

Microsoft Dynamics® AX

Statement of Direction

Product strategy and roadmap for Microsoft Dynamics AX

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www.microsoft.com/dynamics/ax

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Welcome

Welcome to the Microsoft Dynamics AX Statement of Direction. This document will provide insight into our current Microsoft Dynamics AX development plans through the year 2015. Whether you are a new or existing customer or partner, this information will help you plan and get the most from your investments.

Over the past few years Microsoft Dynamics AX has evolved to be the default ERP choice for many organizations. Our focus on innovation and business value to our customers has resulted in many accolades from the analyst community, including Gartner which recognized Microsoft Dynamics AX as a leader in the Magic Quadrant for ERP.

Today, the Microsoft Dynamics AX product community has grown to over 17,000 customers with an extensive partner ecosystem across more than 40 countries. New customers and partners are joining every day. We believe this success is due, in large part, to three main factors:

1. The dedication, industry expertise and solutions being delivered throughout our valued partner ecosystem.
2. The ongoing commitment by Microsoft to help protect customer investments by continuing to optimize Microsoft Dynamics AX for the targeted markets.
3. An industry strategy that enables the ecosystem to create the solutions customers need, and our continued investment in industry-specific capabilities.

Looking ahead, we will continue to focus on these three factors by innovating, improving, and extending Microsoft Dynamics AX in the markets we serve today while enabling new scenarios that allow customers to improve time-to-value as well as adopt workloads targeted to address specific pain points.

In addition, our model-driven architecture, service-enabling Microsoft Dynamics AX, and the massive amount of work going into next releases sets a foundation for embracing the next wave of Cloud computing.

On behalf of the entire Microsoft Dynamics AX team, thank you for considering Microsoft Dynamics AX.

Overview of Microsoft Dynamics AX

Microsoft Dynamics AX is the ERP solution for enterprises that provides rich functionality across five focus industries, along with comprehensive, core ERP functionality for financial, human resources and operations management. It empowers your people to anticipate and embrace change so your business can thrive. Packaged in a single, easily deployed, scalable global solution, Microsoft Dynamics AX delivers rapid time to value.

INDUSTRY RELEVANCE

Microsoft Dynamics AX provides an integrated ERP solution that helps meet the unique needs of a large community of organizations. However, often the requirements of each organization are impacted based on both specific needs of their vertical as well as requirements unique to the company.

Through out-of-the-box industry capabilities, the Microsoft partner ecosystem is able to more efficiently provide value added repeatable solutions.

Microsoft Dynamics AX includes industry capabilities for organizations in five industries:

- [Manufacturing](#)
- [Distribution](#)
- [Retail](#)
- [Services](#)
- [Public Sector](#)



With these industry capabilities included in a single architecture, customers can evolve their business model and optimize their supply chain as desired. For example, a retail apparel customer that fully outsources manufacturing could explore ways to take more control of the manufacturing and procurement process without owning the manufacturing function.

DEPLOYMENT FLEXIBILITY

Companies are mandating a stronger ROI of their IT investment to automate their business process and bring IT investments more in line with the requirements around business investments in the current economic climate. Microsoft Dynamics AX and the Microsoft application platform contain a rich set of business processes to help accelerate deployment of your ERP solution, delivering ROI more quickly:

- **A single, global ERP deployment**

Organizations with multiple operations can replace numerous legacy applications with a single, centralized implementation of Microsoft Dynamics AX. Rationalizing on a standard ERP technology can help lower IT maintenance costs and reduce training time.

With a company-wide integrated ERP solution, organizations can provide flexible access to a wide range of users within the organization. Capabilities that support multiple industries are included in the industry foundation, allowing organizations the ability to evolve their business model by extending their role in the supply chain (for example, distribution companies can add a retail function).

- **Two-tier ERP and deployment of Business Workloads**

Global organizations are increasingly considering a two-tier ERP strategy to serve diverse ERP needs across different divisions and subsidiaries. With a two-tier ERP strategy, global enterprises can combine the benefits of a single enterprise ERP solution that provides financial insights as the backbone for the enterprise, while using a more cost-efficient, flexible ERP application to serve the unique needs of different divisions and subsidiaries.

In addition, organizations can choose a more phased adoption, targeting their deployment of Microsoft Dynamics AX and the Microsoft application platform capabilities to address specific business process and pain points, which will enable organizations to reap benefits more quickly. We refer to this targeted deployment as 'Business Workloads'. Business Workloads functional examples include Expense Management and eProcurement. Examples of industry-specific workloads are Store Management and Merchandising (retail) and Plant Operations (manufacturing).

