

Microsoft Dynamics 365 Business Central in practice:

What it covers, how it works, and how to prepare for a successful implementation

Microsoft
Solutions Partner

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Introduction



Przemysław Dziedzic

Implementation Department Director and Member of the Management Board at Digmatix Poland

For years, ERP systems were associated mainly with accounting, reporting, and process control. Today, their role extends far beyond data recording. Modern ERP systems actively support daily operations, automate repetitive tasks, and help organizations make faster, better-informed business decisions.

Thanks to advanced artificial intelligence, analytics, and intelligent user-supporting agents, ERP systems do far more than organize data. They can suggest actions, identify risks, and significantly reduce the time needed to analyze information. This, however, depends on a solid, consistent database supported by well-designed processes.

Microsoft Dynamics 365 Business Central addresses these needs by combining classic ERP capabilities with automation, analytics, and AI-based solutions - designed for practical use by finance, operations, and management teams.

Przemysław Dziedzic, Implementation Department Director and Board Member at Digmatix Poland

Who is this material for?

For executives and functional leaders who are considering implementing or replacing an ERP system and need a quick overview of what the system covers, what problems it solves, and what the typical decisions are during the selection and implementation stages.

In the following chapters, you will find descriptions of the key functional areas of Microsoft Dynamics 365 Business Central - always in the context of the problems companies most often try to solve during an ERP implementation. This makes the ebook valuable both as an educational resource and as a practical reference point before speaking with an implementation partner.

Want to see what Business Central looks like in practice?

Book a demo tailored to your processes (finance/sales/warehouse/projects).

What is Microsoft Dynamics 365 Business Central?

Microsoft Dynamics 365 Business Central is a comprehensive ERP system designed for organizations that need a single platform for managing key business areas - from finance, operations, and sales to projects and manufacturing. The system combines traditional ERP capabilities with a modern approach to automation, analytics, and end-user productivity.

Business Central evolved from Microsoft Dynamics NAV and is built on more than 40 years of ERP development experience. It is available in the cloud (SaaS), in a private cloud, and on-premises, which allows organizations to align the architecture with their needs and regulatory requirements. Regular updates delivered by Microsoft provide access to new functionalities without the need for costly upgrade projects.

One of Business Central's key strengths is the integration of data and processes in a single system. Finance, warehouse, sales, projects, and manufacturing form one consistent ecosystem. Every operation - from goods receipt and sales document posting to financial settlement - is automatically reflected across all related areas.

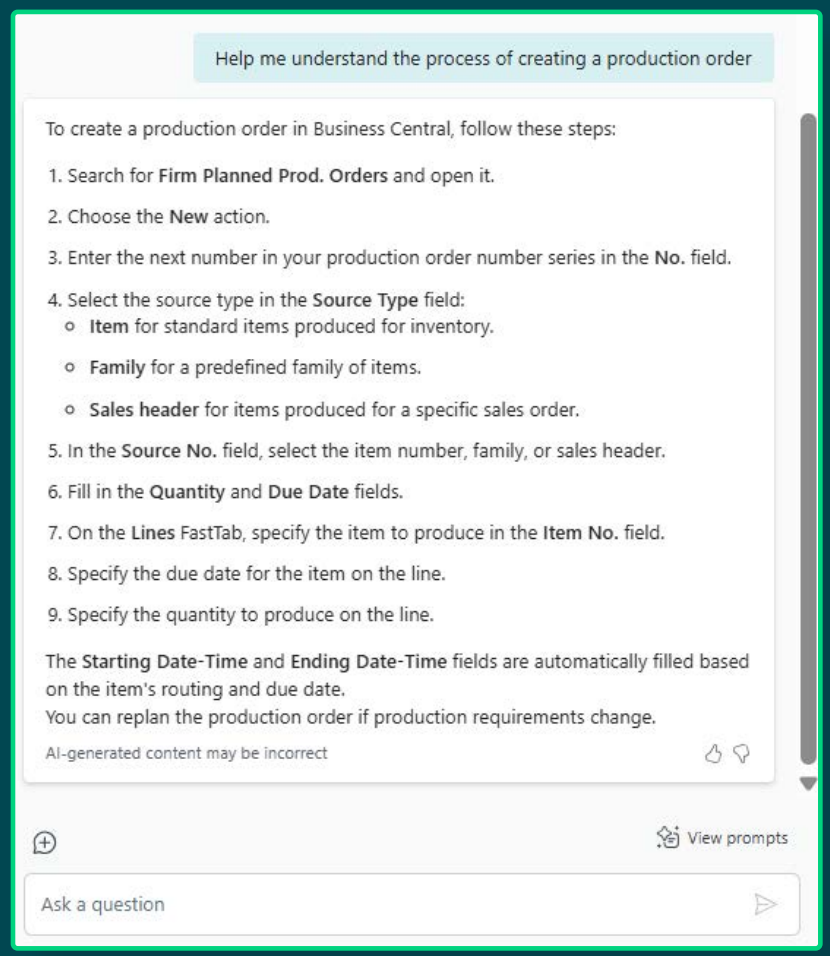
As a result, organizations gain:

01. real-time visibility into financial and operational performance,
02. greater control over costs and margins,
03. the ability to respond faster to market and operational changes,
04. less manual work and less duplicate data entry.

ERP as a foundation for automation and AI

Today, modern ERP plays a much broader role than data recording alone. As part of the Microsoft Dynamics 365 ecosystem, Business Central enables organizations to gradually introduce automation, analytics, and AI-based capabilities.

Thanks to its consistent data structure, the system can support users in analyzing information, identifying deviations, and preparing the reports needed for decision-making. AI-based features - such as the built-in chat in Business Central - do not replace users. Instead, they help shorten the time spent working with data and allow teams to focus on interpretation rather than manual processing.



Copilot chat in Business Central – Copilot explains the production order creation process in English, including source type, item selection, quantity, and due date.

If your key challenge is data, reporting, and process consistency, we invite you to a free consultation. Together, we will identify which areas are worth organizing first so ERP can improve day-to-day work.

Book a free consultation.

Integrations with the Microsoft ecosystem and external systems

Microsoft Dynamics 365 Business Central can serve as the central ERP system that integrates business data and processes in one consistent environment. The system is natively integrated with Microsoft tools such as Outlook, Teams, Excel, Power BI, and SharePoint, which makes daily work easier for users and speeds up adoption.

At the same time, Business Central does not lock organizations into the Microsoft ecosystem. By using web services and APIs, it is possible to securely integrate with third-party solutions - both standard business systems and specialized tools used in specific business areas.

In practice, integrations are usually implemented in one of three models:

01

Native integrations within the Microsoft ecosystem

(for example Outlook/ Teams/Excel/SharePoint/ Power BI and Power Platform - automations, apps, and workflows).

02

Ready-made extensions (AppSource) and partner integrations

often used in e-commerce and logistics (for example Shopify, Shoper, Base, or payment providers such as PayU). Scope and availability depend on the selected extension and implementation project.

03

Custom integrations via APIs

when you need to connect with a CRM system, e-commerce platform, analytics tools, or industry-specific solutions that do not have a ready-made connector.

This approach allows organizations to retain existing solutions wherever they deliver the greatest business value while maintaining one consistent source of data in the ERP system.

Business Central Essentials and Premium

Microsoft Dynamics 365 Business Central offers a broad set of capabilities that can be matched to the size and operating model of the organization. The system is available in two main editions: Essentials and Premium. In practice, both editions include the same ERP core - finance, sales, purchasing, inventory, and projects - while Premium extends that scope with manufacturing and service management.

To keep terminology consistent, this ebook uses business area names and, where relevant, references the corresponding Microsoft naming used in product documentation and licensing materials.



Business Central Essentials

For trading, services, and project-based organizations

The Essentials edition focuses on the core operational and financial processes that shape day-to-day business execution. The functional scope includes:

Finance

General ledger and chart of accounts, dimensions, receivables and payables, bank accounts and payments, budgets, accruals/deferrals, fixed assets, multi-currency support, and core financial reporting.

Sales and Customer Service (Sales & Relationship Management)

Sales quotes and orders, invoicing, customer records, basic relationship management support (contacts and interactions), and full linkage between sales, inventory, and finance.

Purchasing

Vendor records, purchase orders, receipts, purchase invoices and corrections, partial deliveries, and basic approval workflows.

Warehouse Management and Inventory

Item records, stock levels and locations, receipts and shipments, transfers, stock-taking, item tracking (lots/serial numbers), and warehouse operations ranging from simple to more advanced depending on configuration.

Project Management

Projects (Jobs), budgets and cost control, resources (people/machines), time sheets, project billing, and profitability analysis.

Human Resources

Employee registration, contract records, skills and confidential information records, absence tracking, and employee cost recording.

In practice, Essentials helps organizations structure their core business processes and create one consistent source of data for finance, operations, and management teams. More detailed explanations of each area - finance, sales, warehouse, projects, purchasing, manufacturing, and service - are included later in this ebook.

Business Central Premium

The Premium edition extends the system with capabilities that support more complex operational processes.

For manufacturing companies and organizations with advanced service operations

Additional functional scope includes:

Manufacturing

Bills of materials (BOM), routings, work/machine centers, capacity planning and scheduling, production orders, consumption and output registration, and subcontracting.

Service Management

Service items, service orders, work planning, warranties, service contracts, service billing, and full linkage between service, inventory, and finance.

