

IS MICROSOFT DYNAMICS AX RIGHT FOR YOU?

EXPLORE THE WHAT, WHY, WHEN AND HOW OF MICROSOFT DYNAMICS AX

One solution that every mid-market and enterprise company must consider for their ERP short list is Microsoft Dynamics AX. This document will explore the facts, features and functions of AX, to help you decide whether this solution is right for your company. We have aggregated a variety of resources from numerous independent parties into an interactive PDF that will make it easy for you to navigate.

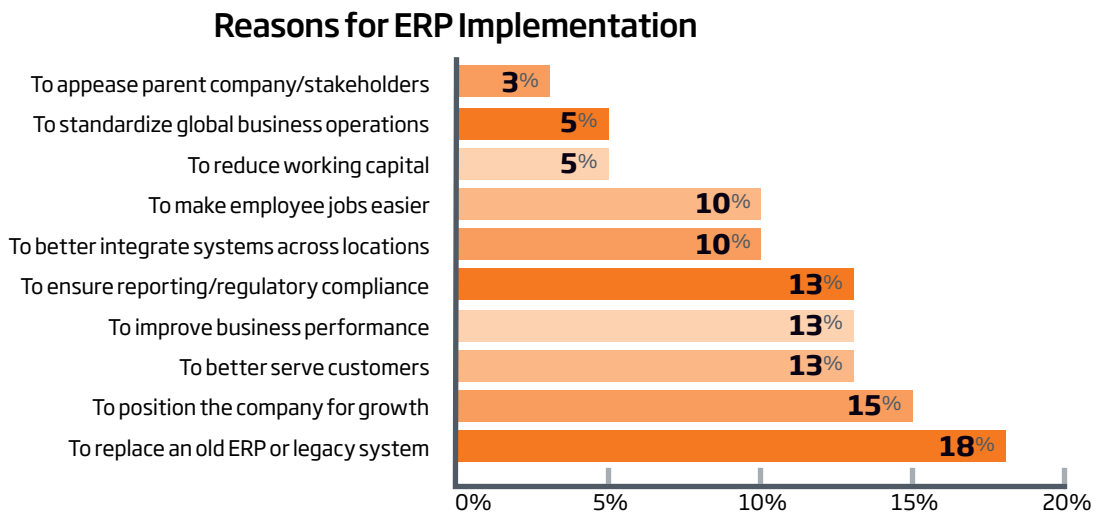
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1. Rationale For Purchasing ERP

Before you decide if Microsoft Dynamics AX is right for you and your business, you need to understand what you are looking for in your new ERP solution.

What are the business drivers behind your decision to invest in ERP? What benefits do you expect from your investment? According to a recent survey by Panorama Research, replacing a legacy system and preparing for growth are the main drivers for investing in ERP in 2015. Overall, organizations anticipate significant benefits from their ERP systems - they expect to improve business performance, integrate systems across multiple locations and position their organization for growth. Do these reasons apply to your business? What are others? Any evaluation of ERP should always start with a strong business case, and clearly defining the objectives for your ERP system. These objectives should directly and measurably support your business strategy.

According to Panorama's 2015 ERP report, here is what 266 respondents cited as their primary reasons for investing in ERP between 2013 and 2015.



Source: 2015 Manufacturing ERP Report
Copyright ©2015 Panorama Consulting Solutions

[Click here to download](#) the complete Panorama ERP 2015 report, which includes comparisons of history, market share, implementations, payback periods and benefits realized

2. The Competitive Environment

The lower to middle market offers solutions like NetSuite, Microsoft Dynamics GP and NAV, Sage and Epicor. The middle and enterprise market offers Microsoft Dynamics AX, Infor, Oracle and SAP. All the solutions adequately improve efficiencies and reduce costs of daily operations. All use a centralized database that coordinates interdepartmental data and allocates resources. Further, it is relatively easy to check the box on all these solutions when it comes to ease of use, integration, customization, configuration and performance.

