

Migrating from Microsoft Dynamics AX to Microsoft Dynamics 365

Why a Holistic Analysis of the Business is Essential

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The decision to migrate from Microsoft Dynamics AX 2009 through 2012 R3 to Microsoft Dynamics 365 (“D365”) Finance and Supply Chain is multifaceted and goes beyond a simple technology transition.

It involves understanding the nuances of the business across all functions and processes interacting with AX today, and how these processes may be impacted and/or see additional value in a move to D365. It also requires an understanding of the impact on the organization and user community from not only the perspective of an upgrade project, but how their jobs may be impacted or change moving forward.

And finally, it requires a comprehensive determination of time, effort, resources, and costs to support requisite decision-making.

Why D365?

Microsoft Dynamics 365 offers significant improvements in functionality, infrastructure and further enablement of business process digital transformation over its AX predecessors. In addition to checking the seemingly most important box of the day for “cloud-hosted solution,” other key improvements include interface design, improved and more frequent functionality upgrades, analytical workspaces, artificial intelligence and integration with Power BI for easy-to-create reporting and dashboards.

Microsoft has also introduced new tools to reduce the risk of the migration needed to attain these improvements. Developments in Azure DevOps (formerly Visual Studio) and Lifecycle Services (“LCS”), along with toolsets to assist with the analysis of technical and data migration, and regression testing have reduced much of the technical and analytical heavy lifting which historically was a big hurdle for many organizations. These new tools, accompanied by a holistic assessment of the business use of AX, the impacts of a migration on the organization and opportunities for improvements in efficiency and capabilities will provide the proper groundwork to fully plan out an AX to D365 migration with confidence.

The Top 5 Areas to Evaluate

When considering the move to D365 from AX, there are a number of questions to address and evaluate in order to fully understand the scope of the work to be done and the complexity to be expected.

1. To what extent are you using AX?

It is natural to think that the more business processes are supported by the current AX environment, the more AX modules are likely in use, so therefore more effort would be required to migrate.

However, the depth of review based on the permeation of AX within the business is multi-faceted.

Each module must be considered within the context of everything to be included with its migration, including:

- How has a capability been customized?
- How much data is associated?
- How many users interact with this capability?
- What is the relative importance of this capability to the business?
- How many legal entities are configured within the system?
- How much change may be associated with upgrading/migrating this capability to D365?

Therefore, the breadth and depth of how AX is currently used must be taken into consideration.

In addition to the evaluation of AX use, identifying other systems integrated to the AX architecture, and how those systems interface with AX, is imperative. Such integrated systems could include independent software vendors (“ISVs”) which interface directly with AX, and systems not interfaced with AX, such as quality systems, enterprise asset management (“EAM”) systems, fixed asset systems, payroll systems and more.

Key Questions to Ask

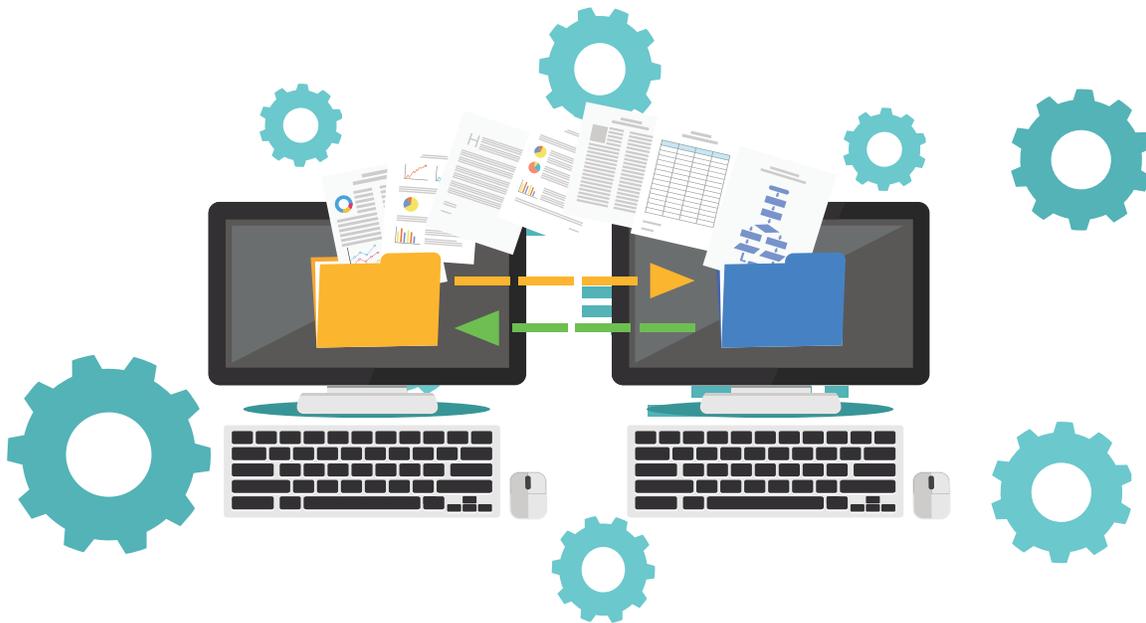
- How many AX modules are currently being used?
- For the transition, what modules will be needed?
 - Will the number of modules be the same?
 - Will additional modules be required?
 - Will less modules be required?
- What percentage of business processes are covered by AX?
- What ISVs are in use and what business processes do they support?
- Can some current ISV’s functionality be supported in D365?
- Are there other systems fully integrated with AX?
- Are there other systems independent of AX?
 - If yes, are there any manual information exchange that could potentially be automated or simplified?
- What manual vs. automated processes and data transfers are in place between AX and other systems?

