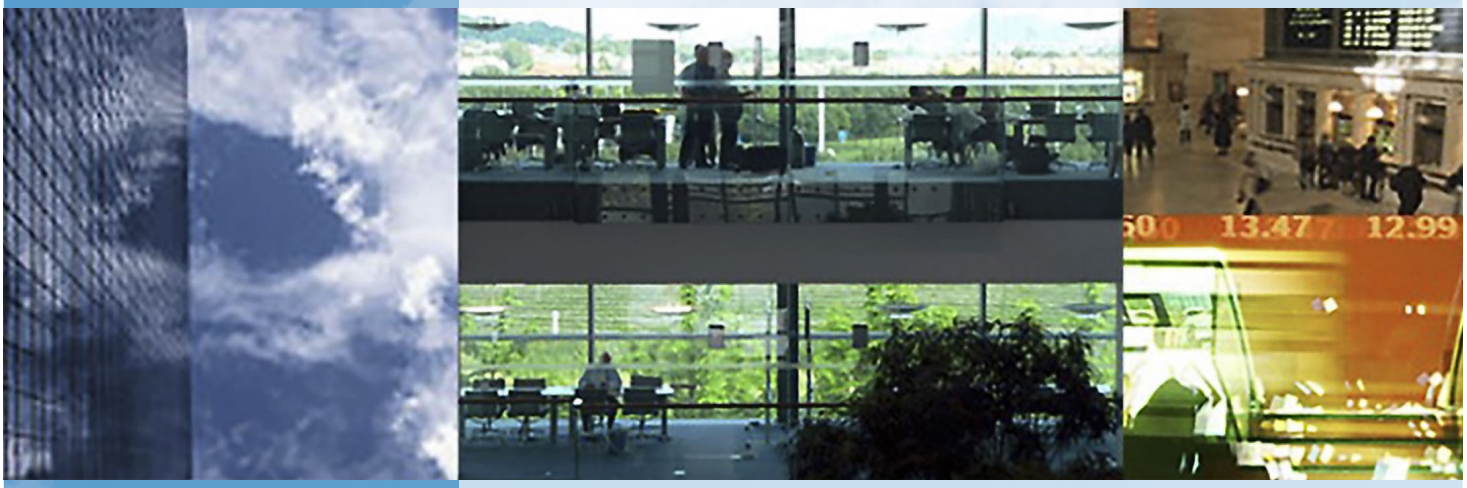

DYNAMICS 365 FOR FINANCE AND OPERATIONS IN THE AZURE CLOUD:

STRATEGIES FOR BUSINESS TRANSFORMATION SUCCESS

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Executive Summary

The need for businesses to innovate in order to more efficiently manage opportunities and interact with customers, employees, and other stakeholders has never been greater. Moving operations and services to the cloud is clearly the path forward. Many companies, however, struggle with how to effectively shift their businesses to the cloud, and behind that struggle is the challenge of acquiring next generation functionality that moves them forward in light of their historically siloed business operations.

It's important to recognize that transforming a business can't happen without moving forward across the entire company, not just individual domains like ERP and CRM. The focus needs to be on the interplay between business processes, software, and the cloud. Understanding which vendor can best put these three elements to work, moving a company forward to meet its specific requirements, is the only way to overcome misgivings about how, when, and why implementing in the cloud, whether as an upgrade or via a net-new, greenfield implementation, is the best way forward.

Ideally, the vendor chosen to fulfill this role needs to be able to support an integrated set of applications and processes that deliver the right functionality on an innovative cloud platform that itself is continually evolving to meet new customer requirements.

Enterprise Applications Consulting believes that Microsoft is a leader in meeting these complex needs. In particular, its Dynamics 365 for Finance and Operations, running on the Azure cloud, is ideally suited to support the transformative needs of the modern enterprise. The ability of Dynamics 365 to offer an integrated set of core enterprise functions while drawing on an active partner network to deliver last-mile, industry capabilities sets it apart from its competitors. The continuous improvement inherent in the Azure cloud is enhanced by its underlying services, and the innovations that Microsoft develops for its vast customer base can add highly valuable new capabilities for the Finance and Operations customer.

The ability of Finance and Operations to support new business opportunities based on new levels of connectivity and collaboration across an increasing number of stakeholders is supported by the success of a growing customer base across a wide range of industries and geographies. When the rest of the Microsoft stack is brought into play – Azure, Office 365, the Power Platform, and new innovations like HoloLens – the result presents a unique opportunity for companies to successfully plan and execute a vision of business transformation that is uniquely their own, while leveraging the best practices and standardization inherent in the cloud.

This report is intended to showcase how the mix of applications and cloud-based services that is unique to Dynamics Finance and Operations positions Dynamics in the context of the larger enterprise software market, and also serves the specific needs of individual companies. For companies looking for the greatest possible synergy between application, technology, and the cloud, the Dynamics 365 family, and Finance and Operations in particular, should definitely be on the short list. Regardless of when it makes sense to pull the trigger and move to the cloud, the time to plan is now.

Introduction: Business Transformation in the Cloud Era

The need to deploy new functionality across the enterprise has never been more urgent. Whether the requirement is to transform internal business processes, improve interactions with customers, empower employees, or manage a more efficient supply chain, business decision makers across the global economy are being tasked with choosing and implementing new software and services at an unprecedented rate.