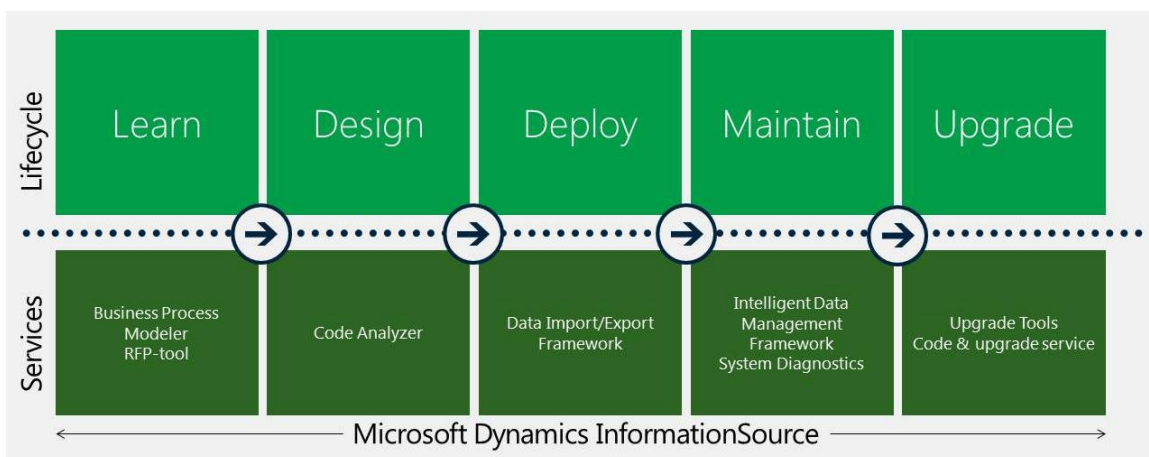
Microsoft Dynamics AX is ideally suited to support these different deployment strategies due to its extensible Microsoft service-oriented architecture, its global capabilities and its ability to service different industry requirements on one common ERP platform.

SIMPLIFYING THE APPLICATION LIFECYCLE

Our objective is to consistently improve the time-to-value across the application life cycle. We're making investments in technology services to simplify the entire application life cycle, including installation, configuration, integration, deployment, use, and upgrade. This includes the following services:

- Microsoft Dynamics RapidStart Services: this cloud-based service allows organizations to configure business processes and modules through an intuitive interview-style questionnaire. Configuration time can be greatly reduced with this cloud service.
- Microsoft Dynamics InformationSource: this cloud service is focused on improving the implementation predictability. It contains a set of services and a workbench that are focused on helping partners and IT organizations manage different phases across the application lifecycle. For example, the Intelligence Data Management Service enables administrators to optimize the database by purging and archiving transactions records.

Figure 1: Simplifying the application life cycle

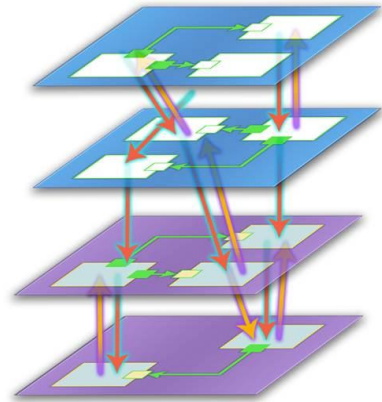


- [Service plans](#) from Microsoft that maximize the value of your solution protect the investments and improve the productivity of your organization. One of the benefits of our Service plans is the availability of software updates and upgrades, like hotfixes, service packs, tax and regulatory updates and major release. It includes a 10-year support lifecycle commitment for major releases to help our customers control the timing of when they move to the next release and better align with their business plans.

