DynamicsCon LIVE

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DUG

SEPTEMBER 14-16, 2022

Introduction

- **Greg Marks**
  - Email: gmm5005@gmail.com
  - LinkedIn: https://www.linkedin.com/in/greg-m-marks/

- **Experience**
  - Business Process Analyst
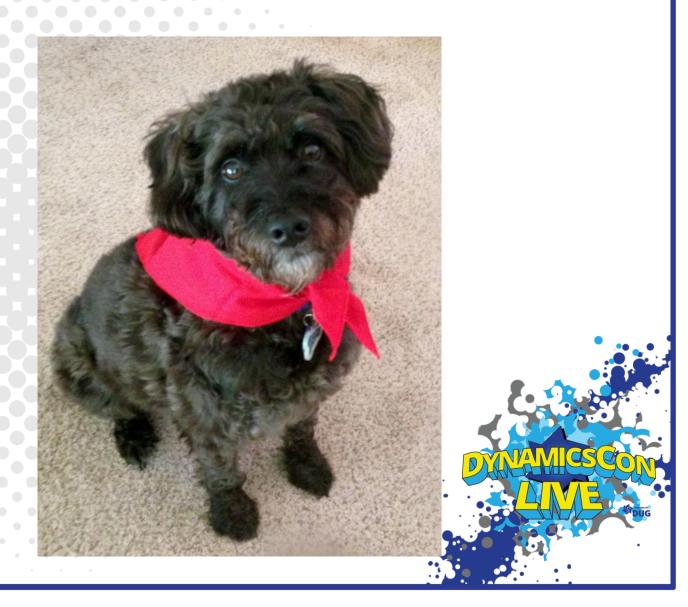 - 10 years experience in AX4
  - 5 years experience in D365

Superhero Coworker

- **Riley**
  - Retired therapy dog
  - Defends house from delivery drivers
  - Finder of crumbs
  - Very good boy

Company Information

- **12 Legal entities in 8 countries**
  - United States, Canada, England, Germany, France, Netherlands, China, Hong Kong

- **6 Currencies**
  - USD, CAD, GBP, EUR, CNY, HKD

- **~6000 Intercompany orders per year**

Agenda

- **Benefits of separate companies**

- **Setting up intercompany relationships**

- **Processing intercompany orders**

- **Intercompany direct delivery**

- **Intercompany accounting**

Organizational Hierarchies

- **Company is a type of legal entity**

- **Operating units can divide a company into segments**
  - Business unit
  - Department

Legal entity

Company

Operating unit

Intercompany Trading Benefits

Companies operating in different countries

- Financial reporting
- Taxes
- Elimination
- Transactional currency

- Regulations and compliance
- Holidays and closures
- Personnel management
- Data security
- Templates and views

Intercompany Trading Benefits

Companies operating in the same country

- Acquisitions
- Revenue recognition
- Distribution centers

- Tax benefits
- Legal purposes

Intercompany Trade Overview

Intercompany Trade Overview

- Intercompany orders allow companies to trade goods and services

- Intercompany PO automatically creates intercompany SO
    - Can also be done in reverse

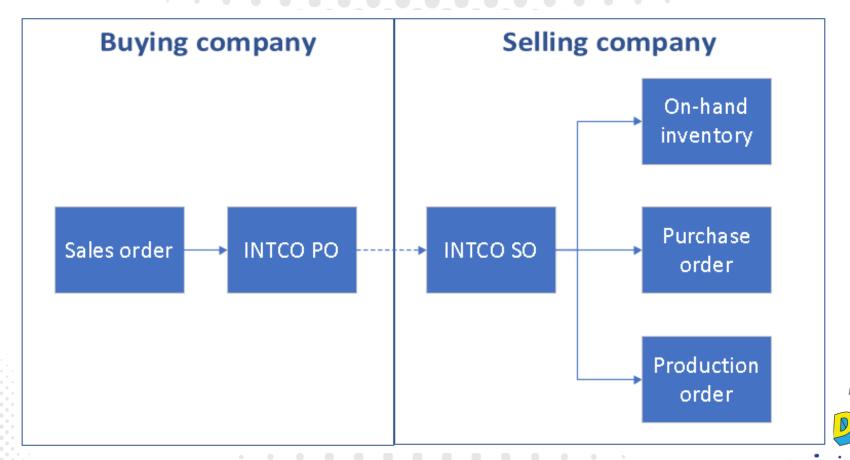- Intercompany policies determine default behavior and information flow

