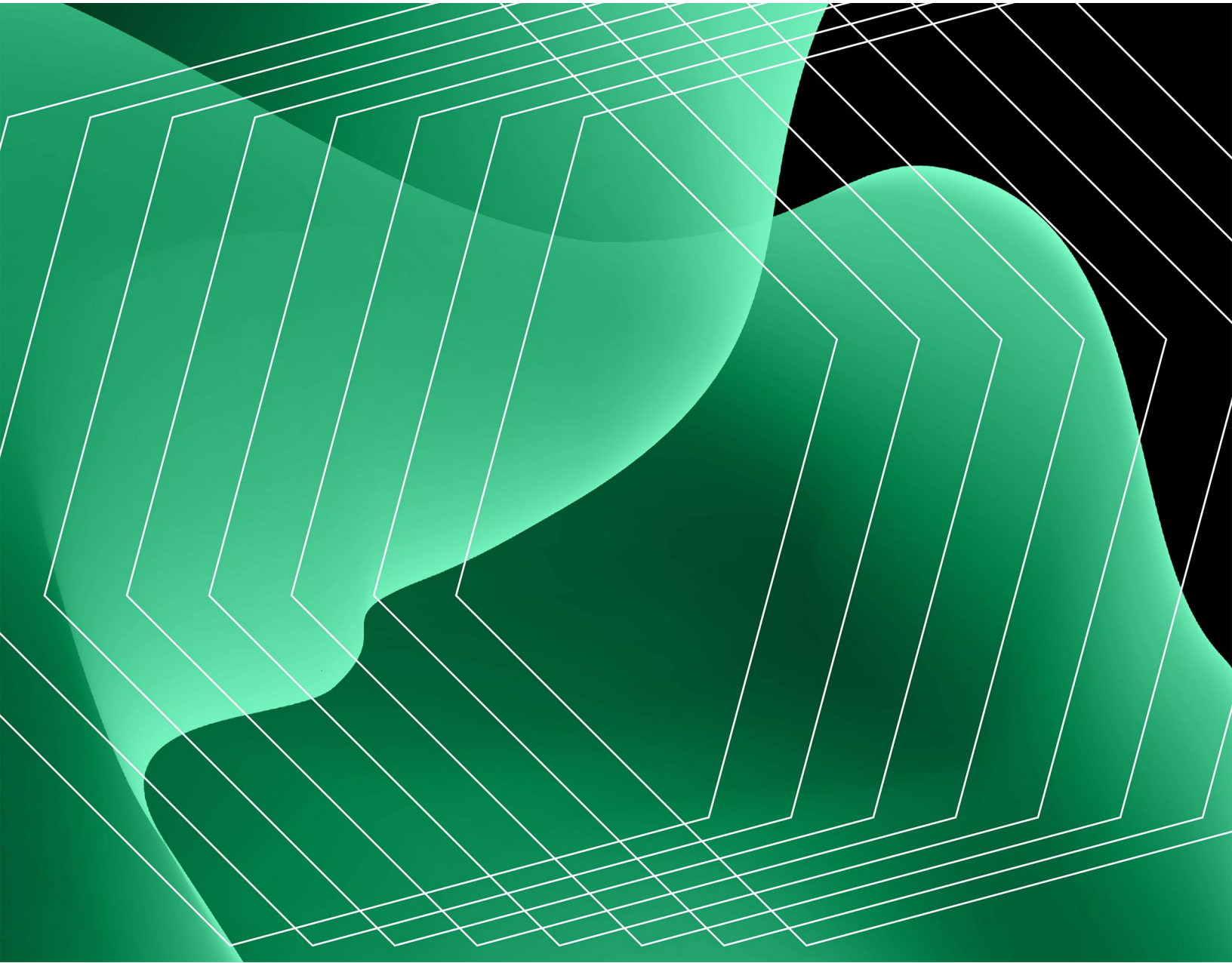
FORRESTER®

# The Total Economic Impact™ Of Microsoft 365 Copilot

Cost Savings And Business Benefits Enabled By Microsoft 365 Copilot

A Forrester Total Economic Impact™ Study
Commissioned By Microsoft, March 2025



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# Executive Summary

**In today's fast-paced and competitive business environment, organizations are increasingly turning to AI-powered solutions to drive growth, reduce costs, and increase operational efficiency. Microsoft 365 Copilot addresses this market need by providing advanced capabilities that streamline workflows, improve decision-making, and foster a more engaging work environment. This study explores the transformative impact of Microsoft 365 Copilot, demonstrating why it is a valuable investment for organizations seeking to stay ahead in the digital age.**

Microsoft 365 Copilot is an AI-powered productivity solution that provides secure AI chat and seamlessly integrates across Microsoft 365 apps such as Teams, Outlook, Word, Excel, and PowerPoint. By leveraging large language models (LLMs) and the Microsoft Graph, Copilot provides real-time intelligence to help users complete tasks more efficiently, enhance their skills, and improve their overall work experience. The second wave of AI transformation is agentic AI. Forrester research states that agentic AI will "enable AI to 'act' rather than just 'think' — and paves the way for more advanced and versatile general-purpose AI-based apps in fields like automation, personalized services, and intelligent systems. These systems set their own goals, make complex decisions, and adapt to changing environments, showing more humanlike agency."[1] Companies are beginning to deploy Copilot agents to extend and tightly integrate Microsoft 365 Copilot across systems, information stores, and business processes, which should deliver incremental value to its stand-alone benefits. Overall, this solution addresses key challenges in modern workplaces, including managing information overload, minimizing routine tasks, and streamlining key business processes.

Microsoft commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Microsoft 365 Copilot.[2] The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Microsoft 365 Copilot for their organizations.

Return on investment (ROI)
**116%**

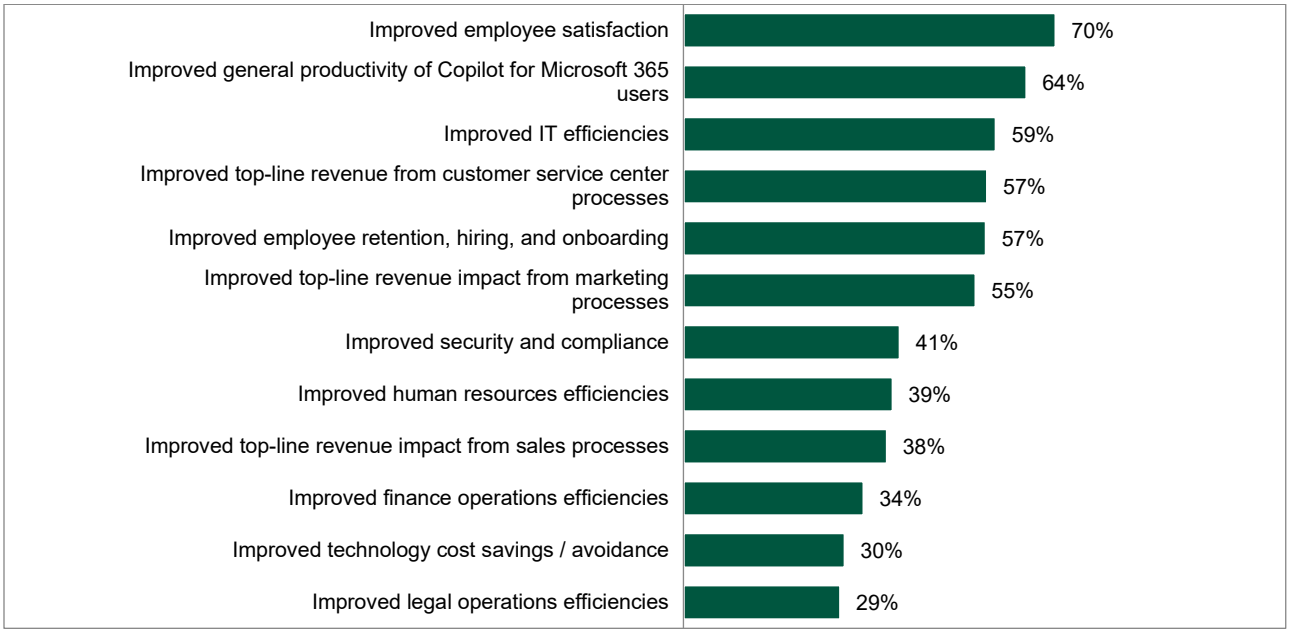
Net present value (NPV)
**$19.7M**

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed 16 decision-makers across 12 organizations and surveyed 367 respondents with experience using Microsoft 365 Copilot. Interviews were conducted at an early stage when agents were newly implemented and customers were still in the initial exploration phase. As a result, potential incremental benefits are not incorporated in the core analysis but are examined in the flexibility section. For the purposes of this study, Forrester aggregated the experiences of the interviewees and survey respondents and combined the results into a single composite organization, a global entity that generates $6.25 billion in annual revenue and employees 25,000 people.

Interviewees said that prior to using Microsoft 365 Copilot, their organizations relied heavily on manual processes and traditional tools for managing tasks such as drafting emails, summarizing meetings, generating reports, and analyzing data. Without AI-driven solutions, interviewees faced prolonged workflows, limited knowledge and information access, and reduced productivity.

