LEVELSHIFT

Accelerating Dynamics AX Modernization

A Practical Guide to Faster, Lower-Risk Migration to Microsoft Dynamics 365 Finance & Operations

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Executive Summary

Why Modernization Can No Longer Wait

Microsoft Dynamics AX served as the backbone of enterprise operations for thousands of organizations for well over a decade. Many of those organizations now face a decision they did not expect to make on this timeline: how to move forward once the platform their business was built on no longer receives the support that once made it dependable.

Microsoft ended support for the final Dynamics AX release, AX 2012 R3, in January 2023. Since then, organizations still on AX have had to manage an environment that no longer receives Microsoft's ongoing product, regulatory, or troubleshooting support, while the capabilities of Dynamics 365 Finance & Operations continue to advance.

This whitepaper examines why 2026 has become a practical turning point for Dynamics AX customers, what migrating to Dynamics 365 Finance & Operations entails, and how modern migration methodologies differ from the ERP implementations many organizations remember. It considers the operational, financial, and competitive implications of delaying modernization, while addressing the central concern around preserving years of customizations, integrations, and business processes.

Readers will find a structured examination of AX's lifecycle, the costs of waiting, what distinguishes accelerated migration from a rushed implementation, and how to assess customizations for retention, modernization, or retirement. The whitepaper also introduces LevelShift's QuickSwitch framework and concludes with a practical readiness assessment for organizations considering migration.

Chapter 1

Dynamics AX has reached the end of its lifecycle

Microsoft's ERP strategy has evolved considerably since Axapta and the subsequent Dynamics AX releases, including AX 3.0, AX 4.0, AX 2009, and AX 2012. These platforms were built for on-premises deployment, extensive customization, and periodic upgrades. Many organizations built sophisticated and durable operations on this foundation. Microsoft's strategy has since shifted to Dynamics 365 Finance & Operations, a cloud platform based on the One Version model, with regular updates and ongoing investment in capabilities such as Copilot, AI agents, and Microsoft Fabric integration.

For organizations still running AX, the practical consequence is clear: Microsoft's product lifecycle has ended. Mainstream support for AX 2009 SP1, AX 2012, and AX 2012 R2 ended in October 2018, and extended support ended in 2022. AX 2012 R3, the final AX release, reached the end of extended support in January 2023. No version of Dynamics AX currently receives feature updates, non-security hotfixes, or regulatory and tax updates from Microsoft.

What "end of support" actually means

End of support does not mean Dynamics AX stops functioning. Systems that have run reliably for years generally continue to run. What ends is Microsoft's obligation to patch newly discovered vulnerabilities, issue the regulatory and tax updates required for compliance, and provide troubleshooting support when something goes wrong. Organizations that remain on AX assume these responsibilities themselves, either by building internal expertise or by contracting with third-party specialists in legacy support.

Organizations remaining on AX are therefore operating on a platform that is increasingly disconnected from Microsoft's current ERP innovation and cloud strategy, and the gap between the two environments continues to widen.

Dynamics AX Support Timelines:

Dynamics AX Version	Mainstream Support Ended	Extended Support Ended
AX 2009 SP1	October 9, 2018	April 12, 2022
AX 2012	October 9, 2018	April 12, 2022
AX 2012 R2	October 9, 2018	April 12, 2022
AX 2012 R3 (final release)	October 12, 2021	January 10, 2023

Source: Microsoft Lifecycle documentation. No version of Dynamics AX currently receives Microsoft support of any kind.

Chapter 2

The hidden cost of delaying modernization

The economics of ERP modernization are often framed by project costs: license fees, implementation hours, data migration effort, and the disruption of moving core financial and operational processes to a new platform. What receives less attention is the cost of inaction. Delay is simply a cost that accumulates quietly, distributed across operations, finance, technology, and strategy, until it becomes visible in ways that are hard to ignore.

01 Operational costs

Unsupported AX environments increasingly rely on manual workarounds when newer integration, reporting, and workflow requirements cannot be met.

Finance and operations teams may increasingly rely on externally sourced and reconciled data, thereby slowing decision-making and reducing responsiveness.

02 Financial costs

Aging infrastructure, rising support costs, and the shrinking pool of AX specialists can make maintaining a legacy environment increasingly costly.

