

Total Economic Impact

The Impact Of AI On Microsoft Modern Work Partner Revenue: Copilot And Agents

A Total Economic Impact™ Partner Opportunity Analysis

A FORRESTER TOTAL ECONOMIC IMPACT STUDY COMMISSIONED BY MICROSOFT, JULY 2025

The Forrester logo is displayed in white, serif, all-caps font within a black rectangular box. The box is positioned on the left side of a large, abstract graphic that features flowing, organic shapes in various shades of green and teal, set against a black background.

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Introduction

Widespread interest in applying AI in the workplace is fueling new forms of partner growth. Initially, this was driven by Microsoft 365 Copilot, but the focus is now shifting to agentic AI. A Modern Work partner's expected revenue opportunity at an enterprise customer grew by 13% in fiscal year (FY) 2025, of which 8% is attributed to AI. Other growth drivers continue to be cost reduction through vendor consolidation, the shortage of IT workers, and a broadening of the Microsoft solution stack creating more opportunities for partners. Partners that made the necessary investments in their internal capabilities and Microsoft relationships reported higher revenues and profitability.

Microsoft released Microsoft 365 Copilot in FY 2024, which created many new sales and delivery opportunities for both Microsoft and its partners. FY 2025 saw an increase in interest in AI, which created direct opportunities, such as deploying Microsoft 365 Copilot or building agents, as well as indirect opportunities, such as bringing AI into SharePoint and integrating workplace solutions like Microsoft Teams Rooms and Microsoft Places that unlock additional AI value. Even though the majority of partner opportunity growth over the past two years was attributable to the interest in and adoption of AI, the vast majority of Microsoft's and partners' revenues still comes from all the solution areas and services that predate Microsoft's AI solutions. There are also other drivers of growth such as increased customer interest in license and operations cost savings through vendor consolidation, the perennial shortage of IT workers, return-to-office initiatives, and the impending Windows 10 end of life. Taken altogether, companies need the help of professional services and managed services providers more than ever before.

This year's analysis is a deep dive into the impacts that AI is having on partner revenues as well as the investments and best practices that are creating success. In order to understand this, Microsoft commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential business opportunity partners may realize by building and scaling Microsoft Modern Work practices for enterprise customers.¹ Modern Work is comprised of many Microsoft products, and this translates into partner opportunities across eight solution areas:

- **Microsoft 365 Copilot and agentic AI built with Copilot Studio.** Microsoft 365 Copilot (Copilot) provides generative AI (genAI) assistance in Microsoft Outlook, Microsoft Teams, Microsoft Office applications, Microsoft Loop, and other Microsoft 365 services. Copilot Studio can be used to customize Copilot for Microsoft 365 and to build AI-powered agents. It is this latter category where most of the interest and investment is beginning to take place, and this has expanded since the launch of Microsoft 365 Copilot Chat. All of this requires customers to be AI-ready in terms of data security and governance.
- **Secure Productivity.** Secure Productivity encompasses the productivity and core security and compliance capabilities within Microsoft 365 E3 as well as Microsoft Teams. AI-related opportunities include infusing AI to increase productivity and the broader compliance and governance work beyond the scope of the Direct AI solution area. The Secure Productivity opportunity, as described in this study, excludes the partner opportunities related to Microsoft Teams Phone, Microsoft Teams Rooms, and SharePoint because they are described and quantified separately.
- **Microsoft Teams Phone.** This is the partner opportunity around deploying public switched telephone networks (PSTNs) with Microsoft Teams through either Microsoft first-party calling plans where supported or telecom calling plans. Fixed-line telecom calling plans can be enabled through either Microsoft Direct Routing or Operator Connect, and mobile calling plans can be enabled through Teams Phone Mobile. Teams Phone is a good example of a legacy workload being fully integrated into the productivity stack and transformed by AI. AI-related opportunities include bringing calling contextual information into AI solutions and building AI agents for calling business processes. Additionally, the launch of Teams Phone extensibility allows customers to alleviate the need to configure and administer a separate phone system and PSTN connectivity for contact center deployments, further expanding the opportunity to leverage existing infrastructure.

- **AI-powered workplace (Microsoft Teams Rooms and Microsoft Places).** This is the partner opportunity for configuring physical meeting rooms with Teams devices and the Microsoft Teams Rooms Basic and Pro licenses. A large part of this work involves designing and delivering consistent and enriching experiences to meeting participants who are very often a mix of in-room and remote. Microsoft Places was recently released, and it leverages AI to make recommendations such as where to sit and which meeting room to book for maximum collaboration. AI opportunities include designing rooms with better voice and video quality to bring contextual information into AI solutions, supporting customers agentic AI development initiatives, and deploying Microsoft Places.
- **Cloud Endpoints.** This is the partner opportunity to work with customers to modernize their endpoint ecosystems and enable them to take advantage of Cloud Endpoints, empower employees to be productive across diverse hybrid and remote work scenarios, and progress towards a Zero Trust security posture. There are also opportunities to deploy Windows 365 Cloud PCs and virtual machines using Azure Virtual Desktop (AVD) and help customers migrate to Windows 11. AI-related opportunities are centered around the secure deployment and management of endpoints in support of AI, and there is an emerging opportunity for building frontline worker agents on AI-capable devices.
- **SharePoint.** SharePoint is a document management platform that, in addition to its traditional uses, is a primary source of content for genAI to pull from. SharePoint includes SharePoint premium capabilities like Syntex, SharePoint Advanced Management (which is included in Microsoft 365 Copilot), SharePoint Embedded, and Microsoft 365 Backup and Restore. AI-related opportunities include getting SharePoint ready for and integrated with Microsoft 365 Copilot, as well helping customers build SharePoint Agents.