After the investment in Microsoft 365 Copilot, the organizations experienced transformations in revenue growth, operational efficiency, and people and culture elements. Key results from the investment that drove revenue growth included increased qualified opportunities, improved win rates, and enhanced customer retention. Organizations reduced operating costs by empowering people to transform their administrative and specialized tasks, leading to higher efficiency and efficacy. Finally, Microsoft 365 Copilot accelerated employee onboarding and training, elevated the employee experience, and contributed to better employee retention.

**"Which areas of outcomes have you seen most from Microsoft 365 Copilot?"**




**Base: 367 decision-makers with experience using Microsoft 365 Copilot**
**Source: Microsoft Copilot 2024 Study, a commissioned study conducted by Forrester Consulting**

## KEY FINDINGS

**Quantified benefits.** Three-year, risk-adjusted present value (PV) quantified benefits for the composite organization include:

- **Go-to-market transformation increases top-line revenues by as much as 2.6%.** Implementing Microsoft 365 Copilot enhances go-to-market effectiveness for the composite organization and drives substantial revenue growth through three primary avenues: increases qualified opportunities by 2.7%, improves win rates by 2.5%, and enhances customer retention by 1.0%. With Microsoft 365 Copilot, the composite organization increases qualified opportunities due to its ability to generate high-quality marketing campaigns, content, and engagement strategies. The composite organization benefits from increased win rates due to enhanced sales productivity and high-quality proposals generated by Copilot. Furthermore, Copilot's ability to analyze customer interactions and sentiment helps the composite organization improve customer

satisfaction and retention. These benefits collectively enhance the composite organization's go-to-market strategy, driving $14.8 million in net profit.

**2.5%**

Increase in sales win rate with Microsoft 365 Copilot

- **Operational transformation decreases total expenditures by up to 0.24%.** Implementing Microsoft 365 Copilot transforms the composite's operational efficiency. It experiences substantial time savings due to Copilot's ability to automate and streamline routine tasks such as drafting emails, summarizing meetings, generating reports, and analyzing data. In addition to horizontal applications, Copilot drives efficiencies across business processes in finance, legal, HR, procurement, IT, and other departments. These operational improvements enable the composite organization to enhance productivity, improve decision-making, and achieve better business outcomes across various functions, resulting in $18.8 million in productivity benefits.

**9 hours**

Time saved per Microsoft 365 Copilot user per month

- **People and organization transformation reduces new hire onboarding time by up to 25%.** Microsoft 365 Copilot transforms the people and culture aspects of the composite organization by enhancing employee experiences, accelerating onboarding, and improving retention. By automating administrative tasks and providing valuable insights, Microsoft 365 Copilot fosters a more engaging work environment. The solution leads to faster onboarding, as new hires can quickly ramp up using summarized key documents and automated tasks. Additionally, Copilot helps HR teams analyze employee sentiment and create effective learning materials, improving overall

engagement and development. The reduction in repetitive tasks allows employees to focus on more strategic work, increasing job satisfaction and retention rates. The increased new hire onboarding and employee retention rates are worth $3.25 million to the composite organization.

> **25%**
>
> Acceleration in new employee onboarding due to Microsoft 365 Copilot

**Unquantified benefits.** Benefits that provide value for the composite organization but are not quantified for this study include:

- **Enhanced security and compliance.** Microsoft 365 Copilot provides enhanced security and compliance, handling proprietary data with care and reducing the risk of data/intellectual property (IP) leakage. In particular, the threat of bring-your-own AI, where employees use public LLMs, is diminished when organizations provide sanctioned, secure tools. The composite organization trusts Microsoft's robust security measures to protect its sensitive information.
- **Reduced technology costs.** By sunsetting legacy AI tools like older AI-based writing software, the composite organization reduces technology costs. Copilot's comprehensive capabilities eliminate the need for multiple tools, leading to cost savings.
- **Lowered external services costs.** The composite organization reduces its reliance on outside contractor support and external legal services. Copilot's capabilities allow internal teams to handle more tasks, saving time and money.
- **Improved supply chain and procurement.** The composite's procurement teams benefit from Copilot's ability to compare supplier bids and streamline supply chain processes. By analyzing vendor data and identifying the best options, Copilot helps procurement teams make more informed decisions, saving time and money.
- **Improved accessibility for employees with language barriers, learning disorders, or disabilities.** Copilot improves accessibility by providing tools to draft content in

multiple languages and formats, helping the composite organization support its diverse workforce. It is particularly beneficial for employees with neurodivergent conditions, such as ADHD, helping them stay focused during meetings and manage their tasks more effectively.

- **Enhanced partnership and support from Microsoft.** The composite organization benefits from Microsoft-provided training, forums, and user communities, ensuring a smooth transition and maximizing the benefits of Copilot.

**Costs.** Three-year, risk-adjusted PV costs for the composite organization include:

- **Microsoft 365 Copilot licenses cost of $5.8 million.** The Microsoft 365 Copilot licenses investment represents a large portion of the overall costs for organizations adopting this technology. The licensing cost is structured on a per user per month basis, with the list price set at $30 per user per month. This cost model allows organizations to scale their investment with the number of users and the pace of deployment.
- **Implementation and management costs of $4.4 million.** The implementation and management costs for Microsoft 365 Copilot encompass several key areas, including initial setup, ongoing support, and change management. Additionally, the composite undergoes data hygiene projects to prepare its data for generative AI, ensuring proper data accuracy and permissioning and governance controls.
- **Training and employee discovery costs of $6.9 million.** The composite organization requires formal and informal end user training so employees can effectively adapt to Microsoft 365 Copilot. Formal training sessions are essential to ensure they understand how to use Copilot and involve dedicated time from trainers to develop learning materials and conduct sessions. This initial phase sets a strong foundation but requires time and resources. Additionally, ongoing informal training and discovery helps users continuously improve their skills and adapt to new features, including forum participation, prompt master classes, and virtual training sessions.

The financial analysis, which is based on the interviews and survey, found that a composite organization experiences benefits of $36.8 million over three years versus costs of $17.1 million, adding up to a net present value (NPV) of $19.7 million and an ROI of 116%.

Return on investment (ROI):

**116%**

Benefits PV:

**$36.8M**

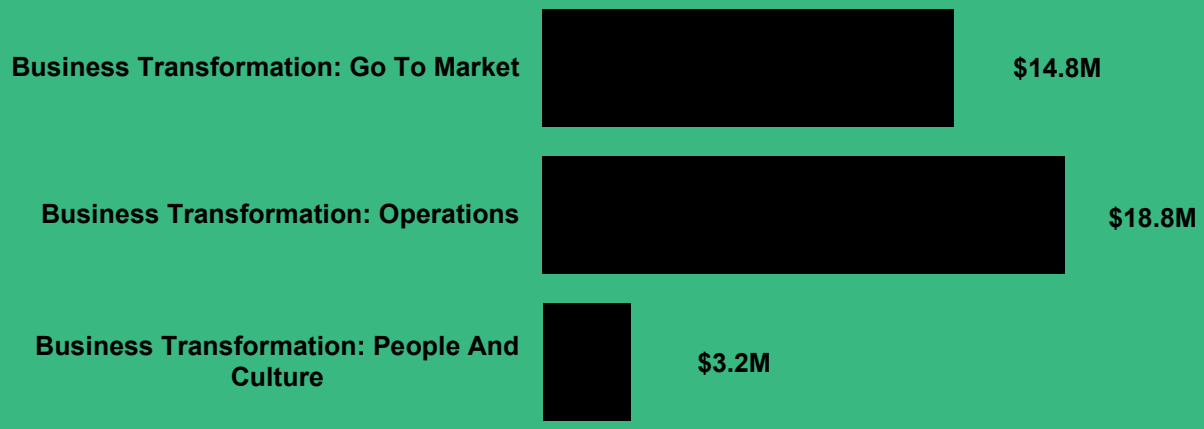
Net present value (NPV):

**$19.7M**

Payback:

**10 months**

**Benefits (Three-Year)**



## TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews and survey, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment in Microsoft 365 Copilot.

The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact that Microsoft 365 Copilot can have on an organization.

**Disclosures**

Readers should be aware of the following:

This study is commissioned by Microsoft and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the study to determine the appropriateness of an investment in Microsoft 365 Copilot.

Microsoft reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.

Microsoft provided the customer names for the interviews but did not participate in the interviews.

Forrester fielded the double-blind survey using a third-party survey partner.

**1. Due Diligence**
Interviewed Microsoft stakeholders and Forrester analysts to gather data relative to Microsoft 365 Copilot.

**2. Interviews And Survey**
Interviewed 16 decision makers across 12 organizations and surveyed 367 respondents at organizations using Microsoft 365 Copilot to obtain data about costs, benefits, and risks.

**3. Composite Organization**
Designed a composite organization based on characteristics of the interviewees' and survey respondents' organizations.

**4. Financial Model Framework**
Constructed a financial model representative of the interviews and survey using the TEI methodology and risk adjusted the financial model based on issues and concerns of the interviewees and survey respondents.

