



HfS Blueprint Report

Microsoft Dynamics Services 2017

Excerpt for Accenture/Avanade

June 2017

Khalda De Souza

Research Director, SaaS Services

Khalda.De-Souza@hfsresearch.com

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Executive Summary



Introduction to the HfS Blueprint Report: Microsoft Dynamics Services 2017

- The 2017 HfS Microsoft Dynamics Services Blueprint Report continues our theme of looking at the services sets for the planning, implementation, and management of leading Software-As-a-Service platforms.
- Unlike other quadrants and matrices, the HfS Blueprint identifies relevant differentials between service providers across a number of facets in two main categories: innovation and execution.
- This Blueprint report looks at the innovation and execution capabilities of nine service providers in detail.

Microsoft Dynamics Technologies

- This Blueprint tracks consulting, implementation, and ongoing support services to support the Microsoft Dynamics ERP and CRM applications including:
 - Dynamics ERP:
 - Dynamics AX (formerly Axapta)
 - Dynamics GP (formerly Great Plains Software)
 - Dynamics NAV (formerly Navision)
 - Dynamics SL (formerly Solomon IV)
 - ERP on-premise and cloud application services were included
 - Dynamics CRM:
 - Dynamics CRM on premise
 - Dynamics CRM Online: cloud option
 - Dynamics 365 Platform: combination of ERP, CRM, productivity, and other applications on the cloud. Launched Q4 2016.

Microsoft Dynamics Technologies in the Cloud

- The Microsoft Dynamics ERP and CRM products have grown steadily over the past few years. Enterprises of all sizes have deployed the Dynamics CRM and CRM Online products in recent years. A majority of the Dynamics ERP products are tailored for and have been most popular with mid-sized enterprises and subsidiary sites of large enterprises. Cloud procurement options for the ERP products have not been available for long and have not seen much take-up in the market.
- Microsoft launched the Dynamics 365 cloud platform in Q4 2016. This combines Microsoft Dynamics CRM, ERP, productivity solutions, and other applications. It is not a traditional SaaS product that can be procured directly from Microsoft. Buyers access Dynamics 365 from Microsoft service partners, which add general and industry tailored solutions to the product.
- The nine service providers in this Blueprint report deployed approximately 3,406 Dynamics cloud projects in total. Of these, 28% were cloud deployments. Of the cloud deployments, the vast majority, 96%, were for Dynamics CRM Online.

Dynamics 365 Platform

The Dynamics 365 platform includes the following solutions:

- Dynamics 365 for Sales
- Dynamics 365 for Customer Service
- Dynamics 365 for Operations: for Manufacturing, Retail, Finance, and IT industries
- Dynamics 365 for Field Service
- Dynamics 365 for Project Service Automation
- Dynamics 365 for Marketing
- Dynamics 365 for Financials
- Dynamics 365 for Customer Insights

The Dynamics 365 platform also has the following features:

- Integration with Office 365. For example, CRM system notifications can be delivered via Outlook email.
- Cortana Intelligence and Power BI: analytics tools and solutions built into Dynamics 365.
- Azure Machine Learning: built into Dynamics 365.
- PowerApps: built into Dynamics 365 to help developers to build custom add-in applications.

Microsoft Partner Network

- **Vast ecosystem:** Microsoft has a vast partner ecosystem, consisting of global, regional, in-country, and product specialist partners.
- **Gold and Silver Competency:** Microsoft partners achieve a Gold or Silver competency in a solution area (e.g., Cloud Customer Relationship Management), service area (e.g., Application Development) or market (e.g., Small and Mid-Market Cloud Solution). Partners need to pass exams and certifications and provide customer references to be considered for each competency. A Gold competency is the highest level for a partner to achieve. Buyers can search for a partner and view their capabilities, including competencies, on the Microsoft Pinpoint website.
- **Microsoft President's Club and Inner Circle:** Microsoft invites partners to be part of its annual President's Club and Inner Circle groups. Both of these recognize exceptional annual performance, sales, and growth of a specific Microsoft business, such as Dynamics. The Inner Circle consists of a more exclusive list, which includes partners that have shown particular commitment to the Microsoft business growth and customer success during the year.
- **AppSource:** Microsoft service partners can distribute add-on solutions that they have built on top of the basic products on the AppSource website. Examples include Infosys' Agency Relationship Management Solution (ARMS) for the insurance industry. Buyers can search applications by specific areas of interest, such as analytics. There are currently 403 solutions for Dynamics 365 available via AppSource.

Microsoft Dynamics Selection

Why Microsoft Dynamics?: Clients we spoke to for this Blueprint selected Microsoft Dynamics for many reasons. Some of the rationale clients highlighted are:

- **Interoperability with other Microsoft applications.** Clients with existing Microsoft cloud or on-premise applications appreciate the fact that these can be integrated with the Microsoft Dynamics solutions. Moreover, if end-users have had a good user-interface experience with other Microsoft applications, this chance of the enterprise selecting additional Microsoft applications instead of alternatives increases.
- **Cloud options:** Clients facing a costly, lengthy, and complicated legacy upgrade appreciate the cloud procurement options in Microsoft Dynamics products and the Dynamics 365 platform. The cloud products appeal to clients for their simplicity and speed of implementation, as well as the expected cost effectiveness.
- **Cloud, on-premise, and hybrid options:** Clients appreciate the option to select an on-premise, in-the-cloud, or hybrid option for their Microsoft Dynamics deployment. This is a key differentiator against its main rival, Salesforce.
- **Enterprise cloud strategy:** Some clients have an enterprise-wide cloud strategy and they only consider cloud options for ERP and CRM when selecting a solution.
- **Product functionality:** This includes the industry sector aspects of the Dynamics ERP products as well as the 360-degree visibility of customers, covering all interactions in the Dynamics CRM and CRM Online solutions.

