



# Microsoft Business Central Implementation

## Functional Requirements Document

**Prepared for**  
Your Company

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# 1 INTRODUCTION

Innovia Consulting conducted a planning engagement at Client Company on Monday, December 17<sup>th</sup>, 2018 and Tuesday, December 18<sup>th</sup>, 2018. The objective of this visit was to familiarize ourselves with Your Company's current business processes and to identify opportunities for process improvement during the implementation of MS Dynamics 365 Business Central.

A Functional Requirements Document and Fit Gap Analysis Document were prepared based upon business requirements described by Your Company's core team users during the planning process. The Functional Requirements Document identifies the functional requirements of the solution to be implemented. The Fit Gap Analysis Document is a supporting document to the Functional Requirements Document, which identifies any gaps found in the functionality, along with implementation options identified.

### 2.1 Overview

YOUR COMPANY US would like to implement MS Dynamics 365 Business Central to replace their current accounting software, MS Dynamics SL, replace pc/MRP and Batch Control, and to reduce their reliance on CUSTOM PROGRAM, which consists of multiple proprietary FoxPro based applications. For the first phase, go live, only some of the CUSTOM PROGRAM functions will be replaced. A phased approach will be used to replace other CUSTOM PROGRAM functions in the future.

YOUR COMPANY has already implemented MS Dynamics NAV 2017 at their UK and AU locations. Innovia Consulting recommends implementing MS Dynamics 365 Business Central at the US location.

YOUR COMPANY may require the following MS Dynamics 365 Business Central ISV Solutions:

- **Already Purchased**
  - **Business Central On Prem & Cloud Ready**
    - Jet Enterprise: This is now called Jet Analytics.
- **Recommended:**
  - **Business Central On Prem & Cloud Ready**
    - Insight Works: Warehouse Insight (Only purchased in AU)
    - Insight Works: License Plate Management
    - True Commerce EDI (Purchased for other locations)
    - AMC Banking
    - Power BI
    - ClickLearn for Training Documentation
  - **Business Central Cloud Ready ONLY**
    - Shopify Connector by Scapta
  - **Business Central On Prem Ready ONLY**
    - Insight Works: Advanced Inventory Count (Done, Insight Works waiting on MS approval)
    - Insight Works: Shop Floor Insight (Just started porting)
    - Insight Works: Dynamics Shipping (Almost Done, should be submitted soon to MS for approval)
    - Zetadocs Delivery & Capture Essentials or Plus (Possibly available May 2019)
- **Possible Future ISV Solutions**
  - **Business Central On Prem & Cloud Ready**
    - ChargeLogic Payment Processing
  - **Business Central Cloud Ready ONLY**
    - Avalara Avatax

## 2.2 Companies

Currently, YOUR COMPANY requires nine companies to be implemented in MS Dynamics 365 Business Central.

1. US Sales
2. US Mfg
3. US Consolidation Company
4. UK (Financials Only)
5. AU (Financials Only)
6. Japan (Financials Only)
7. Global Consolidation Company
8. YOUR COMPANY Real Estate Holdings
9. YOUR COMPANY DISC

During the planning engagement, we discussed the possibility of combining the US Sales and US Mfg companies into one using dimensions. After further analysis with other Senior Application Consultants, we concluded that the best approach would be to keep the US Sales and US Mfg companies separate. The main driver in this decision was the fact that US Mfg sells the product to US Sales at an upcharge. The entries that would need to take place would be intercompany entries, but within the same company using dimensions, which MS BUSINESS CENTRAL does not do out of the box. If the companies were separate, then MS BUSINESS CENTRAL's intercompany functionality would work perfectly. The secondary driver was because US Mfg needed its own Balance Sheet. Yes, MS BUSINESS CENTRAL can produce reporting at the dimension level, however, getting all transactions on the Balance Sheet, by dimension is a bit trickier.

## 2.3 Users

YOUR COMPANY currently has a MS Dynamics NAV license for 22 users. YOUR COMPANY received this license credit for owning a previous Microsoft ERP Product. However, more users will be required. The user count required will be dependent upon which version of MS BUSINESS CENTRAL/BC the US operations will utilize.

Security will be configured per user with profile configurations and security/permissions setup.

## 2.4 Global Support

### 2.4.1 Multilanguage

YOUR COMPANY does not require the ability to view MS BUSINESS CENTRAL in multiple languages.

## 2.4.2 Multicurrency

YOUR COMPANY requires multicurrency management.

- US Sales: USD
- US Mfg: USD
- US Consolidation Company: USD
- UK (Financials Only): Euro & USD
- AU (Financials Only): AUD & USD
- Japan (Financials Only): YEN & USD
- Global Consolidation Company: USD
- YOUR COMPANY Real Estate Holdings: USD
- YOUR COMPANY DISC: USD

MS BUSINESS CENTRAL's currency management functionality fulfills Your Company's business requirements. All currencies can be setup and tracked in the currency table. Exchange rates can be manually setup or updated on a pre-defined time schedule using a web service. Each company can be setup in a specific currency as well as an additional currency for reporting purposes. Consolidations can be performed in any currency.

## 2.5 External System Integration – CUSTOM PROGRAM/MS Business Central/NAV 2017

### 2.5.1 Overview

YOUR COMPANY requires go live integrations to CUSTOM PROGRAM, both pushing data from MS BUSINESS CENTRAL to CUSTOM PROGRAM and pulling data from CUSTOM PROGRAM to MS BUSINESS CENTRAL. There are 3 instances of CUSTOM PROGRAM, 1 per country. CUSTOM PROGRAM updates MS BUSINESS CENTRAL every 15 minutes. The expectation is that there will be integration work with MS BUSINESS CENTRAL that will not be required in the future but is required to meet Your Company's expected go live date.

Integration with CUSTOM PROGRAM will require **modifications** in which further analysis must be completed to determine an estimated number of hours. Time for further analysis has been documented in the **Fit Gap Analysis Document**.

YOUR COMPANY does not require integration of the following master records. Master records will be created and maintained in MS BUSINESS CENTRAL only.

- Customers
- Ship-to Addresses
- Vendors
- Order Addresses

## 2.5.2 Item Master Records

### Current State:

- Items are created and maintained in CUSTOM PROGRAM PLC (Product LifeCycle). Once the item is approved, the item is then pushed to all companies (US, UK, AU). PLC is the owner of all master data related to an item including purchase pricing, sales pricing and discounts, and production/assembly BOMs.
- Sales Pricing & Discounts: Item sales pricing is maintained in CUSTOM PROGRAM PLC as well. Pricing is then pushed to MS SL (US) and RapidStart is utilized to import pricing to MS BUSINESS CENTRAL (UK, AU).
  - Price lists are sent out once a month from CUSTOM PROGRAM out of Price Sheets module which gets the information from Product LifeCycle. (ONLINE, DISTRIBUTOR)
- Purchase Pricing: Currently, all item purchase pricing is maintained in CUSTOM PROGRAM PLC as well. Pricing is then pushed to MS SL (US) and RapidStart is utilized to import pricing to MS BUSINESS CENTRAL (UK, AU).
- Bill of Materials: Bill of materials for production are manually maintained in a FoxPro application and work with Batch Control. Bill of materials for assembly are manually maintained in CUSTOM PROGRAM PLC and MS SL with reports that show any discrepancies between the two systems.

**Future State:** Evaluate all integration options. Integrations can be completed at go live or in a future phase depending on priority and time requirements.

- **Go Live:**
  - Items: Continue to create and maintain in CUSTOM PROGRAM PLC (Product LifeCycle). Once the item is approved, utilize RapidStart to keep all databases up to date with item master records. Evaluate creating an integration to automatically push data to CUSTOM PROGRAM and other MS BUSINESS CENTRAL databases (UK, AU).
  - Sales Pricing & Discounts: All item sales pricing will continue to be maintained in CUSTOM PROGRAM PLC. RapidStart will be utilized to update MS BUSINESS CENTRAL's sales pricing and discounts as is currently being done with UK/AU MS BUSINESS CENTRAL databases.
    - Price lists are sent out once a month from CUSTOM PROGRAM Price Sheets module which utilizes the information from Product LifeCycle. (ONLINE, DISTRIBUTOR)
  - Purchase Pricing: All item purchase pricing will continue to be maintained in CUSTOM PROGRAM PLC. RapidStart will be utilized to update MS BUSINESS CENTRAL's purchase pricing as is currently being done with UK/AU MS BUSINESS CENTRAL databases.
  - Bill of Materials & Routings:
    - For production, bill of materials will be created and maintained in MS BUSINESS CENTRAL (US).
    - For assembly, bill of materials will be created and maintained in CUSTOM PROGRAM PLC. Once the bill of materials is approved, manually enter or RapidStart bill of materials into MS BUSINESS CENTRAL. The structure of the bill of materials in CUSTOM PROGRAM to the MS BUSINESS CENTRAL is quite a bit different. The CUSTOM PROGRAM bill of materials will need to be split into a production BOM (components) and a routing (labor) in MS BUSINESS CENTRAL. Evaluate creating an integration to automatically push the bill of material creation and updates to MS BUSINESS CENTRAL's production BOMs and routings.
- **Future Phase:** Evaluate all integration options. Integrations can be completed at go live or in a future phase depending on priority and time requirements.
  - Items: Items will be created and maintained in MS BUSINESS CENTRAL (US). Once the item is approved, an integration will be required to automatically push item data to other MS BUSINESS CENTRAL databases.

- Sales Pricing & Discounts: Item sales pricing and discounts will be created and maintained in MS BUSINESS CENTRAL (US). Once the item is approved, an integration will be required to automatically push sales pricing data to other MS BUSINESS CENTRAL databases.
  - Price lists will be send from MS BUSINESS CENTRAL.
- Purchase Pricing: Item purchase pricing will be created and maintained in MS BUSINESS CENTRAL (US). Once the item is approved, an integration will be required to automatically push purchase pricing data to other MS BUSINESS CENTRAL databases.

### 2.5.3 Production

**Current State:**

- Production Orders and Purchase orders are created and maintained in pcMRP along with FoxPro applications including Batch Control and Financials.

**Future State:** Evaluate all integration options. Integrations can be completed at go live or in a future phase depending on priority and time requirements.

- Production orders and purchase orders will be created and maintained in MS BUSINESS CENTRAL (US).

