

2017/2018
INNER CIRCLE
for Microsoft Dynamics



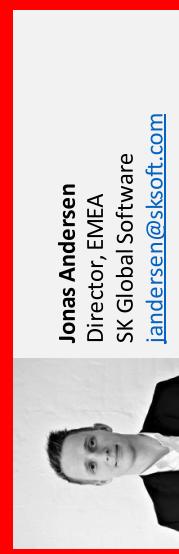
SK GLOBAL
SOFTWARE

Webinar: In-House Banking

for Microsoft Dynamics 365 Finance and Operations

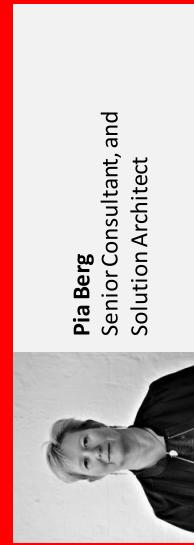


Presenting



Jonas Andersen
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SK Global Software
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Panelist / Questions



Pia Berg
Senior Consultant, and
Solution Architect



Agenda - In-House Banking for Dynamics 365 Finance and Operations

1. Introduction, Agenda, SK Global Software Overview
2. What is In-House Banking?
 - a) Who is IHB relevant for, and why?
 - b) Case examples and companies implementing IHB
 - c) What are the key IHB enablers?
3. SK Global Software's In-House Banking solution
 - a) Modules and features
 - b) Implementing IHB (before and after), benefits and ROI
 - c) Requirements, limitations and considerations
 - d) Pricing
4. Final remarks
5. Questions

SK Global Software

Microsoft Global Strategic ISV

Founded in 1994

Focusing on Banking and Treasury Automation

Offering the most extensive global banking library and payment processing network for D365

Office locations in the US + Denmark

Offering 12+ modules built for- and embedded in Dynamics 365



SK GLOBAL
SOFTWARE

+ **1,600**
DYNAMICS CUSTOMERS
2017/2018
INNER CIRCLE
for Microsoft Dynamics



Network of over **400**
Dynamics Partners

13
Years straight
Microsoft Presidents Club Award

PROVIDING
QUALITY
SOLUTIONS
24
YEARS



MOST EXTENSIVE NETWORK OF BANK
INTEGRATIONS IN THE WORLD

SK GLOBAL
SOFTWARE



**We facilitate and automate direct bank communication
to and from Microsoft Dynamics ERP to ANY bank in the world**



Solution Overview

License any module individually or in combination



Vendor Payment
Automation



Bank Statement
Automation



Direct Debit



Mandate
Automation



In-house
Banking



Payment Factory
Automation



Advanced Cash
Application



FX Automation



Credit Card
Advantage



FileHub



PositivePay



ePay Advantage



What is In-House Banking?

Definition

"A dedicated group or legal entity which provides banking services such as Cash management, Payments On Behalf Of (POBO), Collections On Behalf Of (COBO), FX Requests, Funding and loans, and general Working Capital to Business Units within an organization"

The Objective Being

To effectively in-source significant amounts of services from the commercial banks and recapture a substantial amount of the fees/cost, normally paid to the banks



Who is In-House Banking relevant for?

Historically;

- Very large international corporations
- Fortune 500 to Fortune 1000 (Revenue of 2 to 20 Bn USD)

Common perception is this is changing

- Technology and Cost are key drivers
 - For SAP customers, 1 Bn EUR Rev customers may consider IHB
- High Volume, or complex patterns of Internal Transactions
- Wanting to reduce exposure (and cost) in multiple currencies

Is that the same for Dynamics 365 customers?

Common scenarios that can drive value for In-House Banking

1. Companies operating with multiple subsidiaries
2. Inefficient Cash Management / Poor Utilization of Cash
3. Companies considering Cash Pooling, wanting to reduce debt
4. Funding/Providing Trade Finance to subsidiaries
5. High Volume, or complex patterns of Internal Transactions
6. Wanting to reduce exposure (and cost) in multiple currencies



Case Examples: Who is implementing IHB?

