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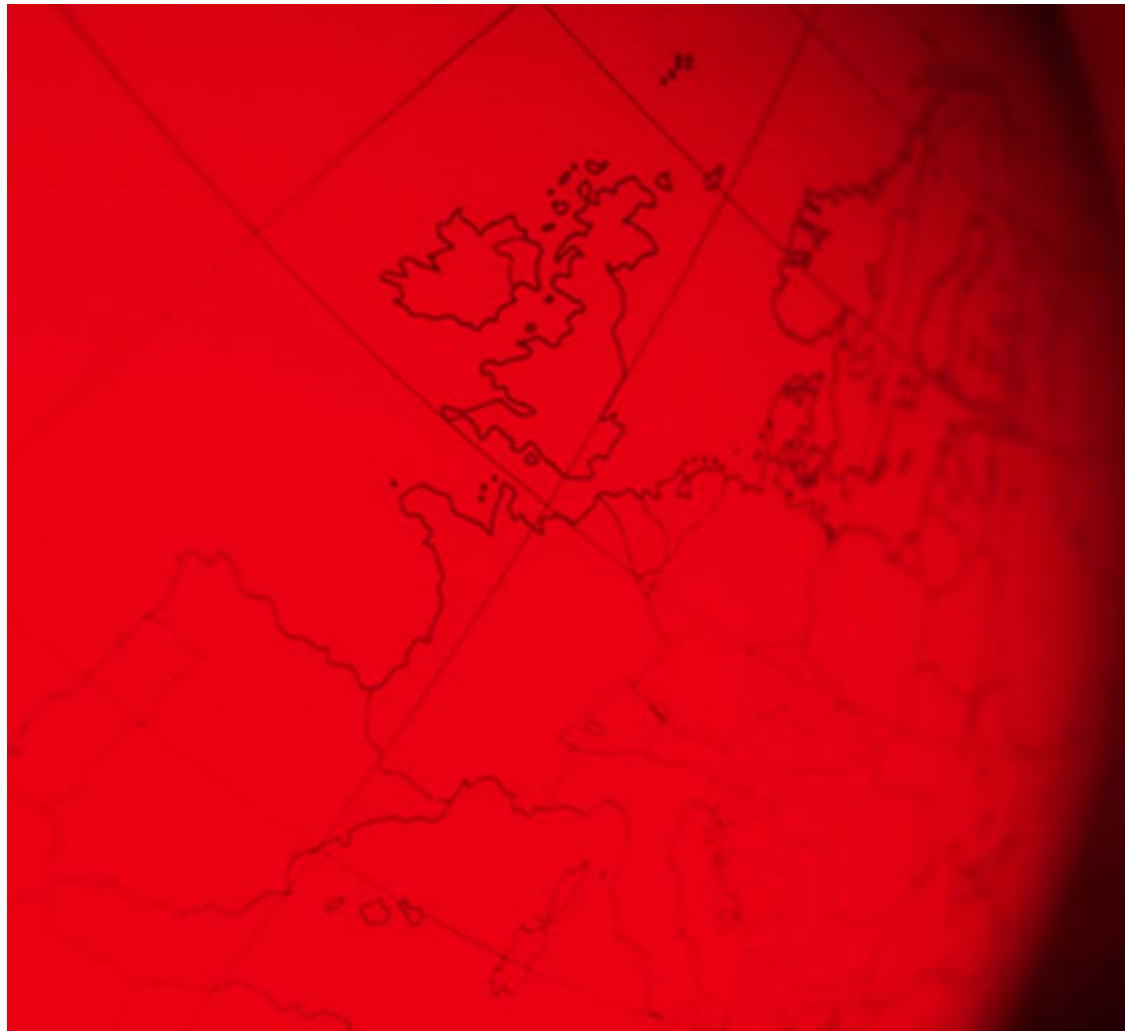
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GUIDEBOOK

MICROSOFT DYNAMICS SL



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TOPICS

Enterprise Applications

THE BOTTOM LINE

Microsoft Dynamics SL helps project-driven midsize companies automate processes and streamline operations, driving increased productivity, improved visibility, and reduced costs. Deployed properly, Dynamics SL can deliver payback in fewer than six months.

Microsoft Dynamics SL is a business management application that helps project-driven midsize companies manage people, projects, and finances. Key components of the application include:

- Business intelligence and reporting
- Collaborative workspace
- Customer relationship management
- Field service management
- Financial management
- Human resources management
- Manufacturing
- Project accounting
- Supply chain management

Dynamics SL is readily integrated with Microsoft Office system applications. Connection with Microsoft Project enables end users to create and assign projects in Microsoft Project and publish them to Dynamics SL. Dynamics SL is also integrated with Microsoft SharePoint Office Server, which enables Web-based access to Dynamics SL information for users working remotely or those without Dynamics SL licenses. Dynamics SL also has specific out-of-the-box functionality to support the needs of companies in the construction and government contracting businesses.