### 2.5.4 Assembly

**Current State:**

- Production Orders: Assembly is planned utilizing CUSTOM PROGRAM. Only what is kitted in CUSTOM PROGRAM is then sent to MS SL via an Assembly Order, populating the header information and then copy/pasting from CUSTOM PROGRAM to MS SL for the assembly lines.
- Purchase Orders: Purchase orders are created in CUSTOM PROGRAM and MS SL.

**Future State:** Evaluate all integration options. Integrations can be completed at go live or in a future phase depending on priority and time requirements.

- Production orders and purchase orders continue to be planned in CUSTOM PROGRAM. The plan will be manually entered in MS BUSINESS CENTRAL's planning worksheet for creation of production orders and purchase orders.
- Production orders and purchase orders will continue to be planned in CUSTOM PROGRAM. Utilize RapidStart to import plan into the planning worksheet for purchase order and production order creation.
- Production orders and purchase orders will continue to be planned in CUSTOM PROGRAM. Create an integration to automatically push the plan from CUSTOM PROGRAM into the planning worksheet for purchase order and production order creation.

### 2.5.5 Planning/Forecasting

**Current State:**

- All planning and forecasting for purchasing and production are maintained in CUSTOM PROGRAM.

**Future State:**

- **Go Live:**

- An integration will be required to automatically push the following to CUSTOM PROGRAM to keep CUSTOM PROGRAM up to date for accurate planning and forecasting of purchases, production, and assembly.
  - Sales Orders/Sales Return Orders: Qty Remaining on Order
  - Purchase Orders/Purchase Return Orders: Qty Remaining on Order
  - Production Orders: Qty Remaining on Order
  - Transfer Orders: Qty Remaining to be transferred
  - Item Ledger Entries: All transactions (ins/outs) for an item. Evaluate what level of detail will be pushed to CUSTOM PROGRAM, just Qty on Hand or transaction detail by document type.
- **Future Phase:**
  - Planning and Forecasting of purchases, production, and assembly will be performed in MS BUSINESS CENTRAL.

## 2.6 External System Integration - Other

### 2.6.1 Shopify

YOUR COMPANY is in the process of setting up Shopify eCommerce to start selling directly to consumers. One Shopify account will sell direct to consumers and a second Shopify account will sell their “seconds”. YOUR COMPANY would like the ability to integrate Shopify with MS BUSINESS CENTRAL. This could include pulling in orders, credit card transactions and other payments, and sales tax.

If implementing MS BUSINESS CENTRAL, an **ISV Solution**, Shopify Connector by Scapta, is available on Microsoft AppSource. If implementing MS BUSINESS CENTRAL on prem, we would need to evaluate other **ISV Solutions**. It is possible that Shopify already has an integration available. Evaluating options has been documented in the **Fit Gap Analysis Document**.

## 2.7 Reporting

YOUR COMPANY has provided documentation of reports required for consideration in the MS BUSINESS CENTRAL implementation. The “Innovia Requested Doc Reports” MS Excel spreadsheet with report examples is located on the YOUR COMPANY Project SharePoint site under Planning Engagement.

An estimated number of hours has been included in each functional area to review reporting requirements. In our initial review, reports required could be a data view or report within MS BUSINESS CENTRAL, a report/dashboard within Jet Enterprise, or a dashboard within PowerBI.

### 3.1 Customers

YOUR COMPANY has approximately 60-80 customers, 26 customers being EDI customers. Each customer can have anywhere from 1 to 25 ship-to addresses. Customers are both domestic (90%) and international (10%). If the customer resides in the UK, currency code on the customer will need to be set to Euro, if the customer resides in Australia, currency code on the customer will need to be set to AUD. All other customers will be setup in the default currency of USD. New customer records are created in MS SL. Only a few people can setup new customer records as each new customer goes through a credit check process.

#### Customer Numbering Scheme:

- Currently the customer number is based on their name and can be alphanumeric.
- Evaluate changing the customer number to a number series, saving the old customer number in another field for mapping purposes. Discussed one reason to change might be if customer's change their name, then the customer number is obsolete.

#### Parent/Child Relationship:

- A bill-to/sell-to parent child relationship may be utilized in the future but have no customers now with this type of setup.

#### Contacts:

- Would like the ability to assign multiple contacts to each customer.

#### Salesperson:

- A salesperson is assigned to each customer, if a salesperson is not assigned, customer is assigned to the HOUSE account.

#### Payment Terms:

- The first two sales orders for a new customer are normally setup with a payment method of cash in advance, then setup with typical payment terms (i.e. Net 30, Net 10, 2% 10 Days, Net 30, etc.).

#### Payment Methods:

- The following payment methods are accepted:
  - ACH
  - Wire Transfer
  - Credit Card
  - Check

#### Payment Tolerances:

- Evaluate the use of payment tolerances. YOUR COMPANY likes the idea of setting up a % or \$ amount to write off automatically if the customer short pays.

MS BUSINESS CENTRAL's customer setup functionality fulfills Your Company's business requirements. Customers can be setup with a user defined customer number or utilizing a number series. An unlimited number of ship-to addresses and contacts can be assigned to each customer. MS BUSINESS CENTRAL can handle all Your Company's payment terms, payment methods, and optional new setup of the payment tolerance. If Office 365 will be utilized by the users, evaluate setting up a MS Flow work flow for the setup process for a new customer.

### 3.1.1 Customer Grouping

YOUR COMPANY would like to group/categorize their customers in following ways for analysis and reporting purposes:

- Customer Price List Grouping
- Salesperson
- Customer Class
  - Australia
  - Canada
  - Export
  - YOUR COMPANY Europe
  - YOUR COMPANY Japan
  - Meijer's
  - Online
  - Pet Distributors

MS BUSINESS CENTRAL's ability to categorize customers fulfills Your Company's business requirements. A customer can be setup in a price list grouping utilizing the Customer Price Group Code. Each customer can be assigned to one customer price group. A salesperson can be assigned to the customer utilizing the Salesperson Code and/or creating a Salesperson dimension code. Evaluate the setup of salesperson. Customer class can be setup utilizing a new dimension code.

### 3.1.2 Customer Pricing/Discounts

(Process Flows: Product Pricing & Customer Discounts)

YOUR COMPANY utilizes both sales price and sales discounting structures.

Sales Pricing:

- Customer specific pricing (PetSmart, Petco, etc.)
- Customer group pricing (YOUR COMPANY divisions, Online, Distributor, etc.)
- No minimum quantity discounts.
- Sales pricing will need to be setup in US currency for all customers and for YOUR COMPANY divisions setup in EURO, AUS Dollar, and YEN.
- In the UK, they sell to samples location at 0.00. Customer group is KOSA and put in sales price as 0.00. MS BUSINESS CENTRAL lets you enter 0.00, but when entering on a sales order, it does not recognize the 0.00 and enters the list price from the items. So now, they change the sales price to .0001 with 100% discount for the 0.00.

Sales Discounts: On top of the sales pricing, additional discounts may be given.

- Customer Discount Group/Item Group Discounts
- Customer Discount Group/Item Specific Discounts
- Customer Specific/Item Group Discounts
- Customer Specific/Item Specific Discounts
- No minimum quantity discounts.

Pricing/Discount Updates:

- Update when entering new items, this can occur anytime.
- Update when negotiating new pricing with customers. This occurs once a year for large customers.
- In the UK, import price changes back into MS BUSINESS CENTRAL via RapidStart. Put two lines in - first line is a high price of 20000.00, then a second line with the launch date at normal price. This notifies ASR that the launch date has not occurred yet. The ASR can choose then whether they will sell to them before the launch date. The US does not want this approach.

MS BUSINESS CENTRAL's sales prices and sales discounting functionality fulfills Your Company's special prices and discounting requirements. Sales pricing can be setup utilizing the special prices where a pricing can be assigned to All Customers, a Specific Customer, or a Customer Price Group. Sales discounts can be setup utilizing the sales line discounts where discounts can be assigned to All Customers, a Specific Customer, or a Customer Discount Group in combination with All items, a Specific Item, or an Item Discount Group. Pricing can be update utilizing the sales price worksheet or RapidStart.

## 3.2 Quoting Process

YOUR COMPANY does not require sales quoting functionality.

## 3.3 Ordering Process

(Process Flows: Order Process – ASR)

YOUR COMPANY processes sales orders to other YOUR COMPANY Companies (Intercompany) as well as to their own customers. YOUR COMPANY does not sell to the end consumer, only to distributors of their product.

On average, YOUR COMPANY processes 100-120 sales orders per month. Each sales order can contain anywhere from 200 lines to 700 lines. Sales orders are received via an Excel spreadsheet, PDF, or EDI. Currently all sales orders are manually entered or copied and pasted into MS SL.

- Distributors: 200 – 400 lines
- PetSmart: 450 lines
- Amazon: 700 lines

### **Intercompany YOUR COMPANY Sales Orders**

The UK, AU, and Japan companies are creating their own sales orders in their database. Their sales order data are imported into CUSTOM PROGRAM. Using CUSTOM PROGRAM, the US users will look at all the inventory data in CUSTOM PROGRAM for UK, AU, and Japan and decide what inventory needs to get sent from the US company to fulfill their orders and restock their inventory.

Currently, the US will enter a sales order to UK, AU, or Japan companies (setup as customers) and the UK, AU, or Japan companies will manually enter a purchase order to the US (setup as a vendor) based on what the US users told them they would be shipping. Evaluate whether we would like to use the intercompany functionality in MS BUSINESS CENTRAL to send a file to UK, AU, or Japan companies to import that would automatically create their purchase orders for them.

### **Items must be entered in full case count quantities**

When entering items on a sales order line, the quantity is entered in an EA. If the quantity entered is not the full case quantity that is specified in the item units of measure table, the system needs to give the user a warning to enter the full case count but let them proceed if they do not want to. So, a warning only, not an error that completely stops the user. In the UK database, this is a modification, but it is based on the Lanham package quantity field. The case count also is displayed in the sales order fact box. This functionality will require a **modification** which has been documented in the **Fit Gap Analysis Document**.

### **Order-Related Dates**

Currently, the only date entered on the sales order is the Shipment Date. Some customers have a required shipment date, which is entered, otherwise all sales orders would default to today's date for the shipment date. Most distributor sales orders are shipped within 72 hours. Customers have a 16-day lead time. Evaluate order promising and order date calculations.

### **Special Charges**

YOUR COMPANY charges freight on some sales orders. If the customer meets the order amount minimum requirement, there is no freight charged. 95% of customers usually meet the minimum requirements.