This edition is typically selected by organizations where manufacturing or service operations are central to the business model and require close control of costs, deadlines, and resources.

In conversations with organizations, we often help determine which functional scope best matches current business needs and how to plan the system's next stages as the company grows. Book a free consultation to determine which Business Central edition best fits your business needs.

Book a free consultation.



Overview of Microsoft Dynamics 365 Business Central Functionality

Business Central Essentials						Business Central Premium	
Finance	Sales and Customer Service	Purchasing	Warehouse Management and Inventory	Project Management	Human Resources	Service Management	Manufacturing
General ledger and chart of accounts	Sales quotes and orders	Sales quotes and orders	Item records	Projects (Jobs)	Employee registration	Service items	Bills of materials (BOM)
Dimensions	Invoicing	Purchase orders	Stock levels and locations	Budgets and cost control	Contract records	Service orders	Routings
Receivables and payables	Customer records	Receipts	Receipts and shipments	Resources (people/ machines)	Skills and confidential information records	Work planning	Work/machine centers
Bank accounts and payments	Contacts and interactions	Purchase invoices and corrections	Transfers	Time sheets	Absence tracking	Warranties	Capacity planning and scheduling
Budgets	Sales linkage with inventory and finance	Partial deliveries	Physical inventory	Project settlement	Employee cost recording	Service contracts	Production orders
Accruals/ deferrals	Integration with Microsoft Dynamics 365 Sales (CRM)	Basic approval workflows	Item tracking (lots/serial numbers)	Profitability analysis		Service billing	Consumption and output registration
Fixed assets			Warehouse operations (depending on configuration)			Service linkage with inventory and finance	Subcontracting
Multi-currency support							

Licensing models

Microsoft Dynamics 365 Business Central offers a flexible licensing model that makes it possible to match both the functional scope of the system and the types of users to the organization’s actual needs.

User license types

Business Central offers several license types, which helps optimize implementation and operating costs.

Team Member

★

A license intended for users who perform basic tasks in the system.

It allows, among other things, viewing data, generating reports, entering time and expenses, approving tasks in workflows, and working with Power Platform apps within the applicable use rights.

Full User - Essentials

★ ★

A license for users who actively work in the ERP system - typically in finance, logistics, sales, and management roles.

It provides access to the full functional scope of the Essentials edition.

Full User - Premium

★ ★ ★

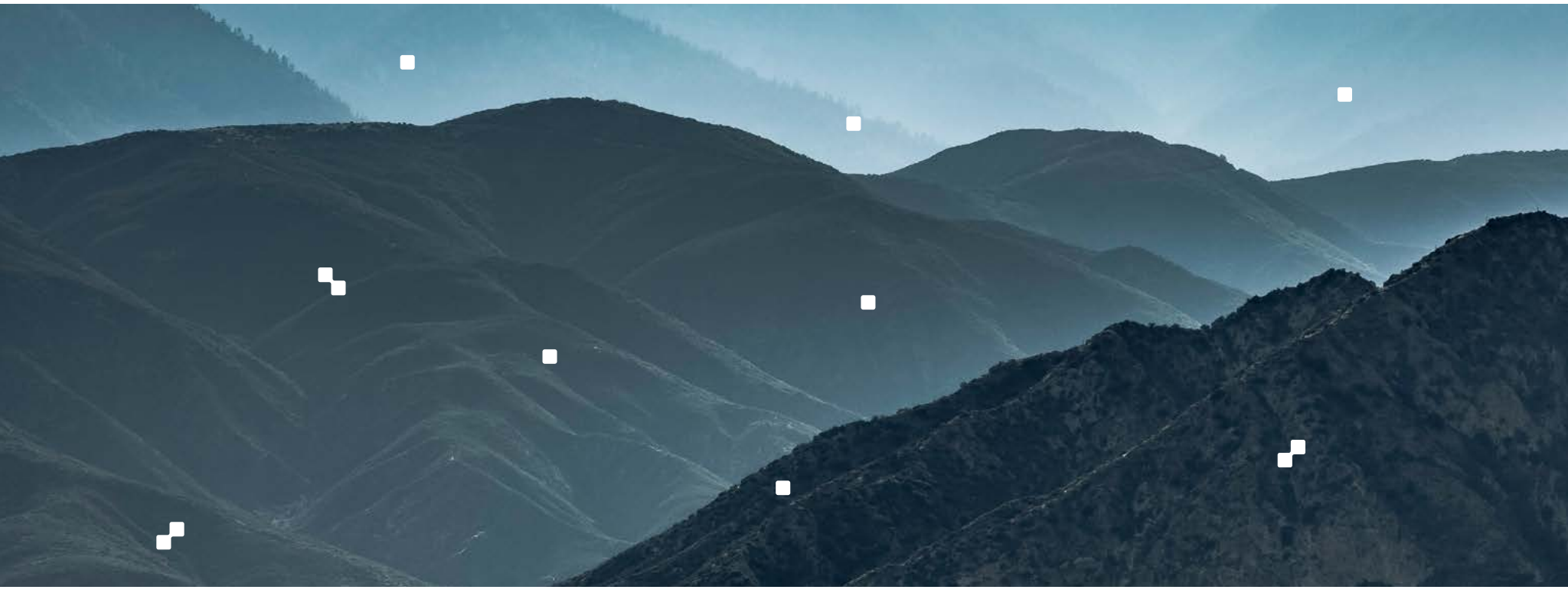
Includes everything available in Essentials and adds manufacturing and service management.

In practice, it is used in organizations where these areas are operationally critical.

Key licensing considerations

- A production environment is configured either as Essentials or as Premium - Full Essentials and Full Premium do not coexist as two active functional scopes in the same environment. A user with a Premium license can sign in to an Essentials environment and use the functionality available there.
- Licensing follows the Named User principle, which means that a license is assigned to a specific user.
- A Device license is also available for shared devices, such as POS stations or warehouse and production terminals.
- A dedicated Full license can also be assigned to an external accountant, without administrative access to the system configuration.

During pre-implementation analysis, licensing decisions should be aligned with the selected functional scope to ensure the system supports business processes effectively without introducing unnecessary costs. - contact us.



Localizations and regulatory compliance

Microsoft Dynamics 365 Business Central is supported in more than 180 countries, and implementations can be rolled out globally based on the general application version (W1) or local extensions.

Polish Localization

For the Polish market, Business Central offers a Microsoft-certified Polish Localization that helps meet local legal and accounting requirements, including, among others:

- support for Polish tax regulations (including VAT, JPK, CIT, PIT, and e-invoicing),
- integration with KSeF (the National e-Invoicing System) and support for structured invoices in line with current requirements,
- reporting aligned with Polish regulations,
- functionality specific to doing business in Poland.

KSeF is currently one of the key localization areas for companies operating in Poland. During the pre-implementation analysis, it is worth clarifying whether the selected scenario should cover only the issuing and sending of e-invoices to KSeF, or also the retrieval of purchase invoices and automation of their processing (the exact scope can depend on the system version and the extensions used).

Interface and availability across devices

Dynamics 365 Business Central stands out with a modern, intuitive interface that many users find comparable to the environment they already know from Microsoft 365. This helps shorten adoption time and makes the system easier for teams to use.

The system is available:

- through a web browser,
- as a desktop app for Windows,
- as a mobile app for smartphones and tablets (Android, iOS).

Regardless of the device, users work in the same consistent ERP environment.

Cloud deployment

Dynamics 365 Business Central is a system that fully benefits from the capabilities of a cloud-based SaaS application. Thanks to regular and automatic updates, customers always work on the latest version of the system and benefit from the improvements delivered by Microsoft.

Key benefits include no additional infrastructure maintenance costs and high reliability, backed by Microsoft's service commitments. The SaaS model also provides easy access to other Microsoft cloud services, a broad portfolio of partner-built Business Central apps, and simpler management of environments and users.

Security and compliance in the SaaS model

In practice, implementing Business Central Online is not only about avoiding the need to maintain your own IT infrastructure. It also means using the security and compliance mechanisms that Microsoft provides as part of the service. Below are the key areas that should be addressed during implementation.

Identity and sign-in (Microsoft Entra ID, SSO)

users authenticate through Microsoft Entra ID. In practice, this provides consistent identity management (one account, password policies, and conditional access).

Data protection

in the online model, tenant data is isolated, and the service applies encryption both at rest and in transit. In addition, backups are created automatically.

Monitoring and audit

it is worth planning how sign-ins and authorization attempts will be monitored (for example, in Entra ID sign-in logs and telemetry). For control and investigation purposes, some events can also be reported to Microsoft audit solutions.

MFA and conditional access

for Business Central, you can enforce additional access conditions, such as MFA for all sign-ins, restricting sign-ins to trusted locations, or allowing access only from devices that meet the organization's requirements. This is one of the fastest ways to strengthen security without changing the ERP system itself.

Access control (roles and least privilege)

permissions in Business Central are based on roles and permission sets. It is worth designing them so that users only have access to the operations and data they need for their work (for example, separating the roles for creating documents and posting them).

Updates and service lifecycle

regular updates improve not only functionality but also security. Administrators can define the update window for environments in the Business Central Administration Center and use sandbox environments to test changes before updating production.

Functional capabilities

Finance

In many organizations, finance loses consistency not because the accounting team lacks expertise, but because financial and operational data is scattered. Sales transactions, purchasing, warehouse operations, and banking are handled in separate tools, while reporting depends on manual work and spreadsheets. The result is slower decision-making, weaker cash flow control, and a higher risk of errors.