Microsoft Dynamics Services Value Chain

Plan

- Business case development for SaaS deployment
- Cloud advisory services, including cloud readiness assessment
- Compliance, risk management, and security consulting
- CRM/ERP strategy consulting
- Microsoft Dynamics strategy consulting, process design, and configuration support
- Technical change management consulting
- Organizational change management consulting
- Governance structure
- Medium- to long-term Microsoft Dynamics roadmap consulting services

Project

Implement

- Project management
- Data migration
- Custom development services to comply with industry, geography, or other business requirements
- Integration services
- Extensions or tools of Microsoft Dynamics to meet specific client needs
- Testing
- Initial user training
- Technical change management execution
- Organizational change management execution
- Proactive consulting and advisory services sharing best practice

Project

Manage

- Governance management
- Upgrade support
- Microsoft Dynamics help desk
- Ongoing integration
- Ongoing testing
- Ongoing training
- Ongoing proactive advice sharing best practice
- Microsoft Dynamics uptime, data accuracy, and access responsibility
- Ongoing employee adoption support
- Periodic solution and service delivery reviews
- Identify any required changes in Microsoft Dynamics or process to account for changing business requirements, e.g., M&A, divestment, or new investments in IT

Run

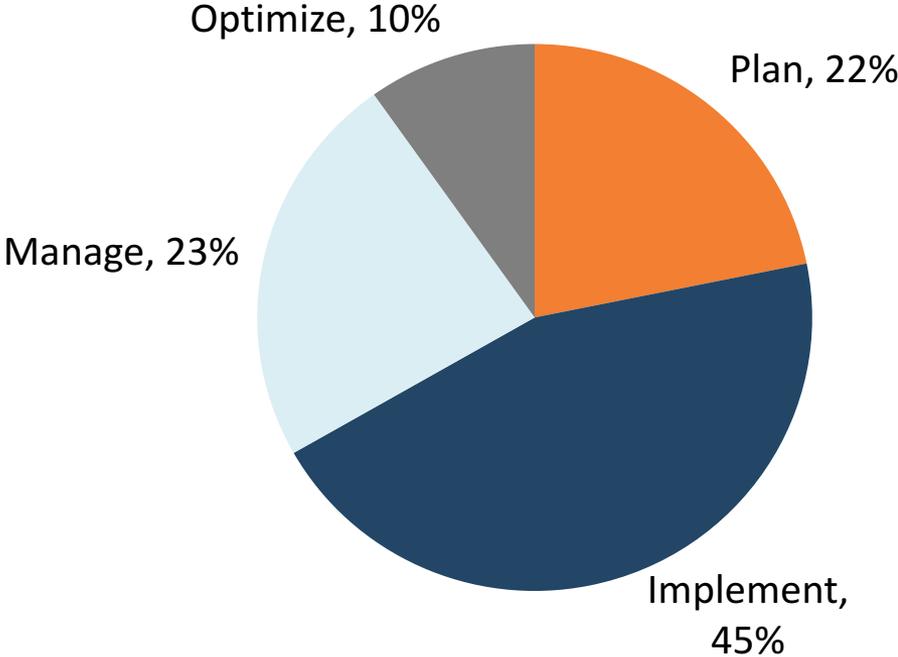
Optimize

- New Microsoft Dynamics module value identification and benefit analysis
- Ongoing Microsoft Dynamics module adds and upgrades, migrations, and consolidation
- Ongoing CRM/ERP strategy and system alignment
- CRM/ERP analytics and measurement
- Best practice content curation
- User community facilitation
- Medium- to long-term Microsoft Dynamics roadmap advisory services

Project/Run

Microsoft Dynamics Services Value Chain Market

Approximate Split of Microsoft Dynamics Services Business by Value Chain Service*



Source: HfS Research, May 2017

* Aggregate responses of service providers in this Blueprint

Microsoft Dynamics Services Value Chain Market Trends*

- Nearly half, 45%, of the Dynamics Services business to date has been in implementation services. Strong project management skills are key strengths in successful projects for buyers. Client references in this study also highlight the importance of having a strong methodology and documentation and having access to the right level of resources onsite and offshore.
- Just over 20% of business has come from upfront consulting and management services. This is more than a typical SaaS market, such as Salesforce and Workday, where these services are often neglected and are currently in growth stage. Dynamics services support a combination of cloud and on-premise deployments, with the latter representing the majority of the market. As such, buyers who are accustomed to engaging in consulting and management services from their legacy application services experiences will also consider these for Microsoft Dynamics engagements.
- Key growth consulting services include cloud readiness services, Microsoft Dynamics strategy consulting, and organizational change management services.
- Key growth management and optimization services include Microsoft help desk services, ongoing CRM and ERP strategy, and system alignment and upgrade assistance.
- There is continued opportunity for growth across the HfS Microsoft Dynamics services Value Chain, especially with the expected growth in the market after the launch of the Dynamics 365 platform.