The enthusiasm for meeting the needs of a transforming global economy, however, is often tempered with a host of practical concerns. While for the most part the path to transformation lies in the cloud and in the services that cloud platforms can provide, many companies are concerned with the complexity of moving or upgrading from an on-premises to a cloud infrastructure. Simultaneously, other companies are struggling to understand how to match their specific business requirements to the different cloud vendors' services and their deployment and operations models.

One of the reasons for this disconnect is that decision makers often fail to take a broad enough view of what is needed to move their companies forward. Many look at their choices as a matter of acquiring next generation functionality in individual domains such as ERP, CRM and HCM, with the goal of doing the same things faster, better, and cheaper. It's a worthy set of goals, albeit one that can also be self-limiting. The reason is that while transforming a business can't happen without moving forward in these individual domains, transforming in the 21st century also requires a mix of new and improved business processes running on a modern infrastructure that is itself adaptable to change. These new processes need to be a mix of best practices and business-specific functionality optimized by the cloud infrastructure they run on. Indeed, the ability to use the cloud and the advanced processes, services, and technologies the cloud can provide becomes as important as the improvements in the functionality of any individual domain.

This means that understanding the interplay between business processes, software and the cloud is more important than ever before; and understanding which vendor can best put these three elements to work moving a company forward to meet its specific requirements is the only way to overcome misgivings about how, when, and why implementing in the cloud, whether as an upgrade or via a net-new, greenfield implementation, is the best way forward.

This report will look at how an understanding of Microsoft's Dynamics 365 for Finance and Operations offering, when combined with the company's Azure cloud services, Office 365 productivity software, Power BI analytics, and other technology and services, can help drive successful transformations and provide a broader and more meaningful justification for moving to the cloud.

Software Acquisition in the 21st Century: Moving Beyond Silos

Enterprises in every industry across the globe are driving faster and harder than ever before, trying to ride the waves of innovation unfolding in front of them while simultaneously ensuring that the fundamentals of what it takes to run a business are keeping pace with this change. This need to clean up the old and prepare for the new has left many companies in a quandary: managing change in their businesses has been more decentralized than most would like to believe, a fact that conflicts with the demand of today's business environment for more collaborative, all-in strategies and processes. The new business imperative can no longer tolerate a strategy for business innovation that isolates business leaders from direct engagement with an IT department that in turn is following an innovation strategy isolated from the lines of business that IT is meant to support.

Acquiring the enterprise software needed to move a company forward is no longer a matter of buying a series of software products characterized by three-letter acronyms such as ERP, CRM, and HCM. Rather, business leadership and innovation require deploying software that can bridge these former isolated domains and support the integrated business processes needed for success in the 21st century.

The world of today is a more interconnected, interdependent business environment than was even remotely possible in the 1990s, when systems of record – ERP, HCM, and CRM – first appeared. That interconnection and interdependence have put enormous pressure on companies to mirror the complexity of the real world in their enterprise software systems. However great that pressure, whether it comes about through new regulations, because of new competitive threats, or, in the best of cases, because of new and exciting business opportunities, many companies struggle with how to instantiate that change in their strategic business practices.

Equally important, the next generation of business innovation and success is characterized by the increasing importance of engaging an ever-larger number of users, both inside and outside the traditional walls of the company. These users – many of whom are partners and even customers – need new software to support the tasks that are part of this evolving business dynamic. They need to be transacting directly with the enterprise system, consuming reports about the state of the business, and, more and more, creating their own reports and even developing their own extensions to their standard, out of the box systems.

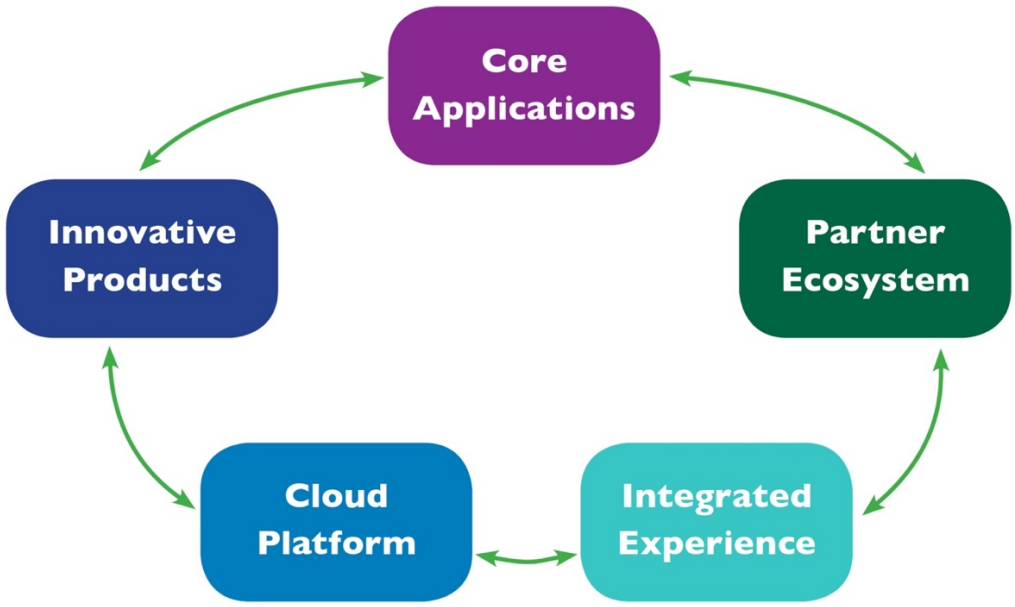
The advent of the cloud has significantly complicated this dynamic, even as the offerings available in the cloud have increasingly sought to close the technological and business process gaps that are now in play. For many companies, business change is still a matter of ingesting technology using the same outmoded practices: IT procures the backend infrastructure, and the lines of business look for the standalone software products that will serve their specific purposes. Any coordination of effort is usually part of an attempt by IT to act as a gatekeeper trying to stave off what is often seen as rogue buying efforts, with