Years of code-level customizations accumulate maintenance debt as legacy code becomes harder to document, test, and support.

03 Technology costs

AX's architecture limits its ability to participate in modern cloud integration patterns, often requiring custom middleware to connect to newer applications and services.

Each additional integration increases the testing, maintenance, and support burden whenever the surrounding systems change.

04 Innovation costs

Dynamics 365 Finance & Operations provides access to Microsoft's latest Copilot, AI agent, and Microsoft Fabric capabilities, which cannot be introduced into AX through conventional patches or add-ons.

Organizations remaining on AX risk falling behind in automation and AI adoption because their underlying ERP platform cannot support these capabilities.

05 Strategic costs

The combined impact of rising operational, financial, technological, and innovation costs can leave organizations at a structural competitive disadvantage.

Limited ERP adaptability can make it harder to scale operations, respond to market changes, and provide employees with the automation capabilities available in modern ERP platforms.

The cost of waiting: what stays visible, and what does not.

Visible above the surface: license and support renewal decisions, infrastructure maintenance contracts, and consulting invoices.

Hidden beneath it: slower decision cycles, growing customization debt, a shrinking pool of AX talent, missed opportunities in automation and AI, reduced competitive agility, and increasing integration complexity.

The visible costs are the ones organizations budget for. The hidden costs determine whether the business can keep pace.

Chapter 3

What Copilot brings to modern ERP

The move to Dynamics 365 Finance & Operations also marks a shift in how users interact with their ERP environment. Copilot brings natural-language assistance, contextual information, summaries, and AI-supported tasks into finance and operations workflows, reducing the need to navigate multiple screens or manually assemble information. The infographic below illustrates how this changes everyday interaction with ERP data and processes.

Dynamics AX		Dynamics 365 F&O + Copilot
Navigate multiple screens and reports	**Finding information**	Ask questions about accessible ERP data in natural language.
Review records and reports manually	**Understanding data**	Receive AI-generated summaries of relevant information.
Search documentation or rely on experienced users	**Getting help**	Ask Copilot for contextual guidance within the application.
Follow established screens and workflows manually	**Handling tasks**	Use supported AI-assisted actions and workflows.
Review demand, purchase, and warehouse information across screens	**Supply chain insight**	Access AI-assisted summaries and insights within supply chain processes.
No equivalent native Copilot capability	**Future AI capabilities**	Access Microsoft's continuing Copilot and agent development for F&O.

Copilot does not replace the expertise of finance or operations teams. It gives them a more direct way to access information and complete supported tasks within the ERP environment. For organizations still running AX, these capabilities are among the practical differences between maintaining the existing platform and moving to Microsoft ERP, which continues to receive AI investment and development.

Chapter 4

Why ERP modernization looks different today

Organizations that implemented an ERP a decade or more ago often carry assumptions into today's modernization discussions that no longer apply. Traditional ERP deployments relied heavily on code-level customization, lengthy implementation timelines, and major upgrades spaced years apart. Migration to Dynamics 365 Finance & Operations follows a different model.

Microsoft's **One Version** servicing model keeps customers on the same underlying application version through regular service updates. Organizations no longer need to accumulate version gaps or undertake periodic, disruptive upgrades to remain current.

Customization has also evolved. Dynamics AX typically required modifying the core application code, making future upgrades more complex. Dynamics 365 Finance & Operations uses an extension model that places custom functionality alongside the core application. This allows organizations to preserve business-critical processes while adopting a platform built for continuous updates.

AI is another significant differentiator. Dynamics 365 Finance & Operations integrates Copilot and AI capabilities into finance and operations workflows, supporting activities such as reconciliation, forecasting, and exception handling. These capabilities are part of the modern ERP environment rather than add-ons to a legacy platform.

Together, these changes redefine the modernization equation. The move from AX is no longer simply a transition to a newer ERP version. It is a move to a platform built around continuous updates, extensibility, cloud services, and embedded AI.