- Average statistics based on all answers of service providers in this Blueprint report
- Note: reference to CRM and ERP includes all modules, including cloud options, unless specified otherwise

Key Blueprint Highlights*

- There are just under 30,000 people working in Dynamics services practices across all the service providers included in this Blueprint report.
- The nine service providers in this Blueprint report have deployed approximately 3,406 Dynamics projects in total. Of these, 28% were cloud deployments. Of the cloud deployments, the vast majority, 96%, were for Dynamics CRM Online.
- The average reference score in the Blueprint was 7.7 out of 10. All reference clients scored every service provider higher for their execution capabilities than their perceived innovation capabilities.
- On average, more than 60% of Microsoft Dynamics CRM deployments have been single-country deployments. This is followed by an average of 21% of CRM projects covering one to three countries.
- On average, 47% of Microsoft ERP deployments have been single-country deployments. This is followed by an average of 29% of ERP projects covering one to three countries.
- An average of 44% of CRM business and 35% of ERP Microsoft Dynamics business is from North America for all the service providers. This is followed by Continental Europe, which represents an average of 23% of CRM business and 34% of ERP business.

- Average statistics based on all answers of service providers in this Blueprint report
- Note: reference to CRM and ERP includes all modules, including cloud options, unless specified otherwise

Key Blueprint Highlights* (continued)

- Service providers report an average of 50% growth of Microsoft Dynamics ERP business in the last fiscal year. They expect an average growth of 39% of Microsoft Dynamics ERP business in the next fiscal year.
- Service providers report an average of 37% growth of Microsoft Dynamics CRM business in the last fiscal year. They expect an average growth of 43% of Microsoft Dynamics CRM business in the next fiscal year.
- The top two industry sectors for Microsoft Dynamics ERP business are manufacturing, with an average of 31% of current business, and retail and distribution, with an average of 22% of current business.
- The top three industry sectors for Microsoft Dynamics CRM business are financial services (banking and capital markets), retail and distribution, and manufacturing, with an average of 21%, 18% and 17% of current business respectively.
- Go-to-market strategies increasingly include:
 - Business transformation or digital transformation skills and focus
 - Industry sector experts
 - Advisory services-led engagements

- Average statistics based on all answers of service providers in this Blueprint report
- Note: reference to CRM and ERP includes all modules, including cloud options, unless specified otherwise

Microsoft Dynamics Services: Service Provider Investments

Microsoft Dynamics service providers are investing in the following areas in the next few years:

- **Analytics:** This includes services around predictive analytics and alignment to the Microsoft technologies of Power BI and Cortana Intelligence Suite.
- **Cloud Services:** This includes cloud readiness assessment services, cloud migration services, and technical and organizational change management services. This is in anticipation of the growth of the Microsoft Dynamics 365 platform over the next few years.
- **Services to support new technologies:** Service providers are investing in services to support new modules and capabilities that Microsoft either has released as part of new versions of the Dynamics products, or has enhanced with links to software partner capabilities. Application examples include the Dynamics 365 for Field Service application and the Unified Service Desk for Dynamics CRM application. Partnerships that enhance capabilities include the connector to Lithium online communities with Dynamics CRM and the Adobe Marketing module integration with Dynamics CRM.
- **Industry investments:** These include go-to-market investments and industry-specific tools development investment.
- **Tools development:** Service providers continue to invest in tools development and industry-sector-specific tools and templates, which includes migration accelerators and cloud assessment tools.

Microsoft Dynamics Services Market: Service Provider Challenges

- **Regular product updates:** Microsoft has made several changes to the Dynamics products over recent years. This has sometimes caused confusion for buyers. It has also made it difficult for service providers to stay abreast of all new product developments and be prepared to accurately present and support them for clients.
- **Skills shortage:** Service providers predict approximately 40% growth of their Dynamics CRM and ERP services demand in the next fiscal year. This puts considerable strain on their talent pools and causes challenges to find experienced consultants with relevant technical, functional, enterprise size, and industry sector expertise.
- **Cloud services development:** As the Dynamics 365 platform grows, enterprises of all sizes will likely consider deploying the cloud versions of the products. Service providers need to offer cloud readiness services that include helping clients to understand the technical, security, and organizational implications of using cloud applications.
- **Geographical expansion:** Service providers need to strengthen presence and delivery capability across regions to take advantage of growing opportunities. Larger enterprises are increasingly interested in multi-country deployments and will seek service providers who can support them in several geographies. Skills in the Latin America and Asia Pacific regions are particularly scarce today.

Research Methodology



Research Methodology

Data Summary

- The data for this Blueprint was collected in Q1 and Q2 2017, covering service buyers, service providers, and advisors and influencers of Microsoft Dynamics services.
- Microsoft has a vast ecosystem of service partners. HfS selected a small group of some of the leading Microsoft Dynamics service providers to profile in this Blueprint report.
- As this is part of the HfS SaaS Services research practice, we have apportioned a small weighting to service providers' current experience in cloud projects, including any active discussions with clients to adopt or upgrade to the cloud ERP and CRM products.

This Report Is Based On:

- **Tales from the Trenches:** Interviews were conducted with buyers who have evaluated service providers and experienced their services. Some were supplied by service providers, but many interviews were conducted by HfS Executive Council members and participants in our extensive market research.
- **Sell-Side Executive Briefings:** Structured discussions with service providers were intended to collect data necessary to evaluate their innovation, execution and market share, and deal counts.
- **Publicly Available Information:** Financial data, website information, presentations given by senior executives, and other marketing collateral were evaluated.