Large Retailer

- Retail stores in 70+ countries
- "Cash Rich", collecting cash in numerous currencies
- Focus: Centralized Cash Pooling + Centralized Payment Factory
- Cash Disbursements from optimal IHB Accounts
- Revenue: 3.15 Bn EUR

Automotive Sector

- Import and Sale of cars through own and external dealerships
- IHB focus: Funding to subsidiaries/dealerships as cars are ordered
 - Tracking loans, Interest charges, fees is key
- Revenue: 1.75 Bn EUR

Real Estate Development

- Real estate development projects across numerous countries and subs
- IHB focus: Intercompany loan management
 - Tracking of loans, interest, fees is key
- Revenue: 200 M EUR

Semi-conclusion on who IHB may be relevant for

IHB can be relevant for

- Companies with way less than 1 Bn EUR in revenue
 - Even companies that do not have an international setup
- What is the key then?
- Cash Rich, Cash Movement requirements?
 - Funding requirements?
 - International setup
- Born Internationals
- Companies today are more international, earlier!



Who is In-House Banking not relevant for?

Unlikely to benefit if

- Few Subsidiaries
- Few Bank Accounts
- Few/non-complex intercompany transactions
- Limited currency exposure



Key Enablers for In-House Banking

Company Maturity	<ul style="list-style-type: none">• Company structure• IHB relevance• Ability to grasp IHB value
Technology	<ul style="list-style-type: none">• ERP• TMS• Bank Relationships• Integrations• ”Building an IHB”
Cost	<ul style="list-style-type: none">• TMS licensing• IHB licensing• Integration work• ”Building” an IHB• Custom Development



SK Global Software's In-House Banking Suite

In-House Banking Suite



In-house
Banking



Payment Factory
Automation



Payment (Factory) Automation



Define your payments to be generated automatically

Criteria: Payment types, companies, etc.

Calendar Driven: Daily, Weekly, Annually

Payment proposals generate Payment Journals

Switchboard

As Payment Journals are created
the Payment Switchboard will determine the optimal bank account
for funding of payment

Payment Processing

Payment Journals are reviewed/approved
Payment Journal is posted



Payment Factory Automation



Payment Requests Enabled

Payment Request generated (not a payment journal)
Payment Request sent to IHB Switchboard

IHB Switchboard

Payment Journal is locked while being reviewed
Lines may be deleted, but cannot be edited/added
Payment Approved (using optimal IHB controlled bank account)

Payment Processing

Payment is processed by IHB
Payment Journal is posted

Benefit of this?

Better centralized payments

Subsidiaries not involved in actual payment processing
Subsidiary may not need a physical payment account
Subsidiary does not need a "real" bank format in place

Control of Cross Border Payments, FX Fees, etc.



