STREAMLINE

Microsoft Dynamics NAV

Financial Management

White Paper

Using financial management information to enhance organizational performance

January 2007

www.microsoft.com/dynamics/nav

Microsoft Dynamics NAV

Contents

Introduction

This white paper is intended for Microsoft Dynamics™ NAV customers. It reviews how Microsoft Dynamics NAV financial management tools and the integrated capabilities in Microsoft Dynamics NAV help organizations maximize the value of their financial data to empower finance staff, executives, analysts, and other decision-makers.

After reading this paper you will understand:

- The need for an integrated solution when deploying financial management applications.

- The value of expandability beyond core financial management functionality.

- How financial information is used throughout the organization.

- How to use Microsoft Dynamics NAV to overcome the challenges of financial management.

- The importance of reporting and analytics.

Executive Summary

In an ever more competitive business world, small and mid-size organizations need financial management solutions that can be expanded beyond core functionality and integrated with other applications and data stores. This not only gives executives and other users an optimal platform for operating their business, but also provides deep insight into the business to help guide operations and strategic initiatives through rich reports and analytics.

Microsoft Dynamics NAV 5.0 is an integrated business management solution that provides financial management, customer relationship management (CRM), and supply chain management (SCM) functionality. It has a modular design so people can easily use the functionality required to meet the evolving needs of their business. This integrated design means that business processes and information are shared across applications. Data is gathered in a central database (Microsoft SQL Server™ 2005 or the native database) that can be reported against, and used by analytical tools to generate business intelligence.

Microsoft Dynamics NAV provides a complete financial management solution, making it easy to connect financial transactions and information smoothly across affiliate companies and multi-site and international deployments while providing the audit trails and other security measures required by mandates such as Sarbanes-Oxley, Basel II, the U.S. Health Insurance Portability and Accountability Act (HIPAA), International Financial Reporting Standards (IFRS) and local Generally Accepted Accounting Principles (GAAPs). As organizations grow, as the marketplace becomes more competitive, and as regulations become more complex, the modular design of Microsoft Dynamics NAV enables you to extend functionality by adding in the solutions you need to manage financial data and generate the analytics and business intelligence that can help your company grow into the future.

Challenges of Financial Management

The challenges and complexity of financial management continue to grow, paralleling the increasing competition of the global marketplace. To survive and thrive in today's economic pressures organizations need every advantage they can find, including solutions that can enhance their financial management.

Organizations want financial management solutions that are robust yet easy to use. They require solutions that are flexible to accommodate customization, and expandable to meet future business needs and accommodate growth.

3

A financial management solution has to go beyond the basics of planning, budgeting, bookkeeping, and managing cash flow so organizations can extract added value from financial data to help decision-makers better guide the business. Organizations need the ability to explore their own data to extract insights for strategic planning and to provide reliable financial forecasts.

The Need for an Integrated Solution

Organizations typically generate a lot of disparate information, but often do not have a clear view into the business. Integrating functionality and data sources that traditionally have been stored in separate applications and databases is essential for organizations that want clear insight into data from across the business.

Financial management solutions need to integrate processes and data to help break down the artificial barriers of information silos, and information entered into one application must be simultaneously available for use in other applications. Integration can also better connect everyone in the organization with customers, suppliers, and trading partners—including across the Internet and from intranet collaboration portals.

Integrating data across applications can boost productivity by freeing users from the burden of having to pull information from separate sources, and enhances financial management by unlocking data for what is rapidly becoming one of the most important areas of financial management—business intelligence. Business intelligence, in concert with other reporting and analytic solutions, helps inform and speed up decision-making. It enables an organization to respond more quickly to new competitive challenges and proactively take advantage of new market opportunities.

Ideally, a financial management solution also should integrate with popular productivity applications such as Microsoft Office Excel®, Microsoft Office Word, Microsoft Office Outlook® for customer relationship management, and Microsoft Office SharePoint® Server 2007 for collaboration portals.

Expandability

The same application used for general financial management, such as general ledger, accounts payable, accounts receivable, inventory, and other traditional functions, should be expandable into other business processes. The value of financial management applications is magnified when CRM, SCM, and other business and strategic information management systems functionality can be integrated and shared.