Participating Service Providers



HfS Blueprint Scoring Percentage Breakdown

Execution	100%
Quality of Account Management Team	15%
Flexibility and Incorporating Client Feedback	10%
Scale of Consulting, Implementation, and Ongoing Management Services Capabilities	25%
Geographic Footprint and Scale of the Service Provider	20%
Experience Delivering Industry-Specific Services and Solutions	10%
How Is the Service Provider Becoming a Broker of Capability for the Client?	10%
Talent Development and Ability to Attract and Retain Key Microsoft Dynamics Skills	10%
Innovation	100%
Vision for and Investments in the Evolution of Microsoft Dynamics Services	35%
Assistance to Help Clients Move to the Cloud	10%
Using Design Thinking to Enable the Change Management of Microsoft Dynamics Clients	10%
Integration of Transformation and Process Consulting Capabilities	10%
Ability to Adopt Holistic, Long-Term View of Clients' Microsoft Dynamics Journeys	10%
Investment in Proprietary Tools, Accelerators, and Solutions	25%

Execution Definitions

Execution	How well does the service provider execute on its contractual agreement? How well does the service provider manage the client/provider relationship?
Quality of Account Management Team	What is the quality level of professional skills in the account management team? How effective is this team in promoting collaboration and creating a true partnership relationship with the client?
Flexibility and Incorporating Client Feedback	How successfully has the service provider taken feedback and incorporated that feedback into their services? Has the service provider been flexible, responsive, and timely?
Scale of Consulting, Implementation, and Ongoing Management Services Capabilities	What is the service provider's capabilities and experience across the Value Chain (see slide 9), including the availability of relevant certifications and competencies?
Geographic Footprint and Scale of the Service Provider	What is the service provider's capability and experience to deliver multi-site and multi-country engagements?
Experience Delivering Industry-Specific Services and Solutions	How well does the provider understand and have experience to delivery industry sector-tailored services and solutions? This includes industry-specific tools and advisory services.
How Is the Service Provider Becoming a Broker of Capability for the Client	How well is the service provider able to source expertise from all available sources, both internally and externally, to address capability gaps?
Talent Development and Ability to Attract and Retain Key Microsoft Dynamics Skills	What strategies and investments has the service provider made to attract, motivate, and retain important talent?

Innovation Definitions

Innovation	How does the service provider innovate its offerings in response to market demand, client requirements, and its own vision for how Microsoft Dynamics services will evolve?
Vision for and Investments in the Evolution of Microsoft Dynamics Services	What is the service provider's vision for the evolution of Microsoft Dynamics services? What strategies does the service provider have to develop new services to meet emerging client demands?
Assistance to Help Clients Move to the Cloud	Does the service provider offer innovation in commercial models to help clients write off legacy solutions? Does the service provider offer assistance with organizational change management and cultural end-user training to facilitate the move to cloud applications?
Using Design Thinking to Enable the Change Management of Microsoft Dynamics Clients	Does the service provider understand the business context to reimagine processes aligned with meeting client needs? Does the service provider have experience in delivering business outcome focused solutions for clients?
Integration of Transformation and Process Consulting Capabilities	How is the service provider integrating change and transformational consulting throughout the value chain of Microsoft Dynamics services?
Ability to Adopt Holistic, Long-Term View of Clients' Microsoft Dynamics Journeys	Does the service provider have capability and experience to proactively suggest recommendations and innovation to clients, with corresponding roadmaps? Does the service provider offer assistance to train clients to support their own medium- to long-term Microsoft Dynamics journeys post deployment?
Investment in Proprietary Tools, Accelerators, and Solutions	What is the provider doing to invest in proprietary capabilities, tools, accelerators, and other solutions to enhance the value of Microsoft Dynamics for clients? What is the service provider's strategy to invest in these areas in the future?

