**Microsoft Dynamics 365**

Navigating Your AI Journey

A practical guide to adopting AI-powered CRM and ERP solutions

E-book Series
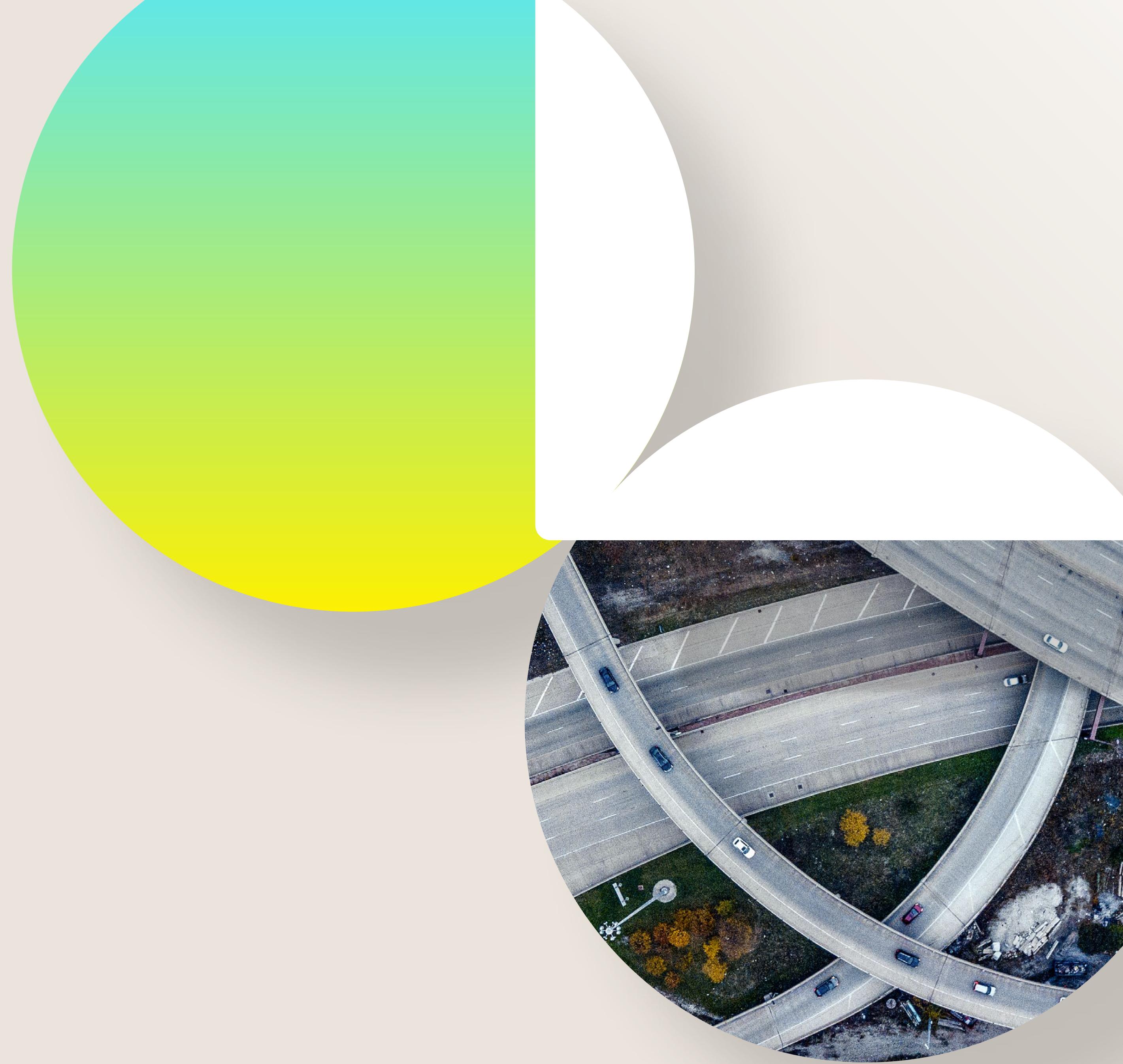
Navigating Your AI Journey

