# Dynamic Business: from Aspiration to Reality

**Microsoft**

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# Dynamic Business: Aspiration to Reality

Traditional business applications are passive, backward-looking "systems of record." Users do their work, and then as an added step, perform a transaction to tell the software what's been done. Rules and reporting help enable compliance and control, but that's where this kind of software stops. Today's world is increasingly flattened by technology, global complexity and new global competition making it critical for a business to be able to rapidly perceive and react to signals, threats and opportunities. Going one step further, in this world where the pace of business constantly accelerates, imagine being able to anticipate rather than react to those signals. Success today and tomorrow demands a new breed of proactive, agile software.

One way to view business success is the optimal alignment of people, assets, systems and data to maximize results. Microsoft Dynamics breaks the traditional business application mold today. Emerging as proactive and forward-looking, it connects people to their work, surfacing insights that enable better decisions, and guiding processes that optimize results. Agile software empowers adaptation to changing market conditions. Instead of a "system of record," it delivers a "system of engagement and opportunity."

Moving forward to the next chapter in the evolution of Microsoft Dynamics, we look at the challenges facing businesses in the future and define a new vision for how software can evolve to empower people for greater success, predict potential issues and opportunities, and enable organizations to expand the possibilities for competitive advantage. At Microsoft, we are making this a reality.

# Forces of Change



Businesses always face changing conditions – new technology, new competitive forces, new consumer trends and evolving regulatory landscapes are the rule and not the exception. As we look at the horizon, however, we see unusually dramatic change looming on four major vectors concurrently. More than ever, software that enables a business to be dynamic and capture opportunity in rapidly shifting conditions is essential for true success.

**People**:  There is always a new generation entering the workforce – but now, for the first time, that new generation is one that has grown up always connected and always on-line. They enter the workforce approaching technology with new attitudes and new expectations. This both demands evolution from business software, and enables new scenarios. Today, many banks highlight giving customers the ability to deposit checks by simply photographing them with a smartphone app. This is not just about new technology; it's also about a generation of users that is comfortable with the scenario. Delivering this capability twenty years ago to a generation of users that carefully clutched their savings account passbooks would have been as impossible as the technology itself seemed at the time. Moreover, the new generation entering the workforce blurs personal life and business life, driving individual preferences for work styles and devices. They demand access to anyone or anything from anywhere at any time on any device. At work they expect the same intuitive experience they have in the rest of their lives with their slates, smartphones, and social networks. This goes beyond the consumerization of Information Technology (IT); it is the consumerization of enterprise.

**Economy**:  In early 2012 we are observing many signs of recovery from the adverse economic events of 2009. Situations vary in different geographies, but US stock markets are at levels surpassing pre-meltdown prices. Car companies are again thriving. Employment in many areas is dramatically improved. Still, some impacts appear far more permanent – defining a new economic reality or a "new normal." One dimension permanently changed by this new economic reality is the way in which businesses look at software projects. The era of IT projects centered solely on a technology agenda, scoped as wholesale systems replacement, or with investment extending over multiple years against a promise of future benefits is over. Time to value is now an essential component of any investment – shortening the time between initial expense and positive economic benefits returned to the business is critical. Paying for capability and capacity as used instead of up-front investment for

anticipated usage is expected. The change concerns not only how software is acquired, implemented and deployed, but also how projects are scoped. To meet the criteria of the new reality, business software must be able to address operational areas or workloads sequentially, driven by the ability to capitalize on an opportunity for the business – rather than the old model of replacing entire systems generationally. The new economic reality has reshaped how successful software must be sold, implemented and deployed.

**Technology**:  The cloud is emerging as the most significant technology shift in a generation. Beyond running today's applications in a new way, the cloud is enabling a set of business solutions that were previously impractical at best. Connected supply chains, powered by cloud hubs, are changing the way many businesses operate. The role of the cloud will be different for every business, but it is likely to drive significant change across nearly every industry. "Big data" technology, often cloud deployed, will enable businesses to analyze previously inconceivable quantities of data, revealing insights that can empower better informed decisions. People connect to the cloud through a world of diverse new devices from smartphones to slates, along with their desktop and laptop computers. More than just people, an internet of smart devices will capture information, push it to the cloud – in many cases driving the "big data" analytics – and respond to signals from cloud-based analysis and control services.

