



# Enterprise maturity model for Microsoft business applications in financial services

Strategies for achieving best-in-class outcomes

# Foreword

In recent years, financial services organizations have recognized the need for increased customer centricity, with reduced costs and improved efficiency. Banks and insurers are striving to customers' expectations of personalized sales & marketing and service experience. These evolving needs coupled with conditions to reduce costs and optimize internal efficiencies have changed the paradigm for how enterprise business applications are envisioned and implemented.

Microsoft Business Applications enables low code and no code rapid experience development across the customer engagement lifecycle as well as internal collaboration moments in large enterprises. Microsoft Power Platform, Dynamics 365 and now Copilots for Business Applications have created new opportunities for enterprises to accelerate their digital transformation efforts and stay ahead of the competition, while managing the cost efficiency and time to market.

Banks are leveraging Microsoft Business Applications in the front office to offer differentiated product recommendations based on customer insights, digitize the sales experience and client service augmented by Generative AI. At the same time, the back office is adopting low code and no code approaches to streamline settlements, record maintenance and regulatory & compliance processes. Insurers have built tailored underwriting workbenches as well as straight through claims adjudication processes using Power Platform's no code workflow automation capabilities.

[At Capgemini, we are focused on enabling large as well as niche financial services organizations scale the adoption of Microsoft Business Applications along with the emerging AI and Copilot features, while staying compliant to the compliance and security landscape across different geographies.](#)

We are pleased to present this paper from Everest Group to share insights on some of the best-in-class enterprises who have succeeded in creating innovative customer experiences with Microsoft Business Applications. We developed an enterprise maturity model that will help the initial adopters of Microsoft Business Applications with the attributes and characteristics to focus on their journey to the north star.

This report covers:

- Microsoft Business Applications landscape in the financial services industry
- Enterprise Maturity Model for adoption of Microsoft Business Applications at scale
- Recommendations for enterprises to become best-in-class and create differentiated business value with Microsoft Business Applications



**Vivek Desai**

Head of Microsoft COE  
VP - Capgemini



*I hope the insights from this paper will pave the path for sustained innovation in your enterprise with Microsoft Business Applications."*

June 2024

# Enterprise Maturity Model for Microsoft Business Applications in Financial Services (FS)

Strategies for Achieving Best-in-class Outcomes

# Contents

03	Introduction
04	Microsoft Business Applications' landscape in the FS industry
10	Enterprise maturity model for Microsoft Business Applications
12	Recommendations for enterprises to become best-in-class
14	Conclusion
15	Appendix

# Introduction

Early adopters of Microsoft Business Applications aimed to streamline operations, extract insights from unified data views, and improve customer engagement. With the expansion of the Microsoft Business Applications landscape, enterprises shifted their focus from tactical system implementation to a strategic transformation initiative.

Organizations now consider Microsoft Business Applications a cornerstone for their digital transformation journey, fostering operational excellence, driving innovation, and promoting a culture of data-driven decision-making.

In this transformative journey, Microsoft Dynamics 365 and Microsoft Power Platform became popular due to their seamless integration with Microsoft Office

365 and third-party applications. Their market momentum is attributed to a lower Total Cost of Ownership (TCO) compared to close competitors and faster time-to-market because of Software as a Service (SaaS) enablement. The integration capabilities and cost-effectiveness help enterprises achieve operational excellence and innovation goals set during the digital transformation journey.

To validate our hypothesis, Everest Group conducted a survey of over 45 US Financial Services (FS) enterprises in November and December 2023. The findings reveal that enterprises prioritize seamless integration, easy customization, improved implementation, and robust cloud capabilities in Microsoft Business Applications.

These preferences drive their choices, but challenges such as data migration complexity, implementation issues, and concerns about data security and privacy hinder the full realization of Microsoft Business Applications' value. Few enterprises have addressed these challenges through outsourcing and partnerships.