This kind of expandability helps ensure a smooth user experience, and removes the barriers that might otherwise exist to sharing data and functionality across applications. Employees gain the ability to quickly and easily click their way to details about everything from production schedules and inventory levels to sales orders and marketing campaigns—all by accessing a single, security-enhanced database so people can make decisions based on the same store of data.

Customization

A financial management solution should provide a wealth of existing reports and forms, and also enable users to easily add or remove fields from existing forms or reports and create others as required to match how your organization does business. This enables users to create personalized solutions that can boost productivity, ease of use, and overall satisfaction.

Audit Trails and Legal Requirements

Today's financial management solutions must provide easily accessible audit trails and support other forms of verification or security as mandated by Sarbanes-Oxley, Basel II, HIPAA and other regulatory

and compliance organizations. The solution needs to support corporate quality initiatives and integrate with audit and compliance functionality.

Support for Reporting and Analytics

Organizations also need financial management solutions that support, or better yet, directly integrate with robust reporting and analytical solutions. Without a flexible and easy-to-use reporting and analysis system in place, executives and analysts cannot get the insight they need to make informed decisions about business expansion, product marketing, pricing, and a host of other success factors.

Integration

Organizations need an integrated, adaptable software solution that can quickly and easily provide multiple iterations of forecasts and budgets, enable user-defined forecast rules, and support what-if scenarios. Business intelligence scenarios, which are often built upon data warehouses and multidimensional analytic cubes, require that an organization be able to easily integrate its financial management solutions—including SCM and CRM—with relational databases and analytic and reporting tools.

Ease of Use

Ease of use is important to all organizations, but especially for small businesses that often have no IT department. Financial data must be accessible in a format that is easy to view and analyze as well as export and publish to security-enhanced tools and solutions such as Excel and SharePoint Server.

How Financial Information Is Used Throughout the Organization

Financial management information forms the foundation of business success. Organizations achieve better performance and planning when financial management data is measured precisely and then made available to decision-makers within and beyond the finance department.

In addition to enabling the essential bookkeeping functions, effectively managed financial management information enables organizations to plan, forecast, and track performance toward objectives. Financial management data can help keep individuals and teams focused on tasks that add high value, while providing the information needed to enhance collaboration.

Ideally, financial information is used throughout an organization. Executives need relevant financial information to guide decisions about profitability and strategic initiatives. Managers analyze and share information to help ensure that business processes are running smoothly, and employees share information about specific projects.

Providing a "Single Truth"

A financial management solution that is tightly integrated with all relevant data sources within an organization makes a significant contribution to forecasting precision and worker productivity by creating a "single truth"—a core data set upon which all reporting and analytics can be based. In the absence of an accepted core data set and a corresponding set of definitions that guide report creation, different departments can create incongruent figures supposedly describing the same financial profile. Without a single version of their data, organizations can spend too much time trying to reconcile conflicting data instead of forming the strategies that the data should be guiding.

Supporting Better Decision-Making

With access to financial information, organizations can make better, more informed business decisions. For a variety of people—top executives, product development leaders, analysts, and warehouse and plant managers—success can hinge on having ready access to the most current and complete financial data possible.

Integrating data from across the organization can yield rich insights that might otherwise remain obscured. Financial information gains even more value when it can be exported to a spreadsheet for further analysis, or searched and categorized by integrated reporting applications.

As companies look toward longer-term planning, they'll need data from the financial management solution to provide business insights and help guide strategy. Information from a unified data store can be queried and analyzed to help an organization identify opportunities for expansion and to identify and capitalize on market opportunities.

Reporting

Organizations also draw value from their financial information, in part, by using it to generate reports. The better the reporting application and the larger the data store, the greater the value decision-makers can pull from the data. Reporting underscores the need to break down application and data silos and to deploy an integrated financial management solution that unifies information storage within a central relational database.

A reporting solution should provide the basic recurring reports such as inventory levels, monthly sales activity, and profit and loss statements, as well as support the ability to customize existing reports and create entirely new ones to better share relevant data across teams, product groups, and other entities. Creation of new reports should be supported with customizable templates or with report-making wizards.

Financial information should be easily exportable to productivity tools such as Excel and Word to simplify the use of data in spreadsheets, documents, and presentations. Organizations need to be able to share the information on the Web or from their intranet, giving security-enhanced access to the right information from any location.