Microsoft Dynamics 365 Business Central brings this area into one structure by connecting operational events directly with finance and providing a single, consistent source of data.



Key finance capabilities

General ledger and chart of accounts

Business Central supports general ledger accounting based on a chart of accounts that includes both balance sheet and P&L accounts. The chart of accounts forms the foundation for posting all financial transactions generated by sales documents, purchase documents, and accounting operations. The system allows flexible account configuration, including bank accounts and multi-currency support.

Uniform Control File (JPK)

The system enables the generation of JPK files compliant with current legal requirements, including, amongst others:

- JPK_V7M / JPK_V7K (VAT with return)
- JPK_FA,
- JPK_WB,
- JPK_KR,
- JPK_MAG,

The generated files are saved in the system and can be re-exported. From February 2026, a new version of the JPK_V7(3) structure will come into force – Business Central supports this version as part of the Polish Localisation update.

Receivables and payables management

- creating sales and purchase invoices,
- issuing corrective invoices, including one correction for multiple invoices,
- balance confirmations,
- generating receivables and payables statements,
- retrieving counterparty data from public registers.

Payment processing and banking

- marking invoices as paid,
- reconciling bank accounts,
- importing bank statements,
- automatically applying transactions based on statement data.

VAT handling

- support for different VAT rates,
- VAT registers,
- assigning the tax point date,
- support for split payment mechanism,
- preparing data for tax settlement with the tax office.

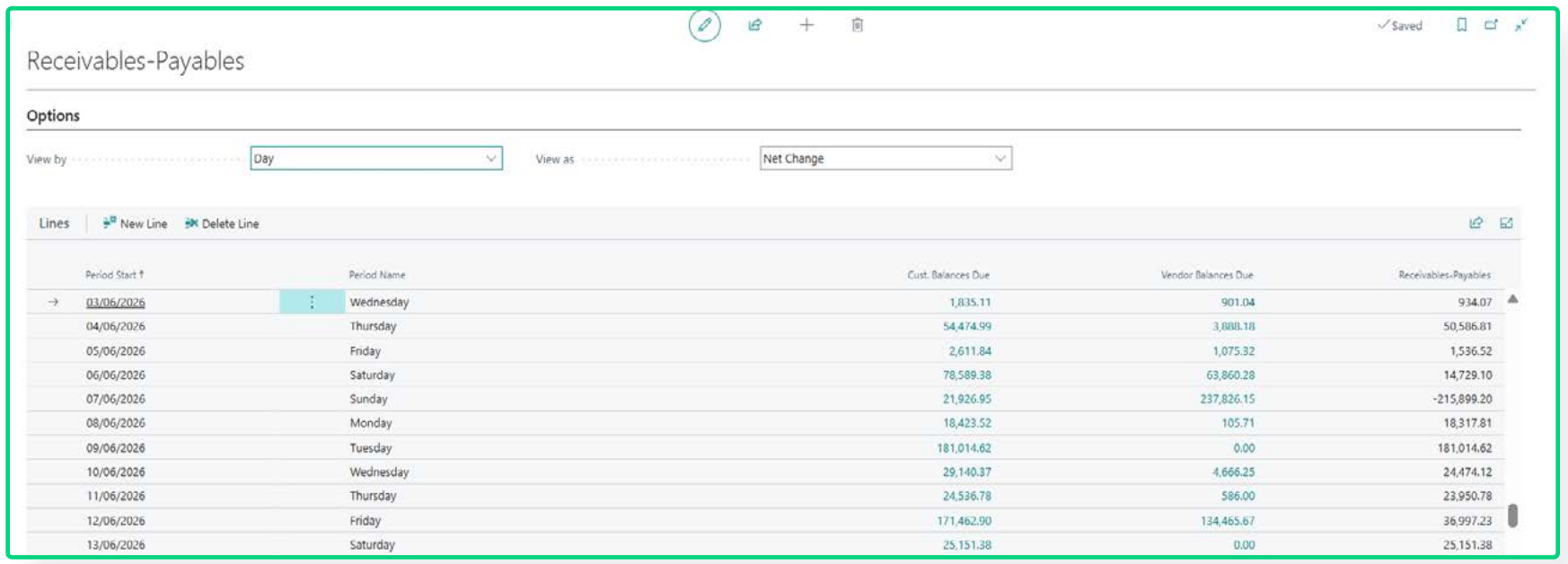
Budgeting and fixed assets

- creating and controlling budgets,
- budget performance analysis,
- full fixed asset management (acquisition, depreciation, revaluation, disposal),
- preparing the annual depreciation plan.

Analytics and reporting

- trial balances,
- general ledger journals,
- accounting registers,
- accounts receivable and accounts payable aging analysis.

In addition, financial data can be analyzed using dimensions, which enables reporting across different views - for example by customer, project, or other organizational structures.



Period Start	Period Name	Cust. Balances Due	Vendor Balances Due	Receivables-Payables
03/06/2026	Wednesday	1,835.11	901.04	934.07
04/06/2026	Thursday	54,474.99	3,888.18	50,586.81
05/06/2026	Friday	2,611.84	1,075.32	1,536.52
06/06/2026	Saturday	78,589.38	63,860.28	14,729.10
07/06/2026	Sunday	21,926.95	237,826.15	-215,899.20
08/06/2026	Monday	18,423.52	105.71	18,317.81
09/06/2026	Tuesday	181,014.62	0.00	181,014.62
10/06/2026	Wednesday	29,140.37	4,666.25	24,474.12
11/06/2026	Thursday	24,536.78	586.00	23,950.78
12/06/2026	Friday	171,462.90	134,465.67	36,997.23
13/06/2026	Saturday	25,151.38	0.00	25,151.38

Receivables and payables overview - a daily overview comparing customer balances due and vendor balances due to support cash flow analysis.

How can an AI agent improve work in your accounting department?

Payables Agent

The Payables Agent automatically processes purchase invoices (for example, invoices received by email), recognizes vendors, populates relevant fields, and prepares draft documents for user review and approval.

Summary

The finance module in Microsoft Dynamics 365 Business Central enables accounting and financial settlements to be managed in one system, in line with country legal requirements. It also provides the foundation for financial analysis, reporting, and day-to-day control of the company's financial position.

If your finance and accounting area needs improvement, book a free consultation. We will help translate the challenge into a concrete functional scope and implementation priorities.

Book a free consultation.

Sales and Customer Service (Sales & Relationship Management)

In many companies, the challenge in sales and customer service is not a lack of sales activity, but the lack of a consistent process - from the first customer contact, through quotation, to order fulfillment and settlement. Customer information, commercial arrangements, and sales documents often exist outside the ERP system, which means sales is not directly connected with warehouse operations, purchasing, and invoicing.

Microsoft Dynamics 365 Business Central structures the entire sales process within a single ERP system - from commercial work and creating quotes and sales orders to fulfillment, shipping, and invoicing. As a result, sales, operations, and finance all work from one source of data, and each stage of the process is logically connected to the next.



Key sales and customer service capabilities in Business Central

Managing contacts and the start of the customer relationship:

- registering contacts as companies and people,
- storing contact details and commercial information,
- linking contacts with customers, quotes, and sales documents,
- building a history of customer relationships (calls, meetings, correspondence).

Sales orders:

- converting quotes into sales orders,
- clear linkage of the order with the customer, commercial terms, prices, and discounts,
- the ability to send an order confirmation directly to the customer,
- support for scenarios such as:
  - sales from stock,
  - drop shipment (direct shipment from the vendor to the customer),
  - intercompany sales (sales between companies in the same group).

Sales opportunities and quotation:

- managing sales opportunities linked to contacts,
- supporting sales stages and sales cycles,
- creating sales quotes based on commercial arrangements,
- maintaining data continuity between the opportunity, the quote, and further execution.

Order fulfillment: warehouse, inventory, and logistics:

- automatic linkage of sales orders with:
  - warehouse operations,
  - inventory availability and reservations,
  - shipment and dispatch documents,
- support for partial deliveries and shipments,
- real-time monitoring of order fulfillment status.

Invoicing and settlement:

- creating sales invoices directly from orders,
- full consistency of sales data with finance and accounting,
- the ability to analyze margins, profitability, and sales performance.

Additional capabilities that support sales

Segmentation and campaigns

- grouping contacts based on selected criteria,
- planning and recording marketing campaigns,
- linking sales activities with specific customer segments.

Integration with Dynamics 365 Sales

- the ability to connect Business Central with Microsoft Dynamics 365 Sales,
- clear separation of roles:
  - Dynamics 365 Sales as the CRM “front office”,
  - Business Central as the ERP “back office” responsible for fulfillment and settlement.