They seek better technical expertise, value addition, innovation, and access to affordable talent through outsourcing. Concurrently, some enterprises still rely on in-house expertise due to cost considerations and concerns related to data and security sensitivity.

We examined the characteristics of the top-performing enterprises that have successfully realized strategic objectives, achieving high value across strategic, operational, and financial dimensions. We also developed an effective enterprise maturity model outlining key attributes and characteristics that distinguish best-in-class, intermediate, and initial adopters.

Enterprises that realized mature strategic, operational, and tactical benefits had complete clarity around objectives at the leadership level.

The business and IT leaders in these enterprises displayed remarkably well-aligned thought processes and focused on investing in quality as a strategic capability.

In this viewpoint, we examine:

- How the FS industry is using and benefiting from new technologies
- The critical elements of the enterprise maturity model that categorizes enterprises as best-in-class, intermediate, and basic based on how well they are using these technologies
- Key implications for FS enterprises and best practices for achieving best-in-class industry behaviors in terms of technology adoption and value realization

## Microsoft Business Applications' landscape in the FS industry

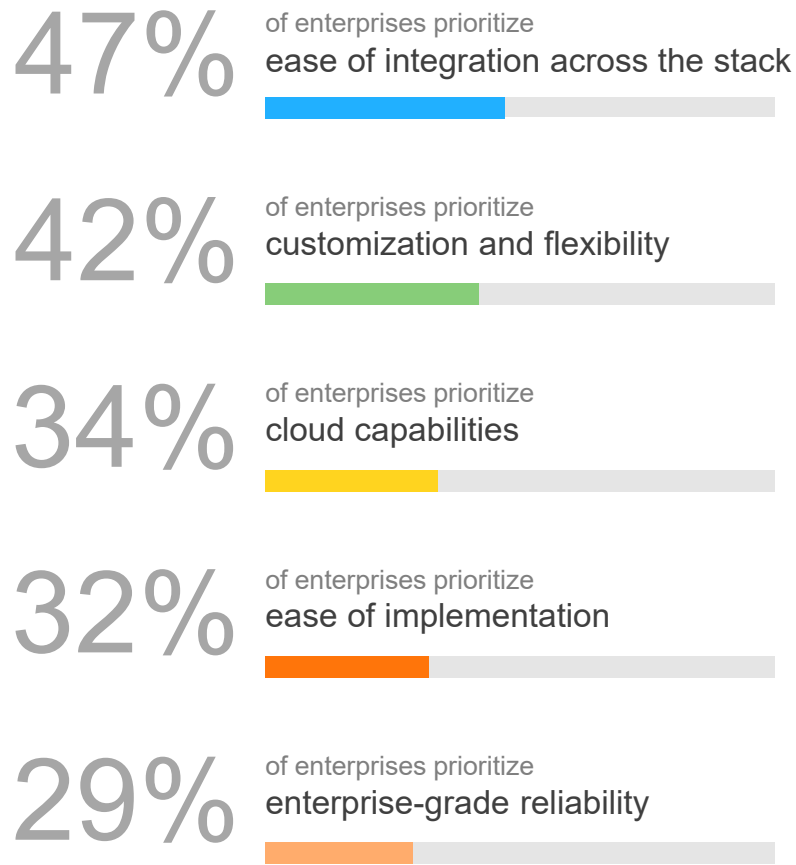
### Key differentiators and expectations for Microsoft Business Applications

FS enterprises strategically implement Microsoft Business Applications to establish a unified business environment across diverse verticals. They leverage the flexible and scalable nature of these applications, resulting in seamless collaboration and data flow.

This strategic choice is driven by Microsoft Business Applications' integration capabilities, customizable features, efficient deployment, and a cloud-first approach, as illustrated in Exhibit 1.