Facilitating Regulatory Compliance

Compliance can present challenges because of its cost and complexity. Even when your own organization isn't directly affected by mandated regulations, you may be required to document compliance when doing business with companies or in markets that are subject to regulation. Organizations need to be able to depend upon their financial management solution to facilitate adherence to and documentation of regulatory compliance.

Importance of Reporting and Business Analytics

The quest for business intelligence underscores the importance of deploying a financial management solution that integrates with other systems currently in use by the organization, or planned for future deployment. Bringing all of this data together into a central repository makes it available for reporting against and launching analytical queries.

According to one industry analyst, business intelligence has surpassed security as the top technology priority in 2006. Organizations are turning to business intelligence to resolve common challenges, including:

- Increasing volume of data and too many islands of information, including data stored on personal computers.

- Lack of a single, simple solution for reporting and operational analysis.

- The need for better controls for budgeting and financials.

- Fear of adopting new technologies that might conflict with existing systems.

- The need to identify performance shifts in sales of products or services.

- The need for a "single version of the truth" for creating reports and financial models based upon the same core data.

A Challenge for Small Organizations

Generating business intelligence can be a challenge for small to mid-size organizations that typically have few dedicated IT professionals, and even fewer who are fluent in the technology of generating reporting and analytic solutions. Similarly, small to mid-size organizations traditionally lack the infrastructure to support a data warehouse and the extraction, transformation, and load processes used to import heterogeneous data into a homogenous relational database.

Fortunately the infrastructure costs of supporting business intelligence have fallen in recent years, though it is still essential for an organization to carefully choose a financial management system that integrates well with other solutions, including a relational database and the reporting and analytical tools required for generating business intelligence.

Using Online Analytical Processing to Speed Queries

As organizations collect increasing volumes of data, a data warehouse is often used as the basis for a business intelligence decision-support system. A data warehouse provides an environment in which data can be queried and reported against without having an impact on the daily business loads of the online transaction processing (OLTP) data stores.

A data warehouse is frequently augmented by an online analytical processing (OLAP) tool that organizes data to facilitate analytical queries rather than transaction processing. Frequently queried data is pre-aggregated and the results are stored as multidimensional cubes, which are table-like structures that enable very fast response time to ad hoc queries. An OLAP solution should be designed for usability to make it easy for an organization to design, deploy, and maintain cubes, including adding and subtracting dimensions.

Dimensions map data warehouse table information into a hierarchy of levels, such as a Geography dimension with dimension levels of Continent, Country, State/Province, and City. Dimensions should be independently created and shared among cubes for ease of cube construction and to help ensure consistency of analysis data summarization.

Using Microsoft Dynamics NAV to Maximize Financial Management

Microsoft Dynamics NAV 5.0 delivers integrated functionality to support solutions for an array of organizational needs, including:

- Financial management

- Customer relationship management

- Supply chain management

- System management

- Manufacturing

- Distribution

- E-Business

Microsoft Dynamics NAV brings together an array of functionality and features so users can capture, organize, share, and leverage critical business information across the company, as well as with key partners. The fully integrated business solution is easy to customize and simple to use and maintain. As organizations grow or diversify they can simply add additional Microsoft Dynamics NAV functionality to their deployment.

Built on Microsoft technology, Microsoft Dynamics NAV integrates with a number of Microsoft programs and technologies to help companies realize business success by enabling employees to work more productively in a cost-efficient way; connecting people, processes, and information throughout the business; and providing employees with better insight so they can make informed decisions.

Financial Management

Microsoft Dynamics NAV offers a full general ledger solution that provides the basic facilities necessary for setting up a company and posting to the general ledger: chart of accounts, general journals, value-added tax (VAT) facilities, recurring journals, and source codes. Microsoft Dynamics NAV makes it easy to accomplish a spectrum of financial management tasks, such as:

- Setting up accounts in the chart of accounts. For each account established, there is a balance/ budget window that shows budget figures and/or actual figures for the entire chart of accounts, or for individual accounts.

- Viewing continually updated balances and net changes.

- Checking how journal entries will affect the liquid accounts before they are posted. Easily track posted general ledger entries and reverse entries that were posted with incorrect information.

