



MICROSOFT DYNAMICS 365

HOW TO OPTIMIZE THE DIAGNOSTIC PHASE OF YOUR NEXT MICROSOFT DYNAMICS 365 PROJECT

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In everyday life, whenever a problem arises, the logical thought process is to diagnose the problem, figure out how to remedy the solution, and then act upon the solution. The same approach works when it comes to ERP transformation projects. According to Gartner, organizations experience failure rates on planned strategic initiatives of between 50% and 75%, an alarming rate given that majority of businesses and organizations are already investing to become fully digital. Why then is this number so high? It is simple: cost overruns, change requests, miscommunication, wrong expectations

and assumptions, and talent shortages. To improve on this, it is vital for the customer and the partner to be able to correctly diagnose the problem even before a project starts.

If an organization has selected Dynamics 365 Finance and Operations as their ERP solution for the future, they can take some key steps early in their planning to greatly improve the likelihood that their partner relationship, project execution, and outcome meet or exceed expectations.

PROPER DIAGNOSTIC ASSESSMENT

Whether Dynamics 365 F&O will serve as an upgrade from AX or a migration from a legacy system, the search begins for a reliable partner in the ecosystem. A successful implementation will involve a partner that not only understands best practices but that knows the industry, has substantial references, and offers clients existing process models.

When issuing RFPs for a Dynamics project, organizations often provide information that is too high level, resulting in partners making misguided assumptions. Likewise, partners run the risk early in an engagement of mis-understanding the required scope and providing an inaccurate estimate. Often customers and partners will engage in a diagnostic phase to get more clarity. The typical diagnostic phase takes place over four weeks, acting as a period of pre-sales and the first phase of a Dynamics implementation.

Going through a diagnostic phase together with one or more prospective partners offers a range of benefits to the customer. It not only helps the organization define a more detailed and accurate perspective on their desired requirements, but also creates an understanding of the real costs associated with the implementation. With this understanding, the team gains levers for the control of the project cost by prioritizing future phases while aligning with company strategy and business case. The process also helps conclude the partner selection process by identifying the candidate with the best understanding of the customer's industry processes.

Equally vital to overall success in the diagnostic phase is to understand how an organization works right now and to determine the fit gap between as-is and to-be processes, with the goal to stay as out of the box as possible. During diagnostic workshops, process mining can be used to help automate and identify as-is processes that can then be mapped using Business Process Management (BPM) software. The insights from mining can inform the planning for how to achieve the to-be processes and drive efficiencies when developing the rest of the project plan.



FROM AX TO DYNAMICS

Now that you have selected Dynamics 365 Finance and Operations as your ERP solution for the future, here are some key steps to greatly improve the likelihood that partner relationship, project execution, and outcome meet or exceed expectations.



POINT 1

For a successful implementation, involve a partner who understands best practices, the industry, has substantial references, and offers clients existing process models.



POINT 2

Define a detailed and accurate perspective on desired requirements to prioritize a successful implementation, while also maintaining control of the costs.



POINT 3

Set up diagnostic workshops with perspective partners to achieve the to-be processes and drive efficiencies when developing the rest of the project plan.



DYNAMICS 365 AND THE MICROSOFT FRAMEWORK

When an organization plans to deviate from its current way of working, change management is essential. The diagnostic phase should not only focus on individual processes, it should account for KPIs and strategy set at the executive level. Therefore, it is vital to understand which processes belong to a future to-be state and what steps are required to make the overall project successful. Moreover, it is imperative that there is an understanding of the gap and financial implications amongst key organizational leaders and the ERP project team, in order to create a defined path for implementation success.

In addition to the initial decision steps after diagnostic findings, it is crucial to understand how an organization would like to utilize Dynamics. As previously mentioned, the immediate goal should be to meet the most important requirements while staying close to what Dynamics offers out of the box.

While the diagnostic phase may sound daunting, Microsoft has created a framework called Catalyst that includes two key components: tech assessment and business case. The tech assessment revolves around the fit gap of the customer requirements in relationship to standard Dynamics 365 tools and capabilities. Mining and to-be planning with BPM software can play an important role in understanding as-is processes and identifying process improvements, ultimately saving time and money. Additionally, BPM is used for to-be planning and to identify, differentiate, and prioritize parts of the implementation by connecting to the business strategy. Of course, associated company KPIs in areas such as operational costs and increasing customer satisfaction are also crucial to the business case.

ERP project success is never a foregone conclusion. But when organizations invest in completing a diagnostic phase with the right combination of partner evaluation, software research, BPM tools, and executive sponsorship, they can develop a holistic project execution strategy that reflects their digital transformation goals.

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Ready to start your journey from AX to Dynamics 365?
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