Exhibit 1: Top reasons for FS enterprises to choose Microsoft Business Applications

Source: Everest Group (2024)

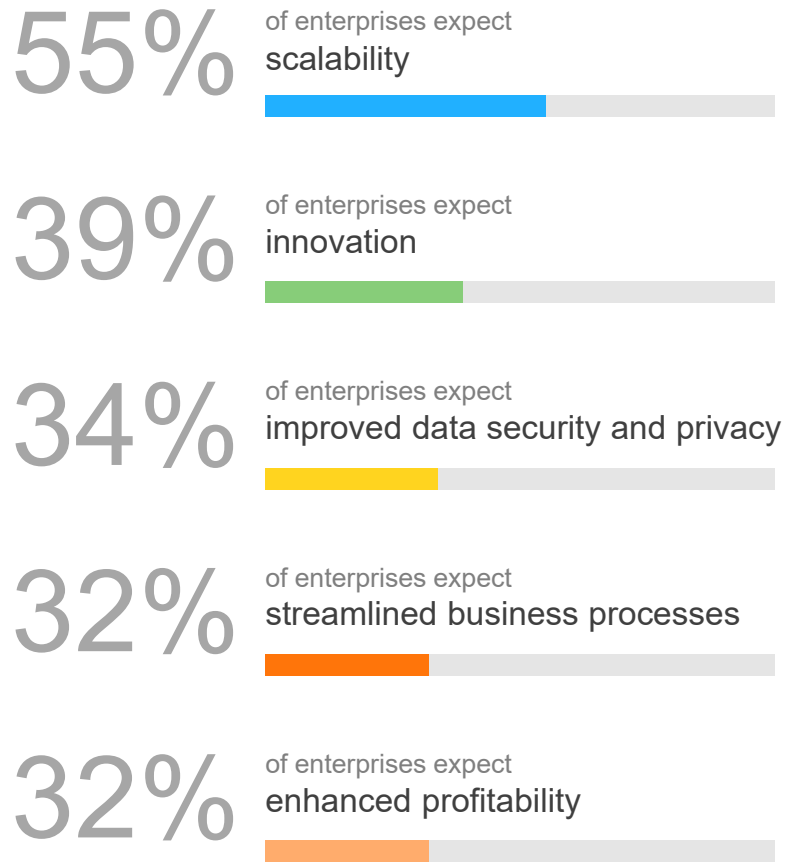


The reasons for choosing Microsoft Business Applications vary across different segments of the FS industry. Smaller firms opt for these applications due to their affordability compared to other options, while mid-sized firms select them for customization. Large firms prioritize them for seamless integration across the stack. Enterprises with an existing Azure footprint prefer Dynamics over its peers for additional customer experience, ERP, analytics, and AI needs. This preference stems from its seamless integration with Azure, enabling enterprises to leverage the overall cost advantage provided.

Concurrently, FS enterprises hold distinct expectations from Microsoft Business Applications, centering around scalability, innovation, and data security and privacy, as outlined in Exhibit 2.

Exhibit 2: FS enterprises' top expectations from Microsoft Business Applications

Source: Everest Group (2024)



These expectations vary for small and large firms. Large firms prioritize data security, seeking assurance that sensitive financial data remains protected. This consideration often acts as an inhibitor for outsourcing initiatives to third-party providers. Conversely, small firms expect scalability, aiming for flexibility in their operations.