Dynamics AX vs. Dynamics 365 Finance & Operations vs. Other Leading Cloud ERPs

Dimension	Dynamics AX	Dynamics 365 F&O	Other Cloud ERPs
Deployment	On-premises, customer-managed	Cloud-native, Microsoft-managed	Cloud-native, vendor-managed
Update cadence	Infrequent, customer-scheduled versions	Continuous, One Version model	Continuous or scheduled, varies by vendor
AI capability	None; platform is end of life	Copilot and AI agents built in	Vendor-specific copilots; varies widely
Extensibility	Code-level core customization	Extension model layered on core	Increasingly extension-based
Security	Customer-managed; no further patching	Microsoft-managed, continuously patched	Vendor-managed, continuously patched

Integration	Limited native cloud integration	Native to Power Platform, Fabric, Azure	Native within respective vendor ecosystem
Scalability	Constrained by on-premises infrastructure	Elastic cloud scalability	Elastic cloud scalability

Chapter 5

Choosing the right path to ERP modernization

Comparison of ERP Technologies

The choice of a target ERP should be based on the organization's operating model, functional requirements, technology landscape, and long-term strategy. The following comparison provides a high-level view of five established ERP platforms that may be considered during modernization.

Dimension	Dynamics 365 Business Central	Dynamics 365 Finance & Operations	Oracle NetSuite	SAP S/4HANA	Acumatica
Typical fit	Small and midsized organizations	Large organizations with complex operations	Growing and global organizations	Large and complex enterprises	Small and mid-market organizations
Deployment	Cloud	Cloud	Cloud	Cloud, including public and private options	Cloud
Finance	Core financial management	Advanced finance and global financial management	Comprehensive financial management	Comprehensive enterprise finance	Comprehensive financial management
Manufacturing & supply chain	Manufacturing and supply chain capabilities	Advanced manufacturing, supply chain, and operations	Manufacturing, inventory, and order management	Advanced manufacturing and supply chain capabilities	Manufacturing, distribution, inventory, and planning
Extensibility	Configuration, extensions, and partner solutions	Extension-based architecture and Microsoft platform services	Configuration, SuiteCloud platform, and partner solutions	Configuration, extensibility, and SAP platform services	Configuration, customization, and connected applications
AI capabilities	Copilot and AI capabilities	Copilot, AI capabilities, and agents	Oracle AI capabilities	Embedded AI and AI-supported business processes	Built-in AI capabilities

Ecosystem	Microsoft 365, Azure, Power Platform, Fabric	Microsoft 365, Azure, Power Platform, Fabric	Oracle ecosystem and SuiteCloud	SAP ecosystem and SAP Business Technology Platform	Acumatica ecosystem and marketplace
Key consideration	Suitable where operational complexity is moderate and Microsoft alignment is valuable	Ideal where finance, supply chain, manufacturing, and global operations require broader functionality	A cloud alternative for organizations seeking a unified business suite outside Microsoft	A major enterprise ERP option for organizations with complex global or SAP-centric environments	An alternative for organizations seeking flexible cloud ERP with strong manufacturing and distribution capabilities

For organizations moving beyond Dynamics AX, Dynamics 365 Finance & Operations provides a natural modernization path for complex financial and operational environments. It combines the enterprise capabilities required for global finance, supply chain, manufacturing, procurement, and operations with Microsoft's broader cloud ecosystem. Organizations can also extend F&O through the Power Platform, integrate it with Microsoft Fabric and Azure services, and use Copilot and other AI capabilities within business processes. Its extension-based architecture and Microsoft's continuous update model provide a foundation for modernization without carrying forward the technical constraints of AX.

Compared with moving to an entirely different ERP ecosystem, staying with Microsoft can also reduce the amount of architectural change involved. Existing investments in Microsoft 365, Azure, Power Platform, Power BI, identity, integrations, and internal skills can continue to play a role in the future environment. For organizations whose requirements have outgrown Business Central, while a move to platforms such as SAP S/4HANA, NetSuite, or Acumatica would introduce a substantially different technology ecosystem, F&O offers a path that combines enterprise-scale functionality with continuity of the Microsoft technology landscape.

The decision should still be based on business requirements, cost, complexity, and long-term strategy. However, for an AX organization that requires advanced finance and operations capabilities and already operates within the Microsoft ecosystem, F&O can provide a direct path from the existing ERP environment to a modern cloud platform without requiring a complete change in the surrounding technology landscape.

Chapter 6

What accelerated migration really means

The word "accelerated" invites a reasonable question from any IT leader who has experienced a difficult ERP project: accelerated compared to what, and at what cost to quality? The answer lies in methodology and preparation, not in omitting the activities that make a migration trustworthy.

