

Strategy



Statement of Direction

Microsoft Dynamics® SL

Last Updated: May 2008

CONTENTS

Executive Summary.....	3
Overview of the Microsoft Dynamics Product Strategy	4
Product Roadmap	4
Microsoft Dynamics SL 7.0.....	5
Microsoft Dynamics SL 7.0 Feature Pack	8
Microsoft Dynamics SL 2010 Emerging Themes	11
Value Across the Suite - Features Under Consideration.....	13
A Word About the Importance of Customers and Partners in our Planning Process.....	14
Product Roadmap Summary.....	15
Ongoing Service and Support	16
Microsoft Dynamics Sure Step Implementation Methodology	16

EXECUTIVE SUMMARY

PURPOSE

The purpose of this document is to provide Microsoft customers, companies considering purchasing Microsoft Dynamics SL, and partners with plans for the ongoing product development of Microsoft Dynamics SL during the next 12 to 24 months. Insight into current and upcoming features will help you to make the most of your business software investments, and to drive greater productivity as you plan, deploy, use, and maintain your business-management solution.

SUMMARY

Microsoft Dynamics is a line of integrated, adaptable business management solutions that enables you and your people to make business decisions with greater confidence. Microsoft Dynamics works like and with familiar Microsoft software, automating and streamlining financial, customer relationship and supply chain processes in a way that helps you drive business success.

Microsoft Dynamics SL helps project-driven, midsize businesses increase efficiency and understanding of their business so they can **serve customers better**. It automates processes across company divisions and locations, including in the following key areas:

- Financial accounting, reporting, and analysis
- Project management, time and expense collection, and billing
- Inventory management
- Field services
- Construction management

Based on Microsoft SQL Server[®], Microsoft Dynamics SL includes features to help people work effectively with the financial and operational information of their business and to receive useful reporting and analysis. It enables easy integration and extensibility via Microsoft Visual Studio[®] 2005.

The next major release of Microsoft Dynamics SL is planned to follow the next major scheduled release of Microsoft Office in 2009, with an interim Feature Pack release planned to deliver additional functionality to market.

OVERVIEW

Our mission with Microsoft Dynamics is to provide business solutions that improve and automate processes while controlling costs so that companies can achieve their vision and full potential. Our strategy is to focus on themes that have been proven essential to improving productivity and efficiency. Enhancements and features within the current and future development of Microsoft Dynamics solutions will focus around software that meets these requirements:

- Is familiar to your people
- Works with your systems
- Fuels your business productivity
- Enables confident decision making

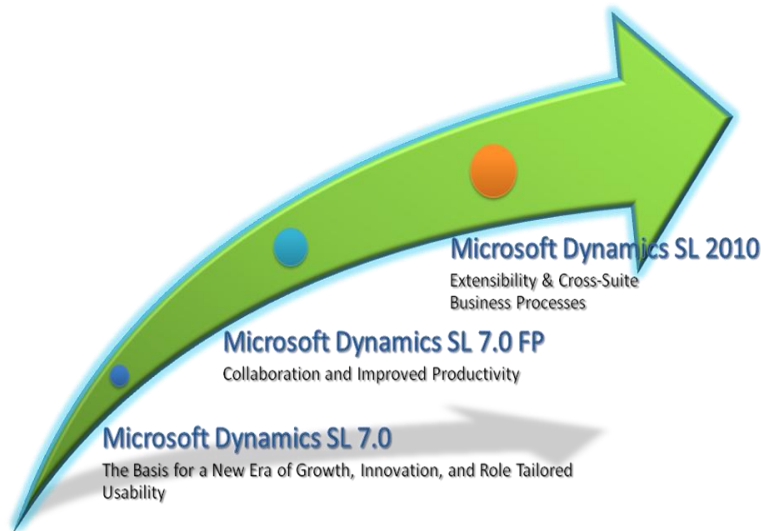
We also believe that a strategy of developing these solutions based on a common, Microsoft technology infrastructure is the right one to help our customers control and minimize their cost of operations and support.