2. What is the condition of your data?

Just like in an original ERP implementation, data conversion is one of the most time consuming and arduous tasks performed in the migration process. Key inputs and considerations a company must provide or determine include how much historical data may need to be migrated, whether or not the current data is clean and will current data map directly and be comparable in D365 or, will data re-architecture be required?

From the company's perspective, the best-case scenario would be to migrate all transaction history over to a new system. However, this is not a typical approach when implementing a new system and there are two key factors as to why:

- 1) The process to replicate each transaction with proper balances in the appropriate sequence – and then balance out and reconcile is very complex; and
- 2) The number of years of history exponentially increases the complexity of data migration



As mentioned above, Microsoft has worked very hard to create toolsets which can migrate AX 2012 to D365. One of the biggest advancements is the ability to assess the difficulty of migrating data and the ability, based on the analysis, to migrate full transaction history. For example, if a system has customizations, additional fields and ISV data, the data conversion analysis tool will tell you:

- 1) What data can be migrated;
- 2) What data either cannot be migrated; or
- 3) If the data must be remediated prior to migration

However, because the migration toolset does not provide the complete answer when it comes to data clean-up, (i.e. the tool will not recognize and clean-up duplications, address errors, obsolescence, spelling errors, and many setup/configuration errors which may be present), this process must be thoroughly assessed from multiple perspectives in addition to the use of the migration tool.

Regardless of the outcome of the D365 data migration analysis, significant planning and data cleanup will be required in order to have a smooth data migration.

Key Questions to Ask

- How many years of data is present in the current system?
- How much data cleanup is required?
- What manual effort would be required to clean data prior to migration?
- Is there a planned or current manner of access to old/archived AX data which would necessitate only the need to migrate master files and open balances?
- Have new fields been added?
 - How many of those fields are now native in D365?
- How far back in history are comparisons typically made?
- Are there any current data integrity issues which have been observed or experienced in the current system?
- Will the use of any new functionality in D365 necessitate a re-architecture of any master data (i.e., Customers, Suppliers, BOMs, Routes, Items, etc.)?

3. Do your business processes need to change or evolve? Has the business changed? How might business processes be simplified, or processes currently not in scope be considered in order to take advantage of new or existing capabilities?

All companies are in different stages of business process maturity.



Between the time the business implemented its legacy Dynamics AX system to when they might be considering a migration to D365, the business could have gone through significant changes such as adding new products or services, a merger with another entity, or a divestiture of a part of the business.

While D365 may offer capabilities not available or leveraged in the organization's current footprint of AX, there may be processes managed off-line in Excel or other manual or 3rd party applications which would need to be considered for a D365 migration.

Whatever the reason, it is important to evaluate what business processes may offer opportunities for improvement or require change as part of the migration to D365.

Depending on the footprint of the AX application and scope of the business being supported, the complexity in this evaluation can vary.

