CONVERGENCE | AI + ERP

MIAMI | 2025

# Streamlining Finance in Dynamics 365: Payments, Bank and Billing

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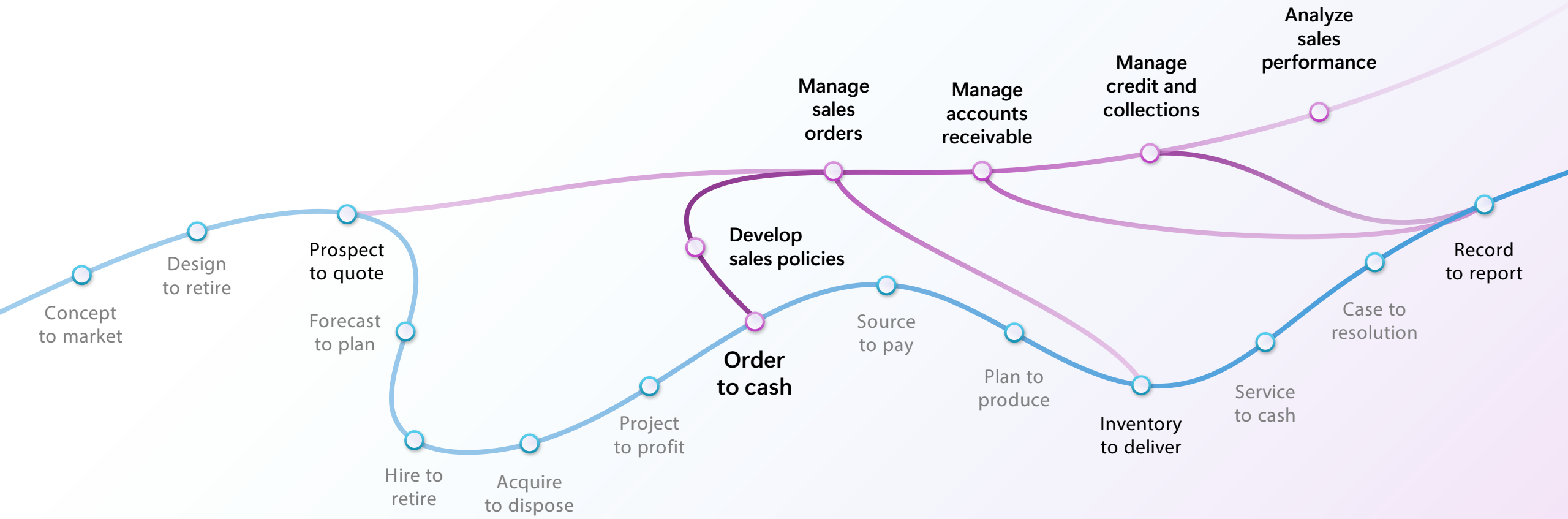
# An end-to-end journey



# *Order to cash* sub-process details

## Develop sales policies

- Develop order management policies
- Manage sales channels
- Define customer classifications
- Develop sales catalogs
- Develop sales pricing strategy
- Define trade allowances
- Define risk management strategy

## Manage sales orders

- Manage blanket sales orders
- Sell product subscriptions
- Enter sales orders
- Manage sales order changes
- Manage sales order holds
- Manage store operations
- Process customer returns and exchanges
- Cancel sales orders
- Allocate inventory to sales orders

## Manage accounts receivable

- Issue sales invoices
- Process customer payments
- Process customer pre-payments
- Issue customer credits
- Write off bad debts
- Process customer rebates
- Bill subscriptions
- Recognize revenue
- Manage trade allowances
- Calculate sales commissions

## Manage credit and collections

- Manage customer collections
- Set customer credit limits
- Monitor customer credit
- Manage customer holds
- Collect interest

## Analyze sales performance

- Measure sales performance
- Analyze accounts receivable
- Analyze cash flow
- Analyze customer risk
- Analyze revenue
- Analyze order management process

# *Order to cash* capabilities

## Develop sales policies

- Sales categories
- Sales channel management
- Catalogs and assortments
- Workflow
- Pricing management
- Trade allowance/ rebate management

## Manage sales orders

- Order management
- Call center
- Point of sale*
- B2C and B2B eCommerce
- Return orders
- Delivery date management
- Inventory allocation
- Shipment tracking
- Drop-ship
- Upsell and cross-sell
- Warehouse management
- Fraud detection
- Order holds

## Manage accounts receivable

- Sales invoices
- Free-text invoices
- Payment processing
- Prepayments
- Invoice automation
- Write-offs
- Netting
- Subscription billing
- Gift cards
- Commissions calculations
- Deposit slips
- Lockbox
- Credit card payments
- Intercompany trade
- Store financials*
- Tax calculation

