INTEGRATE

Microsoft Dynamics™ NAV

Solutions for Multi-Site and International Organizations

Business White Paper

This paper describes six common integration scenarios that show how Microsoft Dynamics NAV can help multi-site and international organizations deploy business management solutions that successfully integrate branches, subsidiaries, and franchises with their parent companies.

January 2007

www.microsoft.com/dynamics/nav/mio

Microsoft Dynamics™

Contents

Executive Summary

This paper demonstrates how parent companies of multi-site and international organizations can integrate their business management solution with that of their sites—including subsidiaries, branches, divisions, and franchises. This paper will help you understand why Microsoft Dynamics NAV could be the ideal solution to use in your sites. It also explains how the flexibility of Microsoft Dynamics NAV can provide standard functionality while still meeting local needs. Finally, this paper will take you through six common integration scenarios that parent companies often face with their sites, and show how Microsoft Dynamics NAV helps parent companies handle these situations efficiently.

"[Microsoft Dynamics NAV] was cost-efficient and offered a good fit for our subsidiaries, but we also knew the technology would support any future growth."

Thomas Raith, Vice President IT and Processes, Metabo
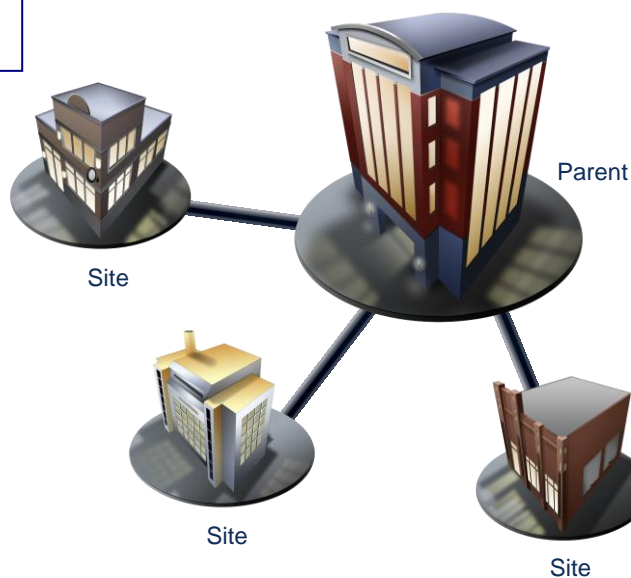
Multi-Site and International Organizations

Multi-site and international organizations are composed of a parent or holding company that uses one business software system that is integrated with the systems used by its individual sites.

In the world of business management software, the business management solution of the parent company must work together with the systems of its sites in order for the whole organization to successfully reach its business goals. The following section explains why Microsoft Dynamics NAV is the ideal solution to use in your organization. It shows how the comprehensive functionality and flexibility inherent in Microsoft Dynamics NAV can provide individual sites with standard functionality, meet local needs, and integrate smoothly with the parent company's systems.

Figure 1: This shows the relationship between the parent company and its various sites. Microsoft Dynamics NAV integrates multi-site and international locations with the parent organization's business management solution.

Integration of Multiple Business Management Solutions

The idea of one standard system that requires no integration of data between the parent company and its sites certainly has its appeal. In the real world, however, companies must deal with integration between different business management solutions at the parent company and the sites. Typically, the sites tend to have very different needs than the parent company, and therefore need a different business management

3

solution. Nevertheless, integration between the parent and site business management solutions is critical for efficiently sharing information, supporting common workflows, and functioning successfully as one entity.

Microsoft Dynamics NAV: Designed for Your Sites

Microsoft Dynamics NAV is a standard solution that still has enough flexibility to meet the varied needs of individual sites, regardless of *complexity, specialization, location,* or need for *flexibility*. It provides a low total cost of ownership because it is attractively priced and easy to use and maintain.

Complexity

Sites may have the same level of business complexity as the headquarters, but on a different scale and without the same skilled IT resources. The solution that is best for the parent company is often too big, complicated, cumbersome, and costly for its sites. At the same time, the parent company solution may not address the local requirements or specific business needs of the sites. That is why trying to force a parent's solution on the sites can result in lack of cooperation and difficulties in implementation or use. One size does not fit all.