lines of business often relying on “shadow IT” practices to get the “last mile” functionality that they need.

Growth by merger and acquisition has made the situation even more complex. Rather than having a single core back office, companies growing through M&A find themselves with multiple, often incompatible back office systems. This hodge-podge of technology becomes a significant barrier both to business and technology innovation, and the resulting morass puts many companies at risk.

Not all companies have succumbed to this fate, however, and indeed many are spending wisely on technology and reaping the gains. Effectively, forward-looking companies are doing more than just acquiring new technology, which by and large is increasingly available only in the cloud. These leaders, the ones that are able to overcome the inertia of the last thirty years of enterprise software procurement practices, are able to do so by virtue of their ability to look at innovation in the cloud in an organic, holistic fashion. The importance of this change in mindset cannot be stated strongly enough: Acquiring the enterprise software needed to move a company forward is no longer a matter of buying a series of software products characterized by three-letter acronyms such as ERP, CRM, and HCM. Rather, business leadership and innovation require deploying software that can bridge these former isolated domains and support the integrated business processes needed for success in the 21st century.

Figure 1: Key Vendor Characteristics for Customer Success



Source: EAC

What do these leading companies look for in their new enterprise systems? Enterprise Applications Consulting's research has shown that there are five main characteristics that enterprises need to look for in their software vendors when defining the strategic direction for their businesses.

- **Strong functionality** in core applications, both in systems of record as well as in customer-facing applications.
- **An active partner ecosystem** that can develop and deliver "last mile" vertical and geographical functionality. This is particularly important in the cloud, where customers are required to follow the best practices baked into their cloud systems and limit customizations. Partner products can help provide last mile functionality without breaking the cloud's "fit to standard" model via solution extensions.
- **The ability to deliver integrated experiences** that span enterprise software, day-to-day productivity tools, and innovative "last mile" applications. The need to have a more productive workforce requires greater functionality without greater complexity. This means that to the extent possible, users need to be able to complete complex business processes without having to master multiple user experiences and traverse complex siloed applications.
- **A strong cloud platform strategy** that provides built-in services to facilitate implementation, integration, and innovation across a global business market. The advantages of the cloud have long since evolved from merely being the place where companies can move from acquiring software as a capital expense to "renting" it as an operational expense. Modern cloud platforms also have to provide additional value-added services such as leading-edge technologies for development and deployment, as well as extra benefits from leveraging the telemetry produced by a cloud-based system to better manage the lifecycle of that system.
- **The ability to develop and bring to market innovative products** that move customers forward within the context of an integrated business and technology strategy. The business climate of today requires continual business innovation, and it is incumbent on cloud vendors to lead customers forward with appropriately innovative technologies and products.

While there are a number of vendors that can fit these requirements, there are significant reasons why Microsoft has a particular advantage in meeting these five criteria. In the next section we will analyze Microsoft's offerings and show how they align with these objectives.