Who this is for: *Business and technology leaders who oversee strategic AI adoption within their organizations, including in marketing, sales, service, finance, and supply chain management.*

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According to Forrester, "over 90% of global enterprise AI decision-makers have concrete plans to implement generative AI for internal and customer-facing use cases…"[1]

Introduction: The AI imperative

The AI adoption decisions that your organization makes today will affect its business success tomorrow. Generative AI, automation, and other AI-powered technologies aren't just nice to have—they're essential to accelerating digital transformation and innovation. This holds especially true for customer relationship management (CRM) and enterprise resource planning (ERP) functions.

To strengthen their competitive edge, your CRM and ERP teams need to make data-driven decisions, deliver personalized experiences, and work efficiently. They can do all this with AI assistance.

Think of AI adoption as a journey of possibility and discovery at every stage, from initial experimentation to full-scale implementation and innovation.

Across industries, opportunities abound for CRM and ERP teams to use AI-powered solutions to:

- **Boost productivity** by automating repetitive tasks.
- **Enhance decision-making** with real-time insights.
- **Build customer loyalty** with targeted promotions.
- **Forecast revenue** based on predictive analysis.
- **Close more deals** through advanced lead scoring.

Yet considering the rapid rate at which AI technologies are evolving and the limitless use cases for applying them, you might be unsure about how to strategically adopt them.

Take each stage step by step, relying on the practical advice, tools, and insights provided in this e-book to successfully navigate your AI journey—and realize significant value along the way.

Understand the business impact of AI

Organizations are increasingly adopting AI for CRM, including marketing, sales, and service, and AI for ERP, including finance, supply chain, and operations. Across industries, they're drawn to solutions with a combination of powerful AI capabilities—analytics that extract insights from massive amounts of data, automations that streamline processes, and generative AI technologies that dramatically increase AI access and scalability.

In a recent IDC global survey of business leaders and decision makers, 71% of respondents said they currently use AI tools in their organizations, and 22% said they plan to do so within the next 12 months. IDC also found that the overall pace of AI adoption, such as to differentiate customer experiences and modernize core processes, will grow exponentially as organizations discover new ways to use generative AI.[2]

This includes implementing Microsoft Copilot and other conversational AI chatbots. These chatbots are large language models that use machine learning, natural language processing, and other AI capabilities to automatically generate human-like text when prompted.

Because anyone can use generative AI to do a myriad things—such as find information, generate high-quality content, and automate routine tasks—its potential business impact is huge.

To better understand the transformative role of AI on your business and industry, consider challenges commonly faced by CRM and ERP teams who work *without* AI assistance.

Within CRM functions, sellers must support more accounts yet keep up tedious administrative tasks. Marketers must build targeted, personalized campaigns but can't quickly pull customer insights from social media and other unstructured data. Contact center agents must rapidly resolve customer problems but can't access timely contextual information. Within ERP functions, planners must optimize operations and drive growth but lack real-time financial visibility.

However, when employees work *with* AI-infused CRM and ERP solutions, they get AI assistance directly within their workflows. Rather than dealing with manual processes and disjointed data, they're free to focus on creating exceptional customer experiences and achieving operational excellence.

