The case for change – Moving to Dynamics 365 in the Cloud

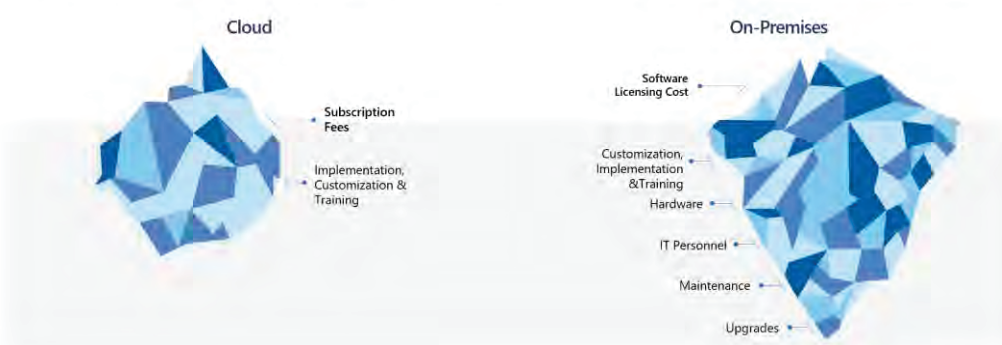## Dynamics 365 Migration Program

Is your organization evaluating whether to transition your AX solution to Dynamics 365 F&O cloud or stay on-premises? To determine whether this is the right move, you'll need to understand the economic impact of your current AX solution and how this compares to Dynamics 365 in the cloud.

Based on our experience working with many hundreds of organizations, we typically see the economic impact in three important areas:

1.	**2.**	**3.**
Total Cost of Ownership	**Business performance improvement**	**Accelerated time-to-value**

1. The Total Cost of Ownership (TCO)

The starting point is a financial estimate of the economic value of investment against the total direct and indirect cost savings over your system lifecycle. The TCO estimate considers six cost areas to visualize the transition to the cloud.

Cloud — Subscription Fees; Implementation, Customization & Training

On-Premises — Software Licensing Cost; Customization, Implementation &Training; Hardware; IT Personnel; Maintenance; Upgrades

TCO Component	Cloud Impact
Software	Cloud licensing consolidates a number of costs and offers a different licensing models including pay-as-you-go monthly or annually, often shifting costs from CapEx to OpEx.
Implementation, customizations and training	A move to the cloud often means reducing the level of platform customization, reducing long-term development, support and upgrade costs. Onboarding and user support costs are typically reduced with guided processes and modern user experience.
Hardware	Upfront or ongoing costs to purchase infrastructure, such as servers, networking hardware, operating systems, databases, and storage, and costs (such as electricity) are avoided. In addition, include a comparison of disaster recovery and mobile provisioning.
IT personnel	The labor costs of estate maintenance are reduced (servers, databases and other technology) and IT teams can re-focus on business improvement initiatives.
Maintenance	Support costs including loading fixes, patches & updates are minimized
Upgrades	Upgrades require minimal oversight from IT personnel, and there is no additional software and minimal upgrade costs with automated background updates.

"Our technical debt position is much better – a huge improvement. Although we still maintain several key integrations with boundary applications, our position is far more stable when making upgrades – we don't have to worry about the 'house of cards' falling apart on us. Our inventory of supported boundary applications was much larger than it is now, with each requiring additional maintenance and testing during each upgrade."

Business applications manager

"After 15 years with our previous on-premises solution, we were merely keeping the lights on. We were no longer investing in keeping the system up to date, and consequently, the system was not effectively supporting the rate of change and growth that our business was experiencing."

Business applications manager

2. Business performance improvement

A move to the cloud offers significant potential to improve business performance with improved productivity, capability and business insights.

Organizations have often observed that increased automation, a better user experience, reduced rework, and enhanced forecasting increase company-wide productivity. In addition, real-time data analysis and streamlined processes can help enhance forecasting accuracy, improve quality, reduce waste, and prevent delays.

Performance Metrics	Traditional ERP	Cloud ERP
Days to close a month	4.6	**3.6**
Days Sales Outstanding	45.2	**33.2**
Inventory accuracy	87 %	**91%**
Customer satisfaction	87 %	**94%**
Improvement in profitability	10 %	**13%**

Cloud ERP's Time has come! Aberdeen Group

Dynamics 365 cloud solutions typically perform better than on-premises with operating costs, schedule compliance and on-time delivery. Overall, this can lead to improvements in the cycle time of key business processes, together with improved operational efficiency materializing in increased profit margins. The business outcomes (KPI impact) from the use of cloud ERP varies across industries.

3. Accelerated time-to-value

The journey to the cloud brings with it huge opportunities to become more agile and respond ever-faster to changing demand.

Organizations are frequently able to **continuously improve**, with faster deployment, more frequent updates and a faster capability enhancement process.

"The business is not waiting for IT anymore. We are now seen as an enabler, not a roadblock."

In addition, businesses can **adapt more quickly**, scaling to new site or geographies or improving the time to on-board newly acquired businesses. This accelerates the time to standardize and improve performance together with gaining consistent global performance insights.

Finally, organizations can become more data-driven with new insights based on more robust data gathering and real-time availability to **drive innovation**. These insights support improved strategic planning and new operating models.

Next steps

Want to explore the benefits of migrating? Sign up for a no charge Microsoft migration assessment at aka.ms/d365migrate

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"Aberdeen research shows that 50% of companies using a cloud ERP model have real-time visibility into the status of all processes and data – just 25% of companies using an on-premises solution can say the same."

Aberdeen, Top Performers Know It's Time to Migrate to Cloud ERP: Here's Why and How, 2016