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Microsoft
Solutions Partner

Microsoft Dynamics 365
Business Central

Microsoft Dynamics 365
Finance
Supply Chain Management

A GUIDE TO MICROSOFT DYNAMICS 365 ERP

Which solution is really best for your business?

Digital Empowerment

Dynamics 365 Business Central
vs.
Dynamics 365 Finance &
Dynamics 365 Supply Chain Management

Which solution is really best for your business?

Choosing the right ERP solution is a critical decision for any business.

For many – especially those who are already standardizing on Microsoft technology – the decision comes down to a choice between Microsoft's two Dynamics 365 ERP platforms:

- **Microsoft Dynamics 365 Business Central** (BC)

- **Microsoft Dynamics 365 Finance and Microsoft Dynamics 365 Supply Chain Management** (F&SCM).

The solutions offer robust ERP capabilities that are optimized for different organizational scales and business complexities. In addition, both platforms can be extended with deep CRM and BI & Analytics functionality, as well as AI agents and tools and low-code applications from across the Microsoft Business Applications portfolio.

So even though the choice may seem clear at first glance, you could be surprised. The solution that looks right on paper might not be the one that ends up making most sense for your business.

We hope that the content in this document will help you make an informed choice about which solution is best for your business now and in the future.

On the surface

At a high level, the two solutions appear to have well-defined sweet spots.

- **Business Central** is traditionally seen as being suitable for small to mid-sized businesses with limited complexity and who expect a faster deployment process, a lower overall budget and simpler user experience.

- **Finance & SCM** is typically better suited for medium to large enterprises with complex operations, more extensive financial and supply chain management needs and a need for enhanced scalability.

But the story is more complex, and interesting, than this.

What's in a name?

As with many technology decisions, the naming of the solutions themselves can often add a degree of uncertainty to the early assessment process.

This guide compares Microsoft Dynamics 365 Business Central with two separate – but tightly linked – applications: Microsoft Dynamics 365 Finance and Microsoft Dynamics 365 Supply Chain Management.

- **Microsoft Dynamics 365 Business Central** is often referred to as BC, and has evolved from earlier solutions including Microsoft Dynamics NAV and Navision.

- **Microsoft Dynamics 365 Finance and Microsoft Dynamics 365 Supply Chain Management** evolved from a single solution called Microsoft Dynamics 365 Finance and Operations (previously Microsoft Dynamics AX and AXAPTA).

  This change was made to better align the new solutions with customer needs and industry trends. The current solutions, along with other related components, are still often referred to as Dynamics 365 Finance & Operations, F&O or FO.

"Choose BC for simplicity
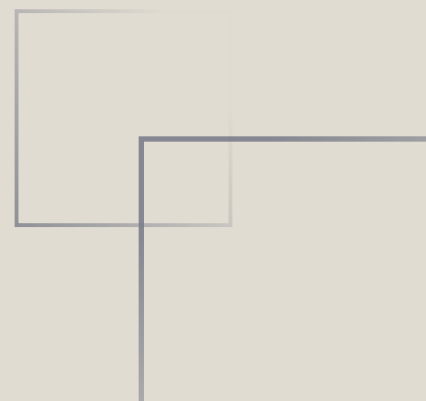 and speed; choose F&SCM
 for scale and sophistication."

Digging deeper

You can use the overview below to compare highlights
of the solutions at a more detailed application- and
capabilities-level:

	Business Central	Finance & Supply Chain Management
Solution fit		
Target Businesses	Small to mid-sized businesses who want an all-in-one ERP solution that is easy to deploy and manage.	Medium to large enterprises with complex operational needs across finance, manufacturing and logistics.
Deployment Options	Primarily cloud-based with on-premises deployment option.	Primarily cloud-based with hybrid deployment options.
Customization	Straightforward, through extensions and low-code Microsoft Power Platform tools so users can tailor workflows and interfaces.	Extensive, supporting deep configuration, custom development and integration with Microsoft Azure services and Microsoft Power Platform.
Compliance & Localization	Compliance supported across 155+ countries, with built-in localization and tax configurations for businesses operating in a multiple regions.	Enterprise-grade tax automation and regulatory support across 210+ countries and regions for multinational organizations that need robust governance and localization.

"BC is built for agility, fast deployment
 and cost efficiency. F&SCM delivers
 enterprise-ready capabilities for
 complex global operations."