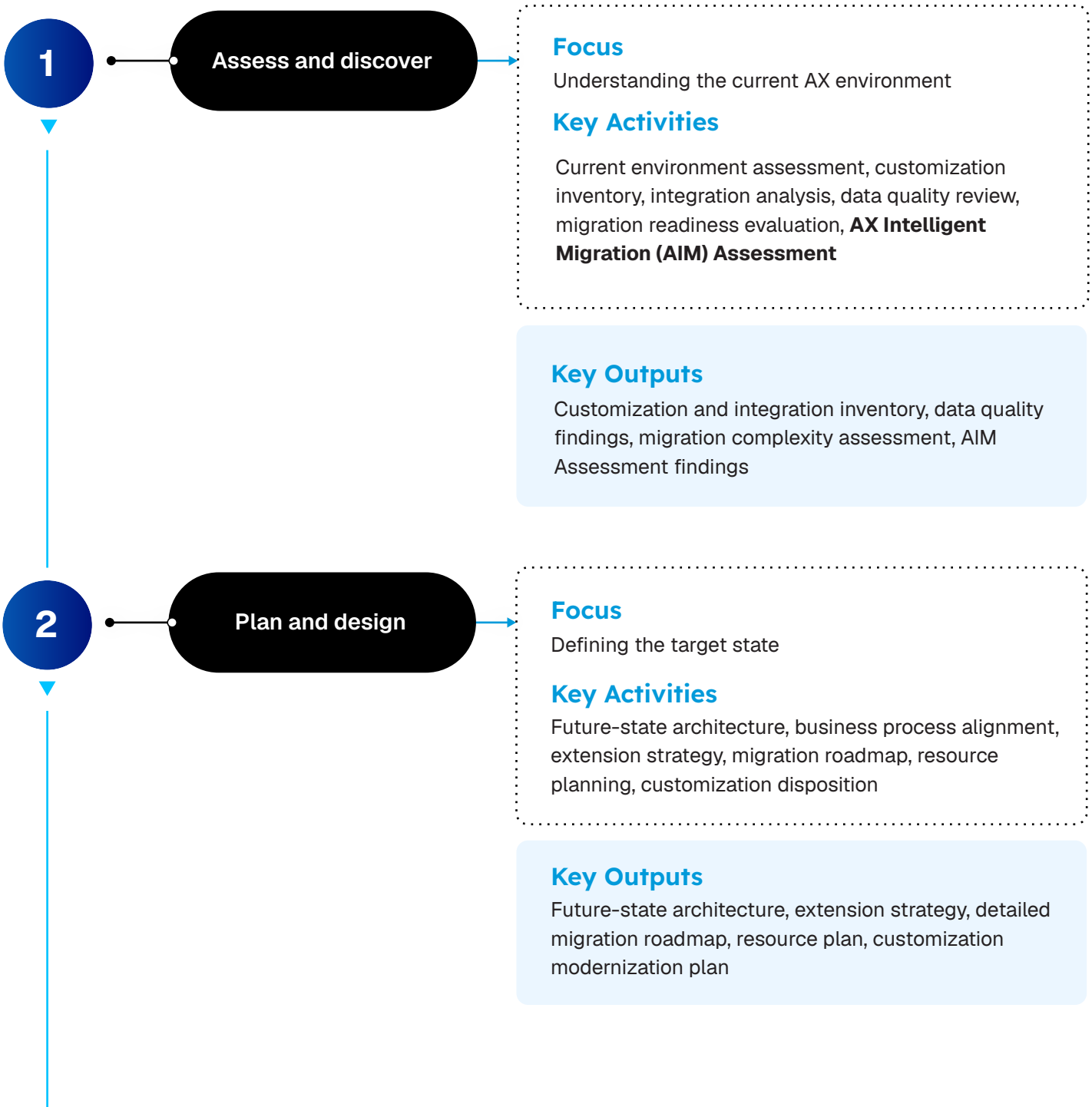
An accelerated migration relies on better planning, proven implementation frameworks, automation of repetitive tasks, reusable migration assets, and early risk identification. Data transformation, environment provisioning, configuration migration, and other repeatable tasks can be supported by established tools and patterns rather than being rebuilt for each project. Identifying integration gaps, data quality issues, and customization complexity during assessment also reduces costly rework later.

