1. What is Dynamics 365?

Microsoft Dynamics 365® is a suite of cloud-based, Customer Relationship Management (CRM) and Enterprise Resource Planning (ERP) applications that Microsoft began offering in the fall of 2016 as a full Software as a Service (SaaS) business application. Dynamics 365 is structured as an easy upgrade for what was Microsoft Dynamics CRM Online®, but not as a simple upgrade for other traditional Dynamics ERP offerings. (The topic of upgrades from Microsoft Dynamics to Microsoft Dynamics 365 is somewhat complicated, so if you’re a current user of any traditional Dynamics ERP offerings, I recommend reading this blog post.)

According to Microsoft, the general gist of Dynamics 365 is that it’s a series of applications that can, in combination, provide an all-in-one, prospect-to-cash ERP solution for all your business needs. If you don’t need all of the functionality provided by all of the apps, you can save money by only subscribing to the apps that you do need.

In addition to offering seven main modules, as seen in the picture below, Microsoft has also launched an app marketplace called AppSource, where apps developed by partner resellers and Independent Software Vendors (ISVs) can be purchased to add functionality to the primary offerings from Microsoft.

The screenshot below shows the applications currently being featured on the Microsoft website:

![Dynamics 365 Applications](image.png)

Unfortunately, most of these apps aren’t using terms that we’re familiar with in the world of ERP solutions. This leads us to the next question, which is...
2. What does each of these seven apps actually do?

Usually ERP solutions are classified within categories like “CRM” and “accounting,” so what does something like “Project Service Automation” entail? Here’s a very simplified summary of each app’s functionality as it relates to terms you are probably more familiar with:

![Diagram showing CRM-related and Accounting functionality for small and mid-sized businesses, along with Accounting functionality for large businesses.]

3. What are the best features offered by Dynamics 365?

As you can guess by looking at the diagram above, the new CRM-related modules of Dynamics 365 are well-developed and offer extensive functionality. One of the most exciting capabilities of Dynamics 365 is the “artificial intelligence” built in to the sales-related aspects of the software. This artificial intelligence integrates with Microsoft Office 365 to draw data from CRM accounts, emails, calendar appointments, social marketing accounts, inventory, accounting, and more. Dynamics 365 uses this data to provide useful information and make helpful suggestions to keep your sales team on track.

The most exciting new features of Dynamics 365 are more fully explained in this “First Look” presentation by Microsoft.

4. What are some disadvantages to switching to Dynamics 365?

Currently, the accounting-related functionality of Dynamics 365 appears to be less developed than the CRM-related apps. There are few reviews and relatively little information available about Dynamics 365 for Financials and Dynamics 365 for Operations, which implies that the marketing for these apps is ahead of the actual development. Overall, the financial aspect of Dynamics 365 represents relatively untested software in the ERP market. Because it’s so new, this software has few supporting integrations with third-party products, and there are few implementers with extensive knowledge to help your business implement the product.

In addition, there is currently no Payroll app within Dynamics 365 – Microsoft says it is in the process of developing this.
5. What are Microsoft’s future plans for developing Dynamics 365?

Microsoft has big plans for Dynamics 365. Customers are demanding development of a Payroll application to integrate smoothly with the software’s other functionality, so that’s probably first on the priority list. After that, Dynamics 365 for Operations and Dynamics 365 for Financials will be expanded and updated.

6. How does Dynamics 365 differ from the traditional Dynamics line of ERP solutions?

Currently, much of what Dynamics 365 offers is simply a rebranding of the traditional on-premise Microsoft Dynamics® AX and Microsoft Dynamics® NAV products. The most significant difference is a change in the pricing and packaging structure. Businesses can subscribe to individual applications, which means that it’s possible to pay for only the features that users need. Another main difference is that Dynamics 365 is a fully multi-tenant application. (In this regard, it is a logical successor to Microsoft Dynamics CRM Online, which was the first multi-tenant Microsoft Dynamics application.) This means that all users are running the same version of the software and will all receive updates at the same time. It also means that customizations are limited.

In the future, Dynamics 365 will likely offer more high-tech features similar to the artificial intelligence currently offered in the CRM-related apps. The theme of business intelligence is heavily emphasized in Microsoft’s marketing, as well as the ability to seamlessly integrate Dynamics 365, Office 365, and other Microsoft software. In addition, the fact that Dynamics 365 is designed specifically for the cloud means that the software offers a degree of mobility and flexibility that the traditional Dynamics offerings could not provide. As with most cloud-based offerings, the Dynamics 365 software will be well suited for continually developing upgrades and add-ons to meet the needs of markets as they change.

7. What’s the difference between Dynamics 365 Enterprise edition and Dynamics 365 Business edition?

Microsoft offers various pricing bundles for the Dynamics 365 apps, which can be viewed here. The major distinction made in these bundles is between Enterprise edition and Business edition. Simply put, Enterprise edition is Microsoft’s software bundle designed for bigger companies and the operations portion is built from Dynamics AX, while Business edition is designed for smaller companies and the financial capabilities built from Dynamics NAV. The key difference between these two editions is that the Enterprise edition includes the Dynamics 365 for Operations app, and the Business Edition includes the Dynamics 365 for Financials app. The Operations and Financials applications are mutually exclusive financial suites, which means businesses would subscribe to one or the other, but not to both. For information about how Operations and Financials relate to traditional Dynamics offerings, please read this blog.
8. How much does Dynamics 365 cost?
This depends greatly on the potential cost of the product implementation for your business. For businesses who are current users of Dynamics AX, Dynamics NAV, switching to related functionality within Dynamics 365 will require, at a minimum, data migration. However, for other businesses this will require a full implementation of the ERP software so the cost of implementation will be significant in relation to the cost of the licenses, just as it can be with any other ERP solution. On the plus side, the structure of licensing for individual applications will definitely help some businesses reduce their ongoing costs.

9. What sort of industries would benefit the most from Dynamics 365?
Given that Dynamics 365 is still in the toddler stage of its life span, it’s hard to say which industries would benefit the most from implementing this software. As more third-party integrations are developed, these add-on applications will likely play a significant role in determining how well Dynamics 365 might fit the needs of a particular business or vertical. At the moment, Dynamics 365 seems to best suit any companies which require excellent CRM software but do not have unusually complex accounting needs. And of course, companies can also choose to subscribe only to the CRM applications and use an accounting solution other than that currently provided by Dynamics 365.

About The Resource Group
The Resource Group helps clients improve business processes, overcome challenges during growth and connect business information by providing rock solid financial management software solutions. Throughout Washington, Oregon and the Pacific Northwest, our clients have experienced improved operation processes, optimized financial management, robust reporting and business insight across multiple applications. Our team of highly trained consultants is dedicated to building solid, long-lasting relationships with clients. The Resource Group is there throughout the entire lifecycle of your new solution; from initial software evaluation to installation, data migration, implementation, software development, system integration, training and support.

For more information on selecting an ERP, financial software or business intelligence solution for your organization, please contact The Resource Group.

The Resource Group
600 SW 39th Street, Suite 250
Renton, WA 98057
www.resgroup.com
P: 425.277.4760
E: info@resgroup.com