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TEXAS REGIONAL

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Subscription Billing, Revenue and Expense Deferrals, Revenue Allocation in D365 Finance



Revenue Recognition, Reallocation Revenue/Expense Deferrals in D365 FSCM

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D365 FSCM/BC Implementation/Support
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8 years D365FO/AX end user (global program/process owner)
4 years FSCM/BC/Power Platform architect and delivery lead.

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Subscription Billing – 3 Modules in 1

Recurring Contract Billing

Keeping track of customer contracts, doing recurring billing across multiple periods.

Revenue and Expense Deferrals

Revenue: bill customer ahead of time, recognize revenue in a later period(s).

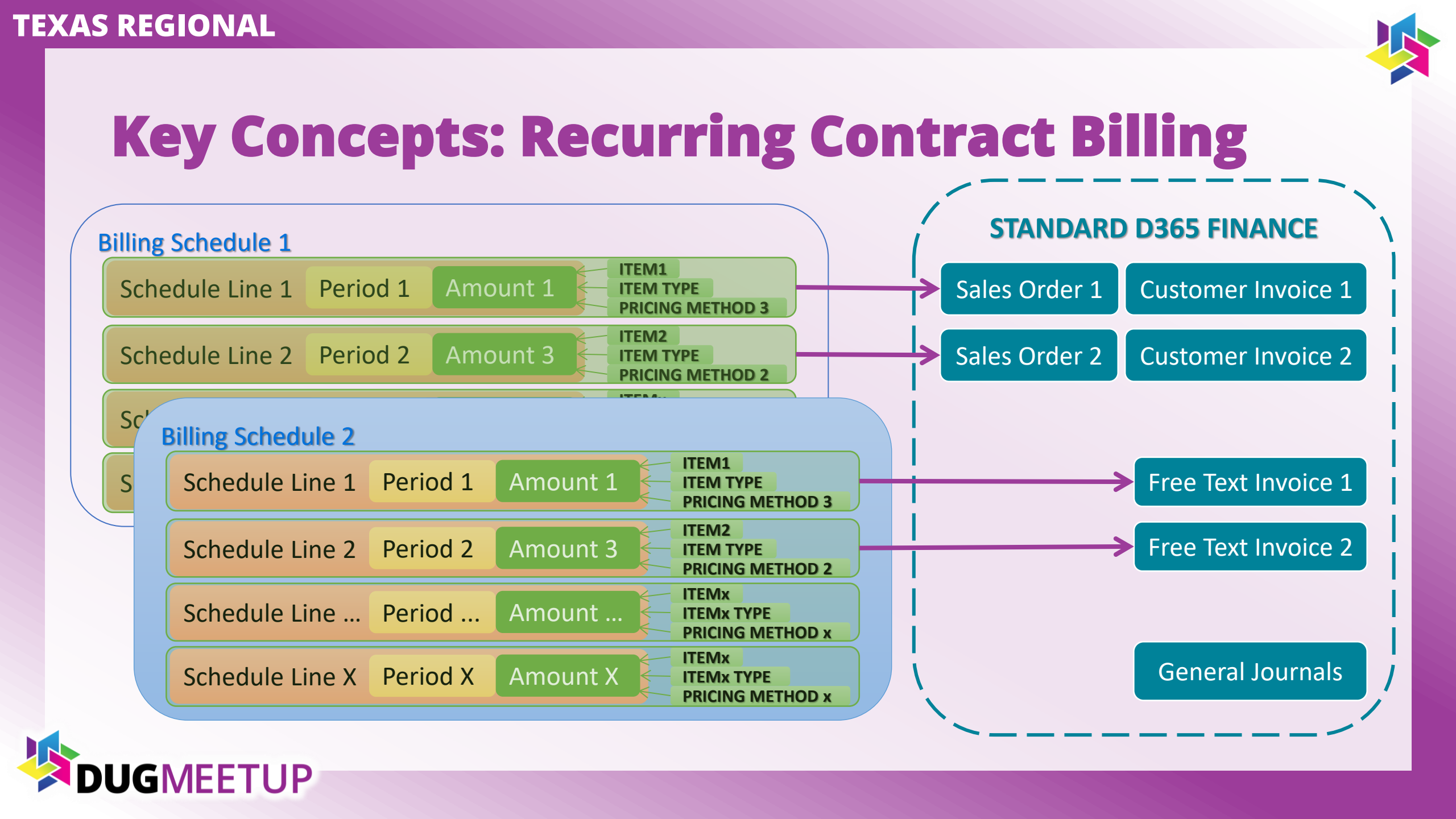
Expense: pay vendor ahead of time, recognize expense in a later period(s).