- US - \$2500.00
- CA - \$3000.00

The freight charge is 8% of the sales order value and is manually added to the sales order. It would be nice to be able to track the actual freight cost back to the sales order, as a cost line, not a sales line.

### **On Hold Sales Orders**

Sales orders can be on hold for various reasons. If a sales order is on hold, it cannot be send to the warehouse for shipment.

- Credit hold
- Over credit limit
- Customer is put on hold

If a sales order is on hold, the ASR contacts accounting to review customer/sales order to figure out what the next steps are: Approve sales order, increase credit limit, etc. During busy months, like Christmas, it occurs more often that sales orders go on hold. YOUR COMPANY would like to have an approval workflow for this process.

### **Sales Order Confirmations**

A sales order confirmation is sent to the sell-to contact and the salesperson via email. Each customer may have multiple sell-to contacts. The sell-to contact will be specified on the customer record. YOUR COMPANY would like to setup a base email template but can modify upon sending to add a personal touch. Sales order confirmations can be emailed utilizing the “Send” and “Document Layouts” functionality in MS BUSINESS CENTRAL. Email templates can be setup utilizing MS Word Documents functionality. The requirement to keep in mind with MS BUSINESS CENTRAL’s Send functionality is that the email addresses for who the document is sent to needs to be setup on the customer card under Document Layouts. Therefore, if you are changing the Sell-to Contact on the sales order, the email address does NOT come from the Sell-to Contact record. Optionally, a **modification** or an **ISV Solution** could be utilized for more advanced emailing functionality, which has been documented in the **Fit Gap Analysis Document**.

### **Sales Order Prepayments**

YOUR COMPANY has a few customers where they require a prepayment on the sales order (i.e. Need 50% down). MS BUSINESS CENTRAL does allow multiple prepayments to be created per sales order.

### **Track Sales Order Revisions**

Revision tracking on sales orders is not required. Currently, if the sales order has already been printed by the warehouse, the ASR is required to create another sales order.

### **Save Documents/Emails to Sales Orders**

YOUR COMPANY would love the ability to save emails or documents to the sales order. This is a want, not a need, and would help for the auditors. Emails and documents can be “linked” to a sales order utilizing the Links Fact Box, however, this is a “link” to a location the document is saved to on a server that all users can access. For more advanced document management, an **ISV Solution** would be required which has been documented in the **Fit Gap Analysis Document**.

### **Backorders**

YOUR COMPANY does not require item substitutions. Customers are setup with whether they allow for backorders. Most customers allow back orders; those customers that do not, their orders are shorted and not fulfilled. Currently the options are: no backorders, ship with next order, and ship when available. There is not a lot of long term out of stock products. If there was, the customers would be contacted ahead of time to not order. Classifying a customer to “Allow Backorders” is not available in MS BUSINESS CENTRAL. This will require a **modification** which has been documented in the **Fit Gap Analysis Document**.

### **Reservations**

YOUR COMPANY does not require “hard” reservations to inventory on sales orders. The sales order quantity would be removed from “available”. There are times where they only have a certain amount of inventory and they will determine how much to allocate to different customers/orders.

### **Original Order Quantity**

YOUR COMPANY requires the ability to keep track of the original ordered quantity. At times, sales orders will be shipped short and the sales order quantity will need to be updated to close out the sales order. The UK YOUR COMPANY currently has a modification for this as well. Saving the original order quantity is not available in MS BUSINESS CENTRAL. This will require a **modification** which has been documented in the **Fit Gap Analysis Document**.

MS BUSINESS CENTRAL's sales order management functionality fulfills the majority of Your Company's business requirements. A few of the requirements, which have been noted above, will require a **modification or an ISV Solution** which has been documented in the **Fit Gap Analysis Document**.

### 3.4 Customer Returns Process

YOUR COMPANY requires the ability to create sales return orders for customer returns. Customers will send back over shipments (approx. 5 per month), which will be returned to stock if unopened/not tampered with. Besides the over shipments, very few items are sent back as returns during the year. A restocking fee is applied if the customer wants to return an item, although it can be overridden. A return authorization and a UPS label will be sent to the customer for the return. There are so few returns, there is no need for a formal return approval workflow in MS BUSINESS CENTRAL.

MS BUSINESS CENTRAL's sales return order management will fulfill Your Company's business requirements.

### 3.5 Documents

YOUR COMPANY will require the following sales documents to be sent to customer via E-mail, Print, or EDI.

- Sales Order Confirmation: Two formats required; For all export customers, the price needs to show the Net Price and not a Unit Price plus discount.
- Sales Return Order Authorization: Two formats required; For all export customers, the price needs to show the Net Price and not a Unit Price plus discount.
- Proforma Invoice: One format required

MS BUSINESS CENTRAL's sales document functionality fulfills Your Company's business requirements. Innovia recommends utilizing the Word Document functionality. Word Documents give the users the ability to perform formatting of documents utilizing MS Word. This saves on modifications to MS BUSINESS CENTRAL, as well as developer time. The sales return order authorization is not currently an available Word Document. Innovia can easily convert this to a Word Document. An estimated number of hours for converting the sales return order authorization and for assistance in formatting the above documents is listed in the **Fit Gap Analysis Document**.

### 4.1 Items

YOUR COMPANY has approximately 1,000 finished good items and approximately 500 components (boxes, packaging, rubber, etc.) Per year may add approximately 200 new finished good items a year.

New items are created in Product LifeCycle (Fox Pro Application). Once complete, want the capability to import into MS BUSINESS CENTRAL automatically instead of using RapidStart. Currently, using RapidStart to import in the UK and AUS MS BUSINESS CENTRAL's. Product LifeCycle will not go away, this will continue to be used. Product LifeCycle will need to be re-written in .NET to get away from Fox Pro. It is possible that a link will need to be written for Fox Pro and whatever the new version is. For go live, the integration will need to be written to Fox Pro.

#### Item Numbering Scheme:

- The plan is to continue with the current item numbering.
- The item number utilized is an alphanumeric number that is meaningful.
- The item number can be based on if the item was a regular item, in a family, bought from China, etc.
- The item number can be anywhere from 2 – 9 characters, with components up to 14-15 characters.
- Guidelines: Do have a set of guidelines in the creation of the item number as well as the item description. Product LifeCycle (Fox Pro Application) has a description generator to create standardized descriptions.

**Item Description:** One description line, a few items over the 50-character maximum of MS BUSINESS CENTRAL.

- Product Line, Sub Line, Colors, Size, Market Designation, etc.
- It does not follow the APICS standard.
- Evaluate the item extended text option and if they would want to utilize in the future. Very few items would require.

**Item Variants** would not be required. Items do have assorted colors, but they are stored/tracked as different item numbers, not one item number with different variants.

**Item Units of Measures currently utilized:** Interpack, Container, Pallet, Case, Each

**Item Pictures:** Currently, pictures are not stored, but would love to store pictures in the future.

**Item Categories/Product Groups for Reporting Purposes:**

- Item categories are required for sales reporting. The current item categories are currently being cleaned up.

**Item Cross References:**

- Customer item numbers: Only have a handful of customer item numbers. The customers that require it are EDI customers. Customers do require their item number on the finished good box label, but currently the labels are generated in another system.
- Vendor item numbers: Do not currently store vendor item numbers.

**Item substitutions** are not required.

### Save Documents to Items

YOUR COMPANY requires the ability to save documents to an item. Material Safety Data Sheets (MSDS) are provided by all vendors for items purchased. Documents can be “linked” to a sales order utilizing the Links Fact Box, however, this is a “link” to a location the document is saved to on a server that all users can access. For more advanced document management, an **ISV Solution** would be required which has been documented in the **Fit Gap Analysis Document**.

MS BUSINESS CENTRAL’s item setup functionality fulfills Your Company’s business requirements. Items can be setup with a user defined item number, a 50-character description with optional extended text for an unlimited in length description of the item. Items can be categorized into a simple or detailed category hierarchy. Multiples units of measure per item can be utilized. Item number cross references are available to keep track of your customer and vendor item numbers and descriptions.

## 4.2 Version Management

YOUR COMPANY requires the ability to track multiple versions of any item in inventory. The following are the objectives for version management:

- Segregate and track inventory as the same item number, but with a different version.
- Version management is only analyzed in Inventory control, to view the quantity on hand by item/version.
- Purchasing and forecasting at the item number level only, do not forecast to the version.
- The version must not be visible to customer (on any sales documents) or the ASR (on order entry).
- Manage transition in a FIFO methodology. Customers will always receive the oldest inventory first, no matter what the version. However, if a customer requires a more current version, they will make an exception.
- Customer will always receive the same version, not multiple versions in the same order.
  - Example: If the customer ordered 800, the old version qty on hand is 500, the new version quantity on hand is 1000, the customer should receive 800 of the new version, not 500 of the old version and 300 of the new version.
- Customers may only be shipped a specific version.
  - Example: Customers in Canada requires that a specific version is shipped to them.

Version management is utilized for finished good items that come out of US-MFG and finished good items purchased from China. Examples of why a new version would be created:

- Brand images
- Case count changes
- Vendor changes
- Color changes
- Material changes
- Box size changes

If an item number has multiple versions, it would normally be tracking of 2 versions at a time. There is only a handful of times that there have been 3 or 4 versions at once.

When a new version is required, the Product Manager reports product change to Inventory Control (Susan). The following information will be provided:

- Product ID
- Detail of change
- The first PO number to the vendor with that change
  - If the PO has not been produced, constant follow up until it is

The following information is captured in version management:

- Date of change
- Product ID
- Current version description: A brief description of what the product is currently
- New version description: A brief description of what is changing with the product
- Any special shipping instructions
  - Only if needed, i.e.: Ship V1 first
  - I.e.: Do not ship V1 to Canada
- Any special packing information
  - For items being built, i.e.: package without zip tie
- PO number: The PO number is required to be entered so it alerts the warehouse and all parties involved what version that will be received, once received the version is recorded on tag and in the system. If there is no PO in version management, the system does nothing and keeps it as the current version.
- If it is a packaging change, there is a box to check
  - i.e.: changing from PK4 to PK5
- Additional field for any extra information that needs to be included
- Estimated first receipt date
- Turnkey/BOM Update Required: This indicates if the item is turnkey (China) or rubber being built and the BOM will be required to be updated/changed
- Notes
- Cost: Cost of versions could be different depending on the change made.

In production, YOUR COMPANY would never produce one of the older versions. If there is a new version, the new version will always be the version to be produced. Therefore, in planning, the new versions BOM and routing should be utilized always.