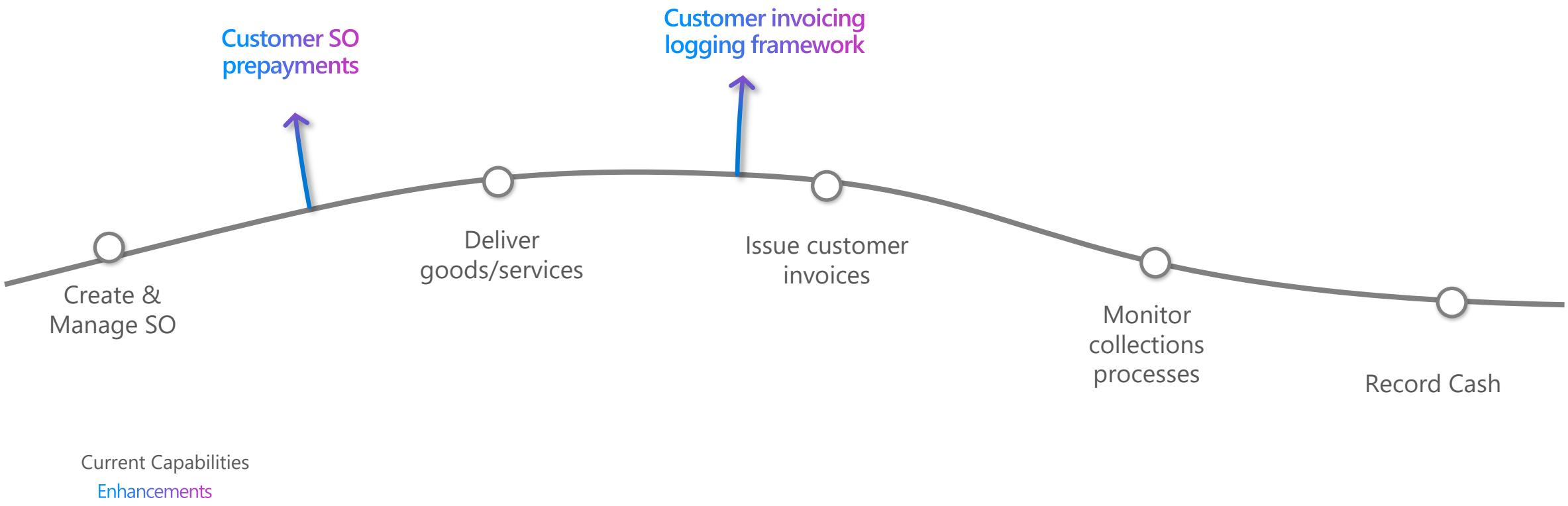
## Manage credit and collections

- Credit limits
- Credit checks
- Customer holds
- Collections letters*
- Interest notes
- Bill of exchange
- Customer account statements
- Risk scoring
- Guarantees
- Letters of credit

## Analyze sales performance

- Business performance analytics
- Sales performance analysis
- Customer aging
- Customer turnover report
- Customer statistics
- Sales statistics
- Invoice turnover report

# Enhancements in Accounts Receivable



# Prepayment capabilities

Enables **creation and management of prepayment** invoices within Accounts Receivable.

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**Apply prepayments to sales orders** with improved tracking and reconciliation

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**Cancel or void prepayment** invoices when contracts change or payments are not received.

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**Include references to sales orders** and prepayment details in both prepayment and final invoice formats**.**

**Outcomes**

Reduces **manual effort** in managing advance payments.

Improves compliance and audit readiness

Supports better cash flow forecasting

Details of prepayment in the final Invoice report

# Demo

InPrivate | All sales orders -- Finance and Op

https://aurorabapenv3cfb7.operations.int.dynamics.com/?cmp=usmf&mi=SalesTableListPage

Finance and Operations Preview | Search for a page | USMF | Contoso Entertainment Syste... | AD

# Contoso Entertainment System USA

Search people ...

October 2024

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Work items assigned to me

- Cash advance request : Record ret...
- Expense reports : Record returned
- Catalog : catalog approval
- Expense reports : Expense report a...
- Cash advance request : Cash adva...
- Approve travel requisition
- Catalog : catalog approval

## APPS

- Business performance analytics (preview)
- Business performance planning
- Copilot for Finance (Preview)
- Demand planning
- Human Resources
- Inventory Visibility
- Invoice capture

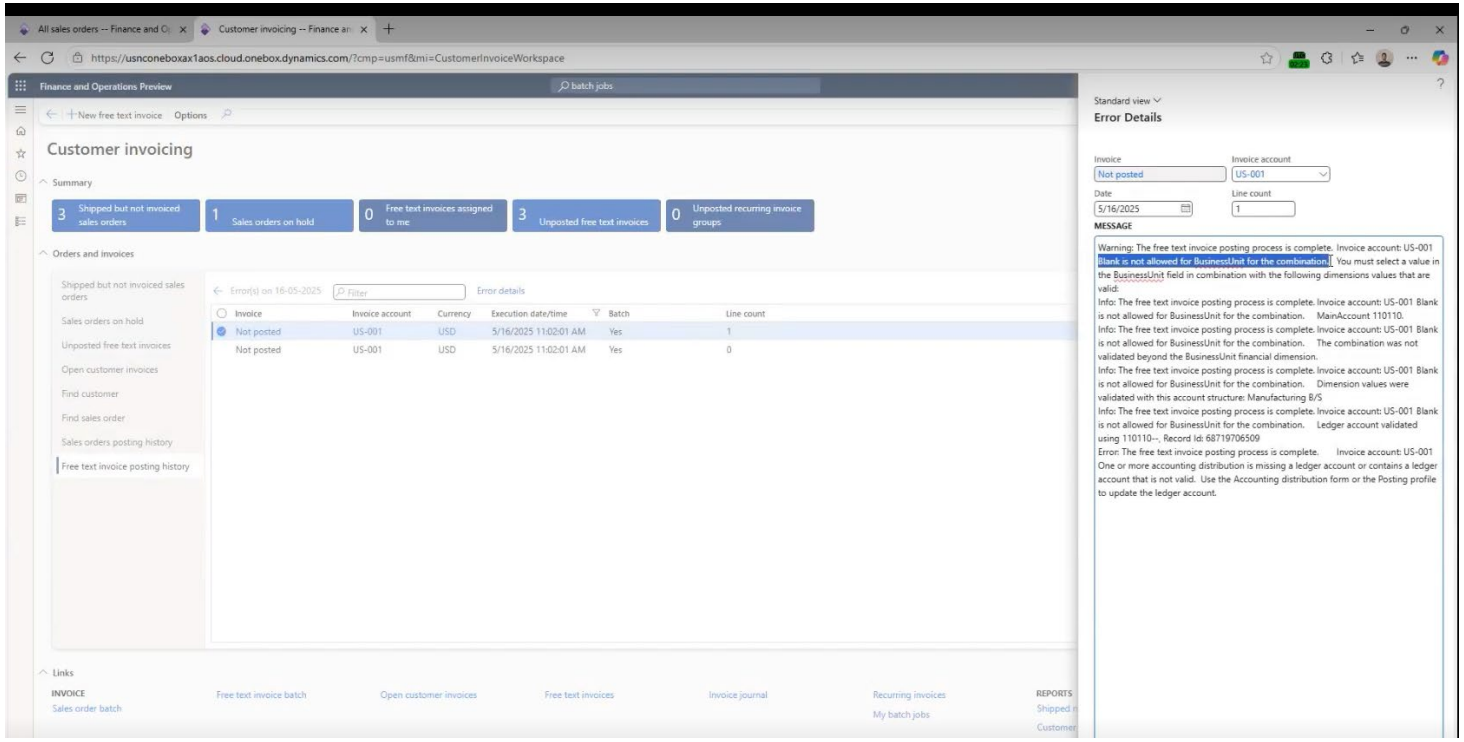
## WORKSPACES

- Bank management
- Cost accounting ledger administration
- Financial analysis - all companies
- Payment workspace
- Sales order processing and inquiry
- Benefits
- Cost administration
- Financial analysis - current company
- Payroll management
- Sales return processing
- Budget planning
- Cost analysis
- Financial period close
- People
- Store financials
- Business document management
- Cost control
- Fixed asset management
- Personnel management
- Store management

# Logging framework for document processing

Provides traceability and error tracking for document lifecycle stages

Enables real-time visibility into document states and transitions for better troubleshooting and compliance.