Service Provider Grid

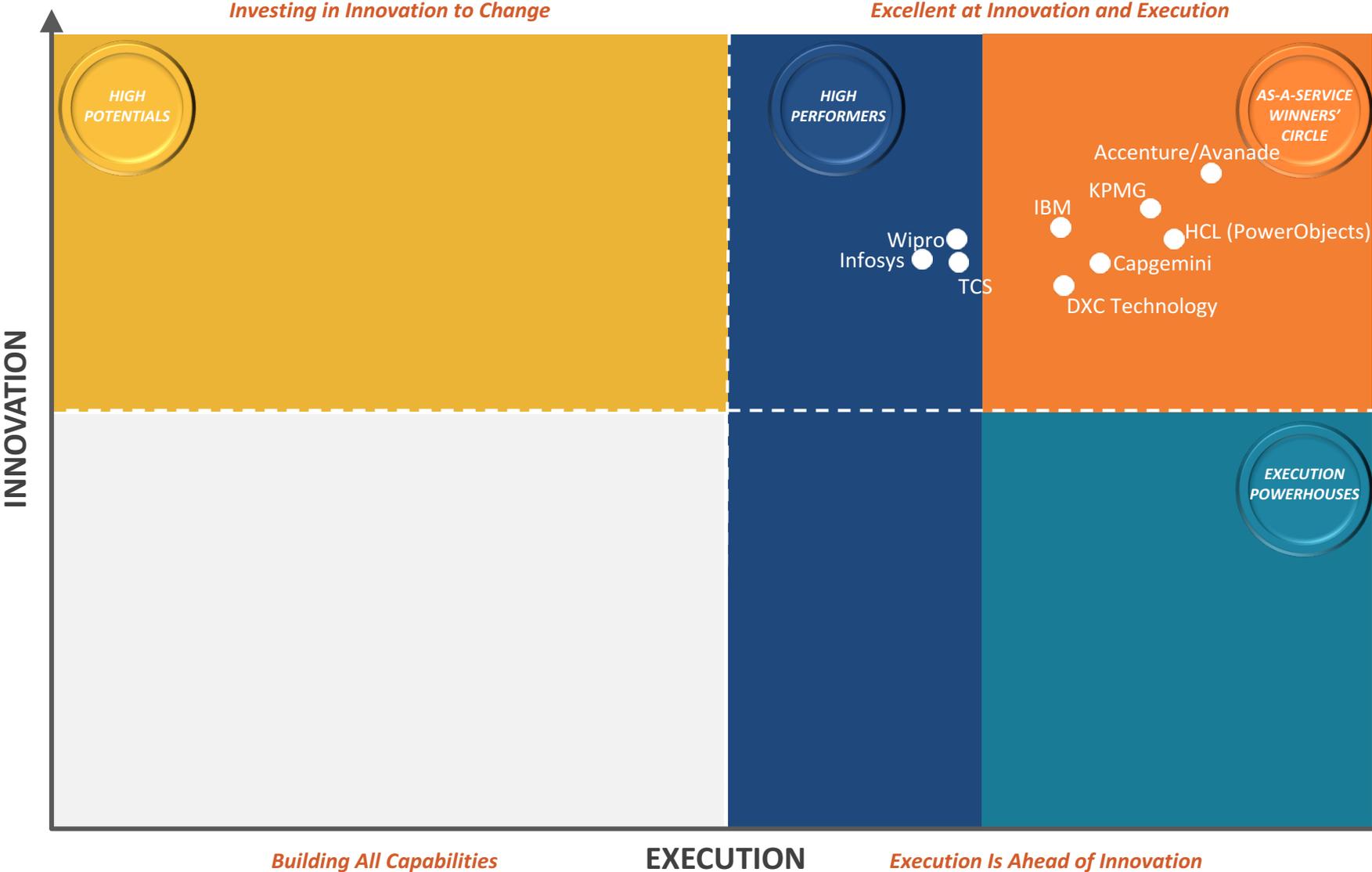


Guide to the Blueprint Grid

To distinguish service providers that show competitive differentiation in a particular line of delivery with progress in realizing the As-a-Service Economy of business outcome-oriented, on-demand, talent + technology services, HfS awards these providers the As-a-Service Winner's Circle designation.

	Execution	Innovation
<p>As-a-Service Winner's Circle shows excellence recognized by clients in the Eight Ideals in both execution and innovation</p>	<p>Collaborative relationships with clients, services executed with a combination of talent and technology as appropriate, and flexible arrangements.</p>	<p>Articulates vision and a “new way of thinking,” has recognizable investments in future capabilities and strong client feedback, and is driving new insights and models.</p>
<p>High Performers demonstrate strong capabilities yet lack an innovative vision or momentum in execution against the vision</p>	<p>Execute some of the following areas with excellence: worthwhile relationships with clients, services executed with “green lights,” and flexibility when meeting clients’ needs.</p>	<p>Typically, describe a vision and plans to invest in future capabilities and partnerships for As-a-Service and illustrate an ability to leverage digital technologies or develop new insights with clients.</p>
<p>High Potentials demonstrate vision and strategy but have yet to gain momentum in the execution of it</p>	<p>Early results and proof points from examples in new service areas or innovative service models, yet lack scale, broad impact, and momentum in the capability under review.</p>	<p>Well-plotted strategy and thought leadership, showcased use of newer technologies or roadmap, and talent development plans.</p>
<p>Execution Powerhouses demonstrate solid, reliable execution, but have yet to show significant innovation or vision</p>	<p>Evidence of operational excellence; however, still more of a directive engagement between a service provider and its clients.</p>	<p>Less evident vision and investment in future-oriented capability, such as skills development, “intelligent operations,” or digital technologies.</p>

HfS Blueprint Grid: Microsoft Dynamics Services 2017



Major Service Provider Dynamics: Highlights

Execution

- **Account Management:** Account management remains a crucial success factor for all application service engagements. Clients interviewed for this Blueprint were especially enthusiastic about **DXC Technology, KPMG, and TCS**.
- **Scale of Services and Geographic Footprint:** All of the service providers have invested in services to support clients across the Value Chain as well as provided onsite support where needed. Those that particularly stood out for this include **Accenture/Avanade, KPMG, and HCL (PowerObjects)**.
- **Flexibility:** Clients appreciate a flexible approach to service engagements that does not include a constant recourse to the statement of work document. Clients scored all of the service providers well for their ability to deliver flexible services. Those that particularly stood out are **IBM, TCS, and HCL (Power Objects)**
- **Industry Sector Understanding:** In comparison with other SaaS markets we have tracked, Microsoft Dynamics services clients highlighted the importance of service providers' industry sector understanding. Service providers that particularly impressed on this were **Accenture/Avanade, Infosys, DXC Technology, and Wipro**.

Innovation

- **Vision for Microsoft Dynamics Effectiveness:** Having a vision for where the processes supported by Microsoft Dynamics are headed in the future is an important element of Innovation. We saw this vision come particularly from **Accenture/Avanade, KPMG, IBM, HCL (Power Objects), and Wipro**
- **Assistance to help clients move to the cloud:** Clients need specific services, training, and support to understand the implications of moving to the cloud. Service providers that stood out for this investment include: **KPMG, IBM, Infosys, and Wipro**.
- **Investment in Proprietary Tools and Solutions:** Implementing and managing Microsoft Dynamics deployments for clients is enhanced by having a suite of unique tools, accelerators, and other solutions to maximize the attainment of benefits for clients and service providers. All of the service providers in this Blueprint report are investing in Microsoft Dynamics tools, templates, and accelerators. We saw impressive investment in forward-looking, consultative tools from **Accenture/Avanade and KPMG**. Others that particularly impressed with industry sector tool investment include **DXC Technology, IBM, Infosys, TCS, and Wipro**.

