



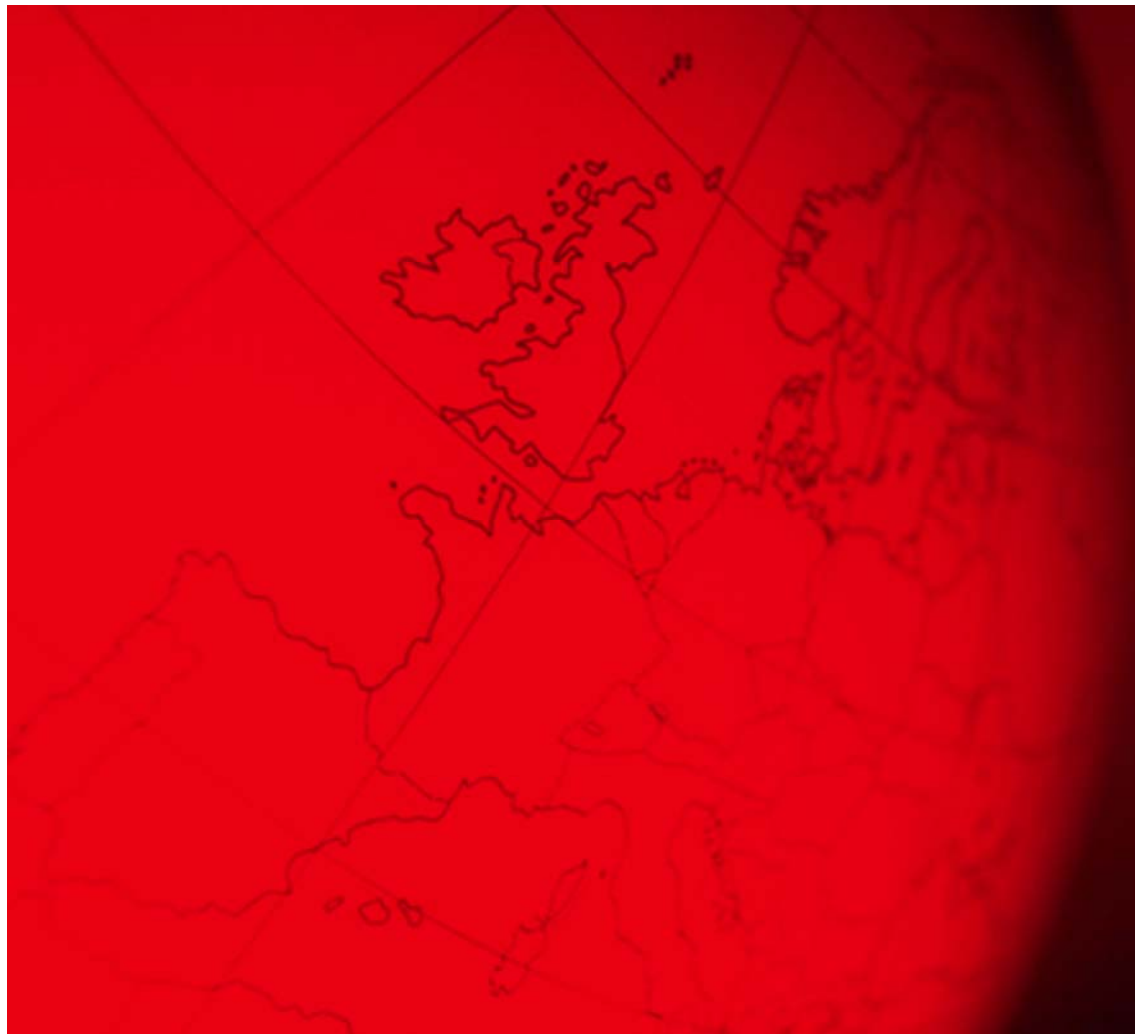
NUCLEUS
RESEARCH

June 2012

Document **M61**

GUIDEBOOK

MICROSOFT DYNAMICS ENTERPRISE APPLICATIONS FOR SMBS



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THE BOTTOM LINE

The landscape of enterprise applications is changing, and so are the opportunities and challenges for small and medium-sized businesses (SMBs). Nucleus has found SMBs today are focused on increasing business visibility, reducing manual processes, and making employees more productive. In its analysis of Microsoft Dynamics SMB customers, Nucleus found they consistently cited integration, usability, and cloud delivery as key factors that helped them grow their businesses while managing costs.