**5. Case Study**
Employed four fundamental elements of TEI in modeling the investment impact: benefits, costs, flexibility, and risks. Given the increasing sophistication of ROI analyses related to IT investments, Forrester's TEI methodology provides a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

# The Microsoft 365 Copilot Customer Journey

Drivers leading to the Microsoft 365 Copilot investment

| Interviews | | | |
|---|---|---|---|
| **Roles** | **Industry** | **Region** | **Employees** |
| Strategy and consulting senior manager | Professional services | Global | 250,000+ |
| Partner and global lead | Professional services | Global | 250,000+ |
| IT product lead | Industrial | Global | 83,500 |
| Senior product manager | Financial services | Global | 83,000 |
| Head of marketing technology | Financial services | Global | 75,000 |
| IT professional | Conglomerate | Global | 75,000 |
| Senior data specialist<br>Head of digital and strategic sourcing | Industrial | Global | 65,000 |
| IT executive<br>Executive global solutions lead | Professional services | Global | 60,000 |
| VP of end user technology | Insurance | Global | 50,000 |
| Product owner | Insurance | EMEA | 15,000 |
| VP of infrastructure and cloud engineering | Software | Global | 12,500 |
| District director of operations<br>Employee enablement manager<br>Senior relationship management associate | Financial services | North America | 2,500 |

## KEY CHALLENGES: HORIZONTAL APPLICATIONS

Forrester interviewed 16 decision-makers across 12 customer organizations and surveyed 367 respondents with experience using Microsoft 365 Copilot at their organizations. For more details on the survey respondent demographics and the organizations they represent, see Appendix B.

Forrester defines horizontal applications as the general use cases of Microsoft 365 Copilot that apply across various departments and functions within an organization. These include tasks such as drafting emails, summarizing meetings, generating reports, and analyzing data. These applications are broadly applicable and enhance productivity for a wide range of users, regardless of their specific roles.

Before adopting Microsoft 365 Copilot, interviewees relied on manual processes and traditional tools for managing meetings, documents, data analysis, and communications. These methods were often time-consuming, prone to errors, and lacking the efficiency and consistency needed to meet organizational goals. Both interviewees and survey respondents noted how their organizations struggled with common challenges, including:

- **Inefficient meeting management and notetaking.** Employees often had to manually take notes and summarize meetings, which was time-consuming and prone to errors. Manual notetaking led to missed action items and a lack of clear follow-up, impacting overall productivity and communication within teams.
- **Time-consuming document and email management.** Employees spent a significant amount of time drafting, reviewing, and managing documents and emails. These activities included repetitive tasks such as summarizing long email threads, creating reports, and ensuring consistency in communication. The manual effort required for these tasks reduced the time available for more valuable activities.
- **Limited access to knowledge and information.** Finding relevant information and knowledge within organizations was a common pain point. Employees struggled to locate documents, past communications, and expertise, leading to duplicated efforts and slower response times to queries. The difficulty of accessing information impeded collaboration and knowledge-sharing.
- **Inconsistent quality and tone in communications.** Ensuring consistency in the quality and tone of communications, especially in customer-facing documents and emails, was challenging. Employees had varying writing skills or were non-native language speakers,

which led to inconsistencies in communication and affected organizational brand image and customer satisfaction.

- **Difficulty extracting and analyzing data.** Interviewees and survey respondents faced challenges extracting meaningful insights from large datasets. Employees often had to manually sift through data in Excel or other tools, which was time-consuming and increased the risk of errors. This manual work hindered their ability to make data-driven decisions quickly and effectively.
- **Challenges in onboarding and training new employees.** New hires had to spend considerable time learning about their organization's processes, tools, and knowledge base. This slow ramp-up time affected overall productivity and delayed the new employees' contributions to the organization.

> "I don't think I've read an email in three months. I get the summaries, and I use [Copilot] for a lot of meetings where I have it produce the meeting notes and the recap so that I can provide it out to my team."
>
> DISTRICT DIRECTOR OF OPERATIONS, FINANCIAL SERVICES

> "We are all feeling the extra stress on our capacity from a recent big restructure in our organization. Copilot has helped us manage this increased workload by automating many of the repetitive tasks, allowing us to focus on more strategic activities."
>
> SENIOR PRODUCT MANAGER, FINANCIAL SERVICES

## KEY CHALLENGES: SPECIALIZED APPLICATIONS

Forrester defines specialized applications as the specific functional area use cases of Microsoft 365 Copilot tailored to departments or roles within an organization. These use cases include tasks such as generating reports in finance, reviewing and summarizing contracts in legal, creating and managing learning materials in HR, and comparing supplier bids in procurement. The applications are designed to drive efficiency, quality, and accuracy in specialized functions, providing targeted benefits to specific areas of the organization. Interviewees across sales, marketing, customer service, legal, HR, finance, and IT teams shared their challenges before the Microsoft 365 Copilot investment. Some organizations are beginning to deploy Copilot agents in specialized applications to increase existing benefits and realize new benefits.

- **Sales.** Sales teams faced inefficiencies managing customer interactions and generating proposals. The manual effort required for these tasks limited their ability to focus on strategic initiatives and improve win rates. Additionally, the lack of a connected experience across the sales cycle hindered effective handoffs and collaboration.
- **Marketing.** Marketing teams struggled with creating and managing content, as well as executing campaigns. The repetitive nature of these tasks consumed time and resources, preventing teams from focusing on creative and high-impact activities that could drive growth.
- **Customer service.** Customer service teams found it challenging to manage and resolve customer queries efficiently. The lack of easy access to relevant information and knowledge impeded their ability to provide timely and accurate responses, affecting customer satisfaction and retention.
- **Legal.** Legal teams faced difficulties reviewing and managing contracts, ensuring compliance, and maintaining consistency in legal documents. Their manual processes were time-consuming and prone to errors, impacting the overall efficiency and effectiveness of the legal function.
- **HR.** HR teams struggled with writing job descriptions, onboarding new employees, managing employee data, and creating and ensuring compliance with HR policies. The lengthy and manual processes involved in these tasks affected the overall productivity and effectiveness of the HR function.

- **Finance.** Finance teams encountered challenges managing financial data, generating reports, and ensuring accuracy in financial analysis. The manual effort required for these tasks increased the risk of errors and hindered their ability to make timely and informed decisions.
- **IT.** IT teams faced difficulties managing and maintaining IT infrastructure, ensuring data security, providing efficient help desk and user support, and supporting other functions within the organization. The manual processes involved in these tasks were time-consuming and limited their ability to focus on higher-value initiatives and innovation.

## WHY MICROSOFT 356 COPILOT

The interviewees and survey respondents searched for a solution that offered:

- **Comprehensive Microsoft ecosystem integration.** Interviewees and survey respondents appreciated the full integration with existing Microsoft solutions, data, and infrastructure. This seamless integration allowed for a connected experience across various tools like Teams, Outlook, Word, Excel, PowerPoint, and Power BI. For example, one interviewee mentioned how the sales team benefited from enabling Sales Copilot and Microsoft 365 Copilot, creating a connected experience that ensured clear handoffs and shared information across the sales cycle.
- **Robust data security.** The security and compliance features of Microsoft 365 Copilot were significant factors in organizations' decision to invest, especially the ability to contain data within a secure environment and prevent data leakage. One interviewee highlighted that Microsoft's strong security reputation helped justify the investment to ensure that sensitive information remained protected.
- **Strong partnership and support.** Organizations valued Microsoft's proactive approach in rolling out Microsoft 365 Copilot, including providing training, forums, and user communities to help employees maximize the tool. This support helped users leverage Copilot effectively and share best practices.
- **Business transformation.** Interviewees and survey respondents saw Microsoft 365 Copilot as able to drive business transformation through improved productivity and efficiency. Interviewees mentioned that Copilot helped reduce time spent on manual tasks, allowing employees to focus on higher-value activities. For example, one interviewee's organization believed that over time, Copilot could reduce contract review

and RFP response time, ultimately increasing throughput and improving review quality. The downstream impact would include faster pipeline movement and a quicker deal closure rate. Interviewees' and survey respondents' organizations anticipated agents providing greater business transformation through streamlined operations, enhanced decision-making, and efficiency at scale.

- **Ability to improve accessibility.** Copilot's ability to improve accessibility helped employees with different needs, such as those with ADHD or non-native English speakers, by providing clear and effective content that was well-structured, easily understood, and accessible. One interviewee mentioned how Copilot helped colleagues in Poland draft emails in English more effectively, which previously would have required several revisions.
- **Employee interest and proactive adoption.** The excitement and interest in generative AI among employees also drove the decision to invest in Microsoft 365 Copilot. Interviewees' and survey respondents' organizations wanted to proactively adopt state-of-the-art technology to meet employee expectations and stay ahead of the curve. This approach ensured that employees had access to the latest tools to help them be more efficient and productive and improve their job satisfaction.

> "The main purpose of using Copilot is its ability to make people more productive. I use Copilot to understand and summarize the last months' worth of communication with key players. This allows me to avoid searching for information across multiple systems."
>
> VP OF INFRASTRUCTURE AND CLOUD ENGINEERING, SOFTWARE

> “Microsoft has done a tremendous job of capturing high-quality transcriptions, identifying who is speaking, and providing a summary.”
>
> VP OF INFRASTRUCTURE AND CLOUD ENGINEERING, SOFTWARE

## COMPOSITE ORGANIZATION

Based on the conversations with 16 decision-makers from 12 organizations and a survey with 367 respondents, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected. The composite organization is representative of the interviewees’ organizations, and it is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

**Description of composite.** The composite organization is a global entity with headquarters in the United States. It operates across multiple regions and generates $6.25 billion in annual revenue, held steady year over year for modeling simplicity. The organization employs a diverse and extensive workforce of 25,000 people who support its wide range of operations.

