Treasury Management System (TMS)

Why it is needed inside Dynamics 365?

Overview

The term treasury was **first used** in Classical times to describe the votive buildings erected to house gifts to the gods, such as the Siphnian Treasury in Delphi or many similar buildings erected in Olympia, Greece by competing city-states to impress others during the ancient Olympic Games. In Ancient Greece treasuries were almost always physically incorporated within religious buildings such as temples, thus making state funds sacrosanct and adding moral constraints to the penal ones to those who would have access to these funds.

Today we have it as a function. It is **defined** to include management of an enterprise's holdings, with the ultimate goal of managing the firm's liquidity and mitigating its operational, financial and reputational risk. Treasury Management - and by definition systems – (TMS) includes a firm's collections, disbursements, concentration, investment and funding activities. In larger firms, it may also include trading in bonds, currencies, financial derivatives and the associated financial risk management. In short it's a wide field.

This whitepaper will explore what we do with TMS inside **Dynamics 365** and explain the importance of having it inside your business management (also known as ERP) system.

TMS can be defined by these components:

Derivatives

Facilities register

Investments and Non-cash investments

Credit ratings

Cash flow forecasting

Global trends

Portfolio management

Hedging

Loans and guarantees

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Treasury and regulations

Extending the introduction above; treasury is the function and execution of the body of knowledge that deals with the managing of funds. Funds being defined as cash, non-cash and other financial instruments.

Typical instruments include:
- Loans & Investments
- Money market instruments
- Forex Trading
- Derivative Interest rates
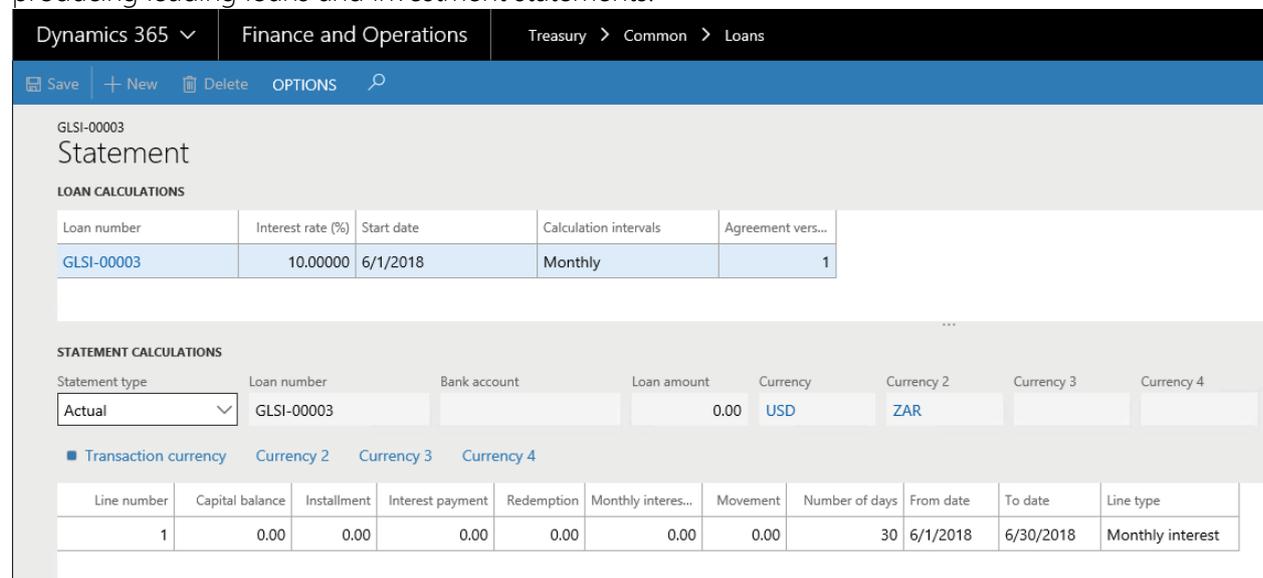- Bonds
- Equity Capital instruments

As an upfront disclaimer; markets, regulations and requirements are ever-changing. In reflection of these changes, organisations are developing new spreadsheets by the hour. Our **TMS 365** software is not static. We keep adding so that you don't have to add.