Microsoft Dynamics solutions help customers address their business challenges by taking full advantage of other, innovative Microsoft products and technologies, including Microsoft SQL Server, Microsoft Windows Server®, Microsoft Windows Vista®, and the Microsoft Office System. Microsoft Dynamics solutions are built so that our customers can expect the business application to work like and with other solutions from Microsoft.

Businesses need to be productive in order to succeed. Microsoft Dynamics fuels business productivity by automating business processes and adapting to meet companies' business needs. Microsoft Dynamics solutions bridge different types and areas of work, promote collaboration across lines of business among employees, vendors and customers, and integrate financial, customer relationship, and supply chain processes. Microsoft Dynamics uses a flexible architecture that makes it easy for businesses and their technology providers to customize the solutions to changing business needs.

PRODUCT ROAD MAP

The current release of Microsoft Dynamics SL and the two releases that will follow it are a carefully orchestrated wave of new investment in the product that we believe will help companies lay a foundation for a new era of growth, innovation, and productivity in their businesses.



The current release of Microsoft Dynamics SL– 7.0 – is our first installment in this wave of investment and is the base of new technology on which we will build over the next several years. The upcoming Feature Pack for Microsoft Dynamics SL 7.0 will focus on employee and team collaboration and productivity in order to help companies improve efficiency – a high priority goal for most companies. Microsoft Dynamics SL 2010, the next major release after Microsoft Dynamics SL 7.0, will strive to improve the extension of information and business processes between modules and suites within Microsoft Dynamics SL, as well as with other applications so that companies can create an efficient, centralized core of business application processing and data sharing. We are excited for the Microsoft Dynamics SL releases to follow Microsoft Dynamics SL 2010 but have nothing to communicate about them in this Statement of Direction given the 12- to 24-month focus.

MICROSOFT DYNAMICS SL 7.0

Microsoft Dynamics SL 7.0 provides a new leap forward in technology and usability to provide companies with a basis for their next wave of growth. Some major enhancements to Microsoft Dynamics SL 7.0 include:

- A new menu interface that can be tailored by role, allowing people to create their own menu steps to make tasks easier.
- Microsoft Dynamics SL 7.0 is now written in the Visual Studio 2005 suite, providing improved configuration and data integration options over the previous Visual Basic 6.0 development language.
- People can gain more control of projects with the ability to address the most common project management functions securely via the Web and to report expenses in multiple currencies.
- Business Portal in Microsoft Dynamics SL 7.0, based on the Microsoft Office SharePoint® Services collaboration and document management solution, helps to

increase the productivity of your company with many new features.

- Improve reporting and analysis and optimize the use of business information with Business Analytics for Microsoft Dynamics SL to provide insight into your business operations and trends.

To continue keeping Microsoft Dynamics SL 7.0 at the forefront of systems for midsize businesses which operate in project, professional service, or distribution arenas, we focused on balancing our investments across both new technologies as well as new features. We upgraded our technology to provide a highly-flexible and extensible foundation on which we and the professional developers in our partner and customer communities could build future programs, and we also invested in new features and capabilities that support our customers' business strategies.



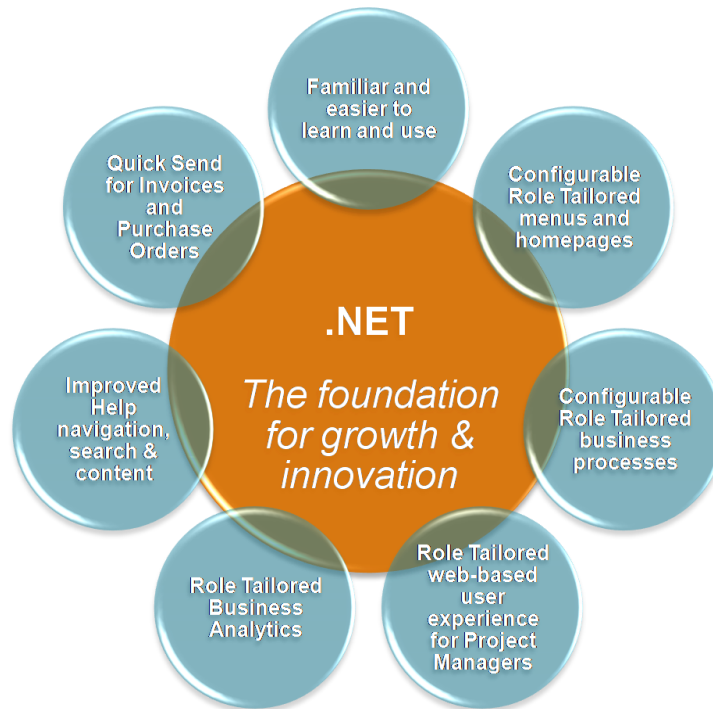
The Technical Appeal of the Microsoft Dynamics SL 7.0 Foundation

