

TOTAL ECONOMIC IMPACT

# The Total Economic Impact™ Of Microsoft Dynamics 365 Business Central

A FORRESTER TOTAL ECONOMIC IMPACT STUDY COMMISSIONED BY MICROSOFT, MARCH 2026

COST SAVINGS AND BUSINESS BENEFITS ENABLED BY DYNAMICS 365 BUSINESS CENTRAL

The Forrester logo is displayed in white, serif, all-caps font within a black rectangular box. The background of the lower half of the page features abstract, flowing green and teal shapes against a black background.

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## Executive Summary

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**Small and medium-size businesses (SMBs) often lack the dedicated enterprise resource planning (ERP) solutions needed to scale and optimize their business. Many cannot afford the complex enterprise options available but have outgrown entry-level tools to manage their operations. Microsoft Dynamics 365 Business Central is a cloud ERP integrated into the wider Microsoft application stack for small and mid-size firms. It offers SMB CIOs and CFOs an affordable, all-in-one business management solution to integrate and streamline finance, sales, service, and operations teams.**

Microsoft commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Microsoft [Dynamics 365 Business Central](#).<sup>1</sup> The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Microsoft Dynamics 365 Business Central on their organizations.

**209%**

**Return on investment (ROI)**

**\$464K**

**Net present value (NPV)**

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four decision-makers with experience using Microsoft Dynamics 365 Business Central. For the purposes of this study, Forrester aggregated the experiences of the interviewees and combined the results into a single [composite organization](#).

Interviewees said that prior to using Microsoft Dynamics 365 Business Central, their organizations struggled with inconsistent tooling across departments and relied on aging, on-premises systems and manual processes to operate. This required frequent maintenance, caused errors, and limited their ability to scale operations.

After the investment in Microsoft Dynamics 365 Business Central, the interviewees retired old systems, automated manual processes, and expanded their operations, resulting in improved finance team productivity and modest but meaningful improvements in margins.

### Key Findings

**Quantified benefits.** Three-year, risk-adjusted present value (PV) quantified benefits for the composite organization include:

- **Reduces time to close by up to 30%.** The composite organization reduces its monthly time to close by 30% by Year 3. It also automates numerous processes in accounts payable (AP), accounts receivable (AR), and billing, which improves the productivity of its finance operations team by up to 50%. The composite reinvests these time savings into supporting higher volume of accounting work and better analysis. The improved productivity of the finance team translates to a three-year PV of \$215,719.
- **Reduces total cost of ownership by 14% while modernizing operations.** Modernizing its ERP allows the composite organization to discontinue costly maintenance and hardware spend associated with its legacy system. Additionally, the new features and functionality for managing business processes in Microsoft Dynamics 365 Business Central enable the organization to discontinue a handful of point solutions used by various operational teams. Over the three-year period, the PV of these savings totals \$175,121.
- **Improves net profit margin relative to baseline by up to 3%.** Microsoft Dynamics 365 Business Central enables the composite organization to better visualize and control costs on projects. Improved visibility enables it to track, analyze, and eliminate wasteful spending, aiding its bottom-line financials. Over the three-year period, improved profitability is valued at a PV of \$245,530.

- **Reduces audit preparation time by up to 30%.** Microsoft Dynamics 365 Business Central provides the composite organization with a consolidated view of financial and business data, eliminating the need to manually pull information from disparate sources during audits or for executive presentations. These time savings have a PV of \$49,372 over the three-year period.

**Unquantified benefits.** Benefits that provide value for the composite organization but are not quantified for this study include:

- **Better CX.** Microsoft Dynamics 365 Business Central offers automated solutions to manual processes. This results in fewer billing errors, faster invoice delivery and processing, and easier new customer onboarding.
- **Marketing and sales efficiency.** Microsoft Dynamics 365 Business Central offers additional modules for sales and marketing teams that are able to follow the lead funnel. This visibility can lead to improved lead success rates and top-line numbers.
- **Improved warehouse management.** Microsoft Dynamics 365 Business Central can inform better warehouse management, with accelerated pick and pack and reduced inventory cycle times.
- **Reduced days sales outstanding (DSO).** Reducing DSO boosts cash flow, improves liquidity, and allows organizations to explore new business opportunities.
- **Better UX.** With Microsoft Dynamics 365 Business Central, employees are less burdened by common frustrations with finance and operations exacerbated by a disparate set of ERP tools.

**Flexibility.** Interviewees described the potential incremental future value of their organizations' Microsoft AI investments:

- **Foundation for harnessing AI benefits.** As organizations standardize data and processes in Dynamics 365 Business Central, they also establish a foundation for AI-powered experiences such as Copilot and intelligent agents. AI benefits are not independently quantified in this study; however, automation, clean data, and unified workflows position organizations to realize value faster and operate with greater efficiency as they adopt AI capabilities.
- **Enhanced AI benefits.** As organizations utilize AI-assisted workflows such as Copilot-supported approvals, variance analysis, and exception handling, they can reinforce and extend these productivity improvements without requiring proportional increases in headcount.

