



Becoming a Frontier Firm

A How-To Guide for Transforming with AI and Agents





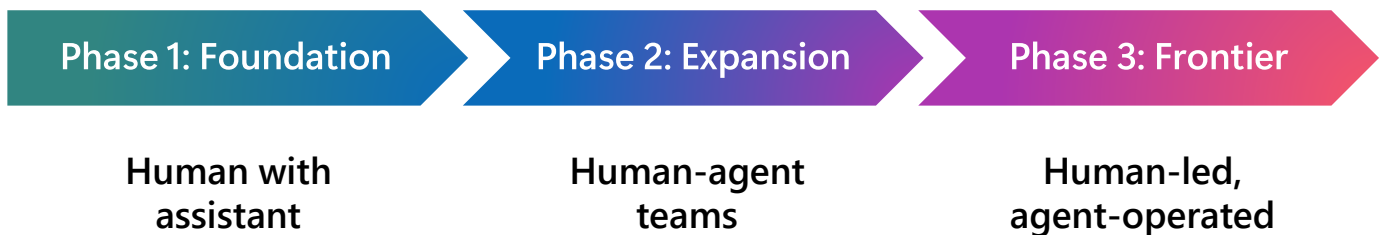
Introduction

With AI increasingly able to reason and solve problems in remarkable ways and 82% of executives saying 2025 was a pivotal year to rethink their strategy and operations around AI, organizations have an opportunity to anchor their transformation goals on an emerging end-state: the Frontier Firm.

What is a Frontier Firm? A Frontier Firm is a next-generation company that fuses human judgment with AI agents to scale faster, work smarter, and unlock new value. These organizations are AI-operated but human-led, with AI systems like Microsoft 365 Copilot and agents handling an increasing share of tasks and decisions, while people provide oversight, creativity, and strategic direction.

The Frontier Journey

The journey toward becoming Frontier is characterized by three phases, or work patterns, each increasing in terms of the sophistication of how AI is deployed and the adaptation of people and the organization to succeed with it.



The journey is both layered and iterative.

It is **layered** because, like any organizational transformation, it requires some horizontal, or enterprise-wide, reinvention from the top, balanced with vertical reinvention in each function. Executives carry the mandate of reimagining the organization’s operating model, workforce, and technology investments, while functional leaders focus on transforming workflows and building AI fluency in their domains.

It is **iterative** because succeeding with each work pattern builds crucial capabilities for the next, and succeeding at Phase 3 for certain workflows can reveal opportunities to tackle others, beginning again at Phase 1.

Purpose of this playbook



Audience: Enterprise and functional leaders driving AI-led transformation and business evolution.

Objective: It is a practical guide for becoming a Frontier Firm, helping you as a leader to:

- 1** Invest in enterprise-level enablers for success.
- 2** Identify high-impact functional workflows ripe for AI enhancement *and* develop effective AI solutions for them, leveraging Copilot and agents across the Frontier spectrum, based on real-world examples and research of successful business transformation.
- 3** Evaluate progress and impact along the way, using metrics to track both individual solution success and overall Frontier maturity.

In each of these sections, we describe how to leverage Microsoft capabilities to execute this transformation, with primary focus on Microsoft 365 Copilot, Copilot Chat, Microsoft 365 agents, and custom agents built on Copilot Studio. **Click on the links below to jump ahead:**

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SECTION 1

Enterprise-level transformation and scenarios



OPERATING MODEL TRANSFORMATION

Frontier transformation goes beyond just deploying AI tools; it requires evolving the enterprise operating model to maximize value. This phased overview of operating model transformation outlines how enterprise strategy, structure, decision rights, and governance should evolve along the journey.

PHASE 1: FOUNDATION

This first phase can often be achieved without reorganizing the company or redefining roles. Think of AI as an overlay of new technology on the current organization. Early enterprise leadership actions are about laying a solid foundation.

Strategy & Direction

In Phase 1, enterprise leadership's imperative is three-fold:

- 1 Set the foundational strategy
- 2 Champion AI adoption
- 3 Build trust

In this first phase of becoming a Frontier Firm, **emphasize augmentation over replacement.**

- ✓ Directly address employee fears of AI by reinforcing the narrative of "AI as a tool to augment human work, not replace it."
- ✓ In the executive team's own operations, **Copilot should begin to be integrated into their strategic planning process and treat Copilot as a thought partner for strategy development** (e.g., using Copilot for scenario analysis and data-driven forecasting), while ensuring that strategic decisions are still grounded in human judgment.



OPERATING MODEL TRANSFORMATION

PHASE 1: FOUNDATION, CONTINUED

Organizational Structure

Even though this phase doesn't demand restructuring, enterprise leadership should be thinking ahead to how organizational structures might need to evolve in later phases.

- ✓ Establish initial AI support structures to lay the foundation for change
- ✓ Form a lightweight [AI Center of Excellence \(CoE\)](#) or taskforce to guide early adoption
- ✓ Coordinate AI initiatives
- ✓ Create early connectivity across departments

Decision Making

Existing decision rights and hierarchical structures typically remain as before for this phase. Enterprise leaders must clearly articulate the role of AI in informing strategic company-wide decisions and shaping the organization's direction.

Governance & Ethics

Enterprise leaders should put AI guardrails in place from day one. Establish an [AI governance council](#)—potentially embedded into a Center of Excellence (CoE)—to develop basic governance policies covering responsible AI use (e.g., data privacy, security, and ethical guidelines).

- ✓ Set up an initial review process to define how AI projects are approved, align AI projects with strategic goals, ensure project ownership, and monitor AI tool usage and compliance.
- ✓ Emphasize ethics and risk management early.
- ✓ Insist on transparency in AI-generated outputs and champion an ethical AI mindset, signaling that speed will not come at the expense of trust or compliance.



OPERATING MODEL TRANSFORMATION

PHASE 2: EXPANSION

Enterprise leaders should see this step-change as an opportunity to update their strategic plan and vision and highlight human–AI collaboration and new business opportunities from automation.

Strategy & Direction

- 1 Evolve the AI strategy from isolated pilots to a broad portfolio of high-value AI initiatives tied to key business processes and objectives.
- 2 Ensure each department has AI projects aligned with operating model shifts.
- 3 Continuously communicate how these initiatives connect to the bigger picture so momentum builds company-wide.