As you can see from the chart below, the solutions outlined serve different markets and come at significantly different price tags. Microsoft Dynamics AX is the lower cost provider in the enterprise market.

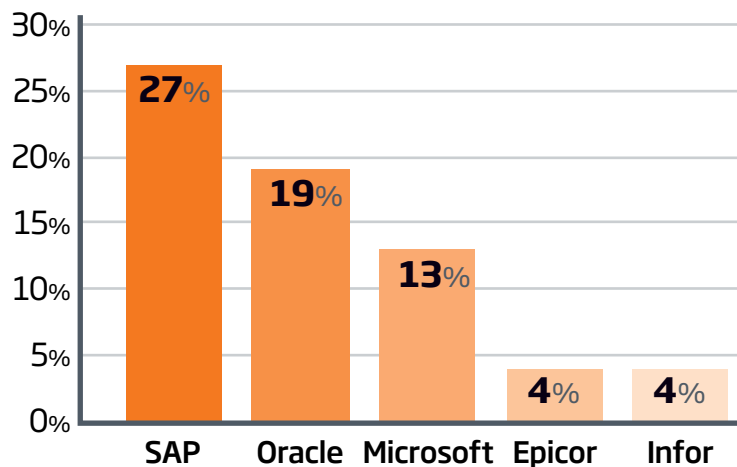
Some Of The Key Players In The Market

| | NetSuite | Epicor | Sage | Microsoft Dynamics AX | SAP | Oracle |
|------------------------|---------------------------|--------------------------------------|---|-------------------------------------|------------------|---|
| Year Founded | 1998 | 1972 | 1981 | 1975 | 1972 | 1977 |
| Size of Company | \$193m | \$385m | \$2b | \$27b | \$14b | \$12b |
| Market Served | Lower | Middle | Middle | Middle Enterprise | Upper Enterprise | Upper Enterprise |
| Headquarters | San Mateo, CA | Irvine, CA | Irvine, CA | Seattle, WA | Germany | Redmond, CA |
| Solution Cost | \$\$ | \$\$ | \$\$ | \$\$ | \$\$\$\$ | \$\$\$\$ |
| Representative Clients | Guitar Center Sara Lee | Price Industries Enkeboll Designs | Carson Home Accents Satellite Industries | Dell Delta Airlines Patagonia | Gillette Rohm | Chicago Public Schools ConAgra Food, Inc |

According to Panorama Research's 2015 ERP report, SAP continues to be the vendor most frequently shortlisted by organizations (27%), followed by Oracle (19%) and Microsoft Dynamics (13%). Epicor and Infor are also frequently shortlisted.

Comparing the three tier one vendors, Oracle has the highest selection rate when short-listed, but the longest implementation duration and the lowest percent of users who realized between 81 - and - 100 percent of benefits expected. Oracle is known for its strong finance and accounting functionality, well-built IT architecture and good functionality for production operations.

Most Frequently Short-listed Vendors



Source: 2015 Manufacturing ERP Report
Copyright ©2015 Panorama Consulting Solutions

SAP is the market share leader. While the company has the highest short-list rate, it has the lowest selection rate when short-listed and the longest payback periods. The company is known for strong product development capabilities, strength in make to order processes and integrated retail and compliance.

Microsoft Dynamics AX has the smallest share of the market among the big three, but has the shortest implementation duration and the highest percentage of users who realized between 81- and 100-percent of benefits expected. On the technical side, Microsoft Dynamics AX delivers ease of customization and integration, familiar user interface and flexibility. On the functional side, AX delivers strong multi-company support, localization and strong tracking of inventory and financial transactions.

[Click here to download](#) the complete Panorama ERP 2015 report, which includes comparisons of history, market share, implementations, payback periods and benefits realized

3. Microsoft Dynamics AX 2012 Core Functionality

When it comes to ERP, most companies need more than financial management that organizes accounting functions across departments. An excellent way to help evaluate solutions beyond size, complexity and costs is taking a closer look at industry modules - the functionality that the software company has written specifically for companies like yours.