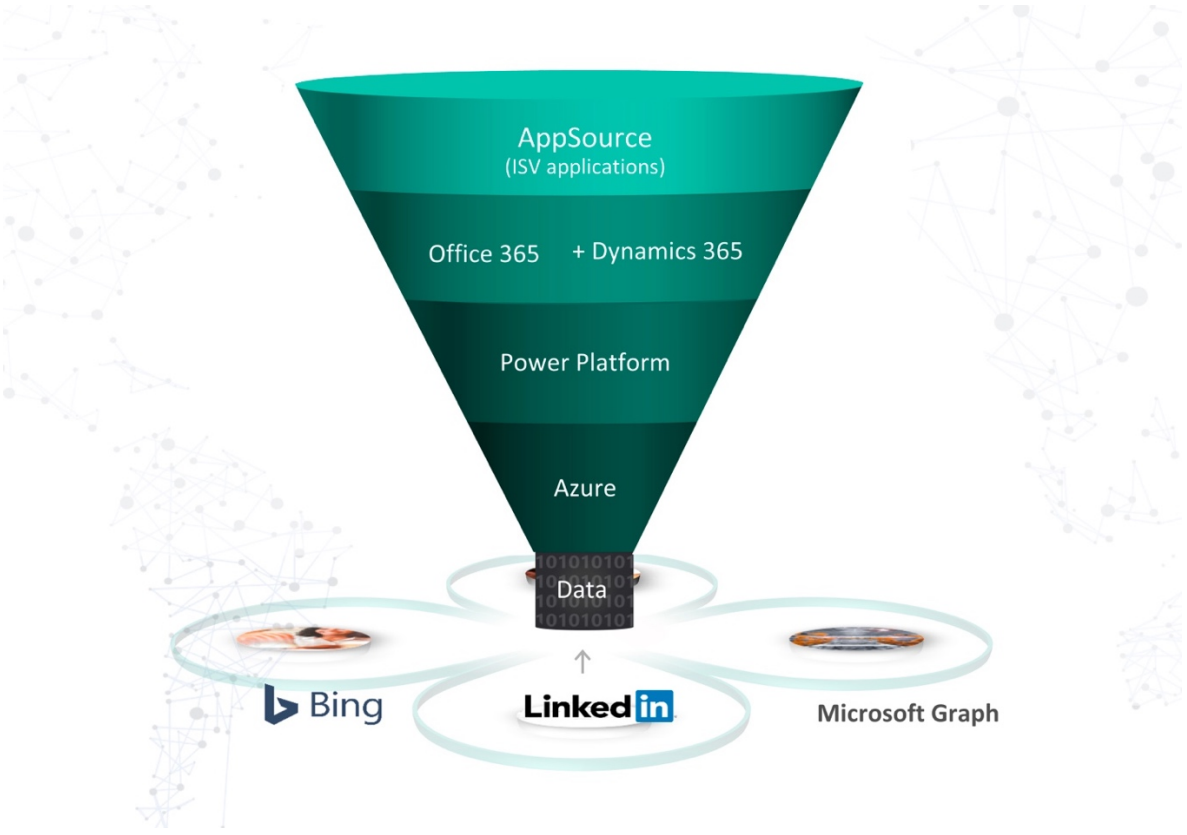
Enterprise Software: Strategic Criteria for the 21st Century

CORE APPLICATION FUNCTIONALITY

The core of the enterprise software offerings from Microsoft can be found in the Dynamics family of products, particularly Dynamics 365 for Finance and Operations (see Figure 2). This suite of software, running on the Microsoft Azure Cloud, provides a broad set of functionality across seven different horizonal domains: finance, operations, customer service, field service, talent management, project service automation, and sales. Finance and Operations also includes functionality targeted at the retail industry, as well as providing coverage for manufacturing, professional services, and other industry verticals.

Finance and Operations is considered highly competitive in the enterprise software industry, having garnered a number of awards and top mentions by leading analyst firms. The strength of the product is reflected in Dynamics' growth rate of over 300 percent in the last two years, and the company continues to add significant new functionality at a rapid pace.

Figure 2: Dynamics Finance & Operations in the Microsoft Stack



Source: Microsoft

This breadth of functionality is well-recognized by the Dynamics customers EAC interviewed for this report. At Flight Centre Travel Group, a global travel services company based in Australia, the ability of Finance and Operations to support a massive consolidation of 17 financial systems in 23 countries, many acquired through acquisition, was an important reason for deploying Finance and Operations. “Our previous CFO was looking at the cost of operations and whether we were empowering our people or not,” said Leonard Donaldson, Flight Centre’s CIO. “When he started to assess us against our peers, it became glaringly obvious that we had to make a change, or our cost of operations would outpace our ability to generate sales.”

That realization kicked off a 12-month assessment process that in the end yielded the decision to deploy Finance and Operations, a decision that has had significant benefit for Flight Centre. “Dynamics 365 gives us a single view of our financial position. That data allows us to make better decisions and allows our people to be much more efficient,” Donaldson said.

The breadth of functionality provided by Finance and Operations was instrumental in allowing Samuel, Son, and Co., a manufacturer, distributor, and processor of metals and industrial products based in Ontario, Canada, to consolidate a wide variety of disparate ERP and other systems. This effort resulted in significant operational and transactional efficiencies. The company’s almost $3 billion in inventory spend had been spread across disparate systems, hampering their ability to manage costs at a company-wide level. Implementing the full complement of Finance and Operations software, including warehouse and order management, helped the company create a single view for inventory spend and other key business metrics, according to Chris Marinis, vice president for IT at Samuel.

Core to its success was the fact that Finance and Operation’s broad footprint covered key processes that were common across an otherwise relatively diversified company. These common processes were not only improved by implementing a modern ERP system, they were also standardized across the company. “Procurement is procurement, selling is selling,” Marinis told EAC. “There is some uniqueness, but there are more commonalities that we can benefit from.”

Finance and Operations had the same impact at CRC Industries, a chemical products manufacturer based in Horsham, PA. “Our company was functionally quite decentralized,” said Brian Lurie, CRC Industries’ CIO. “We had a strategy to double the value of the company by sharing more of our capabilities across the company. Finance and Operations allows us to go in a new direction, towards a single global instance.”

ACTIVE PARTNER ECOSYSTEM

Dynamics 365 leverages Microsoft's historic strength in creating a partner ecosystem that can take platform, productivity, and enterprise software products and technologies and extend them into specific industries and geographies. Finance and Operations alone has over 650 active partners building extensions for core industries such as agriculture, health, education, government, manufacturing, professional services, as well as a range of horizontal extensions. These partner products can be found on the Microsoft AppSource website (see Figure 3).

