



Everything you need to know about upgrading Microsoft Dynamics NAV

CONTENTS

Why upgrade	3
Worksheet: Change drivers	5
How to upgrade	6
Worksheet: Upgrade options	9
Get started	10

Introduction

In April 2018, Microsoft launched Dynamics 365 Business Central as 'a convergence point for Dynamics SMB products...Dynamics SL, Dynamics GP, and older versions of Dynamics NAV'.

This shift took the most successful product from each solution category forward into the new brand. For ERP, they've kept Dynamics AX (now Finance & Operations) for large enterprises and NAV (now Business Central) for the SMB market. Though the brand is new, the source code comes from NAV 2018, supported by a long history of success. The rebrand shows Microsoft's commitment to taking NAV forward into its vision for the future.

However, this is not to say that Microsoft Dynamics NAV is obsolete. Businesses running NAV can continue to do so and will be supported in line with Microsoft's Lifecycle Policy. As always, NAV customers can continue to purchase additional licenses as and when they need to.

Having said that, there will always be benefits to upgrading on a semi-regular basis so as not to fall out of support or be left with an antiquated ERP that doesn't fit with the rest of your infrastructure – it's like trying to run Windows 95 on a brand new Surface.

We'll presume that we're preaching to the converted on the general benefits of NAV upgrade, since you've downloaded this whitepaper, and just focus on issues specific to Business Central. The biggest change is a shift from concurrent user licenses to named users. This reflects a shift in the software market as a whole and Microsoft are offering a number of incentives to NAV customers to smooth that transition. In this whitepaper, our aim is to provide you with a toolkit to make your own informed decision on when and how you should make the jump to Business Central.

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WHY UPGRADE?

With any infrastructure change, there will always be push factors (things that are bothering you about your current solution) and pull factors (things that would be great about having a new solution) that drive change. An upgrade to Business Central is no different.

As you're reading through the scenarios, try to imagine what would happen if your business faced these situations. We've included a worksheet on page 5 to help you identify the change drivers in your own business based on the gravity of the consequences and how likely they are to occur.

WHAT IF YOUR DYNAMICS NAV INSTANCE WENT DOWN TOMORROW?

How many orders would you miss? How many customers would you lose to competitors? How much revenue would you miss out on? How long before you could get the system back up and running? If you're using NAV 2013 R2 or earlier, you're no longer supported by Microsoft. This means no bug fixes and no improvements.

Of course, you can still rely on your local

partner for change requests and how-to queries, but what happens when the issue is with the product itself and needs to be escalated to the same team that built it?

WHAT IF AN UPGRADE COSTS 40% MORE 2 YEARS DOWN THE LINE?

The longer you leave it to upgrade Dynamics NAV, the more it's likely to cost you. There's a sizeable difference in the work required to upgrade to NAV 2018 from NAV 4.0 or 5.0 compared with NAV 2009.

Microsoft is currently bridging the gap with discounts and incentives for existing NAV customers to upgrade to Business Central, but this won't always be the case.

If you've not been paying your BREP, things can get even more expensive. To take advantage of free licenses when you upgrade, you'll need to repay your BREP at 16% per year plus a 3% penalty.

It's easy to see that this won't get any cheaper the longer you leave it.

WHAT IF YOU'RE FINED £17,000,000 BY THE ICO?

What if a customer exercises their right to erasure and you miss a key piece of data? What if you're unable to comply with Making Tax Digital or industry-specific regulations?

Microsoft has released updates to ensure NAV 2015 and newer versions are compliant with both the GDPR and Making Tax Digital.

However for those who are using older versions, it's up to you to ensure you remain compliant. The ICO has the power to issue a fine up to 20 million euros should you be found to be non-compliant.

WHAT IF YOU COULD GET THE LATEST MICROSOFT TECHNOLOGY AT A MINIMAL COST?

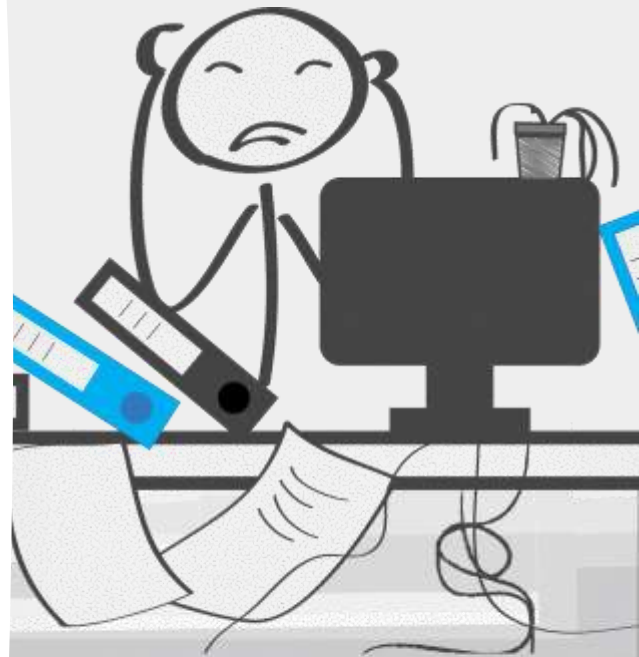
Microsoft has made significant investments in the research and development of Dynamics 365 to create a modern, intelligent suite of business applications.