**Geopolitics**:  As business becomes increasingly global, changing geopolitical conditions such as policy, regulation and energy costs must be rapidly understood and factored into operational strategies. Disruptions in one part of the world can ripple quickly through connected supply chains. Successful businesses must react with increasing speed to these changing conditions, and must balance growing numbers of factors to achieve their true potential. Speed and complexity drive new software requirements, including the ability to facilitate connected collaboration and identify optimal strategies.

Organizations must address these new realities to succeed in today's diverse and agile business environment. They are also the design principles fueling Microsoft's approach to modern business solutions. We've captured them in a concept we call "Dynamic Business," and we seek to support companies on their transformative path.

# It's About People

At the heart of every business are the people who make things happen. People garner insight from business applications to drive decisions that advance the organization. People manage relationships internally and externally to drive relevant actions forward. The most successful businesses are powered by individuals who are contributing fully, able to make a difference, and committed to their company's success. Microsoft can help individuals – and organizations – realize their full potential and drive significant impact by offering an end to end business solution that is flexible and easy to use.

A study released by the Harvard Business School in 2011 reported that, even more than salary level, the leading source of job satisfaction is the ability to make a difference and deliver results. Moreover, the researchers found that workers who were able to be truly productive were not only happier, but also enjoyed stronger career advancement.[i] This link between job satisfaction and productivity is one reason we believe that business applications must go beyond delivering functionality to helping inspire passion in individuals. Another reason is the growing evidence showing that the user experience impacts hiring and retention. At Microsoft we believe that by delivering systems that both equip and impassion individuals, we can help our customers go beyond improving their businesses to transforming them at every level. We can help them break through the electronic concrete that has plagued the business applications industry for years.

Impassioned and empowered individuals are a company's greatest asset; when organizations can realize the full potential of their people they see substantive business impact. The Dynamic Business we envision deploys people-centered, end-to-end solutions that both help employees work better and inspire them to a higher level of commitment, innovation and leadership.

# The Dynamic Business

Microsoft is uniquely positioned to help organizations transform into Dynamic Businesses that are connected, forward-looking and realize the full potential of their people. To ensure we build for the future, Microsoft focuses on delivering modern business solutions that are innovative and proactive, connect organizations with their people and their ecosystem, allow organizations to deploy individual business scenarios or a fully integrated business suite, and have the flexibility for tomorrow's business needs. Taken in sum, Microsoft business solutions deliver on the promise of enabling people to do their best work; to drive data to insight to action as they seek to make a difference in moving the business forward.

## Innovative and Proactive Applications – Better, Faster, Smarter

Traditional business applications evolved as passive, backward-looking systems of record. Microsoft Dynamics already changes that model today, introducing embedded, declarative workflow that brings an understanding of business process into the application and helps guide users forward through their work. When this is combined with pervasive embedded business intelligence that transforms the data captured in the system into insight empowering better decisions, the system becomes a more active, forward looking partner for the people who drive a business toward success.

Microsoft Dynamics also delivers innovative application scenarios today. These include, for example, a solution in retail that offers out-of-the-box connection from point of sale to the headquarters business system, and that unifies web and brick and mortar commerce in a single view of customer and transactions; as well as a system for manufacturers that supports discrete, process and lean manufacturing models in a single system instance, with planning and costing capabilities that work across all three models.

This is only the beginning. Microsoft Dynamics will evolve to embed constraint optimization and machine learning to deliver even more advanced, forward-looking capability to Dynamic Businesses. For example, we are developing systems that combine transaction history with information about key factors like weather, traffic, local event calendars and demographics to optimize daily order quantities for a retailer, minimizing out of stock and waste to drive greater profitability.