# Demo

Finance and Operations Preview

Search for a page

USMF | Contoso Entertainment Syste...

## Feature management

Do not enable new features automatically

| New | Not enabled | Scheduled |
|---|---|---|
| 507 | 369 | 1 |

Enable all | Check for updates

New | Not enabled | Scheduled | All

(preview)

| Feature name | Status | Enable date | Feature added | Feature state | Module |
|---|---|---|---|---|---|
| (Preview) Acceptance sampling | ⚠ | | 6/12/2025 | Preview | Inventory and warehouse management |
| (Preview) Advanced quality management | | | 6/12/2025 | | Inventory and warehouse management |
| (Preview) Approved customer list | | | 6/12/2025 | | Accounts receivable |
| (Preview) Archive Customer invoice with long term retention. | ⚠ | | 6/12/2025 | Preview | Accounts receivable |
| (Preview) Bank account lifecycle management | ⚠ | | 6/12/2025 | Preview | Cash and bank management |
| (Preview) Cross-company data sharing for products | ⚠ | | 6/12/2025 | Preview | Product information management |
| (Preview) Custom API Generation | ⚠ | | 6/12/2025 | On by default | System administration |
| (Preview) Customer invoice logging framework for sales order and FTI history track | ⚠ | | 6/12/2025 | Preview | Accounts receivable |
| (Preview) Disable Fixed asset transactions cache | ⚠ | | 6/12/2025 | Preview | Fixed assets |
| (Preview) Dispense management | | | 6/12/2025 | | Production control |
| (Preview) Electronic signature improvements | | | 6/12/2025 | | Organization administration |
| (Preview) Enable flexibility in determining financial dimension defaulting for reso... | ⚠ | | 6/12/2025 | Preview | Project management and accounting |
| (Preview) Enable foreign trade parameters for all countries | | | 6/12/2025 | | Product information management |
| (Preview) Enable Quality Control for Goods In-Transit Order. | ⚠ | | 6/12/2025 | Preview | Transportation management |
| (Preview) Enable recruitment add-on. | ⚠ | | 6/12/2025 | Preview | Human resources |
| (Preview) Evaluate costs in discrete manufacturing using standard cost in Global I... | ⚠ | | 6/12/2025 | Preview | Cost management |
| (Preview) Fixed assets light cache | ⚠ | | 6/12/2025 | Preview | Fixed assets |
| (Preview) Fixed assets transactions cache performance improvements for depreci... | ⚠ | | 6/12/2025 | Preview | Fixed assets |
| (Preview) Follow-up questions in the Copilot sidecar | ⚠ | | 6/12/2025 | Preview | System administration |
| (Preview) Globalization expansion - Türkiye | ⚠ | | 6/12/2025 | Preview | Other |
| (Preview) In-App PDF conversion for Configurable Business Documents (CBD) | ⚠ | | 6/12/2025 | Preview | Organization administration |
| (Preview) Integrate with external contract lifecycle management systems | | | 6/12/2025 | | Procurement and sourcing |
| (Preview) Inventory dimensions with license plate id cleanup | ⚠ | | 6/12/2025 | Preview | Inventory and warehouse management |
| (Preview) Lean manufacturing for Planning Optimization | ⚠ | | 6/12/2025 | Preview | Master planning |
| (Preview) New vendor invoice center | | | 6/12/2025 | | Accounts payable |
| (Preview) Pair transfer order lines with sales order lines | | | 6/12/2025 | | Inventory and warehouse management |
| (Preview) Print work order document attachments | ✓ | 6/12/2025 | 6/12/2025 | On by default | Asset management |
| (Preview) Purge From History Archive Feature | | | 6/12/2025 | | System administration |
| (Preview) Recruiting enhancements | ⚠ | | 6/12/2025 | Preview | Human resources |
| (Preview) Sensor Data Intelligence | ⚠ | | 6/12/2025 | Preview | Production control |
| (Preview) Traceability | ⚠ | | 6/12/2025 | Preview | Inventory and warehouse management |

### (Preview) Customer invoice loggi...

Feature added 6/12/2025
Accounts receivable
Learn more

This is a preview feature. By enabling this feature, you are confirming that you have read and understand the preview feature terms and conditions.

View preview terms

**Description**

This feature introduces a structured logging framework to track the lifecycle of customer invoice documents, including sales orders and free text invoices (FTI). The logged data supports a detailed posting history in the Customer Invoice workspace, improving traceability and diagnostics. The tab pages in the Customer Invoicing workspace (e.g., Sales Order Posting History, FTI Posting History) remain unchanged before and after enabling this feature. Users can now view detailed error messages for sales orders that failed during the posting process. The Sales Order Posting History and FTI Posting History tabs continue to display data for the past 14 days by default, as per the current retention policy.

Comments

Schedule | Enable now

# Subscription billing

Dynamics 365

# Need for Subscription Billing

Increasing number of businesses are using leasing or membership models with recurring billing to match revenue with services, ensuring steady income and improving customer loyalty through easier billing.