**Deployment characteristics.** The composite organization undertakes a phased rollout of Microsoft 365 Copilot licenses to enhance productivity and streamline operations across various business functions. In the first year, the organization deploys licenses to 3,000 employees, representing 12% of its total workforce. This initial phase focuses on key departments such as sales, marketing, customer service, finance, legal, HR, and IT, ensuring that critical functions can immediately benefit from the integration.

In the second year, the deployment expands to include 6,000 employees, or 24% of the organization’s workforce. This broader rollout aims to embed Copilot more deeply into the organizational workflow, enhancing collaboration and efficiency across a wider range of teams and departments.

In the third year, the organization extends Copilot licenses to 10,000 employees, covering 40% of its workforce. This significant increase ensures that nearly half of the employees can leverage Microsoft 365 Copilot's advanced capabilities, driving further business transformation and operational excellence across all business functions. This strategic deployment plan ensures a smooth transition and maximizes the tool's impact on productivity and business outcomes.

**Key Assumptions**

$6.25 billion annual revenue
25,000 employees
Phased rollout to 40% of workforce

# Analysis Of Benefits

Quantified benefit data as applied to the composite

| Total Benefits | | | | | | |
|---|---|---|---|---|---|---|
| **Ref.** | **Benefit** | **Year 1** | **Year 2** | **Year 3** | **Total** | **Present Value** |
| Atr | Business transformation: Go to market | $2,560,838 | $5,502,900 | $10,548,330 | $18,612,068 | $14,801,002 |
| Btr | Business transformation: Operations | $3,712,068 | $7,424,136 | $12,373,560 | $23,509,764 | $18,806,696 |
| Ctr | Business transformation: People and culture | $162,792 | $1,027,931 | $2,883,795 | $4,074,518 | $3,164,160 |
| | Total benefits (risk-adjusted) | $6,435,698 | $13,954,967 | $25,805,685 | $46,196,349 | $36,771,858 |

## BUSINESS TRANSFORMATION: GO TO MARKET

**Evidence and data.** Implementing Microsoft 365 Copilot enhanced the go-to-market effectiveness of the interviewees' organizations and drove substantial revenue growth through three primary avenues: increased qualified opportunities, improved win rates, and enhanced customer retention. Interviewees provided the following examples and evidence:

- **Increased Qualified Opportunities.** With Microsoft 365 Copilot, interviewees' organizations experienced a notable increase in qualified opportunities. Copilot's capabilities in generating high-quality marketing campaigns, content, and engagement strategies allowed marketing teams to target potential customers more effectively. An IT executive at a professional services organization highlighted how Copilot streamlined marketing campaign creation by drafting initial structures and including previously unconsidered elements. This comprehensive approach led to personalized campaigns with impact and increased qualified leads. The partner and global lead at another professional services organization told Forrester that Microsoft 365 Copilot helped generate thought leadership content quickly, improving their organization's market positioning and client engagement. Additionally, the product owner at an insurance organization estimated reducing product launch preparation time from five days to 2 hours with Microsoft 365 Copilot.

**2.7%**

Increase in qualified opportunities with Microsoft 365 Copilot

"Copilot has been instrumental in creating marketing campaigns. It drafts the structure for us and includes elements we might not have thought of, making our campaigns more comprehensive and effective."

**IT EXECUTIVE, PROFESSIONAL SERVICES**

- **Improved Win Rates.** The interviewees' organizations benefited from increased win rates due to enhanced sales productivity and Copilot's improved proposal quality. Sales teams leveraged Copilot to automate proposal creation, ensuring consistency and quality. The strategy and consulting senior manager at a professional services organization estimated that Microsoft 365 Copilot increased their win rates by 1% to 5% — a direct impact of the solution's high-quality proposals. Additionally, Copilot's ability to provide customer interaction insights and streamline sales tasks enabled sales representatives to engage more effectively with prospects, contributing to a higher conversion rate of opportunities into closed deals.
    - The partner and global lead at a professional services organization noted a reduction in the time needed to generate proposals and pitches, which dropped from 20 hours to 2 hours. This decrease contributed to enhanced proposal quality and win rates.
    - The VP of infrastructure and cloud engineering at a software organization said Microsoft 365 Copilot helped create templatized responses based on past interactions, improving the relevance and personalization of communications for

customer-facing roles. The result was increased sales productivity and improved customer satisfaction scores.

- Seven sales survey respondents indicated an average opportunity increase of 18.1% with Microsoft 365 Copilot.

**2.5%**

Increase in sales win rate with Microsoft 365 Copilot

"Copilot allows me to pull together a higher-quality proposal, which increases my win rates. It also opens up more time to engage with clients and build relationships, ultimately leading to more closed deals."

STRATEGY AND CONSULTING SENIOR MANAGER, PROFESSIONAL SERVICES

- **Increased customer retention.** Interviewees and survey respondents said that by using Microsoft 365 Copilot across various business functions, such as customer service, customer experience, product development, marketing, and sales, allowed their organizations to deliver a more cohesive and satisfying customer experience. For example, the senior product manager at a financial services organization used Copilot to analyze customer interactions and sentiment, allowing them to proactively address issues and improve customer satisfaction. This approach enhanced the customer experience and fostered loyalty and long-term relationships, leading to higher customer retention rates.

**1%**

Increase in customer retention rate with Microsoft 365 Copilot

**Modeling and assumptions.** Based on the interviews, Forrester assumes the following about the composite organization:

- The composite organization increases its baseline of 100,000 qualified opportunities generated by marketing efforts by up to 2.7% with Microsoft 365 Copilot.
- The average annual contract value is $115,000.
- The composite organization increases its sales win rate by up to 2.5% with Microsoft 365 Copilot, raising it to 20.5 percentage points from the pre-Microsoft 365 Copilot baseline of 20 percentage points.
- The composite organization increases customer retention by up to 1 percentage point.
- The composite organization increases its total revenue with Microsoft 365 Copilot by up to 2.6%.
- The benefits outlined above ramp up over time for several reasons, including an increase in Microsoft 365 Copilot users; increased familiarity and competence in using Microsoft 365 Copilot; information ingestion from more third-party systems; and further business process transformation. For these reasons, a ramp up is used for all subsequent quantified benefits.
- A net margin of 7.8% is applied to the top-line revenue growth to focus the study on bottom-line financial improvements.

**Risks.** Forrester recognizes that these results may not be representative of all experiences. The impact of this benefit will vary depending on:

- Market and competitive dynamics.
- Resistance to technology or slow speed of adoption.
- Inadequate training or support.
- Integration challenges.
- Data quality and hygiene.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $14.8 million.

| Business Transformation: Go To Market | | | | | |
|---|---|---|---|---|---|
| **Ref.** | **Metric** | **Source** | **Year 1** | **Year 2** | **Year 3** |
| A1 | Qualified opportunities before Microsoft 365 Copilot | Composite | 100,000 | 100,000 | 100,000 |
| A2 | Increase in qualified opportunities with Microsoft 365 Copilot | Interviews and survey | 0.75% | 1.50% | 2.70% |
| A3 | New qualified opportunities with Microsoft 365 Copilot | A1*A2 | 750 | 1,500 | 2,700 |
| A4 | Sales win rate | Composite | 20.0% | 20.0% | 20.0% |
| A5 | New customers | A3*A4 | 150 | 300 | 540 |
| A6 | Average contract value | Composite | $115,000 | $115,000 | $115,000 |
| **A7** | **Subtotal: Incremental revenue from more qualified opportunities with Microsoft 365 Copilot** | **A5*A6** | **$17,250,000** | **$34,500,000** | **$62,100,000** |
| A8 | Revenue from deals won before Microsoft 365 Copilot | A1*A4*A6 | $2,300,000,000 | $2,300,000,000 | $2,300,000,000 |
| A9 | Increase in sales win rate with Microsoft 365 Copilot | Interviews and survey | 0.50% | 1.25% | 2.50% |
| A10 | Win rate with Microsoft 365 Copilot | A4+(A4*A9) (rounded) | 20.10% | 20.25% | 20.50% |
| A11 | Revenue from deals won with Microsoft 365 Copilot | A1*A6*A10 | $2,311,500,000 | $2,328,750,000 | $2,357,500,000 |
| **A12** | **Subtotal: Incremental revenue from increased wins with Microsoft 365 Copilot** | **A11-A8** | **$11,500,000** | **$28,750,000** | **$57,500,000** |
| A13 | Revenue from retained customers | $6.25B-A8 | $3,950,000,000 | $3,950,000,000 | $3,950,000,000 |
| A14 | Increase in customer retention rate with Microsoft 365 Copilot | Interviews and survey | 0.25% | 0.50% | 1.00% |
| A15 | Revenue from retained customers with Microsoft 365 Copilot | A13+(A13*A14) | $3,959,875,000 | $3,969,750,000 | $3,989,500,000 |
| **A16** | **Subtotal: Incremental revenue from retained customers with Microsoft 365 Copilot** | **A15-A13** | **$9,875,000** | **$19,750,000** | **$39,500,000** |
| A17 | Total incremental revenue from Microsoft 365 Copilot | A7+A12+A16 | $38,625,000 | $83,000,000 | $159,100,000 |
| A18 | Percentage of increased revenue | A17/$6.25B | 0.6% | 1.3% | 2.6% |
| A19 | Baseline net profit margin | TEI standard | 7.8% | 7.8% | 7.8% |
| At | Business transformation: Go to market | A17*A19 | $3,012,750 | $6,474,000 | $12,409,800 |
| | Risk adjustment | ↓15% | | | |
| Atr | Business transformation: Go to market (risk-adjusted) | | $2,560,838 | $5,502,900 | $10,548,330 |
| | **Three-year total: $18,612,068** | | **Three-year present value: $14,801,002** | | |

## BUSINESS TRANSFORMATION: OPERATIONS

**Evidence and data.** Implementing Microsoft 365 Copilot significantly transformed the operational efficiency of the interviewees' organizations by enabling employees to shift their focus to higher-value tasks, enhance their productivity, and contribute to the organizations' growth and success.