**Costs.** Three-year, risk-adjusted PV costs for the composite organization include:

- **License fees for Microsoft Dynamics 365 Business Central.** The composite organization pays \$29,400 per year in license fees based on the number of subscribed users. This costs the composite organization a PV of \$73,113 over three years.
- **Implementation, training, and ongoing management costs.** The composite organization invests in professional services fees for implementation and incurs internal labor costs for platform training and ongoing management. Over three years, these costs have a PV of \$148,663.

The financial analysis that is based on the interviews found that a composite organization experiences benefits of \$685,742 over three years versus costs of \$221,776, adding up to a net present value (NPV) of \$463,966 and an ROI of 209%.

**Time savings for AP, AR, and billing activities by Year 3**

**50%**

*"[Business Central] has enabled us to harmonize our processes ... making them more efficient and thereby saving both cost and time spent on administrative or routine factors."*

**CFO, finance**

## Key Statistics

**209%**

Return on investment (ROI)

**\$686K**

Benefits PV

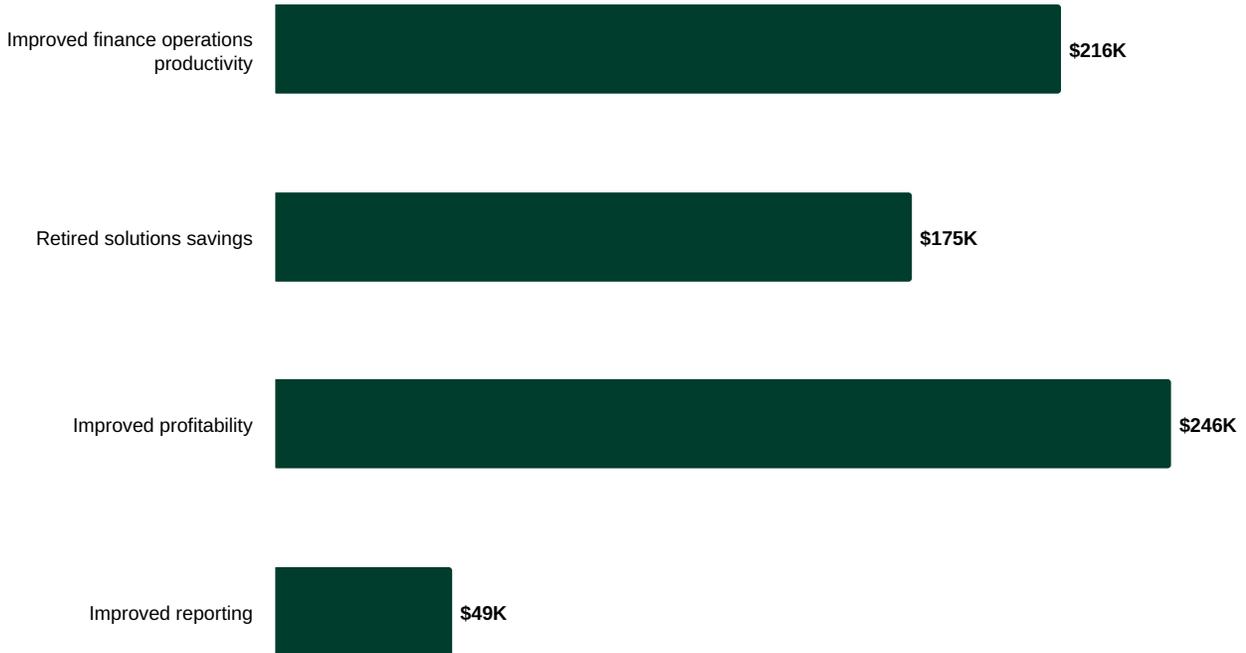
**\$464K**

Net present value (NPV)

**<6 months**

Payback

## Benefits (Three-Year)



## The Microsoft Dynamics 365 Business Central Customer Journey

### Drivers leading to the Microsoft Dynamics 365 Business Central investment

Interviews			
Role	Industry	Region	Annual revenue
CTO	Retail	United States	\$1 billion
COO	Professional services	United States	\$30 million
Senior VP of project delivery and operations	Manufacturing	United States	\$5 million
CFO	Finance	Europe	\$100 million

### Key Challenges

Interviewees noted how their organizations struggled with common challenges, including:

- **Aging, on-prem ERP solutions and infrastructure.** Interviewees noted that older systems were expensive to maintain. On-prem systems required hardware investments, and some older systems were built around languages that made finding talent difficult and expensive. Interviewees lamented that older systems struggled during periods of high-volume work, like financial closings, and their infrastructure struggled under the added stress.
- **Multiple subsidiaries or departments with a hodgepodge of systems.** Interviewees noted that their IT landscapes had grown through acquisition and used a wide range of third-party point solutions and homegrown systems to manage various business processes. The lack of consistency in tooling made integration and visibility challenging and was costly to maintain, with numerous ongoing licenses.
- **Manual processes.** Even with a legacy ERP, most interviewees' organizations used spreadsheets for finance and accounting operations. Work was prone to errors, data was hard to find, and teams were susceptible to brain drain from employee turnover. Using disparate solutions also led to substantial manual data manipulation which was time consuming and error prone.

### Solution Requirements

The interviewees searched for a solution that could:

- Truly modernize their ERPs to achieve stronger project accounting and multicompany and inventory capabilities.
- Improve their Microsoft 365 integrations and offer the opportunity to leverage AI and AI agents.
- Provide a dedicated ERP without high levels of customization to limit costs and quickly realize benefits.