THE MODEL-DRIVEN LAYERED ARCHITECTURE

Microsoft Dynamics AX is based on a Model-Driven Layered Architecture (MDLA) which makes company-differentiating changes easy to execute. The individual application objects (e.g. tables, forms, code units, reports) that make up the application are defined in meta-data and grouped in models, which are accessible through central model-stores. In this architecture, unique requirements can be addressed declaratively, without writing code. Key benefits to Model-Driven Layer Architecture include:

- Helps accelerate the application development process for our partners and customers through writing less code, enabling them to deliver the solution more quickly.
- Higher quality solutions that meet customer's unique needs. Layering in the model store allows for support of a base model, extended with models for localization, industry specialization, and on top of that can incorporate ISV specialization and customer-specific customization. Although these models are separated through the layer structure, they are contained within one model store and are executed as one solution at runtime.
- MDLA also reduces application ownership cost by improving and simplifying the application lifecycle of the solution, from system design, installation, configuration, operation and upgrade. A clear separation system of different 'parts' of the solution (e.g. core functionality, 3rd party ISV solutions and customizations) through layers of the model store provide the ability to host multiple models into one layer, allowing for easier deployment and upgrade for the complete solution.



EMBRACING THE CLOUD

Our investments in cloud computing are driven by conversations with customers about their needs today, future growth aspirations, and how consumer experiences are shaping expectations for the role technology can play in their business. From these customer conversations it's clear that our customers are looking for ways to take advantage of cloud services. We plan to have the next major release of Microsoft Dynamics AX available on the Windows Azure platform. We intend to support customers in migrating to the cloud at the right time for their business. But this is only one aspect for how our customers will benefit from our cloud innovation.

Cloud – more than just a way to deploy

The cloud computing conversation today centers on deployment to the cloud to reduce costs. At Microsoft we view the cloud as an opportunity to re-imagine business applications that deliver rich experiences with services, information, and capabilities from cloud and on-premises solutions in ways that today are too costly or impractical. To deliver the innovation that enables

new business scenarios, we intend to extend the integration available today with Microsoft's leading business and productivity applications including: Microsoft Dynamics CRM Online, Microsoft Office 365, and services from Microsoft Windows SQL Azure, and Windows Azure Data Market.

Get started today with Microsoft Dynamics AX 2012

Our customers can experience many of the benefits of cloud computing today with our Microsoft Dynamics AX 2012 release, including:

1. Cloud deployment: Partner-hosted offerings give customers a way to realize many of the benefits that come with outsourcing their application infrastructure and management.
2. Time to value: Microsoft Dynamics RapidStart Services reduces implementation time and cost with built-in best practices and configuration guidance.
3. New business scenarios:
 - Through the Microsoft Windows Azure-based Sites Service, end users can easily setup pre-integrated microsites to connect with customers, business partners, and future employees.
 - Through the Multi-Channel Retail Services, such as Payments and Commerce, our customers can drive growth through a host of new online channels.
4. Connect with peers: Through the Connect Service our customers are able to engage with the Microsoft Dynamics AX community to tap into the deep experience across our ecosystem.
5. Act when it's best for your business: Migration paths and tools from Microsoft Dynamics AX 2012 will be available to facilitate a move to the cloud.

One of the best ways to take advantage of what the cloud can offer your business today and in the future is to get started with Microsoft Dynamics AX 2012.

MICROSOFT DYNAMICS AX 2012

Microsoft Dynamics AX 2012 is a single, powerful enterprise resource planning solution that quickly delivers value by supporting industry-specific and operational business processes across your global enterprise. Highly adaptable and easy to scale, you can take advantage of business opportunities and reduce risk by quickly modifying processes and differentiating your business to meet new requirements. With Microsoft Dynamics AX 2012, you can drive user involvement and innovation. Your ERP solution can unlock greater productivity, enable collaboration throughout the supply chain, and provide immediate insight with Microsoft Dynamics RoleTailored access to self-service business intelligence, contextual information, and processes. With Microsoft Dynamics AX 2012, your employees have the insight and flexibility to drive innovation that improves business operations and the way they serve customers – powering businesses to thrive.