Organizational Structure

Enterprise leaders in this phase start realigning organizational structures to harness human–AI teams. While formal reporting lines might not fully change yet, the day-to-day working teams do.

- ✓ Project teams may have a human project manager who is coordinating both human team members and AI agents, in effect expanding the concept of a team member to include assistive agents.
- ✓ Companies should prioritize pilots of integrated human-AI teams in specific domains, which then inform wider organizational changes.

Some organizations may **form dedicated “AI integration teams” (mix of IT, process experts, change managers) that roam the organization implementing AI solutions in different units.** This ensures that by Phase 3, AI isn’t just a patchwork of tools, but part of the engine of each department. The priority is to ensure no process or department remains an island – silos can undercut the potential of AI, which often works best with broad data and cross-domain logic.



OPERATING MODEL TRANSFORMATION

PHASE 2: EXPANSION, CONTINUED

Decision Making

In this phase, some decision-making starts to be delegated to AI within defined bounds. This is a significant shift in governance. Enterprise leaders at this stage should ensure that there is a clear definition of decision rights for AI vs. humans and a clear escalation path for decisions required in high-impact or exceptional scenarios.

Governance & Ethics

Enterprise leaders should ensure robust oversight and risk controls are implemented for AI systems. This includes:

- ✓ Rigorous testing and validation prior to deployment
- ✓ Regular bias testing and output quality checks
- ✓ Agent dashboards showing error rates, turnaround times, utilization, etc.
- ✓ Model performance monitoring post-deployment

Executives should ensure the AI Center of Excellence scales up or evolves into a more permanent governance body, with risk management, AI ethics, and regulatory compliance being top priorities.

Embed compliance reviews in the development of any new AI-driven process and create a safety net, so if an AI makes a significant error, there should be clear fail-safes and escalation paths.





OPERATING MODEL TRANSFORMATION

PHASE 3: FRONTIER

Strategy & Direction

In this phase, enterprise leaders embed AI into the core of the business strategy – an essential element of how the company competes. This phase should yield significant efficiency and capacity, and enterprise leaders should **pivot from an inward automation focus to an outward growth focus**. With AI running processes, the company can scale existing offerings or pursue new business models. Enterprise leaders must:

- 1 Revisit and refine the long-term vision to account for AI's expanded capabilities
- 2 Focus on strategic agility. The environment will also change (competitors, regulations, tech breakthroughs), so an organization's advantage lies in its ability to quickly reorient.
- 3 Influence industry standards – pushing for interoperability standards and collaborating externally with AI systems outside of one's enterprise (e.g. your AI supply chain agent directly talks to a supplier's AI ordering system).

Organizational Structure

By now, **the classic organizational chart should morph into what Microsoft calls the Work Chart – an organizational network oriented around jobs to be done, not fixed departments**. This means the organization can reconfigure itself quickly as needs change.

The notion of span of control is reimagined as a single human manager could feasibly oversee hundreds of AI "workers" with the help of dashboards. The structure therefore skews to a hub-and-spoke or network model: leaders, an increasing share of autonomous agents, and humans embedded primarily where human touch and creativity make the difference.



OPERATING MODEL TRANSFORMATION

PHASE 3: FRONTIER, CONTINUED

Decision Making

In this phase, many decisions should be made instantaneously by AI systems following the guidelines and accountability structures set by leadership.

For example, pricing, credit approvals, routing of service requests, scheduling of maintenance—all those day-to-day decisions can be machine-made. What's left for humans are strategic decisions, creative decisions, and ethical/value-based decisions. The governing philosophy is that humans articulate intent and constraints, and AI figures out actions.

Governance & Ethics

The license to operate in Phase 3 comes from **societal trust**. That means sustaining a reputation as a responsible, human-centric, AI-driven company should be at the top of the C-suite agenda. Enterprise leaders must elevate governance to cover the broad societal and enterprise implications of pervasive AI. Enterprise leaders must:

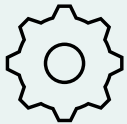
- ✓ **Implement strong safeguards.** By Phase 3, algorithms might be making significant decisions, so independent audits and bias checks are crucial to prevent systemic issues. Enterprise leaders should allocate resources to ensure all AI processes meet legal and ethical standards and can generate required reports or explanations on demand. New governance bodies may form who become key stakeholders for the C-suite (e.g., an AI Oversight Board at the Board of Directors level).
- ✓ **Implement board-level dashboards and reviews for AI systems,** where Directors regularly assess AI performance, risk metrics, and compliance.
- ✓ **Engage more heavily with external stakeholders or regulators** to ensure transparency and fairness remain intact. Similarly, customers or the public might react negatively if it's perceived that a company went "full-AI" at the expense of jobs or human service. Enterprise leaders must ensure transparency and trust at scale.



WORKFORCE TRANSFORMATION

Workforce transformation is a critical and rate-limiting component of Frontier transformation. A firm made up of people who cannot build, adapt to, and thrive with AI is not a Frontier Firm, but instead a series of AI initiatives unlikely to deliver success. This phased overview of workforce transformation outlines how organizational culture, skilling and learning, and team roles and composition should evolve along the journey.

An essential first step in unlocking Microsoft's full capabilities for workforce transformation is the adoption of [WorkIQ](#), an intelligence layer for Copilot that helps agents to understand team structure, workload, and work patterns.



[WorkIQ](#) includes task, skill, and learning inferences based on the Microsoft 365 graph that power the AI solutions and agents designed for this component of Frontier success.

PHASE 1: FOUNDATION

Preparing the workforce for a transformation of this magnitude requires organizations to start with these basics:

- ✓ Build AI literacy
- ✓ Foster a culture of trust and experimentation
- ✓ Ensure employees have the skills and support they need to confidently integrate AI into their daily work.



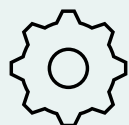
WORKFORCE TRANSFORMATION

PHASE 1: FOUNDATION, CONTINUED

Culture

Review and reset cultural expectations for the future of work with AI.