- Entering figures in the general journal in any currency.

- Defining the fiscal year as beginning on any date and dividing it into accounting periods.

- Creating budgets in a matrix window, for a day, week, month, quarter, year, or any accounting period.

- Developing budgets based on department, project, or business unit.

An organization can easily customize the design of its financial management solutions by changing the appearance of forms, adding additional fields and tables, and creating user-specific menus. It also can automate many of the financial practices and procedures according to organizational needs.

Businesses can define the level of control that they want by setting up business rules. For example, they can specify payment terms and discounts for individual customers and vendors. Furthermore, businesses can handle the full range of legal requirements and currency issues inherent in international trade, including business transactions in euro, and report to authorities in the currencies of their choice.

Microsoft Dynamics NAV provides a wealth of other financial management features, including:

- **FlowFields**—Helps ensure that users receive the most up-to-date financial data and continually updates and recalculates the contents of a FlowField online. Users can drill down from all FlowField amounts to view which entries were included in the calculation of the amount.

- **Lookup Buttons**—Gives users direct access to information in a table. For example, from a journal line users only have to enter information correctly once, and it can be reused consistently on all subsequent occasions. This makes data input quick because there is no need for data reentry.

- **Cash Manager**—Includes bank account management, enabling organizations to create, modify, and delete bank accounts, transfer between bank accounts, and set up customer/vendor bank account cards. Cash Manager automates and controls the entire check-writing process and enables users to write checks in more than one currency.

- **Traceability**—Helps ensure all transactions have a complete audit trail, so even complex business transactions become transparent. The Change Log records all direct user changes to master data. A chronological list of all changes to any field, in any table shows who made the changes.

- **Security Features and Business Rules**—Specifies which personnel and roles may see which information using record-level security. For example, a salesperson may see only sales figures for their region or managers may see only budgetary amounts for their departments.[1]

- **Intercompany Postings**—Creates intercompany transactions between any two companies within a group controlled by the same legal entity. The Intercompany Transaction report documents all intercompany transactions, simplifies the intercompany reconciliation process, and provides an audit trail.

- **Receivables and Payables**—Defines flexible payment terms, discount periods, and payment methods, and takes advantage of other functionality including defining flexible payment application policies and finance charge terms. Reverses incorrect applications and customer and vendor transactions posted manually in journals, including all related ledger entries, VAT entries, and bank account entries.

- **VAT, Sales Tax, and Other Use Taxes**—Uses posting groups to automatically calculate VAT, sales tax, excise tax, or other use taxes for customers and vendors. Specify whether unit prices on sales and purchase lines should include or exclude the tax. For VAT, check that VAT registration numbers fit country standards and are not incorrectly duplicated for another customer or vendor in the database.

- **Fixed Assets**—Defines information for an asset and group assets. Identifies an unlimited number of depreciation books for each fixed asset, and describes the required depreciation conditions. Businesses can choose from several standard depreciation methods: straight-line, declining-balance, and accelerated. Also sets up maintenance information and record maintenance performed on fixed assets.

---

[1]Record-level security features are only available when Microsoft Dynamics NAV is deployed with SQL Server.

For information about new features and functionality in Microsoft Dynamics NAV version 5.0, see the appendix at the end of this paper.

Multiple Business Entities

The Intercompany Postings feature of Microsoft Dynamics NAV is designed for organizations that control more than one legal business entity and have set up multiple companies within Microsoft Dynamics NAV to separate the accounting functions of each of these entities. This situation may apply to many businesses, especially those operating in international markets or regions with widely disparate business cultures and regulatory environments.

An organization may consist of several companies, but might not have the equivalent number of accounting and administrative teams. Intercompany Postings helps an organization to simplify and streamline business processes and transactions between all of these entities. Intercompany Postings has been extended to handle purchase invoice set distributions, a significant new capability available in the Microsoft Dynamics NAV 5.0. Without Intercompany Postings, businesses would need to rekey all information manually for all companies and transactions. Rekeying data is not only inefficient, but it also introduces a high potential for errors.

