Binary Stream

Microsoft Dynamics 365
Business Central

Multi-Entity
Management

CUSTOMER STORY

The entity count nobody chose.

A privately held hospitality group runs more than ten operating entities alongside a separately licensed affiliate. Licensing, not finance, sets that number, and every system bought afterward is priced per company. Multi-Entity Management for Microsoft Dynamics 365 Business Central is designed to present one company to every connected app, with entities kept distinct as a dimension.

At a glance.

INDUSTRY

Hospitality: A privately held group of consumer-facing properties, plus a separately licensed affiliate.

FOOTPRINT

More than ten operating entities in the hospitality division alone, across several separate ERP tenants.

ERP JOURNEY

Replacing an industry-specific legacy ERP with Microsoft Dynamics 365 Business Central.

ENTITY STRUCTURE

More than ten operating entities in the hospitality division alone, across several separate ERP tenants.

TRANSACTION PROFILE

Routine inter-entity purchasing, shared-services recharges, management fees, and anticipated inventory movement between separately licensed entities.

ENGAGEMENT STAGE

Evaluation. Outcomes are designed, not measured.

PRESCRIBED SOLUTION

Multi-Entity Management (MEM) for Business Central, including intercompany across separate tenants.

Why licensing, not finance, sets the entity count.

This privately held group operates multiple consumer-facing hospitality properties, alongside a separately licensed affiliate. The two sides are closely linked: corporate services serve both, management fees run between them, and inventory is expected to move across.

But they can't be the same legal entity. Licensing fixes the boundary, and finance has no authority to redraw it.

- An operating license attaches to a specific legal entity.
- The license defines what that entity is permitted to do.
- So the boundary can't be redrawn for accounting convenience.
- Most groups keep that separation in their systems, not just on paper.

The entity count becomes a multiplier on every system the group buys, repeated with each acquisition.

So in practice, the hospitality division alone runs more than ten operating entities, each a distinct legal and tax identity. And every application the group buys, from spend management to reporting, is priced and configured per company.

> **The legalities mean we can't just consolidate that. That would be my ideal—that we have one instance that we deal with, but we can't.**
>
> CHIEF INFORMATION OFFICER, PRIVATELY HELD HOSPITALITY GROUP

Main challenges.

A per-entity price on a fixed entity count.

The group's spend-management platform was already live, connected to another of its ERP tenants that held a single company. Extending it to a tenant with more than ten companies left the vendor offering three options, and no good one. The platform wasn't the problem. The entity count was, and licensing made it non-negotiable.

- **Separate instance per entity:** a subscription for every entity, and every new one.
- **Keep exporting files:** manual imports with no audit trail.
- **Reshape the ERP as one company:** lose the entity separation licensing requires.

Intercompany postings that depend on someone remembering.

Without an entity layer, every transaction that crosses an entity boundary needs its due to and due-from entries created by hand. The failure isn't dramatic. It's a month-end where the books don't balance and nobody can say which entry was missed. The industry-specific ERP being replaced handled this well, and moving to a general-purpose platform meant losing that discipline unless something replaced it.

Shared spend booked where it's convenient.

Corporate functions buy on behalf of the whole group, so two kinds of inter-entity transaction come up constantly:

- Group purchases coded to whichever entity is easiest to transact through, then billed back later.
- Purchases that genuinely serve two businesses at once and have to be split between them.

Both are real accounting events, but both were being handled as administrative follow up.

Reports that treat one company as one business.

Business Central's standard financial reports add up everything in a company and present it as a single result. When one company deliberately holds many legal entities, that's the wrong default. It's a consequence of the design, not a flaw in the platform. Finance needs a balance sheet per entity, per licensed group and consolidated, all from the same data, without exporting it.

Separation that has to be visible, not just intended.

When entity separation exists for licensing reasons, it has to hold inside the system as well as on paper. A venue's staff see that venue, a regional manager sees their group, and corporate sees everything. Master records follow the same rule: a vendor that trades with three entities is visible to those three only. In a single company, that becomes a configuration requirement, not a side effect of separate databases.

Solution: One company outside, many entities inside.