"Big data," social connectedness, and contextual analytics present new opportunities for business applications insight, and open up a whole new range of possibilities for business. Modern business applications won't just make individuals and organizations smarter, but will go beyond this to new directions and new levels of impact we are just beginning to imagine.

Driving impact has always required insight but most systems today only focus on retrospective views and data. They are passive, reactive, and backward looking. Modern business applications will at the onset be proactive. They will inform with insights and possible actions while constantly evolving to point to what comes next.

Data continues to grow exponentially as does the ability to derive meaning from it. Social commentary has accelerated the pace of the review cycle, with likes, links and tweets providing instant clues to success or failure. Capturing this data and being able to tap into its rich and valuable insight is a new requirement.

Business solutions from Microsoft help people not only integrate and understand these new data sets, but also get to better answers with suggested actions so they can excel in the work they do. Microsoft achieves this by creating solutions that enable people to calculate and/or recalculate business possibilities in real time. By focusing on connected, forward-looking systems, Microsoft allows people to access actionable information with greater speed and agility – enabling businesses to respond more efficiently, effectively and proactively to changing market conditions

## Connected Organizations – Better Informed People Make Better Decisions

Today's social connectedness, mobile devices, and growing opportunities for interaction "any time any place" have changed the way many live and work. People are increasingly dependent on connections across the global network—interlocked in this connected reality.

Modern business solutions not only connect people inside and outside the organization, they also give them context and insight which drives better decisions and boosts productivity. An important part of Microsoft's mission is to drive connections with people, with customers and with business partners across processes, data and the ecosystem in which organizations operate. This commitment to connected organizations includes our vision of anywhere, in-context collaboration services that links people and companies to the right people in the right place, in the right context, at the right time, across multiple avenues of communications. Microsoft business solutions include everything from email to voice to video to presence to social – all designed with a singular goal of giving people and organizations more effective ways of:

- Leveraging the exploding number of channels to connect with customers at the time and place of their choosing

- Creating an inclusive, listening organization by extending collaboration scenarios that exist internally to include customers
- Evolving from an organization that engages with individual customers to one that leverages the crowd to benefit the brand

Microsoft's commitment to connected organizations is about removing the impediments that generate friction within the organization and providing people with a broader array of insights and actions across internal and external connections. With greater transparency, agility, and insight, people can make better, more informed decisions, and transform their organization into a Dynamic Business.

## "Instant On" Workloads and Suites

Traditionally, deploying new business applications has been costly, challenging, and, in some instances, downright painful. That's why Microsoft is committed to delivering the most intuitive business applications on the market. Only by eliminating the budget overruns and implementation delays associated with new business applications and making those applications easy to use, can a business application help an organization become a Dynamic Business.

Microsoft Dynamics products have always stood apart from other business applications by delivering fast, low cost implementation. Today's economic challenges demand a quantum leap forward with regard to speed and lower costs, and Microsoft will continue to lead the way. Increasingly, businesses look to evolve their applications into smaller chunks – addressing one operational workload at a time.  Smaller chunks mean more rapid return on investment and more precise targeting of IT spend to areas which contain the most important opportunities or challenges for the business. The Gartner Group describes this as a "pace layering strategy,"[ii] recognizing that some parts of a business's application landscape must evolve more quickly than others. Traditionally, businesses have had to choose between best of breed solutions that could target a single workload or entire suites. The best of breed approach presented enormous integration challenges as the separate workload solutions rarely came from the same application vendor. The suites naturally delivered integration, but don't support workload-at-a-time implementation. To solve this problem, Microsoft Dynamics is evolving into a suite solution, composed of workload services that are designed together but can be deployed independently. Businesses can consume the Microsoft Dynamics technology in the model that works for them – as an integrated suite in a business or subsidiary, or workload by workload in larger enterprises, with the workloads together composing the simplicity of a suite.

