

Executive's guide to streamlining multi-entity finances and operations



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Optimizing multi-entity companies can be tricky

Many multi-entity companies struggle with optimizing operations while maintaining clear business valuation. Managing an organization with multiple legal entities or business units across various locations can be more complicated than managing a company with one central good or service. What may be a best practice in one entity may not lead to success in another one. Flexible and dynamic accounting software provides invaluable financial insight for you to make the best decisions and successfully lead a complex multi-entity enterprise.



ERP software is not one size fits all

Enterprise resource planning (ERP) software can help optimize operations and financial performance; unfortunately, not all systems are created equal. The ERP software market is a mature product space with many different vendors. These products are tailored to accommodate your business's size or 'tier,' where tier 3 accounts for small start-ups, tier 2 for medium corporations, and tier 1 for international enterprises. Most products can only work for one tier, but some tier 2 products can scale nicely to tier 1 organizations depending on your business requirements.

	Complexity	Costs	Flexibility	Reporting insights
Tier 1	High	Highest	Low	Highest
Tier 2	Medium	Medium	Medium-High	Medium-High
Tier 3	Low	Low	Highest	Low

48%

of all U.S. companies and 40% of all Canadian companies still use manual accounting practices.

source: Financial Executives Research Foundation and Robert Half

No.	Description	Quantity	Amount
1234	Pellentesque	2	246.53
2567	Quisque luctus turpis	5	856.75
0034	Sed interdum odio	8	594.67
0450	Id rutrum	4	356.40
4729	Maecenas molestie	7	400.00
4930	Integer varius nisi	3	456.00
4893			

Subtotal	3000.45
Tax Rate	6.78%
Tax	204.67
Other	-
TOTAL Due	3205.12



What to look for in ERP software for multi-entity organizations

ERP systems must have a superior foundation to quickly and cost-effectively provide and report data. These capabilities supply you with easy access to accurate multi-entity data to make optimal, high-level decisions. The next few pages will cover the five features that are most important for executives:

- ➊ Dashboards provide a good summary of day-to-day metrics
- ➋ Centralized data supports consolidated reporting
- ➌ Multi-entity subledgers improve accuracy of business valuation
- ➍ Trend analysis aids long term strategic decisions
- ➎ Scalable data security gives you control over data transparency



Dashboards provide a good summary of day-to-day metrics

Dashboards are a very convenient way to gather, compare, analyze, and share real-time data. They usually consist of important, day-to-day metrics that you can view immediately without running long reports and building a series of complex spreadsheets, enabling fast yet informed decision-making to support the company's long-term success.