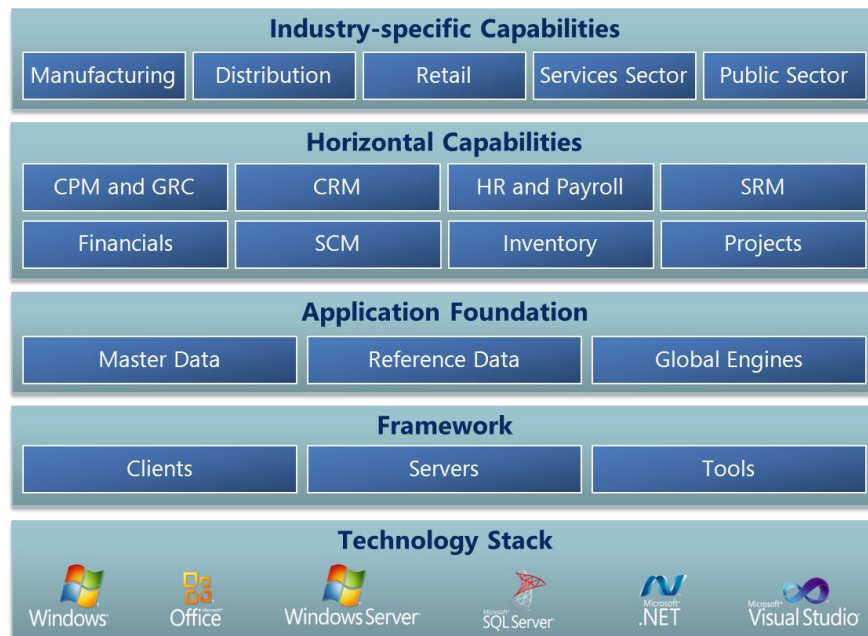


Figure 2: Overview of capabilities in Microsoft Dynamics AX 2012

Microsoft Dynamics AX 2012 is:

Powerful – Helps achieve value fast with a single, powerful solution that supports industry-specific and operational demands across your global enterprise.

- Multiple, rich industry and operational capabilities in one solution.
- Global solution that includes business management support for operations in 36 countries (country-specific functionality available in a staged rollout).
- Ad hoc reports and streamlined workflows with a Microsoft Dynamics RoleTailored user interface.

Agile - Expand business opportunities, modify processes, and differentiate your business with ERP software that provides unprecedented agility.

- Unified Natural Models that gives users the ability to continuously plan, visualize, and change their processes
- Flexible deployment options (such as two-tier ERP) that can change as you grow.
- Agile technology that makes it easy to be responsive and differentiate your business.

Simple - Drive user involvement and innovation with a business management solution that is simple to use, deploy, and manage—and deliver easy access to data and processes.

- Empower employees to innovate with quick access to information and business processes.
- Integrated, self-service collaboration capabilities for employees, customers, suppliers, and partners.
- Application lifecycle management to streamline IT processes from initial deployment through continuing change.

Pervasive Interoperability - Drive innovation—today and tomorrow—by working with a standard Microsoft technology platform that simplifies deployment and lowers costs, giving you the power to drive your business forward. You can deploy in the way that works best for you—on-premise, in the cloud (through partners), or using a hybrid model—and make incremental changes as needed. With Microsoft Dynamics AX 2012, you get a business solution from Microsoft that is backed by an ongoing commitment to research, development, and innovation.

Maximize your investments, lower TCO, and make additional productivity gains through Microsoft Dynamics AX 2012 interoperability with Microsoft business productivity solutions and the application platform, including: Microsoft Dynamics CRM, Management Reporter, Microsoft Office, Microsoft SharePoint®, Microsoft SQL Server®, Microsoft Visual Studio®, Microsoft BizTalk® Server, and Microsoft Lync™.

Innovate rapidly and take your organization forward by taking advantage of:

- Ongoing investments by Microsoft and its partners in the platform, infrastructure technologies, and applications that enable your ERP solution to evolve as your organization grows.
- Easy access to a broad and talented pool of Visual Studio developers and solutions that can help IT implement and maintain your ERP solution to meet your organization's changing needs.

Additional information on Microsoft Dynamics AX 2012 is available on Microsoft.com/dynamics/ax, including [full system requirements](#), [product localization and language availability](#) and [what's new](#). To follow regular product news and updates, visit our [Microsoft Dynamics AX product blog](#).

Roadmap

Microsoft is committed to a predictable release schedule that helps customers adopt and take advantage of the latest innovations at a reasonable pace. Going forward, Microsoft may also offer feature packs between major releases for one or more functional enhancements. These feature packs are on an 'opt in' basis and will help customers benefit from product enhancements between releases without the need to install multiple solutions.

The Microsoft Dynamics AX Roadmap shows current product plans through calendar year 2014. The following sections include detailed information about the current release, functionality for Microsoft Dynamics AX 2012, and the Microsoft Dynamics vision for future releases.¹



Figure 3: Microsoft Dynamics AX product release timeline (Calendar Year)

DECEMBER 2012 - MICROSOFT DYNAMICS AX 2012 R2

Microsoft will continue to provide new capabilities through the release of Microsoft Dynamics AX 2012 R2. The planned **general availability** for this release is **December 2012**. This release includes key themes that are important to a broad set of customers across the footprint of the solution.