*“We had a mix of systems. And it was costing us a lot of money to maintain. We had some people who built it in certain languages and when they left, we had to go find other people who could maintain it. We wanted to start consolidating everything down into one system. That’s why we [moved to Business Central].”*

**COO, professional services**

*“We did consider lots of alternatives. We did an analysis on what’s out there in the marketplace. Business Central is from Microsoft; it’s well backed up. We considered who has the best response time, the best updates and applications, the protections and all that, and that’s why we settled on Business Central.”*

**COO, professional services**

## Composite Organization

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected. The composite organization is representative of the interviewees’ organizations, and it is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

- **Description of composite.** The composite organization operates in the United States and has \$50 million in annual revenue. The organization generates its revenue from project-based work in manufacturing and construction. It has 300 employees, 15 of whom work in core finance and accounting roles, and 100 are light users.
- **Deployment characteristics.** The organization has a cloud deployment of Microsoft Dynamics 365 Business Central. Before deploying Microsoft Dynamics 365 Business Central, it used a legacy on-prem ERP, a mix of point solutions, and spreadsheets for its business operations. The organization is not using every available module of Microsoft Dynamics 365 Business Central, such as warehouse productivity or advanced manufacturing capabilities.

### KEY ASSUMPTIONS

- \$50 million revenue
- 300 employees
- 15 finance and accounting users

## Analysis Of Benefits

Quantified benefit data as applied to the composite

Total Benefits						
Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Improved finance operations productivity	\$66,793	\$91,571	\$105,575	\$263,939	\$215,719
Btr	Retired solutions savings	\$70,419	\$70,419	\$70,419	\$211,256	\$175,121
Ctr	Improved profitability	\$80,000	\$100,000	\$120,000	\$300,000	\$245,530
Dtr	Improved reporting	\$16,066	\$20,110	\$24,153	\$60,329	\$49,372
	Total benefits (risk-adjusted)	\$233,278	\$282,099	\$320,147	\$835,524	\$685,742

### Improved Finance Operations Productivity

**Evidence and data.** Before implementing Microsoft Dynamics 365 Business Central, each of the interviewees' organizations struggled to scale operations with legacy systems and manual processes. The lack of adequate tools created inefficiencies for finance and accounting staff who struggled to keep up with invoices and bills. Interviewees also noted that their month- and year-end closing activities were slow and required significant labor to complete. Some interviewees had grown through acquisitions and inherited different systems which caused friction during consolidated reporting.

After adopting Microsoft Dynamics 365 Business Central, interviewees gained a consolidated view of data across different departments and subsidiaries. They also automated processes, reducing errors and accelerating their record-to-report, order-to-cash, and procure-to-pay functions. Automation enabled them to handle larger volumes of invoices and reduce time spent on rework.

- The COO at the professional services firm noted that they took two days off their close by eliminating manual data manipulation between different sources. They could also send invoices one to two days earlier with Microsoft Dynamics 365 Business Central: "Instead of us cutting and pasting, [Business Central] can almost create the invoice. It pulls in the right information. You still do a manual check, but probably 95% of the invoice is done for us."
- The CTO at the retail chain stated they reduced close time by 50% due to improved performance from Microsoft Dynamics 365 Business Central: "[Business Central] is faster. At the end of the day, the quantity of the data is higher compared to when we were on [our legacy system]. The performance is much quicker."
- The manufacturing firm benefited from moving its manual purchase order process into Microsoft Dynamics 365 Business Central. The senior VP of project delivery and operations explained: "Before, we put all that in a spreadsheet and we manually tracked it. Doing it manually was prone to error; now we have some structure with regard to our finance, especially accounts payable and receivable. [Business Central] helped us become more organized and structured. It has saved a lot of hours for accountants that would've otherwise been wasted."
- The CFO at the finance firm added, "We have a higher quality in our invoicing processes, less faults, and also less errors."

**Modeling and assumptions.** Based on the interviews, Forrester assumes the following about the composite organization:

- The composite organization has 15 finance operations users. Each of these users previously spent 24 hours per month on closing activities and 15 hours per month on manual tasks related to AP, AR, and billing.
- With Microsoft Dynamics 365 Business Central, these users save up to 30% of their time on closing activities and up to 50% of their time on AP, AR, and billing tasks. These gains come from capabilities such as automated approvals, integrated time and

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expense, and a single sub-ledger rather than multiple spreadsheets. Improved data quality and stronger audit trails are also a factor in productivity. These benefits increase over three years as the organization integrates more functions into Microsoft Dynamics 365 Business Central and automates more processes.

- The average fully burdened hourly rate for finance and operations FTEs is \$56.
- The composite has a 75% productivity recapture rate because not all time reclaimed will be reallocated to value-added activities.

**Risks.** This benefit will vary among organizations based on:

- The prior technology environment and process sophistication within finance and accounting functions.
- The size, scope, and usage of the Microsoft Dynamics 365 Business Central deployment.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$216,000.