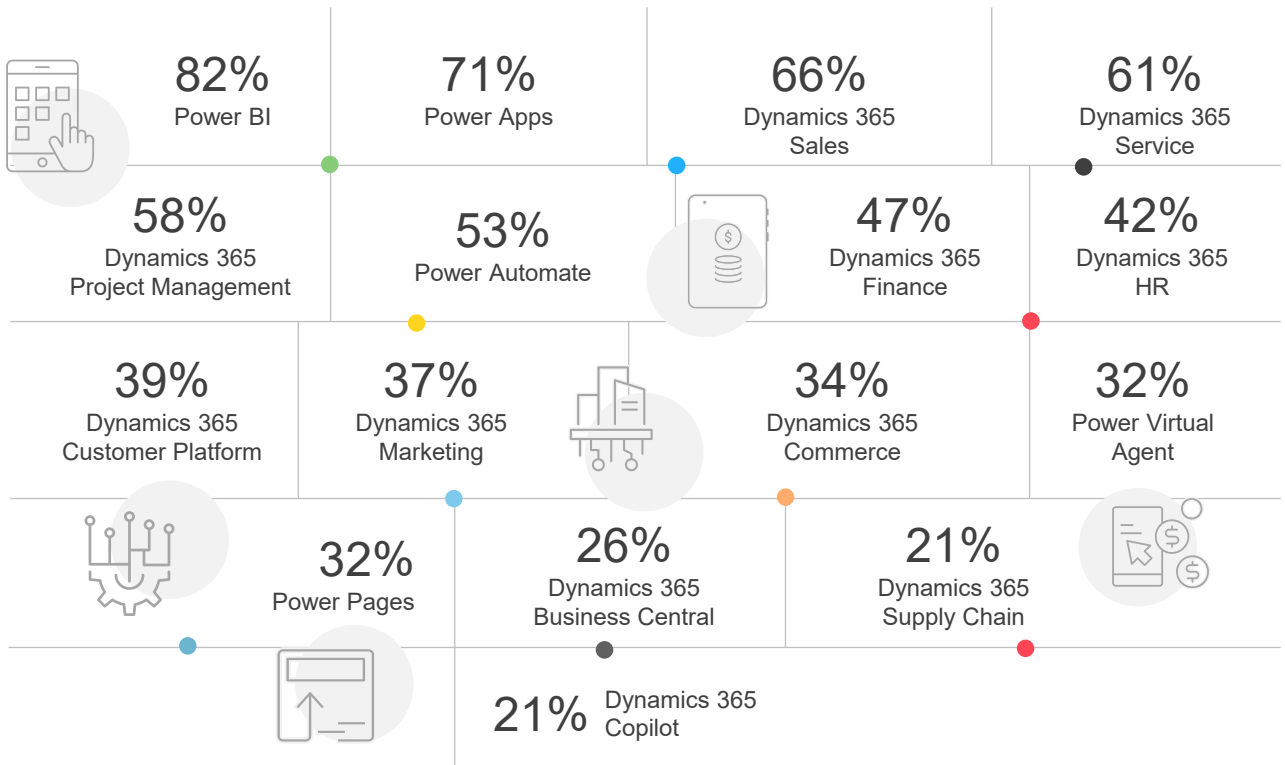
Microsoft Business Applications' adoption in the FS industry

Microsoft Business Applications' adoption in the FS sector has increased over time. These applications have become immensely popular, driven by their ease of adoption, robust functionality, and cost-effectiveness. Exhibit 3 illustrates the current adoption levels of Microsoft Business Applications.



Exhibit 3: Microsoft Business Applications' adoption maturity across FS enterprises<sup>1</sup>

Source: Everest Group (2024)



Microsoft Business Applications' adoption varies across segments. The growing preference among large firms can be attributed to their heightened demand for faster time-to-value, tailored solutions, enhanced functionalities, and improved business resilience. Large enterprises use Dynamics' flexible implementation, detailed analytics, and superior cloud-native capabilities beyond their core modernization needs to expand their global footprint with rollouts in new regions. Conversely, small, and mid-sized firms adopt Microsoft Business Applications for their affordability and scalability.

From a technology standpoint, Microsoft 365 Copilot is being readily adopted, despite its recent entry into the market. This can be attributed to its generative AI capabilities and integration with cloud-based data services. Enterprises are positioning themselves to further increase their adoption of AI-related initiatives over the next 12-18 months.