Treasury inside Dynamics (TMS 365)

As a start; treasury solutions must map (have functionality) to the above listed instruments. Ours includes:

Loans

TMS 365's Loans ("debt") sub-module supports the tracking and management of short-term and long-term borrowings, including discount, interest-bearing, fixed, floating rate, amortizing and lease contracts. The Loan sub-module also supports the tracking of credit facilities. An extensive calculation engine producing leading loans and investment statements.

Dynamics 365 ∨	Finance and Operations	Treasury > Common > Loans

💾 Save   ＋ New   🗑 Delete   OPTIONS   🔍

GLSI-00003
Statement

LOAN CALCULATIONS

Loan number	Interest rate (%)	Start date	Calculation intervals	Agreement vers...
GLSI-00003	10.00000	6/1/2018	Monthly	1

STATEMENT CALCULATIONS

Statement type	Loan number	Bank account	Loan amount	Currency	Currency 2	Currency 3	Currency 4
Actual ∨	GLSI-00003		0.00	USD	ZAR		

■ Transaction currency   Currency 2   Currency 3   Currency 4

Line number	Capital balance	Installment	Interest payment	Redemption	Monthly interes...	Movement	Number of days	From date	To date	Line type
1	0.00	0.00	0.00	0.00	0.00	0.00	30	6/1/2018	6/30/2018	Monthly interest

Investments

TMS 365's Investments module supports the tracking and management of both Cash & Non-cash Investment transactions. Organisations can manage portfolios of short-term and long-term investments, including money market fund, discount, interest-bearing, fixed, floating rate and amortizing contracts.

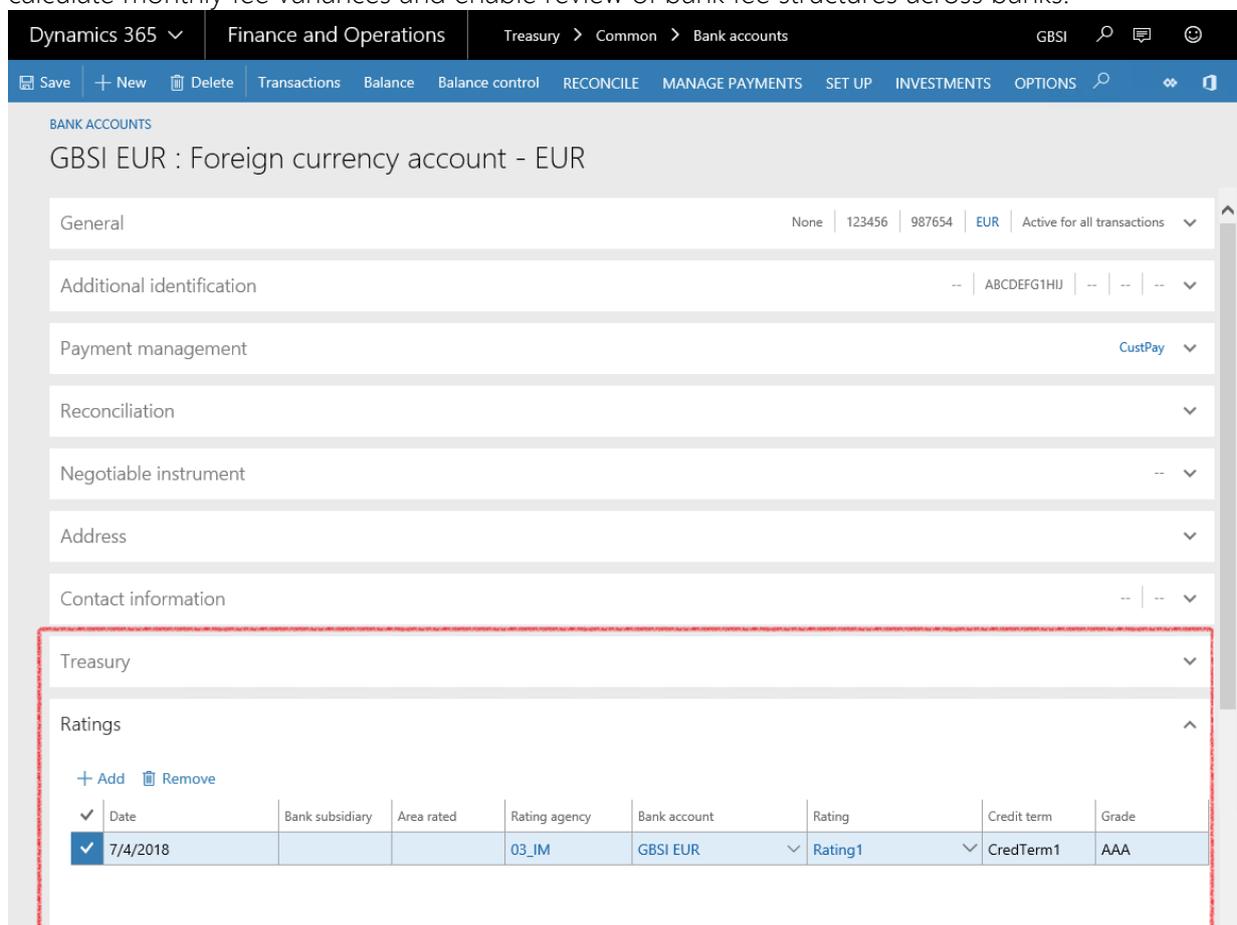# Treasury inside Dynamics (TMS 365)