Sales Order Agent that can improve your sales processes:

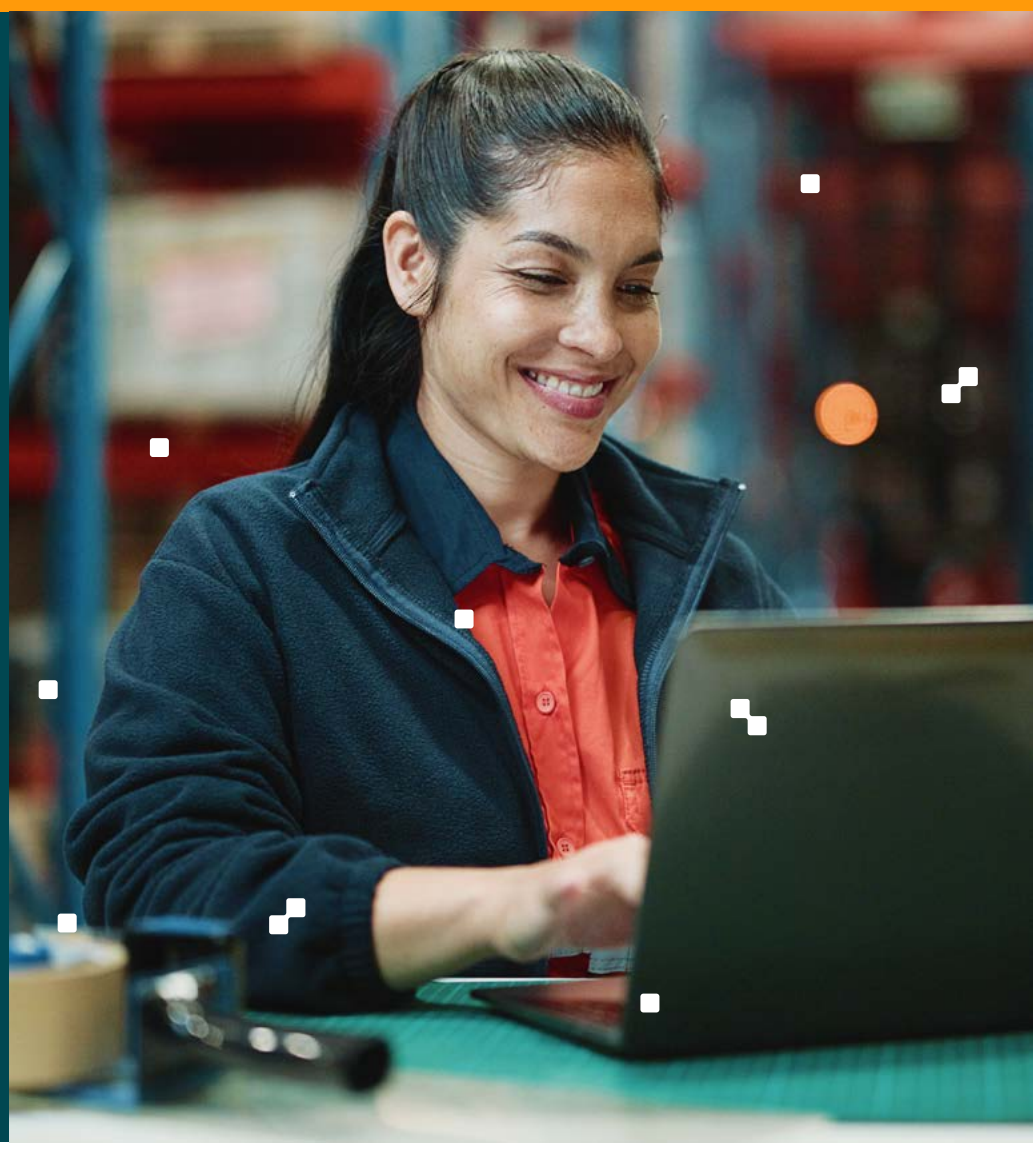
Sales Order Agent

The AI agent analyzes incoming data (for example from customer emails), identifies the customer and products, and prepares draft sales orders in the system. This reduces manual data entry and accelerates order handling, especially in organizations with a high transaction volume.

Summary

The sales and customer relationship module in Microsoft Dynamics 365 Business Central covers the entire sales journey - from the first customer contact, through the quote and sales order, to fulfillment, warehouse processing, and invoicing. As a result, sales does not operate separately from operations and finance, and all teams work with consistent data in one ERP system.

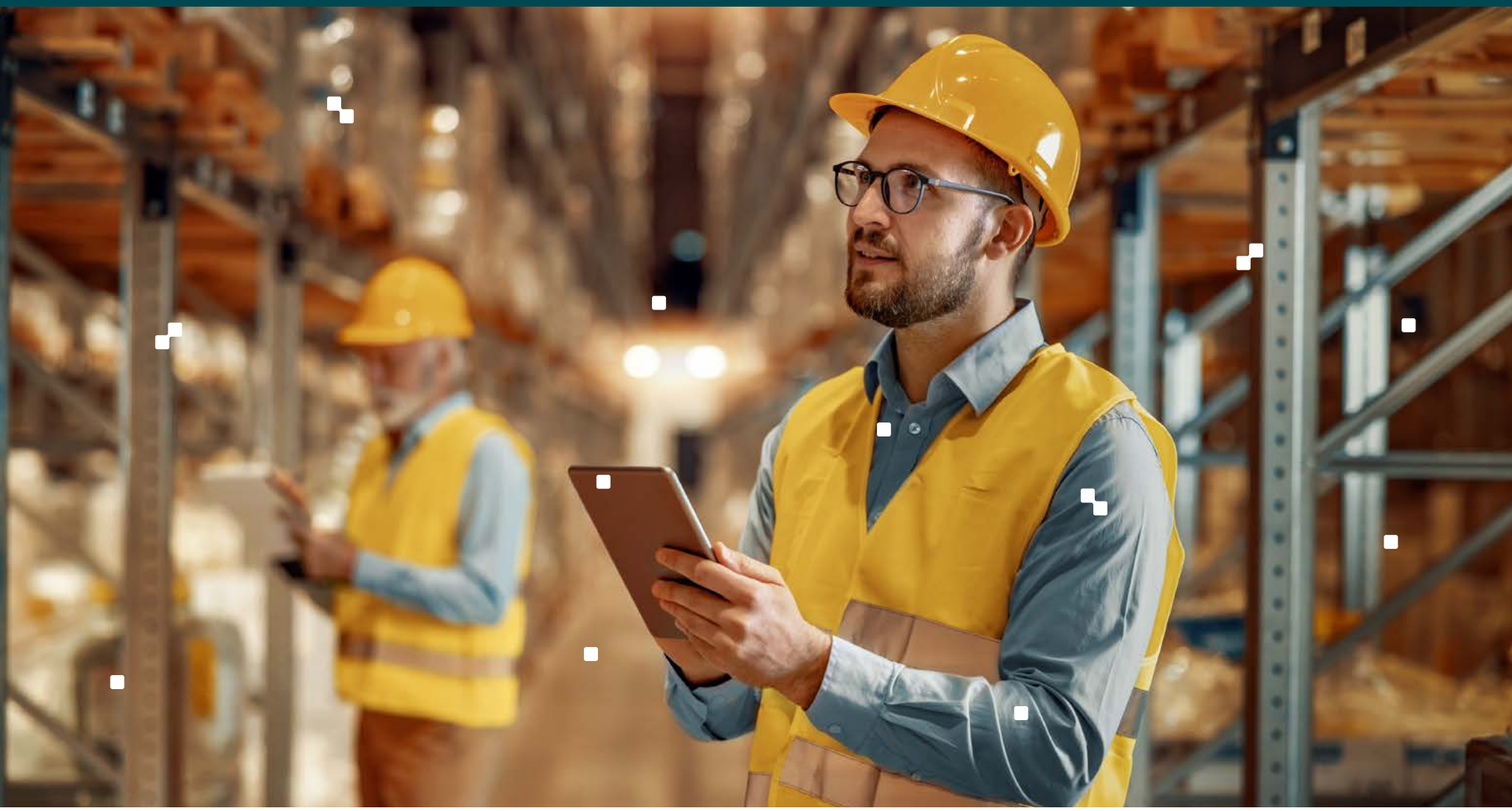
If the organization needs more advanced CRM functionality (for example, advanced lead management or salesperson automation), a natural extension is integration with Microsoft Dynamics 365 Sales - without losing consistency of data and processes.



Warehouse Management and Inventory

In many organizations, inventory and warehouse operations become less predictable because stock levels and warehouse movements are not updated in a timely and consistent way. Inventory is updated with delays, receipts and shipments are sometimes handled manually, and the link between inventory, finance, and sales is limited. As a result, companies do not have a clear view of product availability, inventory value, or operational costs.

Business Central helps address these challenges by enabling companies to manage inventory and warehouse operations directly in the ERP system, tightly connected with purchasing, sales, and finance.



Key warehouse and inventory capabilities in Business Central

Items

- defining Inventory item cards,
- assigning categories and attributes to items,
- controlling inventory quantities and values based on item ledger entries.

Inventory levels and locations

- managing inventory across multiple warehouse locations,
- inter-warehouse transfers,
- visibility of product availability by location.

Receipts and shipments

- automatic inventory updates based on purchase and sales documents,
- direct inventory adjustments (for example after stock counts),
- recording receipt and shipment documen

Inventory counting

- performing physical inventory counts,
- adjusting stock levels based on count results,
- full audit trail of quantity and value changes.

Item tracking

- support for serial numbers and lot numbers,
- tracking product movement from receipt to shipment,
- better quality control and compliance.

Warehouse operations

- support for warehouses that use locations and bins,
- executing receipts, shipments, transfers, and picks,
- flexible configuration of warehouse process complexity.