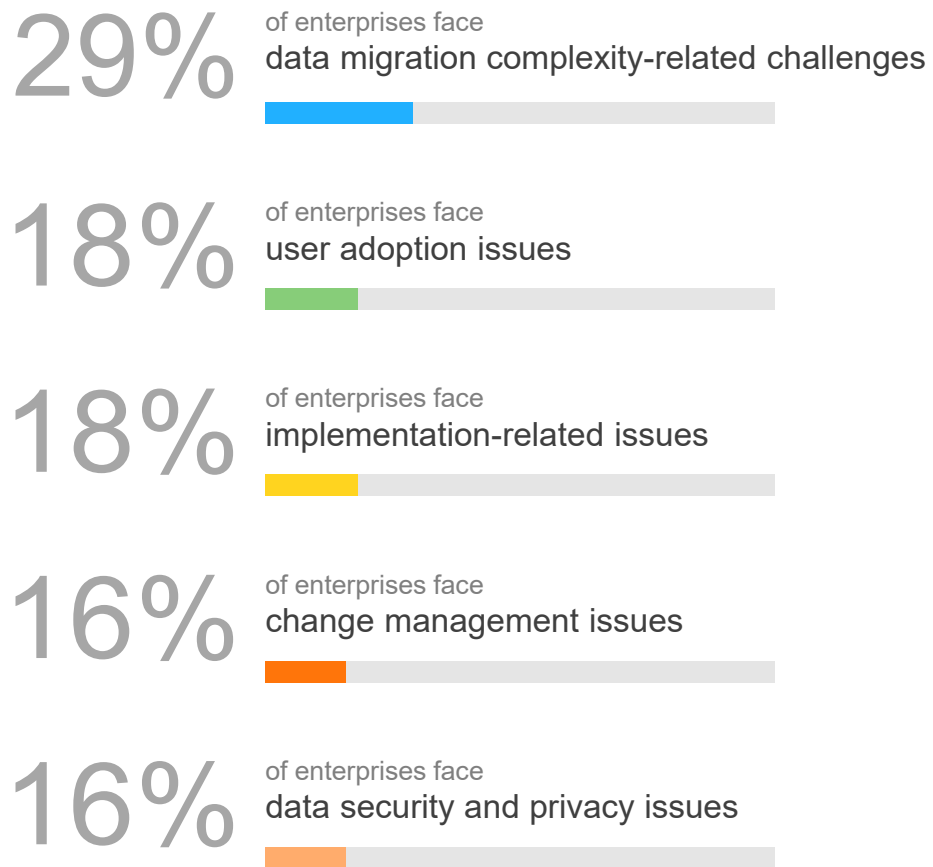
<sup>1</sup> The % of respondents that have adopted Microsoft Business Applications either in some business units or throughout the entire organization

### Key challenges in implementing Microsoft Business Applications

FS enterprises looking to adopt Microsoft Business Applications face specific adoption-related challenges, with the majority encountering complexities in data migration and issues associated with user adoption. Despite Microsoft Business Applications' ease of integration and implementation, some enterprises continue to grapple with challenges related to the implementation process. Microsoft Business Applications' adoption challenges are listed in Exhibit 4.

Exhibit 4: Microsoft Business Applications' adoption challenges

Source: Everest Group (2024)