To make the most of Microsoft's current and future investment, as well as your own investment in terms of licenses and annual BREP, it does make sense to upgrade to Business Central.

What if you could:

- Use market-leading AI technology to predict late payments
- Use natural language search to find functions within Business Central
- Copy and paste rows the same way you would in Excel

Microsoft has made sure that Business Central integrates seamlessly with other products in the Microsoft ecosystem, including the other Dynamics 365 applications, Office 365 and the Microsoft Power Platform (Power BI, PowerApps and Flow).

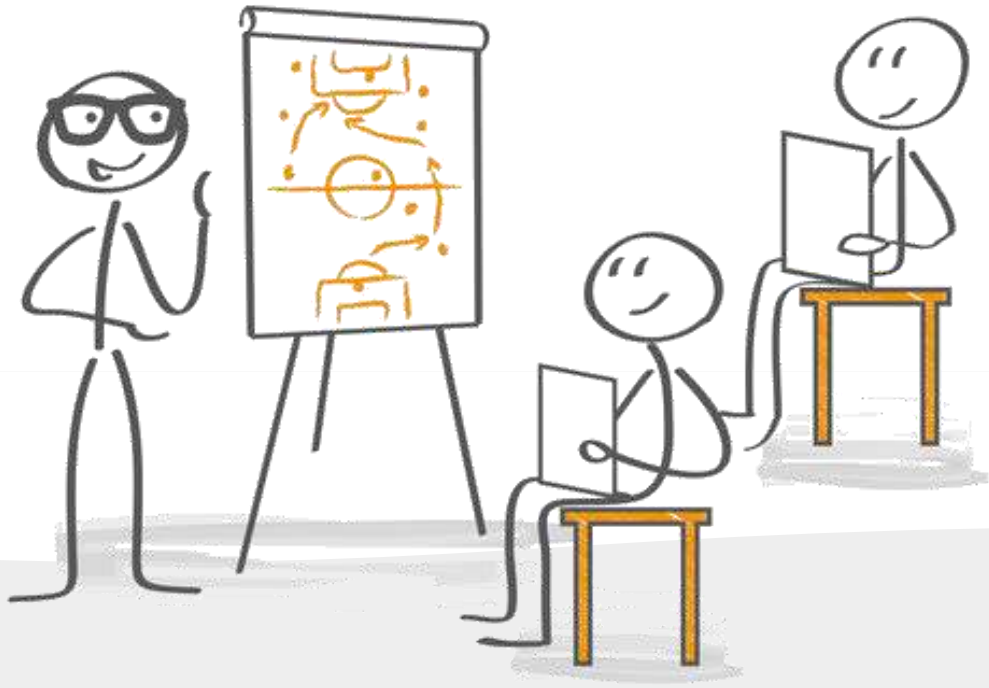




WORKSHEET: CHANGE DRIVERS

Scenario	Gravity of consequences (0-5)	Probability of occurrence (0-5)	Total rating (severity x probability)	Plan to mitigate risk
Your NAV instance goes down and you are left without support				
You postpone your upgrade and ultimately pay more				
You are non-compliant with the GDPR or Making Tax Digital				
You can improve efficiencies with new technology				
<i>Add your own scenario</i>				





HOW TO UPGRADE

As we mentioned earlier, Microsoft is offering a number of incentives to ease the transition for NAV customers moving to Business Central. Which offer is most relevant and financially beneficial for you will depend on your user numbers, current deployment method and future plans for growth.

We recommend you work through each section methodically, calculating the cost as you go. We've also included a worksheet on page 9 to help you compare your options.

A WORD ON LICENSING

With the move to Microsoft Dynamics 365 Business Central, we will no longer see yearly releases of the solution but will instead get bi-annual updates in April and October.

Business Central licenses come in two tiers, Essentials and Premium, similar to the functionality of NAV's Standard Pack and Extended Pack respectively. Premium includes the additional modules of Service Order Management and Manufacturing.

Instead of Limited Users, we'll now see Team Member licenses, with read access across the solution and write access to a maximum of

three table objects, excluding General Ledger entries.

You cannot mix and match Essentials and Premium licenses and you must have at least one Essentials or Premium license before adding Team Members.

As with NAV, you'll still be able to choose from perpetual or subscription licenses. Perpetual means owning the licenses outright, with a larger initial investment, often working out cheaper in the long run. Subscription means paying on a per user/month basis, with a smaller initial investment, providing more flexibility to increase or decrease license numbers in the future.

OPTION 1: BUSINESS CENTRAL ON-PREMISES PERPETUAL

Get 2 named users for every 1 concurrent NAV user

The first way Microsoft is helping existing NAV customers upgrade to Business Central On-premises is by offering 2 named Business Central users for every 1 concurrent NAV user purchased before 1st October 2018. This means that if you have the minimum requirement of the Starter Pack, you end up with 6 Essentials users.

