

Microsoft Dynamics 365: Finance and Operations Apps Solution Architect (MB-700) Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. Which feature allows vendors to collaborate on procurement processes within Dynamics 365?**
 - A. Customer service management**
 - B. Vendor collaboration**
 - C. Costing methods**
 - D. Assembly management**

- 2. Which component is essential for successful disaster recovery in Dynamics 365?**
 - A. Regular updates to the software**
 - B. Having a trained IT support team**
 - C. Implementing backup and recovery procedures**
 - D. Increasing online advertising budgets**

- 3. What are "custom entities" in Dynamics 365?**
 - A. User-defined data structures that extend system functionality**
 - B. Pre-defined templates for customer interactions**
 - C. Standardized reporting tools for financial data**
 - D. Basic data storage options for user permissions**

- 4. What is the benefit of using Power Automate with Dynamics 365?**
 - A. To create static reports only**
 - B. To automate repetitive tasks and integrate with other Microsoft and third-party applications**
 - C. To add manual steps to workflows**
 - D. To enhance system security only**

- 5. How does effective user adoption impact Dynamics 365 implementations?**
 - A. It decreases the training costs involved**
 - B. It improves customer relationships through better service**
 - C. It increases productivity and ensures system utilization**
 - D. It creates better data accuracy**

6. Which feature is associated with D365 Fraud Protection?

- A. Improving supply chain efficiency**
- B. Protecting e-commerce activities and customers**
- C. Facilitating employee training programs**
- D. Driving financial decision automation**

7. Which D365 application focuses on employee development and performance management?

- A. D365 Finance App**
- B. D365 Supply Chain App**
- C. D365 Human Resources App**
- D. D365 Fraud Protection**

8. In Dynamics 365, what does the term "scalability" refer to?

- A. The ability to integrate with third-party applications**
- B. The ability of the system to handle increasing amounts of data and users without performance loss**
- C. The capability to customize user interfaces**
- D. The ease of implementing software upgrades**

9. What does the term "real-time tracking" refer to in the context of Dynamics 365 supply chain operations?

- A. Monitoring user permissions**
- B. Instantly updating inventory and order status information**
- C. Managing assembly operations**
- D. Processing financial transactions**

10. Which app has its layout primarily determined by components?

- A. Canvas app**
- B. Portal app**
- C. Model-driven app**
- D. Web app**

Answers

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1. B
2. C
3. A
4. B
5. C
6. B
7. C
8. B
9. B
10. C

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Explanations

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1. Which feature allows vendors to collaborate on procurement processes within Dynamics 365?

- A. Customer service management**
- B. Vendor collaboration**
- C. Costing methods**
- D. Assembly management**

The feature that facilitates collaboration between vendors and businesses in the procurement processes within Dynamics 365 is vendor collaboration. This feature allows vendors to have access to certain functionalities within the system, enabling them to participate in procurement activities, such as managing purchase orders, invoices, and other key documents related to their transactions with the organization. Vendor collaboration streamlines communication and enhances efficiency, ensuring that both parties can operate within a unified platform. This not only improves the management of procurement processes but also fosters better relationships between vendors and the organization by providing transparency and timely information sharing. In contrast, the other options do not pertain to vendor engagement in procurement processes; customer service management focuses on managing customer interactions and support, costing methods define various ways to calculate costs for products, and assembly management pertains to the processes involved in manufacturing and assembling products. Therefore, vendor collaboration stands out as the essential feature that supports vendor interactions and procurement collaboration within Dynamics 365.

2. Which component is essential for successful disaster recovery in Dynamics 365?

- A. Regular updates to the software**
- B. Having a trained IT support team**
- C. Implementing backup and recovery procedures**
- D. Increasing online advertising budgets**

Implementing backup and recovery procedures is fundamental for successful disaster recovery in Dynamics 365 because these procedures ensure that data can be restored and operations can continue following an unexpected event such as a system failure, data corruption, or a natural disaster. A well-designed backup strategy includes regularly scheduled data backups, verification of backup completeness, and clear recovery steps to minimize downtime and data loss. Having robust backup and recovery procedures helps businesses maintain business continuity by allowing them to quickly recover key data and applications, thus minimizing the impact on operations and reducing potential financial losses associated with downtime. This proactive approach not only safeguards data but also increases confidence in the organization's resilience against unforeseen events. While regular updates to the software and having a trained IT support team are important for overall system reliability and management, they do not directly address the recovery of lost or compromised data. Increasing online advertising budgets is unrelated to disaster recovery strategies and does not contribute to the technical framework required for ensuring data integrity and system availability in the event of a disaster.