# 30%

### Reduction in monthly close time by Year 3

*“It puts everything in one place. So timekeeping, expense reports, accounts payable, accounts receivable, all this stuff is in one place, and it’s just much easier.”*

**Senior VP of project delivery and operations, manufacturing**

Improved Finance Operations Productivity					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Total finance operations users	Composite	15	15	15
A2	Time spent on monthly close per FTE (hours)	Interviews	24	24	24
A3	Monthly close time savings with Microsoft Dynamics 365 Business Central	Interviews	20%	25%	30%
A4	Monthly time spent on manual AP/AR/billing tasks (hours)	Interviews	15	15	15
A5	AP/AR/billing task time savings with Microsoft Dynamics 365 Business Central	Interviews	30%	45%	50%
A6	Annual time savings (hours)	$((A1*A2*A3)+(A1*A4*A5))*12$	1,674	2,295	2,646
A7	Fully burdened hourly rate for finance and operations FTEs	Composite	\$56	\$56	\$56
A8	Productivity recapture	Forrester methodology	75%	75%	75%
At	Improved finance operations productivity	$A6*A7*A8$	\$70,308	\$96,390	\$111,132
	Risk adjustment	↓5%			
Atr	Improved finance operations productivity (risk-adjusted)		\$66,793	\$91,571	\$105,575
<b>Three-year total: \$263,939</b>			<b>Three-year present value: \$215,719</b>		

## Retired Solutions Savings

**Evidence and data.** Before deploying Microsoft Dynamics 365 Business Central, interviewees used a mix of legacy on-prem ERP solutions and point solutions to run their businesses. Multiple organizations had acquired significant technical debt through mergers, and all struggled to manage disjointed collections of tools.

Adopting Microsoft Dynamics 365 Business Central allowed interviewees' organizations to simplify their tech stacks, eliminating licenses and maintenance spend. All interviewees noted that Microsoft Dynamics 365 Business Central had a lower cost of ownership than their previous deployments, and most were exploring ways to increase these savings by replacing point solutions with Microsoft Dynamics 365 Business Central functionality.

- The CFO at the finance firm stated, "Overall, we have been able to reduce the time spent on managing systems." They elaborated on Microsoft Dynamics 365 Business Central enabling cost-effective scaling, "We have been able to keep what it costs on a rather stable level, despite [the fact] that we have had high growth."
- The retail organization eliminated a significant on-prem deployment and replaced it with Microsoft Dynamics 365 Business Central. The COO noted that by doing so, they recognized large hardware and maintenance savings: "We don't have to deal with the server maintenance or all the hardware expansion, the backup unit. That's also reduced. From a cost point of view, even if licensing is a wash, I would still see savings from the cloud side compared to the on-prem side."
- Interviewees noted retiring a wide range of solutions after adopting Microsoft Dynamics 365 Business Central — including legacy on-prem ERPs, separate AR/AP tracking systems, timekeeping tools, project costing solutions, and homegrown reporting tools — resulting in cost savings. The COO at the professional services firm explained: "We retired some of the AR/AP tracking systems that we had. These were expensive, clunky, old. We wanted more modern, so we retired them. We retired some of the timekeeping systems that we built. We retired a lot of the spreadsheets. We had project software we didn't use anymore. We had an internally built sales system that we migrated over to Dynamics. So most of the homegrown systems we got rid of."

**Modeling and assumptions.** Based on the interviews, Forrester assumes the following about the composite organization:

- In the prior state, the composite organization spends \$40,000 annually on licensing and support for incumbent solutions.
- The composite had one FTE who spent 25% of their time managing legacy solutions. The average fully burdened annual salary for IT FTEs is \$136,500.

**Risks.** This benefit will vary among organizations based on:

- The scope of an organization's legacy ERP stack and the related infrastructure.
- Contract constraints on retiring redundant licenses.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$175,000.

*"In the grand scheme of things, it's a pretty cost-effective solution."*

**Senior VP of project delivery and operations, manufacturing**

Retired Solutions Savings					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Cost of incumbent tool licenses and infrastructure	Composite	\$40,000	\$40,000	\$40,000
B2	IT personnel supporting prior solutions	Composite	1	1	1
B3	Percentage of time dedicated to supporting incumbent solutions	Interviews	25%	25%	25%
B4	Fully burdened annual salary for IT FTEs	Composite	\$136,500	\$136,500	\$136,500
Bt	Retired solutions savings	B1+(B2*B3*B4)	\$74,125	\$74,125	\$74,125
	Risk adjustment	↓5%			
Btr	Retired solutions savings (risk-adjusted)		\$70,419	\$70,419	\$70,419
<b>Three-year total: \$211,256</b>			<b>Three-year present value: \$175,121</b>		

## Improved Profitability

**Evidence and data.** Interviewees complained that in their prior states, they could only optimize their business and profitability as far as their legacy tech stacks would let them. Finance teams spent most of their time on manual processes, and a lack of visibility into business data hampered their ability to track, analyze, and improve operations.

With Microsoft Dynamics 365 Business Central, interviewees noted that they were better able to visualize data and make decisions that reduced costs or improved revenue from operations. They also noted benefits such as better project visibility enabling earlier course correction on overruns, fewer unbilled hours, and faster onboarding of new commercial accounts.