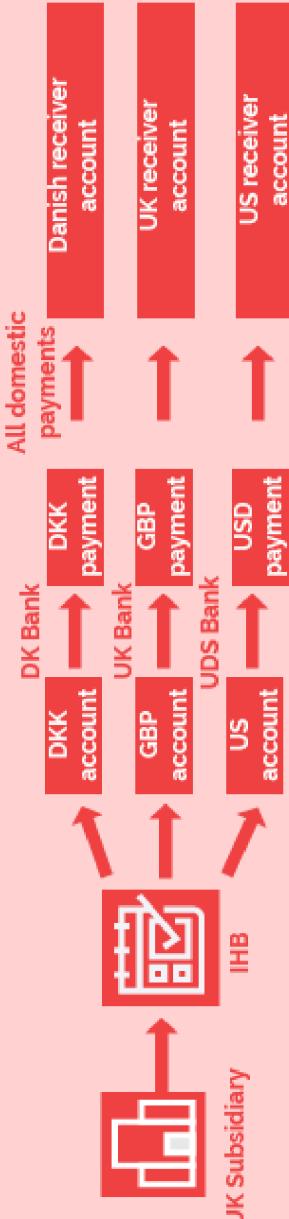
Payment Factory Automation - EXAMPLE

PAYMENTS ON BEHALF

Before



After

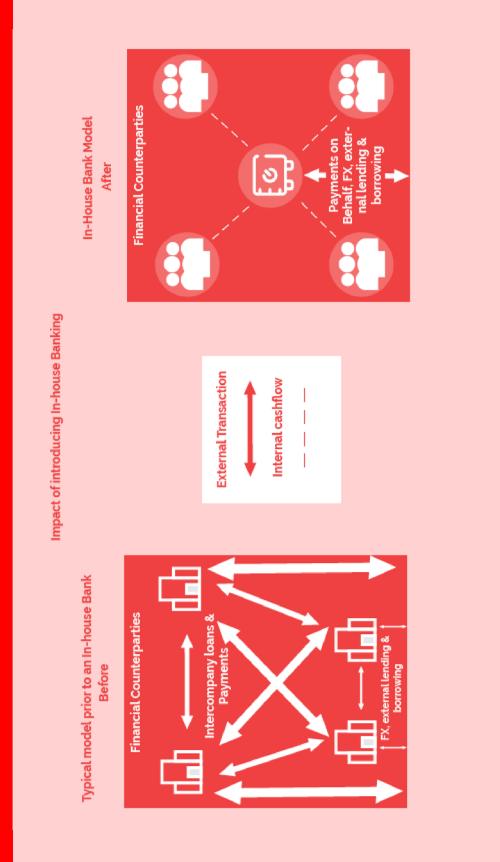




In-House Banking



- Maintain balances of IHB Bank Accounts
- Balances are maintained in the Parent company (IHB) and the subsidiaries for visibility
- Journal Posting replaces standard intercompany with IHB transactions
- Interest Calculations in IHB Accounts
- Bank Statements are created by Parent Company to subsidiaries
- Handle Customer/vendor inercomapny payments