MEM carries the division's legal entities on one of Business Central's global dimensions, so every connected system, from spend management to reporting, sees a single company and needs a single configuration.

Inside, each entity stays distinct. Due-to and due-from entries are generated at posting, allocation templates split shared spend across entities as it's entered, and reports run per entity, per group or consolidated, from one dataset.

Because MEM sits inside Business Central rather than beside it, the groundwork carries straight over: a chart of accounts rebuilt to match across every entity, and standardized posting groups. The licensed affiliate stays in its own tenant, connected through MEM's cross-tenant intercompany.

Entity structure —

closes the per-entity price on a fixed entity count.

Entities are defined once and carried on a global dimension, so connected systems such as spend management, procurement and reporting need only one company and one configuration. A new entity becomes a new dimension value, not a new subscription in every system. Each entity keeps its own identity where that matters, with its own document number series where wanted, or the platform default where not.

Inter-entity postings —

closes the dependence on someone remembering.

Every document carries a header entity and line entities. Where they differ, due-to and due-from entries are generated automatically from a configured account mapping, so the failure behind an unbalanced month-end is removed rather than managed. Entity hierarchies add trading rules on top: postings can be suppressed between a parent and what is effectively its division, and routed through the parent for entities outside that branch.

Allocation and payments —

closes shared spend booked where it's convenient.

Allocation templates split a single transaction across entities by percentage, fixed amount or variable amount, and a split can be overridden on one line without changing the template. Corporate purchases are coded once and land where they belong. Payment batches run centralized, paying from the header entity's account with inter-entity balances posted automatically, or decentralized, with each entity paying from its own.

Reporting and close —

closes reports that treat one company as one business.

Standard financial reports are replaced with entity-aware equivalents, so a single dataset produces a balance sheet per entity, per group of entities, and consolidated with eliminations, with nothing exported. The elimination journal posts and then reverses itself the following day, without anyone having to remember to go back.

Access and master data —

closes separation that's intended but not enforced.

Access and master records follow the entity structure. Users see only the entities their role covers, from a single venue up to the whole group, and a vendor or customer is visible only to the entities that trade with it. Licensing separation becomes something the system enforces, not something staff are trusted to follow.

Results.

01

Connected apps are set up once for the whole group, not once per entity, so a new entity no longer means a new subscription in every system.

02

Balances between entities are created automatically when a transaction is posted, so month-end no longer depends on someone remembering a manual entry.

03

Shared corporate spend is split across the entities that used it at the moment it's entered, instead of being booked in one place and recharged later.

04

Reports for each entity, each group and the whole business come from the same data, with no exporting, and eliminations post and reverse on their own.

05

The separation licensing requires is built into the system, controlling who sees which entities and records, rather than relying on staff to follow procedure.

06

New acquisitions are added as entities in the existing structure, so software costs stop rising with every entity licensing requires.

Business Central alone vs. Multi-Entity Management.

MEM uses one of Business Central's global dimensions to delineate entities — the same dimension budget a standard BC setup would spend. The difference is that everything that happens after that dimension is assigned.

REQUIREMENT	STANDARD BC	WITH MULTI-ENTITY MANAGEMENT
Intercompany balancing.	Possible by dimension, but due-to/due-from entries aren't generated automatically.	Due-to/due-from entries are injected automatically at posting — configured once.
Entity-level security.	Achievable, but requires extensive customization.	Governed directly by the entity dimension. A user with rights to three entities sees only those three.
Master data control.	Any user can select any vendor, customer, or GL account, regardless of entity.	Per-entity allow lists. Ineligible vendors don't appear in the lookup at all.
Entity-specific setup.	No native concept of entity-level settings.	Each entity carries its own bank account, document numbering, and configuration.
Eliminations.	Handled downstream in the reporting layer.	Calculated automatically, reviewable before posting, and reverse on a defined date.
Cross-entity documents.	Manual creation of the matching document in the other company.	Entities transact as virtual customers/vendors of each other; the companion document is created automatically.
Reporting.	Build it yourself.	Any report can run per-entity or across entities in real time, including consolidated views and FP&A extraction.

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