For example:

Starter Pack (no Extended Pack) = 6 Essentials users

Full user (no Extended Pack) = 2 Essentials users

Starter Pack (with Extended Pack) = 6 Premium users

Full user (with Extended Pack) = 2 Premium users

Limited user = 1 Team Member

Microsoft's Upgrade Policy document gives a much more detailed breakdown to help you calculate how many users you'd get with this offer.

OPTION 2: BUSINESS CENTRAL ON-PREMISES SUBSCRIPTION

Host on azure and save

You also have the option to purchase Business Central licenses on a per user/month basis, requiring a smaller initial investment and providing more flexibility to increase license numbers as you grow. By hosting those licenses on Microsoft Azure, you have an even bigger opportunity to save, with Microsoft offering a substantial discount. Of course, you have to consider the cost of the Azure hosting itself. This is usually around £30 a month but the majority of the time it does come in cheaper than running a server on your own premises or outsourcing to a local partner.

For example:

Premium—£60 down to £50 (per user/month)

Essentials—£42 down to £35 (per user/month)

Team Member—£7.50 down to £5.50 (per user/month)

OPTION 3: BUSINESS CENTRAL SAAS

Save 40% on licenses until June 30th 2021

You are also able to deploy Business Central as a Software as a Service (SaaS) solution. SaaS deployments have licenses and hosting included in one monthly subscription, much like the way you might subscribe to Netflix. Business Central SaaS is slightly more limited in terms of scope for customisation, however you can still utilise Extensions 2.0 to enhance your solution.



Microsoft is offering a 40% discount on Business Central SaaS licenses for existing Microsoft Dynamics customers (as of 1st April 2018), due to run until June 30th 2021.

For example:

Premium—£75.40 down to £45.24 (per user/month)

Essentials—£52.79 down to £31.67 (per user/month)

Team Member—£6 down to £3.60 (per user/month)

BUSINESS READY ENHANCEMENT PLAN (BREP)

One other important consideration is whether you're up-to-date with your Business Ready Enhancement Plan (BREP) payments. BREP is an annual maintenance fee paid to Microsoft, calculated at 16% of your original license cost.

You can only take advantage of the offers in this whitepaper if you are up-to-date with your BREP but, if you haven't been paying, there is a simple calculation to work out how much you owe (16% of your original license price per year, plus a 3% penalty). This will help you evaluate whether it makes more sense to backpay your BREP or re-enrol as a new customer. However, it is worth noting that, by the laws of maths, the longer you leave it the more it will cost to backpay.

For example:

*Back pay + re-enrolment fee + future year
License List price is £10,000. Lapsed 420 days
 $£10,000 * (16\% + 3\%) / 365 = £5.21$ per day
 $£5.21 * 420 \text{ days} + (16\% * £10,000) = £3,788.20$*

Microsoft's policy on re-enrolment fees is also a great resource if BREP repayment is something that affects you.





WORKSHEET: UPGRADE OPTIONS

NAV PERPETUAL CUSTOMERS

1. Do nothing

Continue to buy additional licenses as and when required from the existing price list and move to Business Central when you're ready.

2. Upgrade to Business Central On-premises Perpetual

Swap your concurrent licenses for named licenses when you upgrade. Get 2 named users for every 1 concurrent user bought before 1st October 2018. Then add any additional licenses as and when required from the Business Central price list:

Premium—£1878

Essentials—£1341

Team Member (similar to Limited User functionality)—£268

3. Upgrade to Business Central SaaS

Move to a Business Central SaaS subscription and get 40% off licenses until 30th June 2021. Drop your BREP payments by moving to SaaS and take advantage of dual-use rights, allowing you to deploy an on-premises tenant in addition to your SaaS solution for free.

NAV SUBSCRIPTION CUSTOMERS

1. Do nothing

Automatically move to Business Central subscription pricing on 1st October 2019. Until then, continue to add additional licenses as and when required from the existing price list.

2. Upgrade to Business Central On-premises Subscription

Upgrade to Business Central now and pay lower subscription costs. Host your solution in Microsoft's Azure cloud for an extra discount.

3. Upgrade to Business Central SaaS

Move to a Business Central SaaS subscription and get 40% off licenses until 30th June 2021. Take advantage of dual-use rights, allowing you to deploy an on-premises tenant in addition to your SaaS solution for free.

Notes:



GET STARTED

As well as Microsoft's incentives to upgrade, we have also extended our highly successful Fixed Price NAV Upgrade offer to existing customers wanting to upgrade to Business Central.

Our customers have seen their upgrade bills reduced by up to 60%, **saving them more than £25,000**. By quoting at a fixed price, we shoulder the risk of project overrun for you.

Our competitive rates also mean that we usually come in much lower than other quotes you might receive, which tend to average £800-£1000 day.

If you're interested in upgrading to Business Central, we'd love to have a chat to understand your requirements in more depth. Get in touch for a no-obligation Fixed Price Upgrade quote.

Need support?

Are you paying for NAV support as a fixed annual or monthly fee or as a percentage of your license costs? Our Pay As You Go MaxCare Support starts at just £55/hour, so you only pay for the support you need. With Mercurius IT, you are guaranteed value-added services at the best possible price.

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