Set up trading relationship

Remove relationship

ACTIVATION

Active

🔵 Yes

PURCHASE RELATION

My Company

100

Vendor account

V10-000300

SALES RELATION

Customer company

300 ⌄

My account

C30-000100 ⌄
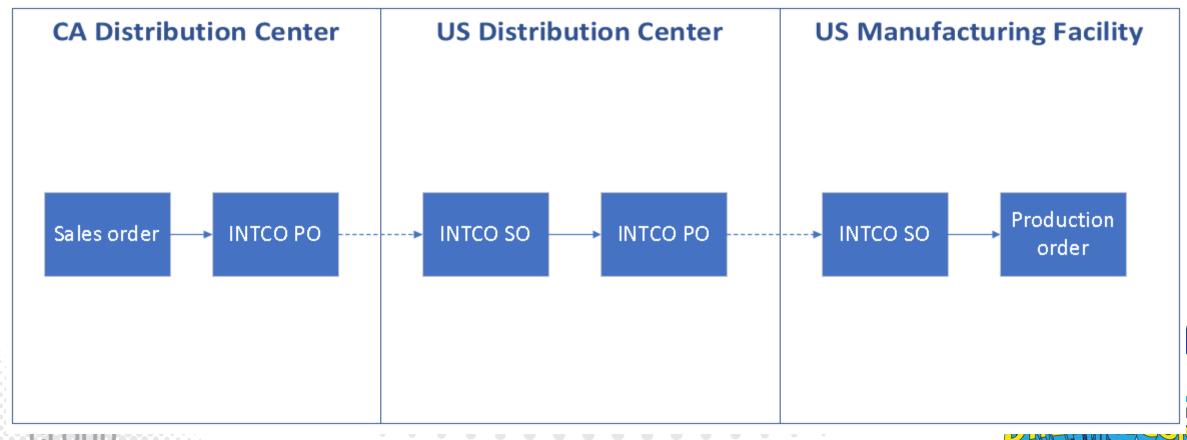
Standard Intercompany Setup
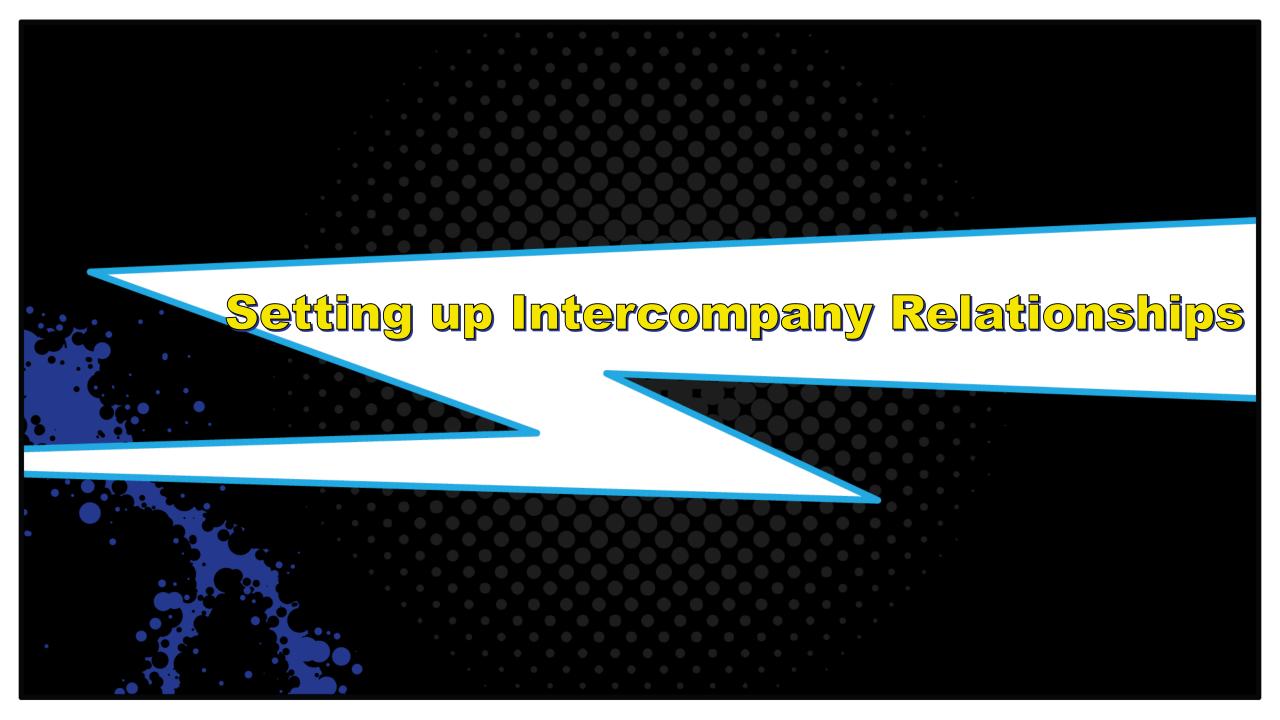
Multiple Chain Intercompany Setup