Service Provider Profile



Service Provider Profiles

The following section presents service provider profiles. Key points that apply to all profiles include:

- **The Blueprint Leading Highlights:** This section lists the Execution and Innovation criteria that the service provider particularly excelled at. This is based on service provider information and client reference scores and commentary.
- **Acquisitions and Partnerships:** All service providers partner with Microsoft Consulting Services, and this is therefore not listed on each individual profile.
- **Partner Level:** Gold or Silver refers to the Competency the provider has for Dynamics CRM and ERP
- **Technology and Platforms:** This section lists examples of the service provider's tools and templates for Microsoft Dynamic services. This is not necessarily a comprehensive list, and serves to present some of the main example investments made by the service provider.

Blueprint Leading Highlights

- Scale of Capabilities
- Geographic Footprint
- Experience Delivering Industry-Specific Solutions
- Strength and Availability of Resources
- Vision for Microsoft Dynamics Effectiveness
- Providing Long-Term View to Clients
- Investment in Proprietary Tools

Strengths

- **Scale and extensive Dynamics services experience:** Accenture/Avanade has the largest Dynamics services team in the market and the most extensive experience of Dynamics cloud deployments, including on the Dynamics 365 platform. The service provider has experience with Dynamics deployments ranging from single country to more than 10 countries, and working with client enterprises of all sizes. Its focus however is on large, complex, global deals. This is underpinned by an impressive Dynamics global delivery capability, with at least one delivery center in most countries of the world.
- **Breadth and depth of Dynamics specific services:** Accenture/Avanade has developed Dynamics specific lifecycle services and solutions. Its extensive experience in international roll-outs has generated deep expertise in governance advice and management services. These are backed by consistent deployment methodologies and best practices that help clients achieve speed and desired business outcomes. The service provider also has Dynamics Innovation Centers for c-level Design Thinking exercises, the 24x7 Dynamics AX dedicated global support organization, and dedicated change management capabilities. Its deep industry expertise and investments lend it credibility to understand specific industry markets, processes, and end-customer requirements. In addition, Accenture/Avanade is investing in high-growth areas including AI, automation, and digital solutions.
- **Strong vision and investments:** Accenture/Avanade has developed many tools and templates to facilitate Dynamics services engagements. Importantly, these include best practice, horizontal tools, as well as industry specific tools. Accenture/Avanade also has products available on Microsoft AppSource. Accenture received the best client scores for its ability to deliver holistic, long-term, proactive guidance in this Blueprint report

Challenges

- **Fast-growth market:** The Dynamics services market is a fast-growth market and all service providers are challenged with keeping up-to-speed with skills, especially for the Dynamics 365 platform. Despite being a clear leader in this market, not least because Microsoft maintains a minority stake in Avanade, the service provider still faces challenges to hire and retain the best skills. Clients would be right to assume that it has among the best capabilities and investments in the market. However, they should also realize that, as this is a fast-changing and evolving market, Accenture/Avanade is also on a learning curve.
- **Lack of Microsoft presence in engagements:** Some clients are surprised at the lack of visibility of Microsoft in engagements. While this is probably due to Microsoft allowing Accenture/Avanade autonomy based on its strong experience, clients who require more direct contact with Microsoft should request it.

Relevant Acquisitions/Partnerships

- Acquisitions include:
- KCS.net (ERP and CRM, 2015)
 - Quadreon (ERP, 2008)
 - HOB Business Solutions (ERP, 2007)
 - en'tegrate (ERP, 2005)
 - eCONNEX AG (CRM, 2011)
 - Ascentium (US CRM practice, 2010)
- Partnerships include:
- ERP: Sitecore, To Increase, LS Retail, Ferranti, K3 Software Solutions
 - CRM: Sitecore, Lithium, Negotiating: Café X, Versium, Coveo

Key Clients

- Most ERP Clients: range from \$500M USD to \$4B USD Annual Revenue
- Most CRM Clients: range from \$1B USD to \$20B USD
- Top 3 Geographical Regions by Business:
ERP: Continental Europe and UK, North America, ANZ
CRM: North America, Continental Europe and UK, ANZ
- Top Industries by Business:
- ERP: retail, services, manufacturing, distribution
 - CRM: retail, financial services, healthcare
- Some publicly disclosed clients include:
- ERP Cloud: Emile Eggar, Ducks Unlimited, Assura, Brookfield, RSL
 - CRM Online: Heineken, Alpitour, Skilled Group, SKULD

Operations

- Partner Level: Gold competency and Inner Circle member
- No. of Employees in:
- Dynamics ERP Practice: 1,230+
 - Dynamics CRM Practice: 1,270+
- No. of Clients:
- Dynamics ERP: 300+; cloud ERP: 15
 - Dynamics CRM: 650+; CRM Online: 50
- Microsoft Dynamics Focus: Dynamics ERP AX on premise and cloud, Dynamics CRM and Dynamics CRM Online
- Key delivery locations for Microsoft Dynamics practice:
- All regions of the world, with at least one delivery center in most countries in the world.