Intercompany Loans

TMS 365 fully supports the tracking and management of intercompany loans from parent to subsidiary or between subsidiaries. Discount, interest bearing, short and long term types are supported. All intercompany transactions generate cash flows, payments, accounting and reporting for both sides of the internal transaction.

Cash Management

Leveraging **TMS 365** connectivity to integrate bank reporting, organisations can get their cash positions from every global bank at their fingertips at the start of the day - organized by bank, entity, currency, cash flow category, and transaction status. TMS 365's cash forecasting capabilities include extensive options for entry, import, modelling and measuring the effectiveness of cash forecasts. With TMS 365, organisations extend the accuracy and horizon of their cash forecasting - by day, week, month, or year.

Bank ratings & Accounts

TMS 365's Bank Relationship Management enables organisations to improve control over bank accounts, including segregation of duties and audit trails. **TMS 365** features signatory tracking, reporting, confirmation letters, and document handling. **TMS 365** will soon have a bank fee analysis module to calculate monthly fee variances and enable review of bank fee structures across banks.

Treasury inside Dynamics (TMS 365)
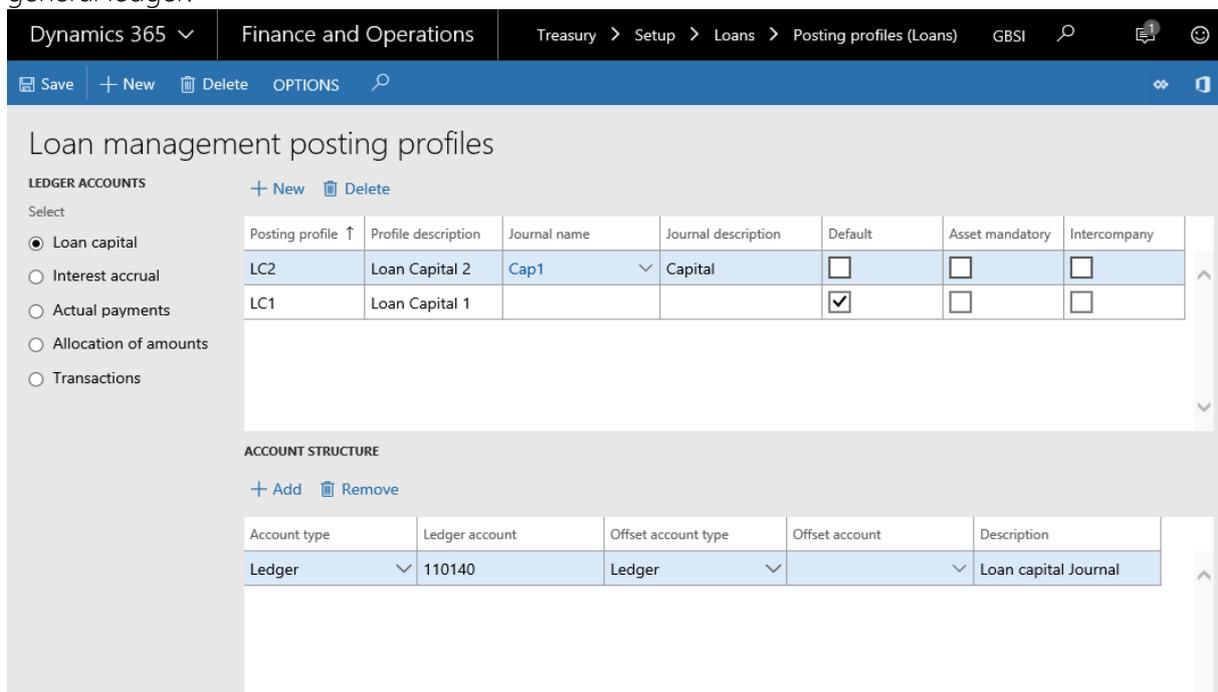
Foreign Exchange