- The retail organization experienced accelerated customer onboarding for commercial accounts when using Microsoft Dynamics 365 Business Central. Reducing onboarding from 20 to 15 days gave the organization five extra selling days per account and accelerated revenue recognition.
- The professional services firm used Microsoft Dynamics 365 Business Central to track, analyze, and eliminate unbillable work on projects. The firm saw margins improve from 42% to 43% on projects due in part to its use of Microsoft Dynamics 365 Business Central. The COO explained: “Business Central helps us track unbillable time and who is not billing. We catch it quickly. We also, again, tie it into our time accounting system, so when they all flow together, we know who is unbillable, what’s the utilization. It helps us pull all that down for the projects.”
- The CFO at the finance firm explained that Microsoft Dynamics 365 Business Central helped them better plan and execute on projects: “[We have experienced] increased efficiency in the project execution phase and thereby improved the margins, reducing cost spent on each individual project.”

**Modeling and assumptions.** Based on the interviews, Forrester assumes the following about the composite organization:

- The composite organization has annual revenue of \$50 million. Its average net margin is 10% before Microsoft Dynamics 365 Business Central.
- Margins improve 3% by Year 3. This benefit increases from Year 1 to Year 3 as the organization’s use of Microsoft Dynamics 365 Business Central matures and it leverages data collected over time to inform business decisions.

**Risks.** This benefit will vary among organizations based on:

- Geography, industry, and prevailing margins.
- Organizational ability to leverage data.

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**Results.** To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of 246,000.

## Up to 3%

### Improvement in net margins by Year 3

Improved Profitability					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Annual revenue	Composite	\$50,000,000	\$50,000,000	\$50,000,000
C2	Average net margins before Microsoft Dynamics 365 Business Central	Composite	10%	10%	10%
C3	Improvement in margins with Microsoft Dynamics 365 Business Central	Interviews	2.0%	2.5%	3.0%
C4	Average net margins with Microsoft Dynamics 365 Business Central	$(C2 * C3) + C2$	10.20%	10.25%	10.30%
Ct	Improved profitability	$(C1 * C4) - (C1 * C2)$	\$100,000	\$125,000	\$150,000
	Risk adjustment	↓20%			
Ctr	Improved profitability (risk-adjusted)		\$80,000	\$100,000	\$120,000
<b>Three-year total: \$300,000</b>			<b>Three-year present value: \$245,530</b>		

## Improved Reporting

**Evidence and data.** Interviewees noted that reporting was highly manual before they adopted Microsoft Dynamics 365 Business Central. Employees would have to pull data from disparate sources and spreadsheets to feed into visualization tools. These processes were not easily repeatable, making it difficult to meet auditor or executive deadlines.

Interviewees said implementing Microsoft Dynamics 365 Business Central simplified reporting, provided self-service tools, and offered integration with Microsoft Power BI. They noted that having a single data model and tight integration with Microsoft productivity tools reduced the overall time spent on generating reports for annual audits and executive presentations.

- The senior VP of project delivery and operations at the manufacturing firm stated, “It was really helpful for us to be able to take all this data and put it in a usable visual format, and it helps with investors and whatnot, because they always want to see data and pitch decks.”
- The retail organization struggled with warehouse audits before using Microsoft Dynamics 365 Business Central. Report preparation was difficult, and they needed IT teams to help produce reports as fast as possible. The CTO at this organization noted Microsoft Dynamics 365 Business Central allowed them to do this work 80% faster without needing help from IT. The interviewee added that they valued the integration with Outlook and ability to share and access reports quickly.

**Modeling and assumptions.** Based on the interviews, Forrester assumes the following about the composite organization:

- The composite organization’s finance team spends 10 business days on annual audit preparations. The organization reduces this time by 20% in Year 1 to 30% in Year 3 by using Microsoft Dynamics 365 Business Central.
- The finance team spends 6 hours per week on internal reporting activities. The composite reduces the time spent on these activities by 20% in Year 1 to 30% in Year 3 with Microsoft Dynamics 365 Business Central.
- The fully burdened hourly rate for staff involved in reporting and auditing activities is \$56.

**Risks.** This benefit will vary among organizations based on:

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- The size and scope of an organization’s operations.
- Prior reporting capabilities and requirements.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$49,000.

# 30%

### Reduction in audit preparation time by Year 3

*“It’s the financial backbone of the company. It organizes and structures our finances, and it adds a lot of value and brings structure to where there wasn’t much in the day-to-day management of our finances.”*

**Senior VP of project delivery and operations, manufacturing**

#### Improved Reporting

Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Annual audit preparation time (hours)	A1*10 days*8 hours	1,200	1,200	1,200
D2	Reduction in audit preparation time with Microsoft Dynamics 365 Business Central	Interviews	20%	25%	30%
D3	Avoided audit time (hours)	D1*D2	240	300	360
D4	Weekly time spent on internal executive reporting (hours)	Composite	6	6	6
D5	Reduction in executive reporting preparation	Interviews	20%	25%	30%
D6	Avoided executive reporting time (hours)	D4*D5*52	62	78	94
D7	Fully burdened hourly rate for staff	A7	\$56	\$56	\$56
Dt	Improved reporting	(D3+D6)*D7	\$16,912	\$21,168	\$25,424
	Risk adjustment	↓5%			
Dtr	Improved reporting (risk-adjusted)		\$16,066	\$20,110	\$24,153
<b>Three-year total: \$60,329</b>			<b>Three-year present value: \$49,372</b>		

### Unquantified Benefits

Interviewees mentioned the following additional benefits that their organizations experienced but were not able to quantify:

- **Better CX.** Microsoft Dynamics 365 Business Central offers automated solutions to manual processes, resulting in fewer billing errors, faster invoice delivery and processing, and easier new customer onboarding. The COO at the professional service firm added that in their prior state, a billing discrepancy could derail invoicing for weeks and lead to numerous touchpoints with a client to review costs. They wanted to provide a better customer experience and believed their new, more accurate process helped retain customers.