- ✓ **Model an open, trust-based culture.** Senior leaders should visibly role-model AI adoption and share how they use AI assistants in their own work and their “AI highs and lows” in town halls. Talking openly about AI failures and lessons learned will help foster a culture of experimentation and innovation.
- ✓ **Revise your employee listening strategy.** Executives play a vital role in gathering the right kind of employee feedback for success. Identify key behaviors that will cultivate success (e.g., innovation). Review your current employee feedback approach to ensure that these behaviors are adequately measured. A baseline culture audit may be valuable. See page 31 for additional guidance on capturing the right employee signal in Phase 1.
- ✓ **Foster an environment of experimentation.** Offer tools, forums, and time for people to make valuable connections and collaborate in a low-risk, failure-friendly way. Recognize and reward early adopters who experiment with AI to build momentum and signal that learning and innovation with AI are celebrated.



Empower employees with the use of [Microsoft’s People agent](#) to discover who in your organization may have skills or work priorities that could accelerate their efforts to experiment with AI. Build [these recommended employee workflows](#) into people’s ongoing discovery, pursuing more sophisticated AI solutions as you’re ready.

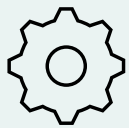


WORKFORCE TRANSFORMATION

PHASE 1: FOUNDATION, CONTINUED

Skills Development

Build baseline AI literacy and make time to learn. 52% of employees say that being too busy or not having enough time is a top barrier to learning. Executives should treat AI upskilling as a top priority, setting expectations that managers allow their teams dedicated time for learning. Launch mandatory organization-wide AI literacy programs, micro-learning modules and role-specific workshops so every employee gains fundamental skills.



Build [Microsoft's Learning capabilities and agent](#) into [these recommended employee and L&D team workflows](#), pursuing more sophisticated AI solutions as you become ready.

Team Composition & Roles

- ✓ **Begin to empower managers to lead AI-augmented teams.** Provide guidance to frontline leaders on integrating AI into workflows and setting clear human–AI role boundaries.
- ✓ **Clarify roles for oversight** (e.g., assign a sponsor or champion for each AI pilot) and involve IT and HR jointly in these efforts to blend technical and human considerations.



WORKFORCE TRANSFORMATION

PHASE 2: EXPANSION

This phase requires that enterprise leaders evolve the organization's talent practices to reflect the changing work environment marked by workflows more deeply embedded with AI and humans firmly in the loop.

Culture

- ✓ **Bake AI collaboration into team norms and incentives.** Reengineer routine practices and rhythms of business to support human–AI teaming so using AI becomes a natural part of day-to-day operations (e.g., require that project plans or team communications leverage an AI resource). Consider how to formally incorporate new ways of working into performance metrics and incentive systems (e.g., OKRs) to reward effective AI utilization and collaboration; teams that achieve more by partnering with AI should be recognized. Leaders can continue to build trust by demonstrating how efficiency gains can be channeled into reskilling or repurposing of time into high-value work.
- ✓ **Continue senior leader role-modeling and celebrate team-level AI innovations publicly to reinforce cultural acceptance.** At this point, the C-suite should begin to share sponsorship and accountability of AI transformation instead of concentrating these things in a single role or function.
- ✓ **Begin to introduce agents that expose all employees to the experience of human-agent collaboration,** capitalizing on opportunities to bring agents into workflows notorious for friction or cost, like performance reviews.



The [Employee Self-Service agent](#) is a prime example of an agent that, when introduced at this stage, heightens cultural readiness for agents and addresses a universally applicable business process with potential for significant cost savings.

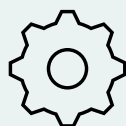


WORKFORCE TRANSFORMATION

PHASE 2: EXPANSION, CONTINUED

Skills Development

- ✓ **Upskill at scale and shift to skills-based talent practices.** Ramp up reskilling programs to prepare employees for newly emerging “AI + X” roles (e.g., training operations staff in AI agent solutioning) and forecast the skills necessary for an AI-powered organization, including technical (AI literacy, data analysis) and human (creativity, problem-solving, collaboration).



Build [Microsoft’s People Skills inferencing capabilities and agent](#) into [these recommended HR workflows](#) for skills planning, discovery, and learning, pursuing more sophisticated AI solutions as you become ready.

- ✓ **Establish clear learning pathways for growth into roles in AI, data, and cybersecurity,** encouraging employees to transition into these high-demand areas. At the same time, transform hiring and talent management by adopting a skills-based model: update recruiting and internal mobility to value critical skills over traditional job titles.
- ✓ **Practice continuous workforce planning.** As AI creates efficiencies, proactively redeploy talent to new opportunities rather than eliminating roles. For example, retrain process managers to become AI ethics officers, or move employees from automated areas into customer experience improvement roles. By constantly redesigning jobs and upskilling staff for emerging roles, the organization can achieve net workforce growth despite automation. Executives should see themselves as stewards of a dynamic talent ecosystem, where careers continually evolve in tandem with AI advancements.

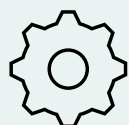


WORKFORCE TRANSFORMATION

PHASE 2: EXPANSION, CONTINUED

Team Composition & Roles

- ✓ **Redesign roles and teams for hybrid operations.** Start formalizing new “fusion roles” that bridge business and AI expertise (for example, AI Translators who connect technical teams with business units).



Build [Microsoft’s Workforce Insights capabilities and agent](#) into [these recommended HR workflows](#) for workforce planning, pursuing more sophisticated AI solutions as you become ready.





WORKFORCE TRANSFORMATION

PHASE 3: FRONTIER

In this phase, enterprise leaders guide the workforce to perform effectively in a fundamentally transformed environment.

Culture

- ✓ **Institutionalize a continuous learning and innovation culture.** In the Frontier phase, change is constant; executives must entrench a culture of adaptability, learning, and purpose.
- ✓ **Foster “sense-making” leadership.** Help employees understand and find meaning in working alongside intelligent machines, keeping morale and engagement high.
- ✓ **Maintain a strong people-centric ethos:** Even as AI takes over processes, reinforce the company’s purpose and values (e.g., customer focus, ethical behavior) so employees feel their human contribution remains essential. Leaders at this stage regularly communicate how human creativity and judgment drive the firm’s competitive edge with AI as a partner.

Skills Development

Cultivate advanced human skills and continual role evolution. With AI handling many technical tasks, the premium shifts to unique human skills. Invest heavily in developing skills like creativity, complex problem-solving, emotional intelligence, and systems thinking across the workforce. These competencies enable employees to oversee AI, tackle novel challenges, and design innovative strategies alongside AI agents.



