

VISION

Microsoft Dynamics Retail Store Management Statement of Direction

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Executive Summary

Microsoft Dynamics is focused on midmarket opportunities across multiple industries. There are five key industries, however, on which Microsoft Dynamics will focus: Manufacturing, Retail, Distribution, Professional Services, and Public Sector.

The Retail Industry represents a significant opportunity for Microsoft Dynamics as the second largest industry in terms of both entities and software applications spend. This is especially true in the Retail Mid-Market where the software application spend opportunity is greatest. More important, however, is the value Microsoft Dynamics can help deliver to retail organizations in a climate where consumers are empowered like never before with real-time information through mobility, social media, and online channels – driving retailers to choose technology that helps connect them with their customers. Retailers are looking to achieve this through the deployment of solutions that help reduce complexity; allow the organization to quickly adapt; and empowers the retailer's most valuable asset – people – to be more productive.

This statement of direction brings Microsoft Dynamics customers and partners up-to-date on the Microsoft Dynamics Retail roadmap with specific focus on the product development plan, support, and migration for Microsoft Dynamics Retail Store Management solutions – Microsoft Dynamics Retail Management System (RMS) 2.0 and Microsoft Dynamics POS 2009 - through 2015. This document replaces all previous versions and provides relevant information about:

- Microsoft Dynamics Retail Management System (RMS) 2.0 and Microsoft Dynamics POS 2009

Although the focus of this document is on Store Management Solutions, the roadmap for all solutions in the Microsoft Dynamics retail portfolio will be detailed – starting with the soon to be released Microsoft Dynamics AX for Retail. This is the next generation end-to-end retail solution from Microsoft Dynamics and will play a key role in the long term strategy and migration plan for current Microsoft Dynamics retail customers.

Microsoft is committed to provide innovation and long term value to Microsoft Dynamics RMS 2.0 and Microsoft Dynamics POS 2009 customers. Our goal is to provide visibility to the overall Microsoft Dynamics retail roadmap as well as detailed information about our product strategy for our Store Management Solutions, so that you can plan your business activities effectively.

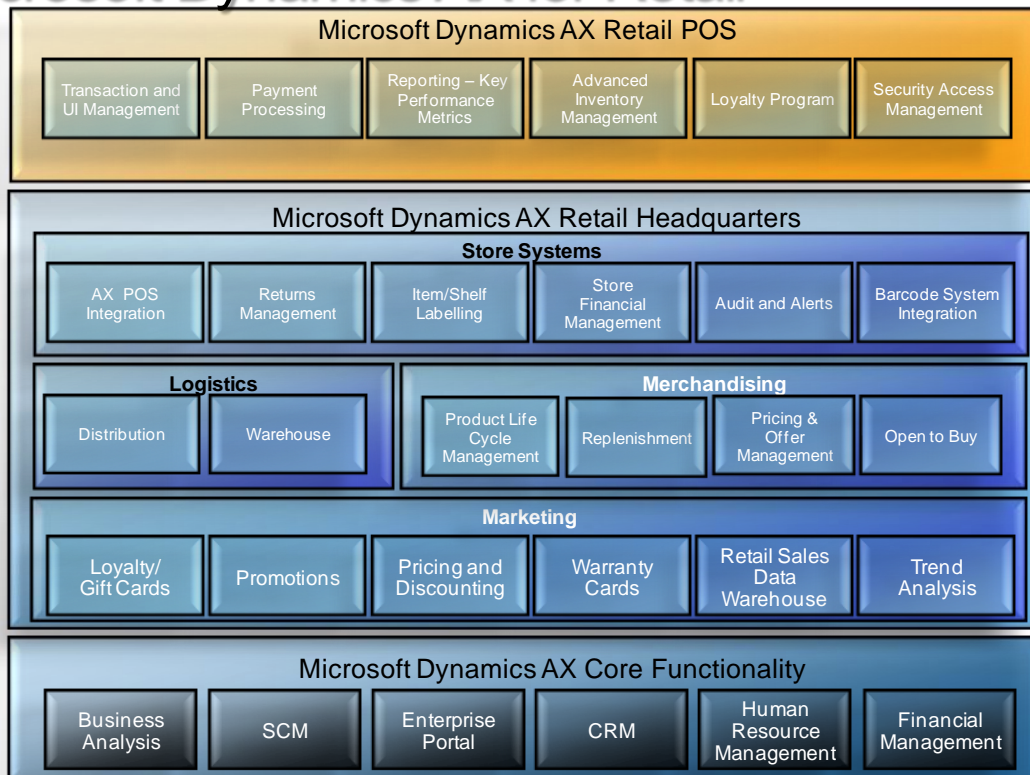
Microsoft Dynamics End-to-End Retail – Microsoft Dynamics AX for Retail