- **Horizontal applications.** Interviewees reported substantial time savings due to Microsoft 365 Copilot's ability to automate and streamline routine tasks such as drafting emails, summarizing meetings, generating reports, and analyzing data. For example, the senior relationship management associate at a financial services organization mentioned that Copilot's meeting recap function saved them significant time by summarizing long meetings and emails, allowing them to focus on more critical tasks.

    - Interviewees provided a wide range of Microsoft 365 Copilot user time savings that varied based on organizational maturity, function, and individual training. General users typically saved 8 hours per month, and highly sophisticated users could save up to 20 hours per month as reported by employees.
    - Survey respondents provided the following average percent time savings from using Microsoft 365 Copilot: 18.6% on meeting notes/summarization; 29.8% on information search; 34.2% on content creation; 20.0% on email writing; 16.0% on email summarization; 10.9% on task planning and delegation; and 20.6% on data analytics.

- **Specialized applications.** Interviewees drove specialized application efficiencies across finance, legal, HR, procurement, IT, and other departments. They leveraged Microsoft Copilot 365 to increase efficiency, quality, and accuracy, driving business results for specific, specialized applications. Interviewees provided the following evidence:

    - A senior data specialist at an industrial organization mentioned Microsoft 365 Copilot helped them quickly generate financial reports and analyze credit data, which improved their decision-making process and overall financial management. Additionally, 9 out of 14 survey respondents in finance roles indicated being able to reduce time to close with Copilot.

- In the HR domain, Microsoft 365 Copilot's capabilities in creating and managing learning materials enabled teams to execute training programs more efficiently. The senior product manager at a financial services organization shared that Copilot helped draft HR learning materials, making the process faster and more comprehensive. And 10 out of 16 human resource survey respondents indicated increasing the first call resolution rate with Copilot, allowing HR teams to spend more time on strategic planning, employee development, and better serving employee inquiries.
- Legal teams found Microsoft 365 Copilot invaluable for reviewing and summarizing contracts. By automating contract version comparison and highlighting key changes, Copilot reduced the time spent on manual reviews. The head of marketing technology at a financial services organization told Forrester: "Copilot has made contract review much more efficient. It quickly identifies changes and potential issues, allowing us to focus on more strategic legal work." Additionally, seven legal survey respondents indicated they reduced average contract error rate from 11.1% to 6.9% with Copilot.

**Modeling and assumptions.** Based on the interviews, Forrester assumes the following about the composite organization:

- The composite organization has a baseline of $6.25 billion annual revenue before Microsoft 365 Copilot.
- The composite organization deploys Microsoft 365 Copilot to 3,000 users in Year 1, 6,000 users in Year 2, and 10,000 users in Year 3.
- Forrester excludes sales, marketing, and customer service users in this benefit to avoid double counting the previous go-to-market benefit category.
- Microsoft 365 Copilot users save an average of 9 hours per month.
- The average fully burdened hourly rate for an employee is $38.
- Each user recaptures 50% of their time to other productive tasks.
- The composite decreases total operating expenses up to 0.24% with Microsoft 365 Copilot.

**Risks.** Forrester recognizes that these results may not be representative of all experiences. The impact of this benefit will vary depending on:

- Resistance to technology or slow speed of adoption.
- Inadequate training or support.
- Integration challenges.
- Data quality and hygiene.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $18.8 million.

## 9 hours

Time saved per Microsoft 365 Copilot user per month

## 24 basis points

Operating expenses decrease with Microsoft 365 Copilot

"Copilot has automated many of our routine tasks, saving us countless hours each week. This has allowed us to focus on more strategic initiatives and improve overall productivity."

IT EXECUTIVE, PROFESSIONAL SERVICES

> "Copilot helps us quickly generate and analyze financial and credit reports, which has improved our decision-making process and overall financial management. … The process has decreased from 20 minutes to 45 seconds."
>
> SENIOR DATA SPECIALIST, INDUSTRIAL

| Business Transformation: Operations | | | | | |
|---|---|---|---|---|---|
| **Ref.** | **Metric** | **Source** | **Year 1** | **Year 2** | **Year 3** |
| B1 | Total pre-Microsoft 365 Copilot revenue | Composite | $6,250,000,000 | $6,250,000,000 | $6,250,000,000 |
| B2 | Baseline operating margin | Composite | 7.80% | 7.80% | 7.80% |
| B3 | Total pre-Microsoft 365 Copilot expenses | B1*(1-B2) | $5,762,500,000 | $5,762,500,000 | $5,762,500,000 |
| B4 | Total users | Composite | 3,000 | 6,000 | 10,000 |
| B5 | Total users excluding sales, marketing, and customer service functions | Composite | 2,010 | 4,020 | 6,700 |
| B6 | Hours saved per user per month | Interviews and survey | 9 | 9 | 9 |
| B7 | Fully burdened hourly rate for an employee | Composite | $38 | $38 | $38 |
| B8 | Productivity recapture rate | TEI standard | 50% | 50% | 50% |
| B9 | Total end user efficiency gains | B5*B6*12 months*B7*B8 | $4,124,520 | $8,249,040 | $13,748,400 |
| B10 | Percentage decrease in expenses due to increased labor efficiencies | B9/B3 | 0.07% | 0.14% | 0.24% |
| B11 | Resulting net margin with Microsoft Copilot 365 | B2+B10 | 7.87% | 7.94% | 8.04% |
| Bt | Business transformation: Operations | B9 | $4,124,520 | $8,249,040 | $13,748,400 |
| | Risk adjustment | ↓10% | | | |
| Btr | Business transformation: Operations (risk-adjusted) | | $3,712,068 | $7,424,136 | $12,373,560 |
| | **Three-year total: $23,509,764** | | | **Three-year present value: $18,806,696** | |

## BUSINESS TRANSFORMATION: PEOPLE AND CULTURE

**Evidence and data.** Interviewees said Microsoft 365 Copilot transformed the people and culture elements of their organizations, leading to better employee experiences, faster onboarding, and higher retention. They attribute these improvements to the enhanced capabilities of Microsoft 365 Copilot, which streamlined administrative and HR processes and fostered a more engaging and supportive work environment.

- **Accelerated new employee onboarding.** Interviewees and survey respondents shared that the onboarding process for new employees accelerated with Microsoft 365 Copilot. By summarizing key documents, assisting in finding information, providing insights into company processes, and automating administrative tasks, Microsoft 365 Copilot made it easier for new hires to ramp up quickly and efficiently. An interviewee from a financial services organization highlighted how Copilot's meeting recap function saved significant time by summarizing long meetings and emails, allowing new employees to focus on more critical tasks and get up to speed faster. This streamlined onboarding process reduced time to productivity for new hires and enhanced their initial experience with the organization.

  Interviewees said their HR teams used Copilot to analyze employee sentiment and create learning materials. By summarizing feedback from engagement surveys and focus groups, Microsoft 365 Copilot helped HR teams identify areas for improvement and develop targeted training programs. A senior product manager at a financial services organization shared: "Copilot has been a game changer for our HR team. It helps us understand employee sentiment and create effective learning materials, improving overall employee engagement and development."

  Additionally, Microsoft 365 Copilot helped upskill existing employees faster. On average, the survey respondents indicated that employees were upskilled 30.6% faster with Copilot.

- **Improved employee experience and retention.** Interviewees and survey respondents claimed that the enhanced employee experiences and faster onboarding contributed to improved employee retention rates. By reducing the burden of repetitive tasks and allowing employees to engage in more strategic and fulfilling work, Microsoft 365 Copilot fostered a more positive and supportive work environment. The head of marketing

technology at a financial services organization noted that Copilot's ability to quickly identify changes and potential contract issues increased their efficiency and freed time for more strategic legal work. This shift toward more meaningful activities led to higher job satisfaction and, consequently, better employee retention. Survey respondents said Microsoft 365 Copilot helped reduced employee attrition by a factor of 19.8% on average.