Here's Microsoft Dynamics AX domain capability at-a-glance.

| Domain | Description of domain capabilities |
|-------------------------------------|--|
| Retail | <ul style="list-style-type: none"> Modern POS (Point of Sale) on multiple device types and form factors Assisted sales and centralized store management E-commerce and social media Omni-channel management and merchandising Order management and fulfilment Catalog management and call center |
| Sales, service and marketing | <ul style="list-style-type: none"> Integration with Microsoft Dynamics CRM (online and on-premises) through the connector Sales force and marketing automation Lead and opportunity management Sales and case management Service management Rebates, royalties, and trade allowance management |
| Manufacturing | <ul style="list-style-type: none"> Lean, process, and discrete manufacturing Master planning and order promising Product configuration Shop floor management |
| Supply chain management | <ul style="list-style-type: none"> Inventory management and demand forecasting Multiple advanced warehouse management Order promising Distribution planning Transportation management Quality management |
| Procurement and sourcing | <ul style="list-style-type: none"> Direct and indirect procurement Purchase requisitions Supplier relationship management eProcurement and vendor self-service portal |
| Project accounting | <ul style="list-style-type: none"> Project accounting and invoicing Grants management Project cost control Work breakdown structure Interoperability with Microsoft Project |
| Human capital management | <ul style="list-style-type: none"> Core Human Resource management Talent management Workforce management Travel and expense Payroll (United States only) |
| Financial management | <ul style="list-style-type: none"> General ledger Accounts receivables and payables Commitment accounting Cash and bank management Shared services and consolidation Budget planning and control Compliance management |
| Business intelligence and reporting | <ul style="list-style-type: none"> Standard and analytical reports with Microsoft SQL Server Reporting Services Role tailored, predefined data cubes Dashboard views with KPI's Self-service reporting |

[Click here to download](#) a complete 25 page guide on what's in Microsoft Dynamics AX 2012 R3, including Industries, Applications and Mobility, Lifecycle Services and Cloud

4. Expectations For Microsoft Dynamics AX7

The new version of Microsoft Dynamics AX is scheduled for release towards the end of 2015 and there are a number of new features that you should be aware of.

Two of the key changes are that Dynamics AX7 will be aligned to the new strategy from Microsoft of "Cloud First, Mobile First," and that it comes with a new user experience.

Cloud First

Cloud First means that the new version will take advantage of the Azure cloud platform to offer customers "what they need, when they need it", with an on-premises version being released in 2016. This will enable hybrid options so that customers can use as much or as little of the cloud as they want.

Mobile First

Mobile First means that Dynamics AX7 will be available across a wide range of mobile devices and there should be no difference in a user's experience based on the device they use, be it an iPhone, iPad or Android.

User Experience

The User Experience will be based on the Windows 10 framework with tiles to enable users to view all their work related activities. The HTML5 interface is designed to be lightweight, web orientated and intuitive.

Other new features will include:

Lifecycle Services Management

Lifecycle Services Management will be mandatory in the new version and will continue to be expanded to help the reliability and quality of implementations.

Browser-Based Interface

There will be a new *browser-based interface* to replace windows client. This will allow any shared user to access the different Dynamics modules from a basic browser which should help improve overall productivity.

Subscription-Based Pricing

Dynamics AX 7 is likely to have a more *flexible licensing scheme* that will allow businesses to buy subscriptions to use Dynamics as needed.

Updates Rather Than Releases

The new cloud first version will mean an end to the traditional versioned releases. Dynamics AX 7 will follow the new pattern of cloud based software and add new functionality via *incremental updates*.