Acceleration should not mean less testing, weaker governance, rushed user acceptance testing, or a one-size-fits-all approach applied regardless of the organization's environment. The distinction is important: a rushed migration saves time by doing less, whereas an accelerated migration saves time by reducing avoidable effort and rework.

The degree of acceleration depends on the condition and complexity of the existing AX environment. Customizations, integrations, data quality, regulatory requirements, and organizational readiness all influence the migration timeline. Therefore, an assessment should precede any firm timeline commitment.

A structured methodology reduces uncertainty by establishing a repeatable sequence of assessment, planning, build, and deployment activities, along with defined inputs, outputs, and checkpoints. LevelShift's **QuickSwitch** methodology applies this approach to organizations transitioning from Dynamics AX to Dynamics 365 Finance & Operations.

The Four-Phase QuickSwitch Framework



3 Build and migrate

Focus

Constructing and validating the new environment

Key Activities

Cloud environment setup, Dynamics 365 Finance & Operations configuration, data transformation and migration, customization modernization, integration development, functional validation

Key Outputs

Configured cloud environment, migrated and validated data, modernized extensions, configured integrations, validated solution components

4 Deploy and optimize

Focus

Moving into production and establishing the foundation for continuous improvement

Key Activities

User acceptance testing, deployment preparation, go-live, hypercare, issue resolution, post-go-live optimization planning

Key Outputs

Completed UAT, production deployment, hypercare support, stabilized operations, optimization roadmap

Chapter 7

Seven common migration pitfalls and how to avoid them

Even well-resourced organizations encounter avoidable issues during ERP migrations. The pitfalls below recur across AX-to-D365 projects, and recognizing them in advance often makes the difference between a migration that proceeds predictably and one that surprises late in the process, when they are hardest and most expensive to fix.

AX-to-D365 migrations can encounter avoidable problems when complexity is underestimated or key decisions are deferred. The following pitfalls commonly affect migration scope, timelines, adoption, and long-term outcomes.

Pitfall	The Risk	Solution
Underestimating customizations	Undocumented customizations surface during migration, increasing scope and delaying the project.	Conduct a complete customization inventory during assessment.
Treating migration as an IT initiative	Business teams disengage until late in the project, creating process and adoption issues.	Involve finance, operations, supply chain, and other stakeholders from the planning stage.
Overlooking data quality	Duplicates, inconsistencies, and incomplete data carry into the new environment, affecting reporting and operations.	Assess and cleanse critical data before migration.
Moving unnecessary historical data	Excess historical data increases migration effort, storage requirements, and system complexity.	Define data retention requirements based on business and regulatory needs.
Compromising on testing	Insufficient testing allows defects to reach users and undermines confidence at go-live.	Test critical business scenarios thoroughly, even when timelines are under pressure.

Weak change management	Users revert to familiar AX workarounds, limiting adoption of the new platform.	Provide structured training, clear communication, and visible executive sponsorship.
Rebuilding every AX customization	Recreating obsolete customizations carries unnecessary complexity into the new environment.	Evaluate each customization against current D365 functionality and retain only what the business still requires.

Chapter 8

Preparing your organization for success

Technology decisions often dominate early ERP migration discussions, but successful transitions also depend on people and governance. A technically sound migration can still underperform if the organization is unprepared to adopt the new environment.

Executive buy-in and business stakeholder alignment establish that foundation. Senior leadership needs to remain visibly engaged throughout the project, while finance, operations, supply chain, and other business functions should play a meaningful role in configuration and process decisions. Their involvement surfaces practical requirements that a technical team may otherwise overlook.

Change management, data governance, and user readiness address the practical realities of adoption. Clear communication helps employees understand what is changing and why, while defined data ownership and quality standards establish a reliable foundation in the new environment. Training gives users an opportunity to become familiar with the system before they encounter it in live operations.

Organizations should also define **business success metrics before migration begins**. Metrics such as transaction processing time, reporting accuracy, and reduction in manual workarounds offer a more meaningful view of outcomes than technical milestones alone.