With the upcoming release of Microsoft Dynamics AX for Retail, Microsoft Dynamics will offer customers a complete end-to-end retail solution that includes point of sale, store and inventory management, merchandising, and ERP – with the unique value proposition of fully integrated out of the box with all components purpose-built to work together. This highly scalable solution offers specialty retailers and others reduced complexity through consistency in data model; business rules; look and feel; and security/compliance across the platform. Microsoft Dynamics AX for Retail offers the following benefits:

- **Lower Total Cost of Ownership:** Solution providing more accurate, timely, and consistent information – Eliminates time lost by redundant data entry in disparate systems.
- **Enhanced Productivity:** Reduced training times and productivity gains through a consistent user experience. Reduced IT support and better decisions through improved data access and a consistent view of data at the store, headquarters, supply chain and beyond.
- **Investment Protection:** Scale and flexibility to adapt to new business requirements, while leveraging existing investments. As a global leader in Retail, Microsoft brings more resources to bear – Windows, Office, Microsoft Dynamics, SQL, SharePoint, Surface - to help drive success for customers.

The vision for Microsoft Dynamics AX for Retail is shown in the following graphic:

Microsoft Dynamics AX for Retail



Microsoft Dynamics AX for Retail is the next generation solution for Microsoft Dynamics customers looking to help achieve end-to-end control of their organization and will be the migration path for Microsoft Dynamics RMS 2.0 customers as detailed later in the document.

Microsoft Dynamics AX for Retail will be launching in 16 countries in the summer of 2010 and expanding into 22 additional countries December 2010. Microsoft will localize and translate the solution in those 38 countries. The following graphic highlights the timeline and specific countries:

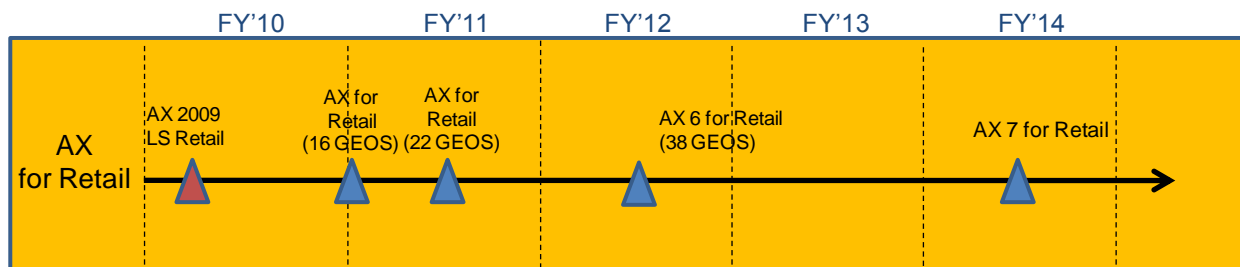
Microsoft Dynamics AX for Retail Localization

- **Industry Focus – Offer Dynamics AX for Retail in all countries (38) where Dynamics AX is localized today**
 - Launch Dynamics AX for Retail - Summer 2010 for 16 key markets
 - U.S., U.K, CAN, AUS, DEU, DNK, NLD, NOR, IRL, ZA, FIN, NZL, MYS, SGP, MEX, FRA
 - Launch Dynamics Retail AX to a further 22 countries in December 2010
 - CHN, IND, JPN, RUS, CZE, EST, LTU, SVN, POL, ESP, ITA, BEL, BRA, TUR, SA, CHE, AUT, HUN, THA, ISR, SWE, ISL

Microsoft will be evaluating a partner localization program to make Microsoft Dynamics AX for Retail Solution available for additional countries. More detail on this program will be provided in the coming months.