Multiple Element Revenue Allocation

Reallocate revenue to comply with accounting standards (ASC 606 & IFRS 15).

date	To date	Generate invoice	Generate invoice batch processing

account	Customer name	Schedule status	Billing start date	Billing end date
	Owl Wholesales	Active	6/1/2024	5/31/2025
	Owl Wholesales	Terminated	1/1/2024	12/31/2024
	Owl Wholesales	Terminated	1/1/2024	6/30/2024
	Sparrow Retail	Terminated	1/1/2024	3/1/2024
	Emery Retail	Terminated	1/1/2024	3/1/2024



Recurring Contract Billing Components

Variations fulfilled through application of 3 main billing schedule concepts:

Frequency of billing (impact on Period)

- Recurring billing by week, month, etc.
- One-time billing
- Automatic contract renewals

Pricing (impacts on Amount)

- Billing based on standard trade agreements
- Custom pricing and tiered pricing
- Price escalations

Type of item

- Usage-based
- Milestone-based
- Standard items

Pricing Methods

- Standard Pricing from base Dynamics 365 F&O
- Flat Pricing
- Tiered Pricing

Advanced Pricing Options

- Free Quantities
- Min/Max billing amounts and quantities

Additional Pricing Capabilities

- Users only pay for overages

Free Quantity

- Take or Pay Contracts

Contractual terms and conditions may require minimum billing even with no/lite usage

- Price escalations (\$ amount, %, or CPI)

Escalation Functionality

- Free Trials or temporary discounts

- Discount functionality

Setup
Recurring contract billing parameters
Billing schedule group
End users
Consumer price index schedule
Items
Unbilled revenue setup
Support and renewal levels
Milestone templates
Item group setup
Hold reason codes
Termination reason codes
Milestone audit reason code
Customer split reason code
Revenue split template

Schedule Line 1	Period 1	Amount 1	ITEM1
			ITEM TYPE
			PRICING METHOD 3

Recurring Contract Billing Components

ITEM TYPES

☐ Usage-based

Professional Service Providers

- Bill based on hours of service provided

Training Service Providers

- Bill based on training service providers

Advertising Agencies

- Bill based on number social media views or ad clicks

Learning Management System (LMS) Providers

- Bill based on LMS SKUs consumed

Utility Companies

- Using meter readings to bill the change in meter reading in a period

☐ Milestone-based

Professional Service Providers

- Billing for project work on a milestone or percentage of completion basis

Event Hosting Companies

- Bill as training or other events occur

☐ Standard items

Software industry

- Recurring software subscription

Physical Item Subscriptions

- Equipment rentals

Insurance

- Recurring payments for insurance premiums

Support agreements

- Nearly any industry

Setup

Recurring contract billing parameters

Billing schedule group

End users

Consumer price index schedule

Items

Unbilled revenue setup

Support and renewal levels

Milestone templates

Item group setup

Hold reason codes

Termination reason codes

Milestone audit reason code

Customer split reason code

Revenue split template

Demo: Create and Invoice a Billing Schedule

Finance and Operations

Search for a page

USMF

←

≡

✎ Edit

+ New

🗑 Delete

Billing schedule

Options

Invoice

Escalation and discount

Billing schedule

Hold

Termination

Revenue allocation

Unbilled revenue processing

Alignment date

Generate

Preview invoice

Generate invoice

Escalation and discount

Copy schedule

Archive

Customer split

Place hold

Remove hold

Terminate

Remove termination

Revenue allocation

Create journal entry

Alignment date

Generate quotation

All billing schedules

Standard view

USMF-000000015 : US-011

Description

Schedule status

Start date

Number of periods

End date

Milestone template

Active

7/1/2024

12

6/30/2025

INVOICE ACCOUNT INFORMATION

Invoice account

Invoice address

Invoice account

Customer reference

Customer requisition

Currency code

US-011

USD

Invoice separately

Align to month

Payment schedule

No

No

Renew automatically

Use weighted trade agreement price b...