- **Marketing and sales efficiency.** Microsoft Dynamics 365 Business Central offers additional modules for sales and marketing teams that follow the lead funnel. This visibility can contribute to improved lead success rates and top-line numbers. The CFO at the finance organization explained: “We didn’t really have any CRM functionality beforehand, and we now have a little bit. So in terms of following the lead funnel, I’m pretty confident that it has improved our top line. We have much more focus on that, to follow the funnel and act on it. That has had a direct impact on the top line. How high has that been? It’s a little bit difficult to say, but we have seen gradual improvement of our success rates.”
- **Improved warehouse management.** Microsoft Dynamics 365 Business Central can inform better warehouse management, with accelerated pick and pack and reduced inventory cycle times. The CFO at the finance firm said, “It has helped [our subsidiaries] be on top of inventory and order fulfillment.”
- **Reduced DSO.** Reducing DSO boosts cash flow, improves liquidity, and allows organizations to explore new business opportunities. Microsoft Dynamics 365 Business Central provides capabilities like automated reminders, dispute tracking, and customer portals, which help reduce DSO. The CFO at the finance organization explained: “We have reduced write-offs. We have also improved cash flow. And in that sense, we have been able to grow faster than maybe we would have been able to do otherwise.”

The COO at the professional services firm added, “Our DSO has been reduced because our processing time has been reduced and our accuracy has improved.”

The senior VP of project delivery and operations at the manufacturing firm stated: “We’re getting paid on time because we’re invoicing on time. It definitely helps us with our cash flow. It helps us understand our backlog better.”
- **Better UX.** With Microsoft Dynamics 365 Business Central, employees were less burdened by common finance and operations frustrations exacerbated by a disparate set of ERP tools. The CFO at the finance firm stated, “It’s a system that has a high degree of usability.”

## Flexibility

The value of flexibility is unique to each customer. Business Central’s modular nature lets customers add capabilities, such as manufacturing or service management, without reimplementing. There are multiple scenarios in which a customer might implement Microsoft Dynamics 365 Business Central and later realize additional uses and business opportunities, including:

- **Scalability of the cloud.** Interviewees described their ability to scale users and license types for their current business needs. This provides the flexibility to adapt in times of high growth or business headwinds.
- **Deeper visibility into the business with Power BI.** Power BI extends the reporting and analytics capabilities of Microsoft Dynamics 365 Business Central by transforming operational data into interactive dashboards and real-time insights. Microsoft Dynamics 365 Business Central customers can make more informed decisions and exert more control over their businesses by using Power BI.
- **Scaling and optimizing with AI.** Organizations can further augment the benefits of Microsoft Dynamics 365 Business Central by using Copilot and AI-powered agents — and it comes as an AI-ready ERP foundation. Incorporating AI-powered tools into the deployment can enhance efficiency, streamline business processes, improve collaboration, and enable faster change. Many of the quantified benefits within this study could be augmented or further improved with AI adoption, including:
  - **Improved finance operations productivity.** As finance data becomes centralized and standardized in Business Central, teams are better positioned to benefit from AI-assisted capabilities such as Copilot. These experiences can help surface anomalies, summarize financial drivers, and support faster decision-making, further reinforcing the productivity gains modeled in this analysis.
  - **Improved profitability.** As visibility improves, AI-powered experiences such as Copilot can help teams identify cost variances, project overruns, or unbilled work earlier — supporting faster corrective action and reinforcing the profitability improvements modeled in this study.
  - **Improved reporting.** With unified data and native Power BI integration, organizations are also positioned to leverage Copilot to interpret results, summarize trends, and answer business questions faster — reducing the effort required to turn reports into actionable insights.

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Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in [Total Economic Impact Approach](#)).

## Analysis Of Costs

Quantified cost data as applied to the composite

Total Costs							
Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Etr	Microsoft Dynamics 365 Business Central license fees	\$0	\$29,400	\$29,400	\$29,400	\$88,200	\$73,113
Ftr	Implementation, training, and ongoing management	\$59,556	\$35,831	\$35,831	\$35,831	\$167,050	\$148,663
	Total costs (risk-adjusted)	\$59,556	\$65,231	\$65,231	\$65,231	\$255,250	\$221,776

### Microsoft Dynamics 365 Business Central License Fees

**Evidence and data.** Interviewees pay a per user per month fee for their Microsoft Dynamics 365 Business Central use. Microsoft offers several license tiers based on level of access and use. Pricing for the composite organization is based on the Microsoft Dynamics 365 Business Central list price. Microsoft has reviewed these assumptions. For pricing or configuration options specific to your organization, please contact Microsoft.

