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| Microsoft Dynamics  Customer Solution Case Study | |
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|  | **http://img2.store.microsoft.com/prod/clustera/v2/framework/pages/global/msstorelogo.png** | |  | Microsoft Launches Innovative Retail Business, Delivers Customer Service ExcellenceDynamics Header |

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| Overview  **Country or Region:** United States  **Industry:** Retail—Specialty retailing  Customer Profile  The Microsoft Store offers software, hardware and peripherals, and ancillary services to customers online and through a fast-growing retail operation with destination stores.  Business Situation  With just a few months left before the first store opening, the retail group had to implement a business management solution to support operations and deliver the best possible customer experience.  Solution  In a rapid, on-time implementation, the Microsoft Store deployed Microsoft Dynamics AX for Retail together with Microsoft Dynamics CRM and in integration with corporate systems at Microsoft.  Benefits   * Deploy quickly and fit solution to business needs * Build customer loyalty with excellent service and an immersive experience * Become an agile organization poised for growth * Take control of the business to serve customers better |  |  | “Microsoft Dynamics AX for Retail enables us to follow our vision and be a dynamic, valuable retailer that provides customers with a unique and personal experience.”  Terri Jordan, Vice President, Technology for Retail Stores, Microsoft |
|  |  | When the Microsoft Store decided to open retail locations to create closer connections with customers and let them experience new technology in an immersive experience, the deadline for the first opening was only a few months away. The retail group had to build a management infrastructure for an innovative, connected retail business. After reviewing many possible solutions, the Microsoft Store deployed Microsoft Dynamics AX for Retail and integrated it with the corporate SAP financial system, Microsoft Dynamics CRM, and specialized applications. The retail group completed the implementation on time, providing advanced management capabilities and extensive resources for reporting and performance management. Now, the Microsoft Store can easily scale to support the growth of its retail operation and deliver a compelling customer experience with consistent service excellence. |
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Situation

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| “Customers feel that we know them. They don’t have to tell us their account history; instead, they can simply talk about the product or service that matters to them at that moment.”  Larry Venter, Senior Director, Retail Solutions, Microsoft |

[Microsoft](http://www.microsoft.com/en/us/default.aspx) is a leader in providing software, services, and solutions to help people and businesses around the globe realize their full potential. Microsoft was founded in 1975 and has its headquarters in Redmond, Washington. Approximately 88,000 employees at headquarters and in the regional organizations serve customers worldwide.

To maintain the innovative momentum of technology, Microsoft has researched, developed, and licensed [hardware products](http://www.microsoft.com/hardware/default.aspx) that complement the capabilities of the software solutions and enable a rewarding user experience. Through the [Microsoft Store](http://store.microsoft.com/home.aspx), customers can purchase Microsoft software and hardware as well as computers, devices, and peripherals that Microsoft technology partners offer. For several years, the Microsoft Store conducted business online.

With its scheduled launch of Windows 7 and the impending release of Microsoft Office 2010, Microsoft was about to take huge steps toward delivering on its idea of what technology could help people achieve. Those advances also presented the opportunity to serve customers in an environment that could show exciting new technology in action and help customers make informed choices through hands-on experiences. Microsoft decided that innovative, physical retail stores were going to be the medium to deliver on this vision. In addition to developing more immediate customer relationships, the main goals for the retail stores were to offer a wide range of product choices, excellent value for customer spending, and the best possible service.

Terri Jordan, Vice President, Technology for Retail Stores at Microsoft, explains, “We wanted to develop closer connections with our customers. In a comfortable, enjoyable retail store setting, they could try out new products and usage scenarios in an immersive manner, share their feedback and interests, receive inspiration and guidance from store associates, and access repair and upgrade services. We also realized the competitive advantage in offering a high-quality customer experience not available in any other retail setting.”

Only a few months remained until Microsoft opened its first retail store. Without a previous retail practice in a brick-and-mortar setting, Microsoft had to create the business management infrastructure to manage its stores. Jordan and her team defined the complex requirements for the capabilities of this technology, which included:

* **Retail business functionality**, such as point-of-sale (POS) features, item file management, inventory management, pricing control, and targeted promotions.
* **Store management capabilities** to facilitate transactions, resolve customer issues, and keep in-demand products available.
* **Comprehensive reporting** to assess and direct the sales performance of stores, product lines, and associates.
* **Customer relationship management** tools to provide a full view of customers’ purchase histories, preferences, and engagements with the Microsoft Store online and in the physical locations.
* **Integration with functionality of critical importance to the customer experience**, including surface and tablet computing, cell phone activation, warranty tracking, and service management.
* **Integration with SAP**, the legacy corporate system at Microsoft, which was to be used for finance management.

Solution

Considerations of functionality and implementation effort drove the software selection. “An outstanding customer experience and effective business management were essential for the success of the stores,” says Jordan. “We had the freedom to select the best software solutions we could find—there was no mandate to confine ourselves to Microsoft technology.”