Setting up Intercompany Relationships

Intercompany Policies

- **Purchase order process parameters**
  - Posting and printing documents
    - Packing slips
    - Product receipts
    - Invoices

- **Purchase order price parameters**
  - Ability to edit prices and discounts

- **Synchronization parameters**
  - Select data to synchronize

Set up purchase action policies

ORIGINAL SALES ORDER (DIRECT DELIVERY)	INTERCOMPANY PURCHASE ORDER (DIRECT DELIVERY)
☑ Print packing slip automatically	☑ Print product receipt automatically
☐ Post invoice automatically	☐ Post invoice automatically
☐ Print invoice automatically	☐ Print invoice automatically
	☐ Bypass vendor invoice workflow for intercompany vendor invoices

Intercompany Policies

- **Sales order process parameters**
  - Pick list printing

- **Sales order price parameters**
  - Ability to edit prices and discounts

- **Sales order invoice posting**
  - Price used for posting

- **Synchronization parameters**
  - Select data to synchronize

Set up sales action policies

INTERCOMPANY CUSTOMER INVOICE POSTING

- ☑ Unit price equal to cost price
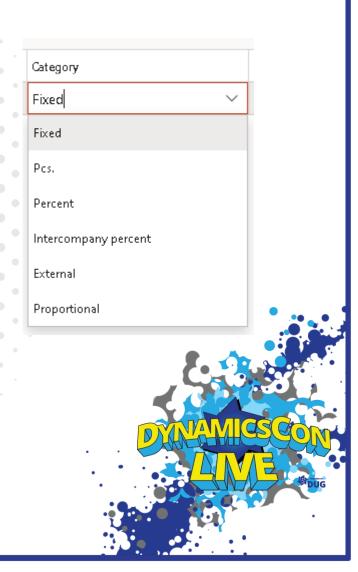- ☐ Initiate original customer invoice posting

INTERCOMPANY SALES ORDER PRICES

- ☑ Price and discount search
- ☑ Allow price edit
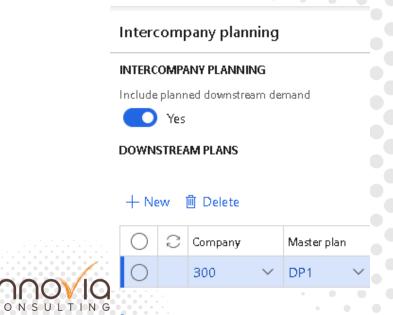- ☑ Allow discount edit

Intercompany Miscellaneous Charges

- **Charges add profit to intercompany orders**
  - Percentage
  - Intercompany percentage
  - Fixed

Category
Fixed ⌄

Fixed

Pcs.