Microsoft Dynamics SL 7.0 was re-built using Microsoft Visual Basic 2005, making it a native .NET application, providing new options for product menus and home pages, and opening interfaces to products like SQL Server Reporting Services. With access to a larger, vibrant developer ecosystem as well as a broad range of available .NET framework-based solutions—including mobile solutions, Windows applications, Web sites and Web services—developers can readily customize and add on to the system to increase user productivity.

Extended product support, along with upgradeability of customizations, reports and ISV products, sets a solid foundation for a system that can change and grow with your business.

The Appeal for Businesses in the Microsoft Dynamics SL 7.0 Functional Value Roadmap

Equally important as the foundation technology are the capabilities of the system to help you operate your business. Innovative new features were designed and developed for Microsoft Dynamics SL 7.0 that directly support the market-driven Microsoft Dynamics product roadmap.



Microsoft Dynamics SL 7.0 builds on the innovation that was delivered in previous releases and continues to strengthen in value to customers.

A new Outlook-like menu interface in Microsoft Dynamics SL 7.0 provides people with a navigational experience similar to other Microsoft Office products. The new interface has a favorites section, much like a web browser, along with the ability to display custom web pages including key information relevant to each person, internal intranet sites, or perhaps a favorite web page. The new menu allows for the creation of custom menus and notes around each process being taken to help train users on new or existing processes. The Business Portal (web access) also provides pre-built menus for each defined role. Along with enhancing navigation of the menu are enhancements to the Help system. The new navigation provides the ability to search for the information needed and can be expanded through full text search capabilities.

The new **Quick Send** feature adds the ability of email or fax invoices and purchase orders to people, eliminating the need to print to paper and mail the documents. Because large numbers of invoices or purchase orders can be run in one process and automatically sent out, this feature can save a lot of time, effort, and mailing costs. Project managers are enabled to be more mobile now with the new Project Maintenance screen in the Business Portal. Now project managers can set up, edit, delete or copy projects all within a web page. Included in this new

screen are features from over five different rich-client screens.

“The new role-based menu in Microsoft Dynamics SL 7.0 is fantastic. It is so easy now to create customized menus for each of our departments, containing just the screens and reports their users need. Now it is trivial for users to find their favorite screens and trivial for me to add menu items users access frequently. That’s what I call working efficiently! Love it.”

-Dorothy Znamiec, Information System Director, Genica Corporation
(geeks.com)

MICROSOFT DYNAMICS SL 7.0 FEATURE PACK

The upcoming Feature Pack for Microsoft Dynamics SL 7.0 will focus on employee and team collaboration and productivity in order to help companies improve efficiency – in overall usability as well as with commonly used service and financial tasks. Teamwork can be improved with easy access to project, vendor and customer documents, including the ability to easily create document workspaces and repositories when creating new projects or adding customers or vendors. With this Feature Pack, the capabilities of Microsoft Dynamics SL and Office Project 2007 are brought together to improve productivity and to deliver financial insight to Project Managers in Office Project Professional and Business Portal.

New features that are planned for inclusion in the Microsoft Dynamics SL 7.0 Feature Pack are listed in more detail below.