Technology Tools and Platforms

- *Accenture/Avanade Delivery Method (ADM):* consistent delivery model with industry experience
- *Accenture/Avanade Connected Methods (ACM):* best practice methods to deliver outcome. ACM for Dynamics 365; ACM for Dynamics CRM; ACM for Dynamics AX
- *Avanade RapidResults:* fully configured, industry-specific Microsoft Dynamics AX or Dynamics 365 for Operations implementation methodology
- *Avanade CRM Xray:* assessment tool for scoping
- *Avanade CRM Modern Engineering Platform:* pre-configured tools, environments and automation blueprints features to increase the speed of adoption
- *Accenture Test Repository:* maintains industry specific and industry agnostic standardized and reusable test deliverables
- *Digital Marketing Managed Service (DMMS):* managed service built on the Sitecore Experience Platform
- *Digital Sales and Service:* includes predictive analytics to anticipate customer needs
- *ERP Industry Tools for:* retail, energy and utilities, manufacturing, services, wholesale distribution

Market Wrap-Up and Recommendations



Service Provider Selection

- **Why this service provider?** The top reasons clients we spoke to selected their service provider were:
 - **Historical relationship:** This includes the enterprise working with the service provider on other projects, and also the stakeholder having worked with the service provider at a former enterprise. Some stakeholders actually swapped out a service provider in favor of one they had worked with in the past, in their current or former role.
 - **Cultural alignment**
 - **Impressive consulting skills:** Service providers who demonstrated clear understanding of the market and presented a detailed roadmap for clients during a consulting engagement were more likely to also be contracted for the implementation project.
 - **Team check:** Clients asked to see the resumes or interview the proposed project team before selecting the service provider. One client also asked all the service providers in the RFP stage to send resumes of the back-up team in case all of the initial team is re-deployed.
 - **Similar experience:** Clients were more likely to select a service provider who could provide similar case studies, in terms of technical, organizational, and business requirements.
 - **Scale:** Global clients want to work with a global service provider with a strong delivery capability and brand.
 - **Preferred provider:** Some clients were limited to select a service provider from their enterprise-defined preferred provider list.
 - **Solution and service provider joint selection:** Several clients asked a service provider to present their preferred solution at the RFP stage. The client therefore did not separate solution selection from service provider selection.

Service Provider Satisfaction

The top strengths clients listed for their service provider included:

- Team members having technical and business expertise
- Strong account management capabilities, including continuity of personnel
- Strong project management capabilities, including focus on delivery timelines
- Industry sector experience
- Technical experience
- Price
- Strong implementation methodology
- Responsiveness
- Add-on applications that enhance or tailor the Microsoft Dynamics solutions capabilities
- Global footprint
- Service provider demonstrating clear commitment and expertise in CRM or ERP
- Customer focus
- Strong connection with Microsoft

Service Provider Challenges

The top challenges clients listed for their service provider included:

- Relationship with Microsoft was not evident (where the client wanted it).
- Some inconsistencies and issues with deploying consultants to different countries. This includes the challenge of deploying consultants with the right level of technical skill as well as understanding of local country specifics.
- Not proactive enough and did not share innovation. No long-term view.
- Lack of industry understanding.
- Too technical. Lack of business and industry sector understanding, which led to a misunderstanding of client requirements.
- Some team members were weak and junior. This led to some issues in communication. Clients also did not appreciate paying premium pricing for junior consultants.
- Lack of staff continuity. Too much re-deployment of consultants without discussing with the client and with no regard for the implications of this on the project.
- Several clients admitted that they should have taken some project management responsibility to monitor the service provider's focus on the engagement.

Recommendations: Enterprise Buyers

- **Ask Microsoft for a service provider recommendation:** As the Microsoft partner ecosystem can be daunting to navigate, buyers should ask Microsoft for recommendations of service providers to work with. Microsoft is up-to-date with the latest strategies, investments and experience of its largest partners, and so is in a good position to suggest relevant partners for buyers to consider.
- **Consider joint service provider and software solution selection:** Where the service provider and software selection has not yet been made, stakeholders should consider requesting service providers to bid with their preferred software solution. This allows clients to understand the full potential of each software solution as well the service provider's commitment and investment in the relevant market. Both of these are essential ingredients to a successful project.
- **Consider the service provider's complete Microsoft services skills:** Some Microsoft Dynamics services partners have invested in services to support the entire Microsoft stack of offerings, including Office365 and the Azure platform. Enterprises implementing multiple Microsoft applications should consider service providers' complete Microsoft services capabilities and experience, beyond Microsoft Dynamics.
- **Request similar project examples:** While buyers can check a service partner's competency status (Gold or Silver for Dynamics ERP or CRM, and other areas), they should ask for clear examples of similar deployment and engagement experience to be considered. These include projects with similar enterprise size, industry sector, and application environment. Importantly, if a client is considering the cloud products, they should specifically ask about the service provider's experience and services to support cloud deployments.

Recommendations: Enterprise Buyers (Continued)

- **Interview the project team in the RFP process:** Several reference clients in this Blueprint report requested resumes of the service provider proposed project team members. One even asked for a complete set of resumes for a back-up team, in case the first team is all re-deployed to other projects. These are sound practices, but buyers should request to actually meet and possibly interview the proposed team. Qualifications on paper do not always translate to real life experience. Moreover, the success of working with a service provider team relies as much on personality as technical knowledge.
- **Be demanding but be reasonable regarding skill levels:** Clients should demand the services they require from their service provider, but they should also note that in some areas, knowledge and experience is limited. The Microsoft Dynamics services market is a growth market, with new applications and modules being added frequently. Service providers are challenged with keeping up with Microsoft's fast pace of product development and launches, with corresponding training and certifications, as they become available. The Microsoft Dynamics 365 platform in particular is relatively new. Buyers must consider consulting engagements to understand the offerings and their suitability to their enterprise environment, as well as the skills levels required and available to adequately support deployments.