Finally, planning should extend beyond go-live. Dynamics 365 Finance & Operations evolves through Microsoft's continuous update model, and capabilities such as Copilot and AI agents continue to advance. Establishing ownership for evaluating and adopting relevant capabilities enables the organization to treat modernization as an ongoing operating practice rather than a project that ends at deployment.

These measures address common concerns about migration timelines, user adoption, and the preservation of business processes. They also ensure that organizational readiness advances in parallel with the technical work required to move from AX to Dynamics 365 Finance & Operations.

Chapter 9

Is your organization ready to modernize?

Before committing to a migration timeline, it is worth pausing to assess your AX environment's current state. The questions below highlight areas that commonly affect migration complexity and readiness.

Readiness Question	If Yes	If No
Is your AX environment fully documented?	Validate the documentation during assessment and identify any remaining gaps.	Conduct an environment assessment and capture undocumented processes, dependencies, and institutional knowledge.
Have all integrations been catalogued?	Validate each integration and determine its future-state requirement.	Inventory integrations before migration planning begins.
Do you know which customizations are business critical?	Map critical customizations to their future-state requirements.	Conduct a customization assessment to determine which capabilities remain necessary.
Have you decided which customizations to retain, modernize, or retire?	Incorporate the decisions into the migration roadmap.	Evaluate each customization based on business value, technical complexity, and available D365 functionality.
Is your master data ready for migration?	Validate data quality and prepare migration mappings.	Clean, standardize, and govern master data before migration.
Do you have executive sponsorship?	Maintain leadership involvement throughout the migration.	Establish executive ownership and clearly define the business case for modernization.
Are users prepared for change?	Confirm training, communications, and support plans.	Develop a change management and user readiness plan before go-live.

Organizations that can answer most of these questions with confidence are typically well positioned to move directly into a structured assessment. Those that find several questions difficult to answer are not behind; they are simply at an earlier stage in the process. Identifying that starting point is precisely what an assessment phase is designed to do.

This list represents a subset of the questions covered in LevelShift's full Migration Readiness Checklist, which walks through each of these areas in greater depth and is available as a companion resource to this whitepaper.

Conclusion

Turning modernization into a competitive advantage

The case for modernizing Dynamics AX is clear. Microsoft's support lifecycle has ended, leaving organizations without the security updates, regulatory support, and troubleshooting assistance available on supported platforms. At the same time, the gap between AX and Dynamics 365 Finance & Operations continues to widen, particularly in cloud integration, automation, and AI-assisted workflows. The operational, financial, technological, and strategic costs of staying on AX also compound over time.

Modernization should therefore be approached as an opportunity to prepare the business for future growth, rather than merely a response to the end of the support lifecycle. Migration provides an opportunity to assess which processes and customizations still serve a genuine business purpose and to determine what should be preserved, modernized, or retired. Business-critical functionality can be carried forward through Microsoft's extension model, avoiding the maintenance burden associated with legacy AX customizations.

Early assessment is central to this approach. The **AX Intelligent Migration (AIM) Assessment** evaluates customizations, integrations, data quality, infrastructure, and migration complexity before selecting a specific migration path. It provides an informed view of the work involved and establishes the foundation for subsequent planning decisions.

LevelShift's QuickSwitch framework applies insights from the AIM Assessment using the four-phase methodology described in this whitepaper: assessment and discovery, planning and design, build and migration, and deployment and optimization. The result is a migration path built around the specific complexity of an individual organization's environment rather than a generic template, delivered with the structure and predictability that a business-critical system transition requires.

The next step is straightforward: schedule an AIM Assessment with LevelShift to understand where your organization stands today and identify the QuickSwitch migration path best suited to your environment.

Author Bio

Dave Bond is a Microsoft Dynamics expert and Strategic Client Partner at LevelShift with more than 25 years of experience designing, implementing, and integrating ERP, CRM, and operational systems. His expertise spans Dynamics 365, Business Central, Dynamics 365 Finance & Operations, CRM, Microsoft SQL Server, and complex enterprise integrations.

Throughout his career, Dave has led ERP and CRM transformations, systems integration initiatives, and technology programs across manufacturing, distribution, utilities, aerospace, and financial services. His experience brings together deep technical expertise and a strong understanding of business operations, helping organizations make technology investments that create meaningful and lasting impact.