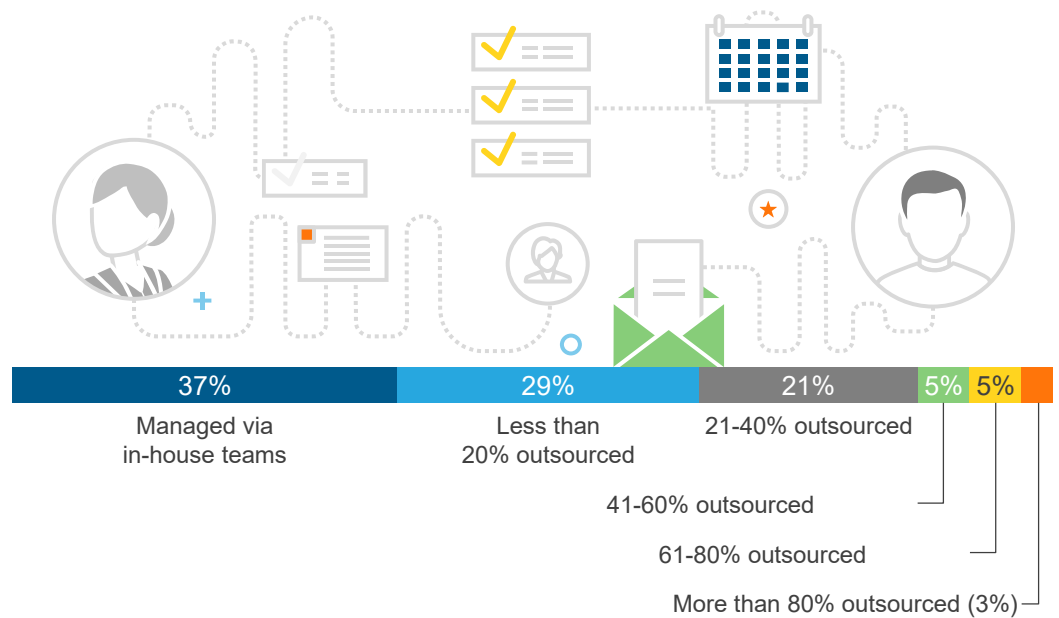


### Microsoft Business Applications' outsourcing landscape

Some enterprises have established a robust partner ecosystem, leveraging technical expertise, talent, value addition, vision, and strategy to maximize the benefits of Microsoft Business Applications. The extent of outsourcing varies, as depicted in Exhibit 5.

Exhibit 5: FS enterprises' outsourcing level for Microsoft Business Applications

Source: Everest Group (2024)



Among the enterprises that outsource Microsoft Business Applications, almost 33% anticipate increasing their investment in outsourcing these initiatives over the next 12-18 months. On the other hand, some enterprises handle these initiatives with in-house teams due to data/information sensitivity. However, only half of these enterprises believe they can achieve better performance by keeping things in-house.

Outsourcing seems to be a smart move for enterprises wanting to use experts and optimize costs on their Microsoft Business Applications initiatives. But keeping management in-house gives companies direct control over sensitive data and processes. The key takeaway is to thoughtfully assess the pros and cons of both approaches, aligning them with your organization's unique needs and priorities to determine the optimal strategy.

# Enterprise maturity model for Microsoft Business Applications

To map the journey toward achieving results comparable to top-performing enterprises, we developed an enterprise maturity model outlining key attributes and characteristics distinguishing best-in-class, intermediate, and initial adopters, as illustrated in Exhibit 6.

Exhibit 6: Enterprise maturity model for Microsoft Business Applications

Source: Everest Group (2024)

**Maturity:** ▼ Low ● Medium ▲ High

	50% Stage 1 Basic	30% Stage 2 Intermediate	20% Stage 3 Best-in-class
Strategic impact across innovation, competitive positioning, business process streamlining, data security, and data-driven decision-making	●	●	▲
Operational impact across operational efficiency, scalability, time-to-market, and employee productivity	●	▲	▲
Revenue and cost impact across top line, bottom line, and operating costs	▼	●	▲
Level of satisfaction	●	●	▲
Average adoption rate of an application	▼	●	●

Our research revealed that best-in-class FS enterprises have successfully realized strategic objectives, achieving significant value in strategy, operations, and financial outcomes. These enterprises also exhibited high satisfaction levels and wider use of these applications. By leveraging the enterprise maturity model, enterprises can map their current status and devise a more effective strategy to maximize benefits.