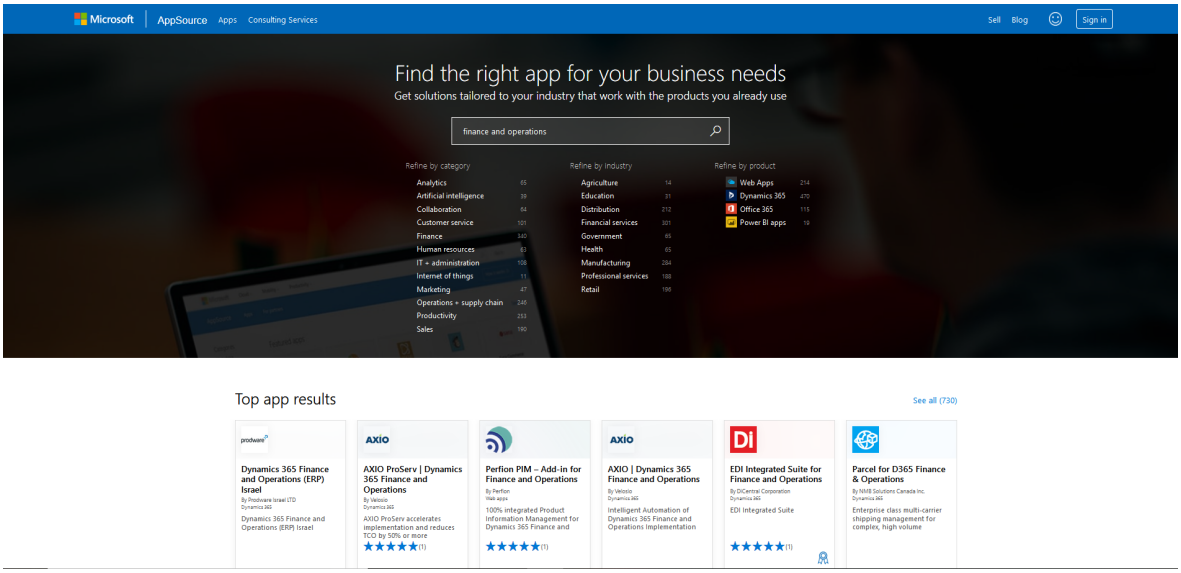
The fact that these partner products can be deployed and run on the Azure platform alongside Finance and Operations is another reason why moving to the cloud provides a broad range of advantages beyond supporting software as a service functionality. As part of their ability to extend existing Dynamics 365 functionality, partner products can take advantage of the full complement of Azure services and technologies, and the data in these apps are easily deployed in Power BI and the PowerApps platform (see *Cloud Platform Strategy,* below.)

The presence of a partner able to bring industry-specific knowledge and processes into the Finance and Operations product line was a major reason why customers interviewed by EAC chose Dynamics. Flight Centre was able to bring its Finance and Operations deployment into closer alignment with its business objectives by working with Travel Operations, a boutique ISV partner that specializes in travel solutions built on top of Dynamics 365. "The combination of the two clinched the deal for us," said Flight Centre CIO Donaldson.

Partners with industry specific knowledge were also an important part of the successful use of Finance and Operations at Samuel. Dynamics 365 partner Crowe LLP's Crowe Metals Accelerator was an instrumental part of the company's overall strategy for its rolled metal products division. "We couldn't leverage Dynamics 365 without either customizing it or leveraging Crowe," Marinis told EAC. "It was a natural choice."

The broad functionality in Finance and Operations was instrumental in allowing CRC Industries Inc. to centralize their operations into a single global instance, with the deliberate strategy of focusing on deploying the best practices built into Finance and Operations. This led to the company enforcing a "no customizations" strategy that meant "using the ISVs for the last mile" of functionality, according to Brent Laurin, CRC Industries' global vice president of operations. "This allows us to stay as vanilla as possible" without sacrificing business value, Laurin added.

Figure 3: Microsoft AppSource Landing Page



Source: Microsoft

Last mile ISV products aren't the only way partners provide significant competitive advantage to customers. Dynamics' implementation partners can help companies make the changes in strategy needed to move from on-premise best practices to cloud best practices. The need to rein in customizations and leverage the best practices that are built into the cloud products like Finance and Operations creates a major change in practices at most companies, and getting that change management process done right is a key issue in customer success.