Chances are many of your employees are ready and willing to embrace AI to be more productive and innovative. In fact, in a recent global survey, 75% of respondents said that they already use AI-powered tools at work. Of these AI users, 78% said that they bring their own AI tools to work (BYOAI) if their employers don't provide them.[3]
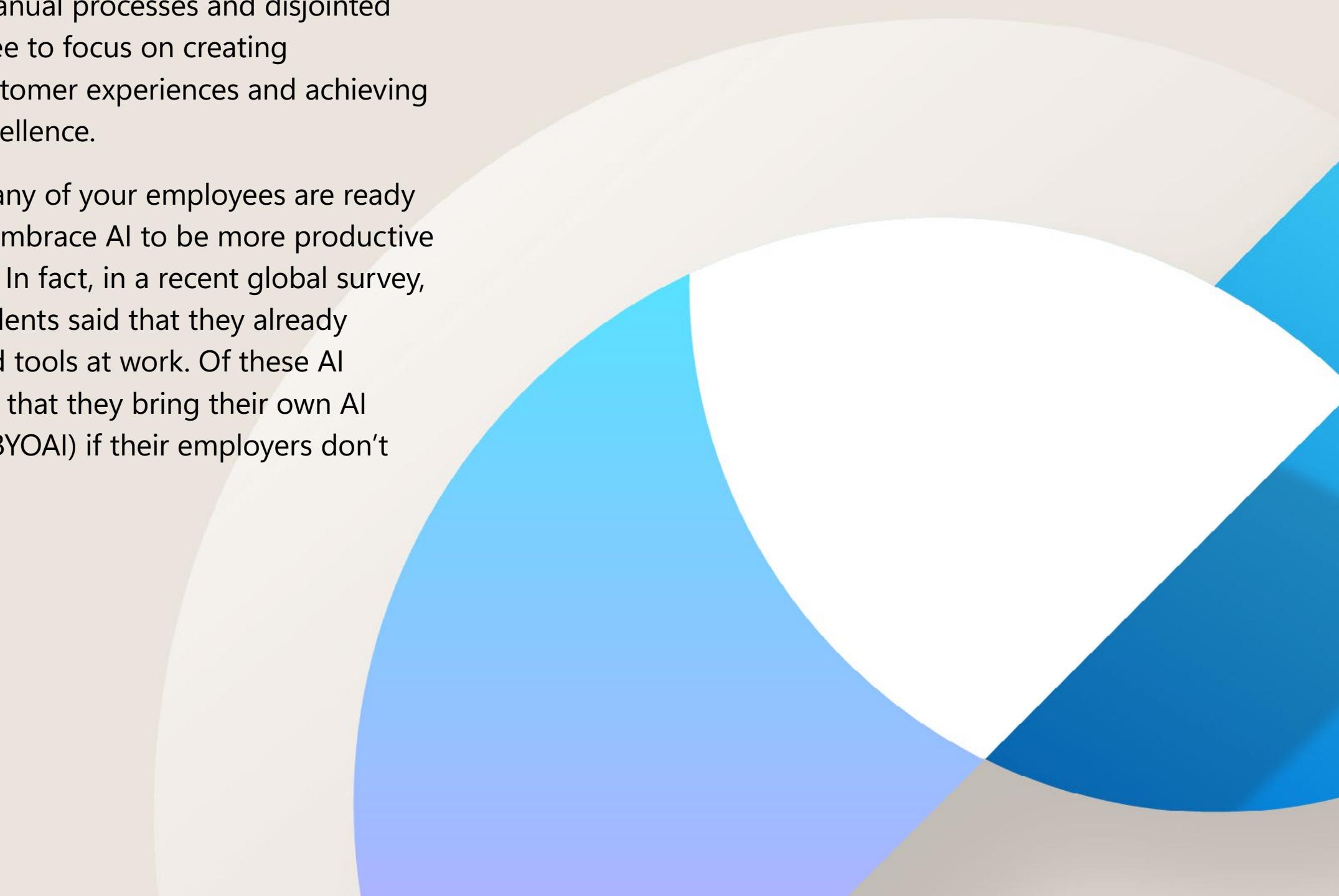
Your customers and partners also expect to use AI solutions. For example, save them time and effort—and increase their satisfaction—by providing virtual assistants that quickly answer their questions and help them perform other tasks.

Studies of early Microsoft Copilot adopters indicate that CRM and ERP teams are uniquely positioned to drive value with generative AI. For example:

83% of salespeople who used Copilot to prioritize leads and perform other routine tasks said their productivity increased.[4]

12% The reduction in case handling time that was achieved, on average, by customer service and support teams that used Copilot to quickly find relevant information.[5]

70% or more of finance professionals who used Copilot said it helped them simplify financial reporting and validate data quality.[6]

See the Copilot for Microsoft 365 Adoption Playbook for actionable steps your organization can take to implement Copilot capabilities.