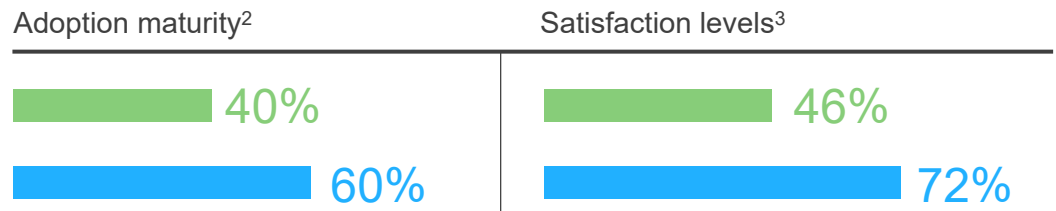
**Best-in-class enterprises are 1.5 times more satisfied with Microsoft Business Applications than other enterprises.**

In Exhibit 7, we explore the differences in the adoption maturity and satisfaction levels between best-in-class enterprises and others.

Exhibit 7: Comparing adoption maturity and satisfaction levels: best-in-class enterprises versus others

Source: Everest Group (2024)

XX% Other enterprises      XX% Best-in-class enterprises



While enterprises are yet to reap benefits, only 20% of the enterprises we surveyed have evolved to the best-in-class category. However, for those enterprises, this progression has resulted in meaningful benefits and impacts across three dimensions: strategic, operational, and financial outcomes.

In Exhibit 8, we explore the differences in the outcomes realized by best-in-class enterprises and others.

Exhibit 8: Comparing overall outcomes: best-in-class enterprises versus others

Source: Everest Group (2024)



<sup>2</sup> The percentage of respondents that have adopted Microsoft Business Applications either in some business units or throughout the organization

<sup>3</sup> The percentage of respondents who say they are satisfied with the Microsoft Business Applications.

This suggests that there is untapped potential for value realization through Microsoft Business Applications within enterprises. By adopting the best practices of top-performers, enterprises can nearly double their outcomes at the business level.

**Best-in-class enterprises have achieved twice as better strategic, operational, and financial outcomes than other enterprises.**

## Recommendations for enterprises to become best-in-class

Exhibit 9 illustrates the recommendations for enterprises to attain best-in-class behavior and maximum benefits from investments in Microsoft Business Applications.

Exhibit 9: Recommendations for enterprises

Source: Everest Group (2024)

### Counter user adoption challenge:

Top-performing enterprises overcome user adoption challenges and enhance their overall effectiveness by implementing internal enablement strategies. These strategies include supporting app adoption, launching user awareness campaigns, and implementing adoption change management initiatives.



### Develop Microsoft ecosystem:

Top-performing enterprises have experienced cost benefits by leveraging a wider range of products within the Microsoft ecosystem, extending beyond Dynamics 365. This allows them to take advantage of Microsoft's bundled offerings across various products.



### Leverage external talent:

Basic enterprises rely on in-house expertise, but they have not been able to create a strategic and operative impact compared to their counterparts. Talent has proven to be a hurdle in transitioning to becoming the best. Capgemini can leverage its skilled talent pool to better position itself among peers in the market and meet the evolving and interconnected requirements of businesses.

Exhibit 9: Recommendations for enterprises (continued)

Source: Everest Group (2024)

**Address data sensitivity concerns:** Enterprises remain concerned about data sensitivity, leading them to refrain from outsourcing. However, top-performing ones have addressed these challenges by implementing robust governance rules and access controls.



**Measure key KPIs:** Best-in-class enterprises closely track technical efforts and KPIs at both a general and process level. Tracking KPIs can significantly improve the overall performance of Microsoft Business Applications within the organization.



**Establish a transformation-led culture:** Implement a dynamic change management strategy for Microsoft Business Applications to emphasize continuous and adaptive training, user involvement, clear communication, and customized application support. Cultivate a culture where experienced users assist their colleagues in navigating changes and promote a positive attitude toward continuous improvement.

**Revitalize the partnership ecosystem to include external organizations as your strategic extension:** Best-in-class enterprises adopt a more sophisticated approach to their partnership ecosystem, viewing partners as strategic enablers of innovation and thought leadership rather than solely focusing on efficiency imperatives. They proactively nurture and expand their ecosystem, channeling ideas from partners into implementation.