Roadmap

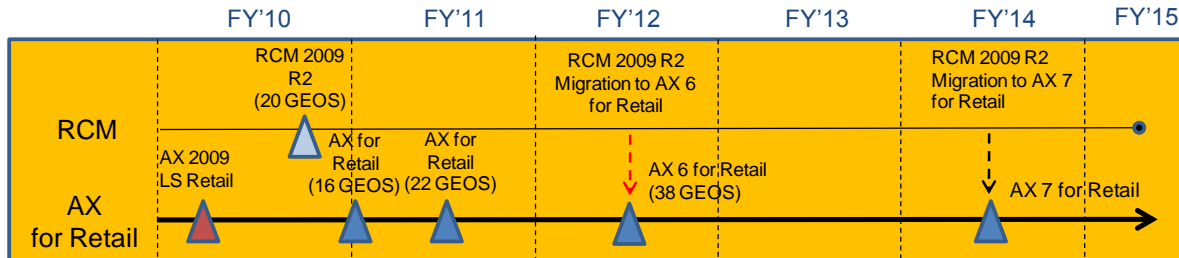
The following graphic shows the timeline and roadmap for Microsoft Dynamics AX for Retail



Migration

Additional retail capabilities will be added to Microsoft Dynamics AX for Retail solution as key incremental features of an existing Microsoft Dynamics AX-based retail headquarters solution – Retail Chain Manager (RCM) - are incorporated into the end-to-end platform.

The following graphic shows the timeline and migration plan for RCM customers:



Microsoft Dynamics AX for Retail requires the core Microsoft Dynamics AX ERP components today (Financials; Trade & Logistics etc.). The development plan is to continue developing the solution for implementation simplicity and additional deployment flexibility - including the ability to implement the point of sale and retail headquarters functionality (Store & Inventory Management, Merchandising etc.) independent of the core ERP by the release of Microsoft Dynamics AX for Retail version 7 (2014 timeframe).