What the analyst say about Dynamics AX 7

Analyst Joshua Greenbaum, who founded EAC for more than 17 years ago, interviewed early Dynamics 'AX 7' customers and partners and reviewed the feature sets of Dynamics 'AX 7', LCS, and Microsoft Azure.

In the paper, Mr. Greenbaum explains how the next release of Microsoft Dynamics AX, running on the Microsoft Azure, positions cloud computing for a dramatic and meaningful shift. With a starting discussion of the long-standing customer promises and pain points with regard to ERP, Greenbaum explains the basics of the cloud offering and then describes the benefits to both partners and customers.

"It's clear that Microsoft has made some very crucial and highly strategic bets, when it comes to the combination of Dynamics AX 7, LCS, and Azure," states Greenbaum. "EAC believes that these bets have been extremely well-placed, and the uniqueness of the combination of these three offerings bodes well for Microsoft, its partners, and most important of all, its customers."

5. The Future Direction Of Microsoft Dynamics AX?

Microsoft will continue to evolve this product in a mobile-first, cloud-first world. In addition to the full suite, the company will start to release lighter business applications for specific business domains and processes. These are individual services that are designed together but can be deployed independently. Organizations can implement these workloads to support a specific domain relatively quickly by utilizing the typical benefits of a cloud-based point solution.

This also offers customers a choice for how they consume the solution—as an integrated suite in a business or subsidiary, or “what is needed, when it’s needed, where it’s needed.” The more services that are deployed, the more the implementation will resemble a full integrated suite. With a consistent user experience and a unified technology platform, organizations can reduce the number of legacy systems in their organization and increase the speed of business transformation—whether this is an expansion into new markets or opening a new channel to customers. The flexibility of a lighter suite enables organizations to grow and transform their business on their terms.

6. The Economic Impact Of Deploying Microsoft Dynamics AX?

Forrester Consulting was commissioned to examine the total economic impact and potential return on investment (ROI) that enterprises may realize by implementing Microsoft Dynamics AX 2012. The purpose of this study was to provide readers with a framework to evaluate the potential financial impact of Microsoft Dynamics on their organizations. Based on client interviews and surveys, they came to this conclusion:

Composite Organization Three-Year Risk Adjusted ROI

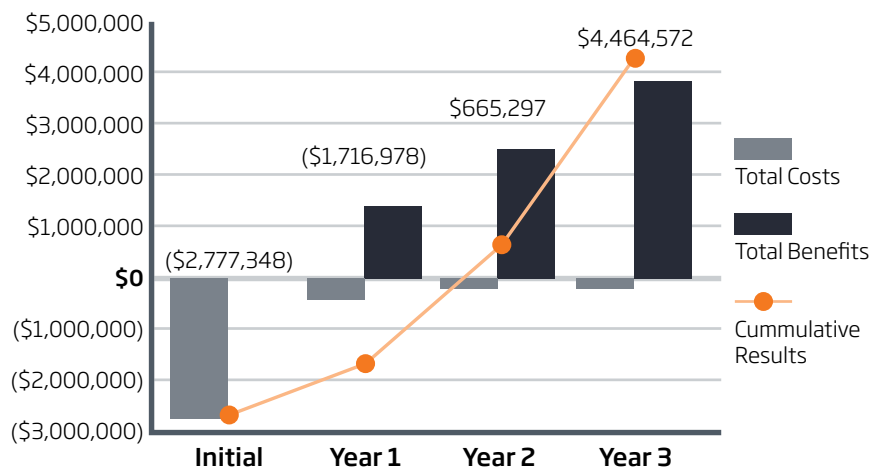
| ROI | IRR | Payback Period | Total Benefits (PV) | Total Costs (PV) | Net Present Value |
|-----|-----|----------------|---------------------|------------------|-------------------|
| 92% | 53% | 21 months | \$6,269,550 | (\$3,259,651) | \$3,009,899 |

Source: Forrester Research, Inc.

