

What is the Cloud Transition Guide and how is it used?

This Cloud Transition Guide is designed to help drive successful conversations about Microsoft Dynamics® ERP cloud-based solutions for horizontal markets. The following are the customer profiles targeted by this Transition Guide:

- Small and midsize business (SMB) prospects (10–250 PCs) and midmarket prospects (251–2,500 PCs) who are evaluating Microsoft Dynamics ERP and who want to realize the benefits at a decreased initial cost and minimal startup effort (“turn on and go”).
- Prospects who are seeking to consume enterprise resource planning (ERP) technology as a utility against their monthly operating budgets, which could allow them to reserve their IT capital budgets to apply to other revenue-generating activities.
- Prospects who are interested in reducing or outsourcing their IT infrastructure to avoid the standard IT procurement process, eliminate the cost and effort of implementing regular data backups and software updates, and reduce periodic large infrastructure investments.
- Prospects who need the flexibility to add users or locations quickly and easily.

What is the Microsoft Dynamics ERP cloud opportunity?

The ERP market is shifting to the cloud. How will your business capitalize on the opportunity? Analysts are in agreement that the shift is happening quickly.

- **In 2010**, a software industry shift toward subscription models was predicted to result in a nearly \$7 billion decline in traditional worldwide licensing revenues (IDC, 2010).
- **Through 2011**, compound annual growth rate (CAGR) for on-demand ERP software was predicted to be 15.9 percent (Forrester, 2007).
- **By 2012**, ERP suite vendors will offer suite components in cloud computing to achieve the best of both worlds (Gartner, 2010).
- **Through 2013**, CAGR for on-demand software overall will exceed 20 percent (IDC, 2009).
- **By 2015**, all applications will have some provisioning based on cloud computing (Gartner, 2010).

When to use Microsoft Dynamics ERP cloud solutions

Microsoft Dynamics ERP cloud-based solutions should be the customer’s first choice in organizations with the following characteristics:

- Lack the hardware needed to upgrade
- Lapsed fees that are insurmountable
- Need to expand the user base and/or functionality, but have limited budgets
- Limited or reduced IT staff
- Compliance issues and multiple locations—need to get to one solution
- Ease-of-use and quick ramp-up are top priorities
- Have exhibited rapid growth

Engaging customers on Microsoft Dynamics ERP

Microsoft Dynamics ERP Cloud solutions are intended to give customers **CONTROL** through visibility into their businesses, which could enable them to make smart decisions that **IMPACT THEIR MARGINS** and improve cash flow—ultimately driving business **GROWTH**. For product features and messaging frameworks for each of the Microsoft Dynamics ERP products visit PartnerSource >products.