WORKFORCE TRANSFORMATION

PHASE 3: FRONTIER, CONTINUED

Team Composition & Roles

- ✓ **Merge roles or functions to foster agility.** Consider merging or redefining organizational functions to break down any remaining silos or create hybrid leadership roles (e.g. a Chief People & AI Officer merging HR and AI oversight) or cross-functional squads that unite IT, data, and business experts to govern AI operations. Ensure AI talent and oversight is present in every critical function, either by decentralizing the Center of Excellence or embedding AI experts within business units. The structure should enable speed, cross-pollination of ideas, and alignment – so that the company can quickly pivot or scale new AI-driven opportunities as a unified whole.
- ✓ **Introduce AI oversight positions** such as “AI Workflow Supervisors” – human roles dedicated to monitoring and optimizing the work of AI agents within processes.

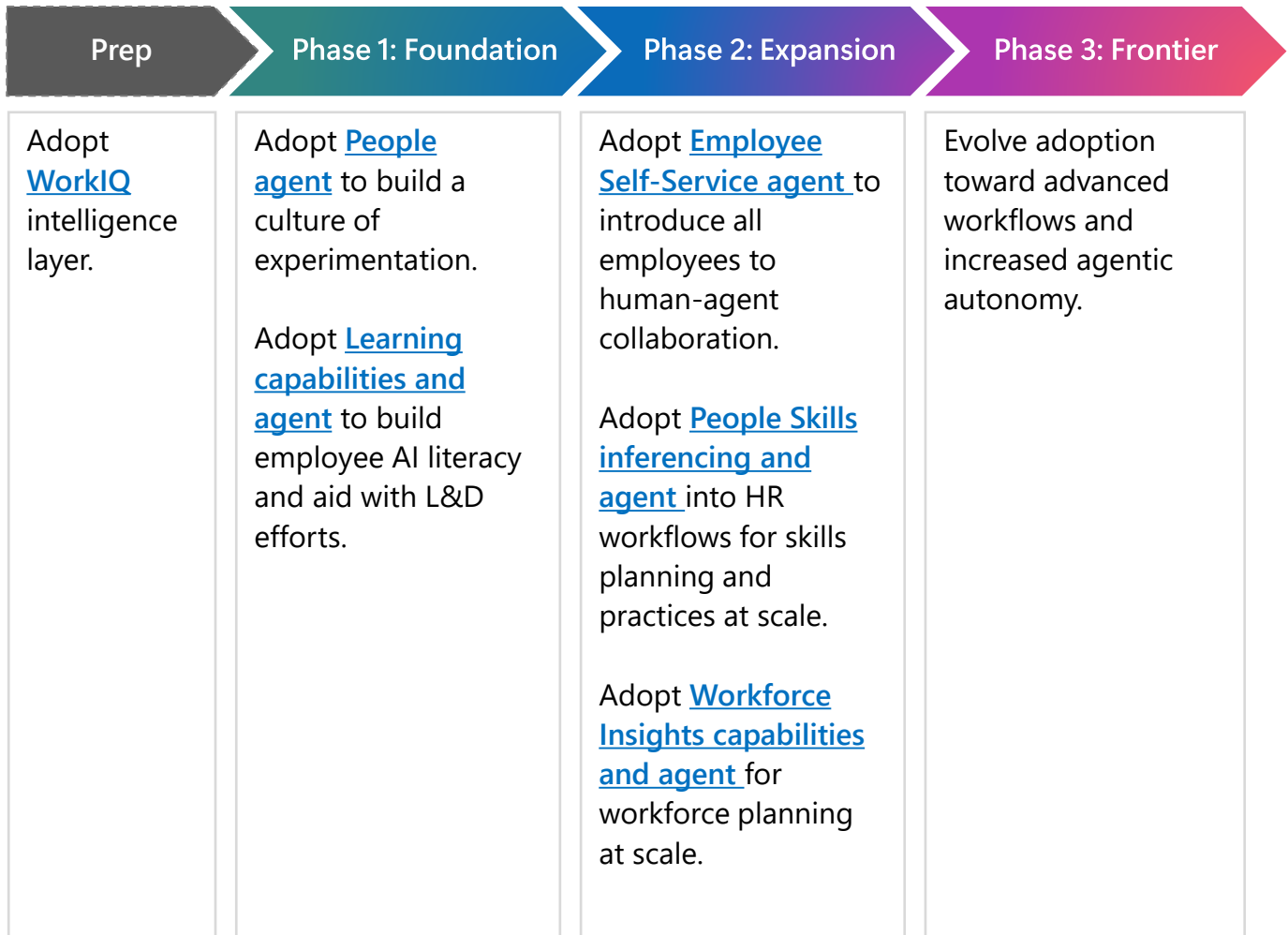




WORKFORCE TRANSFORMATION

RECAP: MICROSOFT AI AGENTS FOR WORKFORCE TRANSFORMATION

While Microsoft’s AI capabilities for this key part of the Frontier journey can be used in all Frontier phases, they are optimally deployed for transformation at specific points in the evolution of your culture, skills development, and approach to team composition. Use this page as a cheat-sheet for this recommended adoption path.





TECHNOLOGY TRANSFORMATION

PHASE 1: FOUNDATION

In this phase, build a solid technical foundation that enables AI while managing risk. Frame technical needs as business enablers:

- ✓ **Data Readiness as a Strategic Asset.** AI's effectiveness hinges on high-quality, well-integrated data. Invest in a unified data platform (e.g., Microsoft Fabric) to break down silos and ensure data is clean, consistent, and accessible across the enterprise. AI is only as good as the data it's trained on, so improving data quality and integration now will pay dividends in AI-driven insights.
- ✓ **Cloud Infrastructure.** Focus on reliability of robust cloud compute and AI services. Most firms consume these capabilities via cloud APIs (e.g., Azure OpenAI) or SaaS offerings, rather than building models from scratch. Infrastructure considerations include providing secure connectivity to AI services and scaling to handle usage bursts.
- ✓ **Security, Compliance, and Responsible AI.** Recast technical safeguards as trust and risk management measures. Assure that from day one, AI tools will operate within existing security and compliance guardrails—respecting permissions, protecting sensitive information, and complying with regulations. Stress the adoption of a Responsible AI framework (for example, [Microsoft's Responsible AI standards](#)) to guide ethical use of AI. By framing it this way, the company sees responsible AI as protecting the business' reputation and ensuring regulatory peace of mind, not just as technical overhead.
- ✓ **Privacy and Policy Alignment.** In executive terms, this component is about safeguarding the company's brand and avoiding costly compliance breaches while enabling new technology. Ensure any AI assistant has strict data privacy guardrails. For instance, you might note that the AI will only access data it's authorized to see and will not expose confidential data in generated outputs. Reinforce that these measures protect customer trust and prevent legal pitfalls.