Microsoft Dynamics NAV is an excellent choice for sites because it is designed specifically for small to mid-sized businesses with unique business processes. Designed for companies with unique business processes, a core value of Microsoft Dynamics NAV is easy customization, deployment, and use without requiring a large IT staff or extensive user training. At the same time, it uses industry standards and tools to help ensure smooth integration with the parent company's business management solution. This makes it a perfect match for sites of a multi-site or international organization looking to provide robust and tailored functionality at a low total cost of ownership.

For example, Microsoft Dynamics NAV helped American logistical services company, New Age Electronics, to maintain their business management solution more efficiently. They now use outside IT consultants only on a limited basis. According to Min Kim, Programming Manager, "[Microsoft Dynamics NAV] provides a simple IDE [Integrated Development Environment] to connect data to users." New Age Electronics reduced consulting costs by 50 percent compared to their last year using their previous solution.

Another example, railway infrastructure service company Goldschmidt-Thermit-Group, worked with its partner, Naviconsult, to replace SAP and other ERP solutions in all of its 20 subsidiaries and is now also replacing SAP at their parent company.

> "For the Goldschmidt-Thermit-Group, both the deployment and operating costs of [Microsoft Dynamics NAV] are clearly more favorable than the previous systems including SAP."
> **Oliver Krizek, CFO, Naviconsult**
>
> "Based on our initial experiences, we are very confident that the ROI and TCO will be a clear improvement over an SAP installation."
> **Ralv Ulatowski, Managing Director, Goldschmidt-Thermit-Group**

Specialization

Sites with specialized functions have specific industry and vertical requirements that may differ widely from those of other sites. A site that fulfills a specific role in the organization—for example manufacturing,

warehousing, distribution, fulfillment, retailing, and so on—has different requirements than other sites. Trying to adapt the parent company's solution to fit various industry, vertical, functional, and local requirements can result in practical difficulties, either because of insufficient vertical or industry functionality, inefficient solution scaling, or because customization is cumbersome and costly. Again, one size does not fit all.

More than 50,000 customers worldwide in many industries have already been able to customize and deploy Microsoft Dynamics NAV to accommodate their individual needs. Furthermore, more than 2,700 Microsoft Certified Partners currently deliver these customizations, as well as specific vertical solutions and more than 1,400 registered add-ons.

Microsoft Dynamics NAV also provides a Rapid Implementation Methodology (RIM) and industry templates that facilitate cost-effective development for specific vertical industries that you can apply and deploy at sites with similar functions. For example, you can apply one industry-specific template to any of your divisional sales offices with similar functions. However, if you need a solution for process manufacturing or retail, then you might want to implement an industry-specific solution based on the Microsoft Dynamics NAV platform. The extensive catalog of industry-specific solutions and the industry templates can help reduce service costs and make it faster and more efficient to implement the solutions at your sites. These advantages together help ensure a long-term solution and help reduce the total cost of ownership and increase the return on investment.

For example, InTiCom Systems—a manufacturer of telecommunications and motor vehicle components—implemented Microsoft Dynamics NAV and integrated it with an industry-specific solution. InTiCom gained a 100 percent return on technology investment in just four months.

> "[Microsoft Dynamics NAV] controls all central processes independently, so we save a lot of valuable time on administration and marketing. Because the system automates several of our key business processes, we have been able to increase our turnover from US$23 million to US$38 million without employing additional administrative staff."
>
> **Dieter Schopf, Director, InTiCom Systems**

Location

Sites located in different countries need a business management solution that meets local legal, regulatory, and market requirements including industry-specific practices for bookkeeping, reports, and financial statements. The challenge is to find a standard product that can integrate with the parent company's system and is localized to address individual market and business requirements, and that can be supported long-term by local IT resources.

With more than 40 localized country versions and multilanguage capabilities, Microsoft Dynamics NAV provides a standard solution with the flexibility to meet varying local needs. In addition, the Microsoft global network of qualified partners means that multi-site and international organizations can count on finding expert local support.

For example, Coroos, a Dutch food company, worked with one local Microsoft partner to plan their solution and document their requirements, and another for the actual implementation.

5

> "[Microsoft Dynamics NAV] partners gave us a software demonstration, and the functionality it provides fitted perfectly with the culture and processes of our business. Within 36 hours, our two factories were running one database on a single hardware platform."
>
> **Andries van Iwaarden, Information Technology Manager, Coroos**

Flexibility

Multi-site and international organizations must strike a balance between deploying worldwide standardization and enabling the customizations that a site requires to meet local business practices and increase productivity. A standard "core" of functionality deployed across the organization can be complemented by permitted adaptations to local circumstances, processes, and procedures. To manage complexity, the level of flexibility must be agreed upon between site and parent company. The solution's ability to track local customizations raises another challenge for smooth management of upgrades.