Percent

Intercompany percent

External

Proportional

Intercompany Planning

- Provides visibility to downstream demand in other companies
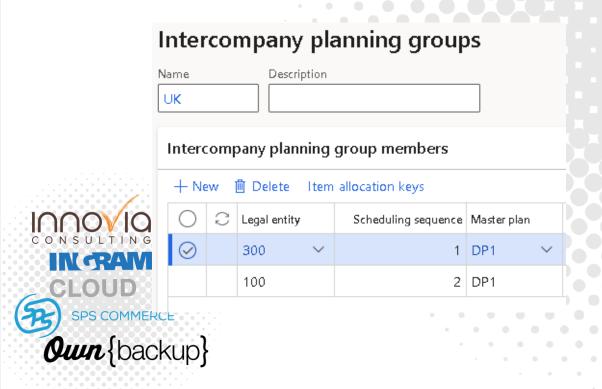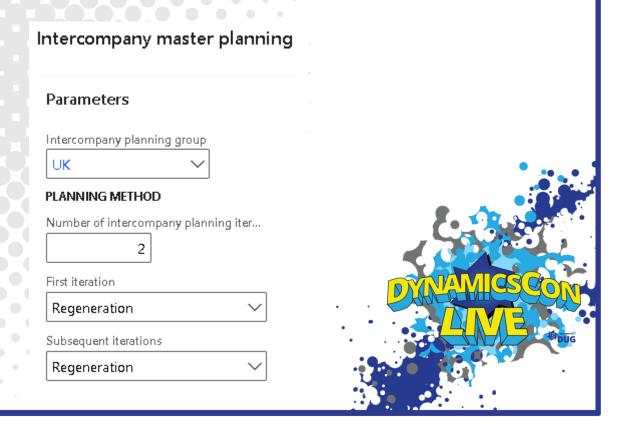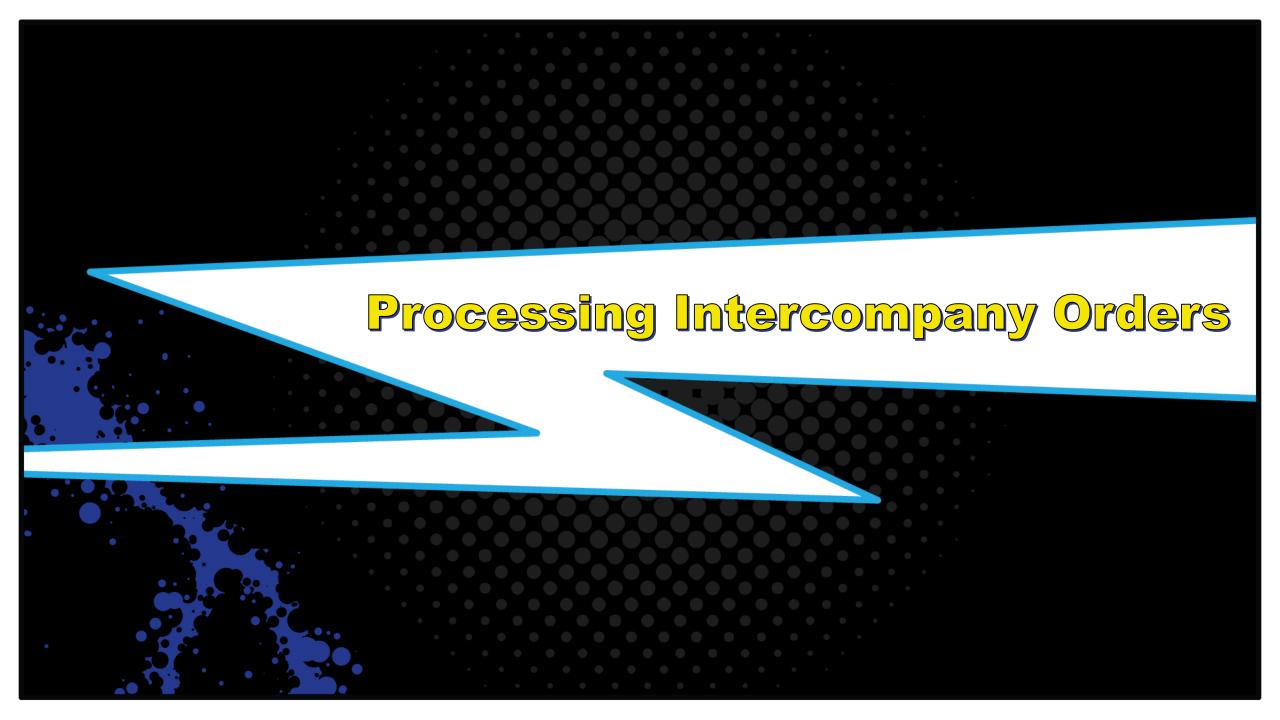
Intercompany Planning Groups