Microsoft Dynamics Retail Store Management Solutions

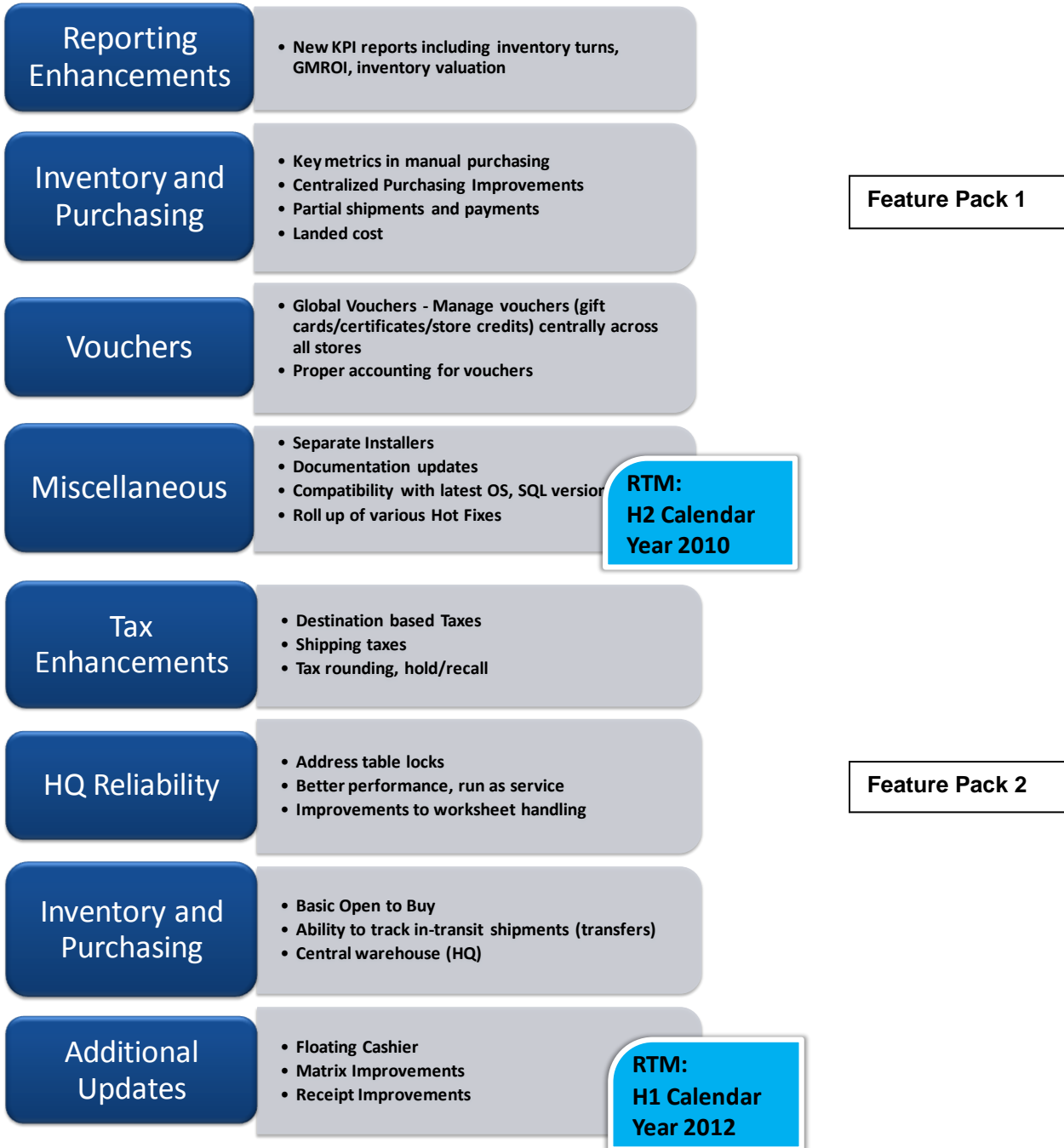
Microsoft Dynamics currently offers the following Retail Store Management solutions:

- Microsoft Dynamics RMS 2.0 - comprised of both Store Operations and Headquarters components
 - Store Operations - runs both the POS register and manages the individual store
 - Headquarters - consolidates data and allows for the central management of multiple store locations
- Microsoft Dynamics POS 2009 – Offers both point of sale and management functionality within the retail store. Microsoft Dynamics POS 2009 can be sold as a single store solution or integrated with other applications by partners via the available software development kit (SDK).

Microsoft Dynamics RMS 2.0

Roadmap

Mainstream support for Microsoft Dynamics RMS 2.0 will run through 2015. Microsoft Dynamics RMS 2.0 single and multi-store customers will be receiving new features in the form of two feature packs. The first feature pack will be delivered in the second half of 2010, while the second feature pack will be delivered in the first half of 2012. Details of functionality to be included in these feature packs are shown in the following two graphics:



All Microsoft Dynamics RMS 2.0 customers who are current on a Business Ready Enhancement Plan or Business Ready Advantage Plan will be able to take advantage of the feature packs.

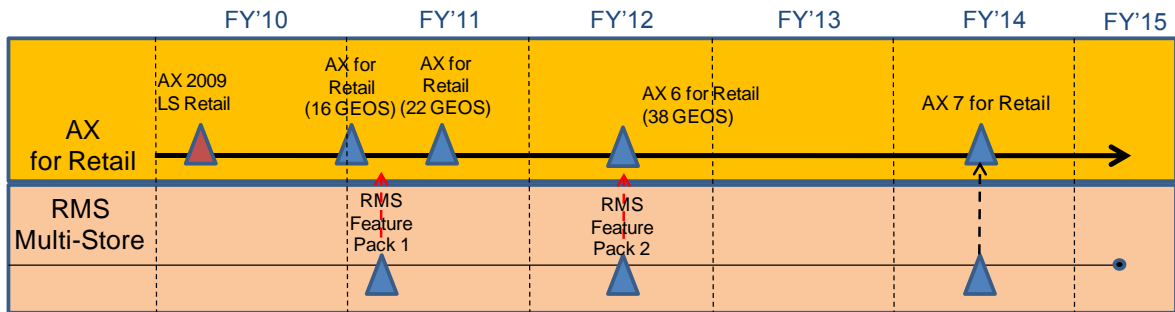
With Microsoft Dynamics RMS 2.0, customers have the benefit of both new functionality and time to determine when migration to the next generation end-to-end retail solution is right for their business. There will be migration opportunities for both multi-store and single store Microsoft RMS 2.0 customers.