The latest version of Dynamics SL, 7.0, provides additional incremental improvements including a new intuitive menu interface; Business Information Optimization, a business intelligence solution built specifically for Dynamics SL; SQL Server Reporting Services; electronic document delivery for automating delivery of orders and invoices to customers and vendors via e-mail or fax; the ability to link subcontractor accounts with customer work order approvals; support for multicurrency; and support for Windows authentication.

Dynamics SL 7.0 is also written in Visual Basic 2005 so it can fully leverage Microsoft's .NET architecture for customization and development.

This report evaluates the costs and benefits customers have experienced with Microsoft Dynamics SL and the types and ranges of benefits companies considering a deployment can expect.

KEY BENEFIT AREAS

In its analysis of Dynamics SL customers, Nucleus found organizations experienced a number of common benefits and a few industry-specific benefits in key vertical industries.

Increased productivity

Role-tailored interfaces, an intuitive Office-like environment, and connection with Microsoft Project and SharePoint Server enables Dynamics SL users to reduce the time spent searching for and entering information, driving increased productivity for both Dynamics SL users and non-users accessing or viewing Dynamics SL data. In many cases, this enabled companies to reduce staff or grow their business without hiring additional employees:

- *"We've gone, over time, from three people in accounting to two while sales volumes have gone up. Dynamics SL allowed us to phase out one of the jobs."*
- *"Our staff is more productive because they can focus on what needs to get done. In accounting, we've reduced our workload by 20 to 30 percent."*
- *"We were on Quickbooks before and when we migrated to SL we probably cut our use of spreadsheets in half because Dynamics SL is so easily integrated with spreadsheets. The company has grown so we've had to add staff — but we've gone from two people to four while our business has grown to five times the size we were when we started with Dynamics SL."*
- *"We had six or seven people and then we automated and over the years we've taken that group to two or three people and increased volume by about 50 percent in the first couple of years."*

Companies moving from disparate systems or paper-based processes can expect to increase the productivity of impacted employees by an average of 30 percent; those upgrading from a previous version of Dynamics SL to Dynamics SL 7.0 can expect an incremental increase of five to 10 percent.

Reduced IT costs

In a number of cases, Nucleus found that companies deploying Dynamics SL were able to reduce IT costs in three main areas:

- Connection with Office, Project, SharePoint Portal Server, and other Microsoft products, and the connectivity of different Dynamics SL modules, reduced the time needed to support the manual re-entry of data into systems.
- Companies moving from another application were able to re-devote IT support resources to other products.
- Integrated reporting tools enable users to more easily gain visibility to the information they need without the need for IT staff to build custom reports.

As one customer noted, *"The business portal has been a huge benefit — it was a huge cost savings because we were going to buy an intranet and we use this instead for company announcements and links to payroll and everything else."* Another said, *"Because it's Microsoft SQL-based, I can aggregate the data and look at it different ways, and integrate it with our homegrown communication system."*

Improved visibility

Greater visibility into projects and operations is a common benefit that all Dynamics SL customers experience. The real returns from improved visibility typically are experienced in two key ways:

- First, companies can significantly reduce the time spent on gathering data, building reports, and analyzing information.

- Second, managers can rapidly access the information they need to make better business decisions in a timely manner based on accurate information — not guesswork.

Connection of Dynamics SL with other applications drives even greater benefits from visibility:

- *“Our internal reporting is through Microsoft CRM. I don’t have to go ask resources and compete for their time with customers. I can take information from Dynamics SL and use CRM to report on the data.”*
- *“We do a lot of analysis with project controller data and GL data and we can do things that are quick enough that I don’t need to write a report.”*

Reduced administrative overhead

Ready access to information and streamlined time reporting, corrections, and approvals enables Dynamics SL customers to reduce the amount of administrative staff needed to manage and report on business processes and manually reconcile information between systems. These savings were often found, in the case of Dynamics SL, in the HR area, particularly in professional services businesses where the accurate entry, management, and allocation of timecards were key to business operations.

As one customer said, *“Before, if our HR person was trying to decide if someone qualified for FMLA, we didn’t even know where to start. With Dynamics SL, I do the report and I have it.”*

Dynamics SL customers should be able to reduce or redeploy at least half of one administrative staff person’s time; the scale of benefit depends on the size of the organization, complexity of the business, and level of process automation before Dynamics SL.

