing the implementation model and process less complex, and you will be able to better communicate with your client.
- Your client will have confidence in your recommendation and respect you as a knowledgeable expert.

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“Is it possible to recommend a strategy without the due diligence?” asks a Microsoft solutions expert. She then answers, “Sure. But I’ve been around long enough to see the difference in customer satisfaction with a solution that was well-researched and well-planned, compared to a solution that appears to be a series of Band-aids designed to patch something together, hoping it’ll work. If you want to be respected as a reliable, knowledgeable partner that offers the best solutions, you’ll put in the time. In the end, the rewards will be worth it, because they’ll trust you and they’ll continue to look to you first when they have needs to meet.”

In summary, by using the information you gather from the client during the needs assessment to efficiently research the solution options that are available, and by including expert resources and examples of successful strategies to support your recommendation, you will have a credible solution strategy that you can present with confidence.

Microsoft Dynamics is a line of integrated, adaptable business management solutions that enables you and your people to make business decisions with greater confidence. Microsoft Dynamics works like and with familiar Microsoft software, automating and streamlining financial, customer relationship and supply chain processes in a way that helps you drive business success.

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