MICROSOFT DYNAMICS
REVENUE MANAGEMENT

Revenue Recognition Management for Microsoft Dynamics 365

Armanino's Revenue Recognition Management Solution for Microsoft Dynamics 365 was built for the unique needs of companies that sell multi-element arrangements that may include: hardware, software, services, prepaid support tickets, warranties, or maintenance and support agreements.

Contact Armanino to discuss how we can help you with your Dynamics needs.

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Learn More
http://tinyurl.com/ja9auw7

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armaninollp.com/microsoft-dynamics

This solution enables companies to recognize revenues in accordance with GAAP & IFRS standards as defined by 97-2, 98-9, and EITF 08-01, as well as the newer ASC606 and IFRS15 converged standards which align the recognition of the fair value of revenue and costs at the time when the goods are transferred or services are rendered.

Fully Integrated Solution

Revenue Recognition Management for Dynamics 365 (and prior versions of Microsoft Dynamics AX) is an ISV solution built directly in Dynamics. It simplifies the order entry process by allowing customer service representatives to easily enter, confirm, pick, pack, ship, and invoice orders according to their natural workflows without requiring them to be revenue experts.

The order line type determines whether the revenue from the specific line item can be recognized up front or needs to be deferred. For line items that are deferred, the revenue recognition schedule can be selected from a drop down box.

Establishing Fair Value

While new revenue recognition guidelines have continued to evolve, what remains constant is a requirement to ensure that a fair value can be established for each element. The hierarchy in establishing fair value price is summarized below:

- VSOE Median Price
- TPE (Third-Party Equivalent)
- BESP Best Estimated Selling Price

VSOE Calculations

A powerful feature is the ability to dynamically calculate an item's VSOE median price for those items that meet the strict requirements outlined in the guidance around historical standalone sales.

Fair Value Revenue Pricing

In practice, not all items included in a bundle have sufficient sales history to establish a standalone VSOE median price, so the TPE or the BESP for an item can also be uploaded by Excel to the revenue prices table. This is similar to a trade agreement, but maintained separately, allowing you to roll in future BESP prices over time.

Sales Pricing & Bundling

The solution supports the utilization of sale pricing, discounts, trade agreements, and promotions native to Dynamics, or you can import orders and pricing from a front end CRM system.

Bundles and Sales Kits

Armanino's Revenue Recognition adds the ability to sell a Bundle or Kit of multiple elements within a single SKU for simplified end user pricing. Sales pricing can be driven by the bundle SKU – which prints as a single line item on the sales order confirmation and invoice, while the packing slip detail includes all of the elements within the exploded BOM that the customer is entitled to.

Reallocation of Revenue

Regardless of the bundled pricing or discounts presented to a customer, the total value of the agreement is reallocated

Benefits

- Simple consolidated order entry
- Decrease costs associated with revenue management
- Increase automation and eliminate dependence on Excel
- Reduce accounting errors and adjustments and increase auditor confidence
- Accurate revenue recognition and financial reporting
- Rapid deployment of industry specific ERP functionality
- Positive return on investment (ROI)

automatically according to the relative fair value of the multi-element order lines.

Managing Revenue Deferrals

For each element within a sales order, the allocated fair value revenue can either be recognized immediately, or it can be deferred and then recognized upon a specific event (such as customer acceptance), or it can be scheduled to be recognized over a period of time.

Revenue Recognition Schedules

The revenue recognition schedules provide a flexible framework for scheduling revenue recognition over time – whether you elect for fixed amounts of a fixed number of periods or daily amortization over a dynamic date range. These schedules can be defaulted by line item or dynamically defined to support past or future start dates and co-termination of contract scenarios.

Multi-Order Reallocation

In cases where multiple sales orders are determined to be part of the same agreement – such as one sales order for software and another for services, Revenue Recognition Management allows you perform reallocation of revenue to ensure the proper accounting across multiple orders.

Sales Order Invoicing

Flexibility in the sales order invoicing process allows for the invoice to be presented to the customer according to the negotiated pricing structure that they expect. The sales representative can display a single, inclusive bundled price for all elements of the order or depict individual prices and/or discounts in percent or dollar amount by the line items on the order.

Project Invoicing

Orders can also be attached to Time & Material Projects and the invoicing process can be governed by the project invoicing, with full support for the revenue recognition processes.

Automated Revenue Recognition Journals

The real power of the revenue recognition features within this module lies in the automated creation of revenue recognition journals. Upon posting the invoice, the revenue recognition journals are automatically created with a scheduled posting date. Revenue recognition journals that are scheduled for a future recognition date are automatically placed on hold to prevent accidental posting. These journals provide flexibility in that they can be automatically posted as part of a batch job process, or can be manually reviewed, rescheduled or adjusted prior to posting.

Audit Readiness & Compliance

Keeping all of your revenue recognition deferrals and recognition schedules in a tightly controlled and well-structured Dynamics database complies with revenue management best practices and will provide your auditors with the confidence that you have established adequate controls over your revenue management policies and procedures.

Configurable & Flexible

Revenue Recognition Management for Dynamics 365 provides best in class revenue management in a way that is not only easy to use and configure, but it also provides for true flexibility and agility. The need for companies to constantly adapt and expand their offerings of bundled products, software, maintenance, services and warranties to establish and retain a competitive advantage requires a flexible ERP solution that provides rapid configurability and industry specific functionality.

Experience Low Total Cost of Ownership (TCO) and Achieve a Quick Payback

Because Armanino's Revenue Recognition Solution for Microsoft Dynamics 365 is built on proven Microsoft products and technologies, your business can take advantage of existing IT investments such as Microsoft Office System applications and the Microsoft Windows Server System™. Lower total cost of ownership can help your company realize a faster payback on your investment. Additional industry solutions offered by Armanino for Microsoft Dynamics AX include:

- Manufacturing & Logistics
- Supply Chain Integration
- Distributor Management