**Modeling and assumptions.** Based on the interviews, Forrester assumes the following about the composite organization:

- The organization pays \$110 per user per month for the 15 finance and accounting users.
- There are an additional 100 team user licenses, which cost \$8 per user per month.

**Risks.** The cost will vary according to:

- The number of licenses and/or users.
- The specific tier of an organization’s Microsoft Dynamics 365 Business Central license.

**Results.** To account for these risks, Forrester adjusted this cost upward by 0%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$73,000.

*“The price seems pretty reasonable, and the functionality is what we need.”*

**Senior VP of project delivery and operations, manufacturing**

Microsoft Dynamics 365 Business Central License Fees						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
E1	Total subscribed users	A1		15	15	15
E2	Monthly price per user	Microsoft list		\$110	\$110	\$110
E3	Additional team users	Composite		100	100	100
E4	Monthly team price per user	Microsoft list		\$8	\$8	\$8
Et	Microsoft Dynamics 365 Business Central license fees	$(E1 \cdot E2 \cdot 12) + (E3 \cdot E4 \cdot 12)$		\$29,400	\$29,400	\$29,400
	Risk adjustment	0%				
Etr	Microsoft Dynamics 365 Business Central license fees (risk-adjusted)		\$0	\$29,400	\$29,400	\$29,400
<b>Three-year total: \$88,200</b>			<b>Three-year present value: \$73,113</b>			

## Implementation, Training, And Ongoing Management

**Evidence and data.** The interviewees engaged with Microsoft partners for the planning and implementation of their Microsoft Dynamics 365 Business Central deployments. Interviewees described a straightforward implementation experience but did incur internal labor costs related to change management.

**Modeling and assumptions.** Based on the interviews, Forrester assumes the following about the composite organization:

- The composite spends \$50,000 on professional services with a Microsoft partner to manage its Microsoft Dynamics 365 Business Central implementation.
- This organization has one FTE who spends 25% of their time on Microsoft Dynamics 365 Business Central management.
- The organization dedicates one day to training its 15 users during the initial implementation.

**Risks.** The cost will vary according to:

- The size, scope, and complexity of deployment.
- An organization’s change management tendencies related to user training and effectiveness.
- Partner choice and scope discipline.
- Data quality at the time of migration.

**Results.** To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$149,000.

*“It has a close integration with other Microsoft products. So it’s very easy to implement.”*

**CFO, finance**

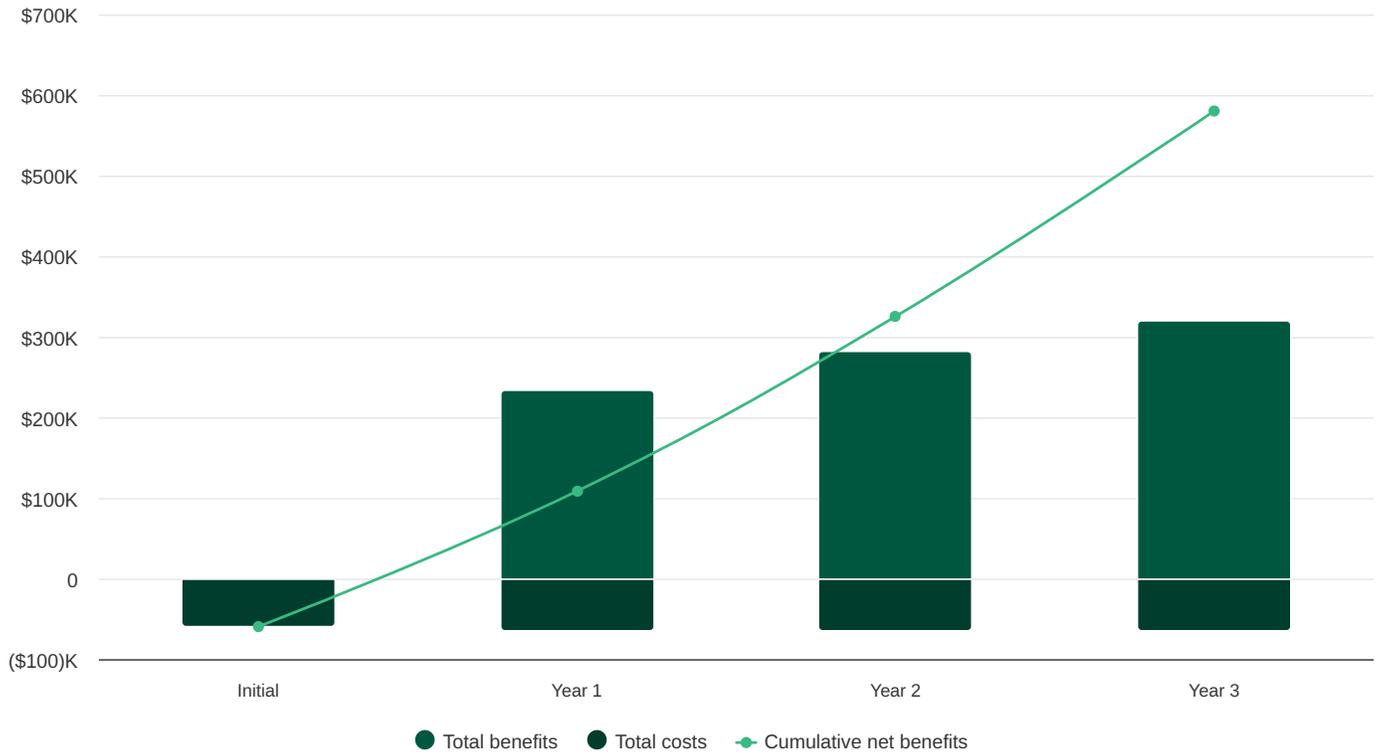
The Total Economic Impact™ Of Microsoft Dynamics 365 Business Central