	Business Central	Finance & Supply Chain Management
Application areas		
Finance	Core capabilities include general ledger, accounts payable and receivable, fixed assets, basic budgeting and multi-currency support.	Advanced financial capabilities including global financial consolidation and financial dimensions and complex scenarios like intercompany accounting, financial tags and automated reconciliation workflows.
Manufacturing	Suitable for businesses with straightforward production needs. Includes production orders, bill of materials, capacity planning, shop-floor control and features for assembly management, subcontracting and simple quality management.	Suitable for businesses with complex production needs. Includes robust capabilities for operations that need scalability, compliance and deep operational visibility. Supports discrete, process and lean manufacturing with advanced planning optimization, engineering change management and quality control.
Supply Chain Management	Offers essential features such as inventory tracking, procurement and basic demand forecasting and supports product information management and simple landed cost tracking. Integration with Shopify streamlines e-commerce and fulfillment.	Offers deep supply chain capabilities including advanced procurement, vendor rebate management and AI-driven demand planning. Supports complex product lifecycle management, contract lifecycle workflows and real-time supply planning. Enhanced traceability and logistics tools enable resilience across global operations.
Warehousing	Best suited for businesses with simple warehouse layouts and operations. Includes basic warehouse management features such as directed put-away and pick, cycle counting and bin-level tracking.	Suitable for high-volume, multi-location warehouses that require precision and scalability. Offers complex configurations, real-time mobile apps and advanced inventory tracking. Also includes wave and batch picking and automated replenishment.
Inventory Management	Standard capabilities suitable for businesses with needs such as basic inventory tracking, categorization, costing and adjustments. Supports item availability checks and integrates with purchasing and sales for end-to-end visibility.	Advanced capabilities, including global inventory accounting, traceability with tracking attributes and real-time visibility. Supports multiple valuation methods, regulatory compliance and inventory optimization across warehouses and legal entities.

	Business Central	Finance & Supply Chain Management
Application areas (continued)		
Project Management	Offers integrated project management tools for budgeting, resource scheduling and time & expense tracking. Ideal for service-based businesses and internal project tracking with integration into financials and reporting.	Offers advanced project planning, profitability analysis and billing. Enables complex project scenarios across industries with deep integration into finance and supply chain modules for full visibility and control. Is often extended with Microsoft Dynamics 365 Project Operations.
Procurement & Vendor Management	Offers standard purchasing workflows, vendor account management and invoice matching. Also supports purchase orders and returns with basic approval workflows.	Offers advanced procurement features for organizations with complex vendor ecosystems. Including contract lifecycle management, vendor rebate programs and automated procure-to-pay processes.
Human Resources	Basic HR capabilities such as employee records and absence-tracking that are suitable for small teams and internal HR needs.	More robust HR capabilities including resourcing functionality for production and project scheduling and integrates with Microsoft Dynamics 365 Human Resources to add advanced capabilities.
Sales & Marketing	Supports sales quotes, orders, returns and drop shipments and includes customer account management, basic campaign management and integration with Shopify. Relationship management features also help track customer interactions and preferences.	Supports robust sales and marketing lifecycle tools including campaign management, lead nurturing and sales agreements. Offers multiple sales order types, up-sell/cross-sell logic and backorder tracking. Invoicing options include free-text and pro-forma invoices for complex B2B and B2C scenarios.
Business Intelligence & Analytics	Power BI integration provides real-time dashboards and financial performance tracking. Includes account schedules, analysis views and budget comparisons. AI-powered summarization and autofill features help users interpret and use data.	Embedded Power BI, planning cubes and forecasting models enables enterprise-grade analytics. Finance includes outlier detection and predictive planning, while Supply Chain Management uses generative AI for demand forecasting and cell-level explainability.
AI & Automation	AI and automation enhance productivity for small to mid-sized businesses. Key features include automated bank reconciliation, invoice suggestions and natural language summarization of financial data. In sales and purchasing, Microsoft Copilot can generate email responses and suggest reorder quantities. Also supports workflow automation for approvals and notifications to streamline repetitive tasks.	AI and automation across financial operations, supply chain planning and manufacturing. Copilot agents assist with sub-ledger reconciliation, financial tagging, supplier communication and demand forecasting. AI models detect outliers, predict seasonality and optimize planning strategies. Automation extends to global tax compliance, invoice matching and warehouse operations with real-time insights and decision support.

Meeting industry needs

In addition to evaluating core operational capabilities, most companies are looking for solutions that support key processes, legislation and regulatory needs that are specific to their industry.

Both solutions have their own strengths across multiple industries (see below). In addition, many partners can add industry experience and additional capabilities that will extend the industry capabilities of the final solution.

The key capabilities in selected industries are summarized below:

Business Central

- **Manufacturing:** Light assembly, BOM management, production orders, lean manufacturing.

- **Construction & Engineering**: Job costing, subcontractor management.

- **Transport & Logistics:** Supply chain coordination, warehouse integration.

- **Wholesale & Distribution:** Inventory optimization, logistics, warehouse management.