The Microsoft Store team decided to implement [Microsoft Dynamics AX for Retail](http://www.microsoft.com/en-us/dynamics/products/ax-retail.aspx) as the business management solution after verifying that it met key requirements. Says Jordan, “Microsoft Dynamics AX for Retail had several major advantages. The solution provided a wide range of retail capabilities, had the flexibility to reflect our specific business requirements, and could integrate with the corporate SAP system and all the other technology tools deployed in the store environment.” In addition, the Microsoft Store chose [Microsoft Dynamics CRM](http://crm.dynamics.com/en-us/) to support effective service delivery with complete detail on customer accounts and purchase histories.

Designed to facilitate the [connected retail customer experience](http://download.microsoft.com/download/7/0/B/70B05EA3-233E-4677-A921-DA409B4EADF6/MicrosoftDynamics_ERP_WP_Retail.xps) that Microsoft aims to deliver, Microsoft Dynamics AX for Retail is an integrated, end-to-end solution that offers key capabilities, including:

* Core functionality in Microsoft Dynamics AX, which provides financial and supply chain management.
* Microsoft Dynamics AX for Retail Headquarters, which offers financial management, merchandising, marketing, logistics, and other functionality at the store level.



* Microsoft Dynamics AX for Retail POS, which facilitates payment processing, transaction management, loyalty program management, and other capabilities to help store associates assist customers productively.

**Extremely Fast, On-Time Implementation**

The retail team worked with the Microsoft IT organization and the Microsoft Dynamics AX product group to configure Microsoft Dynamics AX for Retail for the business and perform the implementation with all necessary integrations. The teams succeeded in readying deployment, testing, integration, and user training within three months—in time for the opening of the first stores in October 2009. Within that foreshortened time frame, Jordan and her team also worked with the highly extensible platform in Microsoft Dynamics AX for Retail to uniquely tailor the store environment, helping to ensure a high-quality experience for retail store customers and the people serving them.

Today, eight Microsoft Store locations in the United States run on the solution, and Microsoft is readying additional locations. Approximately 325 Microsoft associates use the solution to manage the business and help customers, accessing the capabilities they require to do their work through the Role Centers in Microsoft Dynamics AX for Retail. Future growth will continue to rely on the same single instance of Microsoft Dynamics AX for Retail.

Seamless Integration with SAP and Other Specialized Software Tools

Because Microsoft Dynamics AX for Retail integrates smoothly with the financial and human resources management functions of the corporate SAP system, store transactions reflect promptly in the SAP system. In addition to using Microsoft Dynamics CRM to support an effective, informed customer service, the Microsoft Store integrated Microsoft Dynamics AX with many innovative tools used in the stores. These include capabilities for service management, contract tracking, cell phone activation, technical support, and tablet computers that store associates use. The Microsoft Store also integrated the accounts and purchase histories of online and in-store customers in Microsoft Dynamics CRM to deliver a complete and current view of each customer.

Extensive Reporting and Business   
Insight Capabilities

Business reporting based on data from Microsoft Dynamics AX for Retail is a critical aspect of how the Microsoft Store uses the solution. The solution integrates with Microsoft SQL Server to make full use of the data management and reporting strength of SQL Server. The Microsoft Store uses a portal in Microsoft SharePoint Server for securely distributing business reports to people in various business roles, corresponding to their needs for insight and control.

Up-to-the-minute sales and transaction data reflect in all layers of the solution to enable real-time reporting. Through a store portal, information from the stores drives a comprehensive set of intuitive dashboards that highlight conversion rates, attach rates, and other important metrics. Stakeholders can access the solution to create their own ad-hoc reports, but they largely rely on the Microsoft Store team to receive reports. Jordan’s team created a number of strategic reports for purposes of sales tracking and executive decision making; recipients can then determine the best design and frequency for these reports, which will reach them on an automated schedule. The team also created a data store in SQL Server to combine and analyze online and in-store customer data and histories, which makes the design, targeting, and management of promotions and campaigns more efficient, productive, and accountable. In addition, the Microsoft Entertainment and Devices Division relies on reporting centralized purchases to keep the stores supplied with the products they need to have available.

As the retail operation grows, the importance of reporting with Microsoft Dynamics AX for Retail will only increase. Jordan comments, “We are growing an organizational structure that is, in many ways, typical for the retail industry, with extensive field operations and sales districts. The solution’s business insight and role-tailored capabilities will help us support complex reporting and operational requirements at the level of stores, districts, and the entire company.”

Benefits

With Microsoft Dynamics AX for Retail as a key component of its business infrastructure, the Microsoft Store retail operation is ready to serve growing numbers of customers with the best possible service quality and compete strongly in the retail market. Says Jordan, “Microsoft Dynamics AX for Retail enables us to follow our vision and be a dynamic, valuable retailer that provides customers with a unique and personal experience.”