Recommendations: Enterprise Buyers (Continued)

- **Check the service provider's ability to support you in the locations required:** Many service providers market themselves as being global, with the ability to support clients in multiple countries. However, most global Microsoft Dynamics service providers have stronger presence in North America and Europe than in Latin America and Asia Pacific. Assess the importance of onsite consultants at each site, especially since this will be more expensive than offshore support. Then check the service provider's specific strategy to deploy resources to the locations where you need them. For example, does the service provider have local presence in the relevant country, or would it fly in resources from elsewhere? The latter is fine, but build in time delays that may occur. Also, request to speak with other clients which the service provider has supported in the same countries as your requirements.
- **Maintain some level of project management:** Buyers should appoint an internal stakeholder who monitors the service provider during the engagement. Some client references in this Blueprint report complained that the service provider sometimes lost focus, or attributed too much focus and time to an issue that was not very important to the client. Clients may need to be more proactive to keep the service provider focused on the right areas, to ensure timely delivery of the essential components of the project.

Recommendations: Enterprise Buyers (Continued)

- **Proactively provide feedback during the engagement:** Buyers should regularly provide feedback to service providers to ensure continued alignment of objectives. These meetings should go beyond purely focusing on project requirements and timeline checks. Buyers should also provide opinions of team members. If this is negative, buyers can demand that the service provider swaps out a resource. Importantly, buyers should also communicate positive feedback about team members. If they particularly like someone, for example the project lead, they should request that this person is never re-deployed to another project.
- **Demand innovation and proactive recommendations from the service provider:** Buyers should demand that their service provider share their opinions of the market developments, innovation investments and suggested roadmaps for clients throughout the engagement. This falls short of a complete business consulting engagement, but having access to this information enables clients to ensure that their current plans remain relevant in a changing market. All the global Microsoft service partners have made significant investments in innovation and thought leadership but clients often do not hear about these because they do not expect this as part of the engagement.

Recommendations: Service Providers

- **Clearly present sweet spot:** Service providers should present their main focus and strength to clients in bid situations. This helps clients to select the most relevant service provider in a huge, complicated Microsoft service partner ecosystem. Examples include having in-depth skills and experience in CRM or ERP, and being a full Microsoft service partner that has invested in most Microsoft technology services.
- **Adopt a consulting-led approach:** Service providers should invest in consulting skills to assist clients to understand the fast-developing Microsoft Dynamics services market. Cloud readiness services, including technical and organizational change management services are key differentiators that clients are demanding, especially with the launch of the Microsoft Dynamics 365 platform. Moreover, clients who are impressed with the knowledge and thought leadership shared in a consulting engagement are more likely to contract the same service provider for the implementation project.
- **Continue to invest in skills hiring and retention:** Access to good skills remains one of the biggest challenges for all Microsoft Dynamics services providers. Service providers need to maintain a close relationship with Microsoft to understand upcoming changes and tweaks to products, so they can be prepared in terms of training. Enabling consultants to work on large, complicated deals is one way to retain the best skills.

Recommendations: Service Providers (Continued)

- **Understand client opinion of your team members:** Service providers must stay abreast of client opinions of each member of the service provider project team. Clearly, any team members that are not liked should be swapped out. However, if the client is impressed with a particular team member, service providers should try to not re-deploy that person to another project. Several client references in this Blueprint report offered different scores before and after a key team member had been re-deployed. Where service providers need to re-deploy a team member, they should prepare the client for this in advance and present an alternative candidate for the client to interview, rather than an immediate, overnight swap.
- **Present innovation proactively:** Service providers should present thought leadership and investments in services and tools that demonstrate commitment and deep understanding of the Microsoft Dynamics market, as well as suggesting roadmaps for clients. In this Blueprint report, reference clients scored all service providers more favourably for their execution capabilities than for their innovation capabilities. Clients are more likely to engage service providers who demonstrate commitment and investment to the market for additional engagements.

About the Author



Khalda De Souza

Research Director, SaaS Services, HfS Research – United Kingdom



khalda.de-souza@hfsresearch.com

KHALDA DE SOUZA

Research Director, SaaS Services

Khalda manages the SaaS Services research for HfS. This involves tracking how service providers are developing their SaaS Services strategies as well as enterprise clients' requirements and needs in this market. Khalda tracks the market development in several specific SaaS services areas, including Workday, SuccessFactors, Microsoft Dynamics, and Microsoft Dynamics.

Khalda joined HfS Research in October 2014. Prior to HfS, Khalda was a senior level IT services research analyst at Gartner for nearly 20 years. In that time, she managed the European research for several areas including network and IT security and business applications. Khalda has led key research deliverables such as Magic Quadrants for both Europe and global markets at Gartner.

Khalda has extensive experience in providing strategic advice to both IT services providers and customer organizations globally. For providers this includes, but is not limited to, channel strategies, product positioning, competitive intelligence, market trends, and forecast analysis. For customers, Khalda has provided insightful guidance on sourcing and vendor selection strategies.

Khalda has a BSc. from Aston University in International Business and French. She lives in the UK with her husband and three children.

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