When storing items with multiple versions in the warehouse, each version would be in a separate bin location. The oldest version would always be picked first, unless a special request from a customer. The version is listed on the license plate label when put away in the warehouse.

Evaluate use of variants and item cross references in version management tracking of an item. An estimated number of hours has been added to the project plan for design and analysis. Once that is complete, if any modifications are required, a change order will be created for the additional development hours.

### 4.3 Item Tracking

YOUR COMPANY does not require serial number tracking but does require lot number tracking. For rubber, the lot numbers are assigned at purchase receipt, but not tracked at time of production or at time of sale. For consumable items, which are finished goods purchased such as peanut butter, lot numbers are assigned at time of purchase receipt, at time of consumption in production (assembly) order, and at time of shipment. Currently, only some customers require these items to be lot tracked at time of shipment. With MS BUSINESS CENTRAL, it's all or nothing for lot tracking, may need to record to the lot number for consumable items at time of shipment for ALL customers.

MS BUSINESS CENTRAL's item tracking will fulfill Your Company's lot tracking processes. Each item can be setup with an item tracking code that identifies if it should be lot tracked and what transactions are lot tracked. An unlimited number of item tracking codes can be setup for all methods of lot tracking.

### 4.4 Inventory Costing

YOUR COMPANY in the US is standard costing. The standard cost in US is components, labor, and subcontracting. The freight overhead is a separate cost field on the item record for purchased items only. Landed cost is not utilized since they are standard costing and then freight costs would go to variance anyways. However, if possible, YOUR COMPANY would love to track freight on items purchased from China. Sometimes the freight cost can be more than the cost of the item itself. Currently, since YOUR COMPANY is utilizing Standard Cost, the Overhead Rate field on the item is used for a freight estimate. Tariff costs are not currently built in the standard cost rollup.

Standard costs are rolled once a year. The standard cost rollup for **Assembly BOMs** are performed in Product LifeCycle. The new standard costs will need to be pushed to MS BUSINESS CENTRAL and a revaluation of items will need to be done. The standard cost rollup for **Production BOMs** will be performed in MS BUSINESS CENTRAL. The finished good items rolled in MS BUSINESS CENTRAL will need to be pushed out to Product LifeCycle.

The UK used to be Standard, moved to FIFO costing. It's possible that they will move back to Standard.

MS BUSINESS CENTRAL's costing methods will fulfill Your Company's tracking of inventory costs. FIFO, LIFO, Standard, Average, and Specific costing methods are available. Item Charges can be setup for tracking landed costs to items such as freight. However, unless the items purchased from China are setup as FIFO, the freight would just go to a variance account anyways. The Standard Cost Worksheet can be utilized to roll up all standard cost items and calculate their new standard costs.

## 5.1 Overview

YOUR COMPANY information systems that support Item Planning, Bill of Materials, Mold Production and Assembly/Kitting processes have evolved over 15 plus years. Primarily utilizing FoxPro pcMRP, mfgBC, Custom Program with MS Excel spreadsheets and MS SL software. The move to MS BUSINESS CENTRAL/BC will include leveraging current systems to support MS BUSINESS CENTRAL Materials Planning, Bills of Materials and Routes, Molding Production and Kitting Production. Replacing any and eventually all the supporting current systems with MS BUSINESS CENTRAL will require Innovia and YOUR COMPANY to work closely together. The existing systems have integrations between them used daily.

## 5.2 Production Department (US-MFG)

### 5.2.1 Production BOMs/Routings

(Process Flows: BOM Creation or Edit)

For a new product where tooling is required the current process starts with a request for quote to vendors who provide tooling services as well as a drawing. Once a vendor is selected the tooling is built and delivered. A new item number is created in pcMRP and the Bill of Material is created in pcMRP along with a standard cost roll up. The mold item is then setup in mfgBC (using the same item as pcMRP). The mold is also considered a Fixed Asset. There can be multiple molds for the same item. In mfgBC, time requirements, cure time, pieces per hour, etc. are entered and a Standard Cost calculated for the planned times.

MS BUSINESS CENTRAL's production BOM and routing functionality will fulfill Your Company's requirements. Production BOMs will only require one component, rubber. As rubber component is being consumed, it is not consumed by lot number. Routings will also only require one operation setup for molding. One work center could be setup with all 14 machines setup inside of this one work center. Routing would be setup to the work center, at time of scheduling, scheduler can schedule production order to a specific machine. Evaluate utilizing alternate routings per machine, since run time/piece count can be different per machine. If setup time is tracked, setup time is a different employee with a different rate than the run time will be. Setup time could possibly be used for color change step (Example: Any color to black would take 15 minutes for the color change. Black to any other color would take 4 to 6 hours.). Note that a color change may only occur once a month on a mold machine. Setup time could also include changing the cores on the machines as well. Also, at the end of Friday's shift, the machines run uncured rubber. On Monday, a purge process is performed before running production. Evaluate adding setup time as this is currently not captured in the standard cost roll up but could be in the future. The run time will only include the person's time, not the machine time.

## 5.2.2 Planning/Scheduling

(Process Flows: Kitting (Production) Planning, Maintenance Scheduling & Tracking)

YOUR COMPANY purchases rubber and naturalized rubber (2-year lead time) for use in production of finished goods. The purchase orders are currently created in MfgBC. Rubber and Compounded Rubber purchasing is handled by the production manager. The Rubber purchasing, and mixed rubber needs are utilizing an Excel database. Forecasting of Rubber is managed out 24 months and compounded rubber out 6 months. Weekly releases are done, and purchase orders are setup in pcMRP. YOUR COMPANY has a 2-year contract on rubber. The price of rubber fluctuates approximately every 6 months. Raw rubber must be temperature controlled and has a short shelf life. About 80 skids per week come in of raw rubber.

The production schedule is currently tracked in a MS Excel spreadsheet (batch control sheet). Schedule is updated monthly, always scheduling for the next month (i.e. 12/17 scheduling for January), but is locked in for 2 weeks at a time. Schedule by mold machine is printed and given to the operators. If changing color on a mold machine, a gylord is filled before the color is changed. An example production order might be 100,000 due by end of month. At this time, the cores and molds are scheduled along with preventative maintenance. The molding area has 14 mold machines that can be scheduled, some machines are 22 cycle; some are 8 cycle. Each mold machines will have up to 2 operators. Operators will stay on the same machine during the day but will switch machines every day. The

### **Molding Production Shifts: 5 days 24 hours a day**

- Shift 1: 6am – 2pm
- Shift 2: 2pm -10pm
- Shift 3: 10pm – 6pm
- At certain times of the year (shows), weekends will also be used in production.

Maintenance scheduling and down time reporting of machines is currently tracked in MfgBC. YOUR COMPANY also has a work order database that can be utilized to create Maintenance Work Orders. When the work order is completed, components are deducted from the Part Tracking file.

The planning/forecasting of raw materials and finished goods will initially continue to be performed in CUSTOM PROGRAM. In a future phase, YOUR COMPANY would like to review the planning/forecasting process to move from CUSTOM PROGRAM to MS BUSINESS CENTRAL. MS BUSINESS CENTRAL production orders and scheduling fulfills Your Company's business requirements. Production Orders can be scheduled utilizing the Planning Worksheet, manually on a Production Order, or on each Work Center or Machine Center Task List. Maintenance scheduling can be tracked ahead of time by adjusting the load on the machine, or after the fact, by posting down time utilizing the Capacity Journal.

### 5.2.3 Labor Tracking

(Process Flows: Time Clock – Manufacturing)

Molding Production Time capture is using a FoxPro application called Time Clock Supervisor. Actual labor is being captured to the production order. Employees are assigned tasks for the day and may clock in on more than one machine (Primary and Secondary). Currently, there are 14 machines and employees will rotate machines during the week, but typically remain on one machine for the day. Manufacturing employees clock-in to activities during the day (tasks, breaks, etc.). By clocking into a new activity, the system will generate the clock-out for the previous activity. Actual run time is being tracked and entered for daily molding production as well as non-machine task time.

MS BUSINESS CENTRAL's labor tracking functionality includes manual entry or importing of Excel spreadsheet entries of actual time into the output or production journal. This process would be too labor intensive and not replace Your Company's current process which includes employees clocking in and out utilizing a time clock. Innovia recommends an **ISV Solution** by Insight Works, Shop Floor Insight. Shop Floor Insight eliminates manual time entry with barcode scanning for production orders and maintenance. Operational data including consumption, output, scrap, and quality measures can be captured. Record time and attendance based on employees shifts, non-productive time and rework time can be recorded. Shop Floor Insight will automatically calculate overtime and shift differentials for integration with payroll systems.

### 5.2.4 Consumption and Output

(Process Flows: Production Reporting & Sales, Production Scheduling)

Consumption of components on production orders are consumed daily based on reported output. Output is recorded based on filling Gaylords, which are tagged with license plate labels indicating item and dates. The output is recorded on a Batch Control Sheet. Quality Control is constantly being performed throughout the mold process by the machine operators. There is no strict formal process. During the output process, YOUR COMPANY needs the ability to track output, seconds, and rejects. The seconds are safe for a dog, but something is physically wrong with them. These will get sold or given to shelters or humane societies. Rejects are not safe for a dog. The seconds and rejects are separate item numbers for the finished good item. YOUR COMPANY shoots for 1% seconds and 1% of rejects in each manufacturing run. Output of the gaylord is also weighed. This calculates the quantity in the gaylord. The finished goods are then sold to the US-SALES company by weight. When the US-SALES company receives it in, they receive in by weight, so 2 checks are being done on the weight for accuracy.

MS BUSINESS CENTRAL's consumption and output functionality, along with the recommended **ISV Solution**, Warehouse Insight by Insight Works fulfills Your Company's business requirements. For quality control, if utilizing **ISV Solution** by Insight works, Shop Floor Insight, there is some basic quality control capabilities included. PC MRP will go away and be replaced with MS BUSINESS CENTRAL. Production BOMS will be created fresh in MS BUSINESS CENTRAL; they do not want to import from PC MRP. For output tracking of good finished goods, seconds, and rejects, discussed creating a production order with all three item numbers, then when output is entered, it can be entered by good, seconds, and rejects. Further evaluation will need to be completed on this process. Output will be reported daily, evaluate back flushing components at time of output.