> "Copilot has really helped streamline my daily tasks. I no longer spend hours drafting emails or summarizing meetings. This has freed up my time to focus on more strategic projects, which has made my work much more fulfilling."
>
> STRATEGY AND CONSULTING SENIOR MANAGER, PROFESSIONAL SERVICES

**Modeling and assumptions.** Based on the interviews, Forrester assumes the following about the composite organization:

- The composite organization's attrition rate before Microsoft 365 Copilot was 20%.
- Onboarding time to reach productive levels took 45 days prior to Microsoft 365 Copilot.
- Microsoft 365 Copilot accelerates new employee onboarding by up to 25%, saving each new employee 11 days in onboarding time.
- Forrester assumes a 30% productivity rate for new hires during ramp up, with 50% of time savings due to Microsoft 365 Copilot recaptured to productive tasks.
- The composite reduces its attrition rate by up to 5% in Year 3 with Microsoft 365 Copilot, lowering the attrition rate from 20 percentage points pre-Copilot to 19 percentage points with Copilot.
- Forrester estimates the average cost of hiring a new general employee to be 30% of their fully burdened salary.

**Risks.** Forrester recognizes that these results may not be representative of all experiences. The impact of this benefit will vary depending on:

- Resistance to technology or slow speed of adoption.
- Inadequate training or support.
- Integration challenges.
- Data quality and hygiene.
- Employee turnover.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $3.2 million.

**25%**

New employee onboarding acceleration due to Microsoft 365 Copilot

"The ability to quickly generate reports and analyze data with Copilot has been a game changer. It has reduced the stress of meeting tight deadlines and improved my overall job satisfaction."

IT EXECUTIVE, PROFESSIONAL SERVICES

"Using Copilot has significantly improved my productivity. The automation of routine tasks means I can now dedicate more time to creative and impactful work, which has greatly enhanced my work experience."

SENIOR RELATIONSHIP MANAGEMENT ASSOCIATE, FINANCIAL SERVICES

| Business Transformation: People And Culture | | | | | |
|---|---|---|---|---|---|
| **Ref.** | **Metric** | **Source** | **Year 1** | **Year 2** | **Year 3** |
| C1 | Employees using Microsoft 365 Copilot | Composite | 3,000 | 6,000 | 10,000 |
| C2 | Employee attrition rate before Microsoft 365 Copilot | Composite | 20.0% | 20.0% | 20.0% |
| C3 | Leavers being replaced before Microsoft 365 Copilot | C1*C2 | 600 | 1,200 | 2,000 |
| C4 | Days of onboarding prior to Microsoft 365 Copilot | Composite | 45 | 45 | 45 |
| C5 | Acceleration in new employee onboarding due to Microsoft 365 Copilot | Interviews and survey | 15% | 20% | 25% |
| C6 | Days saved per new employee onboarded (rounded) | C4*C5 | 7 | 9 | 11 |
| C7 | Fully burdened hourly rate for a new employee | Composite | $38 | $38 | $38 |
| C8 | Productivity of new hire during ramp up | Composite | 30% | 30% | 30% |
| C9 | Time recaptured | TEI standard | 50% | 50% | 50% |
| **C10** | **Subtotal: Accelerated new employee onboarding** | **C3*C6*8 hours*C7*C8*C 9** | **$191,520** | **$492,480** | **$1,003,200** |
| C11 | Reduction in employee attrition rate due to Microsoft 365 Copilot | Interviews and survey | 0.0% | 2.5% | 5.0% |
| C12 | Employee attrition rate with Microsoft 365 Copilot | C2-(C2*C11) | 20.0% | 19.5% | 19.0% |
| C13 | Avoided number of leavers with Microsoft 365 Copilot | C1*(C2-C12) | 0 | 30 | 100 |
| C14 | Average cost to hire new employees | $79,650*30% | $23,895 | $23,895 | $23,895 |
| **C15** | **Subtotal: Improved employee retention** | **C13*C14** | **$0** | **$716,850** | **$2,389,500** |
| Ct | Business transformation: People and culture | C10+C15 | $191,520 | $1,209,330 | $3,392,700 |
| | Risk adjustment | ↓15% | | | |
| Ctr | Business transformation: People and culture (risk-adjusted) | | $162,792 | $1,027,931 | $2,883,795 |
| | **Three-year total: $4,074,518** | | **Three-year present value: $3,164,160** | | |

## UNQUANTIFIED BENEFITS

Interviewees and survey respondents mentioned the following additional benefits that their organizations experienced but were not able to quantify:

- **Enhanced security and compliance.** Microsoft 365 Copilot enhanced security and compliance, handling proprietary data with care and reducing the risk of data/IP leakage. In particular, the threat of bring-your-own AI, where employees use public LLMs, is diminished when organizations provide sanctioned, secure tools. Interviewees' and survey respondents' organizations trusted Microsoft's robust security measures to protect their sensitive information. Sixty-six percent of survey respondents were able to improve or make IT/data security easier with Copilot, and 54% said they improved their data and IP security. The head of marketing technology at a financial services organization stated: "The security and compliance features of Copilot give us peace of mind. We know our data is safe, and we can focus on leveraging Copilot's capabilities to improve our business processes."
- **Reduced technology costs.** By sunsetting legacy AI tools like older AI-based writing software, organizations reduced their technology costs. Copilot's capabilities eliminated the need for multiple tools, leading to cost savings. Seventy-one percent of respondents reduced or eliminated writing assistant use with Copilot, 59% reduced knowledge management use, and 49% reduced other AI-powered productivity tool use. On average, respondents indicated a 6.75% decrease in spend on other AI-related tools, projects, or external spend with Copilot. An IT executive at a professional services organization mentioned, "We have replaced several legacy AI tools with Copilot, which has significantly reduced our technology costs and simplified our IT infrastructure."

**6.75%**

Reduction in AI-related tool, project, and other external spend

- **Lowered external services costs.** Interviewees' and survey respondents' organizations reduced their reliance on outside contractor support and external legal services because Copilot's capabilities allowed internal teams to handle more tasks. The senior product manager at a financial services organization shared, "Copilot has reduced our need for external legal services by automating contract reviews and summarizations, saving us both time and money."

- **Improved supply chain and procurement.** Procurement teams benefited from Copilot's ability to compare supplier bids and streamline supply chain processes. By analyzing vendor data and identifying the best options, Copilot helped procurement teams make more informed decisions. The senior data specialist at an industrial organization stated: "Copilot has transformed our procurement process. It quickly compares supplier bids and provides insights into the best options, saving us time and money."
- **Improved accessibility for employees with language barriers, learning disorders, or different needs.** Copilot provided tools to draft content in multiple languages and formats, helping organizations better support their diverse workforces. The senior data specialist at an industrial organization mentioned: "Copilot has been incredibly helpful for our non-native English speakers. It helps them draft emails and documents more effectively, improving communication and productivity across the team."

  Interviewees and survey respondents noted that Copilot had been particularly beneficial for employees with learning disorders, such as ADHD, helping them stay focused during meetings and manage their tasks more effectively. The VP of infrastructure and cloud engineering at a software organization shared: "People with certain disorders, like learning disorders and ADHD, are able to make real benefit out of this. It helps them be in the meeting and manage their tasks better."
- **Enhanced partnership and support from Microsoft.** Interviewees and survey respondents' organizations valued Microsoft's proactive approach in providing training, forums, and user communities. An IT executive at a professional services organization noted: "Microsoft's support has been instrumental in our Copilot deployment. Their training and resources have helped us maximize the benefits of Copilot and ensure a smooth transition for our employees."

**Copilot Agent Spotlight**

**The Flexibility And Transformative Benefits Of Microsoft 365 Copilot Agents**

According to Forrester, “AI systems will transition from passive tools to autonomous agents capable of perceiving their environment, making decisions, and taking actions to achieve specific goals. Using agentic workflows, these multiagent systems manage and execute complex tasks autonomously in coordination with other agents while adapting to dynamic conditions. This enables sophisticated task execution, decision-making, and collaboration. Agentic AI is a significant leap forward in genAI capabilities, paving the way for more advanced and versatile general-purpose AI-based apps in fields like automation, personalized services, and intelligent systems.”[3] To this end, businesses are optimistic on the value of AI agents, with 70% of surveyed technology decision-makers planning to increase their budget for robotic process automation (RPA) and automation services. Forrester predicts that “this optimism and appetite for investment will extend to AI agents”, which extends the capabilities of traditional RPA by handling complex, unstructured data and dynamic workflows, making it suitable for more sophisticated processes.[4]

The flexibility and future benefits of Microsoft 365 Copilot agents are significant for organizations, offering employees a transformative approach to leveraging AI in their daily operations. Creating AI agents is crucial as it allows users and businesses to automate complex processes, provide specialized task automation, and deliver contextual insights that go beyond the capabilities of Microsoft 365 Copilot alone. While Microsoft 365 Copilot enhances productivity by integrating AI into everyday applications, Copilot agents take this a step further by enabling tailored automation and intelligent support across specific business functions. Forrester conducted interviews with two professional services organizations that have begun to realize tangible benefits and transform their businesses by using Copilot agents.

A professional services organization built an AI workbench with multiple agents to enhance its delivery capabilities and knowledge sharing. These agents, developed using Copilot Studio, are integrated into business processes to provide seamless and autonomous support. The partner and global lead from this organization emphasized, "These agents are part of our future strategy, enabling us to optimize productivity, gain competitive advantage, and drive business growth." The agents help in various sectors, including financial services and healthcare, by addressing specific regulatory and compliance needs. These agents are anticipated to enhance operational efficiency across the organization by automating routine tasks, improving decision-making processes, and enabling employees to focus on strategic initiatives. As a result, the professional services organization expects improved client satisfaction, increased revenue opportunities, strengthened competitive positioning in the market, and accelerated delivery times. Additionally, the agents from this professional services organization are expected to contribute to new revenue streams through managed services, leveraging AI to provide clients with innovative solutions.