### Key industries & models

- Professional, managed services
- Manufacturing
- Telecom, internet & media
- Retail & consumer goods
- Energy & utilities
- Education

### Key finance workflows

- Order to Cash
- Project to Profit
- Record to Report
- Contract to Cash

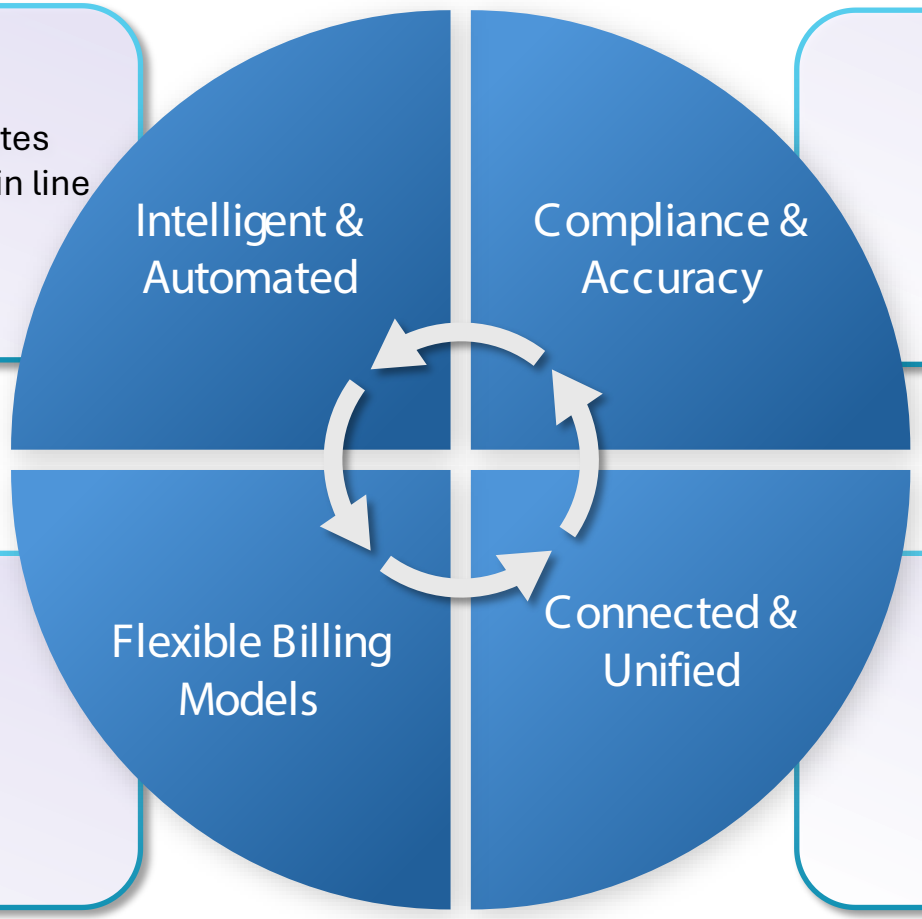
### Key requirements

- Compliance with IFRS 15 / ASC 606
- Support recurring billing
- Revenue recognized over service period
- Contract change mid-term
- Revenue deferral for long-term contracts
- Periodic revenue recognition
- Contract: renew, amend & version

# Subscription Billing capabilities

Embedded accounting intelligence – automates revenue deferrals, accruals, and allocations in line with accounting standards

Ensures revenue is recognized in line with ASC 606/IFRS 15, with built-in deferral schedules




Supports diverse billing models (subscriptions, milestone-based, usage-based, etc.)

Seamless integration with the D365 ecosystem: ties billing with Accounts Receivable, Projects, and General Ledger

# How Subscription Billing supports various business models

| Business Scenario | Subscription Billing |
|---|---|
| **Recurring Services & Memberships**<br>(e.g. SaaS licenses, monthly memberships, equipment rentals | Automates invoicing and renewals by allowing billing schedules for each contract, generating invoices at set intervals with accurate amounts. |
| **Milestone Billing**<br>(e.g. project-based billing on deliverables or stages) | Allows billing at set milestones, so you can create multiple trigger points (e.g., 50% after design, 50% after installation) in a contract instead of issuing a single invoice. |
| **Usage-Based Billing**<br>(e.g. pay-per-use, consumption-based models such as cloud usage or utilities) | Subscription Billing calculates charges from consumption inputs like hours or GB used each period. Usage-based billing lines are supported in the schedule, matching meters with bills. |
| **Upfront Billing with Deferrals**<br>(e.g. annual prepayment for services delivered over time) | Manages revenue recognition by spreading upfront payments across the service term. |
| **Accrual (Arrears) Billing**<br>(e.g. usage or services billed at period-end, but earned throughout) | D365 allows revenue to be accrued before invoicing, enabling businesses that bill after service delivery (like month-end usage billing) to record unbilled revenue during the month. |
| **Bundled Offerings (Multi-Element)**<br>(e.g. product + service packages with allocated revenue) | Manages fair revenue allocation. When you sell a bundle (like a device with a 1-year service plan), Subscription Billing splits the price according to each item's standalone value. |

# Deferral COGS in *Subscription billing*

## *Solving Key Business Problems*

### Challenges

**Misaligned Cost & Revenue Timing:** Cost are recognized upfront while revenue is deferred

**Manual Adjustment & Risk of Error:** Manually adjust COGS when inventory costs change, increasing workload and risk.

**Legacy System Gaps & Migration Barriers :** Lack of cost deferral in Subscription Billing discouraged migration from legacy RevRec modules.