Flexible by nature, Microsoft Dynamics NAV is easy to customize to meet the functional, process, and industry needs of a given site, and it is easily scaled to meet changing requirements as locations and the organization grow.

Minor adaptations, such as customizing forms, can save time in daily work and are simple to carry out in Microsoft Dynamics NAV. Swedish-based EuroFlorist, for example, used the built-in tools in Microsoft Dynamics NAV to add shortcuts that helped cut order entry time by 30 to 40 percent.

"They're small details, but they all add up, especially when every minute counts," says Daniel Ekwall, Systems Manager at EuroFlorist.

A complete upgrade methodology in Microsoft Dynamics NAV provides a tool and a framework to help your organization make a smooth transition to new versions of your solution—without losing any of the specific modifications made for your business. Your people can continue to work with their existing, familiar solution while benefiting from new releases. The Upgrade Toolkit and Guidelines, along with RIM, make upgrades easier, less costly, and less risky by carrying over customizations when upgrading.

> "Our [Microsoft Dynamics NAV]-based system can accept and incorporate these electronic invoices automatically. As a result, the [Danish] government is saving approximately €30 million (US$39 million) annually, and we estimate further significant savings in the private sector."
>
> **Henrik Jeberg, Chief Information Officer, Agency for Governmental Management**

Varying Needs, One Common Purpose

Parent companies and their sites may need different solutions, yet they are all part of the same organization, and must also function as a whole unit. In order to do this, the business management

solution used at the sites must be flexible, adaptable, and able to integrate tightly with the business management solutions at the parent organization.

The next section presents six common integration scenarios, which are dictated by the business needs of the parent company and its sites. We will start with the most basic and common scenario. Then, we will go on to see how the more a parent company's business processes are intertwined with those of their sites, the greater the level of integration that they will need. Each scenario will explain how integration between Microsoft Dynamics NAV at the sites and another business management solution at the parent company can help the entire organization function more efficiently.

Six Common Integration Scenarios: How Microsoft Dynamics NAV Helps Increase Efficiency

Scenario 1: Consolidating Financial Data

To run your business and meet increasingly demanding international standards, such as Sarbanes-Oxley and IAS 2005 (International Accounting Standards), parent organizations must get a consolidated view of finances, including financial reports from local sites. At the same time, the sites may have to answer to local financial standards and reporting requirements. These diverse reporting needs often result in an inefficient and error-prone workflow. Sites must take financial information out of the local system and reenter it into a spreadsheet or system provided by the parent organization. What's more, this workflow must be repeated by each site before the parent company can consolidate to one financial report.

How Microsoft Dynamics NAV Can Help

Microsoft Dynamics NAV can help you save time and effort in the sites by consolidating financial statements for a series of business units from a single database to other Microsoft Dynamics NAV databases or other programs. You can transfer from different accounting structures, including financial statements in different currencies to your own. Exchange rate functionality helps to keep this consolidation trouble-free.

Microsoft Dynamics NAV can also help you reduce errors and streamline financial reporting by consolidating the general ledger from the sites to the parent by using Extensible Business Reporting Language (XBRL 2.0), an XML-based specification, or consolidation functionality. XBRL uses accepted financial reporting standards and practices to export financial reports across all software and technologies, including the Internet. With XBRL, you enter information only once, and the same information can then easily be produced as a printed financial statement, an HTML document for a Web site, a raw XML file, or in a specialized reporting format. With increased visibility at the parent into financial performance at the sites, the parent can understand each business unit and make confident, informed decisions.

In the case where both the sites and the parent company use Microsoft Dynamics NAV, intercompany postings functionality can help create the necessary documents (including sales and purchase documents and general ledger entries) for the entire workflow of intercompany transactions between any two companies within a group controlled by the same legal entity—making it easy to consolidate and roll up critical financial information for the entire organization.

Scenario 2: Gaining Business Insight

In order to maintain control over your entire organization, managers at the parent level need access to data located in the systems of your individual sites. Such information may range from a monthly sales report organized by region and product, to on-hand inventory of a certain item, to how much each country office is spending on advertising. The types of information needed are, in fact, almost unlimited.

In some cases, you may want periodic reports. At other times, you may need ad-hoc answers to topical questions. Regardless, you will want to receive information in a format that is easy to understand, analyze, and share.