Update from trade agreement only at ...

No

No

No

Lines to add per renewal

Termination date

Termination type

Contract start date

Contract completion date

0

Adjust schedule

Billing schedule lines

+ Add line

Add from items list

🗑 Remove

View billing detail

Customer split

Terminate

Remove termination

Place hold

Remove hold

Escalation and discount

Deferrals

Milestone allocation

○ Varia...	Item number	Product name	Item type	Status	Start date	End date	Quantity	Unit	Pricing method	Unit price	Re...
○	A0001	HDMI 6" Cables	Standard	Active	7/1/2024	6/30/2025	1.00	Pcs	Flat	0.00	



Key Concepts: Revenue Deferral

Billing Schedule 1



Deferred revenue sales invoice voucher posting – stocked item

Date	Account	Debit	Credit
12/1/22	Accounts receivable	1900	
	Deferred cost of goods sold	35.41	
	Inventory		35.41
	Deferred revenue		1900

Deferral Schedule 1



Deferred revenue recognition voucher posting – stocked item

Date	Account	Debit	Credit
12/31/22	Deferred revenue	158.33	
	Sales		158.33

Deferred cost recognition voucher posting – stocked item

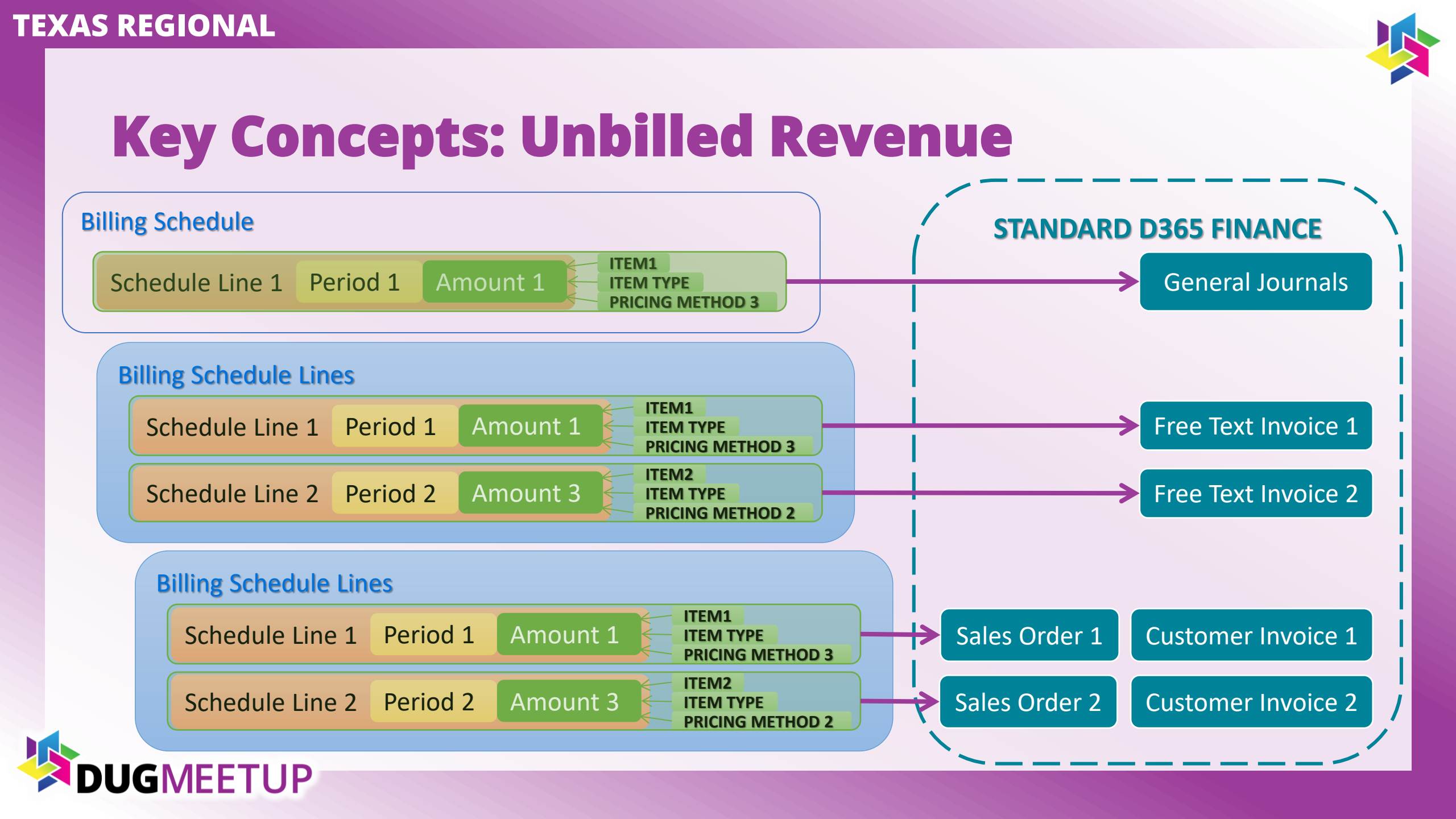
Date	Account	Debit	Credit
12/31/22	Cost of goods sold	2.95	
	Deferred cost of goods sold		2.95