Multi-Site and International Organization Deployments

Microsoft Dynamics NAV provides support for deployments between corporate headquarters and subsidiaries, branches, franchises, and collaborative chains. Parent companies and their subsidiaries may need different solutions because they have different business needs. Yet they are all part of the same organization, and still need to function as a whole unit. Because of the inherent flexibility in Microsoft Dynamics NAV, subsidiaries and other locations that deploy the solution can meet the needs of the local business while integrating smoothly with the systems used at the parent company.[2]

Compliance Initiatives

Sarbanes-Oxley and other initiatives all play an important role in improving modern-day corporate governance. Although the U.S. Sarbanes-Oxley compliance initiative receives a great deal of attention, it is only one of a host of compliance initiatives in place worldwide. For example the Basel II Accord is designed to improve capital adequacy for large banks within the Group of 10 (G-10) nations. The IFRS group released GAAPs in 2005 for 7,000 European Union (EU) companies with shares traded on any EU-regulated market. Microsoft Dynamics NAV has the flexibility to help organizations comply with financial regulations. The solution is an ideal choice for international companies that must comply with several initiatives depending on where they do business.

Sarbanes-Oxley

The Sarbanes-Oxley Act (officially known as the U.S. Public Company Accounting Reform and Investor Protection Act of 2002) was passed by the United States Congress to restore investor confidence in the integrity of U.S. capital markets in the wake of a series of accounting scandals involving large, publicly offered companies such as Enron and WorldCom. Sarbanes-Oxley is intended to implement higher regulatory standards upon the quality and integrity of the information itself and assign responsibility to those who report accounting and financial information.

However, with regard to computerized accounting and reporting, compliance with Sarbanes-Oxley and other compliance initiatives also places a heavy burden on the technological infrastructure of many

---

[2] For more information about using Microsoft Dynamics NAV for deployments at multi-site and international organizations, see the Microsoft white paper, *Multi-site and International Organizations*, at www.microsoft.com/Microsoft Dynamics/nav/product/mio.mspx.

organizations. Microsoft Dynamics NAV provides a range of features, tools, and services to help support small to mid-size businesses in their efforts to comply with Sarbanes-Oxley.

Requirements mandated by Sarbanes-Oxley include:

- **Authorization and Security**—Access to financial information should be limited to those who have authorization to the system or to a section of the system. This must be in place to avoid unauthorized access and fraud.

- **Validity**—Information should come from a reliable, trusted source. Only certain people or groups can post or alter certain information.

- **Precision**—Information is only accepted when entered in the correct format. Furthermore, information may only be entered once—duplicate entries are detected and then rejected. All information is kept as current as possible.

- **Safeguarding**—All transactions should be backed up. Additionally, a log of users, their sessions, and their transactions is ideal for tracking inconsistencies in the system.

Microsoft Dynamics NAV, with its integration with the Microsoft Windows Server® operating system, Active Directory® directory service, and other Microsoft programs and technologies, provides the technology to meet all of these requirements.[3]

Basel II Compliance

The Basel II Accord was designed by the Bank for International Settlements to promote safety and security in the financial system within the G-10 nations by enforcing a new framework structured by three pillars: minimum capital requirements, supervisory review process, and market discipline. Although this accord applies strictly to financial institutions, small and mid-size businesses may see an impact from Basel II in the form of increased demand on the financial information from credit institutions. Organizations can use Microsoft Dynamics NAV features, including account schedules, reporting, and Business Analytics to generate detailed and tailor-made data required by their banks as part of their adherence to Basel II.

Integrated Reporting

Because Microsoft Dynamics NAV provides a single version of the truth, all reports and analytics can be based upon the same core data and use common definitions of financial entities. This, along with the integrated reporting and analytics of Microsoft Dynamics NAV, enables employees to quickly and easily click their way to details on everything from production schedules and inventory levels to sales orders and marketing campaigns, all in a single, secure database. Information entered into the database in one application area is simultaneously available for use in other application areas, so users can optimize business processes and leverage corporate knowledge.

With its open development environment and feature-rich application areas, Microsoft Dynamics NAV makes it easy to speed up decision-making, so users can respond more rapidly to new competitive challenges and seize new market opportunities. Microsoft Dynamics NAV provides built-in reporting and analytic functionalities, including:

- **Standard Reports**—Users who need generic and predefined analytical reports on the state of business (order summaries, inventory availability, and so on) will find such capabilities in more than 300 standard reports across the functional areas of Microsoft Dynamics NAV.