## 5.2.5 Mfg Quarterly Profit Sharing

(Process Flows: TC – Mfg Quarterly Profit Sharing)

A key functional requirement is to have the data in MS BUSINESS CENTRAL to calculate MFG Quarterly Profit Sharing. Data captured throughout three months is utilized to calculate Quarterly Profit Sharing. Examples of measurements required:

- Shots per shift / Shots per day
- Standard shots
- Operators efficiency
- No quality variable
- Supervisors profit sharing based on crew performance
- Pickers have flat rate
- Cycles for operator (whether 30 or 29) is tracked for the Quarterly Profit sharing
- 85% or greater, qualify for bonus

This functionality will require a **modification** which has been documented in the **Fit Gap Analysis Document**. To calculate the profit sharing per quarter, Innovia recommends a newly created Jet Report. This will allow for the calculation to be performed outside of MS BUSINESS CENTRAL, so if the calculation ever changes, only the report must be updated, no modifications would be required. The Jet Report options are documented in the **Fit Gap Analysis Document**.

## 5.2.6 PLC Integration (Future)

PLC Programmable Logic Controller integration was discussed – all molding machines have controllers that could be used to capture times, quantities, down time, etc. allowing a future direct integration to MS BUSINESS CENTRAL. PLC integration will be a future item to discuss and review options but not part of the Go Live planning for July.

## 5.3 Assembly Department (US-SALES)

### 5.3.1 Production BOMs/Routings

Assembly BOMs are currently maintained in Product LifeCycle. Assembly BOMs have approximately 4 – 5 components (Box, bag, backer cards booklet, zip ties, stickers, finished good items). However, a display Assembly BOM would have much more. Non-stock items would include labels, zip ties, stickers, and poly bags). Standards are established for every item packaged and reviewed every 6 months. Assembly has only one operation step, assembly. No subcontracting is required – the assembly process once started is finished and not sent out for additional work.

MS BUSINESS CENTRAL's production BOM and routing functionality fulfills Your Company's business requirements. Production BOMS will be utilized to setup components within the Assembly BOM. Evaluate whether Product LifeCycle will continue to maintain Assembly BOMs and pushed to MS BUSINESS CENTRAL or if BOM maintenance will be in MS BUSINESS CENTRAL and push to Product LifeCycle. Routings would only require one operation step for assembly, however, multiple work centers might be utilized for the assembly departments in all locations.

### 5.3.2 Planning/Scheduling

(Process Flows: Kitting (Packaging) Planning)

CUSTOM PROGRAM provides material planning and scheduling using a combination of 4x4 Report, on hand inventory by location, Suggested Distribution, Finished Goods overview, components by location which may require a transfer. Schedule determines where to have kits assembled based on loads and component inventory. If assembly will occur at another location, inventory is transferred to their location and assembly order is set to their location. Assembly order added to DIP system (Distribution into Production) with quantities, due dates, etc. CUSTOM PROGRAM is used to determine if YOUR COMPANY will do the work or assign to a work center (work centers being sub contactors within own facility). They are not considered a separate location, but part of the same location, different bin. At times, temp workers will be brought in when needing to assembly more than they can handle with their own employees.

#### Assembly Work Shifts

- Shifts are location dependent. Assembly is performed in CO, OH, CA, and a little bit in the UK.
- CO Shift: Monday thru Friday from 5am to 330pm, with a full crew Tues – Thurs and a skeleton crew Mon & Fri.

Assembly orders are scheduled in CUSTOM PROGRAM for now, then stay one to two weeks out, so they have no downtime. All assembly orders are made to stock. The supervisor will select which assembly orders will be assembled for the day and which people/table the assembly order will be assigned to. The supervisor will then stage the work from them. This is based on forecast and target inventory levels coming from CUSTOM PROGRAM. Priority assembly orders are first, then by Ship Date. The CO location has 9 assembly line tables in the Packaging area.

The planning/forecasting of raw materials and finished goods will initially continue to be performed in CUSTOM PROGRAM. In a future phase, YOUR COMPANY would like to review the planning/forecasting process to move from CUSTOM PROGRAM to MS BUSINESS CENTRAL. MS BUSINESS CENTRAL production orders and scheduling fulfills Your Company's business requirements. Firm Planned Production Orders can be scheduled utilizing the Planning Worksheet, manually on a Production Order, or on each Work Center or Machine Center Task List. The supervisor can then determine which Firm Planned Production Orders will be scheduled and update the status to released; to be worked on. CUSTOM PROGRAM will be required to populate the planning worksheet with required production orders and purchase orders for the first phase. At a future point in time, a project will be done to do planning and forecasting in MS BUSINESS CENTRAL.

### 5.3.3 Labor Tracking

(Process Flows: Time Clock – Kitting, Time Clock Usage)

Assembly Time capture is using a FoxPro application called Time Clock Supervisor. Actual labor is being captured to the assembly order. YOUR COMPANY would like to have the employee log into a production order and task as well as integrate the time captured with Paylocity. In 2019, the employees will have to clock into Paylocity and timeclock, so more double entry will be required. Currently, a flat file is exported out of Time Clock Supervisor for import to Paylocity.

MS BUSINESS CENTRAL's labor tracking functionality includes manual entry or importing of Excel spreadsheet entries of actual time into the output or production journal. This process would be too labor intensive and not replace Your Company's current process which includes employees clocking in and out utilizing a time clock. Innovia recommends an **ISV Solution** by Insight Works, Shop Floor Insight. Shop Floor Insight eliminates manual time entry with barcode scanning for production orders. Operational data including consumption, output, scrap, and quality measures can be captured. Record time and attendance based on employees shifts, non-productive time and rework time can be recorded. Shop Floor Insight will automatically calculate overtime and shift differentials for integration with payroll systems. A **modification** will be required for integration with Paylocity, which has been documented in the **Fit Gap Analysis Document**.

### 5.3.4 Consumption and Output

(Process Flows: Daily Production)

Once an assembly order is complete, finished good pallets are counted, seconds are counted, no rejects at this stage, and raw materials are counted. Any leftover raw materials are weighed and returned in inventory. Once pallet is complete, the supervisor will confirm the pallet in CUSTOM PROGRAM and in MS SL (double entry). A license plate will be created, and the raw material inventory will be relieved. Assembly output is recording daily, one pallet at a time. The supervisor takes it and enters a kit (push a button) (Entered in CUSTOM PROGRAM, Planned Production module) Pulls components, created kit finished good.) Finished good consumable items that are utilized in the kit, will be required to have the lot number recorded with the best buy date. Any lot tracked item that was purchased from China, the lot number is the month-year of mfg. YOUR COMPANY has never really had any official recall of items.

MS BUSINESS CENTRAL's consumption and output functionality, along with the recommended **ISV Solution**, Warehouse Insight by Insight Works will improve upon Your Company's current process. For quality control, if utilizing **ISV Solution** by Insight works, Shop Floor Insight, there is some basic quality control capabilities included. For output tracking of good finished good and seconds, discussed creating a production order with both item numbers, then when output is entered, it can be entered by good and seconds. Further evaluation will need to be completed on this process. Components that are lot tracked can be picked to the production order by lot, or a user can put the lot number to pick on the production order ahead of time, so the picker knows which lot to pick.

### 5.3.5 Monthly Bonus

(Process Flows: TC – Packaging Monthly Bonus)

A key functional requirement is to have the data in MS BUSINESS CENTRAL to calculate Assembly Monthly Bonus. The YOUR COMPANY Profit Sharing calculation uses time collection data with target assembly standards for each production order to calculate the packaging bonus. Currently, take total output qty and split it per employee working on the production order. For efficiency tracking and bonuses currently, the supervisor reports the output.

To calculate the monthly bonus, Innovia recommends a newly created Jet Report. This will allow for the calculation to be performed outside of MS BUSINESS CENTRAL, so if the calculation ever changes, only the report must be updated, no modifications would be required. The Jet Report options are documented in the **Fit Gap Analysis Document**.

## 5.4 Documents

YOUR COMPANY will require the following production documents:

- Shop Floor Paperwork: For US-MFG, production
- Assembly Schedule: For US-SALES, assembly

This functionality will require a **modification** which has been documented in the **Fit Gap Analysis Document**.

### 6.1 Vendors

YOUR COMPANY has approximately 400 – 650 active vendors. Each vendor could have multiple purchase order addresses (i.e. 1 vendor could have 12 factories, each with a different order address). Most vendors are domestic, but there are a few international vendors. All vendors will be setup in the default currency of USD. New vendor records are created in MS SL and in CUSTOM PROGRAM. Only a few people can setup new vendor.

#### Vendor Numbering Scheme:

- Currently the vendor number is based on their name and can be alphanumeric.
- Evaluate changing the vendor number to a number series, saving the old vendor number in another field for mapping purposes. Discussed one reason to change might be if vendor changes their name, then the vendor number is obsolete.

#### Parent/Child Relationship:

- A pay-to/buy-from parent child relationship may be utilized in the future but have no vendors now with this type of setup.

#### Contacts:

- Would like the ability to assign multiple contacts to each vendor.

#### Payment Terms:

- YOUR COMPANY receives typical payment terms (i.e. Net 30, Net 10, 2% 10 Days, Net 30, etc.).
- Payment discounts are given to YOUR COMPANY, but they rarely pay within the time frame to accept the payment discount.

#### Payment Methods:

- The following payment methods are utilized:
  - Wire Transfer
  - EFT
  - Credit Card
  - Check

MS BUSINESS CENTRAL's vendor setup functionality will fulfill Your Company's business requirements. Vendors can be setup with a user defined vendor number or utilizing a number series. An unlimited number of order addresses and contacts can be assigned to each vendor. MS BUSINESS CENTRAL can handle all Your Company's payment terms and payment methods.

#### 6.1.1 Vendor Grouping

YOUR COMPANY would like to evaluate grouping/categorizing their vendors for analysis and reporting purposes, but do not do so currently.

MS BUSINESS CENTRAL's ability to categorize vendors fulfills Your Company's business requirements. A purchaser can be assigned to the vendor utilizing the Purchaser Code and/or creating a Purchaser dimension code. Evaluate the setup of purchaser. Vendor categories can be setup utilizing a new dimension code.

### 6.1.2 Vendor Pricing/Discounts

YOUR COMPANY has a few purchased items (rubber) that are purchased from multiple vendors. However, most items are purchased from one vendor only. The purchase price is different depending on if shipping to YOUR COMPANY China versus shipping to YOUR COMPANY US. Evaluate tracking purchases prices from multiple vendors for few items. Quantity discounts are required for a few purchase items (fire rods for molds). Evaluate setting up quantity discounts for few items.