Deferred revenue recognition voucher posting – stocked item

Date	Account	Debit	Credit
12/31/22	Deferred revenue	158.33	
	Sales		158.33

Deferred cost recognition voucher posting – stocked item

Date	Account	Debit	Credit
12/31/22	Cost of goods sold	2.95	
	Deferred cost of goods sold		2.95





Demo: Unbilled Revenue

Billing \$100/mo. * 18 mo. from 6/1/24 – 12/31/2025 w/short term method “Rolling periods”
(end date is day before 1 year)

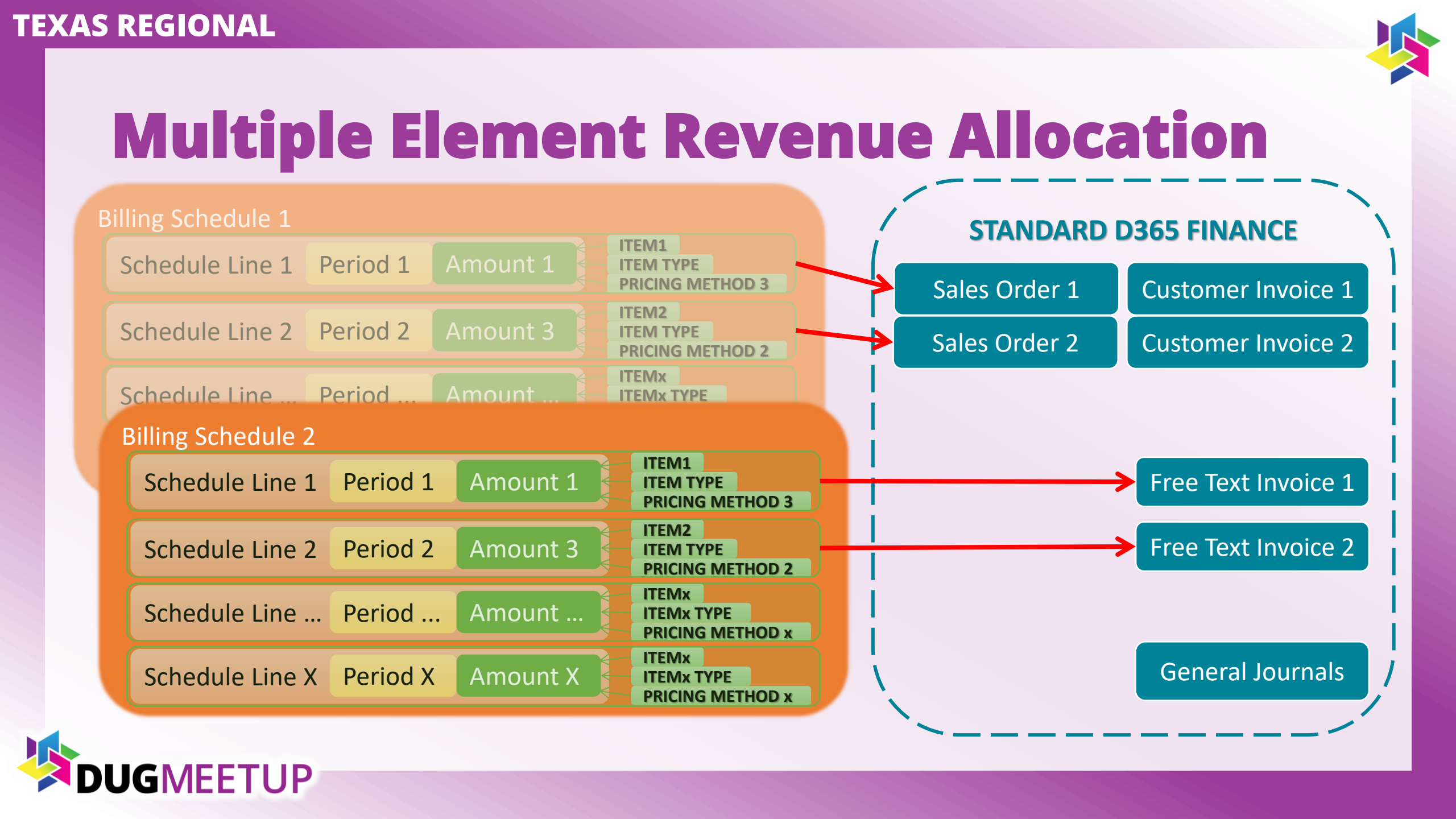
			2024							2025											
6/1/2024			JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
DR	Unbilled Revenue - Short Term	\$ 1,200	1	1	1	1	1	1	1	1	1	1	1	1							
DR	Unbilled Revenue - Long Term	\$ 700													1	1	1	1	1	1	1
CR	Sales - recorded in the G/L	\$(1,900)																			
12/31/2024																					
DR	Accounts Receivable - A/R invoice	\$ 700	1	1	1	1	1	1	1												
CR	Unbilled Revenue - Long Term	\$ (700)													-1	-1	-1	-1	-1	-1	-1
DR	Accounts Receivable - A/R invoice	\$ 700	12/31																		
DR	Unbilled Revenue - Short Term	\$ 1,200	6/1																		
CR	Sales - recorded in the G/L	\$(1,900)	6/1																		
DR	Unbilled Revenue - Long Term	\$ 700	6/1																		
CR	Unbilled Revenue - Long Term	\$ (700)	12/31																		
		\$ -																			