Inventory linked to finance

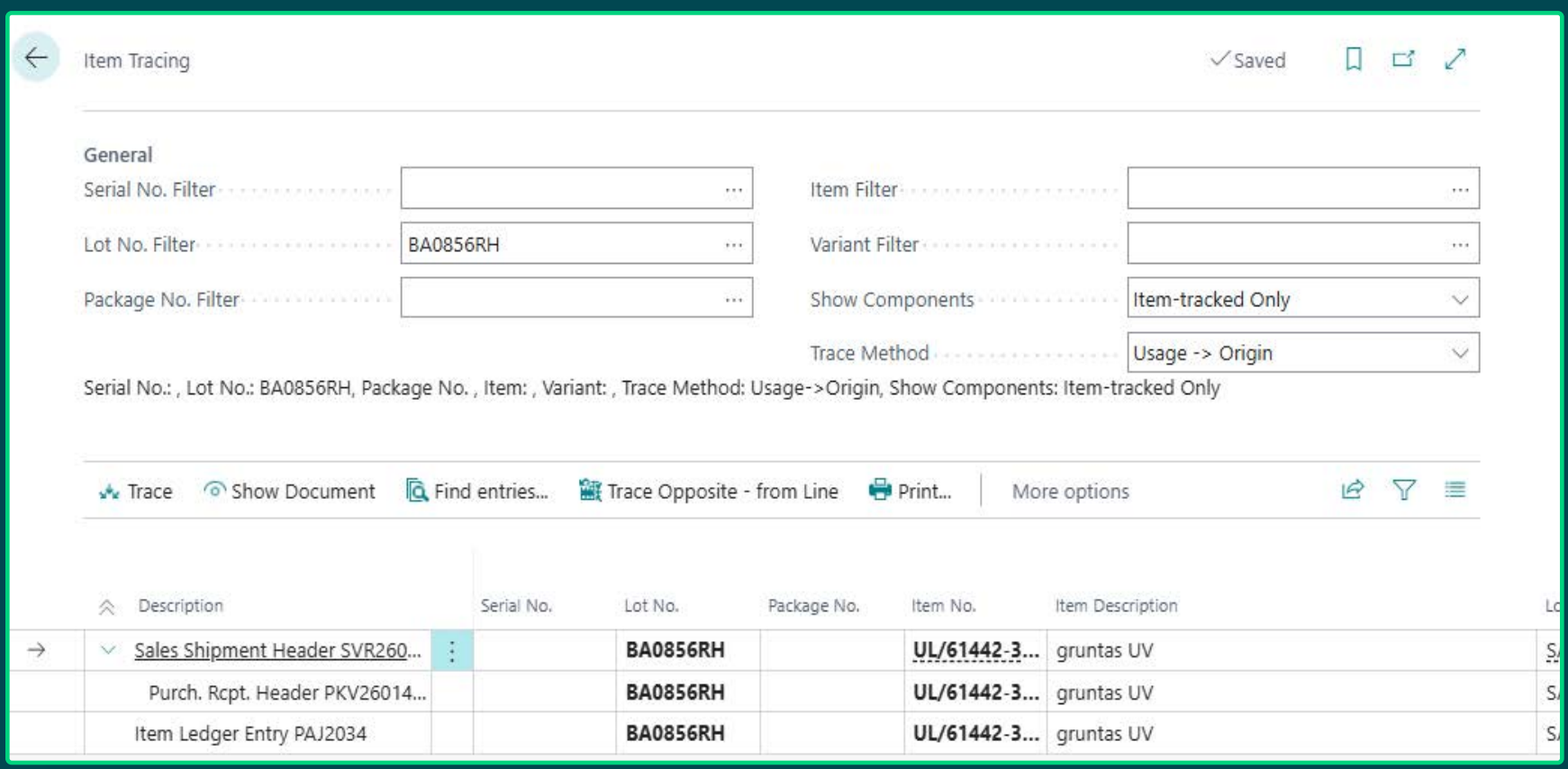
- automatic posting of inventory values and costs,
- integration of warehouse transactions with the general ledger,
- consistency between quantity and financial data.

Inventory analysis and reporting

- standard warehouse reports,
- analysis of availability, turnover, and inventory value,
- ongoing inventory control within the ERP system.

Summary

Managing inventory and warehouse operations in Microsoft Dynamics 365 Business Central enables companies to monitor stock levels, product movements, and inventory values on an ongoing basis. By tightly connecting warehouse operations with purchasing, sales, and finance, the system ensures data consistency and supports efficient logistics management in one ERP environment.



Item traceability - the Item Tracing view allows users to track inventory by lot number and follow related documents from usage back to origin.

During a demo, we can show an example end-to-end process (for example, from goods receipt to settlement) tailored to your operating model.

Book a free consulation.

Project Management

Project delivery loses transparency and predictability when there is no consistent view of working time, costs, and the use of people and machines. Time tracking is often maintained outside the ERP system, project costs are calculated with delays, and settlements require manual consolidation of data from multiple sources.

Business Central enables organizations to plan projects, capture resource activity, and manage project settlement directly within the ERP system, with full linkage to finance and cost control.



Key project and resource management capabilities in Business Central

Projects (Jobs)

- creating project cards and project tasks,
- defining project budgets,
- planning project work,
- tracking project progress.

Resources

- defining resources as people or machines,
- assigning costs and prices to resources,
- grouping resources into resource groups,
- using resources in projects.

Time sheets

- recording the time of people and machines,
- weekly time tracking,
- approval workflows for time sheets,
- assigning time to projects or resource journals.

Project cost settlement

- automatic transfer of working time to project costs,
- ongoing recognition of project delivery costs,
- cost control during project execution.

Projects linked to finance

- integration of project costs with the general ledger,
- consistency between project and financial data,
- the ability to analyze project profitability.

Project execution and resource utilization analysis

- reporting on working time and project costs,
- analysis of resource utilization,
- ongoing visibility into project progress and costs.

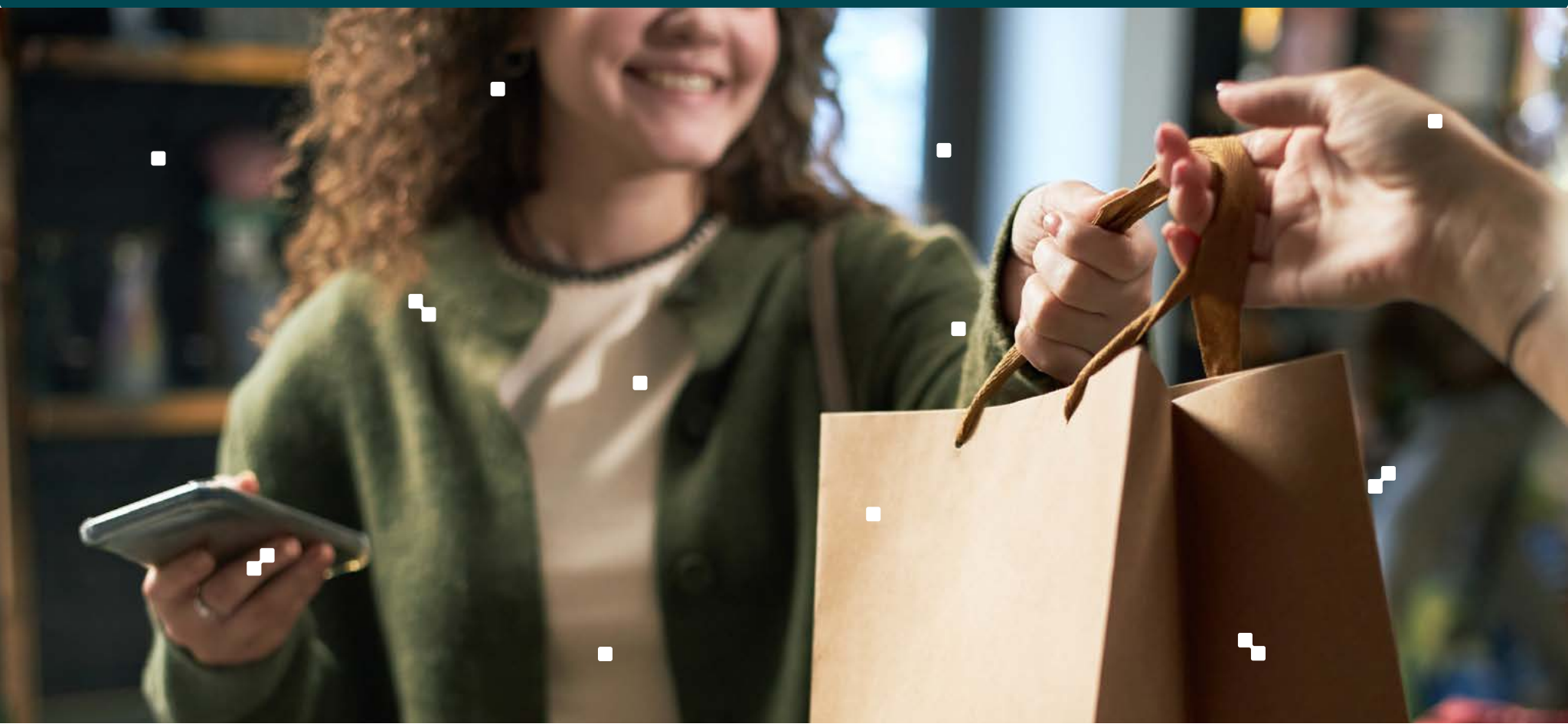
Summary

Project management and resource settlement in Microsoft Dynamics 365 Business Central enable better control of project delivery in connection with working time and costs. By integrating projects, resources, and finance, the system provides consistent data, ongoing settlements, and better visibility into profitability within one ERP environment.