Microsoft Dynamics SL 7.0 Feature Pack – Planned Features

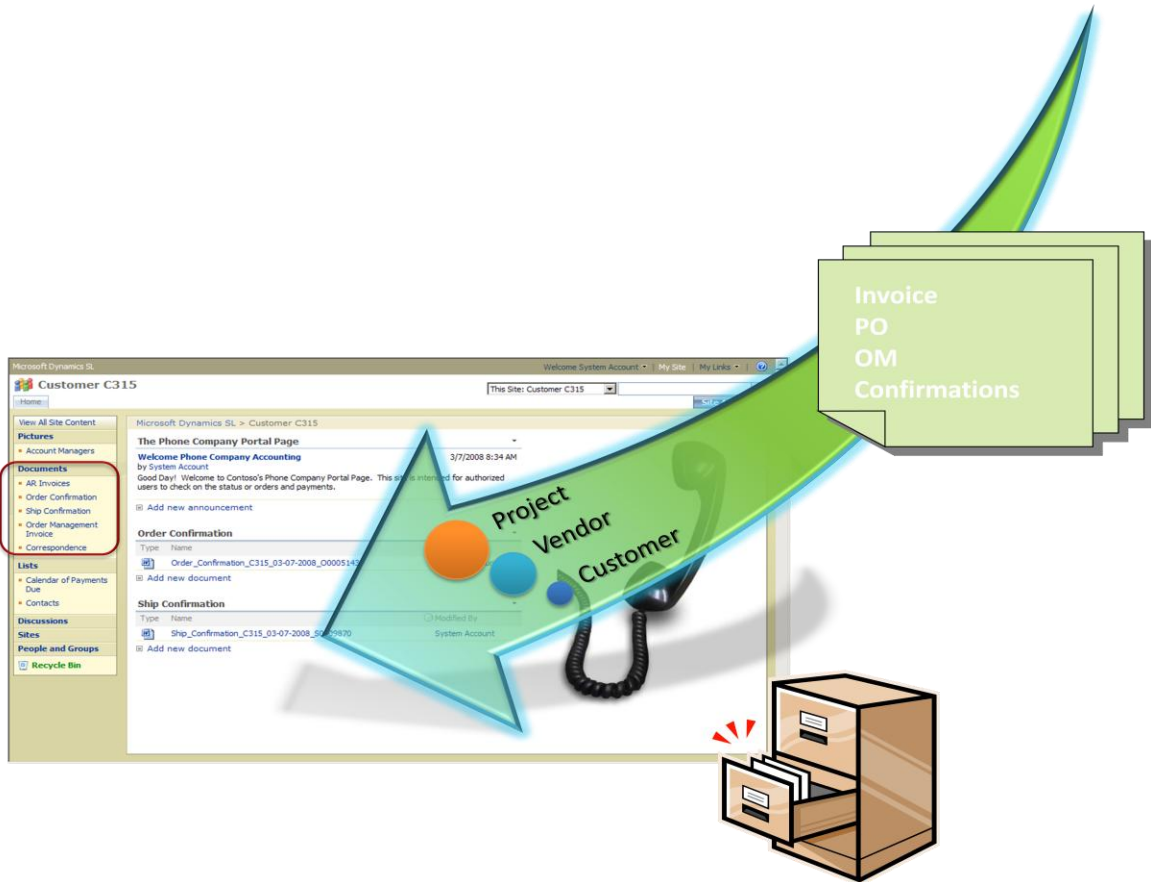
As we move into the development of Microsoft Dynamics SL 7.0, the new features and enhancements we are planning to include revolve around three themes:

- Improve teamwork
- Improve project manager productivity
- Tasks become increasingly easier

Improve Teamwork

Two new features under development for the Microsoft Dynamics SL 7.0 Feature Pack that will help people improve teamwork include **Doc Share-Publish to SharePoint** and expanded **Quick Send** capabilities.

- The planned **Doc Share** feature will give you the ability to post Microsoft Dynamics SL-generated documents to a Windows SharePoint Services 3.0 site and make them accessible to those who need them. You will be able to create a SharePoint site that is linked to a Microsoft Dynamics SL customer, vendor, or project, and then select document publishing options and create a document library for specific document types. For example, Invoices and Purchase Orders will no longer need to be printed and stored in a filing cabinet, but can be stored to an online repository, sent right from Microsoft Dynamics SL.