The benefits discussed include reduced license fees, reduced IT staff costs and increased user productivity. Unqualified benefits such as access to better information/decision making, improved business performance and improved uptime were also discussed. These benefits were offset by costs associated with implementation services and labor, hardware and software investments and training.

Here's a closer look at the three-year adjusted ROI from the Forrester Consulting Study.

Composite Organization Three-Year Risk Adjusted ROI



Source: Forrester Research, Inc.

[Click here to download](#) the full 30 page report including analysis of the costs, benefits and risk of Dynamics AX. The Total Economic Impact Study of Dynamics AX by Forrester Research

7. Microsoft Dynamics 2012 System Requirements

As with any system, there is a minimum set of network, hardware and software requirements that should be met or exceeded.

In May of 2015, Microsoft re-published a 33 page guide that details all the system requirements related to network, domain, hardware, software, server and operating system.

Click here to download the Systems Requirements document for information on software, hardware, network and domain requirements

8. Why Customers Buy Microsoft Dynamics AX

Why do customers buy Microsoft Dynamics AX and what are some of the benefits they espouse after go live? We asked a variety of partners and customers... and here is what they said:

- **Familiar Interface**
Shorter training time and higher adoption rates because the user interface looks familiar. Employees can find, sort, visualize, and use information through an intuitive user interface that looks and works like Microsoft Office.
- **Prebuilt Industry Capabilities**
With prebuilt industry capabilities for Services, Retail, Manufacturing and other industries, Microsoft Dynamics AX supports specific business requirements easier with the prebuilt packaged industry capabilities in a single solution.
- **Fewer Applications Required**
With the breadth of modules, depth of features, workflow capability, BI and the ability to customize within Dynamics AX 2012, Dynamics AX 2012 can replace multiple systems so your organizations can minimize the numbers of system it needs to manage your business.

- Role-based User Experience**
 Out of the box role centers built directly into the Dynamics AX system provides users simple intuitive displays of the most relevant activities for their job role.
- Improved Communication Platform**
 A fully-integrated unified communication system, including presence information, instant messaging, and Voice over Internet Protocol (VoIP) capabilities—keeps employees easily connected to accelerate business decision making.
- Part of the Microsoft Portfolio**
 Simple integration with familiar tools and technologies such as Microsoft Office products, SharePoint and others.
- Lower TCO**
 You can lower your total cost of ownership (TCO) through the simplified Business Value Licensing model that ensures that you purchase the exact number of licenses you need. Significantly more affordable than other Tier 1 applications.
- Improve Business Intelligence**
 Intuitive self-service business intelligence (BI) and reporting displayed as KPIs in employees' Role Centers and viewed with more detail in Excel. With over 800 reports and 'out of the box' Business Intelligence you will gain the visibility you need to make decisions at the right time.
- Scalability**
 Dynamics AX can easily scale with your growing or changing business needs, whether you need new functionality, international capabilities, shared services or multi language/ currency support.
- Ensure Compliance**
 Comply with local regulatory environments with transparency into corporate governance and compliance activities with the Compliance Center.
- Consolidations**
 For global operations Dynamics AX allows you to consolidate financial, operational, and customer data while preserving local information related to customers, partners, and suppliers.