Gather



Compare



Analyze



Share



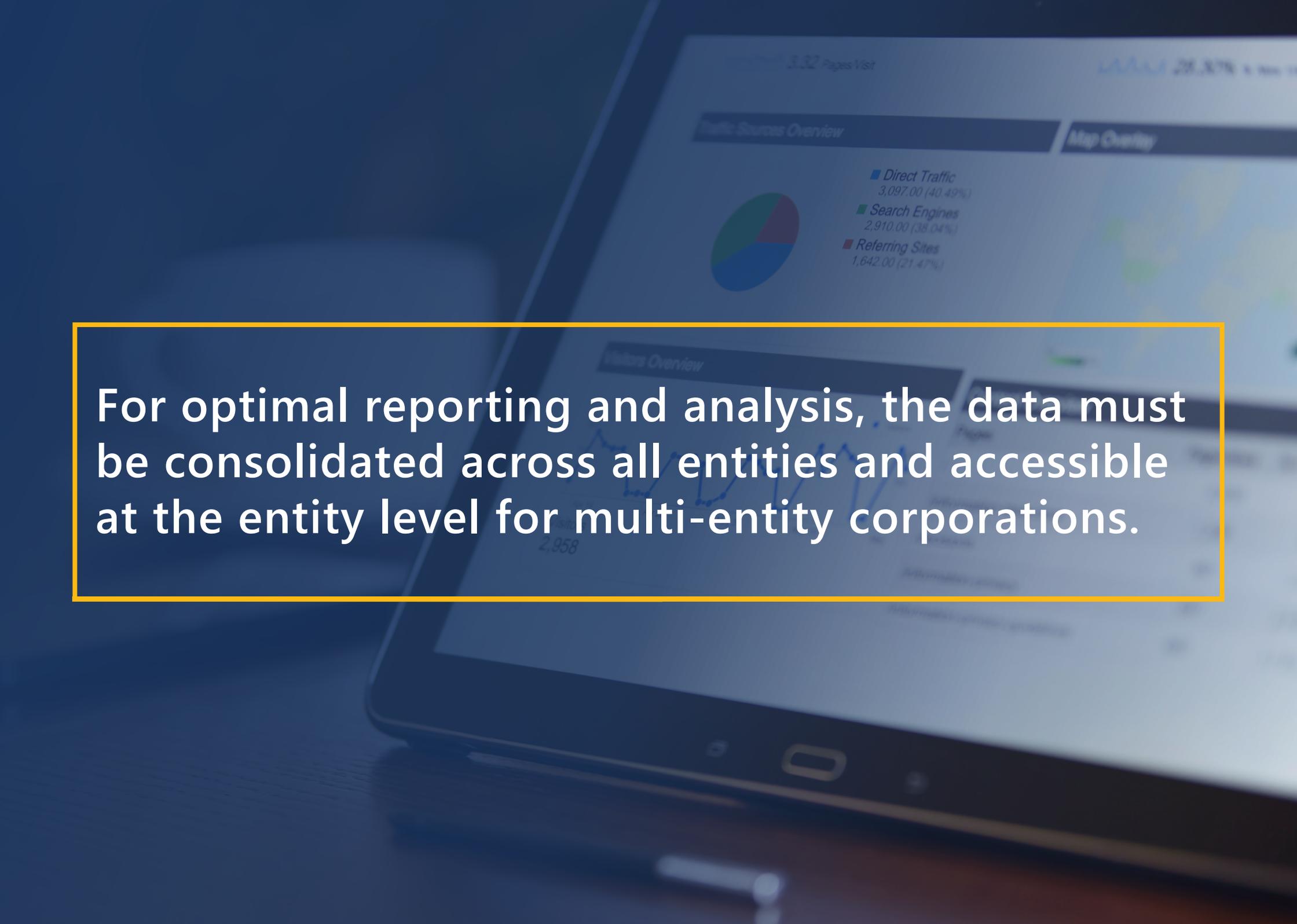
Centralized data supports consolidated reporting

An executive needs prompt, accurate, and readily available reports to have the best understanding of the overall financial health of their company. For optimal reporting and analysis, the data must be consolidated across all entities and accessible at the entity level for multi-entity corporations. However, not all ERP systems can slice and dice data down to the entity level.

To obtain reports with the appropriate depth and complexity for your organization, you may have to purchase independent applications called business intelligence (BI) tools. BI tools work by copying data from the ERP system into data warehouses and manipulating it into the needed reporting form. This process can be time-intensive, and the purchasing, installation, and maintenance of BI tools are costly.

It is best to avoid the hassle and overheads entirely by carefully investing in an ERP system that supports multi-entity friendly features such as a centralized database and consolidated reporting.



A tablet is shown at an angle, displaying a dashboard with various analytics charts. The top of the screen shows '3,332 Pages Visit' and '29,878'. Below this, there are two main sections: 'Traffic Sources Overview' and 'Map Overlay'. The 'Traffic Sources Overview' section features a pie chart and a legend with three items: 'Direct Traffic' (3,097.00 (40.49%)), 'Search Engines' (2,910.00 (38.04%)), and 'Referring Sites' (1,642.00 (21.47%)). Below the pie chart, there is a 'Visitors Overview' section with a line graph and a value of '2,958'. The text overlay is a white box with a yellow border containing the following text:

For optimal reporting and analysis, the data must be consolidated across all entities and accessible at the entity level for multi-entity corporations.

Multi-entity subledgers improve accuracy of business valuation

The value of the business is one of the most critical metrics. Sooner or later, you will be considering a major business deal and must decide whether this is the right thing to do for your company. The outcome of that decision might not be reversible, so to make the most informed choice, you will need reliable information to value the organization—to calculate the bottom-line (tangible and intangible).