Systems with modules that can be turned on and off, depending upon what people need for their jobs, will enable shorter, less expensive implementation cycles. A workload can be an individual business process such as expense management, answer the needs of a subsidiary or acquisition, or address the operational requirements of a manufacturing or retail operation. Large organizations, especially, need the flexibility to adapt and change their business systems one workload at a time, whether those workloads are supplier relationship management or human capital management, or sales, marketing or customer service. This is why Microsoft designs its business applications as complete solutions seamlessly composed of separately deployable services. Customers can deploy as much or as little as they need while also benefiting from the synergy of a suite.

# It's a Business Solution from Microsoft

There is a virtuous cycle between applications and platforms. Applications drive the requirements that make platforms great, and in turn, the platforms empower innovation in the application. This goes to Microsoft's roots, with Office driving Windows and the graphical interface of Windows empowering the growth of Office. It is equally true today, and as an application that consumes the full breadth and depth of Microsoft platform technology, Microsoft Dynamics plays a critical role within Microsoft, helping to drive the platform to excellence, historically the on-premises server stack, and today, the Windows Azure cloud platform.

Microsoft Dynamics brings together the broad range of Microsoft technology, spanning both commercial and consumer, making it easier for businesses to collaborate, connect and deliver results. Microsoft Lync, SharePoint, and SQL Server BI tools provide embedded communications, collaboration, and analytics capabilities within the end-to-end business solution. Microsoft Dynamics CRM runs in Outlook, so users can move between tasks with greater ease and without disruption. This pervasive interoperability creates a better user experience, reduces IT costs and complexity, and puts new Microsoft products into customers' hands without headache. Testing real customer scenarios that cut across Microsoft products and services – for example, seamlessly moving data between Microsoft Dynamics business applications and Microsoft Excel to empower ad hoc analysis – and an ongoing commitment to engineer for simplicity of upgrade *and* to test across product and service versions enables customers to benefit from advancing technology more quickly, consistently and seamlessly.

The cloud is another area where Microsoft Dynamics demonstrates the unique benefits of a business solution from Microsoft. First, the Microsoft Dynamics roadmap commits to cloud delivery on the scalable, cost-effective, global Windows Azure platform driving key requirements into that platform, and building on its unique Platform as a Service (PaaS) architecture to achieve new heights for cloud-delivered business software. Second, customers will have the ability to discover, acquire and manage Microsoft Dynamics, Microsoft Office 365 and Windows Azure cloud services through a unified marketplace and portal experience, simplifying the consumption of a broad set of services. Third, we have seen with our own customers that organizations do not switch all of their IT assets to the cloud instantaneously; rather most or all businesses will live in a hybrid environment for the foreseeable future, combining some assets on-premises with others in the cloud. Windows Azure uniquely enables this with federated identity options that allow one consistent use of people's identity across cloud and on-premises, as well as capability for secure virtual private networks between the Microsoft cloud and a customer's on-premises infrastructure. Microsoft Dynamics builds on this with the power of choice – the same business application uniquely available for cloud or on-premises deployment. Together, Windows Azure and Microsoft Dynamics offer Dynamic Businesses the "cloud on their terms."

Across the board, Microsoft products are synonymous with productivity, touching and improving the lives of people in every facet of business and life. And we are relentlessly committed to improving the user experience; with investment exceeding $9B in annual R&D, all geared towards building the most intuitive and simple solutions for businesses and consumers. Microsoft business

solutions deliver a broad array of capability to customers in their aspirations to become Dynamic Businesses through technology innovation.

## Transforming Business through Consumer Innovation

Twenty years ago, the personal computer moved beyond the home and entered the workplace. Specialized terminals, word processors and office calculators, were replaced, ushering in the PC Era. Powered by Microsoft Windows and Microsoft Office, the PC became the platform of choice for business applications and redefined individual productivity and group collaboration at work. We sit now at the cusp of the next wave of innovation, with consumer technology entering the workplace and transforming how we work. Once again, Microsoft is uniquely positioned to lead the revolution.

Our approach begins with **modern "metro" style user experiences**, optimized for touch, coming from the consumer focus of Windows Phone and Xbox, to Windows 8 and a broad range of desktop and slate devices. Microsoft Dynamics will bring the same exciting and soon-to-be familiar style to business applications, in the same way that it delivers the current Office look and feel today.