Migration

Microsoft Dynamics RMS 2.0 Multi-Store Customers

- Microsoft Dynamics RMS 2.0 multi-store customers will have the option to migrate to Microsoft Dynamics AX for Retail. This migration can take place anytime over the coming releases. As described earlier, each release of Microsoft Dynamics AX for Retail will include enhancements for implementation simplicity and deployment flexibility – including Sure Step and implementation accelerators - culminating with Microsoft Dynamics AX for Retail version 7 offering modular deployment of point of sale and retail headquarters – independent of core ERP. Microsoft Dynamics RMS 2.0 customers will have three deployment options:
 - **Deploy as point of sale, store management, and retail merchandising only – Customer does not leverage core ERP function**
 - **Deploy as Retail Merchandising and Store Management integrated to a separate application for ERP and financials – Referred to as Hub and Spoke**
 - **Deploy as complete end-to-end leveraging Microsoft Dynamics AX for point of sale, store management, merchandising, financials and core ERP**
- Microsoft Dynamics RMS 2.0 customers who are current on a Microsoft Dynamics Business Ready Enhancement Plan or Business Ready Advantage Plan will be eligible to receive equivalent licenses of Microsoft Dynamics AX for Retail. There will not be additional license cost for migration of equivalent retail licenses. The migration offer will not include free licenses to use the core ERP product for purposes outside the scope of the Microsoft Dynamics AX for Retail Headquarters Module. Customers will be responsible for paying the difference in enhancement as follows:
 - Microsoft Dynamics RMS 2.0 customers will receive an investment credit for the Microsoft Dynamics Business Ready Enhancement Plan that was paid as part of their Microsoft Dynamics RMS solution. This investment credit will be applied toward the cost of enhancement for Microsoft Dynamics AX for Retail. Moving forward, the cost of the customer's enhancement plan will be calculated based on Business Ready Licensing of the new Microsoft Dynamics AX for Retail solution.
- Migration will be by customer request to Microsoft.

The following graphic shows the Microsoft Dynamics RMS 2.0 multi-store timeline and migration options:

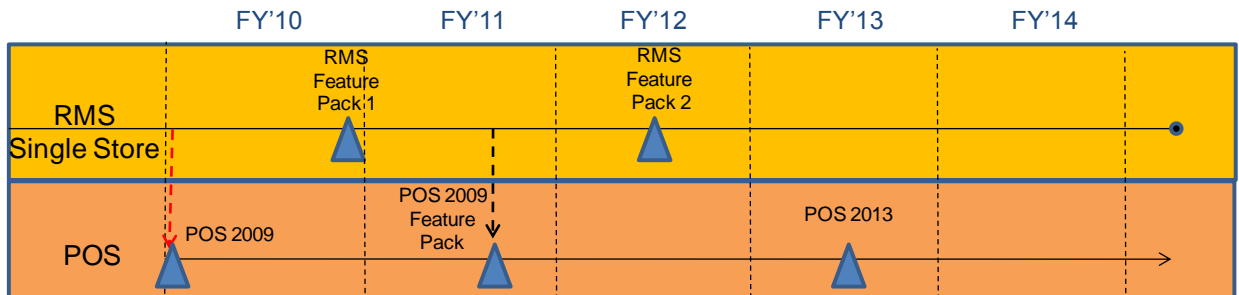


Microsoft Dynamics RMS 2.0 Multi-Store Customer Migration Opportunity

Microsoft Dynamics RMS 2.0 Single Store Customers

- Microsoft Dynamics RMS 2.0 single store customers who are current on a Business Ready Enhancement Plan or Business Ready Advantage Plan have the option to migrate to Microsoft Dynamics POS 2009. These customers will be able to take advantage of a Microsoft Dynamics POS 2009 feature pack to be delivered in the first half of 2011.
- Microsoft Dynamics RMS 2.0 customers who are interested in upgrading to Microsoft POS 2009 should work with a Microsoft Dynamics RMS certified partner. The upgrades for Microsoft Dynamics POS 2009 are available upon request.

