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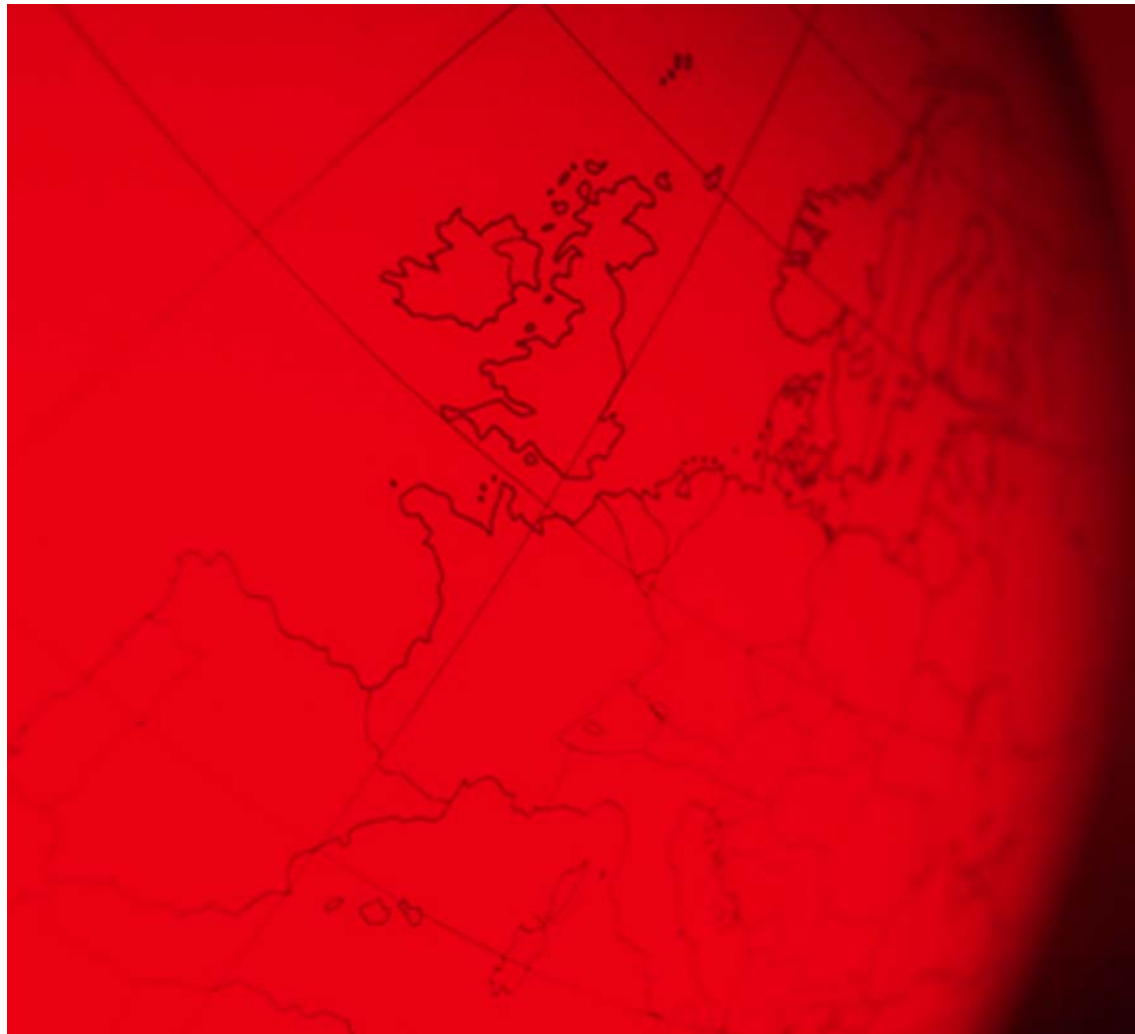
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# **GUIDEBOOK**

## MICROSOFT DYNAMICS GP



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## THE BOTTOM LINE

**Microsoft Dynamics GP helps organizations improve business operations and financial management, driving greater productivity, improved visibility for decision making, and reduced costs. Deployed properly, Microsoft Dynamics GP can deliver payback in less than one year.**

Microsoft Dynamics GP is a business management application that supports financial management, supply chain management, and business intelligence and reporting. Key components of the application include:

- Financial management functionality to support general ledger, payables management, receivables management, safe pay, fixed asset management, bank reconciliation, encumbrance management, analytical accounting, and intercompany and multicurrency management.
- Supply chain management functionality to support inventory management and sales order and purchase order processing.
- Business intelligence and reporting functionality including Office Excel-based reports, office smart tags, and SQL Server reporting services report writer. Dynamics GP version 10 provides more than 200 pre-built self-refreshing Excel reports and more than 75 prebuilt SQL reporting services reports.

Additional modules include advanced tools for financial and supply chain management, manufacturing management, project accounting and field service management, and collaboration. Additional specific functionality is provided by various Microsoft partners.