Project, Vendor and Customer documents can be stored on a SharePoint document share site, not just in a filing cabinet and add the ability to collaborate internally and externally.

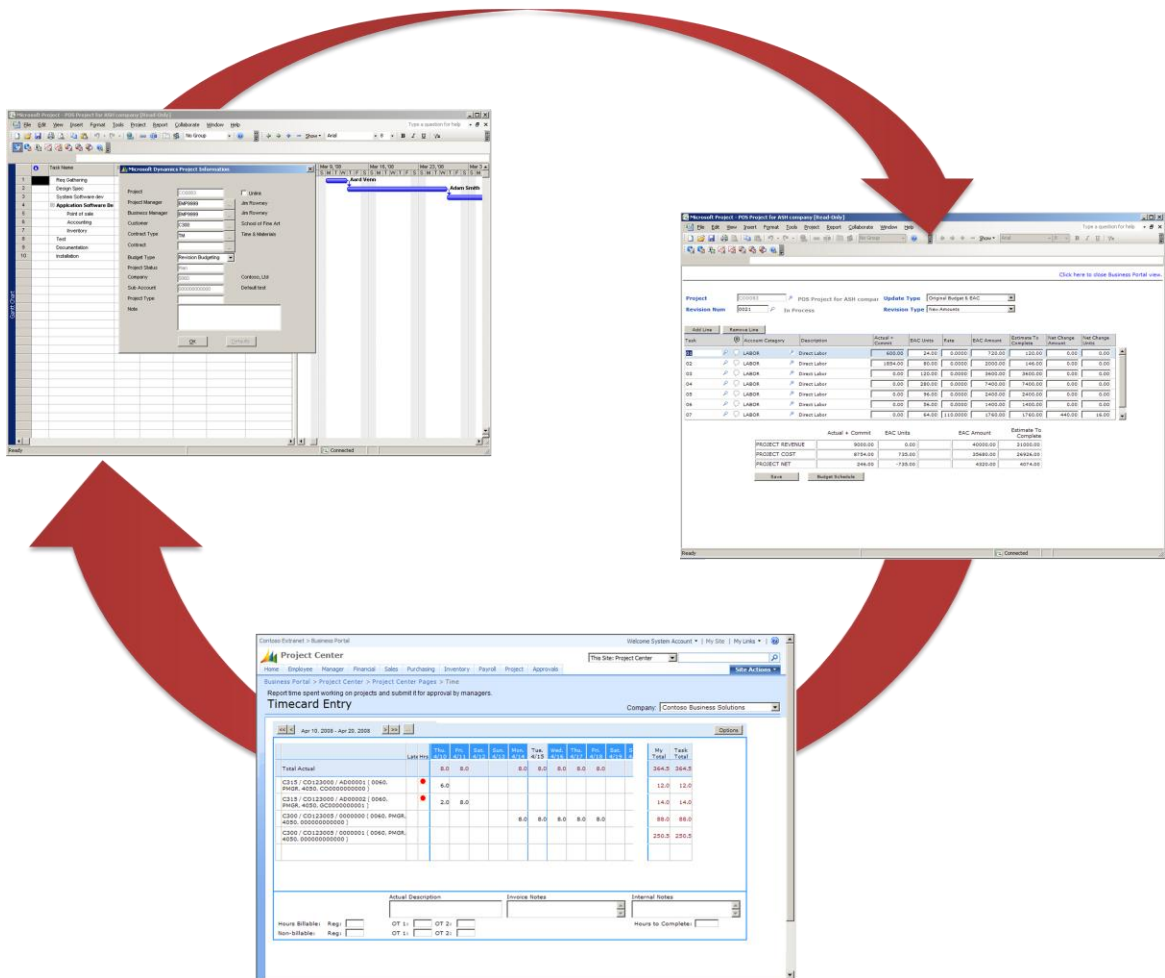
- In addition to providing invoice and purchase order transmittal, **Quick Send** capabilities will be expanded in the Microsoft Dynamics SL 7.0 Feature Pack to also help you transmit Accounts Receivable statements, Order Management order confirmations and shipping notices, and Payroll direct deposit advice slips by e-mail or fax. The Quick Send feature will also be enhanced to send a document (except for Payroll direct deposit advice slips) to more than one recipient.