Deploy Quickly and Fit Solution to Business Needs

Following the rapid implementation, the Microsoft Store enjoys a business management solution that closely fits the way the retail operation and employees work. Says Jordan, “What we accomplished in three months is unheard-of in the industry. We showed that Microsoft Dynamics AX for Retail can adapt closely to a complex business model and accelerate time-to-value by making optimal use of technology that companies already own, in this case the Microsoft corporate SAP system.”

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| “We showed that Microsoft Dynamics AX for Retail can adapt closely to a complex business model and accelerate time-to-value by making optimal use of technology that companies already own….”  Terri Jordan, Vice President, Technology for Retail Stores, Microsoft |

Much like the Microsoft Store, Microsoft business customers often wish to connect existing, corporate technology with new software tools. “We proved that what we always tell customers is true—they can get the best of both worlds,” says Jordan. “They can implement a Microsoft Dynamics solution to get the business management capabilities they need. And, they can integrate that solution closely with other corporate or ERP systems so they can, for example, access financial data, enable reporting, or support business administration.”

For the Microsoft Store, extending the solution to its unique requirements helped the organization to fully realize the vision of a high-quality customer experience with a certain look and feel of the technology environment. Larry Venter, Senior Director, Retail Solutions at Microsoft, comments, “We were able to tailor Microsoft Dynamics AX for Retail very quickly to the stores’ requirements. The solution offers an outstanding level of flexibility.”

Build Customer Loyalty with Excellent Service and an Immersive Experience

Microsoft Dynamics AX for Retail, Microsoft Dynamics CRM, and the integrated software tools provide a wealth of customer information and service capabilities, helping store associates offer customers a meaningful interaction. “Customers feel that we know them,” explains Venter. “They don’t have to tell us their account history; instead, they can simply talk about the product or service that matters to them at that moment.” Customer information that the solution presents will play an increasingly critical role as the customer experience becomes more immersive. Says Venter, “We already have tablet devices and an interactive video wall to help customers envision technology usage scenarios. Given customers’ opt-in, we could also rouse their avatar from their Windows Phone 7 as they enter the store and let the avatar guide them to interesting products and resources, based on solution data about them.”

Become an Agile Organization   
Poised for Growth

With the growth of the Microsoft Store operation, the extensibility of Microsoft Dynamics AX for Retail in accommodating demanding workloads, advanced customization, and specific software add-in solutions will be of great value. “Microsoft Dynamics AX for Retail has the scalability and power to support a much larger and more complex operation,” says Jordan. “The multilanguage and multicurrency capabilities of the solution will be critical for us.”

At the same time, by using Microsoft Dynamics AX for Retail, Microsoft Store can work as a highly nimble organization. As the Microsoft Store becomes a one-stop shop for versions of Microsoft products and the hardware customers need, the retail operation takes advantage of the multichannel capabilities of Microsoft Dynamics AX for Retail to deliver services efficiently. “We aim to keep our margins healthy by shortening the time between sourcing and selling a product,” says Venter. “Microsoft Dynamics AX for Retail already has helped us accelerate inventory throughput and respond swiftly to emerging customer needs. We will benefit from that experience as we run more targeted campaigns and promotions.”

Take Control of the Business to Serve Customers Better

The Microsoft Store has won wide visibility within the company for working effectively with meaningful reporting that enables business insight. Strategic and tactical reporting takes place at several levels, from highly detailed reports for store managers to summary sales performance overviews for corporate executives. “We have real-time sales reporting from all the stores, giving retail managers and company executives an optimal level of insight and control in assessing store events and managing retail activities for best results,” says Jordan. “I expect that more business groups will take advantage of the reporting capabilities in the Microsoft Dynamics solutions.”



Customers ultimately stand to benefit from the enhanced insight of managers at the Microsoft retail stores. As Venter comments, “The more we understand all aspects of the business, the better we can anticipate and meet customers’ needs and be aware of their changing interests. That will help us ensure that we always have the right products on hand, and continue to boost customer loyalty.”

Additional Resources

* [Learn more about the Microsoft Connected Retail Experience.](http://www.microsoft.com/enterprise/industry/retail-hospitality/point-of-view/default.aspx)
* [Read about Microsoft Dynamics solutions for the retail industry.](http://www.microsoft.com/en-us/dynamics/products/ax-retail.aspx)
* [Watch a video about Microsoft Dynamics AX for Retail.](http://www.microsoft.com/en-us/dynamics/videos/video-ax-retail.aspx)

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| Software and Services   * Microsoft Dynamics * Microsoft Dynamics AX for Retail * Microsoft Dynamics CRM |  |

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[store.microsoft.com](http://store.microsoft.com/)

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