- **Retail & E-commerce:** POS integration, inventory tracking, multi-channel sales.

- **Professional Services:** Project management, time tracking, billing.

- **Financial Services:** Budgeting, compliance, financial reporting.

Finance & Supply Chain Management

- **Manufacturing:** End-to-end traceability, predictive insights, production planning.

- **Pharmaceuticals & Healthcare:** Compliance, cold chain logistics, supplier collaboration.

- **Automotive & Aerospace:** Complex BOMs, supplier recovery, defect attribution.

- **Technology & Electronics:** Fast product cycles, agile supply chains.

- **Retail & Consumer Goods:** Demand forecasting, inventory optimization, omnichannel fulfillment.

- **E-commerce & Logistics:** Real-time inventory, returns management, last-mile delivery.

- **Energy & Utilities:** Asset management, procurement, logistics.

What to look for in a partner

An experienced partner can help you assess your business needs, map your operational processes and plan a suitable implementation, deployment and adoption process.

A structured evaluation approach might throw up a few surprises and change a few critical assumptions, based on your current needs and future expectations.

To add real value to the platform selection process, and the final implementation, you should look for an IT partner with the capabilities below:

- **A business-first approach:** An understanding that modern IT technology is just a business enabler and catalyst that helps companies achieve their critical business goals.

- **Broad Microsoft-stack experience:** Experience in Microsoft Dynamics 365 platforms, and the extended Microsoft Business Applications landscape – including Microsoft Dynamics 365 CRM solutions, Microsoft Power Platform, data & analytics platforms and Microsoft Azure.

- **Industry experience and capabilities:** Knowledge of the typical regulatory requirements, operational models and business processes in your industry. Look for a partner with customer cases that align with your own industry profile.

- **AI capabilities and experience:** A structured approach to implementing AI and AI agents to address common business challenges and promote automation and user productivity. This should include both integrated AI capabilities and 'Out of the box' agents from Microsoft and customer-specific AI solutions.

- **BI, Analytics and reporting:** A focus on how your business can source, access, store and secure your data with modern architectures and tools for the Microsoft Dynamics 365 platform.

- **A focus on simplicity and standardization:** The simplest solution is often the best option. Assembling solutions that are based on standard Microsoft platforms and best-practice industry templates will help simplify daily operations and future upgrades.

- **Documented processes:** A proven track record of successful deployments based on well-defined and tested implementation methodologies and project management processes and a hand-over from implementation to daily operations.

- **Ongoing support and continuous innovation:** The capabilities to offer ongoing service & support of the final solution and a proactive approach to helping you ensure that your solution is not only up to date, available and secure, but that it also uses the latest capabilities and technology to help you drive continued innovation in your business.
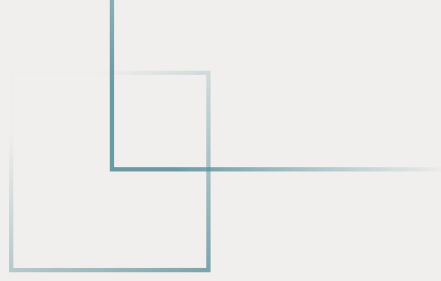
5 critical factors to consider and compare

Selecting the best business platform for your company is a complex and critical decision. The following 5 key considerations are a good place to start:

1. **Business size & complexity**
   How extensive is your organizational structure and geographical scope, and how complex are your business processes?

2. **Depth of functionality**
   Do you need advanced capabilities such as multi-entity finance, complex manufacturing and regulatory compliance, or will core ERP features be enough?

3. **Scalability & implementation**
   Are you prepared for a longer, more resource-intensive implementation process, or do you need a faster, simpler deployment?

4. **Licensing & Total Cost of Ownership**
   What is your implementation, licensing and operational budget, and would modular pricing make more sense than an all-in-one solution?

5. **Integration, customization & innovation**
   Do you need to integrate to other business systems, and will you need unique capabilities, or are standard integrations and simpler, low-code extensions enough?

The obvious choice is not always so obvious

No two businesses are alike. Each has its own unique set of operational needs and business considerations.

The inherent flexibility of the core ERP solutions, and the many opportunities to extend these standard capabilities, may mean that the solution that seems the obvious choice is not necessarily the best option for your business.

These considerations are the basis for a more detailed and informed discussion within your organization and with your ERP partner. We hope this guide has been a good place to start that ongoing conversation.

Dynamic solutions – evolving capabilities

The information in this document has been sourced from publicly accessible Microsoft information and was correct at time of writing. You can use the QR-codes below to access the most up-to-date and accurate information about the solutions.

Microsoft Learn:

Dynamics 365 Finance	Dynamics 365 Supply Chain Management	Dynamics 365 Business Central

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