How Microsoft Dynamics NAV Can Help

With Business Analytics available and fully integrated into Microsoft Dynamics NAV, employees at the sites can create online analytical processing (OLAP) cubes based on full access to stored local data— without the need for extensive IT support. A Data Transformation Services (DTS) package pulls data from Microsoft Dynamics NAV into SQL tables. From there, other DTS packages transform and structure these tables into multidimensional cubes processed in Microsoft® SQL Server™ Analysis Services.

Your people at the sites will not need extensive IT support, but rather, can quickly generate the reports based on the relevant parameters. Thanks to the SQL Server Analysis Services cubes, controllers at the parent level can also access reports using Microsoft Windows® SharePoint® Services, Microsoft Office Excel®, or other familiar tools. The result is better visibility into the entire organization with faster and more efficient reporting.
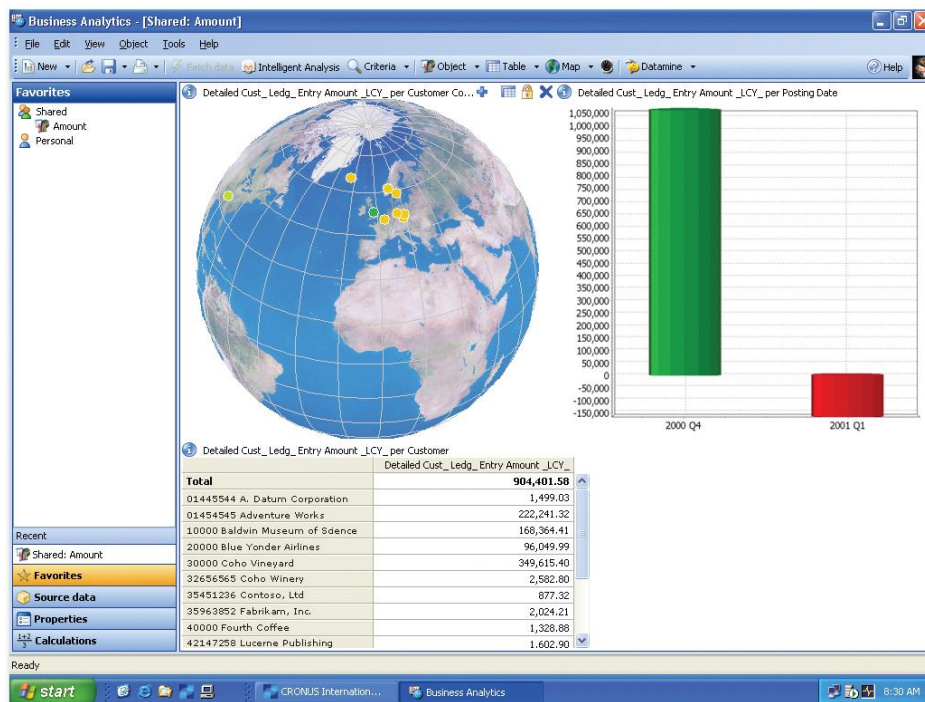

Figure 2: Business Analytics functionality has an intuitive, familiar Microsoft Office Outlook®–style interface that can help reduce the time needed for training.

Scenario 3: Sharing Master Data

A parent company and its sites may share certain critical business information, such as vendor records, price lists, and customer data. This information is often maintained separately in different systems using different formats, which may lead to inconsistencies and wasted time.

If the parent company wants to share master data with sites that use a different ERP system, then there must be a means of connecting the systems.

How Microsoft Dynamics NAV Can Help

Microsoft tools for electronic exchange of data enable the entire organization to share master data. One such tool is an XMLport, which is used to create XML documents. These documents can easily be sent to and read by another application. For example, an XMLport can be created containing your product catalog and price list. This data can then be exchanged between a parent company using one system and sites using Microsoft Dynamics NAV. Rather than imposing burdensome requirements on sites, which may have limited IT resources, both parties can rely on a straightforward and efficient means of exchanging data.

For exchange of greater or more complex information, companies can use an electronic data exchange solution based on Microsoft BizTalk® Server and Commerce Gateway in Microsoft Dynamics NAV in combination with the XMLports. In this case, predefined document exchange functionality together with the XMLports enables a faster handling of XML documents. This combination enables the multi-site and international organization to have a standard method of exchanging master data with their sites while meeting the requirements from their local sites for a flexible business management solution.