- Intercompany planning groups setup with scheduling sequence

- Iterations determine how many scheduling sequences to run

Processing Intercompany Orders

Intercompany On-hand

- **Confirmation of on-hand inventory in other companies**

- **Consider alternative options**

Company	Site	Warehouse	Physical inventory	Physical reserved	Available physical	Ordered in total	Ordered reserved	Total available
100	5	51						-1.00
200	1	11				1.00	1.00	
300	2	21	5.00		5.00			5.00

Links and Markings

- An intercompany order is a "Linked chain"

- Link creates a marking

- Manual marking not allowed on intercompany transactions

- Link must be removed to cancel an intercompany order

Delivery Date Updates

Intercompany SO confirmed receipt date → Intercompany PO confirmed delivery date

Intercompany SO

DELIVERY DATE

Delivery alternatives

Requested ship date

8/15/2022

Requested receipt date

8/25/2022

Simulate delivery dates

Confirmed ship date

11/23/2022

Confirmed receipt date

12/3/2022

Delivery date control

CTP

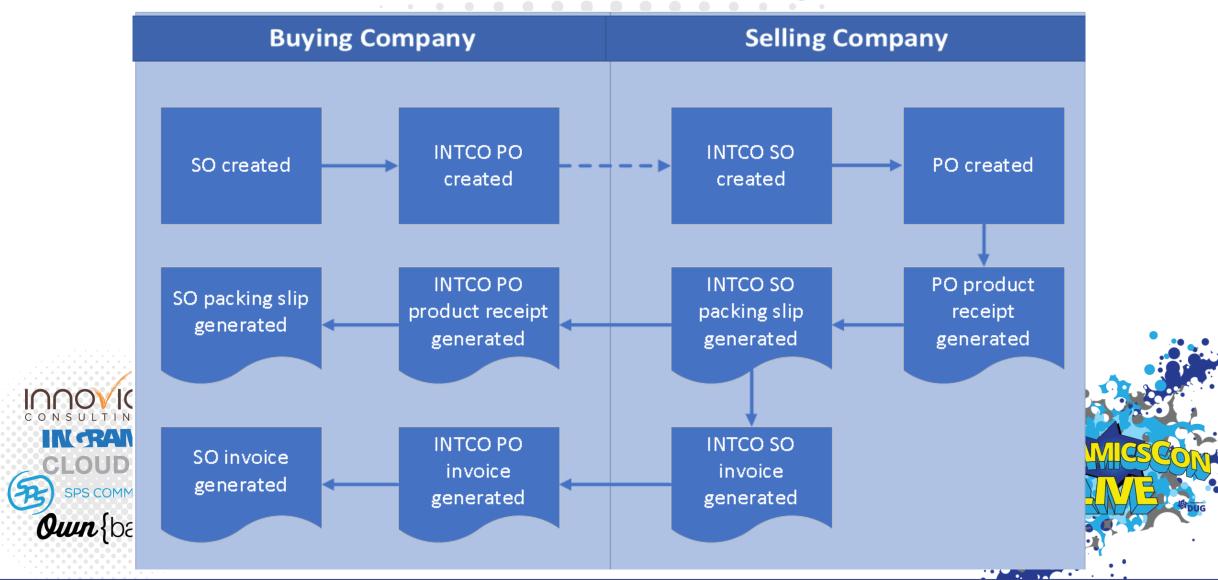## Intercompany PO

DELIVERY DATE

Delivery date

8/25/2022

Confirmed delivery date

12/3/2022

Standard Intercompany Orders

Intercompany Direct Delivery
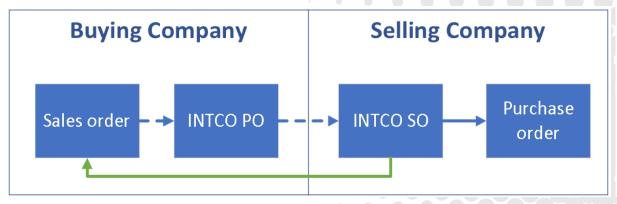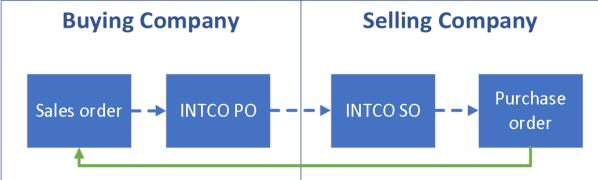
Intercompany Direct Delivery Use Cases
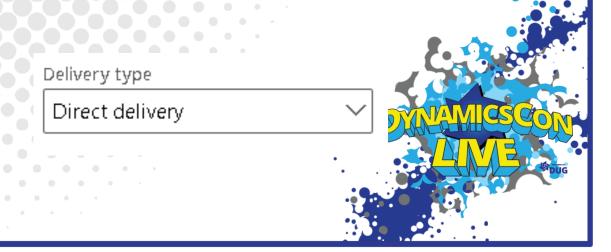
- Deliveries sent directly from selling company to customer
- Deliveries sent directly from vendor to customer

Buying Company		Selling Company	
Sales order	INTCO PO	INTCO SO	Purchase order

Buying Company		Selling Company	
Sales order	INTCO PO	INTCO SO	Purchase order

DIRECT DELIVERY
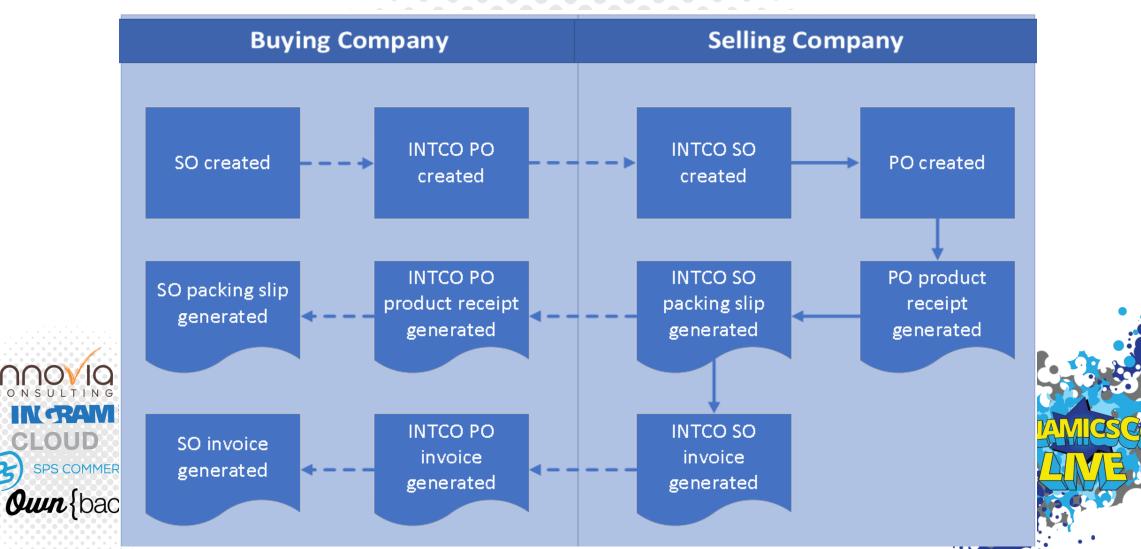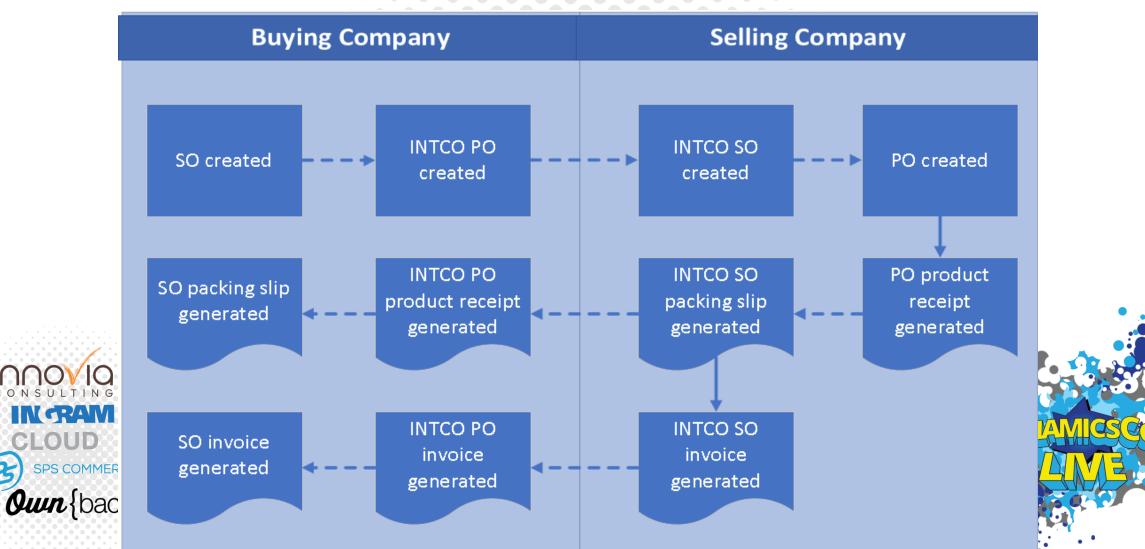
Direct delivery