Distribution

Dynamics SL enables distributors to better integrate supplier and purchaser information and better manage inventory to optimize operations, reduce costs, and identify opportunities for improvements. Key industry-specific incremental returns for distribution businesses include:

- Improved accounts receivables. Effective tracking and management of outstanding invoices enables distributors to reduce days outstanding and increase their working capital position.
- Reduced cost of goods sold.
- Reduced inventory. Better visibility into supply and demand and greater ability to forecast enables distributors to reduce overall inventory volumes while managing time to delivery.
- Reduced accounting and audit costs. In many cases, organizations were able to reduce or redeploy staff by automating accounting and audit activities.
- Increased profits. One company was able to reduce its order lead time, driving greater orders and ultimately greater profits.
- Improved partner management. One company, for example, was able to provide partners with direct access to information with Dynamics SL so they could check on the status of their accounts whenever needed.

Professional services

Professional services organizations depend on the ability to predict project needs, allocate resources effectively, and bill clients in a timely manner. Dynamics SL enables companies to integrate project management details with accounting and billing; streamline time reporting, payroll, and client billing; and ultimately make their business more profitable.

Connection of Dynamics SL with Office Project 2007 enables project accountants and project managers to collaborate with 2-way project, task, and team data integration. For managers, the business portal enables the review and management of projects via the Web from any location. Finally, for all interested parties, connecting with SharePoint enables collaborators to share project information and documents, accelerating processes and increasing overall productivity:

- *"Timesheets are our assembly line. We can't bill a customer until the timesheets are stacked and approved and properly allocated for a given month. We use Dynamics SL and the business portal for online reporting of all timesheets, which has lifted a huge accounting burden. We can bill 10 percent faster."*
- *"Our biggest benefit is how much we were able to automate. Time cards are entered and approved in the system and that single point enables us to push through to ADP and project billing. We would have had to add at least two full-time people to do what we do now."*

Key industry-specific incremental returns for professional services businesses include:

- Improved accounts receivables. One company was able to increase its cash flow by \$100,000 a year, simply by having better visibility and control over its outstanding invoices.
- Improved project budgeting. Visibility across project plans and budgets and better forecasting enables managers to more effectively plan and budget for projects.
- Improved utilization. One company was able to increase its utilization rates by an average of 6 percent after deploying Dynamics SL by better management and allocation of staff resources.
- Reduced project overruns. Central storage of all project data and visibility into that data enables decision makers to easily monitor project status and make adjustments before costs escalate.

KEY COST AREAS

Companies considering an investment in Microsoft Dynamics SL should consider both initial and ongoing costs in five key areas.

Initial costs

Typical initial costs for most organizations included:

- Software licenses. Software license costs varied based on number of users, whether customers chose the Business Essentials or Advanced Management

modules, and whether or not customers purchased any of the Advanced Management Add-ons that are available for an initial fee.

- **Hardware.** Most organizations invested in some hardware to support their Dynamics SL deployment, although some were able to leverage existing hardware to support the project.
- **Personnel.** It is reasonable to expect some personnel time will need to be devoted to both selection and initial deployment of the application; the scale of personnel time needed will depend on the skill sets of existing personnel and how much of the initial work will be executed by Microsoft or its business partners.
- **Consulting.** Most Dynamics SL customers use a Microsoft business partner to assist in development and deployment of their solution; Nucleus strongly recommends customers seek a Microsoft partner with experience in their vertical so they can provide both change management and implementation expertise.

Nucleus has also found that partners who have a structured, consistent implementation methodology — such as Microsoft’s SureStep program — can better perform implementations on time and on budget and provide customers with good guidance on scope and customization.

- **Training.** Given its intuitive nature, relatively little training is needed for Dynamics SL users; however, organizations should expect to make some initial training investment in employee time and materials to support effective adoption. In most cases employees need fewer than a few days of training; organizations leveraging role-based views and the business portal will likely require even less training.

Ongoing costs

Most organizations also invested in personnel and external support on an ongoing basis to maintain the application, but few devoted more than half of a full-time resource to supporting Dynamics SL.

Given its tight connection with other Microsoft products, organizations with an existing Microsoft-savvy IT staff will find administration and support requirements minimal beyond report creation.

Many customers invest in the Business Ready Enhancement Plan on an ongoing basis to help maximize the value they get from their Dynamics application while managing support and training costs. The plan includes:

- Access to upgrades, updates, product fixes, service packs, and hot fixes
- Protected list price and transition investment credits, which enable customers to budget for future investment and receive full license credit if they move from one product or product version to another
- Access to unlimited self-service tools, training, community, and news groups through Microsoft CustomerSource.

Most organizations also maintain a contract with their Microsoft Business Solutions partners on either an annual retainer or a time and materials basis.

CONCLUSION

Microsoft Dynamics SL helps midsize companies automate processes and streamline operations, particularly in project-based environments where tracking, approving, and allocating billable hours are important. Nucleus found most Dynamics SL customers moving from QuickBooks or other even less-sophisticated environments can rapidly achieve ROI through increased productivity and sustain maximized ROI over time by upgrading on a regular basis to take advantage of Microsoft's continued investment in connectivity, role-based user interfaces, and greater usability.



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