The following graphic shows the Microsoft Dynamics RMS 2.0 single store timeline and migration options:



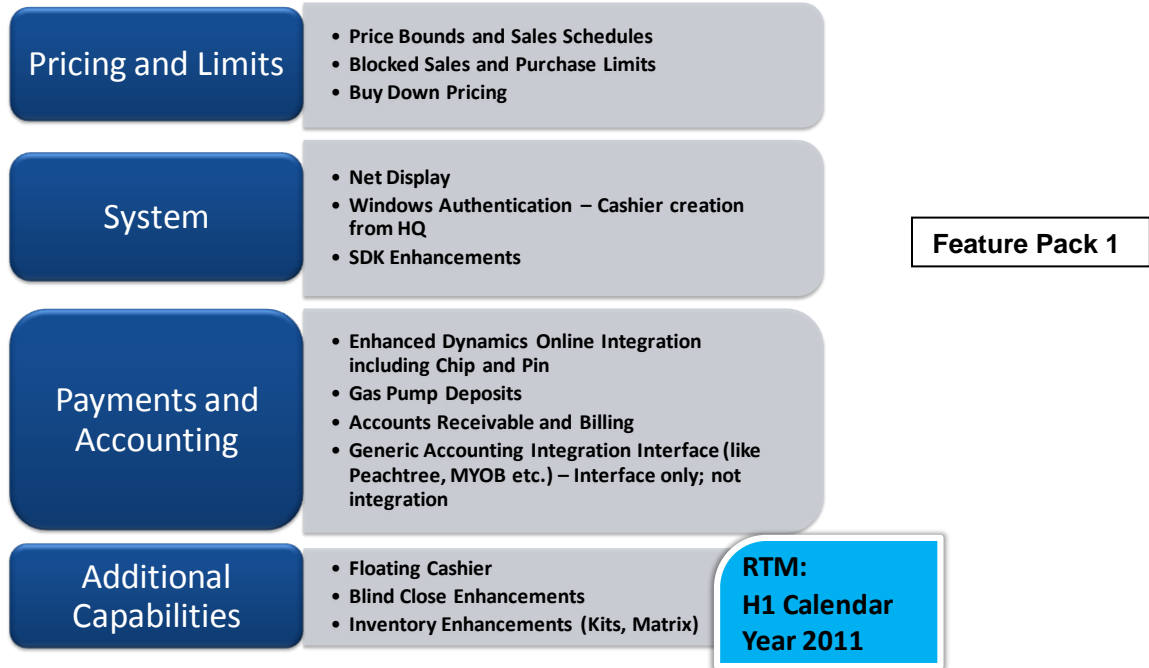
Microsoft Dynamics RMS 2.0 Single Store Customer Migration Opportunity

Microsoft Dynamics POS 2009

Roadmap

Microsoft Dynamics POS 2009 customers will be receiving new functionality in the form of a feature pack delivered in the first half of 2011 and a major release planned for 2013. The goal for the feature pack will be to add additional capabilities currently offered in Microsoft Dynamics RMS 2.0 Store Operations.

Details of functionality to be included in the feature pack are shown in the following graphic:



Migration

Microsoft Dynamics POS 2009 – launched in 2009 – is the upgrade path for Microsoft Dynamics RMS 2.0 customers, and can be deployed as a single store solution or integrated by partners with other applications via the provided SDK.

Migration tools will be provided by Microsoft to assist in the migration of Microsoft Dynamics RMS 2.0 single store customers to Microsoft Dynamics POS 2009.