Improve Project Manager Productivity

There are several new features we expect to include in the Microsoft Dynamics SL 7.0 Feature Pack that will help project managers improve productivity.

- With the Microsoft Dynamics SL 7.0 Feature Pack, we plan to expand **Business Portal Project Employee and Resource Maintenance capabilities**. Project Managers will be able to remotely access all Microsoft Dynamics SL Project-related features using the Internet and conduct project/task creation, editing, resource assignment, budgeting, time and expense entry and approval along with analysis of projects remotely, via the Web with Business Portal.
- The ability to create **project subtasks** and record time against them will be added. This new feature is also supported with the connection to Microsoft Project 2007. Additionally, the ability to set up **maximums** based on Task/Account Category is expected to be available along with and can be combined with Project Maximums.

- With the Feature Pack, the new planned **Microsoft Dynamics SL 7.0 connector to Microsoft Office Project 2007** will provide a great way to manage project status, resources and revenue and expenses for all types of projects.



Microsoft Dynamics SL 7.0 now connects to Microsoft Office Project Server 2007. Project setup, budget creation and flexible time entry are just few of the new features of this updated connector.

- We are planning a **new time entry screen** to Microsoft Dynamics SL Business Portal to provide increased flexibility through a web-based solution for employees to enter time against projects.
- New standards are planned for **Business Portal Notes and Comments Entry** that will provide a standard user interface, and tools for entering and maintaining Business Portal document approval notes and the ability to view all notes and comments at all levels.

Tasks Become Increasingly Easier

Several enhancements are planned for the 7.0 Feature Pack that will help tasks become ever easier to accomplish with Microsoft Dynamics SL.

- Remove the ability for people to post entries to previous periods or fiscal years by using the planned hard close functionality to **lock down prior period and fiscal year posting**.
- We are reviewing several screens throughout Microsoft Dynamics SL to provide people

with a way to sort the data they are reviewing to get to the information they need quicker, with the **sort based on column functionality**.

- In the Feature Pack, we plan to make the change to allow people to **void payroll checks from different periods in the current period**, and to reissue a payroll check.
- Additional security is planned to **control access to the business date** to only the administrator role and those who have been granted update rights for the window so entries reflect the current business date.
- We are working on a **special pricing enhancement function in Order Management** to provide the ability to update multiple Sales Prices at once by using Inventory Group Site ID functionality along with the Allow Discount by Site option checked in Order Management setup screen.
- A planned Service Series enhancement reduces the chance of accidental canceling of contracts by **not allowing contracts with any current activities to be cancelled**.
- In the Feature Pack, we expect to include a feature that makes it possible to **exclude customers** from the Service Series that are marked as inactive, shortening the time it takes to find customers by removing unusable customers from the search query.
- We continue to enhance the Service Series experience by providing tools that speed up your jobs with a variety of **usability improvements with the Graphical Dispatch Board**. You will be able to search for service calls, see the custom information and email the technician and customer from one screen.
- With the planned **Concurrent Invoice Processing** enhancement, you can accelerate the billing process by allowing more than one person to generate invoices at the same time.

Microsoft Dynamics SL 2010 Emerging Themes

As we look forward to the release of Microsoft Dynamics 2010, we are evaluating several common themes that are emerging from our customer and partner research. To thrive, businesses must continually look for ways to help their employees be more productive, all the while adapting to changing business conditions. To help customers maintain this delicate balance, we are approaching the development of Microsoft Dynamics SL 2010 to make processes and business tasks ever easier by improving interoperability, usability and “fit & finish”.