🔵 Yes

Direct delivery warehouse

DROPSHIP ▼

Delivery type

Direct delivery ▼

Intercompany Direct Delivery (Selling Company to Customer)

Intercompany Direct Delivery (Vendor to Customer)

Buying Company		Selling Company	
SO created	INTCO PO created	INTCO SO created	PO created
SO packing slip generated	INTCO PO product receipt generated	INTCO SO packing slip generated	PO product receipt generated
SO invoice generated	INTCO PO invoice generated	INTCO SO invoice generated	

Intercompany Direct Delivery

- **Automation capabilities and benefits**
  - Packing slip, product receipt, and invoice generation
  - Sales order address copies to purchase order
  - Purchase order confirmed delivery date copies to sales order
  - Direct link between orders prevents open transactions

Intercompany Accounting

Intercompany Voucher

Ledger account	Account name	Currency	Amount in transaction currency		Amount	Amount in reporting currency	Posting type
12310-	Due to/from KJL DE	EUR	-305.78		257.49	-310.62	Vendor balance
24440-	VAT Purch Input - EU (Box 2)	EUR	-55.10		46.40	-55.97	Sales Tax
20999-	A/P Clearing	GBP	25.60	25.60		30.88	Purchase, accrual
20999-	A/P Clearing	EUR	275.48	232.79		284.21	Purchase, accrual
76999-03-004-COR	Error Post	GBP	0.00		0.01	0.00	Penny difference in accounting currency
20995-	A/P - Purchase expenditure, un-invoiced	GBP	232.79	232.79		280.85	Purchase expenditure, un-invoiced
20995-	A/P - Purchase expenditure, un-invoiced	EUR	-275.48		232.79	-284.21	Purchase expenditure, un-invoiced
13400-	FG - Goods Received, Not Invoiced	GBP	-258.39		258.39	-311.73	Cost of purchased materials received
20996-	A/P - Purchase expenditure for product	GBP	-257.50		257.50	-310.66	Purchase expenditure for product
20996-	A/P - Purchase expenditure for product	EUR	305.78	257.50		310.62	Purchase expenditure for product
24420-	VAT Purch Input - Receivable	EUR	55.10	46.40		55.97	Sales Tax
13000-	FG - Inventory	GBP	257.50	257.50		310.66	Cost of purchased materials invoiced

Intercompany Projects

- **Resources can be shared across companies**
  - Agreed upon rates setup with project categories
  - Need to maintain internal rates (cost) and transfer rates (sales)

- **Much more efficient than our previous process**
  - Part number was used to represent labor
  - Each engineering effort was bought and sold

Challenges and Key Take Aways

Intercompany Challenges

- **More master data to manage**
  - Vendors, Customers, Products, etc.

- **Cost of produced items not settled when they ship**
  - No easy way to reconcile across companies after month end close

- **Inaccurate dates when order ships**
  - Cannot be updated after intercompany sales order has been shipped

Key Take Aways

- Operating units help avoid maintaining additional master data

- Separate companies can be beneficial for many different reasons

- Intercompany policies define the intercompany relationship setup

- Intercompany planning provides visibility to downstream demand

- Direct delivery automates steps when shipping direct to customer