Implementation, Training, And Ongoing Management						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	Professional services fees for implementation	Interviews	\$50,000			
F2	Ongoing management FTEs	Interviews		1	1	1
F3	Time spent on management	Interviews		25%	25%	25%
F4	Fully burdened annual salary for management personnel	B4		\$136,500	\$136,500	\$136,500
<b>F5</b>	<b>Subtotal: Ongoing management</b>	<b>F2*F3*F4</b>		<b>\$34,125</b>	<b>\$34,125</b>	<b>\$34,125</b>
F6	Users trained	A1	15			
F7	Training time (hours)	Interviews	8			
F8	Hourly user training cost	A7	\$56			
<b>F9</b>	<b>Subtotal: Training</b>	<b>F6*F7*F8</b>	<b>\$6,720</b>			
Ft	Implementation, training, and ongoing management	F1+F5+F9	\$56,720	\$34,125	\$34,125	\$34,125
	Risk adjustment	+5%				
Ftr	Implementation, training, and ongoing management (risk-adjusted)		\$59,556	\$35,831	\$35,831	\$35,831
<b>Three-year total: \$167,050</b>			<b>Three-year present value: \$148,663</b>			

## Financial Summary

### Consolidated Three-Year, Risk-Adjusted Metrics

#### Cash Flow Chart (Risk-Adjusted)



#### Cash Flow Analysis (Risk-Adjusted)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	(\$59,556)	(\$65,231)	(\$65,231)	(\$65,231)	(\$255,250)	(\$221,776)
Total benefits	\$0	\$233,278	\$282,099	\$320,147	\$835,524	\$685,742
Net benefits	(\$59,556)	\$168,047	\$216,868	\$254,916	\$580,274	\$463,966
ROI						209%
Payback						<6 months

## **Please Note**

The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.

## TEI Framework And Methodology

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From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment in Microsoft Dynamics 365 Business Central.

The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact that Microsoft Dynamics 365 Business Central can have on an organization.

### Due Diligence

Interviewed Microsoft stakeholders and Forrester analysts to gather data relative to Microsoft Dynamics 365 Business Central.

### Interviews

Interviewed four decision-makers at organizations using Microsoft Dynamics 365 Business Central to obtain data about costs, benefits, and risks.

### Composite Organization

Designed a composite organization based on characteristics of the interviewees' organizations.

### Financial Model Framework

Constructed a financial model representative of the interviews using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewees.

### Case Study

Employed four fundamental elements of TEI in modeling the investment impact: benefits, costs, flexibility, and risks. Given the increasing sophistication of ROI analyses related to IT investments, Forrester's TEI methodology provides a complete picture of the total economic impact of purchase decisions. Please see [Appendix A](#) for additional information on the TEI methodology.

## Glossary

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### Total Economic Impact Approach

#### Benefits

Benefits represent the value the solution delivers to the business. The TEI methodology places equal weight on the measure of benefits and costs, allowing for a full examination of the solution's effect on the entire organization.

#### Costs

Costs comprise all expenses necessary to deliver the proposed value, or benefits, of the solution. The methodology captures implementation and ongoing costs associated with the solution.

#### Flexibility

Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. The ability to capture that benefit has a PV that can be estimated.

#### Risks

Risks measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

### Financial Terminology

#### Present value (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PVs of costs and benefits feed into the total NPV of cash flows.

#### Net present value (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made unless other projects have higher NPVs.

#### Return on investment (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.

#### Discount rate

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.

#### Payback

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

## Appendixes

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### APPENDIX A

#### Total Economic Impact

<sup>1</sup> Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists solution providers in communicating their value proposition to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of business and technology initiatives to both senior management and other key stakeholders.

#### Disclosures

Readers should be aware of the following:

This study is commissioned by Microsoft and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the study to determine the appropriateness of an investment in Microsoft Dynamics 365 Business Central. For any interactive functionality, the intent is for the questions to solicit inputs specific to a prospect's business. Forrester believes that this analysis is representative of what companies may achieve with Microsoft Dynamics 365 Business Central based on the inputs provided and any assumptions made. Forrester does not endorse Microsoft or its offerings. Although great care has been taken to ensure the accuracy and completeness of this model, Microsoft and Forrester Research are unable to accept any legal responsibility for any actions taken on the basis of the information contained herein. The interactive tool is provided 'AS IS,' and Forrester and Microsoft make no warranties of any kind.

Microsoft reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.

Microsoft provided the customer names for the interviews but did not participate in the interviews.

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