Demo: Unbilled Revenue

Billing \$100/mo. * 18 mo. from 6/1/24 – 12/31/2025 w/short term method “Fixed Year”
(FYE, i.e. 12/31/2024)

			2024							2025											
6/1/2024			JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
DR	Unbilled Revenue - Short Term	\$ 700	1	1	1	1	1	1	1												
DR	Unbilled Revenue - Long Term	\$ 1,200								1	1	1	1	1	1	1	1	1	1	1	1
	CR Sales - recorded in the G/L	\$(1,900)																			
12/31/2024																					
DR	Accounts Receivable - A/R invoice	\$ 700	1	1	1	1	1	1	1												
	CR Unbilled Revenue - Short Term	\$ (700)	-1	-1	-1	-1	-1	-1	-1												
DR	Unbilled Revenue - Short Term	\$ 1,200								1	1	1	1	1	1	1	1	1	1	1	1
	CR Unbilled Revenue - Long Term	\$(1,200)								-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
DR	Accounts Receivable - A/R invoice	\$ 700	12/31																		
	CR Sales - recorded in the G/L	\$(1,900)	6/1																		
DR	Unbilled Revenue - Short Term	\$ 700	6/1																		
	CR Unbilled Revenue - Short Term	\$ (700)	12/31																		
DR	Unbilled Revenue - Short Term	\$ 1,200	12/31																		
		\$ -																			
DR	Unbilled Revenue - Long Term	\$ 1,200	6/1																		
	CR Unbilled Revenue - Long Term	\$(1,200)	12/31																		
		\$ -																			