It can be tricky to value the tangible assets in a multi-entity organization. Assets and liabilities may be attributed to subsidiaries, separate legal entities requiring maximum control, or shared across different business units under the same corporate ownership. The latter structure often skews the real value. For example, selling off a business unit without attributing the assets to the sold-off business unit, the relative price would be inaccurate or at least incredibly difficult to evaluate.

Without prior planning, businesses may employ a general ledger that balances in a consolidated total. Still, the net book value of those assets may be hard to separate on an asset-by-asset basis to any given entity. Sub-ledgers that can break down capitalized costs over time and allocate them to the correct entity are invaluable for multi-entity business valuation.

A photograph of a business meeting with a blue overlay. In the foreground, a person's hand is seen holding a smartphone. In the background, another person's hand points towards a laptop screen. The desk is cluttered with various documents, including one with a pie chart and another with a line graph. A laptop is open on the left side of the frame. The overall scene suggests a collaborative work environment focused on data analysis and business operations.

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Trend analysis aids long term strategic decisions

Quantification of financial data can help justify forecasting for an uncertain future and aid in making long-term strategic decisions. This quantification—while it may come from sources such as Customer Relationship Management (CRM) systems, analytics, excel etc.—is mainly driven by financial ERP data.

The ERP record-keeping function allows you to look for financial trends in historical data. By measuring data over time, trend analysis provides a more objective method for justifying long-term decisions and a potentially more accurate forecast for short-term decisions.





Trend analysis provides a more objective method for justifying long-term decisions.

Scalable data security gives you control over data transparency

Transparency of information—including previously secure financial information—is generally on the rise in organizations. Today's employees need to know more about their organizations to empower them to be more informed and better at their job. The more they know about the company, the longer they're likely to stay and buy into the overall vision; accordingly, employee retention increases.

However, for multi-entity operations, transparency of data from one entity to another may not be practical. Keep an eye on your data visibility to ensure that the right people see the correct data. A straightforward way to achieve this objective is to invest in an ERP with scalable security that allows your IT department to manage user permissions based on user type.

This level of control gives you the option to make specific information transparent across all entities or secured to a particular entity. For example, you could share vendors across all entities but secure customers, and their transactions, so each entity can only access information about their respective customers. It also allows you to reassess these permissions at any time throughout your growth journey.