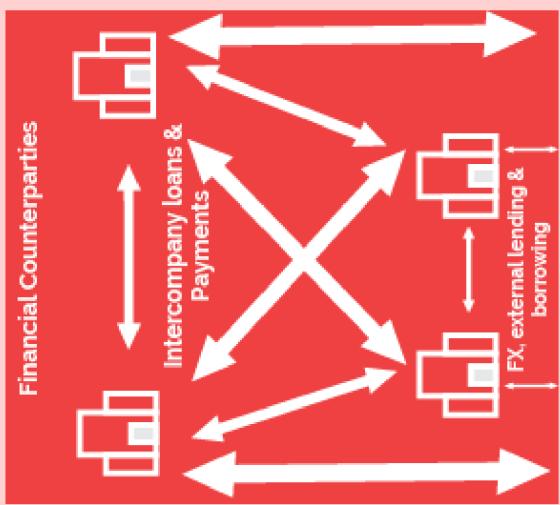




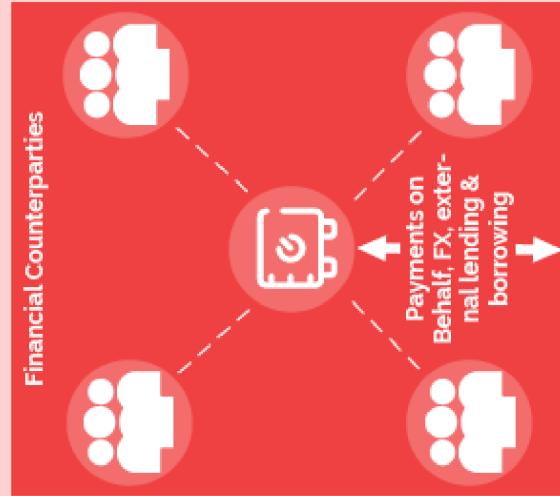
In-House Banking; Before and After

Impact of introducing In-house Banking

Typical model prior to an In-house Bank
Before



In-House Bank Model
After

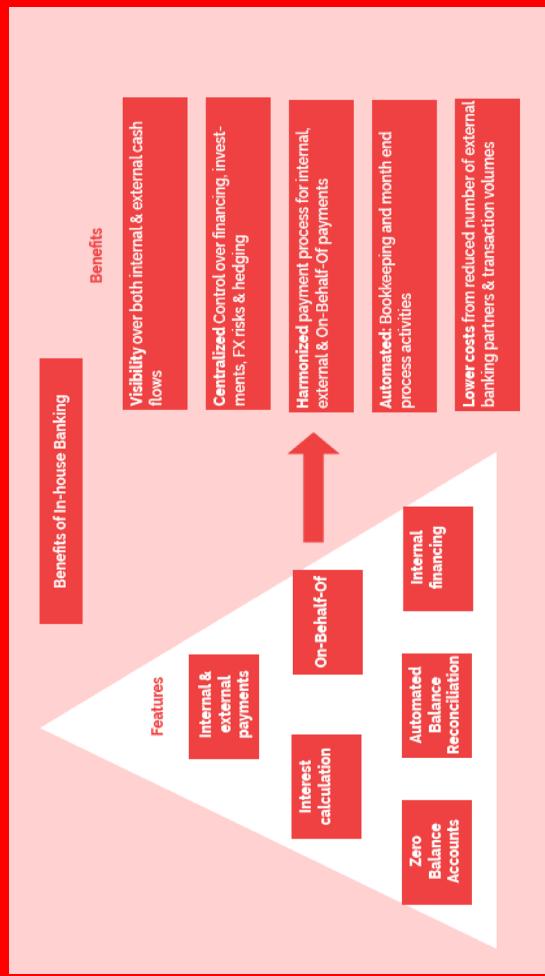




Benefits of an In-House Banking solution

TOP 5 Benefits

- 1) Reduce banking fees
- 2) Freeing up investment capital
- 3) Minimize cross-border payments and FX needs
- 4) Increased bargaining power
- 5) Lower need for external funding





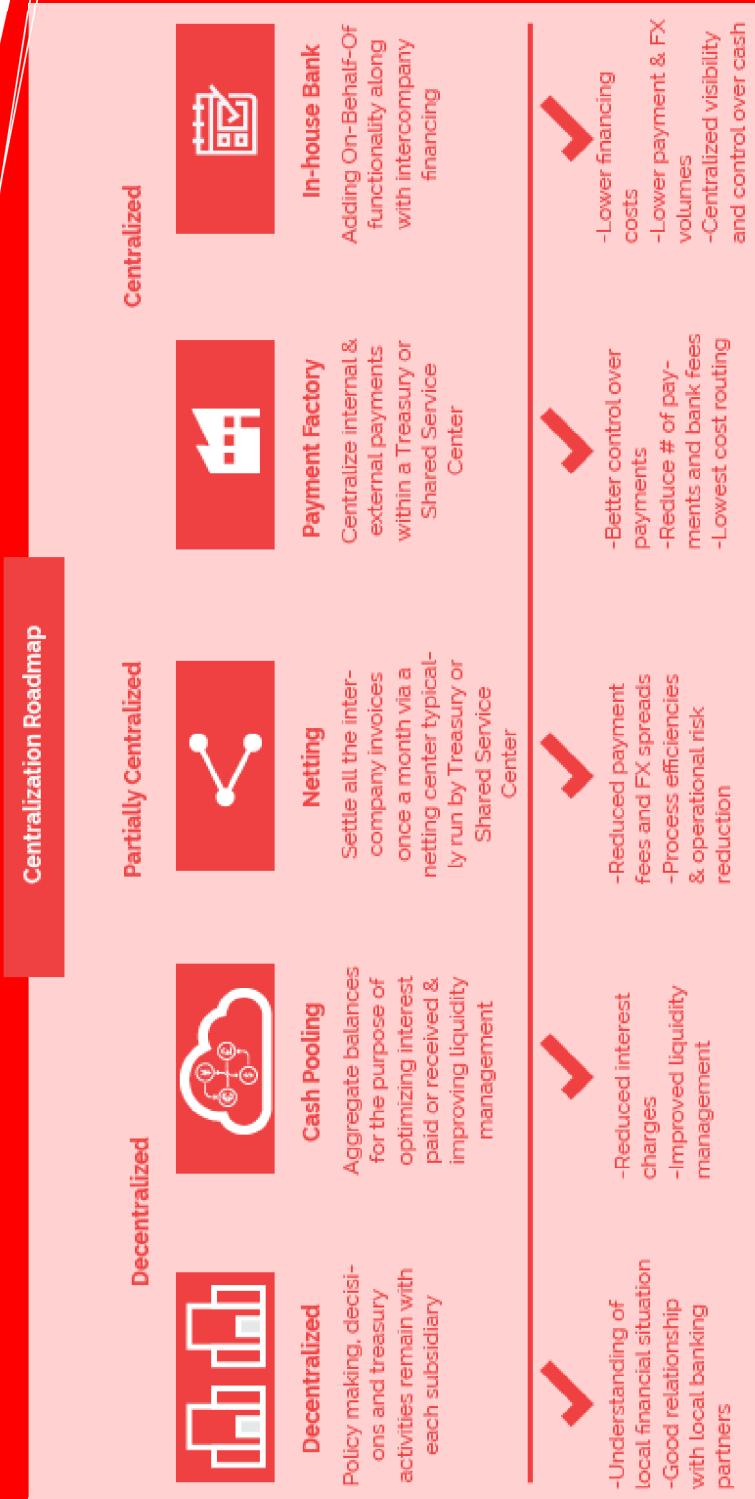
ROI on Implementing IHB?