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Embark on your AI journey

Start your journey by establishing a formal AI council. Bring together business and IT executives, change and risk management leaders, and domain and legal specialists who possess the combined insights and experience to guide every stage of your AI adoption. Define the council's roles and responsibilities, which should include creating an AI vision and objectives to guide your AI journey.

The next step in your AI journey is to develop pilot projects, which give your organization a chance to acquire AI experience through small-scale initiatives. Maximize the value of your pilots by following these steps:

1

Commit to responsible AI development and use.

From the start, consider the principles, standards, tools, and governance required to ensure responsible AI experiences.

Learn more about responsible AI standards.

2

Clearly define your business objectives.

Establish short-term and long-term CRM and ERP business goals, such as higher customer satisfaction scores, faster sales cycles, and increased revenue.

3

Align AI pilots with business objectives.

Identity specific business challenges or opportunities that can be realistically addressed through pilots. Choose use cases that will deliver the highest ROI fastest.

4

Build cross-functional teams to drive AI projects.

Identify pilot stakeholders who can organize resources, oversee implementation, and serve as pilot advocates.

5

Prepare your IT infrastructure for AI pilots.

Whether you choose a cloud, on-premises, or hybrid architecture to run your pilots will depend on your IT strategy and requirements.

6

Decide which AI solution you'll use.

Evaluate the pros and cons associated with using open-source AI libraries and frameworks, off-the-shelf cloud-based AI solutions, or your own customized AI solutions.

7

Establish measurable key performance indicators (KPIs).

Track the business value generated by each AI project with clear metrics, such as ROI, time and cost savings, customer satisfaction, employee engagement, and revenue generation. Make sure your KPIs support your business objectives.

8

Adapt AI initiatives as needed.

Test and deploy your solution, and then continuously monitor its performance against your KPIs. Address challenges and fine-tune your approach as business requirements and goals evolve.

As organizations continue to embrace AI Transformation, it is critical they develop clarity on how best to apply AI to meet their most pressing business needs.

Judson Althoff

Executive Vice President and Chief Commercial Officer
Microsoft[7]

Identifying AI pilots

Narrow down potential CRM and ERP use cases based on these criteria:

Relevant

Does the use case support strategic business goals?

Measurable

Can the business impact be quantified?

Data access

Is high-quality, relevant data available for training and testing?

Time-related

Can the expected results be achieved in the set timeframe?

Feasible

Will the AI solution easily integrate with existing systems and processes?

Scalable

Can it be quickly scaled if the pilot succeeds?

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THINK LIKE AN ADAPTIVE LEADER

Listen to Dr. Britt Aylor, Director of Leadership Development at Microsoft, on the WorkLab podcast

Address early AI adoption challenges

Once you've gathered insights from your AI pilots, address any challenges that you encountered so they don't stand in the way of implementing and scaling AI across your organization. On the next page are some common challenges and ways to solve them.
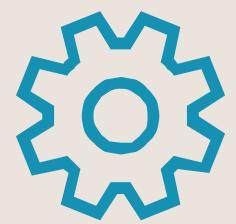
Technical

The challenge

A lack of comprehensive, high-quality CRM and ERP data for training AI and ML models—and lack of an IT foundation to efficiently run the models.

Steps to take

Consolidate siloed datasets on a secure, cloud-based platform such as Microsoft Dataverse, enriching them as needed with external data. Also, take steps to ensure that your IT infrastructure and systems can support AI integration, scale without performance loss, and protect against cyberthreats.

Organizational

The challenge

Resistance among employees and customers to adopting new, AI-powered processes and tools.

Steps to take

Involve stakeholders in discussing how their teams can get the most value from AI. Also, train employees on how to effectively use AI capabilities, including crafting generative AI prompts and reviewing output for accuracy. Gain customer trust by prioritizing user experiences and adhering to responsible AI principles.
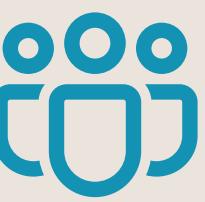
Cultural

The challenge

Foster an AI-positive culture that supports continuous innovation while keeping business goals on track.