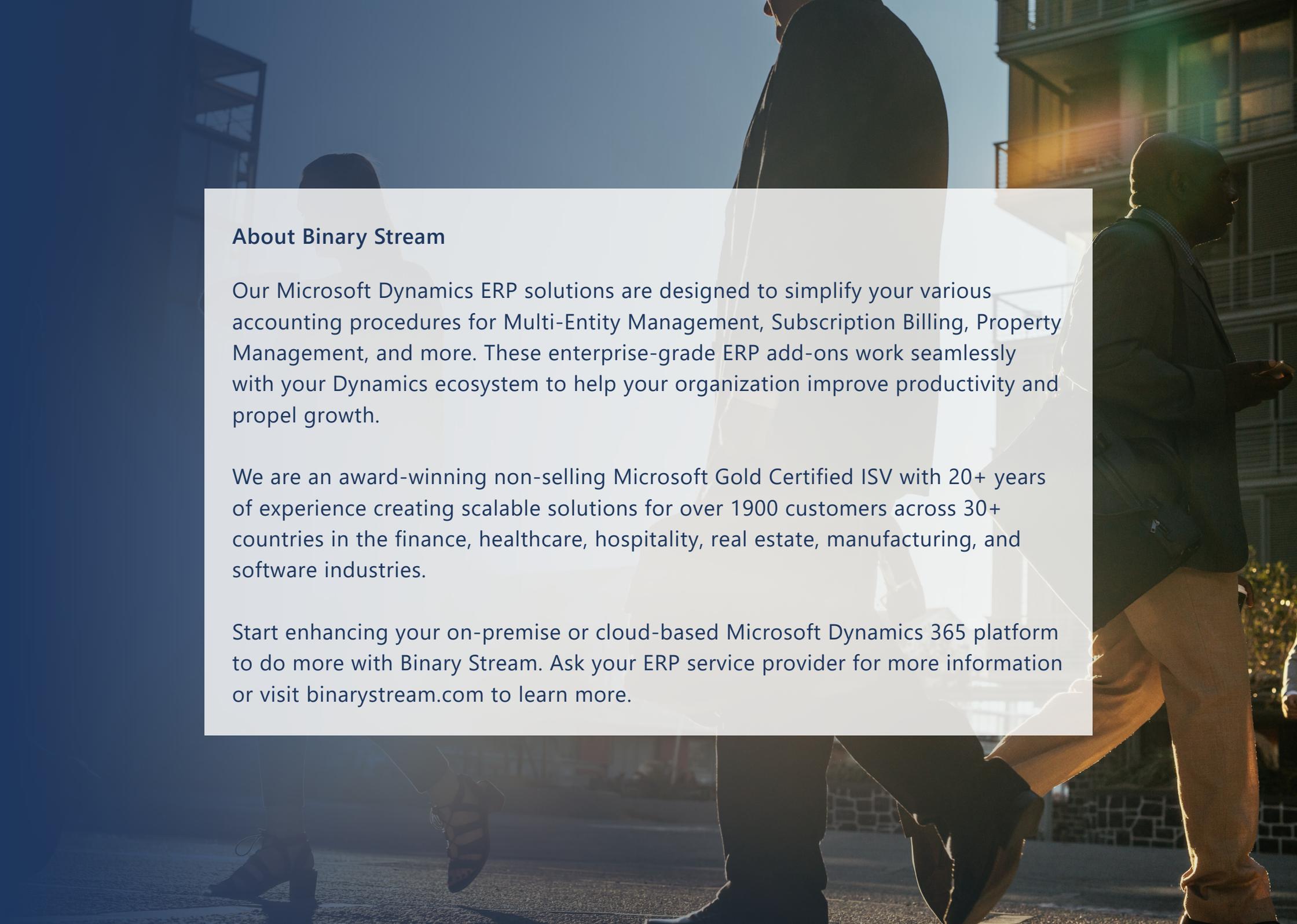
A man with a beard, wearing a light green button-down shirt and dark pants, is crouching in a server room. He is holding a laptop and looking towards a rack of server equipment. The room has glass partitions and various pieces of IT hardware. The text is overlaid on a semi-transparent blue box with a yellow border.

Invest in an ERP with scalable security that allows your IT department to manage user permissions based on user type.

Multi-Entity Management (MEM) achieves optimal high-level performance

Multi-Entity Management (MEM) is a comprehensive solution that solves the challenges that many multi-entity organizations face in their pursuit of optimizing operational efficiencies and control. Integrating fully with Microsoft Dynamics, it enables organizations to gain a complete view of their different entities, streamlining inter-company transactions and improving security at every level. Designed with flexibility in mind, it meets your unique business needs to ensure success as you continue to scale and grow.



The background of the entire page is a photograph showing the silhouettes of several people walking in a city street during sunset. The sun is low on the horizon, creating a warm, golden glow and long shadows. The people are in various stages of their stride, and their forms are dark against the bright sky. The overall mood is professional and dynamic.

About Binary Stream

Our Microsoft Dynamics ERP solutions are designed to simplify your various accounting procedures for Multi-Entity Management, Subscription Billing, Property Management, and more. These enterprise-grade ERP add-ons work seamlessly with your Dynamics ecosystem to help your organization improve productivity and propel growth.

We are an award-winning non-selling Microsoft Gold Certified ISV with 20+ years of experience creating scalable solutions for over 1900 customers across 30+ countries in the finance, healthcare, hospitality, real estate, manufacturing, and software industries.

Start enhancing your on-premise or cloud-based Microsoft Dynamics 365 platform to do more with Binary Stream. Ask your ERP service provider for more information or visit binarystream.com to learn more.



Scale your operations across multiple locations with Multi-Entity Management

A comprehensive solution for pricing, billing, invoicing, and recognition challenges directly embedded within Dynamics 365.

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