Similarly, another professional services organization developed a knowledge management agent using Agent Builder, a tool available in Copilot Studio and Microsoft 365 Copilot Chat, which significantly improved their sales and delivery teams' efficiency. By focusing on curated and trustworthy knowledge sources, the agent provided more accurate and timely information, reducing the time spent on enterprise search by up to 70%. The executive global solutions lead at this organization highlighted, "Our knowledge agent helps employees find answers faster and with greater accuracy, leading to substantial time savings and improved productivity." This improvement in efficiency and knowledge management directly contributed to greater sales velocity, higher win rates, and faster delivery times. The knowledge management agent at this professional services organization improved efficiency by 40% compared to Microsoft 365 Copilot alone. This led to significant time savings for its sales and delivery consultants, allowing them to focus on higher-value tasks.

In conclusion, creating and deploying Microsoft 365 Copilot agents offers organizations flexibility and future benefits. By automating business processes and enhancing decision-making processes, these agents enable businesses to achieve higher efficiency, better productivity, and sustained growth. The experiences of these professional services organizations demonstrate the transformative potential of Copilot agents, making them an essential component of any forward-thinking organization's AI strategy.

"By leveraging AI agents, we are not just automating tasks but transforming our entire approach to business processes, which positions us for long-term success."

**PARTNER AND GLOBAL LEAD, PROFESSIONAL SERVICES**

"AI agents are revolutionizing the way we manage knowledge and deliver services, providing us with a significant competitive edge."

**PARTNER AND GLOBAL LEAD, PROFESSIONAL SERVICES**

## FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Microsoft 365 Copilot and later realize additional uses and business opportunities, including:

- **Increased extensibility and customization with Copilot Studio.** Organizations planned to leverage Copilot Studio to increase extensibility and customization, integrating more enterprise data from other systems and infrastructure. This integration allowed for more tailored solutions and improved overall efficiency. An interviewee noted, "Copilot Studio has enabled us to connect Copilot with our customer relationship management (CRM) tool and other enterprise systems, providing a more comprehensive view of our data and improving our decision-making process."
- **Continued growth of Microsoft 365 Copilot.** Interviewees highlighted the potential for future Microsoft 365 Copilot growth as Microsoft continues to develop and enhance its capabilities. This growth includes advanced AI feature integration, improved user interfaces, and expanded functionalities to streamline workflows and increase productivity. The VP of infrastructure and cloud engineering at a software organization mentioned: "We are building on the knowledge from last year. We are able to unlock new value additions in the area of outlook content creation and bring the content together from one location to another."
- **Expanded creative problem-solving.** Copilot's ability to assist with creative problem-solving as it evolves is another anticipated benefit, and interviewees expect it to provide more sophisticated insights and suggestions, helping employees tackle complex challenges with innovative solutions. The IT executive at a professional services organization noted, "Copilot has the potential to significantly enhance our creative problem-solving capabilities by providing new perspectives and ideas that we might not have considered."
- **Supported future technologies.** Copilot's flexibility also includes its ability to support and integrate with future technologies. As new tools and platforms emerge, interviewees expect Copilot and its agents to adapt and incorporate these advancements, ensuring that their organizations remain at the forefront of technological innovation. The senior product manager at a financial services organization shared, "We are excited about the

potential for Copilot to integrate with future technologies and continue to enhance our workflows and productivity."

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in Appendix A).

# Analysis Of Costs

Quantified cost data as applied to the composite

| Total Costs | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Ref.** | **Cost** | **Initial** | **Year 1** | **Year 2** | **Year 3** | **Total** | **Present Value** |
| Dtr | Microsoft 365 Copilot licenses | $0 | $1,134,000 | $2,268,000 | $3,780,000 | $7,182,000 | $5,745,259 |
| Etr | Implementation and management costs | $1,870,000 | $1,017,500 | $1,017,500 | $1,017,500 | $4,922,500 | $4,400,372 |
| Ftr | Training and employee discovery | $0 | $1,915,200 | $2,633,400 | $3,990,000 | $8,538,600 | $6,915,201 |
| | Total costs (risk-adjusted) | $1,870,000 | $4,066,700 | $5,918,900 | $8,787,500 | $20,643,100 | $17,060,832 |

## MICROSOFT 365 COPILOT LICENSES

**Evidence and data.** The investment in Microsoft 365 Copilot licenses represents a significant portion of the overall costs for organizations adopting this technology. The licensing cost is structured on a per user per month basis, with the list price set at $30 per user per month. This cost model allows organizations to scale their investment with the number of users and the pace of deployment.

**Modeling and assumptions.** Based on the interviews, Forrester assumes the following about the composite organization:

- The composite organization deploys Microsoft 365 Copilot licenses to 3,000 users in Year 1 and scales to 6,000 users in Year 2 and 10,000 users in Year 3.
- The composite pays $30 per user per month for Microsoft 365 Copilot.

**Risks.** Forrester recognizes that these results may not be representative of all experiences. The costs will vary depending on:

- Fluctuation in subscription fees.
- Changes in licensing terms.

- Unexpected increases in user adoption.
- Underutilization.

**Results.** To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $5.7 million.

| Microsoft 365 Copilot Licenses | | | | | | |
|---|---|---|---|---|---|---|
| **Ref.** | **Metric** | **Source** | **Initial** | **Year 1** | **Year 2** | **Year 3** |
| D1 | Employees using Microsoft 365 Copilot | Composite | | 3,000 | 6,000 | 10,000 |
| D2 | Cost of Microsoft 365 Copilot per user per month | Interviews | | $30 | $30 | $30 |
| Dt | Microsoft 365 Copilot licenses | D1*D2*12 months | $0 | $1,080,000 | $2,160,000 | $3,600,000 |
| | Risk adjustment | ↑5% | | | | |
| Dtr | Microsoft 365 Copilot licenses (risk-adjusted) | | $0 | $1,134,000 | $2,268,000 | $3,780,000 |
| | **Three-year total: $7,182,000** | | **Three-year present value: $5,745,259** | | | |

## IMPLEMENTATION AND MANAGEMENT COSTS

**Evidence and data.** The implementation and management costs for Microsoft 365 Copilot encompass initial setup, ongoing support, and change management. The initial setup involves configuring Microsoft 365 Copilot within the organization's existing IT infrastructure, integrating it with other Microsoft tools, and ensuring compatibility with the organization's data and security protocols. Interviewees typically required a dedicated team of IT professionals, partners, and other professional services to manage the deployment and change management process. Additionally, organizations undertook data hygiene projects to prepare their data for generative AI, ensuring that the data was accurate, had proper permissioning controls, and was ready for use with Copilot.

Ongoing support is necessary to address issues and ensure employees continue to use Copilot effectively, which includes maintaining a helpdesk, providing regular updates, and managing system changes.

- On average, it took survey respondents three months to initially deploy Copilot in their current environment, including governance work and internal change management.

- Seventy percent of survey respondents indicated they worked on data security projects to prepare for Copilot.
- The partner and global lead at a professional services organization said implementation involved a systematic and multiphase rollout process. The organization dedicated approximately 50 part-time employees in its center of excellence to assist with implementation and support.
- The IT product lead at an industrial organization said their organization's implementation involved a team of three people, with the project lead spending approximately 28 hours per week on Copilot-related tasks. The pilot phase lasted one year and included ongoing efforts to address security concerns.
- The VP of end user technology at an insurance organization said Copilot implementation involved design, planning, and execution, starting with 300 users and expanding to 5,000.

**Modeling and assumptions.** Based on the interviews, Forrester assumes the following about the composite organization:

- Professional services support the composite organization by providing expertise and resources to implement Microsoft 365 Copilot, ensuring a smooth deployment and effective utilization across various business functions. The composite organization incurs $350,000 in professional services costs in the initial implementation phase and $250,000 in dedicated support costs for additional users.
- The composite allocates a team of 10 employees to handle Microsoft 365 Copilot change management and technical integration in the initial period, which continues at $675,000 per year to support additional business units.

**Risks**. Forrester recognizes that these results may not be representative of all experiences. The costs will vary depending on:

- Integration complexity.
- The need for continuous support.
- Change management challenges.