Demo: Multiple Element Revenue Allocation

Revenue allocation

Parameters

Apply to selected

Multiple element arrangement type
☐ None
☒ Single
☐ Multiple

Multiple element arrangement number

Deferred contract revenue account

Lines

	number	Billing frequency	Contract value	Multiple element arrangement numb...	Standalone selling price origin	Standalone sell...	Contract stand...	Remaining con...	Total contract r...	Deferred contract
<input checked="" type="checkbox"/>	3-101	One-time	48,000.00	MEA	Base sales price	40,000.00	40,000.00	38,400.00	38,400.00	250600
	3-102	One-time	0.00	MEA	Base sales price	10,000.00	10,000.00	9,600.00	9,600.00	250600

Voucher transactions

Overview General

	Journal number	Voucher	Date	↑ Year closed	Ledger account	Account name	Description	Currency	Amount in tra...
	022067	INV-10000798	4/25/2022		401200-001-023-009-	Service Revenues		USD	-9,600.00
	022067	INV-10000798	4/25/2022		140200-001-023-	Finished Goods Inventory		USD	-20,000.00
<input checked="" type="checkbox"/>	022067	INV-10000798	4/25/2022		401100-001-023-009-	Product Sales		USD	-38,400.00
	022067	INV-10000798	4/25/2022		500100-001-023-009-	COGS - Finished Goods		USD	20,000.00 20,000.00
	022067	INV-10000798	4/25/2022		130100-001--	Accounts Receivable - Domestic		USD	48,000.00 48,000.00



Useful links and resources

[Subscription billing overview - Finance | Dynamics 365 | Microsoft Learn](#)

[Set up and work with subscription billing in Dynamics 365 Finance - Training | Microsoft Learn](#)

[Subscription Billing –Dynamics 365 Finance Series -Microsoft Dynamics Blog](#)

[Yammer](#)

[Subscription Billing Overview](#)

[Dynamics 365 Subscription Billing – Billing Schedules and Invoicing](#)

[Subscription Billing - Deferrals and Allocations](#)

[Subscription Billing and Deferral Schedules with Project Management & Accounting](#)

[Revenue Recognition Migration to Subscription Billing](#)

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THANK YOU



Shh! Don't Tell Your Boss: Effortless RPA with Copilot and Power Automate Desktop

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AP Outsourcing, Co-managed IT Services

8 years D365FO/AX end user (global program/process owner)
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Project Accounting

The screenshot displays the 'All projects' page in Microsoft Dynamics 365 Finance and Operations. The page is titled 'Standard view' and includes filters for 'Show projects' (Active), 'Show levels' (Top), and 'Legal entity' (uss). The table below lists various projects, with the 'Project stage' column highlighted. A tooltip shows the value 'Released' for the selected row.

Project ID	Project name	Legal e...	Project contract ID	Customer name	Project type	Project stage	Integration source
00000126	US Auto Repair	uss	00000016	Mechanical Products Ltd.	Time and material	Created	
00000127	Capital Project (header)	uss			Investment	Created	
00000128	Fabrikam ERP Implement...	uss	00000103	Fabrikam Inc., West	Time and material	Created	
00000129	Test	uss	00000104	Active Transport Inc.	Time and material	Released	
00000153	city manufacturing install	uss	00000089	City Manufacturing	Time and material	Released	
00000178	Test funding source	uss	00000128	Catalog Store	Time and material	Released	
00000203	test	uss	00000153	Active Transport Inc.	Time and material	Released	
00000228	Building Project	uss	00000178	Catalog Store	Time and material	Released	
00000278	Test Revenue	uss	00000001	City Manufacturing	Fixed-price	Released	
00000303	Test stocked item	uss	00000203	Active Transport Inc.	Time and material	Released	
00000328	Implementation Project	uss	00000228	Fabrikam Inc., West	Time and material	Released	
00000353	TM Bug bash credit note	uss	00000253	Active Transport Inc.	Time and material	Released	
00000378	FP elimination	uss	00000001	City Manufacturing	Fixed-price	Released	
00000379	FP + Elim	uss	00000001	City Manufacturing	Fixed-price	Released	
00000403	Implementation project	uss	00000001	City Manufacturing	Time and material	Released	



Project Accounting

Sign in All projects -- Finance and Oper...

https://usnconebox1aos.cloud.onebox.dynamics.com/?cmp=ussi&mi=ProjProjectsListPage