OVERVIEW

Microsoft Dynamics, Microsoft's business solutions division, provides business solutions designed for companies of all sizes, including SMBs, midmarket firms, and enterprises. They include functionality to support finance and accounting, human resources, manufacturing, supply chain management, project management, and customer relationship management. In its ongoing analysis of Microsoft Dynamics, Nucleus has found Microsoft has made significant steps in the past few years to make Dynamics business applications easier to use and less costly to support (Nucleus Research *m28 – Microsoft Convergence 2012*, March 2012) including:

- Leveraging existing Microsoft technologies and capabilities such as analytics, collaboration, and communication
- Providing cloud support and delivery options through Microsoft and Microsoft partners
- Investing in usability including role-based views, mobile access, and a more intuitive interface
- Investing in rapid implementation tools to reduce the time and cost associated with configuring and delivering Dynamics solutions

This Guidebook focuses on the experiences of SMBs who have adopted Microsoft technologies and Microsoft Dynamics enterprise applications to increase employee productivity; manage their prospects, customers, and business operations; and gain greater visibility into their operations for better decision making.

THE SITUATION

The landscape of enterprise applications is changing — and so are the opportunities for small and medium-sized organizations. In its ongoing coverage of the enterprise applications market over the past several years, Nucleus has found that:

- The rise of cloud computing has provided SMBs with more cost-effective and flexible options for enterprise applications, and enabled them to support remote and traveling employees and contractors. In fact, cloud computing has also enabled SMBs

to take advantage of business process outsourcing so they can focus their internal resources on the core areas of their business.

- The consumerization of technology has driven greater end-user expectations for IT, even for SMBs with limited IT resources. It has also blurred the line between personal and work computing. This means users expect the applications they use at work to be as intuitive to use and fast to learn as consumer applications, and they expect their company's IT department to support their personal devices.
- Mobile device access has become not just a "nice to have" but a necessary differentiator for enterprise applications. This is particularly true for SMB managers who may have multiple responsibilities within the organization and be on the critical path for workflow approvals. Mobile device access can enable them to be more productive in clearing back-office transactions while they are working with clients or traveling.
- Enterprise applications have evolved beyond transaction processing to focus on end-user productivity. This means enterprise applications must present information based on the role or task of the individual user and must increasingly be integrated with other applications like collaboration and analytics that help users complete the task at hand with a minimal number of click-throughs. This enables users to be more productive and reduces technology training costs and ramp-up time.

Nucleus took a closer look at Microsoft Dynamics SMB customers to understand how these trends impact decision making, adoption, and ongoing management of enterprise applications.

CLOUD DELIVERY

Nucleus has found that SMBs have increasingly adopted cloud-based or software-as-a-service (SaaS) applications for a number of reasons. Cloud options reduce the initial and ongoing cost of deploying and supporting enterprise applications, making them more affordable options for SMBs with limited IT resources. In many cases, Nucleus has found business managers without an IT background can develop the skills to configure and manage ongoing changes in cloud-based enterprise applications. This puts automation within reach of SMBs, driving greater productivity.

Because cloud applications can be rapidly deployed to meet business needs today and expanded or adapted over time, they are less disruptive to deploy: business managers can focus on one area to automate, such as customer management or accounting, and then turn on other capabilities over time as needed. Cloud applications can also be accessed by end users at any location with any device, which is an important productivity driver for organizations like the Kauffman Center for the Performing Arts.

Customer example: Kauffman Center for the Performing Arts

The Kauffman Center for the Performing Arts in Kansas City, Missouri, opened in October 2011 and has a team of 30 employees to manage the Center's core business operations.