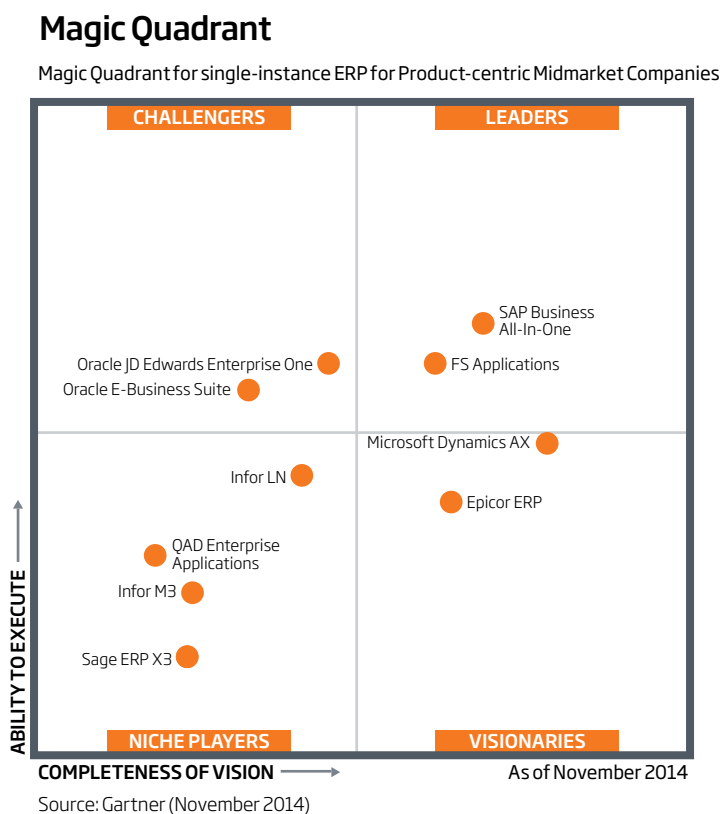
9. What Analysts Say

There is no shortage of analysts and researchers covering the ERP landscape. Here are just a few recent opinions along with links to view the entire reports.

GARTNER

Magic Quadrant for Single-Instance ERP for Product-Centric Midmarket Companies 2014

In Gartner's new Magic Quadrant for Single-Instance ERP, Microsoft Dynamics AX makes a strong showing among the 10 solutions that were closely reviewed. The solution receives especially high marks for its quality, usability, and scalability. As Dynamics ERP finds increasing adoption by large enterprises, the Magic Quadrant will likely help change dated notions that still identify Microsoft Dynamics only with smaller organizations.



[Click here to download](#) the article with Gartner's explanation of the ERP Magic Quadrant and all of their definitions

NUCLEUS RESEARCH

Technology Value Matrix ERP

Microsoft has continued to add functionality to compete more effectively against Tier-1 ERP players with Dynamics AX while adding support for deployment on Microsoft Azure, with preconfigured environments to speed deployments and Dynamics Lifecycle Services to help reduce risk and accelerate issue resolution.

With industry-specific capabilities for manufacturing, distribution, retail, services industries, and the public sector, this latest release also provides functionality to support core financial management, supply chain management, inventory management, sales and marketing, HR and payroll, project management, and inventory management.

In its review of AX 2012 R3, Nucleus found functionality enhancements fell into four basic categories: user productivity, IT productivity, support for greater complexity, and more vertical-specific functionality. In further conversations with customers, Nucleus found the embedded analytics, role-based interfaces with office interoperability, and mobile application capabilities drove further productivity gains.

Simplifying the application experience for users with role-tailored user interfaces and improved interoperability with Microsoft Office drives greater incremental user productivity, lower training costs, and faster ramp-up time for users, particularly those that don't live in the application every day.

[Click here to download](#) the complete Nucleus Research report:
Technology Value Matrix Second Half 2014 ERP for information on all the leading solutions

Learn More About Columbus And Microsoft Dynamics AX

For more on Microsoft Dynamics AX or to learn how Columbus builds industry leading solutions on the AX platform, go to www.columbusglobal.com or contact your nearest Columbus representative.

ABOUT COLUMBUS

Columbus is an industry-based consultancy and award-winning technology developer focused on the manufacturing, food processing, and retail industries. We are the preferred consultancy for ambitious companies wanting to streamline business processes, improve operational efficiencies, reduce costs, and improve visibility into their businesses.

Our approach to solving our clients' issues can best be described as proactive. We challenge our clients' traditional ways of thinking, help them see new opportunities for improvements, and take responsibility to drive change in their organizations. We've delivered these business benefits for over 25 years to many of the leading companies worldwide.

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