GET CONTROL: Multiple insights into business performance, including mobility	INCREASE MARGINS: Shift from capital expense to annuitized operating expense	DRIVE GROWTH: Maximum server capacity is always available
Prospect Characteristics <ul style="list-style-type: none"> • Manual processes; inefficient delivery of integrated reporting needed to make decisions. • Difficult to clearly articulate return on investment (ROI) due to tracking, segmentation, and analysis limitations. 	Prospect Characteristics <ul style="list-style-type: none"> • Minimal capital budgets to work with. • Reluctant to take financial risk. • High demands on IT staff. • Need quick ramp-up time. • High IT and infrastructure maintenance costs. 	Prospect Characteristics <ul style="list-style-type: none"> • Cyclical or erratic user demand or sales cycles. • Strong growth projections. • Business acquisition strategy. • Systems sometimes run at levels below server capacity.
Microsoft Dynamics ERP cloud benefits <ul style="list-style-type: none"> • Helps users achieve productivity from mobile devices. • Can allow users to delegate critical decisions with confidence by providing workflows and controls needed for quick, decisive response. • Provides real-time insights including key performance indicator (KPI) dashboards and drill down details to manage for profitability. • Helps users analyze data which can allow them to spot opportunities, identify potential problems, and take quick action through RoleTailored dashboards and other analysis tools. • The cloud model can promote greater usage across teams and geographies. • Works well with other mission-critical applications through the Connector for Microsoft Dynamics™, web services, and the Microsoft® .NET Framework. 	Microsoft Dynamics ERP cloud benefits <ul style="list-style-type: none"> • Shifts software budget from a possibly burdensome capital acquisition with complex approval and implementation process to a monthly operating expense. • Lower start-up time and effort than on-premise installations. • Frees up working capital that can be applied to other revenue-generating activities. • Reduces IT infrastructure and maintenance expense because costs are leveraged, shared, and optimized across many customers. • Offers scalability that maps to business ebbs and flows which may lower operating and licensing costs. • Helps businesses make the most of their people, processes, and systems. 	Microsoft Dynamics ERP cloud benefits <ul style="list-style-type: none"> • Offers flexible functionality and scalability that adapts to growth cycles without costly dev work or strain on resources. • Worldwide and local ecosystem of implementation partners and independent software vendors (ISVs) with the potential to enable growth and new lines of business. • Scales without requiring significant IT infrastructure investment and without compromising performance. • Delivers access to Microsoft Dynamics Services Provider Licensing Agreement (SPLA) hosting partners who offer the structure and operational capacity to assist businesses in absorbing broad user acceptance in the cloud. • Helps you build your organization knowing that your business systems will support your ambition.
Probing questions <ul style="list-style-type: none"> • Can you integrate third-party components with your cloud solution? • Can your vendor offer you a private cloud solution? • Is your vendor thinking through the entire IT chain? • Do you have the flexibility to move to an on-premises deployment if you need to? How would you access your data? • How do you track KPIs and profitability? • How do your employees access data and reports when they are in the field? 	Probing questions <ul style="list-style-type: none"> • Does your system require significant and ongoing IT deployment investments? • How do you manage your IT support costs? • If your ERP solution is in the cloud, is the rest of your IT in the cloud, too? • Is IT the highest priority capital investment in your business? • If your IT budget shifted from a capital expense to an annuitized operational expense, would availability of more capital funds help you drive more business? 	Probing questions <ul style="list-style-type: none"> • Does your vendor have the richness in functionality needed for your growth? • Is your server capacity adequate to handle your anticipated growth? • Can your vendor offer you an option to purchase perpetual licenses (as-needed basis) in a hosted environment? • Are you paying for maximum capacity today even when you don’t need it every month? • Do you have multiple vendors supporting different software solutions?
Proof points: Flakeboard <i>Large-Scale Acquisition Completed in Six Weeks with Hosted Accounting Solution</i> <ul style="list-style-type: none"> • Flakeboard acquired six U.S. mills, quadrupling to a U.S. \$650 million enterprise, and closed books on time 40 days after installation. • Central control of financial operations cut the annual audit to half the time, saving \$450,000. www.microsoft.com/en-us/dynamics/case-studies-detail.aspx?casestudyid=400000932	Proof points: Gregory Greenfield & Associates, Ltd. <i>Management Firm Keeps Costs Low and Boosts Productivity with Hosted ERP Solution</i> <ul style="list-style-type: none"> • Reduced end-of-month closing period from three weeks to 10 days; reduced investor report prep time by 140 hours per month. • Lower cost of entry and more predictable IT costs than maintaining software on-premise www.microsoft.com/en-us/dynamics/case-studies-detail.aspx?casestudyid=4000003955	Proof points: Titan Fitness <i>Gym Acquisition Company Finds Support for Aggressive Growth with Business Software</i> <ul style="list-style-type: none"> • Minimized back-office staffing needs with centralized BI and accounting functions. • Hosted environment was implemented in just 61 hours. www.microsoft.com/en-us/dynamics/case-studies-detail.aspx?casestudyid=4000001491

Why customers choose Microsoft Dynamics ERP cloud-based solutions

Microsoft Dynamics ERP cloud-based solutions provide advantages such as low cost of entry, scalability, and outstanding total cost of ownership (TCO) and value.