TECHNOLOGY TRANSFORMATION

PHASE 2: EXPANSION

In this phase, the technical conversation shifts to scaling up AI capabilities reliably across the organization. At this stage, position technical work as ensuring that AI solutions can grow and deliver value at scale, under proper oversight. Key investments include:

- ✓ **Scalability and Reliability of AI Systems.** As pilot solutions evolve into a larger ecosystem of AI agents, planning for scalability and resilience is a strategic imperative. This means treating AI solutions as enterprise products that require ongoing maintenance, performance monitoring, and periodic updates. For example, as the organization deploys multiple AI agents, each should have an owner responsible for its uptime and accuracy, much like product managers for software applications.
- ✓ **Embedded Governance and Best Practices:** Take steps to align functions with company-wide AI standards and best practices as a greater share of the organization begins to automate work using agents. For instance, have your AI CoE begin to go beyond its remit as a program or clearinghouse in IT and act as an active partner to functional leaders, helping them to localize and adopt recommended enterprise-wide practices for specific processes. Institute robust monitoring and controls for the new AI workflows (e.g., regular reviews of agent decisions, thorough testing before automation goes live): This point assures them that Phase 2 is about controlled growth—scaling efficiency while adhering to the company’s risk management and quality standards.



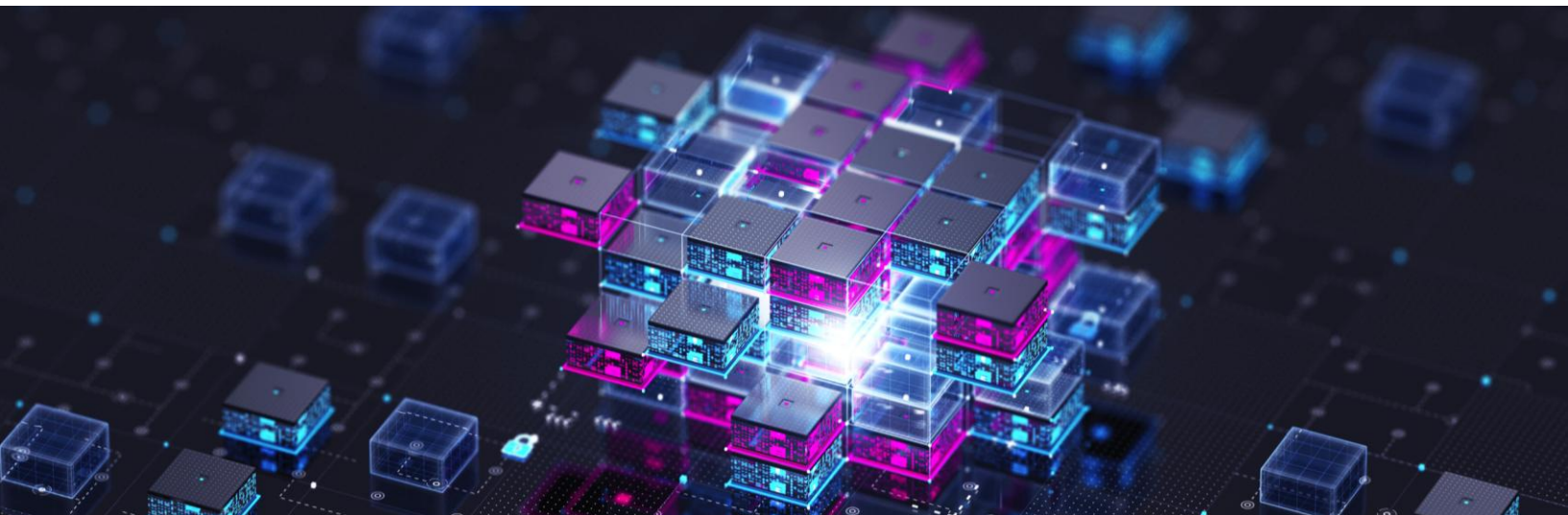


TECHNOLOGY TRANSFORMATION

PHASE 3: FRONTIER

At the Frontier stage, the technical conversation is about optimizing and orchestrating an AI-driven operation. Key investments include:

- ✓ **Unified Orchestration of AI Systems:** To fully harness AI at scale, implement a central orchestrating layer for agents, such as [Microsoft's Agent 365](#). Treat this as much more than low-level architecture; this layer in effect becomes the "AI Command Center" that gives leadership visibility into all critical AI processes. For example, if multiple autonomous agents are running entire workflows (e.g., sales pipeline, onboarding, supply chain optimizations), an orchestration approach ensures they work in concert, hand off tasks seamlessly, and can be monitored in real-time.
- ✓ **Continuous Improvement and Adaptability.** Take steps and communicate a clear message that your technical focus is on continuous optimization of AI performance. Document how AI systems will constantly learn from outcomes and be refined (with human experts in the loop) to get even better over time – part of the organization's commitment to ongoing ROI growth: the AI will not stagnate once deployed. This assures the organization that investing in AI isn't a one-and-done project, it's an adaptive strategic asset.



SECTION 2

Functional transformation with Copilot and agents



While executives reinvest for a Frontier future, **functional leaders focus on transforming workflows and building AI fluency in their domains.** This section covers:

- 1** Top 5 recommended business processes to transform in each core corporate function
- 2** Guidance on targeting high-impact workflows
- 3** Approaches to building solutions suited to each Frontier pattern

The rapidly evolving and highly adaptable nature of AI solutions makes methodical transformation challenging for functional leaders. Countless organizations find themselves awash in vast lists of use case ideas but struggling to prioritize which to pilot and scale, despite applying classic rubrics like assessing their feasibility and potential impact.