Microsoft Dynamics GP presents a very similar user interface to Microsoft Office applications and works with Microsoft Office system applications, Microsoft Dynamics CRM, Microsoft Retail Management Systems (RMS), Microsoft SQL Server, Microsoft SQL Express Edition, Microsoft FRx, Windows Server, and Small Business Server. Connection with Microsoft SharePoint enables users to configure their own views into Dynamics GP information and data, and role-based views and role-tailored home pages (introduced in Dynamics GP version 9) enable individual users to view and access only the information they need for their particular job or task.

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

## KEY BENEFIT AREAS

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

### Increased productivity

Role-based views, role-tailored home pages, and connection with Microsoft Office and SharePoint Server enables Dynamics GP users to reduce the time spent

searching for and inputting information, driving increased productivity for both Dynamics GP users and non-users accessing Dynamics GP data.

Users moving from disparate systems or paper-based processes can expect to increase Dynamics GP user productivity by up to 50 percent; those upgrading from previous versions to Dynamics GP 10 will likely see a five to ten percent increase in user productivity.

Users reported benefits from both flexibility in reporting and the intuitive interface, and in many cases were able to redeploy staff to other projects based on the time savings delivered by Dynamics GP:

- *"It was critical to us to have easy access to information. Flexibility in the reporting and the intuitive structure of the interface was part of our initial business case."*
- *"We've gone from having two to three people who would work on accounts receivables to two people who manage all of AR and AP."*
- *"We've gone from two purchasing bodies down to one person."*
- *"We're able to do more with fewer people. Additionally, it working with Microsoft Office SharePoint Server opened up a new communication line for employees and it's 10 to 15 percent faster for them to get information. With the home screen in Dynamics GP 10, users can configure their own screens without having to go through navigational steps. Communication with Office right on the Dynamics GP home page really helped as well."*

### **Reduced IT costs**

Nucleus found that, in a number of cases, a Dynamics GP deployment reduced IT costs in three key areas:

- Working with Office, CRM, and other systems reduced the time needed to support the manual re-entry of data into systems.
- Companies moving from another application were able to redeploy hardware and re-devote IT support resources to other projects.
- Web services integrated with SharePoint Portal Server enabled users to more easily build dashboards and generate reports without the need for IT staff support.

As one customer noted, *"Before Dynamics GP we had three separate packages that wouldn't talk to each other, and we couldn't upgrade any of them because we always broke something else when we did. Because someone had to manually transfer data, there were too many mistakes and our books never looked the same. Moving to Dynamics GP solved that and we were able to eliminate the black hole of Oracle support and more expensive servers."*

### **Improved visibility**

Greater visibility into business operations was the number one benefit Dynamics GP customers recognized, particularly those who were moving from disparate systems or individually-owned paper or Microsoft Excel files. Benefits from increased visibility represented themselves in two forms:

- Reduced reporting time. Individuals were able to spend less time building and running reports and could devote that time to other activities.

- Better decision making. Flexible reporting tools and the ability to provide all employees — not just Dynamics GP users — easy access to the data enabled them to make both tactical and strategic decisions more quickly. As one customer said, *“Before, the number one problem was that people couldn’t get information about their budgets in a timely manner — if they overspent it was because they didn’t have money they thought they had. Now they can see immediately because all the information is in one place.”*

### **Reduced administrative overhead**

Ready access to information and a better way to share information across the organization enables Dynamics GP customers to reduce the amount of administrative staff needed to manage and report on business processes and manually reconcile information between systems. In some cases, this manifested itself in the ability for a company to grow without adding additional staff; in other cases, companies were able to reduce or redeploy employees to other tasks after deploying Dynamics GP — or both. As one customer said, *“We dropped our collections group to two and it was a large as 9 at one point. We haven’t had to add people as work has grown and in fact we reduced our staff time spent on reconciling cash in different systems by 50 percent.”*

Dynamics GP customers should be able to reduce or redeploy at least one administrative staff person as a result of the deployment; the ability to recognize this benefit will depend on the number of modules deployed and the level of process automation before the Dynamics GP deployment.

### **Reduced accounting and audit costs**

Companies using an outside firm or auditor to audit their books will find the ability to readily access information, report on data, and develop custom dashboards in Dynamics GP will accelerate the accounting review process and likely reduce audit cost and risk. Potential returns from this area will depend on the size and complexity of the organization’s accounting structure and current annual auditing time and cost.

### **Manufacturing**

Manufacturers must have a high level of visibility into their businesses so they can optimize supply chains, reduce time to market, drive innovation, and differentiate products. Although not all employees in a manufacturing facility need access to business management data, providing user-friendly views of data that are relevant to particular individual’s or team’s jobs can drive better tactical decision making and engage all workers in identifying opportunities to improve operations.