Purchasing

In many organizations, the purchasing process is not sufficiently connected with warehouse operations and finance, which makes it harder to control liabilities, costs, and delivery timelines on an ongoing basis. Vendor orders are maintained in scattered tools, partial deliveries and quantity or price differences complicate settlement, and purchase invoices often require manual matching to source documents such as orders and receipts. As a result, operational effort increases and the organization sees the real cost of purchasing and its impact on inventory later than it should.

Microsoft Dynamics 365 Business Central supports the entire purchase-to-pay cycle in one ERP system: from the vendor card and purchase order, through receipts (including partial receipts), to the invoice and settlement of liabilities. As a result, purchase documents remain consistent with warehouse movements and postings, and three-way matching can be handled within the standard process.



Key purchasing capabilities in Business Central

Vendors

- vendor records,
- payment and settlement terms,
- purchase and document history.

Purchase documents

- requests for quote and purchase orders,
- purchase invoices and credit memos,
- support for partial deliveries.

Purchasing linked to warehouse operations

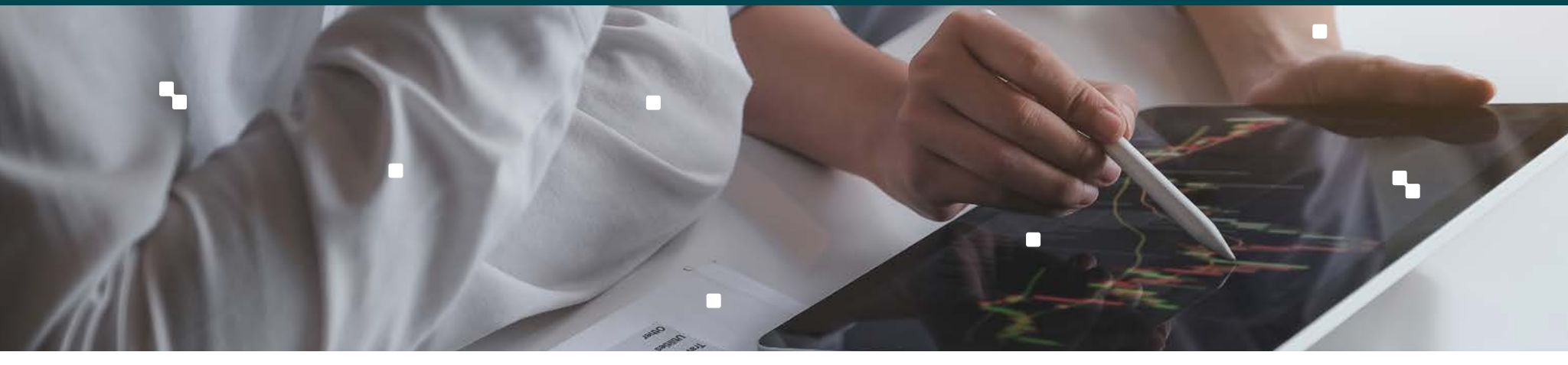
- goods receipts,
- automatic inventory updates,
- direct purchases (drop shipment).

Purchase control and approvals

- pproval workflows for purchase documents,
- control of costs and compliance with purchasing policies.

Summary

The purchasing module in Microsoft Dynamics 365 Business Central enables the entire purchase-to-pay process to run in one ERP environment - from order and receipt to invoice and settlement of liabilities. As a result, the organization gains consistency between purchasing, warehouse operations, and finance, better control over costs and delivery dates, and less manual effort when reconciling documents. In practice, this means more predictable spending and faster visibility into the real impact of purchasing on inventory and financial performance.



Manufacturing

In manufacturing companies, one of the biggest challenges is consistent management of materials, working time, and production costs. In practice, the challenge is not only to launch production, but to maintain full control over what was issued to a production order, how much time people and machines actually spent, and which costs ultimately contribute to the final cost of finished goods.

Without one integrated system, data becomes fragmented: production planning is managed separately, shop-floor reporting arrives with delays, and costs are calculated only after the fact using spreadsheets or manual summaries. The result is often material shortages, difficulty identifying variances (in consumption, time, and efficiency), uncertainty around margins, and limited lot traceability across the end-to-end process.

Within the Business Central Premium licensing edition, Microsoft Dynamics 365 Business Central supports manufacturing and assembly-related scenarios by enabling organizations to plan, execute, and settle production processes in direct connection with warehouse operations and finance.



Key manufacturing capabilities in Business Central

Product structures

- production bills of materials (BOM),
- BOM versioning,
- assignment to inventory items.

Routings and production resources

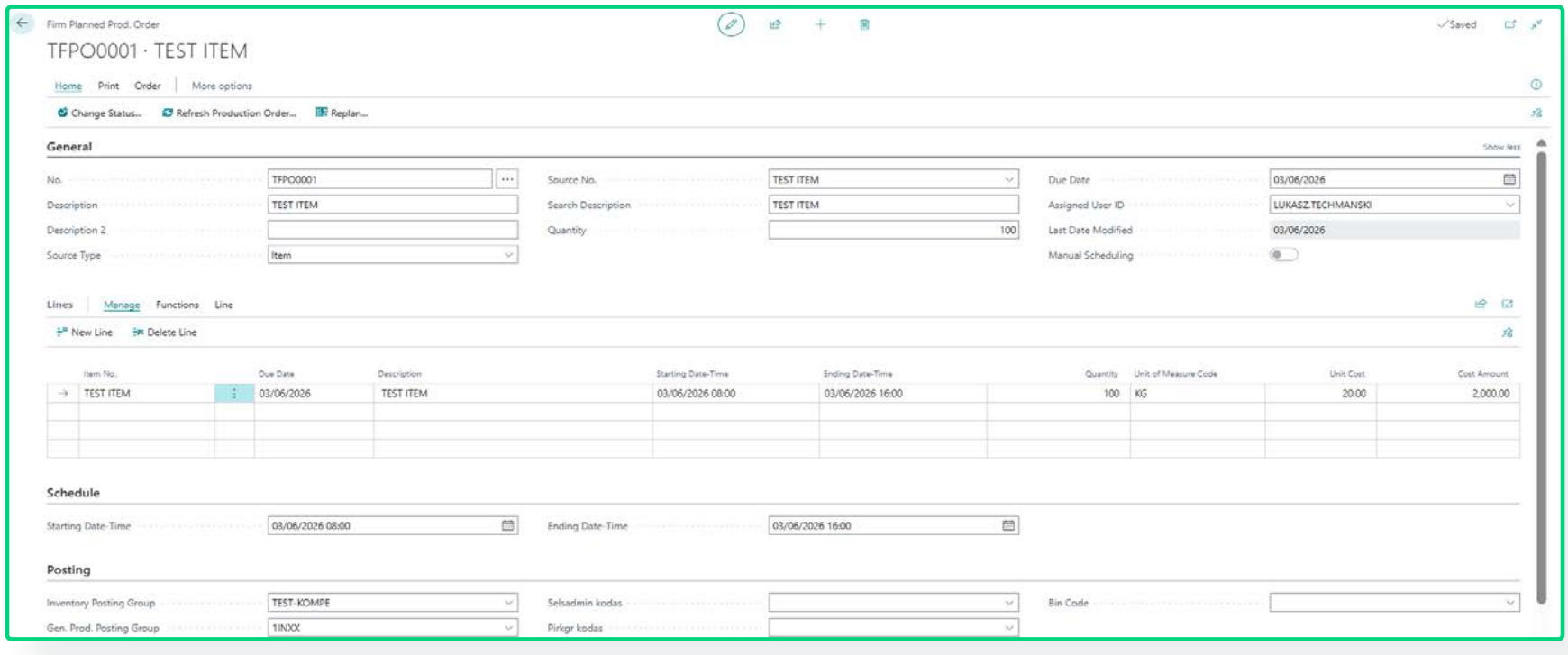
- definition of production operations,
- work centers and machine centers,
- production capacity planning.

Production orders

- creating and processing production orders,
- material consumption posting,
- recording finished goods output.

Summary

The manufacturing module in Business Central makes it possible to run production within one consistent process - from material planning and resource loading, through order execution and consumption posting, to settlement of the cost of goods manufactured. By linking manufacturing with warehouse operations and finance, the organization gains ongoing visibility into variances (material and time), better margin control, more predictable delivery dates, and stronger end-to-end lot traceability across the production chain.