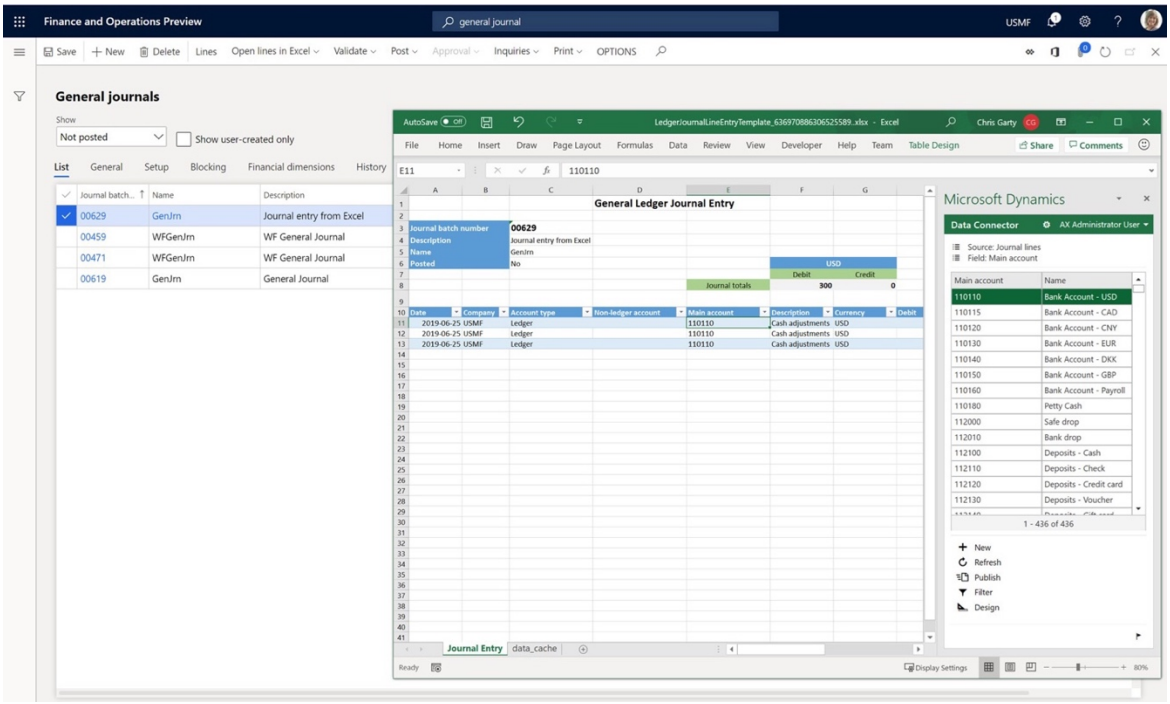
This ability to keep the customer on target with the advantages of cloud technology and strategy was a key benefit provided to 511 Inc., a specialized apparel company based in Irvine, California, by its implementation partner, Sunrise Technologies. "Customizations are the gift that keep on giving," Tom Ashbrook, the vice president of global technology at 511 Inc., told EAC. That "gift," Ashbrook acknowledged, was the ongoing complexity and related costs that could negate some of the key reasons why a company would move to Finance and Operations, and Azure. "Sunrise counseled against it and enforced a low customization strategy" that helped make the implementation easier to manage, Ashbrook added.

INTEGRATED EXPERIENCES

The expansions in functionality that come with digital transformation mean that more of the users inside an organization need to be directly engaged with processes that drive business success and competitive advantage. This requires a careful balancing act between the need to introduce new functionality and user experiences with the need to ensure that user experiences and contributions aren't impacted by the process changes and new business challenges. Carefully managing the change management and user acceptance aspects of the transformation is critical to overall success.

The ability of Dynamics 365 to be tightly integrated with the rest of the Microsoft stack – including Azure and its myriad services, Office 365, Power BI, and the Power Platform – represents a significant opportunity for customers to effect a broad business transformation within the context of a productivity suite that, for millions of users worldwide, provides an already well-known and user-friendly experience. Office 365 and Power BI also have extensive partner ecosystems developing apps for these two products, further extending their usefulness within the context of a product set Microsoft claims is used by over 130 million commercial users every month.

Figure 4: Integrated Experience: Finance and Operations and Office 365



Source: Microsoft

The extended value offered by Office 365 and Power BI was another important factor in the return on Finance and Operations customer investments. For 511 Inc., the integration of Finance and Operations with the Office 365 and Power Platform is an important part of the company's return on their investment in Dynamics. "The Office 365 integration is really going to be exciting," Ashbrook said. Power BI also figures high in their ROI calculations. "Other than supporting globalization, the biggest benefit is how much our data is used for analysis. Power BI use has gone through the roof."

The use of Power BI, Office 365, and other productivity tools as part of an integrated offering is also catching on inside Flight Centre, Donaldson reports. "We're trying to consolidate our use of Power BI so we can leverage a community of knowledge," according to Donaldson. Samuel too is seeing significant value in deploying Dynamics 365 alongside other products, such as Office 365 and Power BI. For CRC Industries, the integration of Finance and Operations and Dynamics 365 with other Microsoft products and services was a core reason to go with Finance and Operations, according to Lurie.

"Microsoft figured out the suite (with the original Office suite). They're applying that DNA to the enterprise. The vision of that integration was profound for us. IT and business can become one if integration is done well."

—Brian Lurie, CIO, CRC

In addition to integrating with Microsoft's productivity products, Finance and Operation's ability to leverage Flow, the workflow tool that comes as part of the Power Platform, is another component that CRC plans to deploy to support business processes in warehousing, pricing, and other domains. "Workflow is a huge opportunity for us," Lurie added.

CRC was already using Dynamics CRM's on-premises version and is planning to migrate to Dynamics 365 for Sales once they settle into the Finance and Operations implementation. Other Microsoft products, like SharePoint, are also well integrated with Finance and Operations. "Microsoft figured out the suite" on the desktop with original Office suite, said Lurie. "They're applying that DNA to the enterprise. The vision of that integration was profound for us. IT and business can become one if integration is done well," Lurie added.