APPLICATION FOUNDATION & FRAMEWORK

- One common global instance - Enable one global instance to simplify centralized international deployments for all [available Microsoft localizations](#), while still retaining ability to support individual country and industry-specific requirements.
- Pervasive Business Intelligence (BI) - that will provide contextual and RoleTailored insights to help users quickly take the right action. In this release we've enhanced and added SQL

¹ Note: This represents Microsoft's current view of its product direction and should not be interpreted as a commitment on the part of Microsoft. Until Microsoft releases any version of this software in a particular country, product availability, features and dates are subject to change without notice.

Server Analysis Services (SSAS) cubes that enable business users to gain insight into the organization more quickly. Simply access Key Performance Indicators and compelling charts from within a role center, drill through to more details or use powerful ad-hoc analysis tools such as Microsoft Excel or [Power View](#), to get additional business insights.

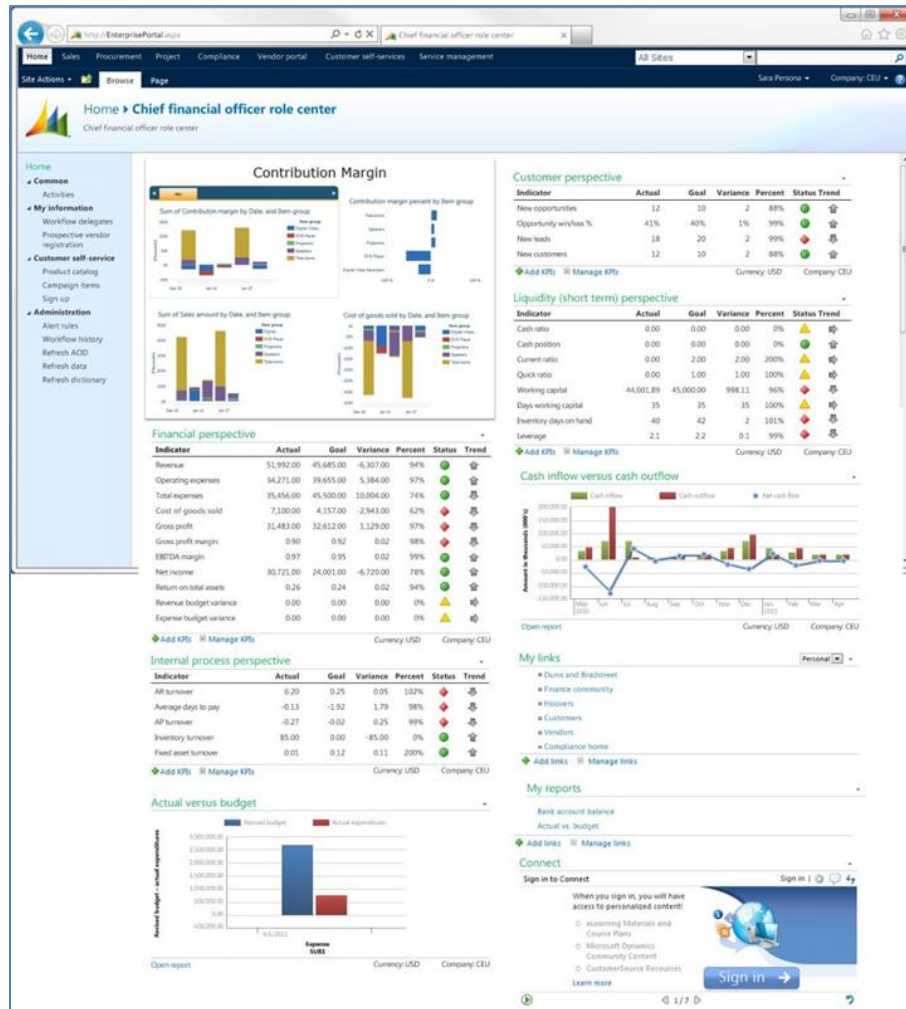
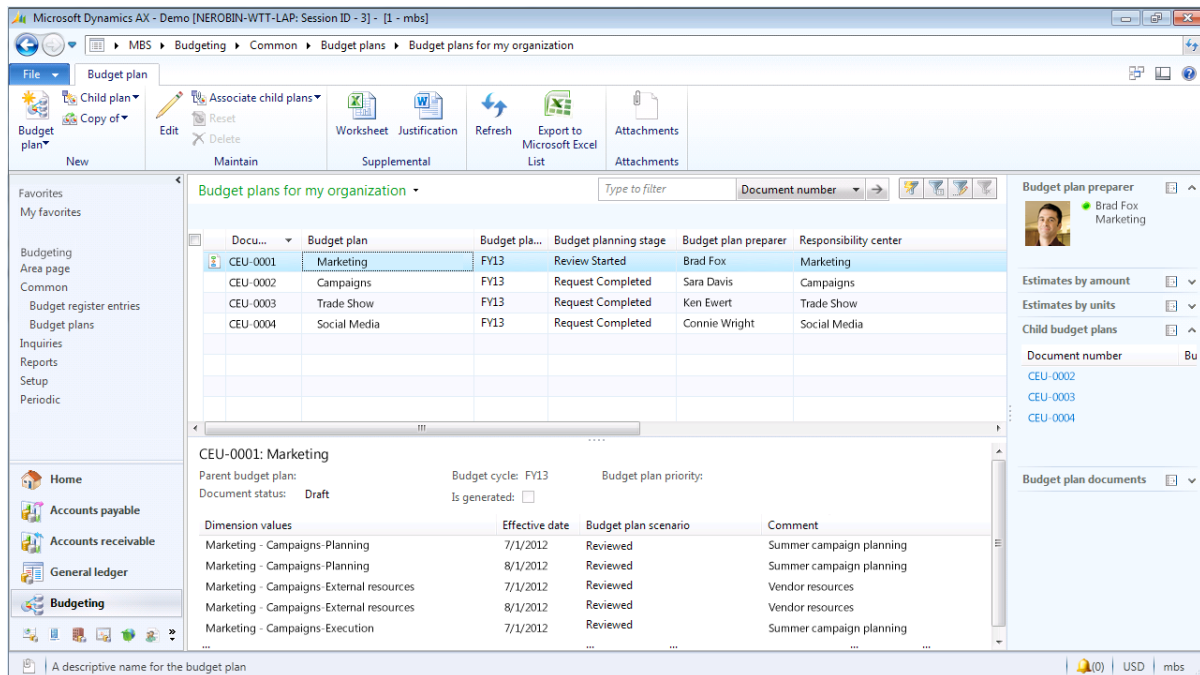