MS BUSINESS CENTRAL's purchase prices and purchase discounting functionality fulfills Your Company's business requirements. Purchase pricing can be setup utilizing the special prices where a pricing can be assigned to a vendor. Purchase discounts can be setup utilizing the purchase line discounts where discounts can be assigned to a specific vendor/item combination. Pricing can be update utilizing RapidStart.

## 6.2 Quoting Process

YOUR COMPANY does not require purchase quoting functionality.

## 6.3 Ordering Process

(Process Flows: Purchasing & Needs)

YOUR COMPANY currently processes purchase orders out of CUSTOM PROGRAM. A purchase order review is done before they are sent to the vendors. It's approved and then the purchase orders are uploaded into MS SL. Going forward, purchase orders will be purchased out of MS BUSINESS CENTRAL. On average, YOUR COMPANY processes 20 purchase orders per week. Purchase orders are created for raw materials (i.e. rubber), finished goods from China (stuffed animals, etc.), consumables from US (peanut butter, etc.). Purchase orders for raw materials are usually only 1 line. Purchase orders for finished goods and consumables can contain anywhere from 1 – 30 lines.

### Order-Related Dates

Currently, the only date entered on the purchase order is the Expected Receipt Date. Generally, there is only one expected receipt date per purchase order. Purchase orders from China come in a container, with one purchase order per container, therefore only having one Expected Receipt Date.

### Purchase Order Confirmations

A purchase order is sent to the buy-from contact via email. Each vendor may have multiple buy-from contacts. YOUR COMPANY would like to setup a base email template but can modify upon sending to add a personal touch. Purchase orders can be emailed utilizing the "Send" and "Document Layouts" functionality in MS BUSINESS CENTRAL. Email templates can be setup utilizing MS Word Documents functionality. The requirement to keep in mind with MS BUSINESS CENTRAL's Send functionality is that the email addresses for who the document is sent to needs to be setup on the vendor card under Document Layouts. Therefore, if you are changing the Buy-from Contact on the purchase

order, the email address does NOT come from the Buy-from Contact record. Optionally, a **modification** or an **ISV Solution** could be utilized for more advanced emailing functionality, which has been documented in the **Fit Gap Analysis Document**.

#### **Purchase Order Prepayments**

YOUR COMPANY orders from China who require a prepayment for the purchase order (i.e. Need 50% down). YOUR COMPANY requires the ability to do multiple prepayments (25,25,50) per purchase order. Purchase orders are placed once a week at the most. Purchase orders can be sent to vendors within the US and China. MS BUSINESS CENTRAL does allow for multiple prepayments per purchase order.

#### **Track Purchase Order Revisions**

Purchase orders revisions “may” occur with purchases to the rubber vendors. This does not happen very often but would require a purchase order revision. In this case, YOUR COMPANY would like to track purchase order revisions.

MS BUSINESS CENTRAL’s purchase order management functionality fulfills the majority of Your Company’s business requirements. Purchase orders can be created from the planning or requisition worksheet, or manually. A few of the requirements, which have been noted above, will require a **modification or an ISV Solution** which has been documented in the **Fit Gap Analysis Document**.

### **6.4 Vendor Returns Process**

YOUR COMPANY requires the ability to create purchase return orders for vendor returns. Very few items (custom rubber, paste, etc.) are sent back as returns during the year. There are so few returns, there is no need for a formal return approval workflow in MS BUSINESS CENTRAL. Quality issues are normally noticed after the items are received and the truck has left. Most of the time the items are returned to the vendor. If the vendor is in China, there may be times when it is not worth it to ship the items back, too expensive.

MS BUSINESS CENTRAL’s purchase return order management fulfills Your Company’s business requirements.

### **6.5 Documents**

YOUR COMPANY will require the following purchase documents to be sent to vendor via E-mail or Print.

- Purchase Order: One format required, YOUR COMPANY Item No. printed, not Vendor Item No.
- Purchase Return Order: Not required.

MS BUSINESS CENTRAL’s purchase document functionality fulfills Your Company’s business requirements. Innovia recommends utilizing the Word Document functionality. Word Documents give the users the ability to perform formatting of documents utilizing MS Word. This saves on modifications to MS BUSINESS CENTRAL, as well as developer time. An estimated number of hours for assistance in formatting the purchase order is listed in the **Fit Gap Analysis Document**.

### 7.1 Warehouses/Locations

To be completed after Warehouse Onsite Visit

### 7.2 Production Warehouse Processes (US-MFG)

To be completed after Warehouse Onsite Visit

### 7.3 Assembly Warehouse Processes (US-SALES)

To be completed after Warehouse Onsite Visit

### 7.4 Receiving/Put-Away Process

(Process Flows: Receiving Level 3, In Bound Goods - Receiving)

To be completed after Warehouse Onsite Visit

### 7.5 Picking Process

(Process Flows: Inv Mgmt – Pick Bin Replenishment, Inv Mgmt – Large Order Quantity, Inv Mgmt – FIFO, Time Clock – Order Picking)

To be completed after Warehouse Onsite Visit

### 7.6 Shipping Process

(Process Flows: Inv Mgmt – SHIP Sub-Assemblies, International Orders – Brasil, Inter. Orders – Certificate of Origin, International Orders – SLI, Order Process - Containerization)

To be completed after Warehouse Onsite Visit

### 7.7 Transfer Orders

(Process Flows: Distribution – Setup, Distribution – Transfers)

To be completed after Warehouse Onsite Visit

## 7.8 Physical Inventory / Cycle Counts

(Process Flows: Inv Mgmt – Cycle Counts)

To be completed after Warehouse Onsite Visit

## 7.9 Documents

To be completed after Warehouse Onsite Visit

## 8.1 Invoicing Process

(Process Flows: AR: Accounts Receivable)

When the sales order is shipped, the paperwork is then sent to the AR department to process the invoice in MS SL. The following actions are taken:

- A review of the sales order is completed to review what was shipped, pricing, and if any freight/pallet charges need to be added.
- When sending the invoice to the customer, YOUR COMPANY needs the ability to print and mail a hard copy or email the invoice to non-EDI customers. Batch emailing is not required, but the ability to modify the email upon sending to the customer is.
- Currently, no sales tax is charge to customers. If in the future YOUR COMPANY wants to sell to consumers, sales tax calculations will be required.
- The customer’s paper invoice gets filed with the sales order and shipping documents.

MS BUSINESS CENTRAL’s sales invoice process of sales orders fulfills Your Company’s business requirements. Sales orders can be invoiced individually right from the sales order or a sales invoice can be created and the “Get Shipment Lines” function can be utilized to pull in shipment lines from multiple sales orders onto one sales invoice. A sales invoice is sent to the bill-to contact via email, EDI, or hard copy print. YOUR COMPANY would like to setup a base email template but can modify upon sending to add a personal touch. Sales invoices can be emailed utilizing the “Send” and “Document Layouts” functionality in MS BUSINESS CENTRAL. Email templates can be setup utilizing MS Word Documents functionality.

YOUR COMPANY would like to evaluate the ability to save hard copy documents to the sales invoice in MS BUSINESS CENTRAL for use in a non-paper-based audit history.

- Innovia recommends an **ISV Solution**, Zetadocs Capture, for scanning and capturing all sales documents (sales order, picking list, sales shipment paperwork, and sale’s invoice) in MS BUSINESS CENTRAL. An estimated number of hours has been added to the **Fit Gap Analysis Document**.

## 8.2 Discrepancies/Credit Memo Process

(Process Flows: AR: Accounts Receivable)

YOUR COMPANY currently tracks all discrepancies within CUSTOM PROGRAM, Fox Pro application. The credit memos, if required, are created in MS SL. The goal is to track all discrepancies within MS BUSINESS CENTRAL. YOUR COMPANY requires credit memos for customers based on discrepancies that may occur such as:

### Product Overage

The customer can decide if they would like to keep the additional inventory or receive a credit for the overage. Depending on where the customer is located, it may be cheaper to have the customer keep the inventory, instead of shipping back. If the inventory is going to be shipped back, a Call Tag will be issued for the customer to use when returning the inventory. Call tags are created on UPS’s website and sent to the customer. Once the inventory is sent back, the customer will be credited.

### **Incorrect Product**

The customer can decide if they would like to keep the incorrect item or receive a credit. Depending on where the customer is located, it may be cheaper to have the customer keep the inventory, instead of shipping back. If the inventory is going to be shipped back, a Call Tag will be issued for the customer to use when returning the inventory. Call tags are created on UPS's website and sent to the customer. Once the inventory is sent back, the customer will be credited. A new sales order may be created for the correct item to be shipped out. This issue generally occurs when the warehouse picks inventory. Inventory is currently picked using a printed pick list. Once on MS BUSINESS CENTRAL and utilizing picking with Insight Works handhelds, this error should be resolved by scanning the correct items to the pick in MS BUSINESS CENTRAL.

### **Product Shortage**

The customer may call in and say they are short 4 cases. If it falls under Your Company's 6-case allowance, a credit will be given to the customer. If the shortage is more than the 6-case allowance, a cycle count of the item will be completed in the warehouse and they will ask the customer to double check their counts. If found that a credit is required, a credit memo will be sent. Sometimes the credit will be sent right away, and the customer never takes the credit. So, at times, they will wait till the customer short pays and then take the deduction at that point in time.

### **Product Shortage**

The customer will receive a credit for the damaged items. The customer will normally not ship the items back as it would be cheaper to have the customer keep the inventory.

### **Pricing Errors**

If the customer was invoiced for an item at the incorrect price, a credit will be given.

### **Operational Compliance Issues**

ASR's handle anything matters where operations was not compliant with a customer's requirements. For example, a customer will send a report card with all infractions. It could be a \$50 fine for shrink wrap issues. The infraction is usually researched, at times a credit memo is issued to the customer or during payment the customer will just automatically deduct from an invoice being paid.

MS BUSINESS CENTRAL's sales return order and sales credit memo processes fulfills Your Company's business requirements. Sales return orders can be created to track all returns to YOUR COMPANY from time of discrepancy reporting through to return of items, and credit memo processed for items returned. If call tags are required, Insight Works Dynamic Shipping, an **ISV Solution** would be required which has been documented in the **Fit Gap Analysis Document** to print and send a UPS label to the customer for the return. Sales credit memos can be created for all credits where inventory is not returned. Resources can be utilized to track all discrepancy types and metrics on each customer and how many discrepancies are reported, etc. A Jet Report could be utilized to create a discrepancy report in MS Excel. Notes and comments can be added to either the sales return order or the sales credit memo document for more information on the discrepancy. Sales credit memos can be emailed utilizing the "Send" and "Document Layouts" functionality in MS BUSINESS CENTRAL. Email templates can be setup utilizing MS Word Documents functionality.