# Conclusion

Our research on Microsoft Business Applications' adoption in the FS industry uncovers significant trends and challenges. The platform's widespread adoption is driven by competitive pricing and scalability, meeting the diverse needs of small and mid-sized enterprises, as well as large enterprises focusing on modernization initiatives. While some obstacles hinder enterprises from fully realizing the value of these initiatives, certain best-in-class enterprises have successfully overcome these challenges to achieve strategic, operational, and financial impacts.

The enterprise maturity model can help enterprises to map their journey and understand how to derive value from Microsoft Business Applications initiatives. By adopting best practices and maintaining a vision beyond simple implementation, enterprises can leverage and create more impactful outcomes.

As enterprises continue their journey with Microsoft Business Applications, fostering strategic partnerships, addressing adoption barriers, and implementing best practices will be vital for maximizing the benefits of this technology.

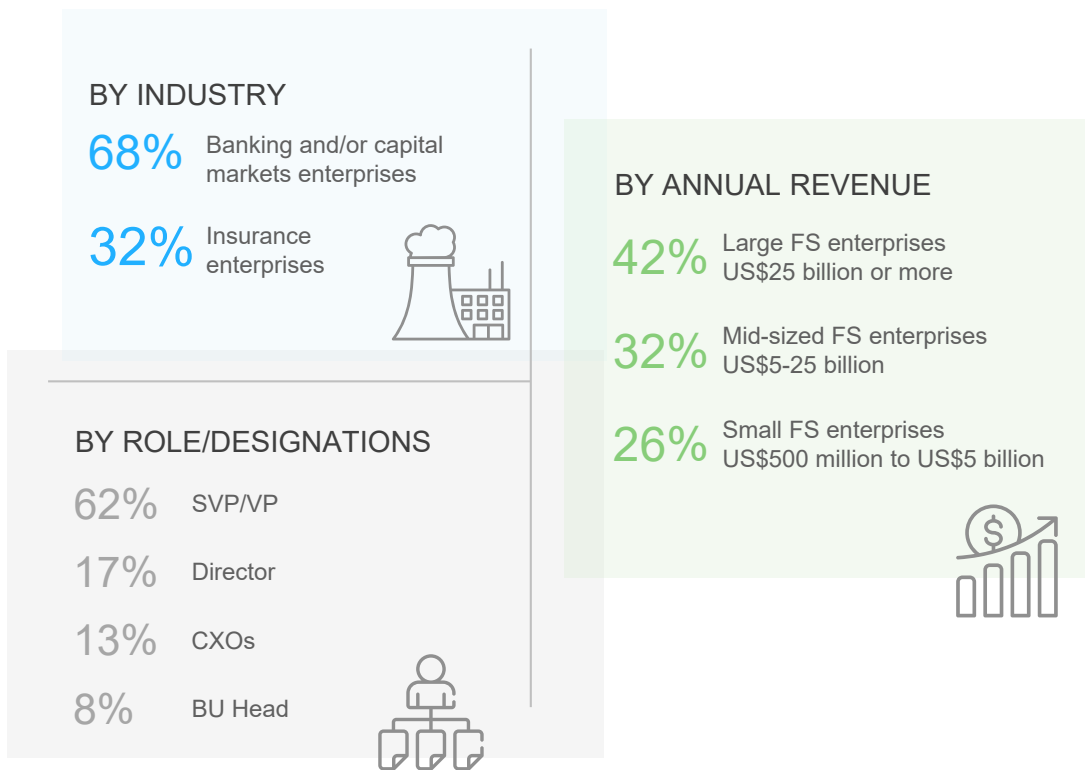


# Appendix

The information in this report is based partly on a survey conducted with 47 enterprises in November to December 2023. Refer to the graphics below for demographic details.

Exhibit 10: Survey demographics: details

Source: Everest Group (2024)



Total number of respondents: **47**



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