Localization

Microsoft Dynamics RMS 2.0

Microsoft Dynamics RMS is offered in English language only, however Microsoft Dynamics RMS is sold in multiple countries and has been localized and/or translated by partners for certain regions. Microsoft Dynamics RMS offers support for the English version and does not support versions localized/translated by other parties.

Microsoft Dynamics POS 2009

Microsoft Dynamics POS 2009 is offered in the U.S., U.K., Canada, Australia, and New Zealand. Microsoft Dynamics POS 2009 is offered in English language only, and Microsoft Dynamics does not support versions localized/translated by other parties. Microsoft will continue to evaluate options to expand Microsoft Dynamics POS2009 into additional countries.

Microsoft Dynamics AX for Retail

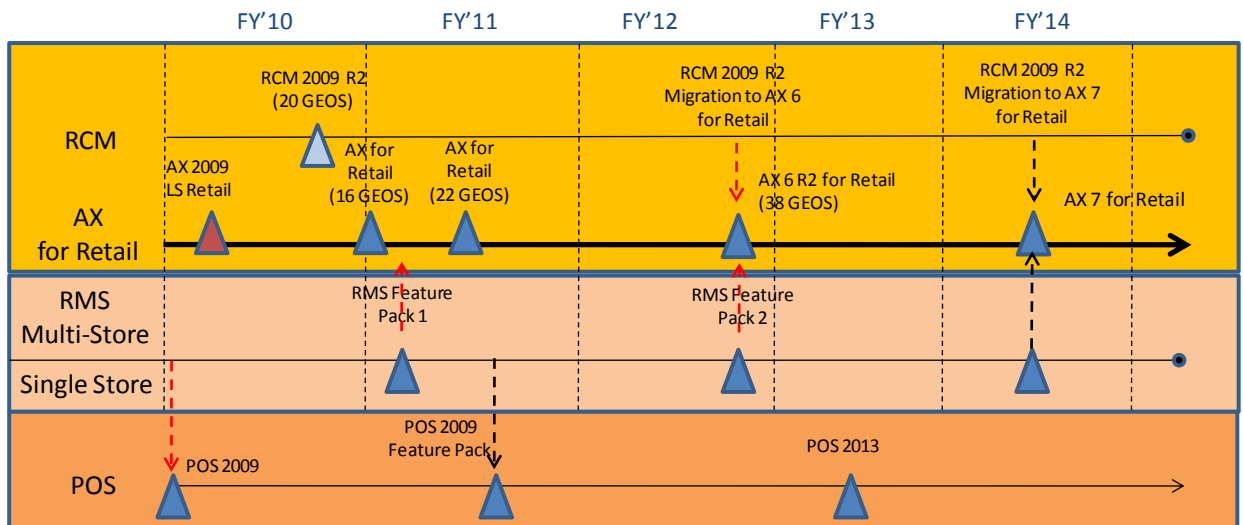
Microsoft Dynamics AX for Retail will be translated and localized for 38 countries (see specific country list in end-to-end retail section above). This will provide many Microsoft Dynamics RMS 2.0 multi-store customers the opportunity to migrate to a solution translated and localized by Microsoft.

Microsoft Dynamics Retail Roadmap Summary

While Microsoft Dynamics AX for Retail is deployed as a retail headquarters or end-to-end solution, Microsoft Dynamics POS 2009 addresses customers requiring a standalone point of sale application.

As shown in the graphic below, the two long term solution paths are:

- Microsoft Dynamics RMS 2.0 migrating over time to Microsoft Dynamics AX for Retail for end-to-end customers
- Microsoft Dynamics POS 2009 for standalone store management.



Note:

- Microsoft Dynamics POS 2009 will not work with Microsoft Dynamics RMS HQ
- Microsoft Dynamics AX for Retail POS will not be offered as a standalone store POS
- Microsoft Dynamics RMS 2.0 and Microsoft Dynamics POS 2009 are part of Business Ready Customer Care (BRCC) - <http://www.microsoft.com/dynamics/support/brcc.aspx>

Support Offer

Both Microsoft Dynamics RMS 2.0 and Microsoft Dynamics POS 2009 require BREP (Business Ready Enhancement Plan) as the standard global offer. Additional global offers include Microsoft Services Premier Support and Professional Paid per Incidents.