### 8.3 Allowances

YOUR COMPANY gives allowances to certain customers, allowing the customer to deduct a % of items purchased. The is tracked under sales at the item detail level. The allowance is not on the invoice itself, the customer will deduct it later, whenever the customer chooses, during payment to YOUR COMPANY.

YOUR COMPANY would like the ability to book an allowance accrual entry at time of invoice. This accrual entry would include the following g/l transaction:

- Debit - Sales & Allowance at the item detail level
- Credit - AR
- Debit - AR
- Credit - Accrual liability

The allowance must affect the item's sales price. Here is an example:

- Item cost – \$5.00
- Item price – \$10.00
- Allowance - \$1.00
- So, the unit cost is \$5.00 and unit price is \$9.00.
- At the end of the day, you want to pay royalties on #9.00 not on \$10.00. YOUR COMPANY pays royalties to partners that perform product development tasks.

MS BUSINESS CENTRAL's process for booking allowances can be accomplished one of two ways. One, create an item charge line on the sales invoice for the allowance. However, this will deduct the allowance from the invoice amount, therefore, the allowance would be taken immediately. Two, create a separate credit memo for an allowance item charge line that would post to the customer's account as a credit (accrual) that could be taken at any point in the time. Utilizing item charges would create a value entry to the item shipment line in the item ledger entry table, therefore reducing the sales amount of the items shipped/invoiced. To automatically create and post the allowance to the customer based on a % of sales, a **modification** would be required and is documented in the **Fit Gap Analysis Document**.

### 8.4 Royalties

YOUR COMPANY pays royalties to partners that perform product development. YOUR COMPANY would like the ability to calculate the royalty accrual and payments. The royalty is based on the net price to the customer and does not include the customer allowance. Royalties are earned based on when the product is shipped.

To calculate the royalty accruals and royalty payments, Innovia recommends 2 newly created Jet Reports. This will allow for the calculation to be performed outside of MS BUSINESS CENTRAL, so if the royalty calculation ever changes, only the reports must be updated, no modifications would be required. The Jet Reports are documented in the **Fit Gap Analysis Document**.

## 8.5 Cash Receipts/Deposits

(Process Flows: AR: Accounts Receivable)

YOUR COMPANY receives payments from customers by means of the following payment methods: Credit card, EFT, and Checks. Currently 90% of customer receipts are by means of check.

### Checks:

- Checks are sent directly to YOUR COMPANY, not to a lockbox.
- The checks are matches to the invoices/credit memos that are being paid in MS SL.
- YOUR COMPANY would like the ability to scan checks into MS BUSINESS CENTRAL to be saved with the deposit record.

### Credit Cards:

- See Credit Card Processing section below for further details.

### EFT, ACH, Wire Transfers:

- Currently, YOUR COMPANY manually enters cash receipts for all EFT, ACH, and Wire Transfers into MS SL. First, log into the Wells Fargo website to see cash receipts along with which invoices are being paid. Then manually enter in MS SL.

MS BUSINESS CENTRAL's cash receipts/deposits process for customers fulfills Your Company's business requirements. Payments received by check can be entered into MS BUSINESS CENTRAL using the Deposit functionality. Scanned checks can be "linked" to a deposit utilizing the Links Fact Box, however, this is a "link" to a location the document is saved to on a server that all users can access. For more advanced document management, an **ISV Solution** would be required which has been documented in the **Fit Gap Analysis Document**. MS BUSINESS CENTRAL may provide significant improvement to the EFT, ACH, & Wire Transfers process. YOUR COMPANY can continue to manually enter these transactions into the cash receipts journal, or if the bank has enough data about the incoming payment, the Payment Reconciliation Journal can be utilized to import a bank file, perform the Auto Match functionality to automatically match payments to invoices, and then only take care of the exceptions. If YOUR COMPANY signs up on the AMC Banking website, the file formats are available for one bank for free or if addition banks are required, for a fee of \$28.00 per month (<https://amcbanking.com/store/amc-banking/MS-dynamics-MS BUSINESS CENTRAL/version-2015-2016-2017-2018/>).

## 8.6 Credit Card Processing

YOUR COMPANY does accept credit card as a payment option for their customers. Credit card payments are currently handled outside of MS SL utilizing a credit card machine from Wells Fargo. Wells Fargo is their payment processor. Most credit card payments will go away once Shopify is up and running as the payments will be processed through the Shopify website. YOUR COMPANY could process 2 credit card payments one week and 20 the next week.

There is currently no requirement for credit card processing functionality within MS BUSINESS CENTRAL.

## 8.7 Reminders & Finance Charges

YOUR COMPANY does not require reminders or finance charge functionality. Customer statements are sent out to customers if their account is past due. Sometimes if their account is past due, they will send the customer statement out to MS Excel, pick and choose which detail to show on the customer statement, then send to the customer. Customer statements are normally emailed to the customer.

MS BUSINESS CENTRAL's customer statement functionality fulfills Your Company's business requirements. Each customer can be classified as to whether statements are sent to them. A customer statement batch job can be performed to select which customers to send statements to. Statements can be created utilizing MS Word Documents and emailed directly from MS BUSINESS CENTRAL with the Document Layouts functionality on the customer record.

## 8.8 Sales Commissions

YOUR COMPANY do pay commissions to their sales representatives. The sales representatives are assigned at the customer/ship-to address level. One customer can have multiple ship to addresses, and each ship-to address could have a different sales representative assigned.

Commission %'s can be different per customer/ship-to address, therefore need to be assigned at that level, and not at the sales representative level.

Commissions are only paid on invoices/credit memos that have been fully paid by the customer.

YOUR COMPANY would like the ability to have the commission accrual automatically calculated at the end of the month to easily create and post a commission accrual entry to the general ledger. YOUR COMPANY would also like the ability to automatically calculate commission payments at the end of the month to easily create and post commission payments to the sales representatives.

MS BUSINESS CENTRAL's commission calculation has limited functionality. A commission % can be assigned to each salesperson which is utilized in running a Salesperson Commission report that calculates the commission based on total sales \$ to the customer. The reason MS BUSINESS CENTRAL has limited functionality is that it seems each company has their own way to calculate commissions and it is always different. Innovia recommends a **modification** to the customer/ship-to records to have the ability to classify a salesperson at the ship-to address level and set the commission % at the ship-to level. This modification is documented in the **Fit Gap Analysis Document**. To calculate the commission accruals and commission payments at month end, Innovia recommends 2 newly created Jet Reports. This will allow for the calculation to be performed outside of MS BUSINESS CENTRAL, so if the commission calculation ever changes, only the reports must be updated, no modifications would be required. The Jet Reports are documented in the **Fit Gap Analysis Document**.

## 8.9 Documents

YOUR COMPANY will require the following accounts receivable documents to be sent to customer via E-mail, Print, or EDI.

- Sales Invoice: Two formats required; For all export customers, the price needs to show the Net Price and not a Unit Price plus discount.
- Sales Credit Memo: One format required; Two formats required; For all export customers, the price needs to show the Net Price and not a Unit Price plus discount.
- Customer Statement: One format required

MS BUSINESS CENTRAL's accounts receivable document functionality fulfills Your Company's business requirements. Innovia recommends utilizing the Word Document functionality. Word Documents give the users the ability to perform formatting of documents utilizing MS Word. This saves on modifications to MS BUSINESS CENTRAL, as well as developer time. An estimated number of hours for assistance in formatting the above documents is listed in the **Fit Gap Analysis Document**.

## 9.1 Invoicing Process

### 9.1.1 Purchase Order to Purchase Invoice

(Process Flows: AP: Accounts Payable)

When the purchase invoice for a purchase order is received from the vendor, the following actions are taken:

- Compare and match the vendor invoice to the hard copy receiving document and the purchase order.
  - If any price discrepancies occur, an email will be sent to the purchaser for confirmation of which price is correct before completing invoice entry.
  - Some vendors will invoice multiple purchase orders on one purchase invoice.
- The invoice date and the vendor invoice number are entered in MS SL for payment with the due date being calculated based on the vendor's payment terms.
- Purchase invoice is completed.
- The vendor's paper invoice gets filed with the purchase order and receiving documents.

MS BUSINESS CENTRAL's purchase invoice process of purchase orders fulfills Your Company's business requirements. Purchase orders can be invoiced individually right from the purchase order or a purchase invoice can be created and the "Get Receipt Lines" function can be utilized to pull in receipt lines from multiple purchase orders onto one purchase invoice.

However, YOUR COMPANY would like to evaluate the ability to save hard copy documents to the purchase invoice in MS BUSINESS CENTRAL for use in the three-way match process and a non-paper-based audit history.

- Innovia recommends an **ISV Solution**, Zetadocs Capture, for scanning and capturing all purchase documents (purchase order, purchase delivery paperwork, and vendor's invoice) in MS BUSINESS CENTRAL. An estimated number of hours has been added to the **Fit Gap Analysis Document**.

### 9.1.2 Expense Purchase Invoices

(Process Flows: AP: Accounts Payable)

When an expense purchase invoice with no purchase order is received from the vendor, the following actions are taken:

- Enter purchase invoice in MS SL for payment with the due date being calculated based on the vendor's payment terms.
  - Requires the ability to calculate and post Use Tax on purchase invoices.
  - Requires the ability to track 1099 information per vendor and would like the ability to process 1099's from MS BUSINESS CENTRAL. Currently, the 1099's are printed using INTUIT.
- Purchase invoice is completed.
- The vendor's paper invoice gets filed.

MS BUSINESS CENTRAL's purchase invoice process fulfills Your Company's business requirements. Purchase invoices can be posted to multiple g/l accounts and allocated across multiple departments or dimensions if required (Example: Phone, internet, health care).

**Use Tax:**

Most use tax requirements occur on purchases completed on an employee credit card. The employee credit card entry is usually handled through a journal entry and not through purchase invoices. MS BUSINESS CENTRAL has the ability to calculate use tax in journals.

However, YOUR COMPANY would like to evaluate the ability to save hard copy vendor invoices to the purchase invoice in MS BUSINESS CENTRAL for a non-paper-based audit history.