The Center outsources many other functions such as security, building engineering services, janitorial services, and IT services. Although the Center initially managed its finances with QuickBooks, as it grew it recognized the need to support more complex financial management and reporting capabilities. Working with a Microsoft partner, it selected a hosted Microsoft Dynamics application which is integrated with Microsoft SharePoint Services for file and content sharing, Microsoft Exchange Server and Outlook for e-mail communications and collaboration, and Microsoft Dynamics Retail Management System for point-of-sale transactions. Kauffman Center employees can access the hosted applications from any location using a Web browser and their laptop, tablet, or smart phone. Nucleus found benefits from the project included increased productivity and an estimated technology cost savings of approximately \$200,000 per year.

Customer example: May's Mission

For more than 35 years, Mays Mission for the Handicapped has provided employment opportunities, scholarships, emergency monetary assistance, and other services to people with disabilities. It also trains disabled individuals in graphics arts, printing, and other skills and sells their products to corporate clients.

Like many SMBs, Mays Mission had limited IT resources and a limited budget. It had been a Microsoft Dynamics client for many years, but given the changing enterprise application landscape, it decided to move its enterprise application to the cloud in 2010 using a Dynamics solution hosted by a partner. In addition to reduced costs, Mays Mission can leverage the other advantages of the cloud including:

- Increased flexibility and productivity. Because users can access the application from anywhere, they can work from home or any location.
- Data security. Before moving to the cloud, the Mission had to manually back up its data to a local DVD on a daily basis to ensure it wouldn't lose data. Now the data is backed up transparently in the cloud and managed by the Microsoft partner.
- Improved auditability. Because auditors now receive a digital report from Mays, they can more quickly access the information they need to complete year-end audits.
- Reduced costs. By moving to the cloud and a subscription-based model, Mays Mission was able to avoid the one-time costs of upgrading its software and also reduced ongoing support expenses because updates are performed by the partner.

"In smaller organizations, people do more than just one job, because you can't hire one person for only a few hours of work. I'm president but also executive director, and I do the accounting too. Remote access is really nice – I can work from home if I need to or access [the application] from the road if I need to. Now I'm not tied to the office."

- Sherry Niehaus, President and Executive Director, Mays Mission for the Handicapped

MOBILE ACCESS

As end users have adopted mobile devices and become used to downloading applications to those devices, they expect the same mobile access capabilities from their enterprise

applications. In its Market Focus Report on customer relationship management, Nucleus found that 74 percent of companies had enabled mobile device access to enterprise applications such as CRM – driving an average increase in productivity of 14.6 percent for sales people (Nucleus Research *m13 - Market Focus Report: The Value of Mobile and Social for CRM*, March 2012).

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Microsoft made significant advances in its support for mobile devices with its Microsoft Dynamics CRM Q2 2012 service update, adding native mobile client support for Windows Phone 7, Apple iPad and iPhone, and Android and BlackBerry mobile devices as well as support for more Web browsers including Internet Explorer, Chrome, Firefox, and Safari running on PCs, Macintoshes, and iPads (Nucleus Research *m15 - Microsoft Dynamics CRM Q2 2012 service update*, February 2012).

Customer example: Sybron Dental

Sybron Dental Specialties is a manufacturer of high-technology dental, dental implant, and infection prevention products based in Orange County, California. Nucleus found its use of Microsoft Dynamics CRM and a custom-developed iPhone application gave sales people an initial productivity boost. The company has expanded its iPhone application to the iPad and added functionality as well, including device-appropriate reporting screens and integrated geomapping that enables sales people to identify and visit prospects in their immediate area when they have extra availability.

USABILITY

Usability has always been a key differentiator for Microsoft Dynamics applications, and Microsoft has continued to make improvements to make Dynamics applications more intuitive and easy to adopt, including role-based views, integration with Microsoft Office and SharePoint Portal Server, and delivery of the Metro user interface. In many cases, Nucleus has found that SMBs are moving from a combination of spreadsheets, manual processes, and paper when they adopt Microsoft Dynamics applications. Simply having one centralized point to gather transactional data and automate processes can help SMBs to grow without adding a proportionate number of new employees.

In fact, in looking at small manufacturers, Nucleus found companies adopting a common source of information such as a Microsoft Dynamics application can reduce the amount of time spent manually rekeying or verifying information, driving an up to 20 percent increase in user productivity. In some cases, Nucleus found Dynamics enterprise application customers were able to grow revenues by more than double without a corresponding increase in administrative staff (Nucleus Research *k2 - The value of Microsoft Dynamics NAV for manufacturers*, January 2010).