3. What are "custom entities" in Dynamics 365?

- A. User-defined data structures that extend system functionality**
- B. Pre-defined templates for customer interactions**
- C. Standardized reporting tools for financial data**
- D. Basic data storage options for user permissions**

Custom entities in Dynamics 365 refer to user-defined data structures that allow organizations to extend the system's functionality according to their specific needs. By creating custom entities, businesses can capture information that is unique to their operations and processes, enhancing the ability to manage and analyze their data effectively. Custom entities promote flexibility and adaptability within Dynamics 365, enabling users to design their applications by adding data types, fields, and relationships that are not available in the default entities. This customization is vital for businesses that operate in specialized industries or have specific workflows that require unique data management solutions. The other choices do not accurately describe the concept of custom entities. Pre-defined templates for customer interactions focus on standard processes and structures rather than user-defined customization. Standardized reporting tools deal specifically with how data is analyzed and presented, rather than how it is structured. Basic data storage options for user permissions pertain to security and access management rather than extending the application's functionality through custom data structures.

4. What is the benefit of using Power Automate with Dynamics 365?

- A. To create static reports only**
- B. To automate repetitive tasks and integrate with other Microsoft and third-party applications**
- C. To add manual steps to workflows**
- D. To enhance system security only**

The benefit of using Power Automate with Dynamics 365 lies in its ability to automate repetitive tasks and facilitate integration with other Microsoft applications and various third-party services. Power Automate acts as a powerful tool that streamlines workflows by allowing users to create automated processes that require minimal manual intervention. This leads to increased efficiency, as tasks that would typically consume a considerable amount of time can be executed automatically. Furthermore, Power Automate serves as a bridge between multiple applications, enabling seamless data transfer and communication across systems such as SharePoint, Microsoft Teams, and even non-Microsoft platforms. By automating these workflows, organizations can improve accuracy, reduce the possibility of human error, and free up employees to focus on more strategic tasks rather than mundane, repetitive activities. The other options do not highlight the core advantages of Power Automate effectively. For example, creating static reports limits the functionality of Power Automate, as its strength lies in automation rather than reporting. Adding manual steps contradicts the automation purpose, while enhancing system security is just one aspect of functionality and not the main benefit of using Power Automate.

5. How does effective user adoption impact Dynamics 365 implementations?

- A. It decreases the training costs involved**
- B. It improves customer relationships through better service**
- C. It increases productivity and ensures system utilization**
- D. It creates better data accuracy**

Effective user adoption significantly enhances Dynamics 365 implementations primarily by increasing productivity and ensuring reliable system utilization. When users are well-versed in utilizing the system, they can navigate tasks and processes more efficiently, leading to a smoother workflow. This proficiency enables organizations to fully leverage the capabilities of Dynamics 365, enhancing overall performance and allowing users to make data-driven decisions rapidly. As users increasingly embrace the system, they tend to utilize its features to streamline their daily operations, reduce errors, and save time. Productivity gains manifest not only through improved task completion times but also by promoting collaboration among teams who can seamlessly share insights and information within the platform. Ensuring users are adopting the system effectively fosters a culture of continuous improvement, further supporting organizational goals. Other aspects, while beneficial to the organization, are secondary to the primary impact of productivity and system utilization. For instance, while effective user adoption can indirectly contribute to better data accuracy or enhanced customer relationships, these are outcomes more closely tied to how well users utilize the system and the confidence they have in it, rather than direct impacts of user adoption itself.

6. Which feature is associated with D365 Fraud Protection?

- A. Improving supply chain efficiency**
- B. Protecting e-commerce activities and customers**
- C. Facilitating employee training programs**
- D. Driving financial decision automation**

The answer is focused on the role of D365 Fraud Protection in safeguarding e-commerce activities and protecting customers. This feature is specifically designed to mitigate fraud risk in online transactions by employing advanced machine learning and AI algorithms to identify and address potential fraud activities. The system analyzes purchasing patterns and behaviors, helping merchants validate customer identities and reduce false declines of legitimate transactions. Fraud protection is critical for maintaining customer trust and improving the overall online shopping experience. By efficiently identifying potentially fraudulent activities, companies using D365 Fraud Protection can ensure that customers are protected from identity theft and unauthorized transactions, which in turn enhances the security of e-commerce platforms. The other options do not align with the primary functions of D365 Fraud Protection. Improving supply chain efficiency pertains to logistics and operational aspects rather than fraud prevention. Facilitating employee training programs and driving financial decision automation also focus on different areas outside of fraud protection in e-commerce contexts.