To combat this challenge, Microsoft took several steps in the fourth quarter of 2025 to:

- ✓ **Mine the top functional AI solutions being pursued** by organizations on the Frontier journey
- ✓ **Research functional business processes** with a demonstrated history of being core to successful transformation
- ✓ **Pressure-test lists** against current and emerging Microsoft AI Business Solutions capabilities



Top Functional Processes for Transformation

The result is a prioritized list of the top 5 business processes to transform with AI in each of the core 7 corporate functions: Sales, Marketing, Customer Service, Legal, HR, Finance, and IT. Each list is rank-ordered from top to bottom in this visual based on the recommended sequence of adoption, favoring processes that score highly in terms of value, feasibility, and scalability. Each accompanying product scenario is described in terms of its key component workflows and the Frontier phase 1, 2, and 3 manifestations of each.

Sales	Marketing	Customer Service	Legal	HR	Finance	IT
Customer Self-Service	Demand Generation	Support Assignment	Regulatory & Compliance Management	Employee Engagement	Quote to Cash	Data Management
Lead Generation	Content Creation	Issue Diagnosis	Contracting	Recruiting	Record to Report	Software Management & Acquisition
Post-Sale Follow-Up & Upsell	Predictive Analysis	Problem Resolution	Risk Management	Learning & Development	Tax & Treasury	Device Refresh
Analysis & Forecasting	Personalization	Continuous Improvement	Consultation	Talent Management	Planning & Analysis	IT operations
Sales Enablement & Recommendation	Customer Insights & Strategy	Self-help	Advisory Services	HR Strategy & Planning	Procure to Pay	Change Management & User Adoption

To see detailed information on these product scenarios, workflows, and success measures, [click here](#).

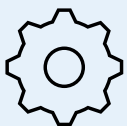
To succeed with such a **starting list**, **targeting the right workflows and empowering teams to build the right solutions** are critical steps to custom-fit them to your organization and engage people in the change journey. Read on for guidance on how to do so in each of the Frontier phases.



TARGET HIGH-IMPACT WORKFLOWS

PHASE 1: PRIORITIZE NO-REGRETS WORK

- ✓ **Begin by identifying quick-win areas where AI can immediately focus users on workflows core to their function's operations.** Consider two approaches:
 - (1) **A process-first lens.** Choose from among the top recommended processes and introduce AI assistance in certain steps, following Pattern 1 recommendations in these scenarios.
 - (2) **A job-centric lens.** List key tasks for roles being considered for increased automation and identify those well-suited to augment with Copilot; this approach can offer a low-friction way for people to introduce AI into their most granular unit of work and generates learnings about how best to augment or automate tasks that cut across jobs, processes, and functions – a concept that becomes increasingly important in Frontier Phase 3.
- ✓ **Use enterprise data (e.g., in Microsoft Viva Insights) or ask your team (e.g., with Microsoft Viva Pulse) what drains their time.** Often, employees will know the pain points; “if only I had help with X, I’d be more productive.”
- ✓ **Regardless of approach, favor work that is frequent, done by a significant number of people, and sufficiently standardized.** For example, drafting standard emails, summarizing documents, pulling routine analytics, or scheduling meetings. These are tasks Copilot can handle easily with minimal risk and are typically well-understood enough by leaders and team members to be able to assess improvement.



Microsoft's forthcoming **task inferencing capabilities and agent** can assist with rapidly identifying tasks and flagging those that have high AI applicability and opportunity for transformation with Copilot in Phase 1 and agents in 2 and 3.



TARGET HIGH-IMPACT WORKFLOWS

PHASE 2: TARGET SPECIFIC WORKFLOWS FOR AUTOMATION

Revisit work you targeted in Phase 1 and identify opportunities to **increase AI's responsibility**. Two patterns typically emerge:

- 1. End-to-End Process Re-engineering.** Take a business process that crosses multiple steps or people and look for segments where an agent can bring more rigor and consistency than individual use of Copilot prompts. For example, in Step 1, you might have used AI in one step; Now, aim for an agent to string together multiple AI-driven steps. For example, in a customer support process, instead of customer support representatives using Copilot Chat in a given workflow in slightly individualized ways, an AI agent could intake tickets, categorize them, and even resolve common issues, ensuring the full workflow is handled in a consistent and outcome-oriented way.
- 2. Augmenting Specialists.** Identify roles where a lot of decisions are rules-based or data-heavy. Consider introducing an agent like [Microsoft's Analyst agent](#) that works alongside the human specialist. For example, a financial analyst could have use Analyst agent to periodically monitor transactions for anomalies or suggestions to optimize cash flow, which the analyst then reviews and approves.

Consider momentum. If employees consistently used AI for a task and found it beneficial, can we now let the AI handle that task entirely? For instance, if marketers used Copilot to draft social posts in Step 1, in Step 2, you might implement an agent that automatically generates those posts given a content calendar, with humans just approving.



Engage your team in redesigning workflows to increase buy-in.

Enlist the technical expertise of a digital expert in or partnered with your team to pinpoint steps that can be automated and highlight where human judgment must remain. Use those insights to define the roadmap of AI integrations.



TARGET HIGH-IMPACT WORKFLOWS

PHASE 3: PUSH THE AUTOMATION AMBITION

By now, many of your routine workflows are at least partly automated. In Step 3, you extend and optimize.

Identify unaddressed or further scalable workflows and see if AI can tackle them. For instance, maybe in Step 2, your customer service agent handled tier-1 questions; in Step 3 you might integrate it with a knowledge graph and upgrade it to handle tier-2 queries as well, further reducing human load.

- ✓ **Look at cross-functional processes.** Most Phase 2 automations are within a function; Phase 3 may involve processes that span departments or even external partners. For instance, imagine an autonomous agent that not only creates a sales quote (internal) but also sends it to the customer and processes the purchase order (crossing into the domain of finance).
- ✓ **Scale up volume and complexity.** This step is about scale and reliability. The AI systems should be able to handle surges in workload (e.g., end-of-quarter spikes, holiday seasons) because they can operate continuously and rapidly.
- ✓ **Raise the impact bar on outcomes.** Given the increasing sophistication of agents and adaptability of your team members, continually sense-check use cases to ensure they ladder up to your highest-priority business outcomes, and not the task or process improvement proxies of Phases 1 and 2.





DEVELOP AI SOLUTIONS

PHASE 1: INCORPORATE COPILOT INTO TODAY'S WORKFLOWS

In this phase, focus on Copilot's conversational capabilities experienced by people through their own prompting, rather than agents. This means deploying tools like Copilot Chat or Copilot in Excel that augment an employee's work but don't operate at a higher level of complexity or autonomy.