IN-HOUSE BANK COMPONENTS

Cash & Liquidity Management	Intercompany Funding	Payment & Collection Factory	Risk Management	Netting
FEATURE FOCUS				
<ul style="list-style-type: none">Bank account administration (Bank Account Management, eBAM - electronic Bank connectivity)Bank account reconciliationCash PoolingPayment executionCash forecasting	<ul style="list-style-type: none">Virtual account managementInternal interest rates and feesIntercompany financing and funding	<ul style="list-style-type: none">Payments on behalf of business unitsCollections on behalf of business unitsAuthorization and release of payments	<ul style="list-style-type: none">Exposure management, including FX, interest, commodity and other risksValue at RiskCash Flow at RiskHedge accounting	<ul style="list-style-type: none">Intercompany payables and receivablesDispute managementNetting calculationsPhysical settlementIntercompany account settlement
ROI PARAMETERS				
<ul style="list-style-type: none">Increased cash visibilityReduce cash buffersAutomate data gathering and account reconciliationReduce number of bank accounts and bank relationshipsImprove forecasting accuracyImprove payment security	<ul style="list-style-type: none">Reduce external fundingReduce interest expenseOptimize cash positionsFree trapped cash	<ul style="list-style-type: none">Reduce payment costStreamline payment workflowsImprove payment security	<ul style="list-style-type: none">Holistic view on riskReduced hedging costOptimized counterparty limits	<ul style="list-style-type: none">Reduce transaction volumesLower FX riskEnhance yields



Roadmap of Implementing IHB / Centralizing



Limitations, Considerations for SKG IHB

Limitations

Available only for Microsoft Dynamics 365 FO, v8.0 (forward)

TAS version 10.0

IHB will require licensing of certain SKG modules:

- Payment Automation: requires Vendor Payments module
- Full IHB: requires Vendor Payments + Bank Statement modules

Fully embedded and built for D365, not a "multi ERP" solution

D365 Company must consider D365 the main ERP Finance system

First version, ROBO/COBO are not currently available.

Key Considerations

Always involve Tax experts

Always involve Legal experts



Final Remarks

Interested in seeing more?

Schedule a 1:1 Demo/Meeting with Us

www.sksoft.com/IHB

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SOFTWARE



Thank You

Visit www.sksoft.com