---

[3] For more information about using Microsoft Dynamics NAV for meeting requirements of Sarbanes-Oxley, see *Complying with Sarbanes-Oxley: How Microsoft Dynamics NAV Can Help*, at www.microsoft.com/Microsoft Dynamics/nav/product/navision_sox.mspx.

- **Report Wizard and Report Design Tools**—If business needs are not met by one of the more than 300 standard reports, the report wizard can help create ad hoc reports to meet even the most demanding requirements, including customer-specific reports. For example, if a company requires a type of report that is unique to their business and it is not included in the standard package, the report design tools can be used to develop what is needed. In addition, these tools become very useful when moving reports from previous systems to a new Microsoft Dynamics NAV implementation.

- **Account Schedules and Analysis Reports**—These are built-in analysis tools, which enable users to extract data from general ledger, sales, purchasing, and inventory information in Microsoft Dynamics NAV. Users can compare data to budgets across time, departments, projects, campaigns, and other dimensions. The easily defined line and column layout provides people with a comprehensive and tabular form of analysis. The results can be presented in print, in a window that enables easy navigation to original entries and documents, or in Excel for further processing.

- **Audit Trail Navigation**—Key to compliance with Sarbanes-Oxley is the capability to trace source documents through accounting processes to the financial statement and back to the original source document. Microsoft Dynamics NAV provides drill-down and look-up functionality for users and/or auditors to easily follow extensive audit trails, also aiding in Section 404 compliance.

Integration with SQL Server 2005

Microsoft Dynamics NAV 5.0 integrates with Microsoft SQL Server 2005 Reporting Services to provide a powerful reporting environment for financial management. Reporting Services is a comprehensive, server-based solution for creating, managing, and delivering both traditional paper-based reports and interactive Web-based reports. Reporting Services combines the data management capabilities of SQL Server and the Windows Server operating system with familiar Microsoft Office system programs such as Excel to deliver real-time information to support daily operations and decisions.

SQL Server 2005 Analysis Services, the OLAP component in SQL Server, creates OLAP cubes that contain preaggregated summaries so queries can be answered quickly, regardless of the level of summarization required to answer the query.

Business Analytics

Microsoft Dynamics NAV includes built-in analytical functionality that quickly turns data into business information. There are two Business Analytics offerings: Basic and Advanced. Both give users a deeper understanding of the information stored in Microsoft Dynamics NAV.

The Basic offering enables the transformation of business data into information on SQL Server. Users can then access the information they need via the core Microsoft Business Intelligence offerings and further analyze the information within the familiar user interface of Microsoft Dynamics NAV. The Basic offering also simplifies the complexity of setting up OLAP cubes on Microsoft SQL Server.

The Advanced offering supports more complex reporting and analysis needs, while remaining easy to use. Users can obtain a 360-degree view of business performance and quickly set up and review graphical displays and reports.

Integration with Additional Analytical Tools

Microsoft Dynamics NAV integrates with additional analytical tools, including:

- **Microsoft Office Excel**—The tools Account Schedules and Analysis Reports as well as Analysis by Dimensions within Microsoft Dynamics NAV have the built-in capability to be exported to Excel for further processing.

- **Microsoft Office Business Scorecard Manager**—Business Scorecard Manager is a business performance management application designed to help organizations move forward with a common purpose and direction by making key performance indicators (KPIs) fully available throughout an organization. Business Scorecard Manager offers a clear base for performance control and a comprehensive way for organizations to gain deeper contextual insight into the most important business drivers of their business.

- **Microsoft FRx®**— Microsoft FRx strengthens the financial reporting capabilities of Microsoft Dynamics NAV by helping users increase productivity and gain tighter control of their financial reporting practices. The solution is easy to implement and helps organizations quickly and easily build and maintain financial reports and complex ad hoc management reports. Microsoft FRx helps save time by automating the most time-consuming tasks associated with financial reporting, such as gathering, verifying, and categorizing data coming from the general ledger.

- **NODBC**—The Microsoft Dynamics NAV Open Database Connectivity (NODBC) Driver extracts data from Microsoft Dynamics NAV implementations that are running its native server. NODBC moves the raw data to Excel or Word for reporting or further analysis.