Microsoft Dynamics GP addresses these needs with integrated capabilities for financial management and project accounting, distribution and manufacturing, human resource management, and business analytics. Key specific benefits Nucleus found Dynamics GP manufacturing customers achieved included:

- Improved partner management. For example, one manufacturer said access to Dynamics GP data through the business portal helped employees better communicate and set expectations with partners down the supply chain: *“If one of our associates was tracking a certain account the call would get paged*

and using Dynamics GP they can log into SharePoint Server and business portal and they have all the access to information in Dynamics GP 10 through an Internet browser. There's less confusion for them and there are more tools at their fingertips so they can answer an inquiry 10 percent faster." Another manufacturer plans to extend business portal as an extranet to key suppliers and partners, further improving communication while reducing costs.

- Reduced cost of good sold. Features such as sales configuration, order processing, and bills of materials management enable Dynamics GP users to track both materials and labor resources needed for specific production runs to optimize manufacturing runs while minimizing costs. As one customer said, "One of our BOMs can have 200 part numbers for a single transaction. Automating reversing manufacturing receipt transactions to raw material and finished goods was really worth it."
- Increased profits. Many Dynamics GP customers are able to increase profits by either increasing sales quotas or identifying areas where automation can lower the bottom line. One packaging manufacturer, for example, is using Dynamics GP to automate integration of electronic fund transfers that will reduce the time and cost of faxing approximately 1000 transactions per month.

### Retail

Retail customers of Dynamics GP see additional incremental benefits in two main areas: reduced inventory and, in turn, increased profits:

- Reduced inventory. Because they can track inventory received from purchase orders at individual stores, automatically update inventory data, provide central visibility into all transactions at individual stores, and analyze inventory trends, retailers can use Dynamics GP to reduce overall inventory and inventory carrying costs.
- Increased profits. Tracking and analyzing customer payments and sales transactions and taking advantage of Dynamics GP's analysis and reporting capabilities can help managers to identify opportunities to increase sales or eliminate or reduce costs, driving greater profits.

### Distribution

Dynamics GP enables distributors to improve supply chain processes and better manage inventory to optimize day-to-day operations and identify opportunities for further improvement. Key industry-specific incremental benefits for distributors include:

- Reduced inventory. Using Dynamics GP's warehouse management functionality, distributors can maintain real-time inventory data, optimize layout, picking, and stock distribution, and forecast future needs to reduce the amount of inventory needed to fulfill orders.
- Increased profits. One distribution customer was able to increase its revenues by an average of 30 percent year on year after deploying Dynamics GP to automate key tasks that had been handled manually in the past.
- Improved partner management. Support for electronic funds transfers enables distributors to streamline interactions with key partners. One customer, for example, was able to automate an average of 150 processes per month, making partners happier while eliminating internal processing time.

### Professional services

Project management, financial management, employee management, billing, and business intelligence capabilities within Dynamics GP enable professional services firms to automate labor-intensive errors like expense management and billing to drive more profitable projects and optimized allocation of resources. Key incremental benefits professional services firms achieve from deploying Dynamics GP include:

- Improved expense management. Professional services firms can use Dynamics GP to track and access all project information including activities, budgets, costs, expenses, employee resources, and billings and enter, edit, and approve detailed time and expense transactions through a Web-based interface, reducing the time and effort spent on accounting tasks.
- Increased profits. Dynamics GP can help professional services organizations to control projects from initial quote to final billing, bill and collect fees accurately, create predefined fee structures, and tailor billing to specific projects, improving project margins to deliver greater profits.

### Government

Public and not-for-profit users of Dynamics GP find additional incremental benefits from Dynamics GP's interfund accounting, encumbrance management, commitments management, and grant management capabilities. Version 10 added functionality to support tracking job positions by pay grade or class, further reducing the need for manual data entry and refinement.

Key additional potential benefits for governmental and non-profit organizations deploying Dynamics GP include:

- Improved expense management. Account management down to the program, fund, division, or cost center, and the ability to drill down to segment details enables managers to quickly gain a detailed view of expenditures.
- Improved grant management. Automatic budget status updates and access to real-time accounting information help grant managers improve accountability and improve decision making.
- Reduced budget review time. The ability to monitor expenditures and budgetary controls on a daily basis and automate account reconciliations enables organizations to reduce the time spend reviewing and auditing budgets and accelerates and simplifies year-end reporting.

### KEY COST AREAS

Key cost areas for Microsoft Dynamics GP deployment include both initial and ongoing costs.

#### 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 GP 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 GP 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 GP 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 used more than 2 full-time staff people to support Microsoft Dynamics GP.

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 has continued to make investments in Dynamics GP to drive improved business management and greater productivity for end users. Companies considering an investment in Dynamics GP today should carefully review the role-based views, role-tailored home pages, the Business Portal, and connection with Microsoft Office to fully take advantage of the intuitive nature of Dynamics GP. Doing so can drive significant gains in both end user and general employee productivity and overall business performance.

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