Figure 4: Pervasive Business Intelligence in Microsoft Dynamics AX 2012 R2

HORIZONTAL CAPABILITIES

- Financials: Budget formulation - support for new capabilities in budget formulation with workflow approvals, flexible tracking, and reporting. Enabling complex budgetary requirements using Microsoft Excel and enabling integration with financial budget transactions, position and payroll data to enable budgetary control.



- Financials: Regulatory functionality for 11 additional countries - expected completion of all local features and adding regulatory capability support for 11 additional countries: Brazil, Czech Republic, China, Estonia, Hungary, India, Japan, Latvia, Lithuania, Poland, and Russia.

INDUSTRY SPECIFIC CAPABILITIES

- Retail & Distribution - new multi- and cross-channel capabilities for retail organizations, including catalog management, cross-channel workflows, and integrated sales channel management with support for additional POS scenarios. Additionally, this release is planned to provide merchandising enhancement around pricing and promotions.
- Service Industries – improvements in intercompany scheduling of project resources to improve utilization of resources across your organization.
- Public sector – this industry will directly benefit from the implementation of budget formulation (see above) as well as the new US payroll capabilities (see below) introduced in this release.
- Manufacturing - new potency management functionality enables the management of the concentration of an active ingredient through the entire manufacturing process. Improvements in product traceability enable the inheritance of lot information through the entire manufacturing process to enable bi-directional traceability from customers back to vendors and vice-versa. And lastly, new product batch sequencing will enable sequencing of

production orders with the least variation as possible in the batch/mix to minimize clean-up or reconfiguration of equipment.