7. Which D365 application focuses on employee development and performance management?

- A. D365 Finance App**
- B. D365 Supply Chain App**
- C. D365 Human Resources App**
- D. D365 Fraud Protection**

The D365 Human Resources App is specifically designed to prioritize employee development and performance management. This application provides functionalities for managing employee information and enhancing the human resources processes within an organization. It includes tools for tracking performance reviews, setting employee goals, and facilitating skill development, all of which are integral to fostering workforce growth. In contrast, D365 Finance focuses on financial management and accounting, offering tools to manage budgets, assets, and financial reporting. The D365 Supply Chain App is oriented towards inventory management, logistics, and supply chain processes, ensuring efficiency in production and distribution. On the other hand, D365 Fraud Protection is concentrated on helping businesses mitigate fraud risk through advanced analytics and machine learning. Thus, the Human Resources App stands out as the application dedicated to enhancing employee performance and developmental strategies within an organization.

8. In Dynamics 365, what does the term "scalability" refer to?

- A. The ability to integrate with third-party applications**
- B. The ability of the system to handle increasing amounts of data and users without performance loss**
- C. The capability to customize user interfaces**
- D. The ease of implementing software upgrades**

The term "scalability" in the context of Dynamics 365 refers to the ability of the system to effectively manage increasing amounts of data and simultaneous users while maintaining optimal performance levels. This is crucial for businesses that experience growth or fluctuating workloads, as it ensures that the system can accommodate a larger user base and handle a significant increase in transactions or data processing without sacrificing speed or efficiency. Scalability is a vital characteristic of cloud-based applications, as it allows organizations to adjust their resources according to their current needs. This ability to scale up (or down) is important for maintaining a consistent user experience and ensuring that performance metrics remain high even during peak usage times. The other options, while relevant to various aspects of software functionality, do not specifically define scalability. For instance, integration with third-party applications pertains to interoperability; customizing user interfaces relates to user experience and personalization, and implementing software upgrades deals with maintenance and operational efficiency. However, none of these aspects directly address the core concept of scalability.

9. What does the term "real-time tracking" refer to in the context of Dynamics 365 supply chain operations?

- A. Monitoring user permissions**
- B. Instantly updating inventory and order status information**
- C. Managing assembly operations**
- D. Processing financial transactions**

The term "real-time tracking" in the context of Dynamics 365 supply chain operations specifically refers to the capability of instantly updating inventory and order status information. This feature is crucial for businesses as it allows them to have immediate visibility into their supply chain processes. Real-time tracking means that any changes in inventory levels, order statuses, or supply chain conditions are reflected instantly in the system, ensuring that all stakeholders have access to the most current data. This capability enhances decision-making, improves accuracy in fulfilling orders, and enables companies to respond swiftly to market demands or supply chain disruptions. In contrast to this concept, monitoring user permissions, managing assembly operations, and processing financial transactions do not directly relate to tracking the flow of goods or orders within the supply chain. Instead, these tasks focus on different aspects of business management, making them less relevant to the core definition of real-time tracking in supply chain operations.

10. Which app has its layout primarily determined by components?

- A. Canvas app**
- B. Portal app**
- C. Model-driven app**
- D. Web app**

The layout of a Model-driven app is primarily determined by components, which sets it apart from other app types. In Model-driven apps, the user interface is highly configurable and is generated based on the data model and relationships between entities defined in the Common Data Service (now known as Dataverse). This means that the layout is structured around the data, allowing for a more data-centric and consistent user experience. Model-driven apps automatically generate forms, views, and dashboards based on the underlying data structure, enabling users to benefit from features such as business rules, security roles, and workflows that leverage the Power Platform capabilities. This component-driven design supports a wide range of user interactions and provides an efficient way to handle complex business processes. On the other hand, Canvas apps offer a more flexible and free-form layout, focused on designing the user interface from the ground up without being strictly bound by data structures. Portal apps are designed for external users to access specific data or functionalities, while web apps generally refer to applications accessed via a web browser and may not necessarily fall into the same structured component-driven approach as the Model-driven apps.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://microsoftdynamics365financeandoperationsappssolutionarchitect-mb700.examzify.com>

We wish you the very best on your exam journey. You've got this!

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