Steps to take

Empower everyone with low-code/no-code development tools and encourage them to test ideas. Engage executive and departmental leaders to provide strategic insights and practical guidance on how to apply AI.

Governance

The challenge

Minimize risks associated with AI use, such as inaccurate or biased content, intellectual property (IP) infringement, and a complex cybersecurity landscape.

Steps to take

Create an AI governance framework that outlines policies, procedures, and standards for ethical and responsible use of AI. Also, fortify your AI systems against unauthorized third-party access and other cyberthreats.

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Implement AI

Now it's time to expand AI adoption across your CRM and ERP functions. Begin by using KPI data and stakeholder feedback from your pilot projects to evaluate the results and determine business value. What worked and what didn't—and why? For example, did your customers and employees prefer certain types of AI-powered tools? Did your data have quality issues, or did your AI models underperform? Apply the lessons learned to inform your next steps.

Assess your internal and external AI landscapes.

Map existing CRM and ERP workflows and conduct audits of existing AI capabilities and resources. Identify areas where you can use AI to streamline processes and provide teams with timely guidance and insights. Also, study how others in your industry are using AI-powered CRM and ERP systems to drive transformation and innovation.

Create a holistic, forward-looking AI strategy.

Consult with various experts on your AI council to create a comprehensive AI strategy and roadmap to guide implementation across CRM and ERP teams. Take a long-term view, considering how best to use AI to improve the processes that customers and employees use every day in ways that generate the most value for years to come.

Prepare your IT systems to support organization-wide AI implementation.

To advance beyond pilot projects, your organization needs a dedicated cloud infrastructure with the computing power, analytics, storage, reliability, security, and performance capability to run large AI models at scale. Also, consider adopting AI-powered, cloud-based CRM and ERP applications such as Microsoft Dynamics 365, which accelerate implementation by helping you to:

- Integrate siloed CRM and ERP applications into a unified, automated ecosystem that facilitates collaboration and information sharing and provides complete, relevant data for AI modeling.

- Automate routine tasks and workflows—such as order processing and inventory management—to enhance productivity and free employees for more strategic work.

- Create 360-degree customer profiles that provide insights into customer preferences and behavior, enabling personalized marketing messages, sales interactions, and customer service.

- Empower employees with user-friendly, AI-powered tools that quickly generate actionable insights and recommendations, such as to ensure optimal inventory levels, route planning, and resource allocation.

- Deploy virtual agents that rapidly handle repetitive tasks, such as responding to routine customer inquiries and scheduling appointments.

- Address ethical concerns with built-in controls for protecting data security and privacy and ensuring AI transparency and accountability.

Put your long-term plan in motion.

Incrementally roll out your AI strategy, starting by implementing the most viable projects first then identifying more complex, higher-value use cases. As you did with your pilot projects, establish and measure KPIs and analyze the results. Continue to optimize your AI strategy by regularly making adjustments based on AI performance, changing business needs, and evolving AI technologies.