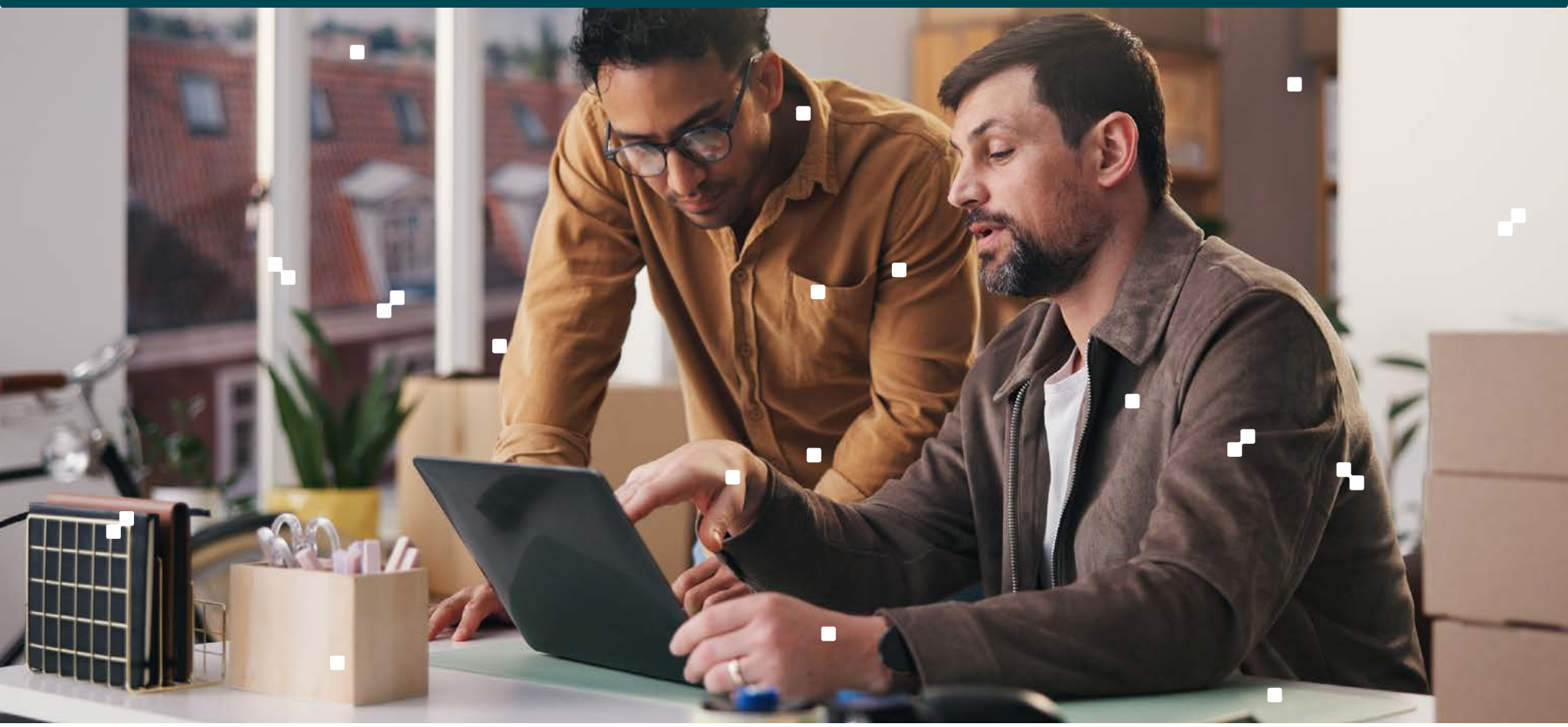


Production order management – a firm planned production order created in Business Central, showing item details, quantity, scheduling, costs, and posting information.

Service Management

Organizations that deliver service often struggle to record repair history, settle technicians' work, and control the costs of parts and services. In practice, the challenge is also to structure the full service cycle - from the incoming request and diagnosis, through visit and resource planning, to settlement and case closure - in a way that is clear for both the service team and finance.

Within the Business Central Premium licensing edition, Microsoft provides service management capabilities that support service delivery, settlements, and customer relationship continuity in one ERP system. The system makes it possible to manage service orders and service contracts, plan work, and record completed activities and consumed parts, then automatically link this information with warehouse operations and postings. As a result, the organization gains a consistent view of service costs and revenue, better control over warranties and equipment history, and the ability to analyze service profitability.



Key service management capabilities in Business Central

Service items

- registration and service history of maintained devices,
- assignment to customers.

Service orders and contracts

- service order handling,
- service contracts and periodic inspections,
- recording completed work and consumed parts.

Service settlement

- invoicing service work,
- linking service with finance and warehouse operations.

Summary

The service module in Microsoft Dynamics 365 Business Central makes it possible to structure service delivery in one process - from registering devices and repair history, through work planning and settlement of time and parts, to invoicing and order closure. By linking service with warehouse operations and finance, the organization gains a consistent view of service costs and revenue, better warranty control, and the ability to analyze service profitability and delivery quality (for example, timeliness and technician workload).

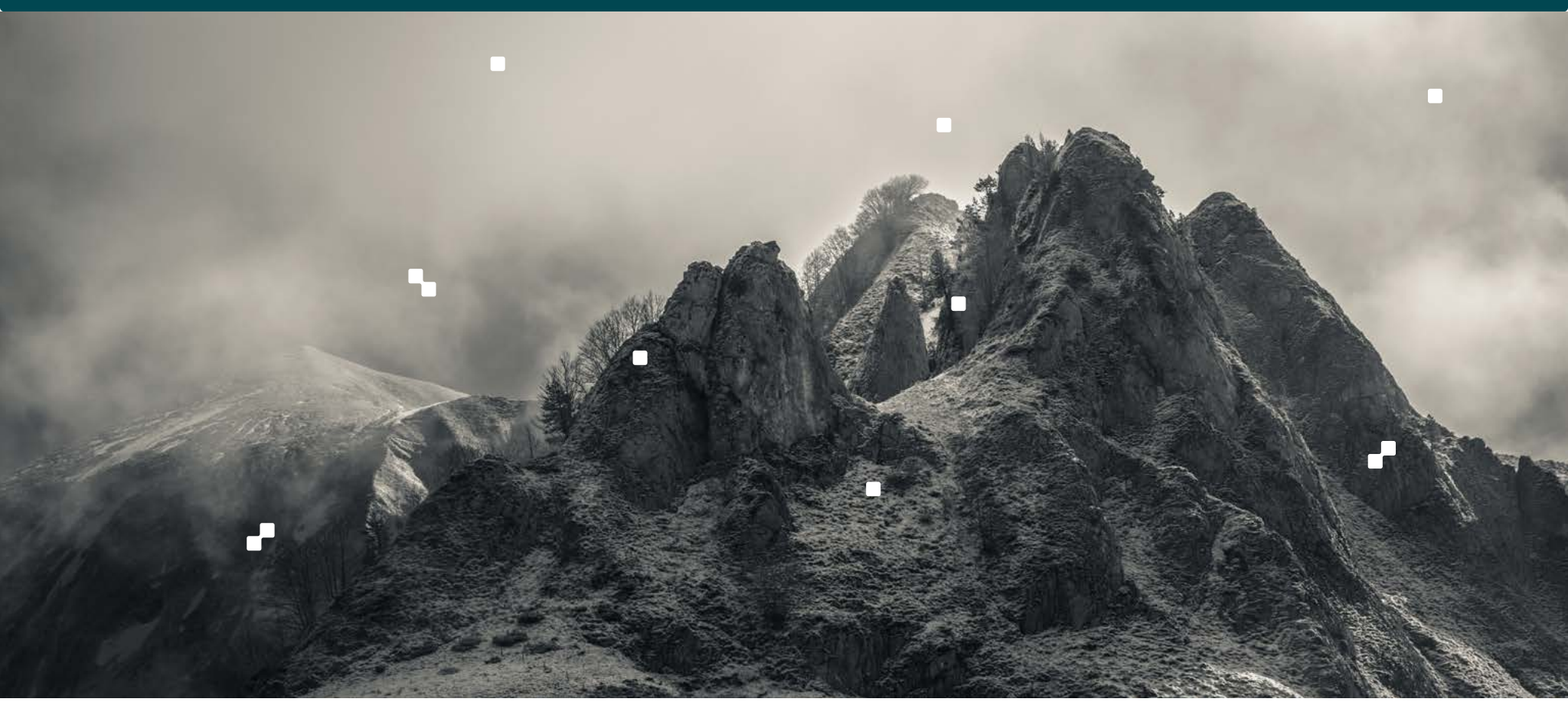


Copilot and AI agents in Microsoft Dynamics 365 Business Central

Microsoft Dynamics 365 Business Central uses artificial intelligence through Microsoft Copilot, which acts as a contextual work assistant inside the ERP system. Copilot supports users in working with financial and operational data by helping them analyze information faster, better understand data, and complete day-to-day tasks in the system.

Copilot works directly on the data stored in Business Central and does not make decisions on its own. Its role is to support users through suggestions, analysis, explanations, and recommendations - while keeping control with the user.

Building on Copilot, Microsoft is also developing AI agents that can execute specific business processes. Agents can perform repetitive operational tasks, such as document processing or preparing data for further handling, working in the background and handing results to users for review and approval.



Key business benefits

01

Higher productivity and time savings

automation and AI suggestions reduce routine work, allowing teams to focus on activities with higher business value.

02

Better business decisions

AI helps users draw conclusions from data faster through analysis, recommendations, and summaries, shortening the path from data to decision.