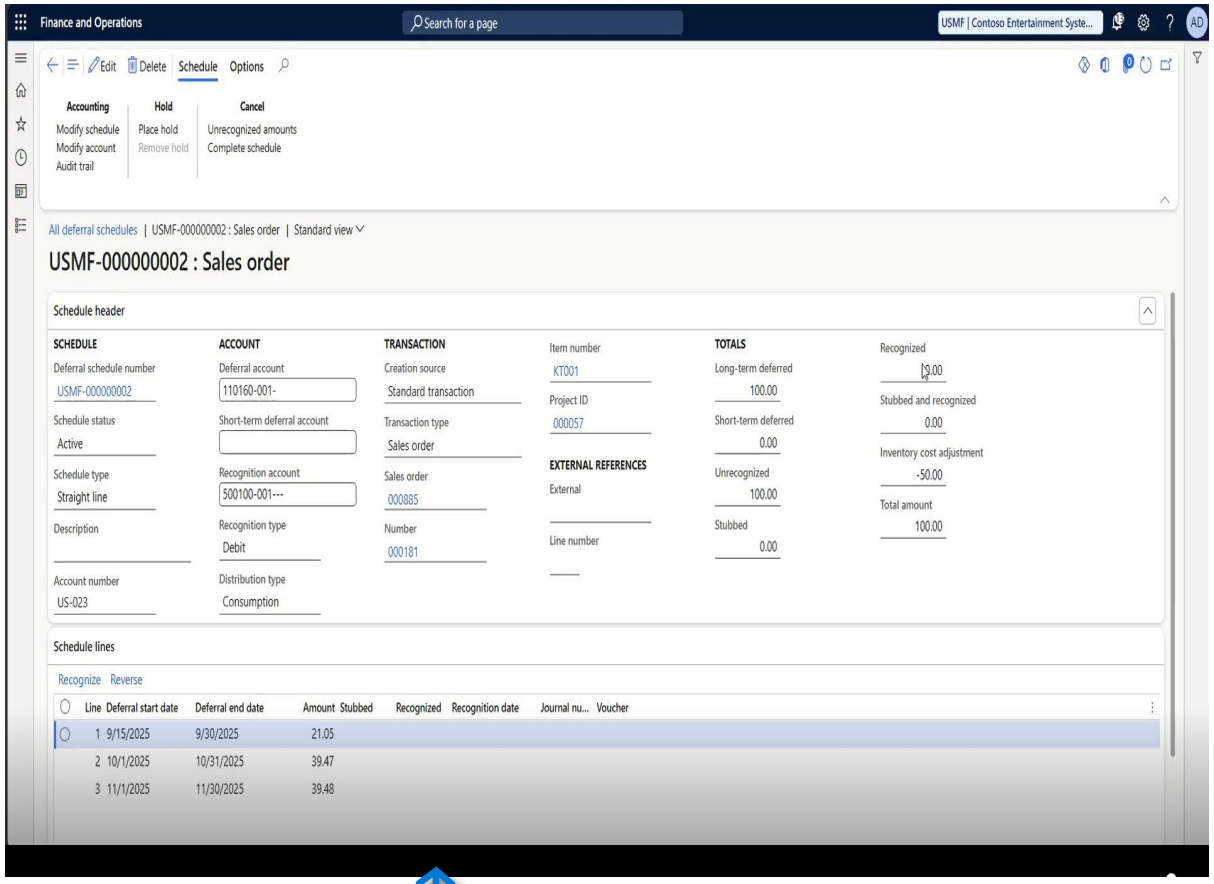
**Compliance with Accounting Standards:** Inconsistent cost/revenue matching violates ASC 606/IFRS 15 principles.

**Audit Trail & Transparency:** Manual corrections lack traceability, complicating audits and financial reviews.

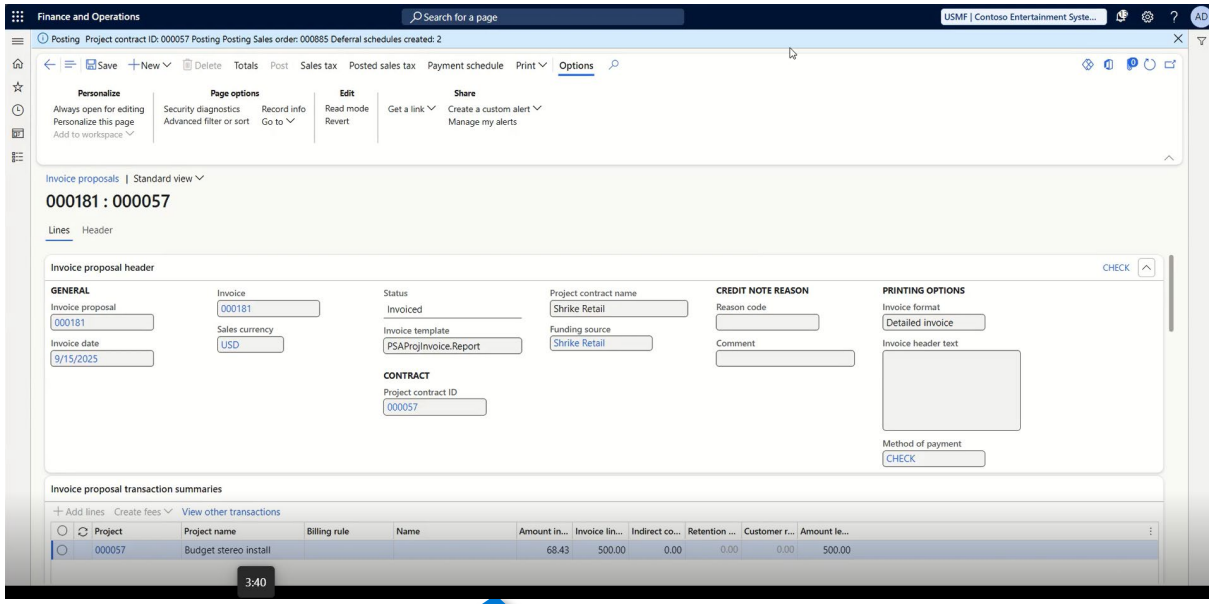
### Outcomes

- Automates COGS updates during inventory recalculation, reducing manual effort and errors.
- Automatically aligns cost recognition with revenue periods
- Adds full cost deferral capability, enabling smooth transition from legacy systems.
- Ensures revenue and expense matching for compliance with financial reporting standards.

# Deferral COGS in *Subscription Billing*




Inventory Adjustment




Generate 2 Deferral Schedules

Preview

# Payment/settlement, cash and bank

# Cash, Bank and Payments Management

## Efficiency Through Automation

## Cash Visibility

## Built-In Compliance and Control

# Key Features and Capabilities

## Centralized bank management

Maintain all bank accounts in one system, with support for multiple currencies and account types. Each bank account is linked to the GL for automatic posting of payments/receipts, providing a single source of truth for cash balances

## Payment processing automation

Streamline vendor payments end-to-end. AP clerks and managers can generate payment proposals that aggregate due invoices, then automatically create payment journals and even electronic bank files. The solution supports rich payment formats (ACH, SEPA, wire, check, etc.) and approvals.