**Results.** To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $4.4 million.

| Implementation And Management Costs | | | | | | |
|---|---|---|---|---|---|---|
| **Ref.** | **Metric** | **Source** | **Initial** | **Year 1** | **Year 2** | **Year 3** |
| **E1** | **Subtotal: Professional services** | **Interviews** | **$350,000** | **$250,000** | **$250,000** | **$250,000** |
| E2 | IT FTEs involved in technical integration and change management | Interviews | 10 | 5 | 5 | 5 |
| E3 | Fully burdened annual salary for an IT FTE | Interviews | $135,000 | $135,000 | $135,000 | $135,000 |
| **E4** | **Subtotal: Implementation and management efforts** | **E2*E3** | **$1,350,000** | **$675,000** | **$675,000** | **$675,000** |
| Et | Implementation and management costs | E1+E4 | $1,700,000 | $925,000 | $925,000 | $925,000 |
| | Risk adjustment | ↑10% | | | | |
| Etr | Implementation and management costs (risk-adjusted) | | $1,870,000 | $1,017,500 | $1,017,500 | $1,017,500 |
| | **Three-year total: $4,922,500** | | | **Three-year present value: $4,400,372** | | |

## TRAINING AND EMPLOYEE DISCOVERY

**Evidence and data.** Interviewees noted that end users required formal and informal training/discovery to effectively change the way they worked with Microsoft 365 Copilot. Interviewees said formal training sessions were essential in ensuring that employees understood how to use Copilot effectively, which involved dedicated time from trainers to develop comprehensive learning materials and conduct training sessions. This initial training phase was crucial for setting a strong foundation, but it also required investment of time and resources. Additionally, interviewees said informal ongoing training and discovery were necessary to help users continuously improve their skills and adapt to new skills and features, including participating in forums and attending prompt master classes and virtual training sessions.

- Survey respondents indicated that new users spend 9.2 hours on formal training and 11.5 hours on informal training/discovery with Copilot.
- The IT executive at a professional services organization said, “We have a 4 FTE full-time change management team that handles all of our communication, some onboarding, engaging in community Q&As, and more.”
- The IT product lead at an industrial organization set up systems where users participated in enablement sessions totaling 6 to 7 hours with ongoing support through Teams channels and email.

- The senior product manager at a financial services organization said users needed at least 12 weeks to become familiar with Copilot with ongoing support and use-case sharing sessions.
- The senior data specialist at an industrial organization said users required about three months to become proficient with Copilot with an estimated productivity increase of one hour per day for those who had used it extensively.
- The IT executive at a professional services organization said initial training involved 3 hours of pre-licensing training, 2 hours of app-specific training, and ongoing practice and “promptathons”, a collaborative event where participants focus on creating, refining, and testing prompts for generative AI systems.

**Modeling and assumptions.** Based on the interviews, Forrester assumes the following about the composite organization:

- Each new Microsoft 365 Copilot user undergoes 10 hours of formal training.
- Each Microsoft 365 Copilot user undergoes 6 hours of annual ongoing discovery and informal training.

**Risks.** Forrester recognizes that these results may not be representative of all experiences. The costs will vary depending on:

- Roles with more involved Microsoft 365 Copilot use needing additional training time, although interviewees found that Microsoft 365Copilot did not require extensive training overall.
- New user and ongoing training needing to extend longer than this analysis assumes depending on the complexity of the company’s environment. Forrester Research’s point of view is that training is a critical success factor and companies should spend more time on training than many currently do.

**Results.** To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of $6.9 million.

## 10 hours

Required formal training for new users

## 6 hours

Ongoing discovery and informal training per user

"I think everybody needs change management and training … there's probably a lot of value that I'm leaving on the table through my lower adoption and lower skill."

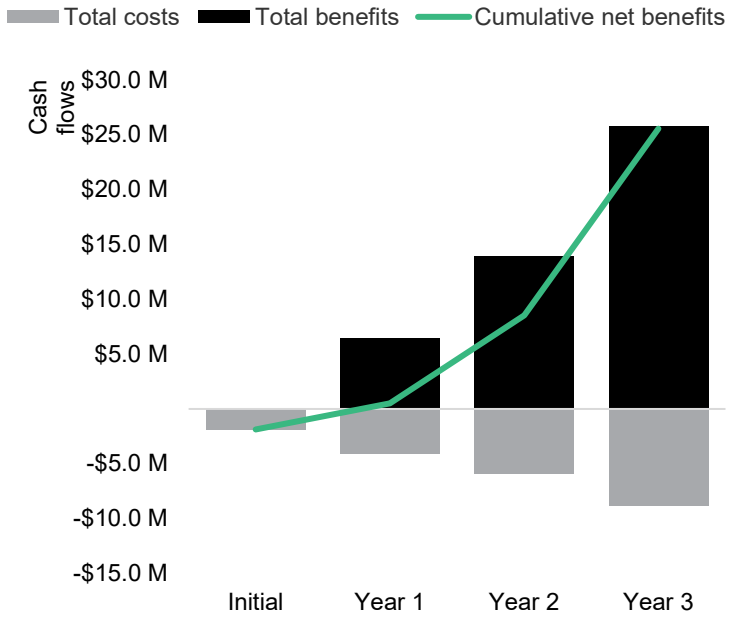
STRATEGY AND CONSULTING SENIOR MANAGER, PROFESSIONAL SERVICES

| Training And Employee Discovery | | | | | | |
|---|---|---|---|---|---|---|
| **Ref.** | **Metric** | **Source** | **Initial** | **Year 1** | **Year 2** | **Year 3** |
| F1 | Microsoft 365 Copilot users | Composite | | 3,000 | 6,000 | 10,000 |
| F2 | New Microsoft 365 Copilot users | F1-F1 previous year | | 3,000 | 3,000 | 4,000 |
| F3 | Hours of formal training per new user | Interviews | | 10 | 10 | 10 |
| F4 | Total hours of formal training for new users | F2*F3 | | 30,000 | 30,000 | 40,000 |
| F5 | Hours of ongoing discovery and informal training per user | Interviews | | 6 | 6 | 6 |
| F6 | Total hours of ongoing discovery and ongoing training for users | F1*F5 | | 18,000 | 36,000 | 60,000 |
| F7 | Fully burdened hourly rate for an employee | $79,650/2080 | | $38 | $38 | $38 |
| Ft | Training and employee discovery | (F4+F6)*F7 | | $1,824,000 | $2,508,000 | $3,800,000 |
| | Risk adjustment | ↑5% | | | | |
| Ftr | Training and employee discovery (risk-adjusted) | | $0 | $1,915,200 | $2,633,400 | $3,990,000 |
| | **Three-year total: $8,538,600** | | | **Three-year present value: $6,915,201** | | |

# Financial Summary

## Consolidated Three-Year, Risk-Adjusted Metrics

**Cash Flow Chart (Risk-Adjusted)**




The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the composite organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

**Cash Flow Analysis (Risk-Adjusted)**

| | Initial | Year 1 | Year 2 | Year 3 | Total | Present Value |
|---|---|---|---|---|---|---|
| Total costs | ($1,870,000) | ($4,066,700) | ($5,918,900) | ($8,787,500) | ($20,643,100) | ($17,060,832) |
| Total benefits | $0 | $6,435,698 | $13,954,967 | $25,805,685 | $46,196,349 | $36,771,858 |
| Net benefits | ($1,870,000) | $2,368,998 | $8,036,067 | $17,018,185 | $25,553,249 | $19,711,026 |
| ROI | | | | | | 116% |
| Payback | | | | | | 10 months |

## APPENDIX A: TOTAL ECONOMIC IMPACT

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists solution providers in communicating their value proposition to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of business and technology initiatives to both senior management and other key stakeholders.

**Total Economic Impact Approach**

Benefits represent the value the solution delivers to the business. The TEI methodology places equal weight on the measure of benefits and costs, allowing for a full examination of the solution's effect on the entire organization.

Costs comprise all expenses necessary to deliver the proposed value, or benefits, of the solution. The methodology captures implementation and ongoing costs associated with the solution.

Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. The ability to capture that benefit has a PV that can be estimated.

Risks measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

**PRESENT VALUE (PV)**

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.

**NET PRESENT VALUE (NPV)**

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made unless other projects have higher NPVs.

**RETURN ON INVESTMENT (ROI)**

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.

### DISCOUNT RATE

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.

### PAYBACK PERIOD

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

The initial investment column contains costs incurred at “time 0” or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.

## APPENDIX B: SURVEY DEMOGRAPHICS

| NUMBER OF EMPLOYEES | |
|---|---|
| 500 to 999 employees | 18% |
| 1,000 to 4,999 employees | 37% |
| 5,000 to 19,999 employees | 28% |
| 20,000 to 49,999 employes | 13% |
| 50,000 or more employees | 4% |

| ANNUAL REVENUE (USD) | |
|---|---|
| <$1 million | 0% |
| $1 million to $99 million | 1% |
| $100 million to $199 million | 1% |
| $200 million to $299 million | 5% |
| $300 million to $399 million | 11% |
| $400 million to $499 million | 18% |
| $500 million to $999 million | 26% |
| $1 billion to $499 billion | 23% |
| >$5 billion | 15% |

| LOCATION | |
|---|---|
| North America | 30% |
| APAC | 30% |
| EMEA | 30% |
| Latin America | 10% |

| TITLE | |
|---|---|
| Manager | 42% |
| Director | 32% |
| Vice president | 17% |
| C-level executive | 8% |

Note: Percentages may not total 100 due to rounding.

## APPENDIX C: ENDNOTES

[1] Source: With Agentic AI, Generative AI Is Evolving From Words To Actions, Forrester Research, Inc., August 2024.

[2] Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists solution providers in communicating their value proposition to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of business and technology initiatives to both senior management and other key stakeholders.

[3] Source: With Agentic AI, Generative AI Is Evolving From Words To Actions, Forrester Research, Inc., August 2024.

[4] Source: The State Of AI Agents, Forrester Research, Inc., 2024.

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