Details of the available enhancement and support plans:

Business Ready Enhancement Plan_– Includes the following benefits:

- **Version Upgrades and Product Updates**
- **Service Packs and Hot Fixes Tax and Regulatory Releases**
- **CustomerSource:** provides access to an authorized customer Web site that contains personalized Microsoft product and service information, a searchable technical database, downloads, documentation, discussion boards, unlimited online training, news and other features

<https://mbs.microsoft.com/customersource>.
- **Knowledge Base:** use this tool to find answers to the most common Microsoft product questions, including troubleshooting steps, solutions to common issues, and how-to articles.
- **Unlimited Online Training:** E-Learning, Training Materials, and Learning Plans
- **Support Lifecycle Policy:** receive 5 years of Mainstream Support for products released after 2005 and an additional 5 years of Extended Support for an additional fee available on select versions. The following link provides additional detail:

www.support.microsoft.com/lifecycle/
- **Protected List Price**

Microsoft Services Premier Support: Typically purchased by customers in the Corporate Account and Enterprise segments, although available to any customer, is **Microsoft Services Premier Support**. Microsoft Services Premier Support helps customers maximize the availability and efficiency in their IT infrastructure, reduce their risks, and improve their IT staff's productivity. Premier Support also provides 24x7 support coverage for a customer's system. Service management helps an organization improve its IT staff with proactive services, insightful workshops, and customized information covering the latest technologies. The following link provides additional detail.

http://www.microsoft.com/services/Microsoftservices/srv_premier.msp

Professional Paid Per Incidents: Professional Paid per Incidents offer problem resolution support for break-fix issues offered by Microsoft. Microsoft's Pay per Incident offering is unique as it covers all products for a flat fee. The following options are available:

- E-mail support with a response time of 1 business day
- On-line support requests
- Phone support

The following link provides additional detail:

<http://support.microsoft.com/?LN=en-us&scid=gp%3Ben-us%3Bofferprophone&x=9&y=13>

Overall, Microsoft Dynamics Services and support offerings are designed with our customers in mind to deliver industry-leading services, helping them ensure greater overall success with their investment.

Note: Customers in the U.S. and Canada also have the option to choose the Business Ready Advantage Plan (BRAP) or BRAP Plus.

Microsoft Dynamics RMS 2.0 to Microsoft Dynamics GP Integration

Integration is currently available by download between Microsoft Dynamics RMS 2.0 and Microsoft Dynamics GP 10. Capabilities are very basic relative to the much more detailed partner solutions available.

The integration between Microsoft Dynamics RMS 2.0 and Microsoft Dynamics GP 10 will continue to be offered with the upcoming Microsoft Dynamics RMS 2.0 feature pack 1 to be released in the second half of 2010. The integration will also be offered with the release of GP11. Support for the integration will be based on the lifecycle support policy for Microsoft Dynamics RMS 2.0

Summary

Microsoft Dynamics is committed to Retail as an industry and to each of the solutions in the Dynamics retail product portfolio.

From a retail store management perspective, both Microsoft Dynamics RMS 2.0 and Microsoft Dynamics POS 2009 offer customers strong roadmaps in terms of planned features and migration options.

- Microsoft Dynamics RMS 2.0 customers will be able to take advantage of new functionality, and will have the flexibility – with mainstream support through 2015 – to choose the time for migration that is best for their business.
 - Migration for Dynamics RMS 2.0 single store customers to Dynamics POS 2009
 - Migration for Dynamics RMS 2.0 multi-store customers to Dynamics AX for Retail
- Microsoft Dynamics POS 2009 customers will be able to take advantage of new functionality and have the flexibility to deploy in both single store and other integration scenarios via the available software development kit.

Both Microsoft Dynamics RMS 2.0 and Microsoft Dynamics POS 2009 are important components to the long term retail strategy for Microsoft Dynamics as key elements from both solutions will be leveraged in upcoming end-to-end platform - Microsoft Dynamics AX for Retail.

This long term strategy highlights the consistency, innovation, and unique value Microsoft Dynamics is committed to providing its customers around the world.