03

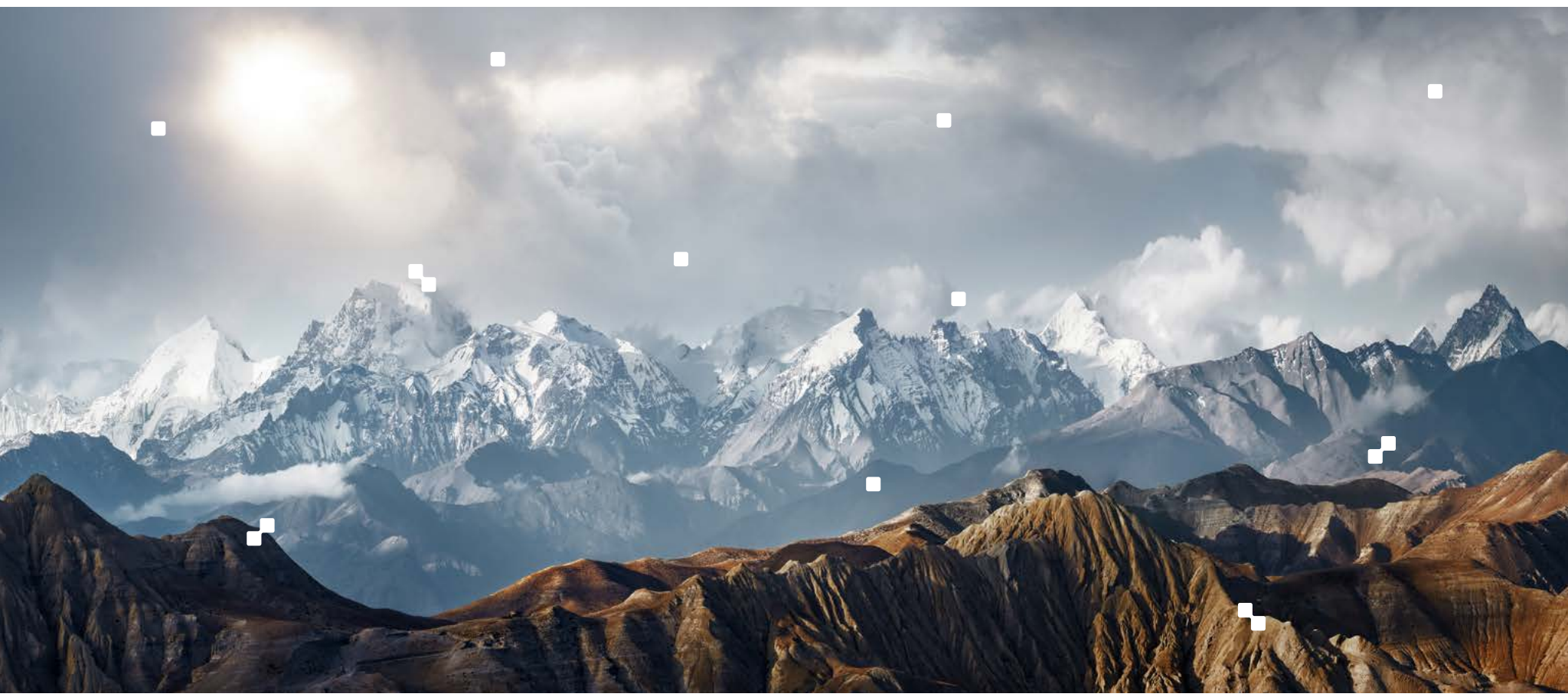
Security

by using Copilot in Business Central, organizations reduce the need to move data to unmanaged external AI tools.

04

Seamless integration with data and processes

AI capabilities are embedded in everyday ERP work and operate on company data within the user’s permissions.



Examples of AI capabilities (Copilot) in Business Central

Chat with Copilot

helps users find information in the system and answer questions about documents, customers, or orders, and supports onboarding and feature explanations (for example, “how do I post a purchase invoice?” or “how do dimensions work?”).

Autofill

reduces manual data entry by suggesting field values based on company data and, in selected scenarios, publicly available information.

Analysis assistant

supports creating analysis views by describing needs in natural language instead of manually building filters and aggregations.

Content creation

Copilot can prepare draft product descriptions on item cards, which users can then review and refine.

Record summaries

generates summaries based on record fields and related statistics using only the data the user is authorized to access.

Bank account reconciliation

helps match bank transactions with ledger entries and suggests G/L accounts for residual transactions that cannot be matched automatically.

E-document mapping

helps match lines from electronic invoices to lines in purchase orders, reducing manual reconciliation of supplier documents.

Sales line suggestions

speeds up creation of sales documents by suggesting products based on order history and descriptions.

Inventory shortage alerts and demand forecasting

historical patterns and sales trends help predict demand and signal stockout risk earlier.

Cash flow forecasting

uses historical and current data to improve cash-flow forecasting and support liquidity management.

AI agents – process automation under control

Alongside assistant-style capabilities such as suggestions, analysis, and content generation, Microsoft is developing AI agents built into Business Central that can execute parts of operational processes in the background. The key point is that an agent acts autonomously only within the scope allowed by the organization, and the results of its work can be routed to users for verification and approval.



Sales Order Agent

automates sales order handling by analyzing messages, identifying the customer and requested items, checking availability, and preparing draft documents in the system for review.



Payables Agent

supports the purchase invoice process by receiving supplier documents, extracting and processing data, and registering draft invoices according to company rules and prior document history.



Expense Agent

automates employee expense handling, such as receipts and travel expenses. According to Microsoft's current roadmap, it is designed to work not only in ERP but also across web and Outlook experiences. Expense Agent is available in public preview from May 2026, which means customers can already test the solution in practice, while general availability is expected to roll out in stages according to Microsoft's release plan.



Custom AI agents

starting in 2026, Business Central enables organizations to build their own agents that operate like system users, with assigned roles and permissions. Such agents can execute repetitive end-to-end operational tasks directly in the ERP interface according to instructions defined by the organization.

How do AI agents work in practice?

Agents work directly on ERP data - they do not create copies and they do not work outside the system. They perform tasks autonomously, but under user control. The user decides:

- which tasks the agent can perform,
- when approval is required,
- which business rules apply.

Agents use historical ERP data - including documents, customer and vendor records, and transaction history - enabling them to generate recommendations better aligned with the organization's operational context. Microsoft is also developing adaptive capabilities, including Work IQ introduced in 2026, to strengthen this personalization over time. In every case, the quality of agent outputs depends on the completeness and consistency of the data in the system.

AI agents operate within user permissions and within the organization's security and compliance policies.

Key considerations before implementing AI agents

They deliver the best results in processes that are:

- repetitive,
- document-based,
- dependent on context analysis (for example, sales and finance).

With Microsoft Copilot Studio, organizations can:

- use ready-made agents,
- create their own agents without coding,
- extend agents further through IT teams.

Agents support users, while key decisions always remain with people.

MCP – the technical foundation of AI agents in Business Central

Microsoft introduced support for Model Context Protocol (MCP) in Business Central - an open standard that allows external AI agents to securely access ERP data and operations with context.

MCP is not an end-user feature. It is a technology layer that enables agents to understand the data structures and processes of Business Central and execute tasks in a controlled way - without copying data outside the system.

Thanks to MCP, agents can:

- work directly on ERP data,
- perform specific actions and processes within granted permissions,
- operate in a human-in-the-loop model by preparing results for verification and approval by the user.

The MCP standard also simplifies the development and maintenance of custom agents, for example those created in Copilot Studio, by reducing the need to build multiple individual integrations. For organizations, this means greater scalability of AI automation and better readiness of ERP for future agent-based scenarios.

ERP as the foundation for AI

Effective use of Copilot and agents requires consistent data and structured processes. By integrating finance, operations, and projects in one ERP system, Business Central creates a solid foundation for gradual and secure adoption of AI in the day-to-day work of business teams.

Copilot and agents do not replace business accountability or decision-making processes. They act as intelligent support that helps teams work faster, more efficiently, and with better data.

Important: conditions and limitations

The scope of Copilot and agent capabilities can depend on the Business Central version, deployment model (cloud vs. on-premises), availability in a given country or language, permission configuration, and data quality. In practice, it is worth confirming during the project which scenarios are available out of the box and which require additional extensions or implementation work.

It is also worth remembering that:

- Copilot and AI agents in Business Central are available only in the cloud (SaaS) version; these capabilities are not available in the on-premises version.
- Some capabilities may be released as preview features,
- Microsoft may apply fair-use limits and usage rules for requests,
- Individual features have their own lists of supported regions and languages.

Want to check which Copilot and agent scenarios make sense for your data and deployment model?

Book a free consultation.

What next? Book a conversation about Business Central

If, after reading this ebook, you want to translate the information into a real action plan for your organization, the best next step is a short conversation with an implementation partner. We can help you assess whether Microsoft Dynamics 365 Business Central fits your business model, which areas are worth organizing first, and how to approach scope, licensing, and the implementation timeline.

During the conversation, you will:

- verify which processes and data are critical before the project starts and where risks most often appear,
- define the target scope (Essentials vs Premium) and a proposed phased implementation approach,
- receive an initial integration map (Microsoft 365, e-commerce, logistics, industry systems),
- learn the recommended licensing model and indicative costs for your scenario.



Want to explore how Business Central could improve financial and operational performance across your organization?

Book a short consultation, and we will provide tailored next-step recommendations together with a structured list of questions for the pre-implementation analysis.

Book a short consultation.

Additional resources

Need more information about Microsoft Dynamics 365 Business Central?

Explore the educational resources below.

01 Microsoft Learn training platform

02 Official Microsoft page presenting Microsoft Dynamics 365 Business Central capabilities

03 Official Microsoft Dynamics 365 YouTube channel

04 Microsoft Dynamics 365 Business Central documentation available through Microsoft Learn

05 Digmatix website

06 Digmatix YouTube channel