Success story

Sellers at EPAM Systems Inc. use an AI assistant to quickly surface customer context, generate emails, and perform other administrative tasks directly within their productivity apps—giving them more time to nurture leads and close deals.
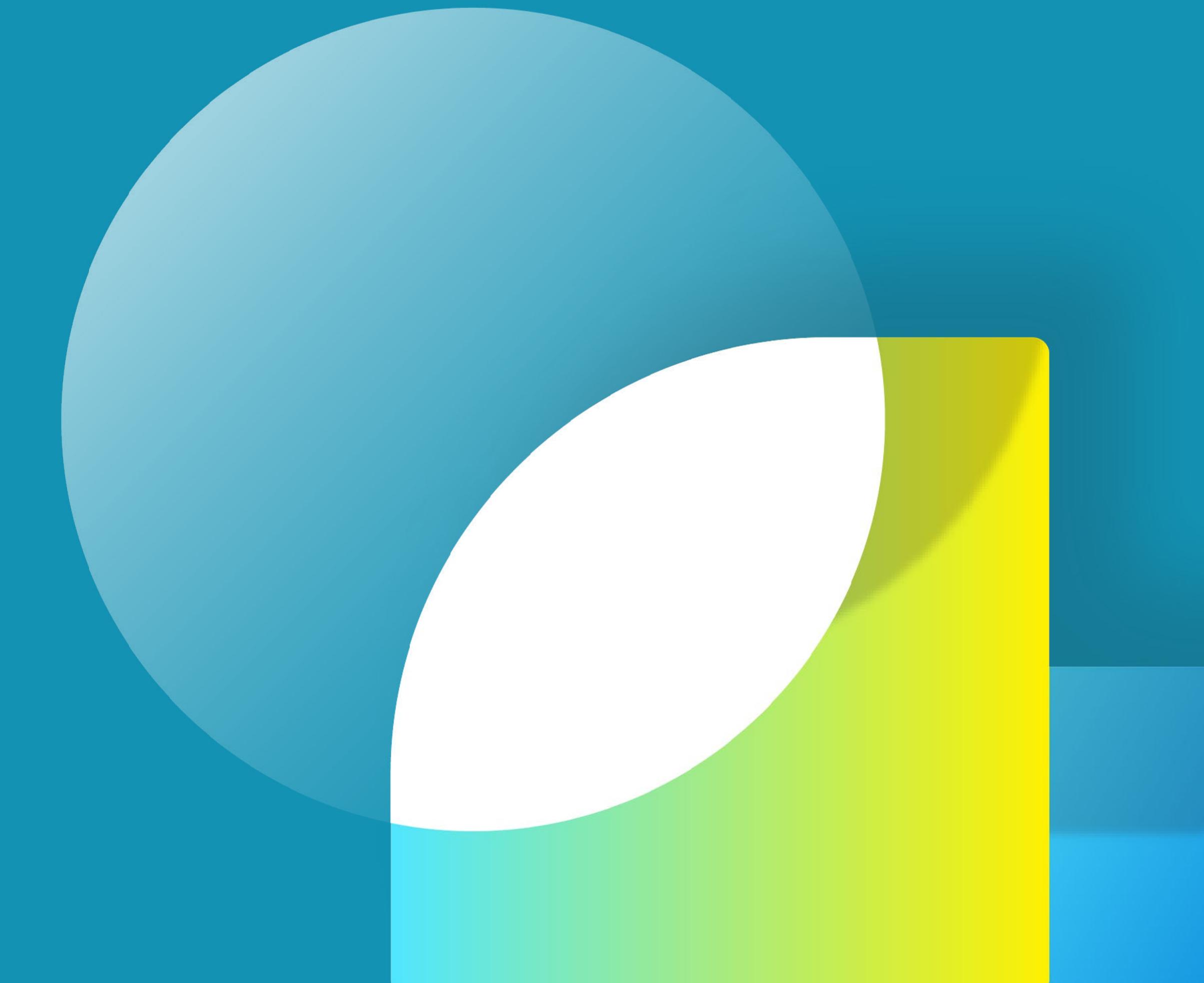
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According to Gartner,
"AI is not just a productivity tool. It is a critical growth engine that enables enterprises to compete and transform in the medium-to-long term.
As such, executive leaders should make decisions on how AI might create new competitive differentiators."[8]

Scale AI

At this stage, you'll prepare your organization to operationalize AI solutions at speed and scale in response to business demands. By doing so, you'll be able to drive measurable, sustainable value with AI while effectively managing associated risks and ensuring compliance.

Here are high-level tips for successfully scaling AI across your organization:

- Regularly communicate senior leadership's vision for AI adoption.

- Create an AI-ready workforce by continuing to train employees, bring in new AI experts, and make AI part of your organizational culture.

- Identify new use cases, increasingly focusing on driving growth with new types of AI-powered products, services, and business models.

- Develop an understanding of which AI models are best suited to each use case.

- Implement standardized machine learning operations practices, processes, and tools to facilitate rapid, responsible model development, deployment, and maintenance.

- Ensure that the data used to train and fine-tune machine learning models is of high quality, relevant, and diverse.

- Constantly monitor and evaluate model performance and make appropriate adjustments.

- Adhere to evolving regulatory, privacy, and security guidelines.