- Microsoft Dynamics ERP solutions allow customers to build upon their existing Microsoft investments
- Microsoft Dynamics ERP solutions work well with Microsoft Outlook® and have a user interface (UI) that could help drive user adoption and productivity.
- Microsoft Dynamics offers the flexibility of choosing an on-premises deployment, a hosted service, or a blend of both—as well as a choice in hosting provider.

Competitive Differentiators

Microsoft Dynamics ERP cloud-based solutions face competition from a number of companies with a focus on particular delivery models, segments, industries, or functional areas. For complete competitive information go to: <https://mbs.microsoft.com/partnersource/sales/competitiveinformation>.

Competitor	Competitor overview	Microsoft Dynamics cloud-based ERP Differentiators
NetSuite: NetSuite	Software as a service (SaaS) is the only delivery model NetSuite uses, and its core offering is NetSuite , a web-based solution as a service that encompasses ERP, customer relationship management (CRM), and e-commerce.	<ul style="list-style-type: none"> • Core offerings, strong partner solutions, and interoperability with Microsoft Office, Microsoft SharePoint®, and Microsoft SQL Server®; offers flexible, powerful, and affordable overall solutions. • NetSuite delivers a dashboard and out-of-the-box reports with customization that is more limited than the customization offered by Dynamics ERP cloud-based solutions, and full NetSuite user licenses are needed to generate reports. Microsoft Dynamics allows users to build custom reports without IT assistance or add-on tools, and allows users to access reports and data with limited access or light user licenses. • Microsoft Dynamics ERP solutions allow customers more flexibility of delivery: Choice of on-premises deployment, a hosted service, or a blend of both—as well as a choice in hosting provider. • All Microsoft Dynamics ERP cloud-enabled solutions will run on Windows Azure™, starting with Microsoft Dynamics GP and Microsoft Dynamics NAV next year; each will have a single code base for cloud and on-premises deployments for easier migration from on-premise to cloud, whereas NetSuite does not have an on-premise offering.
SAP: Business ByDesign	SAP is one of the largest ERP vendors worldwide, offering ERP Business Suite for the enterprise, Business One for the lower SMB market, and Business All-in-One for upper midmarket. The on-demand solution Business ByDesign is an integrated solution for companies with 50–500 employees, an attempt to build presence in the midmarket.	<ul style="list-style-type: none"> • Microsoft Dynamics ERP solutions offer a user interface that is similar to the Microsoft Office user interface. This similarity could help minimize user training for companies that use Microsoft Office. • Core offerings, strong partner solutions, and interoperability with Microsoft Office, SharePoint, and SQL Server offer flexible, powerful, and affordable overall solutions. • Flexibility of delivery: Choice of on-premises deployment, a hosted service, or a blend of both—as well as a choice in hosting provider. • Next year all Microsoft Dynamics ERP cloud-enabled solutions will run on Windows Azure; each with a single code base for cloud and on-premises deployments for easier migration from on-premise to cloud, whereas Business ByDesign does not have an on-premise offering. • Microsoft Dynamics ERP solutions offer smooth integration with the Microsoft Office environment.
Epicor: Epicor 9 Epicor Express	Epicor 9 offers integrated ERP, CRM, supply chain management (SCM), human capital management (HCM), and enterprise retail solutions for deployment via on-premises, hosted, or SaaS. Based on the Epicor 9 platform, Epicor Express is the downmarket SaaS ERP solution for SMBs. Epicor plans to make use of Azure for a cloud solution in the near future.	<ul style="list-style-type: none"> • Strong collaborative features and integration: Microsoft Office document linking, Microsoft SharePoint, and business intelligence (BI) tools. • Microsoft Dynamics ERP solutions offer broad horizontal functionality and industry-specific extensions; Epicor 9 is geared to made-to-order/engineered-to-order (MTO/ETO) manufacturing. • Microsoft Dynamics ERP solutions offer Self-service reporting and BI capabilities for access to data, information, and reports that could reduce requests to IT. Epicor 9 offers a limited number of standard reports; custom reports require support, which could add cost and complexity. • There are thousands of Microsoft Dynamics partners worldwide; Epicor has a more limited partner network.