Finance and Operations Preview Search for a page USSI

+ New Delete Project Plan Manage Control Options

New
 Item task Service
 Invoice proposal Case
 Project quotation Subscription billing

Process
 Adjust transactions Post costs
 Estimates Post service orders
 Accrue revenue Index subscription

Bill
 Project invoice proposals
 Invoice journals On-account transactions
 Customer advance
 Request retained amount

Related information
 Item tasks Service
 Pending transactions Cases
 Posted transactions Subscription billing

All projects
 Standard view

Filter Show projects Show levels Legal entity
 Active Top ussi

Project ID	Project name	Legal e...	Project contract ID	Customer name	Project type	Project stage	Integration source
00000126	US Auto Repair	ussi	00000016	Mechanical Products Ltd.	Time and material	Created	
00000127	Capital Project (header)	ussi			Investment	Created	
00000128	Fabrikam ERP Implement...	ussi	00000103	Fabrikam Inc., West	Time and material	Created	
00000129	Test	ussi	00000104	Active Transport Inc.	Time and material	Released	
00000153	city manufacturing install	ussi	00000089	City Manufacturing	Time and material	Released	
00000178	Test funding source	ussi	00000128	Catalog Store	Time and material	Released	
00000203	test	ussi	00000153	Active Transport Inc.	Time and material	Released	
00000228	Building Project	ussi	00000178	Catalog Store	Time and material	Released	
00000278	Test Revenue	ussi	00000001	City Manufacturing	Fixed-price	Released	
00000303	Test stocked item	ussi	00000203	Active Transport Inc.	Time and material	Released	
00000328	Implementation Project	ussi	00000228	Fabrikam Inc., West	Time and material	Released	
00000353	TM Bug bash credit note	ussi	00000253	Active Transport Inc.	Time and material	Released	Released
00000378	FP elimination	ussi	00000001	City Manufacturing	Fixed-price	Released	
00000379	FP + Elim	ussi	00000001	City Manufacturing	Fixed-price	Released	
00000403	Implementation project	ussi	00000001	City Manufacturing	Time and material	Released	

2:53 PM 8/7/2023



Project Accounting

Sign in Projects -- Finance and Operations

https://usnconebox1aos.cloud.onebox.dynamics.com/?cmp=ussi&mi=ProjTable

Finance and Operations Preview Search for a page

← Edit + New Delete Project Plan Manage Control Options

New Process Bill Related information

Item task Service Adjust transactions Post costs Project invoice proposals Customer advance Item tasks Service
Invoice proposal Case Estimates Post service orders Invoice journals Request retained amount Pending transactions Cases
Project quotation Subscription billing Accrue revenue Index subscription On-account transactions Posted transactions Subscription

Projects | Standard view

00000403-01 : Phase 3 - Support

Project hierarchy

00000403 : Implementation project

00000403-01 : Phase 3 - Support

General Time and material TM_DEF

PROJECT	Project stage	Default Invoice Account	Project manager	Actual start date
Project ID	Released	Email	Project controller	Projected end date
00000403-01	CUSTOMER			
Project name	Project contract ID			Extension date
Phase 3 - Support	00000001			
Project type	Account	RESPONSIBLE	DATES	
Time and material	US_SI_0121	Sales manager	Date of creation	Actual end date
			8/7/2023	

Standard view

Create billing schedule

Billing schedule group
Default

Customer account
US_SI_0121

Customer name
City Manufacturing

Project
00000403-01

Funding source
City Manufacturing

End user account

End user name

Billing start date

Number of periods
0

Billing end date

OK Cancel



Project Accounting

Sign in View billing detail -- Finance and x

https://usnconebox1aos.cloud.onebox.dynamics.com/?cmp=ussi&mi=ProjTable

Finance and Operations Preview Search for a page USSI ? AD

Save Options

USSI-000000092 : Support | Standard view

View billing detail

Billing schedule number Item number Search name Product name Initial reading Total net amount