## Advanced bank reconciliation

Automated bank statement reconciliation greatly reduces the month-end burden. D365 Finance can import electronic bank statements (BAI2, CAMT.053, MT940 formats) and then auto-match transactions to entries in the system or create new records for payments, interest or fees.

## Liquidity forecasting and insights

Built-in cash flow forecasting tools help project future cash positions. The system pulls data from AR (incoming payments), AP (outgoing payments), sales orders, purchase orders, and even budgets to forecast cash inflows and outflows. The Finance Insights add-in with AI/ML capabilities refine forecasts and provide payment predictions.

# Key Features and Capabilities

## Bank account governance

Bank lifecycle management

Bank reconciliation rules

Bank statement import

Snapshot locking for audits

Automated bank reconciliation

Foreign currency reval

## Settlement and Payments

Customer/vendor netting

Payment process automation

ISO compliant payment formats

Bridging payment automation

## AI and Analytics

Multi-entity cash visibility

Cash flow forecasting with AI

# Recently released enhancements

- Bank account lifecycle management
- Petty Cash management
- Autonomous bank reconciliation
- Auto-clear bridged transactions
- Customer/Vendor netting
- Cash application during bank reconciliation
- Scheduled foreign currency revaluations for AR, AP and Bank ledgers

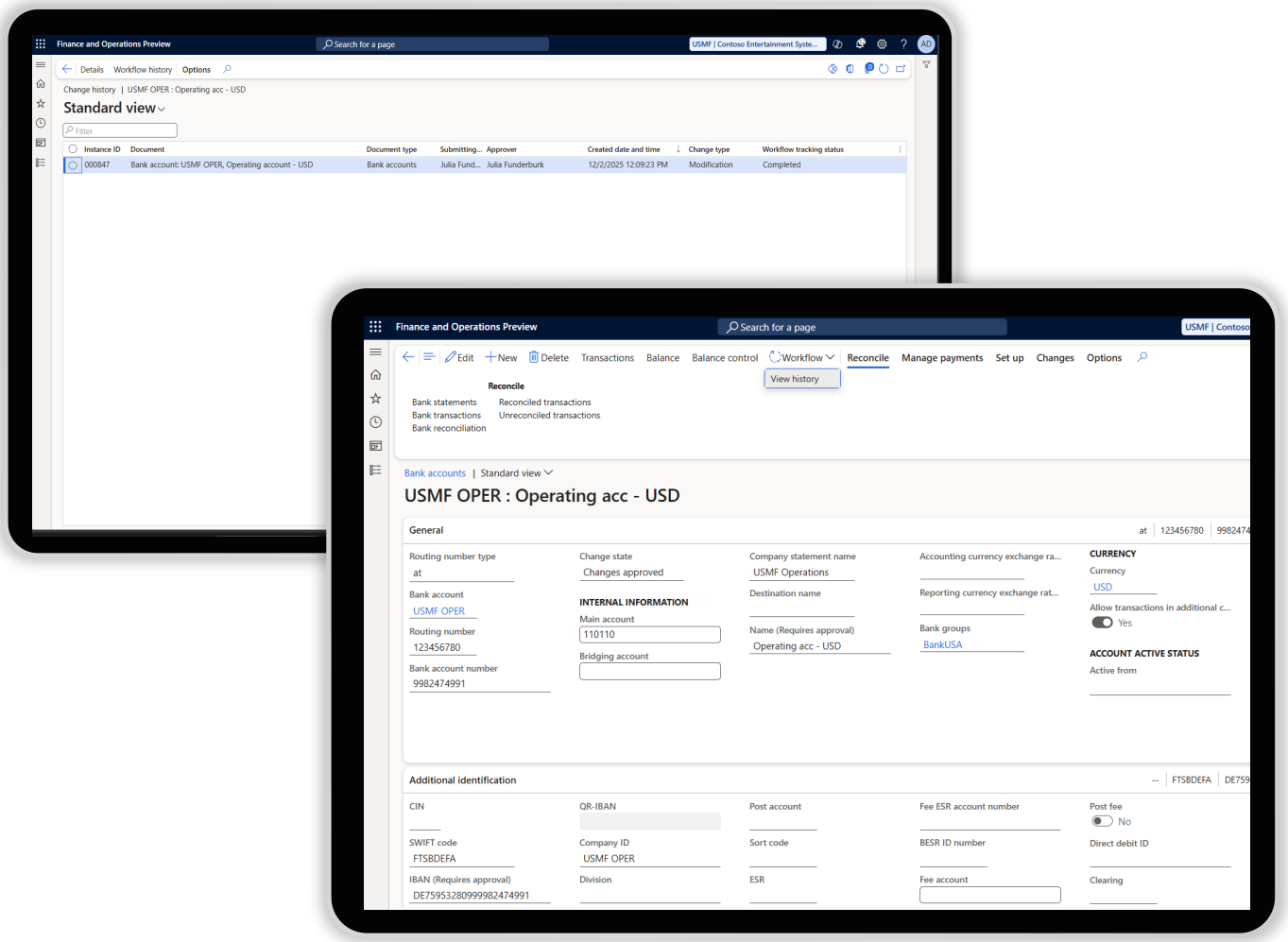
# Bank lifecycle management

**Approval workflows** for activation/modification of bank accounts

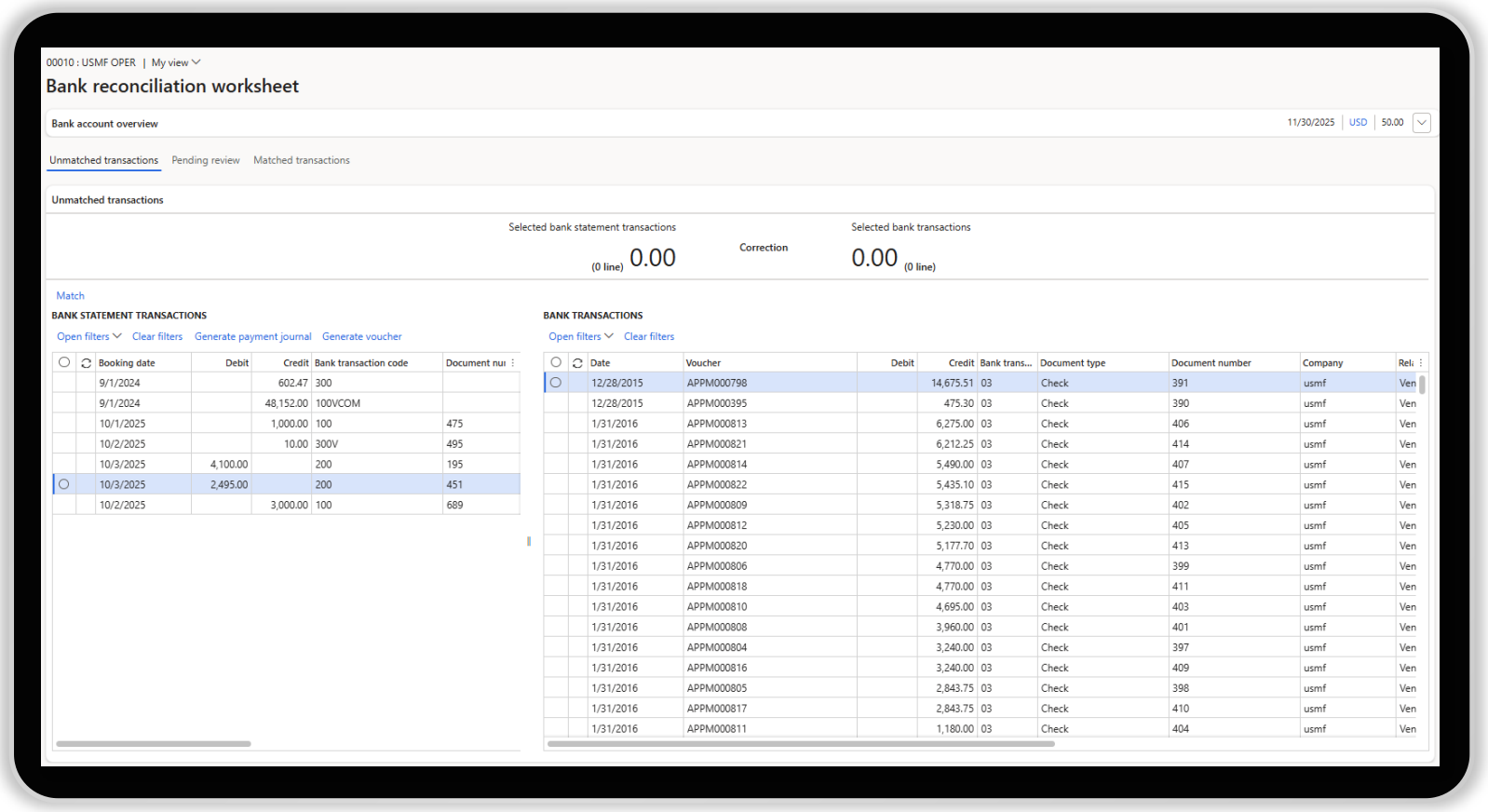
**Configurable protected fields** prevent unauthorized edits to sensitive data

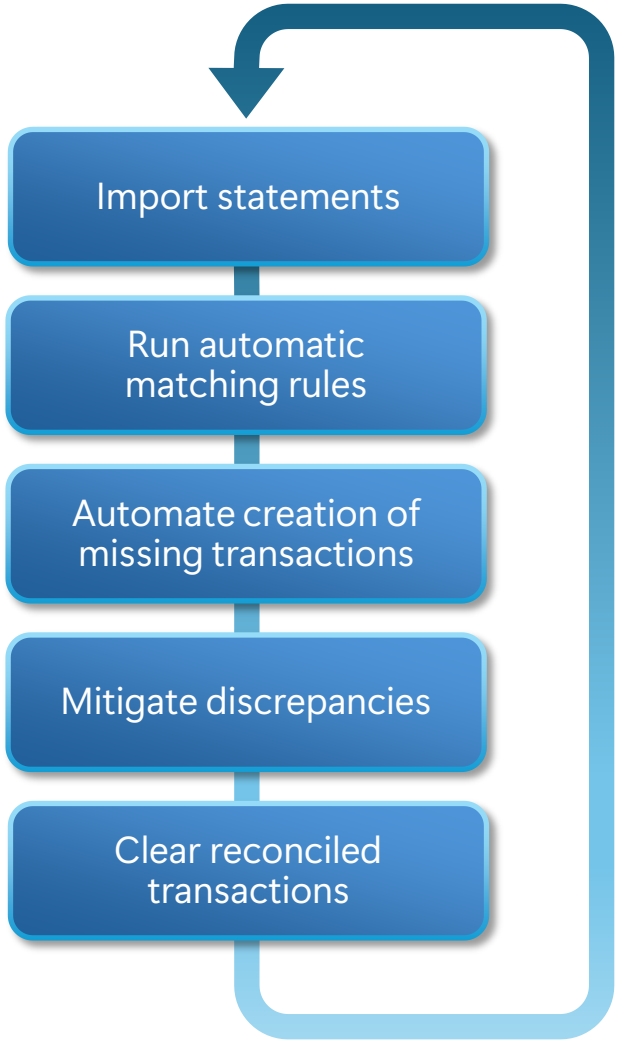
**Complete change history** tracking for every bank account update

Additional **signer data** improves visibility into authorized personnel



# Autonomous bank reconciliation



# Demo

# Contoso Entertainment System USA

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Work items assigned to me

- Cash advance request : Record ret...
- Expense reports : Record returned
- Catalog : catalog approval
- Expense reports : Expense report a...
- Cash advance request : Cash advan...
- Approve travel requisition
- Catalog : catalog approval

## APPS

- Business performance analytics
- Business performance planning
- Demand planning
- Finance in M365 Copilot
- Human Resources
- Inventory Visibility
- Invoice capture
- Recruiting add-on