- Innovia recommends an **ISV Solution**, Zetadocs Capture, for scanning and capturing the vendor's purchase invoice hard copy in MS BUSINESS CENTRAL. An estimated number of hours has been added to the **Fit Gap Analysis Document**.

## 9.2 Credit Memo Process

YOUR COMPANY has credits from vendors few and far between, but nonetheless requires the ability to enter credit memos received from vendors for items returned, for price adjustments, or for expense credits if it occurs. Credit memos could be applied to a prior vendor invoice or left as an open debit to display as a debit on the next payment sent to the vendor.

When a purchase credit memo is received from the vendor, the following actions are taken:

- Enter purchase credit memo in MS SL.
  - Requires the ability to calculate and reverse Use Tax on purchase credit memos.
- Purchase credit memo is completed.
- The vendor's paper credit memo gets filed.

MS BUSINESS CENTRAL's purchase credit memo process for purchase returns of inventory or expenses fulfills Your Company's business requirements. Purchase return orders can be credited individually right from the purchase return order or purchase credit memos can be created for all credits of non-inventory returns. Purchase credit memos can be posted to multiple g/l accounts and allocated across multiple departments or dimensions if required (Example: Phone, internet, health care).

However, YOUR COMPANY would like to evaluate the ability to save hard copy vendor credit memos to the purchase credit memo in MS BUSINESS CENTRAL for a non-paper-based audit history.

- Innovia recommends an **ISV Solution**, Zetadocs Capture, for scanning and capturing the vendor's purchase invoice hard copy in MS BUSINESS CENTRAL. An estimated number of hours has been added to the **Fit Gap Analysis Document**.

## 9.3 Vendor Payments

(Process Flows: AP: Accounts Payable)

YOUR COMPANY pays vendors by means of the following payment methods: Credit card, Wire Transfers, EFT, and Checks. The following are the steps for paying vendors:

- The controller determines which vendors and which invoices will be paid and creates the payment journal. A formal approval workflow is not required.
- The AP department will then create the payments to vendors based on the vendor's payment method.

### Checks:

- Check format is Stub-Check-Stub.
- Checks are currently signed manually.
- Positive pay file is sent to the bank for the check run.

### EFT, ACH, Wire Transfers:

- Currently, YOUR COMPANY performs the EFT, ACH, and Wire Transfers on their bank's (Wells Fargo) website.

MS BUSINESS CENTRAL's payment process for vendors fulfills Your Company's business requirements. Each vendor can be assigned to a payment method (i.e. Credit Card, EFT, ACH, Wire Transfer, or Check). Evaluate the use of vendor priority on the vendor record and how that can be utilized to send payments to vendors when only a specified dollar amount is available, and all vendors cannot be paid. When creating the payment journal, a separate journal batch will be created for each payment method.

- For checks, checks will be printed with a Stub-Check-Stub format. An estimated number of hours for formatting the check report is listed in the **Fit Gap Analysis Document**.
  - The following websites have checks designed for MS BUSINESS CENTRAL.
    - <https://www.compuchecks.com/checkbottom.htm>: Select the stub-stub-check version for MS Dynamics AX. This matches almost identical to the check MS BUSINESS CENTRAL requires. My last few clients ordered this check.
    - <https://www.MSbusinesschecks.com/csm101?dbfmktop=7257473&dbfregion=2074056&dbfpageid=7452271&dbforderhandle=6728321&dbftamera=49083972467807&dbfsection=1378763294>: This would also work, it is a bit pricier than compuchecks.com.
    - If you would like to use your current check format or find another check you would like, please send me a link before ordering.
  - Options for capturing the check signature electronically is listed in the **Fit Gap Analysis Document**, including estimated number of hours.
    - After the checks are completed, a positive pay file can be created and sent to the bank utilizing Data Exchange Definitions. Samples are provided for positive pay files, but they will need to be adjusted to match your bank's requirements. Positive Pay is not yet available through AMC Banking services.
- For EFT, files can be created from the payment journal to send to the bank. Wells Fargo is an approved bank on the AMC Banking website. If signed up for the AMC Banking service, the format of the EFT payment file is already created and can be utilized with MS BUSINESS CENTRAL.
  - A vendor remittance can be printed or emailed for all EFT payments. Setup is completed on the vendor under document layouts.
- For ACH and Wire Transfers, a payment journal can be manually populated to post payment to the vendors.

## 9.4 Documents

YOUR COMPANY does not require “formatted” Purchase Invoices and Purchase Cr. Memos as they are not documents that are normally printed and sent outside the company. However, YOUR COMPANY would like the ability to print 1099 forms.

MS BUSINESS CENTRAL’s 1099 functionality fulfill Your Company’s business requirements. An estimated number of hours for assistance in formatting the above documents is listed in the **Fit Gap Analysis Document**.

### 10.1 Bank Accounts

YOUR COMPANY currently has seven active bank accounts:

- Operating
- Payroll
- Rebates
- Manufacturing
- Disc
- Europe
- Health

MS BUSINESS CENTRAL's ability to track bank account transactions fulfills Your Company's business requirements. An unlimited number of bank accounts can be setup and transacted to. Transactions posted to the bank account will automatically be posted to a mapped general ledger account.

### 10.2 Bank Reconciliations

YOUR COMPANY is manually completing bank reconciliations in MS Excel monthly. The current bank reconciliation process takes days to complete and is a painful process.

MS BUSINESS CENTRAL's bank reconciliation process will be a significant improvement to their current process. Wells Fargo is an approved bank on the AMC Banking website. If signed up for the AMC Banking service, the format of the bank statement import file is already created and can be utilized with MS BUSINESS CENTRAL. The file will be imported, an automatic match process will be performed, only the exception, the line items that could not be matched, will need to be dealt with manually.

### 11.1 Chart of Accounts/Dimensions

YOUR COMPANY has setup a global Chart of Accounts for all companies. This chart of accounts is currently being utilized in both the AUS and UK MS BUSINESS CENTRAL databases.

The following dimensions are possible to setup:

- Customer class
- Product category class
- Division (If US and MFG companies are in the same database)
- Department (Currently, do post expenses to a department, but no one looks at it.)
- Salesperson (Possibly for tracking salesperson expenses)

YOUR COMPANY would require 2 consolidation companies:

- US Consolidated: This consolidation currently occurs quarterly.
  - US Sales
  - US Mfg
- Global Consolidated: This consolidation currently occurs annually. Ideally, would like to see the Chart of Accounts in USD and in the foreign currency.
  - US Sales
  - US Mfg
  - AU
  - UK
  - Japan (Not on MS BUSINESS CENTRAL)

MS BUSINESS CENTRAL's chart of account and dimension structures fulfills the requirements for Your Company's g/l structure. Consolidations of companies can be performed for multiple companies (business units) on any time schedule in both USD and foreign currency.

### 11.2 Accounting Periods

YOUR COMPANY utilizes calendar year accounting periods from January to December.

MS BUSINESS CENTRAL allows you to setup accounting periods and inventory periods for a fiscal calendar year. Accounting periods are required to post transactions to new fiscal years. Inventory periods define a period in which you can post changes to the inventory value. Accounting periods are closed on a yearly basis, Inventory periods are closed monthly.

### 11.3 Intercompany Transaction Posting

YOUR COMPANY will require the following intercompany transactions between UK, AUS, and Japan. It is important to note that these companies are in separate databases, with Japan not on MS BUSINESS CENTRAL at all, a file will need to be created to send the data.

- Sales Orders
- Purchase Orders
- Journal Transactions

It is important to note that the US keeps the UK inventory on the books as consignment inventory. The transactions are only in the general ledger. Quantities and inventory value are not tracked at the item/warehouse level. This is tracked in the UK database. Currently, month end general journal entries are posted to update the general ledger with the UK's current inventory. YOUR COMPANY would like to look at what alternatives are available for tracking the UK inventory.

MS BUSINESS CENTRAL's intercompany functionality fulfills Your Company's intercompany processes. Intercompany documents and intercompany journal transactions can be performed after intercompany setup is complete.

### 11.4 Budgets

YOUR COMPANY requires the ability to enter a g/l budget for all P&L g/l accounts. Budgets are entered by month, by g/l account. Currently, budgets are not entered by department or any other dimension. MS BUSINESS CENTRAL's budget functionality fulfills Your Company's business requirements. A budget template can easily be populated with last year's budget or last year's actual with or without a % increase. The budget can then be exported to Excel, manipulated, and imported back into MS BUSINESS CENTRAL.

YOUR COMPANY currently will budget sales by customer class and item category. Evaluate the sales budget functionality in MS BUSINESS CENTRAL. If sales budgets will be setup in MS BUSINESS CENTRAL, then dimensions will be required for customer class and item category.

YOUR COMPANY does not require budgeting by vendor.

### 11.5 Financial Reporting

YOUR COMPANY requires the following financial reports:

- Income Statement
- Balance Sheet
- Trial Balance

MS BUSINESS CENTRAL has the functionality to setup user defined financial reporting utilizing the Account Schedule and Analysis View functionality. Evaluate using what MS BUSINESS CENTRAL has to offer for financial reporting. YOUR COMPANY also owns Jet Enterprise. Evaluate using Jet Enterprise for financial reporting. Jet Enterprise will give increased flexibility to create financial reporting across all companies and databases. It also offers much nicer formatting options for your financial reporting than Account Schedules/Analysis Views. Evaluate how Cash Flow Forecasting functionality can assist in the creation and analysis of each company's cash flow.

## 11.6 Fixed Assets

YOUR COMPANY will require the ability to track Fixed Assets. Currently, approximately 1,800 fixed assets are tracked in MS Excel. YOUR COMPANY utilizes the straight-line depreciation method. Having the ability to track maintenance of fixed assets would be a bonus. When initially setting up the fixed assets in MS BUSINESS CENTRAL, YOUR COMPANY would like to bring in the starting value of the fixed asset, and all depreciation detail instead of a balance at date.

MS BUSINESS CENTRAL's fixed asset tracking functionality will be a significant improvement to their current process. MS BUSINESS CENTRAL will provide an overview of your fixed assets and ensure that the correct depreciation is calculated and posted to the general ledger. It also enables you to keep track of your maintenance costs, manage insurance policies related to fixed assets, post fixed asset transactions for purchase of, additions to, depreciation, sale of, and disposal of and generate reports and statistics. Evaluate importing pictures of all fixed assets.