USSI-000000092 Support Support Support 400.00

Billing detail lines

	Billing start date	Billing end date	Previous re...	Current re...	Quantity e...	Free quant...	Billable qu...	Unit price	Discount	Net amount	Period rev...	Billed	Invoice proposal	Invoice
<input type="radio"/>	8/1/2023	10/31/2023			1.00		1.00	100.00	0.00	100.00	0.00	<input type="checkbox"/>		
	11/1/2023	1/31/2024			1.00		1.00	100.00	0.00	100.00	0.00			
	2/1/2024	4/30/2024			1.00		1.00	100.00	0.00	100.00	0.00			
<input type="radio"/>	5/1/2024	7/31/2024			1.00		1.00	100.00	0.00	100.00	0.00			

Line details

Price detail Comments Deferral Audit Invoice

From quan... To quantity Unit price Bill quantity Net amount

2:54 PM 8/7/2023



Project Accounting

The screenshot displays the 'Finance and Operations Preview' interface in a web browser. The URL is <https://usnconeboxax1aos.cloud.onebox.dynamics.com/?cmp=ussi&mi=ProjInvoiceProposal>. The page title is 'Invoice proposals -- Finance and Operations'. The breadcrumb trail shows 'Invoice proposals | PJIP_00000337 : 00000001 | Standard view'. The main heading is 'PJIP_00000337 : 00000001'. Below this, the section 'Invoice proposal transactions' is visible, with a sub-section 'Sales order'. A table lists the transaction details:

Project ID	Item number	Description	Quantity	Unit price	Line amount	Sales order	Transaction ID	Close	Packing sli...	Inventory ...	Remaining..
00000403-01	Support	Support 8/1/2023 - 10/31/2023	1.00	100.00	100.00	000226	PJTY_00008931				



Project Accounting

Sign in Voucher transactions -- Finance x

https://usnconeboxax1aos.cloud.onebox.dynamics.com/?cmp=ussi&mi=ProjPostedProjectTransactions

Finance and Operations Preview Search for a page USSI ? AD

View subledger journal Transaction origin Transactions Audit trail Edit voucher Posted sales tax Original document Accounting source explorer

Voucher transactions | 00000403-01 : 8/7/2023

Standard view

Overview General

	Jour...	Voucher	Date	Year closed	Ledger account	Account name	Description	Currency	Amount in...	Amount
	002806	PJIV_0000...	8/7/2023		130100-004-023-Applicat...	Accounts Receivable - Domestic		USD	100.00	100.00
	002806	PJIV_0000...	8/7/2023		411200-004-023-0000000...	Revenue - Products		USD	-100.00	100.00

Windows taskbar: 2:57 PM 8/7/2023



Project Accounting

The screenshot displays the SAP Project Accounting interface. The browser address bar shows the URL: `https://usnconeboxax1aos.cloud.onebox.dynamics.com/?cmp=ussi&mi=ProjTable`. The page title is "Finance and Operations Preview".

The main content area shows the project hierarchy for "00000403-02 : Phase 1 - Prototype". The hierarchy is as follows:

- 00000403 : Implementation project
 - 00000403-01 : Phase 3 - Support
 - 00000403-02 : Phase 1 - Prototype** (selected)
 - 00000403-03 : Phase 2 - Implementation

Below the hierarchy, the "General" tab is active, showing the following data:

PROJECT		CUSTOMER		RESPONSIBLE		DATES	
Project ID	00000403-02	Project stage	Released	Default Invoice Account	Project manager	Actual start date	
Project name	Phase 1 - Prototype	Project contract ID	00000001	Email	Project controller	Projected end date	
Project type	Time and material	Account	US_SI_0121	Sales manager	Date of creation	Extension date	
					8/7/2023	Actual end date	



Project Accounting

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The main content area shows the project hierarchy for "00000403-02 : Phase 1 - Prototype". The hierarchy is as follows:

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 - 00000403-01 : Phase 3 - Support
 - 00000403-02 : Phase 1 - Prototype** (selected)
 - 00000403-03 : Phase 2 - Implementation

Below the hierarchy, the "General" tab is active, showing the following data:

PROJECT		CUSTOMER		RESPONSIBLE		DATES	
Project ID	00000403-02	Project stage	Released	Default Invoice Account	Project manager	Actual start date	
Project name	Phase 1 - Prototype	Project contract ID	00000001	Email	Project controller	Projected end date	
Project type	Time and material	Account	US_SI_0121	Sales manager	Date of creation	Extension date	
					8/7/2023	Actual end date	