- ✓ **For each targeted task, introduce an AI feature or tool.**
 - Content generation & drafting: e.g., Copilot in Outlook or Word for drafting emails and documents, or in PowerPoint slides from outlines.
 - Information summarization: e.g., Teams meeting recap or an AI that summarizes long reports into bullet points.
 - Data retrieval & analysis: e.g., a Power BI Q&A or Excel formula Copilot to quickly answer data queries.
- ✓ **Keep it simple and integrated.** Deploy AI within the tools your team already uses (Outlook, Word, Excel, Teams) so it fits naturally into workflows.
- ✓ **Provide clear instructions on how to invoke the copilot** (e.g., typing a prompt like "Summarize this document" in Word). In Stage 1, the AI solutions should still leave the human in control.





DEVELOP AI SOLUTIONS

PHASE 2: ENABLE PEOPLE TO MANAGE ASSISTIVE AGENTS

In this stage, **start introducing assistive agents that can handle more complex guidance and action and automation scripts that execute tasks with minimal human intervention.** Unlike Phase 1's scenarios that rely only on user prompts, these agents can be event-driven or scheduled:

- ✓ **Domain-Specific AI Agents.** Leverage more advanced AI for specialized tasks – e.g., Microsoft Researcher agent to develop deep insights on changing market dynamics to develop a strategy paper, or a procurement agent that auto-approves low-value purchases per policy. These agents make decisions or take actions based on human direction, predefined rules, and AI predictions.
- ✓ **Human-in-the-Loop Mechanisms.** Design each agent's workflow with clear points where human oversight occurs. For instance, an AI might prepare a financial forecast; a human manager must sign off on it. Define thresholds for escalation (e.g., if AI confidence <90% or if a transaction > \$10,000, involve a person).

During development, focus on integration and data. Ensure the AI agents connect to necessary data sources and enterprise systems. You may need IT support for API access or to handle security concerns. Pattern 2 often flushes out data issues (missing or siloed data) and technical bottlenecks that Pattern 1 didn't hit. Addressing these is part of the transformation (e.g., clean up data, upgrade infrastructure) – it's "slowing down to speed up," as one Microsoft accelerator program put it.



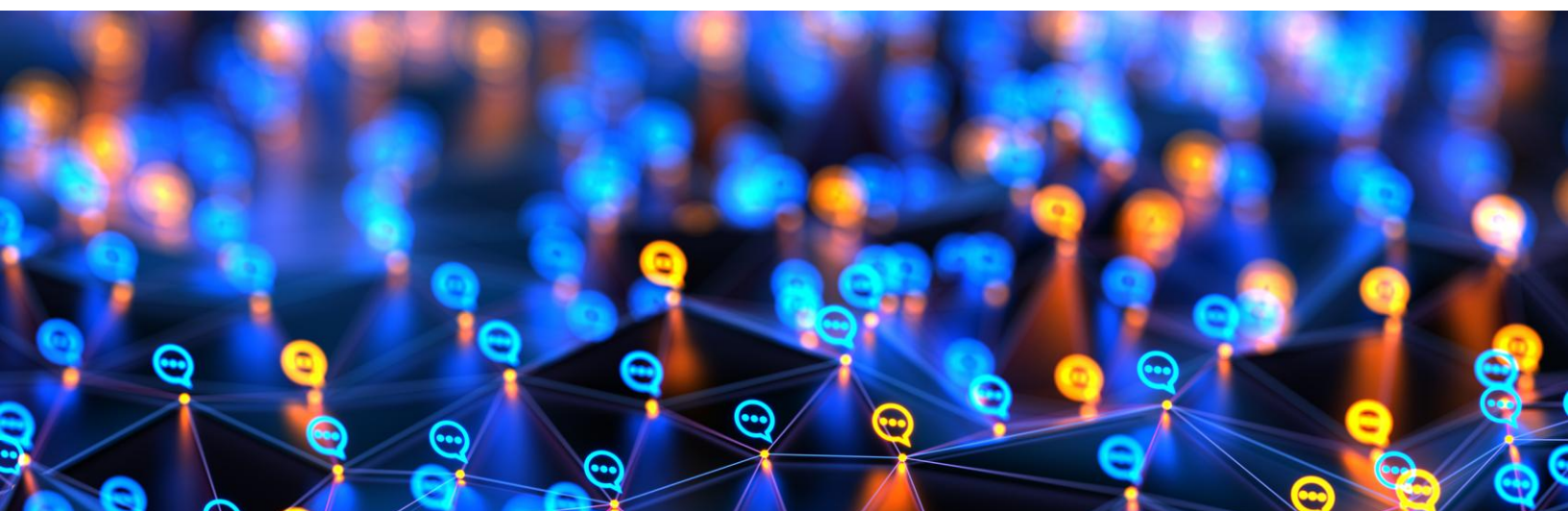
Evaluations and quality control are key: evaluate these human-led, agent-driven ideas thoroughly on small samples. Involve end-users in user acceptance testing to verify the agent's outputs. Start with a pilot: perhaps run the AI agent in parallel with humans for a period to compare results. For example, have the AI make its decisions but still let humans make the real decisions, and see if the AI would have been right. Gradually increase the agent's autonomy as trust grows.



DEVELOP AI SOLUTIONS

PHASE 3: EMPOWER PEOPLE TO OVERSEE A FLEET OF AGENTS

- ✓ **Advanced AI Capabilities.** Introduce more sophisticated AI where needed – e.g., predictive analytics that can make proactive decisions. For instance, an inventory management AI could predict stockouts and autonomously reorder supply, not just react to set points. At this stage, consider expanding the group of subject matter experts who develop solutions to ensure top performance.
- ✓ **Full Autonomy with Oversight.** Decide which decisions can be fully made by AI and which will always require human sign-off. In Phase 3, many routine decisions can likely be delegated entirely to AI (with humans reviewing only by exception). Establish clear governance rules or “decision rights”: for example, “AI can approve expenses up to \$5k; anything above that goes to a manager.” Document these and make sure everyone knows the boundaries.
- ✓ **Continuous Improvement Loops.** Implement processes for the AI systems to get better over time. By Phase 3, you should be regularly feeding real-world outcomes back into the AI. For example, if an AI sales agent lost a deal, feed that data to retrain its model on win/loss phases.