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INTEGRATION AND ANALYTICS

As Microsoft Dynamics applications have advanced, so have their integration and analytics capabilities. Nucleus has found that this drives reduced IT-related reporting costs, better decision making, and the ability to more broadly share key information across an organizations' employees – particularly if not all of them have regular access to Microsoft Dynamics applications. Nucleus has also found that visibility into data can be a core differentiator for SMBs. Until recently, that kind of analytical capability has often been too costly and resource-intensive to justify for SMBs. Today, business analytics capabilities within Microsoft Dynamics enables business users to create, adapt, and run their own reports at little or no additional training and no additional license cost.

Customer example: Ahmad Tea

Ahmad Tea of London is a family-owned tea business that differentiates itself in a competitive market by providing only the best quality teas in unique packaging. Founded in 1986 in the United Kingdom, the company has grown to export its product to more than 70 countries on six continents. In 2001, the company decided to move from a Sage accounting package to an application that is now part of the Microsoft Dynamics solution portfolio because it wanted a flexible ERP solution that it could expand over time as its needs changed. The company has 70 employees in the United Kingdom and operations in London, Sri Lanka, Dubai, Ras Al Khaimah in the UAE, China, Russia, and the Ukraine. Over time, Ahmad Tea has expanded its use of Dynamics including:

- Expanding its Sri Lanka deployment with the application's manufacturing capabilities
- Adding warehouse management capabilities to its UK deployment
- Taking advantage of Dynamics applications' business intelligence capabilities to better understand changes in the marketplace and how it should position itself for growth.

For a company like Ahmad Tea, usability and adaptability are keys to their success with ERP. Nucleus has found this is particularly important in SMBs where employees often have multiple roles. Because they don't access the same part of the application or the same report every day, an application has to be intuitive enough that they don't have to re-learn how to use a different screen when they need to use it.

"The market is changing all the time and people's tastes are becoming more refined. Competition is as intense as ever, and some of the smaller players in the market are getting squeezed out. Dynamics gives us a backbone and software system that supports various portions of the business, and Dynamics and business analytics give us information that helps us identify what's happening in the marketplace and where we're going in the future."

- Peter Jacob, Ahmad Tea

Nucleus found key benefits from Microsoft Dynamics applications and business analytics for Ahmad Tea included increased visibility, increased productivity, and increased competitive advantage.

Customer example: Quint Wellington Redwood

Quint Wellington Redwood is a global company specializing in world-class IT management solutions and has projects in 49 countries and offices in 12 countries. In analyzing its deployment of Microsoft Dynamics enterprise applications, Nucleus found Quint was able to work with a Microsoft Dynamics partner to

- integrate its centralized billing system with its Microsoft Dynamics application
- take advantage of Dynamics remote access capabilities to enable users from offices around the world to connect directly to the Microsoft Dynamics applications.

This enabled Quint to reduce third-party software costs, increase end-user productivity, and provide managers with more accurate information for decision making.

"Now all the invoices and transactions are updated automatically, so there's no confusion about whether there are any missing transactions or inaccurate information. With Microsoft Dynamics, Quint has access to timely and accurate information on its operations, which improves decision making and helps management keep ahead of the competition."

- Rene Hagen, CEO, Quint Wellington Redwood

CONCLUSION

SMBs face the same challenges that larger organizations face: they must attract and retain talent, manage business operations and client relationships, deliver quality products and services, and ultimately, be profitable. Unfortunately, while they face the same challenges, they often have fewer resources – such as qualified IT staff – to help them meet their business objectives. However, changes in the enterprise application landscape in how applications are delivered, accessed, adopted, and integrated have put many more capabilities into the hands of SMBs. In looking at Microsoft Dynamics SMB customers, Nucleus found those that were the most successful worked with an experienced partner that understood their business and focused not just on process automation but on taking advantage of analytics and integration to drive greater visibility, more focused collaboration, and ultimately, better decision making. SMBs that don't take advantage of advances in cloud delivery, usability, mobile device access, and analytics are likely to struggle in the short term and find it difficult, if not impossible, to compete in the future.