- **Employee Portal in Microsoft Dynamics NAV**—Employee Portal in Microsoft Dynamics NAV is an easy way for employees to work with their business information on the intranet. Using the Web-based interface, users can view almost all company data online instead of in the back-end application. The framework is intuitive and requires very little training since it looks and feels like the other Microsoft programs. And since access is roles-based, users see only the data relevant to their jobs.[4]

---

[4] For additional information on using Microsoft Dynamics NAV to generate business intelligence, see the *Microsoft Dynamics NAV Business Intelligence* White Paper at www.microsoft.com/Microsoft Dynamics/nav/product/businessintelligencewhitepaper.mspx.

MICROSOFT DYNAMICS NAV: FINANCIAL MANAGEMENT

Conclusion

Microsoft Dynamics NAV 5.0 provides small and mid-size business with a well integrated solution for financial management. Its modular structure enables organizations to add in new functionality to match the growth and evolution of business. It supports an integrated data model so that information from financial management, CRM, SCM, and other business processes can be shared across applications. The data in Microsoft Dynamics NAV can be reported from and queried against to enhance operations and create the business intelligence that can help guide product development, marketing, and other strategic initiatives.

Appendix: New Features and Functions Overview

Microsoft Dynamics NAV 5.0 includes a number of new features, functions, and other enhancements.

Financial Management Enhancements

Some of the enhancements for financial management include:

- **Prepayments**—The new Prepayments feature enables users to create prepayment invoices based on a sales order, percentages, or amounts. The system keeps track of created prepayment invoices until the order is fully invoiced. This helps to avoid the errors that can occur when handling prepayments manually.

- **Account Schedule Improvements**—The new Percent of Total feature makes it easier to assign a percentage of revenue for product groups. The feature includes more advanced options for selecting what to display in row/column combinations, such as showing debit amounts only, or only showing a number when there is a debit balance. New features also make it easier to create cash flow statements as well as statutory reports where a specific format is required.

- **Inventory Costing**—Enhancements to inventory costing include real-time cost updates on sales and customer statistics, an Inventory Closing feature, and new reporting tools for general ledger inventory and item value dynamics which can help improve the trustworthiness of costing data and provide better traceability. With an improved cost reversal (returns) process, the ability to undo item entry application, more resilient costing-related batch jobs, and simplified costing setup on the item card, Microsoft Dynamics NAV 5.0 continues to streamline financial processes and enhance usability.

- **Intercompany Purchase Invoice Distributions**—Intercompany Postings makes it easier to distribute purchase invoice costs to partner companies to reduce manual rekeying of information for all companies and transactions and reduces the potential for error.

Additional Enhancements

Some of the architectural enhancements include:

- **Record Links**—A typical organization creates a lot of unstructured data and documents in the work process. This information can be relevant for the users of Microsoft Dynamics NAV and be more valuable when it is combined with the information available in the structured world of an enterprise resource planning (ERP) system. Users can now add links to documents for any record in Microsoft Dynamics NAV. The documents can be stored in Microsoft Windows® SharePoint Services or on a file server.

- **Microsoft Office Open XML Formats**—The new Export Using Office XML functionality makes it easier for users to move data from Microsoft Dynamics NAV to other programs such as Word or Excel. Supporting Office XML Formats also opens new opportunities for partners to create links to data in other programs.

- **Sales and Purchasing Document Approval**—This new feature provides approval processes for sales and purchasing documents including:

  - The ability to approve and reject with comments.

  - The ability to delegate approval to another.

  - SMTP mail notification to Approvers and Overdue Approvals notifications.

  - Links to purchase and sales source documents in Windows SharePoint Services.

- **Extended Address Length**—The extension now enables names and addresses to be 50 characters instead of 30. This helps free users from naming customers, vendors, contacts, and other entities with abbreviations.

- **Online Map Integration**—Integration with Microsoft MapPoint® and other online map services enables the user to get extended address features offered with Microsoft Dynamics NAV. MapPoint functionality shows a location on a map and enables the user to get directions from one location to another.

- **Enhanced User Experience**—The graphical user interface has been enhanced to make it easier to perform common tasks. The redesign has also reduced the number of steps required to complete many functions. Users will work more efficiently because they can have an individual, tailored program that fits their tasks in the most optimal way.