Success story

NC Fusion scaled and personalized its marketing campaigns with a CRM platform featuring real-time journey orchestration and AI assistance—accelerating campaign creation by 75% and boosting engagement from 10% to 30%.

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Success story

Planners at Domino's Pizza UK & Ireland Ltd. use low-code/no-code tools to quickly build automated, AI-powered demand-planning models, reducing forecast errors by 50% and boosting customer satisfaction by 10%.

Innovate with AI

You've reached the final leg of your AI journey—the stage in which your CRM and ERP teams continually gain a competitive edge through AI innovation.

At this stage, invest in your people as much as your technology.

People, not technology, drive innovation. Encourage employees to think creatively about ways to use AI to be more customer centric, data driven, and productive. Also, AI innovation is a democratic process. Empower everyone to build their own AI apps and copilots with user-friendly development tools.

When it comes to your technology, focus on evolving your AI strategy in line with technological advancements and trends, including experimenting with multimodal AI models, smaller language models, and open-source AI models. Also, build an IT ecosystem comprising AI, cloud, and business applications, including expanding AI capabilities through strategic partnerships.

Efficient, safe innovation with AI involves many moving parts. For this reason, organizations that reach this stage of their journey often appoint a chief AI officer to guide all aspects of AI innovation, including people, business, technology, and ethics. However, regardless of your leadership structure, continue to work with executives and your AI council to regularly assess and adapt your approach.

Assess your AI maturity

Gauge how far you've come in your AI journey—and determine where to next focus your efforts and resources—based on five pillars of AI maturity success.[9]

Pillar of AI maturity success	Does your organization have:
Business strategy	• Clearly defined, prioritized business objectives and use cases? • Approved KPIs that measure AI value?
Technology readiness	• An AI-ready application and data platform architecture? • Aligned parameters for build versus buy decisions? • Plans for where to host data and applications?
AI strategy and experience	• A systematic, customer-centric approach to AI? • Experience matching AI models with respective use cases?
Organization and culture	• A clear operating model and leadership support? • A change-management process in place? • Access to continuous learning and development? • Strong relationships with diverse subject matter experts?
Governance and trust	• Systems and controls for data privacy and security? • Systems and controls for responsible use of AI?

Simplify your AI journey with Microsoft

Despite its challenges and complexities, the AI journey is how you'll accelerate digital transformation and innovation across your CRM and ERP functions. Make the journey easier—team with Microsoft, a trusted partner at all stages.

With flexible, scalable Microsoft Cloud and AI solutions, you can give everyone access to leading-edge AI technologies for enhanced decision-making, productivity, and personalization. You'll also be working with a company that is committed to responsible AI, protects your data privacy and security, offers an interconnected AI ecosystem, and has a global support network.

Accelerate your AI journey with Dynamics 365 solutions—intelligent CRM and ERP business applications customizable to your unique needs.

Learn more about Dynamics 365

Citations:

[1] The State Of Generative AI, 2024, Forrester Research, Inc., January 26, 2024.

[2] IDC Infographic, sponsored by Microsoft, The Business Opportunity of AI, doc #US51315823, November 2023.

[3] AI at Work Is Here. Now Comes the Hard Part, Microsoft and LinkedIn, May 8, 2024.

[4] Our Year with Copilot: What Microsoft Has Learned About AI at Work, Microsoft, 2024.

[5,6] What Can Copilot's Earliest Users Teach Us About Generative AI at Work? Microsoft, November 15, 2023.

[7] Microsoft. "Embracing AI Transformation: How customers and partners are driving pragmatic innovation to achieve business outcomes with the Microsoft Cloud." January 29, 2024.

[8] Gartner®, Gartner AI Opportunity Radar: Set Your Enterprise's AI Ambition, Hung LeHong, Brook Selassie, Jeff Cribbs, Mary Mesaglio, Don Scheibenreif, October 12, 2023. GARTNER is a registered trademark and service mark of Gartner, Inc. and/or its affiliates in the U.S. and internationally and is used herein with permission. All rights reserved.

[9] Building a Foundation for AI Success: A Leader's Guide, Microsoft, September 2023.