TMS 365 Financial Transactions Foreign Exchange module supports the tracking and management of Foreign Exchange transactions, including spot, forward, non-deliverable forward, swap and plain vanilla and barrier options. The module provides a FX position worksheet that provides a quick and intuitive visualization of FX exposures and executed transactions. The Foreign Exchange module is part of an FX hedging workflow that includes Valuation (Mark-to-Market) and Hedge Accounting modules contained within Axnosis Risk Management.

Interest Rate Derivatives

Our Derivatives sub-module supports the tracking and management of fixed-floating swaps, cross currency swaps, caps, floors and collars. The module is part of an Interest Rate hedging workflow that includes Valuation (Mark-to-Market) and Hedge Accounting modules contained within Axnosis Risk Management.

Accounting and Compliance

TMS 365 is fully part of and integrated to Microsoft Dynamics 365 FO - for automated journals with the general ledger.

TMS 365 offers an accounting centre which generates journal entries for all financial transactions, including investments, debt, intercompany loans, foreign exchange, and interest rate derivatives.
For derivative accounting and hedge accounting requirements, TMS 365's financial accounting modules are part of a hedging workflow that includes valuation and hedge accounting modules contained within TMS 365 Risk Management.
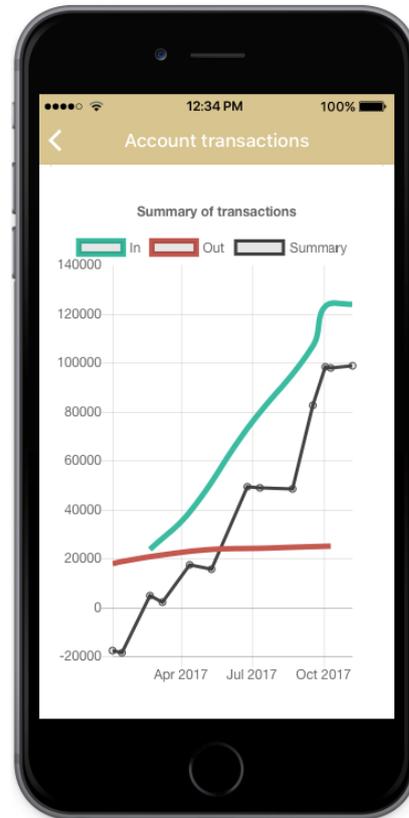
Technology

It is imperative for a proper TMS to have at its core: Mobility, workflow; Business intelligence and electronic document management capabilities.

Ours do have these capabilities; but also includes the latest Microsoft technologies to ensure security compliance to for example GDPR and more.

Cloud and on-premise installations; you choose. **TMS 365** can be deployed in the cloud or on local servers inside your organisations domain.

Electronic signature confirms the identity of a person who is about to start or approve a process. In some industries, an electronic signature is as legally binding as a handwritten signature.

In TMS, you can use electronic signatures for critical business processes.