As seen below, business processes, depending on the type of business, could include:

- Design to Build
- Inquiry to Order
- Forecast to Plan
- Order to Cash
- Procure to Pay
- Build to Deliver
- Service to Retirement
- Record to Report
- Recruit to Retire

Key Questions to Ask

- Are business processes well-defined?
- Are they all currently supported by AX?
 - If not, is there a desire to enable them in D365 in the future?
- Has the business grown or changed?
 - As a result, have business processes evolved?
- Are there manual processes which require automation or special handling?
- Are there Use Cases developed for each business process to support AX enablement and regression testing?
- Are there processes enabled through other applications/technology which should be considered for inclusion within the D365 scope?

4. Did your organization customize AX, or does native functionality still support business requirements?

While most businesses in similar industries conduct the same overall business processes at a certain level, it is impossible for Microsoft to accommodate every aspect or nuance within a specific company or industry as it develops D365.

As a result, the ability to extend D365 native functionality exists, and by all accounts, is extremely robust. Gone is the concept of developing within the layers of AX, and the term “customizations” has been replaced by “extensions.”

Dynamics 365 Finance and Supply Chain builds on the broad functionality of its AX predecessors.

In fact, if the company has been using native AX and it supports the business, then D365 will support the business as well. However, if you have heavily customized AX to fit your business, or the business has significantly changed, then consideration should be made as to whether new D365, along with integrated applications from ISVs, or App Source functionality, exists to 1) Fit the evolved business requirements and 2) The potential to replace current customizations. On a positive note, both will allow your business to utilize as much native functionality as possible.

While there are instances where extensions are still required, Microsoft has heard customer's demands for an easier migration process and has spent a considerable amount of research and development to establish toolsets which can assist with evaluating efforts required to upgrade both customizations and data. These toolsets can actually perform some of the migration as well.

As seen below in *Figure 1: Summary of Non-Automated Development Tasks*, with the migration analysis tool, which provides an output in Excel, a company's AX 2012 environment can be analyzed to determine:

- How many elements (i.e., forms/reports, tables, classes, security elements, menu items, etc.) within the Application Object Tree ("AOT") are custom or customized
- Which elements will, or will not, process more easily through the automated migration tool

The use of this toolset is invaluable to not only determine which elements will migrate automatically, but it also provides an estimate of the effort required to remediate elements that would not migrate automatically using the tool.

Estimated Non-Automated Development Tasks

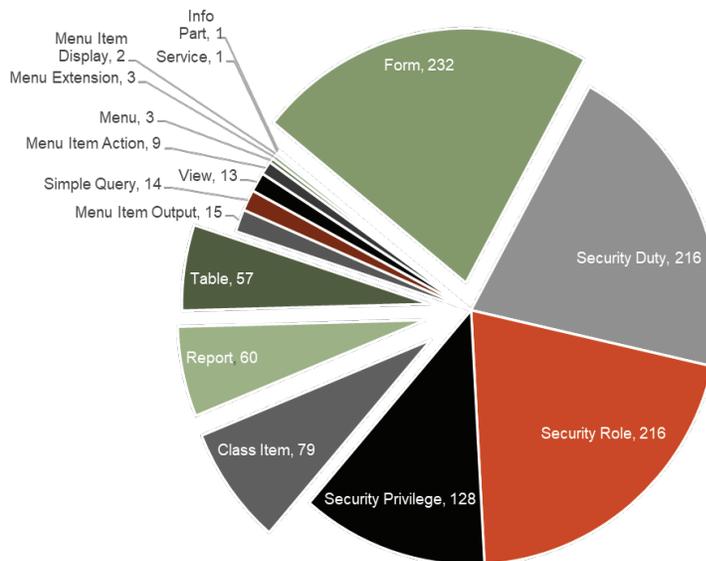


Figure 1:
Summary of Non-automated
Development Tasks

Key Questions to Ask

- Is AX currently being used primarily with native functionality?
- Have customizations been created?
- How complex are customizations?
- What business processes are supported by customizations?
- Can customizations be replaced by native D365 functionality or solutions offered by ISVs?

5. Is your business planning to integrate Organizational Change Management (“OCM”) into your transition?

To ensure your business transition is smooth, proper planning to address organizational change is imperative. A workstream to prepare the organization for requisite changes should be included in the overall D365 migration work plan.

Migrating from AX to D365 will require user and IT team members to adjust to a new environment for many reasons, including: the new system is cloud-based, the interface will be different, all reporting is now through the Power BI platform, and more. Additionally, if improvements or changes to business process are implemented as part of the migration, complexity for the organization increases.