Objection Handling

Below are responses to some of the top objections from customers:

We have concerns about moving our data to the cloud. Aren't there risks around data integrity, recovery, and privacy?	<ul style="list-style-type: none"> • With a public cloud, you are right: there are risks because there is one IT infrastructure that stores and manages data and computer systems for other businesses, and each business "rents" the amount of space needed. But the scale of the public cloud could offer cost benefits, at least in short term. • A private cloud is an IT infrastructure that manages and stores data and computer systems for a single business in a dedicated environment; no aspect of it is shared with any other business. The risks associated with a private cloud are similar to the risks most companies have when they host their own data and systems. • A hybrid cloud has some private and some shared aspects. For example, your data and computer systems storage and management could be hosted in a private cloud, but you could share a public network with other companies. • In evaluating hosting providers, make sure you understand the kind of cloud offered and the providers' network and security standards. With the right partner many risks can be mitigated and backed by encryption practices and the Service Level Agreement. • Microsoft Dynamics ERP solutions are available in the cloud through a network of highly qualified Microsoft Dynamics hosting partners who take measures to address security standards.
If we move to the cloud, we will lose control of our data and servers.	<ul style="list-style-type: none"> • A hosted environment adjusts to user demand to avoid overcapacity and offer cost-efficient solution. If your company's product demand spikes overnight, a cloud-based solution could be ramped up quickly to handle demand without the risk of losing orders. • Moving your servers to the cloud could free up your staff to focus on mission-critical business priorities. • It is important that you select the right hosting provider: discuss any concerns you have about data controls, and get details on data security practices, practices around outage and breach notifications, and assurances about data safety. • Remember that the hosting provider owns the database, but your company owns control of the data.
We have multiple applications and massive data sets, and I'm not sure it's a good idea to make such a big shift.	<ul style="list-style-type: none"> • The cloud is not an all-or-nothing choice. You may want to start small and build on the transition. Microsoft is committed to the "power of choice": in addition to cloud and on-premises solutions, Microsoft Dynamics ERP solutions can be deployed on a hybrid delivery model to support your business's transition to the cloud on your terms. For example, certain services may be consumed from the cloud, but the main ERP portion may remain on-premise. • Employing a hybrid approach to deployment of your business's systems enables you to test the capabilities of your hosting provider's systems while minimizing the risk of disruption to the operation of your business. This positions you to make better choices in how you transition your business's move to the cloud.
I'm concerned about selecting the right hosting provider.	<ul style="list-style-type: none"> • When screening providers, be sure to ask them to be up-front with their protocols for data security and pricing, and clarify service agreement details. • Your IT security staff should carefully review security and network procedures to uncover any concerns. • Ask hosting providers for full disclosure of other providers they work with and ensure every organization that has access to your data follows set security standards. • Microsoft can provide you with a listing of Microsoft Certified SPLA hosting providers who have a proven record hosting Microsoft Dynamics ERP solutions.
Microsoft Dynamics ERP does not have a true cloud offering.	<ul style="list-style-type: none"> • Microsoft Dynamics ERP solutions are available in the cloud through a network of highly qualified Microsoft Dynamics hosting partners with proven records. • The next major releases of Microsoft Dynamics ERP solutions, starting next year, will all run on the Windows Azure platform. Each solution will have a single code base covering cloud and on-premises deployments, allowing customers to choose the deployment strategy that's right for their business, and more easily repurpose existing vertical solutions.

For more sales resources for Microsoft Dynamics ERP go to Partnersource > Sales.

The information contained in this Cloud Transition Guide represents the current view of Microsoft Corporation on the matters discussed as of the date of publication. Because Microsoft must respond to changing market conditions, it should not be interpreted to be a commitment on the part of Microsoft, and Microsoft cannot guarantee the accuracy of any information presented after the date of publication.

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