SUPPORT STRATEGY FOR CUSTOMER INNOVATION

Microsoft's investments in innovation are an important part of the overall value that accrues to customers deploying their business transformation across the Azure and Dynamics 365 product lines. The nature of the Microsoft cloud strategy is such that innovations in leading edge technologies like machine learning, artificial intelligence, IoT, and augmented reality are deployed inside Azure and as such can be directly integrated with Finance and Operations and other Dynamics products. This is an important example of how deploying in the Azure cloud can bring additional value to Finance and Operations customers.

A recently released set of products that makes use of the new HoloLens 2 is an excellent example of how Microsoft-wide innovation becomes productized inside the Dynamics product family and is accessible to Finance and Operations and other Dynamics 365 customers. This past Spring, Dynamics released a trio of HoloLens applications that blend augmented reality with the enterprise. The fact that these applications live inside the Azure platform further augments the value of the Microsoft cloud to its customers. (See *HoloLens in the Enterprise,* below.)

These applications, however, represent only a few examples of the broad impact of Microsoft-wide innovation on Dynamics 365 users. The Azure platform is continuously upgraded with innovations that are realized as services, and therefore are accessible to Dynamics developers, partners, and user organizations. Capabilities in domains like IoT and machine learning, products like Power BI, and SQL Data Warehouse, and expansions that further the global support profile of Azure and its security, networking, and integration services can all automatically accrue to Finance and Operations customers. The Power Platform, which includes citizen developer tools like PowerApps, Flow, and Common Data Services, are also part of the value-added framework provided by Azure.

"Our technology renovation is managed by Microsoft in terms of the evolution and continued enrichment of the product. And that means it will reflect industry best practices."

— Chris Marinis, vice president for IT at Samuel, Son, and Co

The added value of the platform was a critical part of Samuel's decision to deploy Finance and Operations. The combined Microsoft offerings don't just allow the company to modernize a highly siloed operation; they also provide a roadmap for innovation. "Our technology renovation is managed by Microsoft in terms of the evolution and continued enrichment of the product," Marinis said. "And that means it will reflect industry best practices" that can be applied to Samuel's operations.

Innovations like HoloLens 2, mixed reality, robotic process automation, and machine learning will also be important to Samuel as its "renovation" continues. "There is no question that manufacturing is in the early stages of a tremendous revolution, Marinis said." Microsoft recently hosted a meeting of senior Samuel executives to showcase new and planned innovations. "It's opening up opportunities for Samuel to move forward."

Similarly, 511 Inc. is counting on innovations built into Azure to make a big difference down the road. "Azure Machine Learning will be huge for us," Ashbrook said. The company is planning to use Flow and PowerApps as their implementation rolls out more broadly, Ashbrook noted. The ability to use Microsoft as a crucible for innovation is also important to CRC Industries, which has been looking at HoloLens as a possible technology to deploy in the company, Lurie added.

HOLOLENS IN THE ENTERPRISE

As part of the release of HoloLens 2, Dynamics released three mixed reality products that tie the functionality of HoloLens directly to specific enterprise use cases.

Dynamics 365 Remote Assist: Allows field service employees to interact with offsite experts and have access to documentation needed to complete field service tasks such as asset maintenance and repair. Early adopters have seen significant savings in service costs by allowing local service personnel to complete complex tasks without having to wait until the subject matter expert can be brought on site.

Dynamics 365 Guides: Allows employees to be trained on specific devices and assets using a variety of interactive content, including 3-D modeling and other mixed reality tools. Mixed reality training can be created to support the unique requirements of a specific task and can be used to train an employee on a specific device in the field.

Dynamics 365 Layout: Allows individuals or teams to use mixed reality to design and modify designs for architectural features and spatial layout in retail or other physical spaces. Users can design from a template of objects – such as factory floor equipment or retail shelving and display – and can collaborate with team members and experts in real time.

Figure 5: HoloLens in the Enterprise

Source: Microsoft

CLOUD PLATFORM STRATEGY

Microsoft's cloud platform strategy underpins the opportunity presented by deploying Finance and Operations in a highly value-added environment. Some of the technologies and products that can be attached to Finance and Operations via the Azure cloud have already been noted: Office 365, the Power Platform, and Azure's data, security, and developer services, among others.

Azure is also a leading hyperscale platform that can deliver Finance and Operations and related services in a public or managed cloud environment across a broad global market. This combination of hyperscale platform vendor and enterprise software and services vendor places Microsoft in a relatively unique competitive position in the market. Indeed, the interplay of Azure and Dynamics makes it largely impossible to use the same yardstick to compare Dynamics to either its enterprise software rivals or Azure's platform rivals. Almost without exception, competing enterprise software vendors lack a native platform optimized for their customers, and competing hyperscale platform vendors can only provide increasingly commoditized platform services that don't directly address business process innovation. Dynamics and Azure together have a unique value that largely places Dynamics in a class by itself.

A further platform-level innovation enabled by the interplay between Azure and Dynamics 365 can be seen in what Dynamics calls its One Version service. The goal of One Version is to leverage the value of having a single, continually updated version of an SaaS application like Finance and Operations available to all customers, while at the same time ensuring that innovations and upgrades

don't adversely affect individual implementations and their mission-critical needs. Under One Version, the regular monthly update cadence is managed in a way that ensures that customers are able to test and validate their updates such that individual extensions, integrations, and other customer-specific configurations aren't adversely affected.