EXCELLENCE IN BUSINESS PRACTICES

- Human Capital Management (HCM) capabilities to improve employee lifecycle management, including enhancements in position control with tighter budget integration. Additional HCM capabilities include tracking position changes and optionally adding workflow as part of the position control process. Enhancements are also being made to compensation and benefits around the ability to mass update compensation, enhanced tracking of compensation changes and defining benefit eligibility rules.
- Support for US payroll including streamlined employee payment processing with flexible scheduling for benefit deductions, earnings and entitlements while supporting US taxation and payroll reporting regulations as well as deeper integration with HR.
- Lifecycle Services:
 - Design phase: the Microsoft Dynamics AX Code Analyzer will help analyze the performance of custom code in Microsoft Dynamics AX based on rules.
 - Deploy phase: the Microsoft Dynamics AX Data Migration Framework is planned to support import, export and migration of data to/from Microsoft Dynamics AX 2012, and covers over 20 scenarios including customer, vendor, product, employee, BOM, open sales and purchase order data. The framework is utilizing Microsoft SSIS and partners & customers can extend the scenarios provided.
 - Maintain phase: diagnose your Microsoft Dynamics AX environment(s) using the Microsoft Dynamics AX Diagnostic Framework by analyzing data collected from the installation's servers based on rules. A central dashboard highlights key issues that need immediate attention. These server types are planned to be supported: SQL Server, SQL Server Reporting Services, SQL Server Analysis Services, Application Object Server, Internet Information Server, and Microsoft Dynamics AX Help Server.

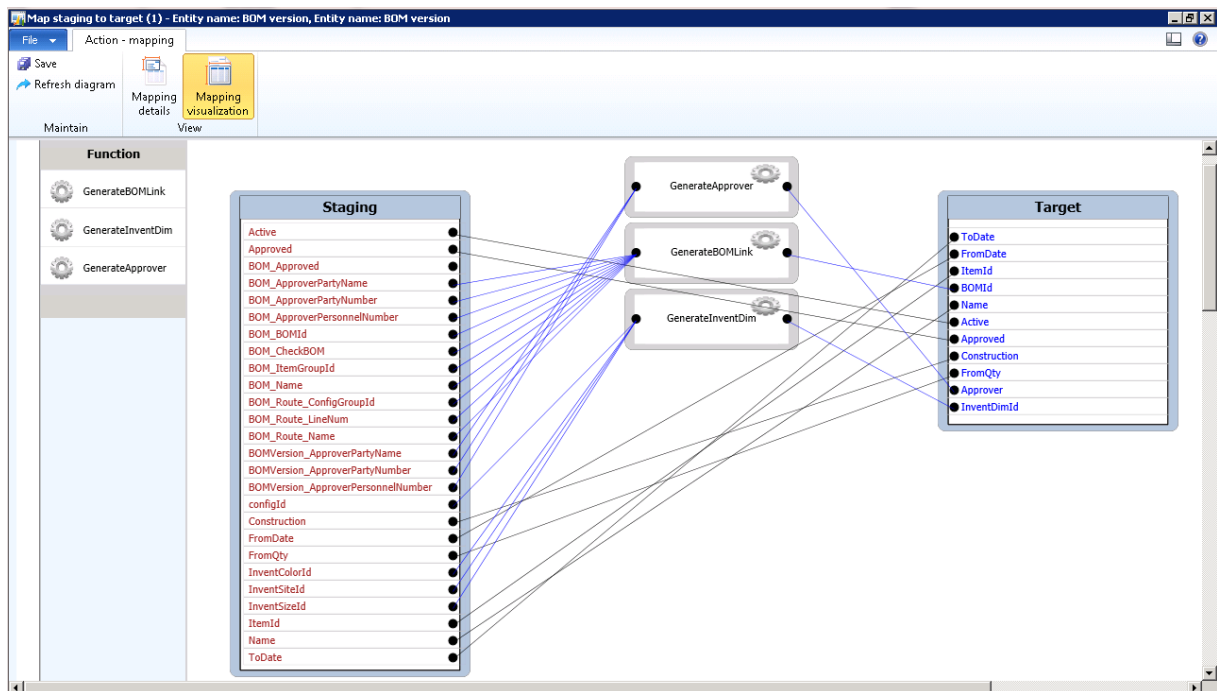


Figure 5: Mapping staging to target table in the Microsoft Dynamics AX Data Migration Framework

CALENDAR YEAR 2013 – MICROSOFT DYNAMICS AX 2012 R2

In calendar year 2013, we will continue to release new capabilities for Microsoft Dynamics AX 2012 R2 with a specific focus on the following areas:

- In H1 we plan to release new out-of-the-box BI content for the Power View technology introduced in Microsoft SQL Server 2012. This is in line with our commitment to enable our Microsoft Dynamics AX customers to fully utilize the investments Microsoft is making in leading BI technology.
- In H2 of 2013 we're planning to provide more functional enhancements for our focus industries, of which details will be released at a later stage.
 - Master Data Management (MDM) – this first planned release of Master Data Management targets sharing and managing master data in specific scenarios across multiple Microsoft Dynamics AX instances. This release plans to support scenarios for: Customer, Vendor, Product, Employee and GL Account data.