The ability to automatically communicate based on certain events goes without saying. TMS 365 does automated emails and manual emails from within.
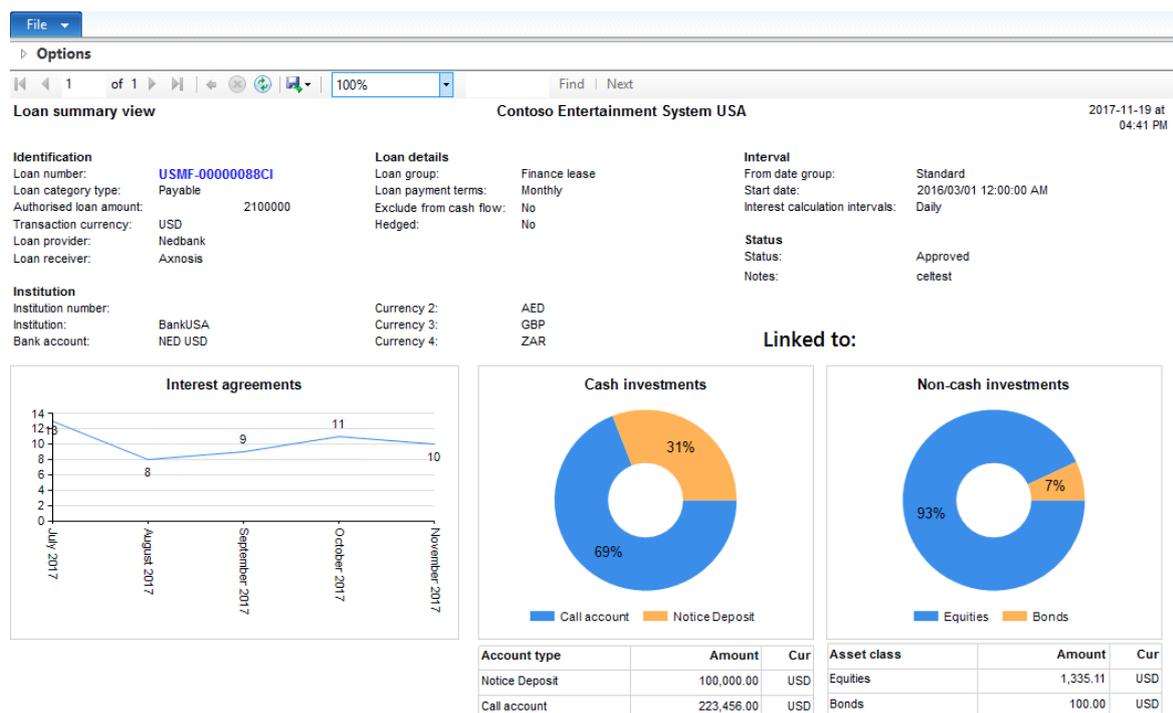
Looking ahead

Netting

Coming soon to a PC near you; **TMS 365** will offer a full multilateral netting module for simple or complex netting of multi-currency payables and receivables to calculate net positions by netting participant. Organisations will gain overall visibility into currency exposures and reduce transaction costs.

Cash Pooling & In-House Banking

Organisations can manage national and physical multi-currency cash pools, tracking cash and non-cash transactions to offer real-time intercompany positions and interest calculations for each participant within the in-house bank or cash pool.

Dynamics TMS 365 enables organisations to mobilize cash, increase cash returns, reduce interest costs, improve the effectiveness of hedging and enhances global cash and liquidity visibility.

Conclusion

About Microsoft Dynamics 365

Microsoft Dynamics 365 is a comprehensive enterprise resource planning (ERP) solution for midsize and larger enterprises that empowers people to work effectively, manage change, and compete globally. It makes it easy to operate across locations and countries by standardizing processes, providing visibility across your organization, and helping to simplify compliance.

About TMS

TMS 365 provides organisations, treasurers, accountants and CFO's with visibility and the reporting they need to optimize their cash, control bank accounts, manage liquidity, deliver compliance and oversee investments, debt and inter-company loans. Today more than ever formal trasury management is needed. Global presures and ever changing global economy creates a complex financial environment for all companies. **TMS 365** is the tool for this and in addition; it is inside and 100% part of Dynamics 365 for Operations.

About Axnosis

Axnosis provides vertical solutions and consulting services to manufacturing, public enterprises and asset intensive organisations; whether corporate companies, public concerns or medium-sized businesses. This is achieved using world class software applications from Microsoft (Dynamics), developing inside Dynamics deep industry specific software and applying decades of business consulting, project management and systems integration skills to the environments. Axnosis consultants have industry knowledge, technology experience and methodologies to deliver these solutions successfully.