To do this, One Version supports customer-specific regression testing – leveraging the business process modeling and recording tools in Dynamics Lifecycle Services (see sidebar) – in order to validate the update in a sandbox environment. One Version also allows customers to define the precise timing and cadence of updates in order to minimize interruptions to their production environments, and in addition, One Version allows customers to see the potential value of new functionality without disrupting their service. Similarly, partners are able to build and deliver their innovations without disrupting their customers' Dynamics environments.

These and other features define the essence of the value-added position that Finance and Operations occupies in the market: It is the only enterprise software product that is both an acknowledged leader in feature/functionality and is natively deployed on a leading hyperscale platform. That value-add makes deploying Finance and Operations much more than just a simple shift from on-premise to the cloud. Indeed, services like Dynamics LifeCycle Services (see sidebar) offer unique functionality that addresses the full cloud lifecycle of Finance and Operations. This capability directly accrues from the close marriage of platform and application underlying Finance and Operations.

LIFECYCLE SERVICES (LCS)

LCS is a set of services running on the Azure platform that is designed to leverage the functionality of the cloud to provide support for the full lifecycle of a Dynamics Finance and Operations implementation, from initial implementation design to deployment and operations.

LCS leverages the telemetry available in Azure to provide metrics on implementation progress and assist customers and implementation partners in managing the project lifecycle. Upgrades, enhancements, configurations, business process modeling, systems diagnostics, support and other aspects of the lifecycle can be monitored and managed from within the LCS environment.

LCS can also be used to create repeatable processes, support the use of existing methodologies, or create new methodologies and processes.

For many Finance and Operations customers, one of the key starting points for its value-add is the global coverage that Azure provides. This capability fits well into Flight Centre's global business model, Donaldson told EAC. The company can deploy company-wide data lakes and data warehouses in Azure and use them to maintain an integrated view of the business despite the company's different lines of business and its global reach. This provides local operations with the autonomy they are used to while linking them more closely with headquarters. "It will allow us to maintain data sovereignty in the different countries while still having a single view," said Donaldson.

This global support was also an important part of Samuel's rollout of Finance and Operations to its different operating entities worldwide. By starting in a single location, Samuel was able to prove the value of Finance and Operations and align its business

users with the new functionality. LCS and other services allowed this initial deployment to serve as a template across the globe. “The heavy lifting was done at the beginning to ensure that it fits globally. Now that we’ve proved the concept, our intent is to speed up the execution” and add more seats, Marinis said. In particular, Microsoft’s cloud licensing model has been very supportive of this “step ladder” approach, he added.

Conclusion: A New Vision for Customer Success in the Cloud

The cloud ERP market is past the initial phases of its growth and is entering a long and continuous phase of both maturity and innovation. The functionality of products like Finance and Operations is clearly sufficient to run complex global operations, and, in combination with partners, coverage for a considerable number of industry verticals is also growing. At the same time, Azure and the integration to other Microsoft products ensure that Finance and Operations customers will benefit from a continuously evolving platform.

The experiences of these and other customers in moving with Finance and Operations to the cloud demonstrate the significant value-add that Microsoft Dynamics can offer relative to other vendors. While there is a solid case for moving to Finance and Operations for the benefits it can provide on its own, the leverage provided by Azure, Office 365, the Power Platform, and other capabilities should also be taken into account in any company’s decisions about both moving to the cloud, and the choice of which vendor is chosen for the move.

The advantage of the cloud is that continuous improvement is baked into the model. Indeed, the cloud is largely the sole deployment model for enterprise software innovation today. Building enterprise software to run in the cloud comes with the added advantage that upgrades and new features are deployed on behalf of the customer inside a cloud platform that largely isolates users from the effects of change. This continuous improvement function means that there is important potential for the return on a cloud ERP investment to grow without any change in the total cost of ownership.

That potential is another reason why Finance and Operations has a strong competitive profile in the market. As users of Office 365 and other Microsoft cloud products know well, the continuous improvements in these products can add significant new value to their existing investment at no cost to the customer. While many net new innovations, such as those surrounding HoloLens, will require additional license costs, the Fall 2018 release of Dynamics contained some 400 enhancements, the vast majority of which were delivered at no additional cost.

The question of moving to the cloud is no longer an “if,” but a “when” type of question. While companies should make these decisions on a timetable that meets their needs, not those of their preferred vendors, the fundamental objections to the cloud – based on perceived security problems, potential incompleteness of functionality, and misgivings about the complexity of a move to the cloud – are not just no longer valid, they’ve actually been turned on their heads. The security provided by Azure is orders of magnitude better than many companies could provide for themselves, and that’s without

taking into account the extraordinary cost of maintaining an appropriate level of security in-house. The limited functionality question is largely off the table with Finance and Operations, with Microsoft and its partners continuously filling the gaps (hence the 400 enhancements in the Fall 2018 release). And while the complexity of moving to the cloud is still an issue across the enterprise software market, services like LCS and the growing experience base inside Dynamics is helping to limit that complexity in increasingly significant ways.

For companies looking for the greatest possible synergy between application, technology, and the cloud, the Dynamics 365 family, and Finance and Operations in particular, should definitely be on the short list. Regardless of when it makes sense to pull the trigger and make the move to the cloud, the time to plan is now.