Over the past year, we’ve had many discussions with company leaders regarding their experience migrating/implementing ERP systems. Investment in OCM, other than basic train-the-trainer activities, was not prevalent. This lack of investment in OCM made migrations/implementations more difficult because not enough effort or resources were invested to understand 1) How much change would actually occur as a result of the systems change and 2) What would be the impact of all of this change on the organization, including to systems, employees and the overall business impact.

Having a proactive OCM approach that focuses on stakeholder management, understanding the impact of change, planning effective and proactive communications, training, and a feedback mechanism to the process, will increase project success.

On a positive note, Microsoft has introduced capabilities like Business Process Modeler in the later versions of AX, and in D365, to aid in creating process models to be utilized for not only testing, but also in creating training documentation and collateral. Not only are these capabilities helpful in the initial implementation and migration, but in supporting future training and regression testing, as well. Note, in the D365 cloud environment, there will be many more upgrades to absorb, so it is much more critical to have efficient regression testing capabilities than, perhaps, organizations may have had with legacy, on premise solutions.

Key Questions to Ask

- Were comprehensive OCM techniques used during the original AX implementation?
- Have key sponsors been identified?
- Is there significant internal understanding of the entire OCM process?
- Has an internal assessment been performed to determine the impact of change to the organization due to an AX to D365 migration?
- Has a steering committee been created?
- Has a project charter been created along with a Communications Plan?
- Have training materials been created previously which may be leveraged?
- Have processes been mapped?
- What is the current workload of the team? Is there enough bandwidth available to make this a priority and give the effort the attention needed to be successful?

AXIA's AX to Dynamics 365 Assessment

If your organization is planning or considering a migration from Microsoft AX 2009 or 2012 to Microsoft D365, and is looking for the right partner, we are here to help.

AXIA understands the complexity and impact an ERP upgrade migration or implementation has, not only on an IT department, but on an entire organization. This is why we created our **AX to Dynamics 365 Migration Assessment** methodology and approach.

This proven-method Assessment will focus on four key areas of scope and impact - Business footprint, Functional and Technical solution components, and Organizational Change - to help ensure the long-term success of your migration or implementation.

Our approach focuses on reviewing your current AX profile, including business requirements which are enabled, master and transactional data, solution enhancements or customizations deployed, technical interfaces with other solution applications or third-parties, system and infrastructure architecture, and the users' experience. We then analyze business processes against solution capabilities to look at potential opportunities and consider all options. Finally, we provide you with key recommendations and a suggested plan to move forward, including scope, approach, key opportunities and considerations with potential benefits, and estimated timeline, resources and fees to assist in the effort.



Learn more about **AXIA's AX to Dynamics 365 Migration Assessment** today.
Call or email one of our experts at **877.292.5503** or **info@axiaconsulting.net**

Proven Expertise + Practical Solutions
= **Powerful Results**

AXIA is a Trustworthy Partner

More than just Microsoft experts, our senior IT and business consultants have a proven track record of helping organizations navigate and excel through quickly changing business and technology environments.

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AXIA has been assisting clients in the U.S. and globally in successfully navigating their implementations and migrations for over 15 years, with our consultants averaging well over 20+ years of experience.

Our holistic approach and determination to ensure clients get the business value from technology solutions they expect is the foundation of our practice and paramount to the reason 85% of our clients turn to back to AXIA year over year as repeat clients with relationships based on trust.

As a proud partner of Microsoft, we will serve as an extension of your team and we will help you put the right people, processes and technology in place to achieve your business goals.

About the Author



Doug Blitzer leads AXIA's Microsoft Dynamics 365 practice and has over 28 years of consulting and industry operations experience. His focus includes assisting private and public sector clients to achieve improved business process and technical operations. Doug's expertise encompasses business process improvement, business metrics, technology strategy, project/program management, packaged and custom software implementation for ERP, CRM, HRIS, Learning Management, Performance Management, and Application Tracking systems, as well as eCommerce, organizational change management, and talent development.

Doug's experience and relationship skills provide him with the foundation to direct and manage large complex projects, including multiple constituencies, multiple software integrations, and complex requirements.

Serving as your partner, AXIA takes the time to understand your business to help you determine the **right solution for your organization.**

Contact our Microsoft Dynamics 365 experts today.
info@axiaconsulting.net or **877.292.5503**

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