CALENDAR YEAR 2014 AND BEYOND

At Microsoft, we plan to continue our long-term investment in the Microsoft Dynamics AX roadmap and our focus on enabling your pursuit of the '[Dynamic Business](#).' We understand people are the center of your business. Their energy, creativity, and commitment set you apart. Your people are close to your customers and see the opportunities to increase the value they deliver. But they need the right tools that help them work in new, more effective ways with connections across your organizations and instant access to the insight they need to make critical decisions with confidence.

We will continue to deliver intuitive and simple solutions for your people and your business. With future releases we currently plan to continue to invest in the following areas:

- Simplifying the entire application lifecycle from installation, configuration, integration, deployment, use, through upgrade.
- Utilizing cloud capabilities to further enhance the value proposition for our customers and supporting the Windows Azure cloud platform. We'll be moving toward 'building for the cloud first' model, which will benefit both customers that are looking for on-premise as well as cloud-based deployments.
- Building out the functionality footprint in business processes for our focus industries such as manufacturing, retail, public sector, distribution and services.
- Advance toward a suite of composite services, improving the flexibility and choice to outsource specific processes, as well as lowering the cost of application integration.
- Continuing model-driven development to separate design from implementation architecture to move down a path of offering simple, non-developer ways to tailor business processes.

- Extending our UI leadership by expanding the RoleTailored design, providing a more context-sensitive experience based on new HTML5 client technology with optimization for Natural User Interface (NUI) technologies like Touch-based computing.
- Providing interoperability with the latest Microsoft technology to enable customers to utilize technology enhancements.

Commitment to You

To complement the value and expertise our partners offer, Microsoft delivers a wealth of product information, online training, and access to the wider Microsoft Dynamics AX community through our [CustomerSource](#) web portal.

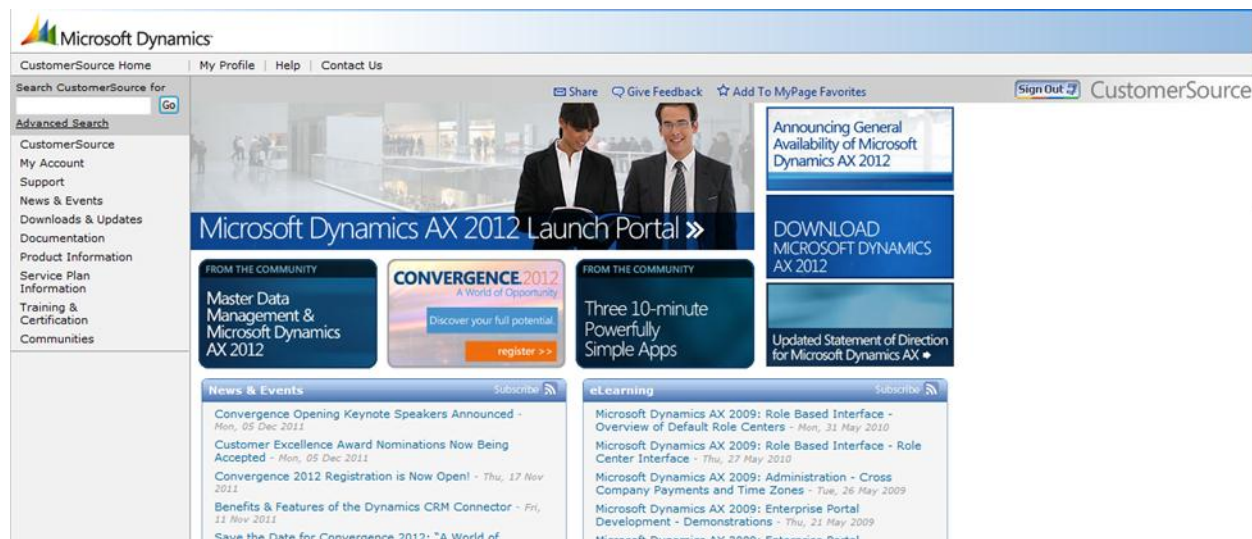


Figure 6: Microsoft Dynamics AX [CustomerSource](#)

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