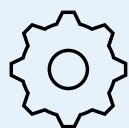


SECTION 3

Measuring success



Evaluating the success of individual AI solutions tells part of the transformation story, but Frontier Firms must also focus on the bigger picture, using a blend of telemetry- and employee sentiment-based measures to assess how they are maturing along the journey, and using key performance and financial indicators where appropriate to assess the business impact of transformation.



[Copilot Analytics](#), [Viva Glint](#), [Viva Pulse](#), [Viva Engage](#), and [Microsoft Forms](#) should each be used to capture telemetry, sentiment, and business outcome measures throughout the Frontier journey. In this section, you'll find recommended measures, examples, and modalities suited to each phase.





PHASE 1: FOUNDATION

As Frontier transformation begins, leaders should listen for early signal on how primed people are to fully embrace AI and the lasting change ahead. To measure success, leaders should focus on **healthy usage signal that users are seeing their day-to-day work meaningfully assisted by Copilot and employee readiness for accelerating change**. At this stage, you may also start to see teams with consistently high Copilot usage showing improvement in leading indicators of business impact, such as process KPIs, a sign of greater maturity and preparedness for next phase.

Area	Success measure	Example	Modality
How people work (telemetry)	Adoption	% of team with habitual or power users of Microsoft 365 Copilot	Copilot Analytics
	Time savings	Copilot-assisted hours (estimated)	Copilot Analytics
		Copilot-assisted hours (self-reported)	MS Forms, Viva Pulse
	Tasks assisted	Prompt categorization (e.g., # of user prompts for drafting content vs. finding resources)	Copilot Analytics
How people feel (sentiment)	AI Skilling	<i>I have the skills I need to do my job well.</i>	Viva Glint
	Culture	<i>[Company] has a great culture.</i>	Viva Glint
	Communication	<i>Leaders do a good job of communicating with employees.</i>	Viva Glint
	Change Readiness	<i>People at [company] adapt well to changes.</i>	Viva Glint
	Change Adaptation	<i>I feel supported in my efforts to adapt to organizational changes.</i>	Viva Glint
	Innovation Potential	<i>My team demonstrates a high level of innovation.</i>	Viva Glint
	Process Barriers	<i>At [company], we do a good job removing barriers that slow down our work.</i>	Viva Glint
	Psychological Safety	<i>I feel free to speak my mind without fear of negative consequences.</i>	Viva Glint
	Strategic Alignment	<i>I understand how [company] plans to achieve its goals.</i>	Viva Glint
	Overall	CSAT, or user satisfaction with Copilot (e.g., thumbs up/down in Copilot, or framed as a satisfaction survey item)	Copilot Analytics, MS Forms, Viva Pulse



PHASE 2: EXPANSION

Success at this phase is reflected by significant **embeddedness of agents, step-changes in capacity creation, improvement in KPIs and cost-benefit ratios for agent-assisted workflows, and an employee experience in which decision-making, collaboration, and learning are meaningfully changing.** Leaders should seek to understand if agents are operating as intended and have growing penetration as well as how people feel about this tighter integration of humans and agents.

Area	Success measure	Example	Modality
How people work (telemetry)	Adoption and agent landscape	# of agents used per person	Copilot Analytics
		# of agents deployed overall (broken down by agents built in Copilot Studio, coming from a 3P source, and others)	Copilot Analytics
		Repeat usage	Copilot Analytics
		Resolution rate	Copilot Analytics
	Capacity augmentation	Capacity augmented by AI /Assisted Hours	Copilot Analytics
	Business metrics	Improvement in functional KPI	Copilot Analytics
		Improvement in 'uber' finance metric (e.g., revenue per employee)	Copilot Analytics, ad-hoc reporting
How people feel (sentiment)	Collaboration Norms	<i>Teams at [company] collaborate effectively to get things done.</i>	Viva Glint
	Decision-Making	<i>Decisions at [company] are made where the most adequate and accurate information is available.</i>	Viva Glint
	Empowerment	<i>I feel empowered to make decisions regarding my work.</i>	Viva Glint
	Learning	<i>I have good opportunities to learn and grow at [company].</i>	Viva Glint
	Overall	Passive listening trends related to AI and agents	Viva Engage



PHASE 3: FRONTIER

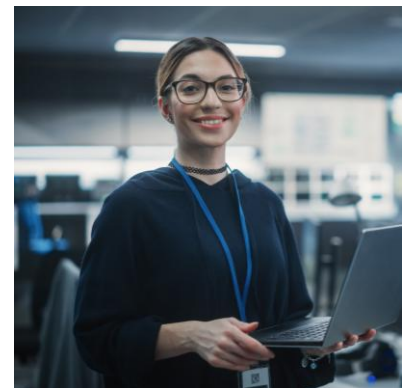
Today, Frontier Firms at this stage of maturity tend to be AI native companies more than they are enterprises that have fully refashioned themselves to operate with this degree of sophistication. **Microsoft expects Phase 3 enterprise firms should not only see growth and evolution in Phase 2 measures but added business impact only made possible by their agentic leverage** (e.g., revenue from new business lines not previously pursued due to scale or complexity).



Future telemetry-based measures to evaluate success at this stage could include metrics and ratios related to autonomous agent twins (e.g., # of users with agent twins) or agent bosses (e.g., % of teams operating with leaders managing teams of agents), and with work redesign (e.g., tasks mapped for AI tasks/workflows assisted by agents)

Sentiment-based measures could include topics capturing the reinvention of the firm.

- **Strategy:** Do employees feel the company's strategy continues to evolve in the right direction as AI and agents create new possibilities?
- **Culture:** How do employees feel the culture has evolved relative to earlier phases, or parts of the organization that are further along in the journey than others?
- **Innovation and creativity:** Do employees feel these aspects of the human experience continue to improve, or are they threatened by the increasing role of agents?



Conclusion



The path to becoming a Frontier Firm involves reimagining how work gets done at every level. Each phase unlocks new value—from efficiency gains to agility to entirely new business models—and organizations that navigate this path successfully will be poised to lead in the AI-powered era.

Throughout all phases, remember that technology adoption is ultimately about changing human behavior. By following the recommendations outlined in this playbook, leaders can actively shape the journey and realize the Frontier Firm vision in a way that is strategic, responsible, and transformative for their organization and its stakeholders.