Scenario 4: Sharing Responsibility for Services

Multi-site and international organizations may decide to share services with subsidiaries for a variety of reasons. For instance, customers of multi-site and international organizations might wish to receive consolidated invoices reflecting interactions with multiple sites of the organization; the multi-site and international organization may divide tasks based on specific competencies at site levels; or centralized payroll or procurement might enable efficiency improvements or bulk discounts.

How Microsoft Dynamics NAV Can Help

With Microsoft Dynamics NAV, shared services can be facilitated through electronic exchange of data based on BizTalk Server or functionality for intercompany postings, depending on organizational needs. BizTalk Server and Commerce Gateway can enable mapping between the parent and its sites' different IT systems, taking into account currency differences. For instance, review of a purchase order would be the same for a user, regardless of whether the PO originated at the parent company of a site.

If, however, the parent company and sites work on a closed network (such as a virtual private network), are controlled by the same legal entity, and do not need to map data that originates in the sites' systems, Intercompany Postings in Microsoft Dynamics NAV offers benefits. Intercompany Postings can help you create all necessary documents (including sales and purchase documents and general ledger entries) for the entire workflow, for more than one company at a time.

Shared services integration between a parent company and its sites can help organizations achieve a more efficient workflow that reduces costs. Additionally, sites may be more willing to adopt shared processes when they don't have to worry that an unfamiliar parent system might be imposed on them.

9

Scenario 5: Enabling Interdivisional Transactions

This white paper has presented a number of scenarios where parent companies interact with their sites. Sites sometimes need to interact with each other in order to redistribute inventory or complete workflows using another site's key competencies. For example, one site may act as distributor of a certain item. Or divisions of a government agency with different competencies may need to interact in order to complete part of their workflow. Interdivisional transactions that must be handled outside of ordinary sales and purchase interactions can create added work and accounting headaches.

How Microsoft Dynamics NAV Can Help

Microsoft Dynamics NAV can be set up to treat interdivisional transactions as normal sales and purchase transactions to support an integrated supply chain. Just as with interactions between the parent company and sites, the sites can interact among themselves using either a BizTalk Server and Commerce Gateway or an Intercompany Postings solution.

For transactions between two sites, organizations using Microsoft Dynamics NAV can simply set up a customer account for each relevant party, and then treat transactions with them as they would any external customer and vendor. The transactions occur within Microsoft Dynamics NAV, saving time throughout the organization by eliminating redundant data entry as well as by reducing the need to print, send, and receive paper documents for the transaction.

Scenario 6: Responding Proactively to Business Events

Every organization is part of a supply chain, and the parent and sites that comprise part of an organization's supply chain may be quite varied. However, to one degree or another, a parent and its sites are always interdependent. If certain events occur at the sites, the parent company's managers must react. For example, when a manufacturer relies on another site to deliver raw goods, delays can affect the entire supply chain. The parent company must react appropriately and in a timely way to prevent the delay from creating negative impacts downstream.

How Microsoft Dynamics NAV Can Help

Companies can set up alerts using Business Notification in Microsoft Dynamics NAV that will automatically generate e-mail messages about critical business conditions at subsidiaries, branches, or integrated supply chain partners. Business Notification can help you improve management's control of the business and the effectiveness of business processes by keeping you aware of changing conditions and keeping operations on track. Templates included with Business Notification make it easy to configure alerts, or set up your own based on the way you like to run your business.

Conclusion

Parent companies and their sites have different business needs, and therefore require different business management solutions. The data in these different business systems must, however, be integrated in order for the organization to function as a whole.

With Microsoft Dynamics NAV, multi-site and international organizations can deploy a standard solution, with effective integration tools and enough flexibility to meet the varying needs of different sites. Microsoft Dynamics NAV can help the entire organization move forward efficiently and with a low total

cost of ownership. For more information about Microsoft Dynamics NAV and multi-site and international organizations, visit www.microsoft.com/dynamics/nav/mio.

About Microsoft Dynamics

Microsoft Dynamics is a line of financial, customer relationship, and supply chain management solutions that help businesses work more effectively. Delivered through a network of channel partners providing specialized services, these integrated, adaptable business management solutions work like and with familiar Microsoft software to streamline processes across an entire business.

For more information about Microsoft Dynamics, please visit www.microsoft.com/dynamics.

SOLUTIONS FOR MULTI-SITE AND INTERNATIONAL ORGANIZATIONS

Microsoft