“Help my employees to be more productive”

- Make Dynamics SL processes and business tasks ever easier by improving interoperability, usability, and “fit & finish”



“Help me adapt to changing business conditions”

- Enable Customers to seize new business opportunities by quickly adapting and extending Microsoft Dynamics SL to meet changing requirements



“I need better insight into what’s happening”

- Improve reporting and query tools to locate information quickly, speed decision making, and extend reports to people who need it, when they need it, where they need it



“Empower our remote employees”

- Provide a single point of access to information and business processes, whether in the office, at home, at customer locations, or in the field

New business opportunities often demand fast action. In the release of Microsoft Dynamics SL 2010, we will work on ways to enable customers to seize new business opportunities by quickly adapting and extending the solution to meet changing requirements and conditions.

Our customers tell us that the reporting and business intelligence solutions available with Microsoft Dynamics SL are very strong and we plan to make them even stronger. Providing people with ready access to relevant information and analysis of their financial, project, and operational business activity is another development initiative we are defining for Microsoft Dynamics SL 2010. With this release, we hope to put the right information at people’s fingertips, no matter what they are doing so it is easier to locate information quickly, thereby speeding decision-making ability and reducing the times that important information or trends are missed.

Value Across the Suite - Features Under Consideration

To incorporate these emerging themes into the Microsoft Dynamics SL 2010 release, we are considering the addition of several new features and enhancements across the various product series. While specific details of future releases are always subject to modification, the following list represents some of the features currently under consideration for release in Microsoft Dynamics SL 2010.

Distribution

- Project – Order Management Integration
- Web Services: Distribution Business Objects
- Void/Reversal of PO Receipts
- Drop Ship PO for Drop Ship Sales Order
- Physical Inventory Process
- Back Order Quantity on OM Invoice
- QuickSend: Requisitions Bid

Project

- Web Services: Project Business Objects
- Project Transaction Transfer
- Offline Time & Expense

Service

- Service & Purchase Order Integration
- Credit Memo in Contract Module
- Charge billable items from Service to Project
- Multi-company Service Call Entry
- Service Contracts: Bill at time of service

Financials & Payroll

- Void/Reversal of AP Vouchers, AR Invoices, GL Journal Entries
- Sales Person ID tracking
- Payroll Enhancements
- Asset Tracking

Business Portal

- Access to all the information and business processes necessary to do business in the field
 - PR Entry and Approval
 - Timecard Status
 - Project Budget Revision Approval
 - Resource Inquiry and Skills Match

Foundation

- MOSS/BDC Framework
- Web Services Framework
- Login/open multiple companies simultaneously
- Extend Object Model to include Change Currency Rate Type

A Word About the Importance of Customers and Partners in our Planning Process

It should be noted that the above product roadmap plans were and continue to be developed in very close coordination with our customers and partners.

During our November 2007 Partner Advisory Board (PAB) and Customer Advisory Board (CAB) meetings, members asked to be involved early in the design process to ensure that new features and enhancements meet requirements, and that we collectively maximize our research and development investment based on prioritized features. As a result, we modified our development process to incorporate PAB/CAB member specifications and to include them in a series of feature reviews.

We formed 13 Advisory Board subcommittees which encompass three major categories that map to the major modules within Microsoft Dynamics SL, the markets we serve, and specific areas of investment in near-term releases. Partner and Customer Advisory Board members were given the opportunity to opt-in as subject matter experts for any given subcommittee.

With endorsement from both the Advisory Board and the Microsoft Dynamics SL Development team, we modified the Dynamics SL engineering process to allow subcommittees to review and comment on specifications/features, with the number of reviews needed determined by the scope and complexity of the individual features.

This collaborative practice is being retrofitted into the Microsoft Dynamics SL 7.0 Feature Pack development process, and will be a component of the development of Microsoft Dynamics SL 2010 from the beginning. The result of this coordinated effort is a product plan that reflects essential feedback from companies who need to use, configure and maintain the software as you do.

PRODUCT ROADMAP SUMMARY

The product roadmap for Microsoft Dynamics SL is based on a three-release investment plan which provides the foundation for a new era of growth, innovation, and productivity for people's businesses.