**Collaboration in context** is essential to enabling the connected enterprise. Microsoft Dynamics today delivers embedded presence and Lync interoperability. Tomorrow, this will extend through Skype and the connection of business and social user graphs, empowering workers to connect to whomever they need to for work or personal interaction, using the same familiar devices and tools, and to seamlessly manage their own boundary between work and personal life.

Kinect launched a transformation in **natural user interface** (NUI) for the gaming world. The simple tag of "You are the controller" tells the story of how a person's voice and movements seamlessly drive the experience – in many cases, eliminating the need for explicit interaction with the software as the software simply reacts to what you do or say. Microsoft Dynamics will lead the same transformation in business applications, using Kinect to allow factory workers to interact with software without keyboards and mice, retail employees to harness software while helping a customer without diverting their focus, and countless new scenarios that we can only imagine today.

Bing began as a traditional consumer search engine. In recent years, it has evolved to become a "decision engine," using technology to **decode a user's intent** and harness structured data and capability to more completely answer the user's request. Beyond pure search, this Bing capability is harnessed in other consumer scenarios, seamlessly allowing Windows Phone to respond to voice commands and Xbox with Kinect to help users navigate an ever-expanding world of entertainment content. Microsoft Dynamics will surface the Bing capability to deliver business software that more naturally decodes user queries, typed or spoken, and understanding intent to deliver results that render the software as a truly empowering digital assistant.

Microsoft's unique leadership in research and development across enterprise and consumer technology helped lead the transformation of the workplace empowered by the introduction of the PC, and positions Microsoft and Microsoft Dynamics to drive the next wave of consumer technology reshaping how we work tomorrow.

## Explicit Commitment to Simplicity and Agility

Microsoft's approach to enabling companies to transform into Dynamic Businesses is grounded in our passion for the individual and what they can do. Business solutions from Microsoft are simple to use, simple to customize, simple to deploy, and simple to maintain and support. We deliver simplicity both through architectural innovation that eliminates the need to write code with every change and makes the systems easier to use and support, as well as through new user interface design that is intuitive and delivers a great experience on a wide range of devices. Microsoft business solutions allow customers to adapt their systems as they evolve their organizations, simply by grabbing and dragging icons, modifying their HR and financial systems to support that change. There's no need to create an IT work order; users can accomplish the task themselves in minutes.

Microsoft's continued focus on application architecture innovation increases the simplicity of creating, using and maintaining the software's fidelity to core business needs and reduces, if not eliminates entirely,  the cost and complexity associated with legacy business applications. Organizations will no longer be "stuck" with a best practice they implemented in the past, as they have been with legacy business applications. Microsoft enables companies to use best practices as a starting point and then leverage the architectural innovation in our end-to-end business solutions to evolve those best practices when business requirements change. This type of inherent simplicity and agility empowers customers to gain agility and competitive advantage in an ever changing business landscape. If a solution is simple for line of business users, simple for executives, simple for IT, and simple for partners and customers, then the solution can create even more value and impact for a business.

# Summary

It is the impassioned individual equipped with the right tools that enables companies to stay ahead of the competition in this world of constant change. Microsoft transforms organizations into Dynamic Businesses that enable people to do their best work no matter where they are in the organization. We are already seeing the impact as customers make the transformation, and Microsoft is committed to delivering modern business solutions, built using the broad portfolio of Microsoft technology, with intentional simplicity as a core design element. The solutions are innovative, proactive business applications that help users work in new, more effective ways. Moreover, they deliver tools for a connected organization to drive data to insight to action any time anywhere, with the flexibility to deploy and consume business workloads and suites in a way that delivers on today's needs while also providing the ultimate flexibility necessary to be ready for the future.

Microsoft Dynamics is a line of integrated, adaptable business management solutions that enables you and your people to make business decisions with greater confidence. Microsoft Dynamics works like and with familiar Microsoft software, automating and streamlining financial, customer relationship, and supply chain processes in a way that helps you drive business success.

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