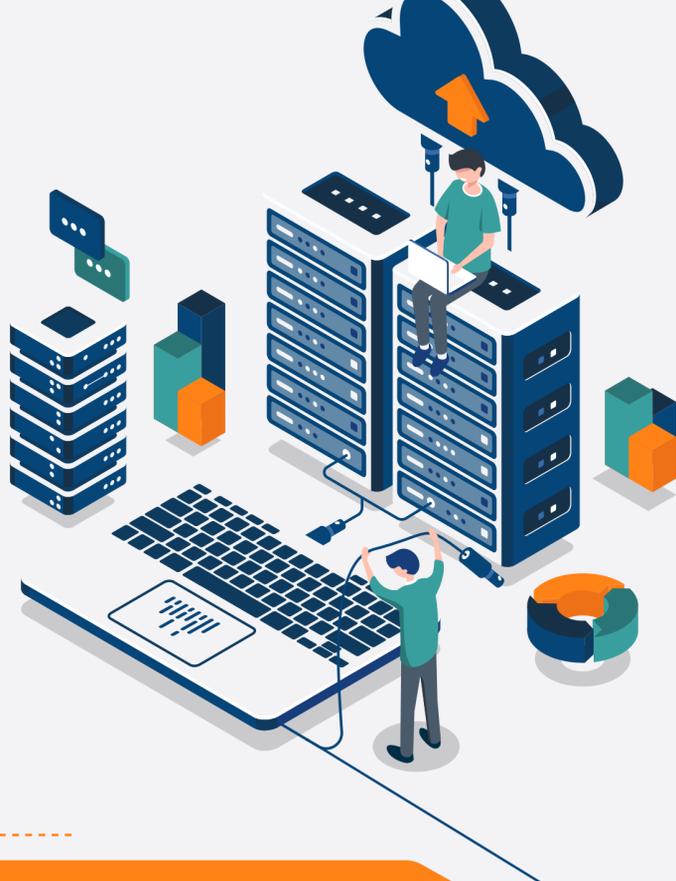


What's the total economic impact of upgrading from on-premise Microsoft Dynamics AX to Dynamics 365 in the cloud?



Business system upgrades might be a daunting thought, but the cost benefits of upgrading from on-premise Dynamics AX to cloud-native Dynamics 365 are too big to ignore. Here are some of the key cost savings¹ that Forrester Consulting (commissioned by Microsoft) found after speaking to organisations who recently made the switch.

An overview of the cost savings

Total cost ownership (TCO) reduced by just under £6m over a three-year period



- Over £2.2m in on-premises licensing and support fees
- £1m in on-premises infrastructure costs
- Over £2.8m in IT systems administrator labour costs

Businesses save an additional £6.1m across the board



- £3.6m in operational efficiency gains
- Capitalises on £1m in eCommerce revenue, thanks to a new ability to meet demand spikes
- Employee productivity saves £1.5m

This adds up to a whopping £12.2 million overall.

What's behind all these cost savings?



Significant savings in terms of on-premises licensing and support fees

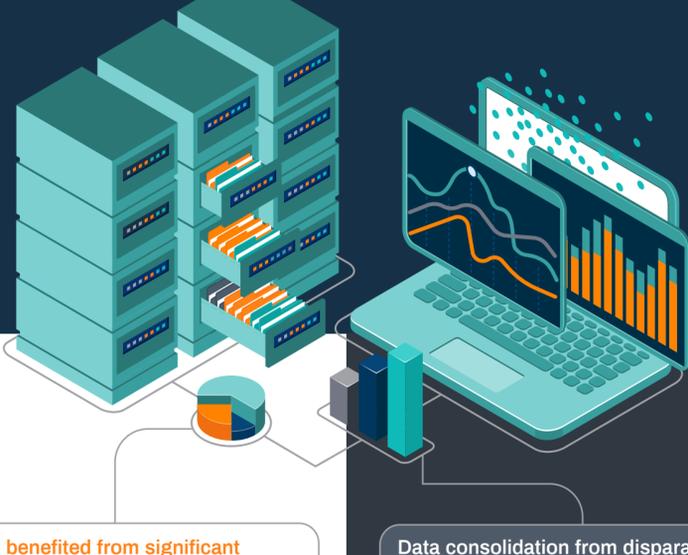
Overall, organisations no longer need to pay additional support fees as it's included with their Dynamics 365 subscriptions and centralised data meant that licences could be either downgraded or users removed altogether.

Huge savings in on-premises infrastructure costs as there's no need to invest in hardware, software and maintenance

Migrating to the cloud means organisations no longer need to front the costs of running and maintaining old systems. This also links to efficiency gains.

- A software assurance fee of **£32** per user per month
- £93** in license consolidation per user per month across **300 to 600** users
- £50** per user per month in non-Microsoft ERP licensing costs

- £11,325** in hardware costs and **£8,089** in software
- £10,621** annually per server in maintenance, software, power and cooling costs



IT teams benefited from significant efficiency savings of 20% to 50%

Before the upgrade, IT staff would need to manage and maintain the on-premise AX system. After the upgrade, employees can benefit from:

- Reduced need to maintain on-premises infrastructure
- Updates are automatically deployed by Dynamics 365
- Processes are improved, thanks to better data capture and visibility

Data consolidation from disparate systems improved operational efficiency

The following operations enhancements are made possible only by upgrading to the cloud.

- Business functions that were managed regionally are now managed centrally
- Better communication is enabled across different teams and locations
- Delays caused by disparate systems is greatly reduced
- Visibility of supply chains and access to real-time data is enabled

The move to a cloud-based ERP allows organisations to easily scale up and down according to current demand levels

This is thanks to:

- Greater visibility
- Better sales and demand forecasting
- Centralised data

Employees became more productive

Organisations using the legacy AX solution reported challenges such as handling repetitive, redundant tasks, fragmented data and poor visibility.

- ERP system can be accessed from any location as long as you're using a WiFi/4G-enabled device
- No need to install a VPN
- Culture siloes are busted
- Saves time as manual tasks can be automated, such as:



Discover even more benefits of migrating to Dynamics 365 in the cloud



In this visual guide, we covered the cost benefits of upgrading to the cloud native Dynamics 365 from the on-premise AX solution. But how does the cloud solution compare to its on-premise predecessor?

From differences in infrastructure, custom development, navigation and more, check out our accompanying guide via the button below.

[How Dynamics 365 compares to Dynamics AX](#)

¹ Please note: the financial data was originally in USD. Conversion to GBP is correct at the time of publishing.