Microsoft Dynamics SL 7.0 is currently available to customers and provides the basis for future growth. Now written in the Visual Studio suite, Microsoft Dynamics SL 7.0 provides improved configuration and data integration. Other features include a role-tailored main menu system, web access for many common project management functions, and improved reporting and analysis to optimize business information.

Main enhancements planned for the Microsoft Dynamics SL 7.0 Feature Pack will focus on employee and team collaboration and productivity for overall improved efficiency, including the ability to easily create document workspaces and repositories when creating new Projects or adding customers. Additionally, Microsoft Dynamics SL and Microsoft Office Project 2007 will be brought together to deliver financial insight to Project Managers in Office Project Professional and Business Portal.

Emerging themes for Microsoft Dynamics SL 2010 suggest processes and business tasks will become easier through improved interoperability and usability. We're evaluating ways to enable customers to seize new business opportunities by quickly adapting and extending the solution to meet changing requirements and conditions. Faster decision-making will be enabled through improved reporting and query tools; and remote employees will be empowered with greater access to information and business processes.

ONGOING SERVICE AND SUPPORT

Microsoft's commitment to our customers does not end with their purchase. The Business Ready Enhancement Plan and SureStep implementation methodology enables our customers to realize their full potential every step of the way with their Microsoft Dynamics solution, from the moment they make their purchase decision through their lifetime as a Microsoft Dynamics customer.

MICROSOFT DYNAMICS SURE STEP IMPLEMENTATION METHODOLOGY

Microsoft Dynamics Sure Step is an end-to-end implementation methodology for our partners and includes associated implementation, configuration, migration and process tools that use models of a company to make deployment and configuration much more predictable. Sure Step:

- Is a **methodology and tools** to help with the implementation, optimization, and upgrade of core Microsoft Dynamics solutions
- **Unifies project management principles** with an implementation methodology and solution-specific guidance and tools
- **Is built for partners** and Microsoft Consultants to help increase their productivity and profitability
- Helps **improve project success rates and reduce risk** through consistent, repeatable, and predictable processes Helps **increase customer confidence and drive more** customer value and satisfaction with their Microsoft Dynamics solution

Sure Step Methodology is a comprehensive methodology describing the processes and disciplines necessary to implement, upgrade, or migrate to Microsoft Dynamics AX, Microsoft Dynamics CRM, Microsoft Dynamics GP, Microsoft Dynamics NAV and Microsoft Dynamics SL. Sure Step Methodology can help ensure that customer solutions are implemented efficiently, driving business value right away, while partners experience reduced risk to their business and have high customer satisfaction. The implementation of all these solutions has many similarities, and you can manage those common aspects using a single, general methodology with a solution-specific layer for each covered Microsoft Dynamics product. The general process flow includes prescriptive phase-by-phase, activity-by-activity descriptions on how to carry out implementation, upgrade, and migration projects. The key factor is that the methodology is well integrated with the project management discipline (based on Project Management

Institute - PMI) and the solution-specific content is typically represented as tools, templates, and hyperlinks to relevant materials found outside the Sure Step Methodology.

Sure Step Tools include implementation, configuration, upgrade, and migration tools for Microsoft Dynamics SL as well as Microsoft Dynamics AX, Microsoft Dynamics CRM, Microsoft Dynamics GP and Microsoft Dynamics NAV. These tools already have a history of success and are widely used by partners and Microsoft consultants to simplify steps within implementation, migration, and upgrade projects. These tools and templates provide the solution-specific content layer for the Sure Step Methodology. In the future, we intend to continue investing in these tools for Microsoft Dynamics SL to provide our partners with increasing ability to provide more consistent service at a lower cost. Sure Step Tools are available to all partners and are designed to streamline a variety of Microsoft Dynamics implementation scenarios.

Microsoft Dynamics is a line of integrated, adaptable business management solutions that enables you and your people to make business decisions with greater confidence. Microsoft Dynamics works like and with familiar Microsoft software, automating and streamlining financial, customer relationship and supply chain processes in a way that helps you drive business success.

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