## WORKSPACES

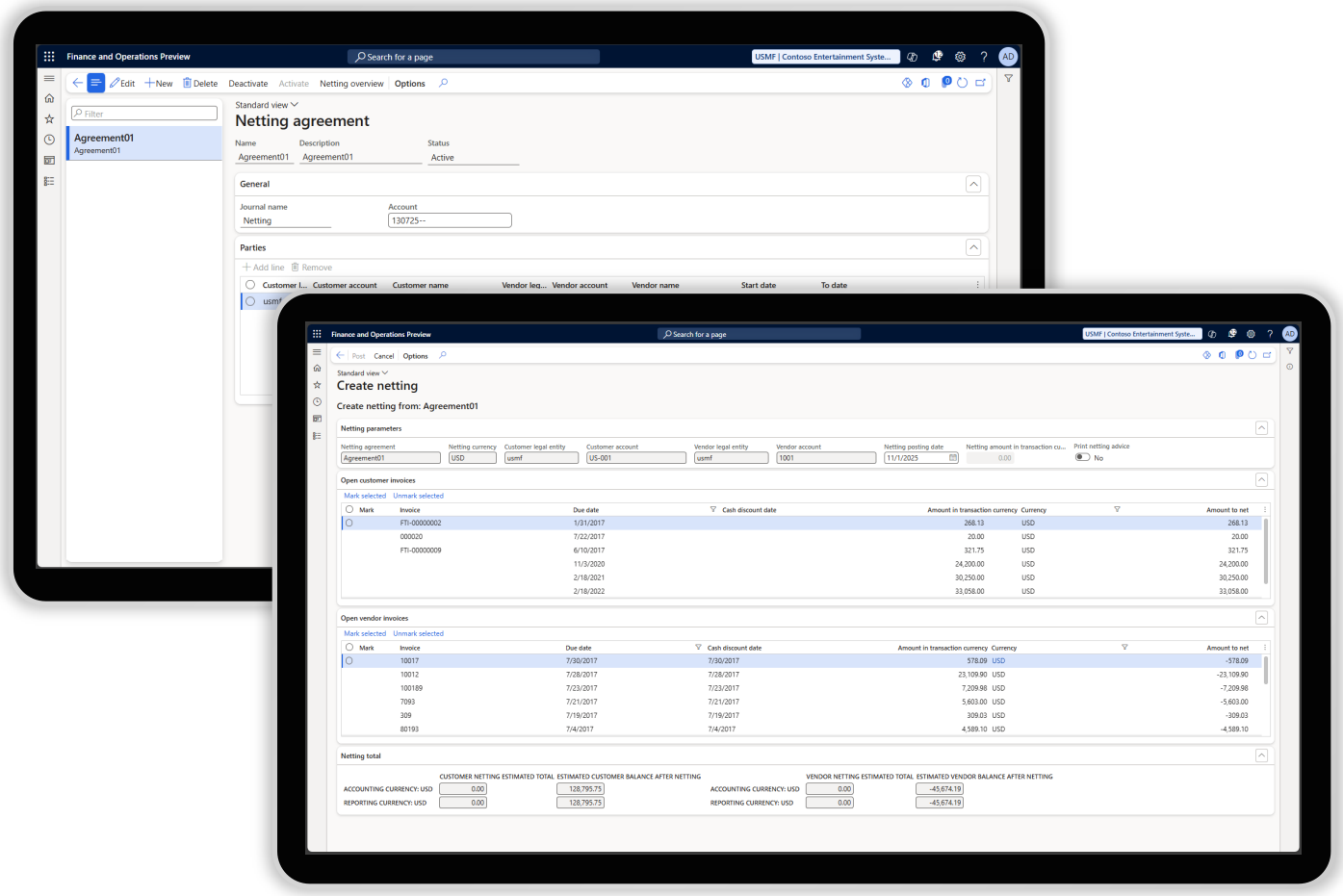
- Account reconciliation
- Channel deployment
- Customer payments
- Financial period close
- Optimization advisor
- Purchase order confirmation
- Supply risk assessment
- Bank management
- Channel merchandising configuration validator
- Data management
- Fixed asset management
- Outbound work monitoring
- Purchase order preparation
- System administration
- Benefits
- Collections coordinator
- Data validation checklist
- General journal processing
- Outbound work planning
- Purchase order receipt and follow-up
- Task management
- Budget planning
- Commerce pricing and discount management
- Distributed order management
- Globalization studio
- Payment workspace
- Quality order processing and inquiry
- Vendor bidding
- Business document management
- Compensation management
- Electronic reporting
- Instrument calibration processing
- Payroll management
- Recruitment management
- Vendor information
- Business processes for human resources
- Confirmed purchase orders with changes
- Employee development
- Invoicing
- People
- Released product maintenance
- Vendor invoice automation
- Business processes for payroll
- Cost accounting ledger administration
- Employee self service
- Learning
- Personnel management
- Resource lifecycle management
- Vendor invoice entry
- CAPA management
- Cost administration
- Engineering change management
- Leave and absence
- Product readiness for discrete manufacturing
- Retail and Commerce IT
- Vendor payments

# Netting management

**Consolidate balances**: customer and vendor

**Simplify financial operations** by offsetting mutual balances, reducing the need for separate AR and AP transactions

**Cost savings** by minimizing number of unnecessary payments or receipts



# Cash, Bank and Payments - Roadmap

| 2025 Wave 2 | 2026 Wave 1 & 2 | Future |
|---|---|---|
| **Payments and settlement** | | |
| • Settlement decoupling<br>• Vendor auto settlement with priority<br>• Process automation for Bank, AR and AP foreign currency revaluation | • Customer payment remittance advice import and creation of payments/settlement using AI<br>• Cash discount support for invoice settlement during bank reconciliation | • Cross legal entity settlement & Settlement hub<br>• Global customer/vendor payment journal<br>• Exception handling |
| **Bank** | | |
| • Review automatic bank reconciliation matching results before posting<br>• Bank transactions performance<br>• Automatic customer/vendor search from reconciliation worksheet | • Intelligent bank reconciliation rule suggestions<br>• Automatic centralized bridged payment clearing during bank reconciliation<br>• Bank account lifecycle management – General availability | |

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# QUESTIONS

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