\$91.00 per user per month

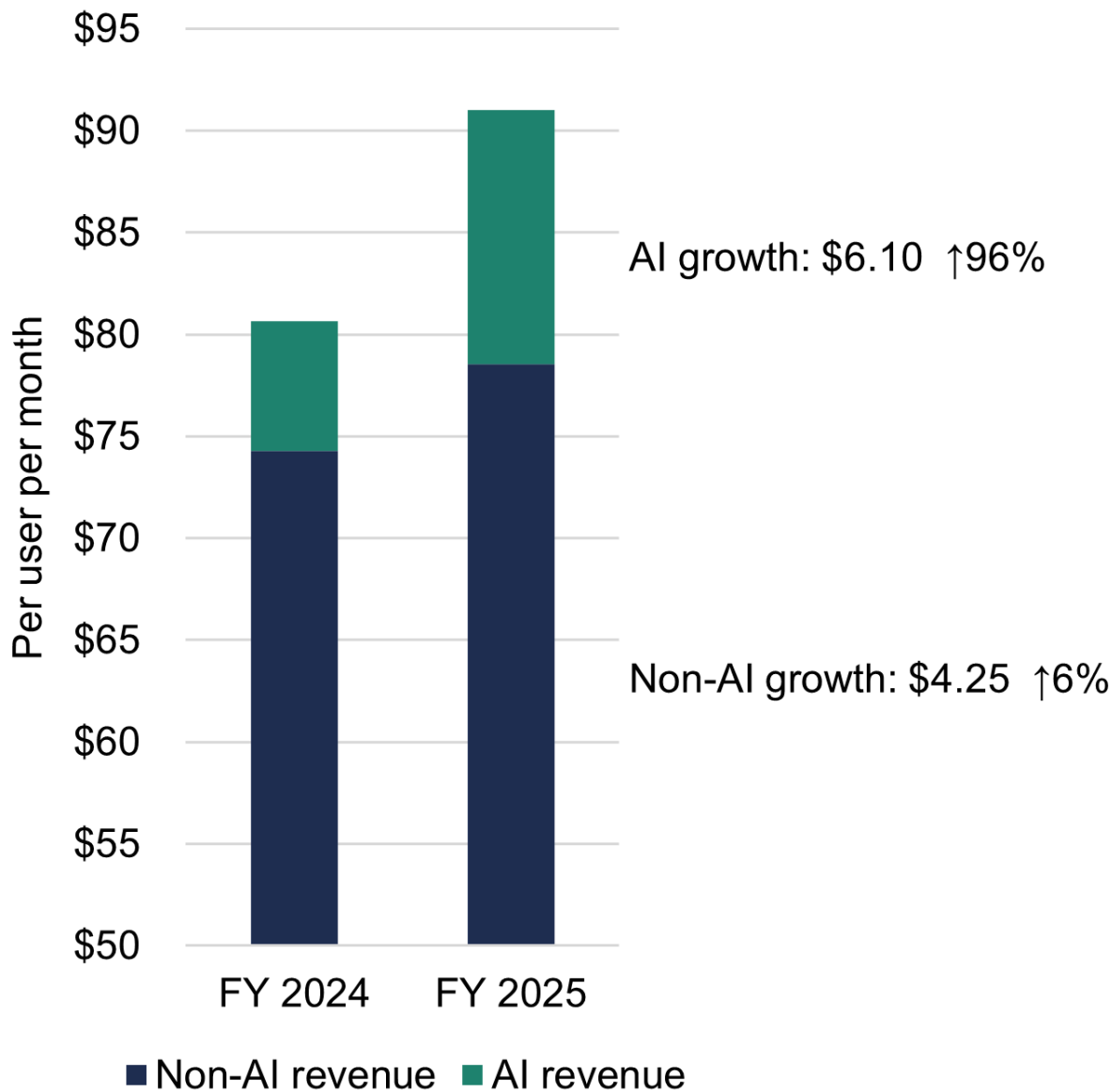
13%

Expected revenue, including non-AI and AI opportunities (with attach rates applied)

Expected revenue year-on-year growth, including non-AI and AI opportunities ⓘ

AI had a significant impact on the revenue opportunity for Modern Work partners over the past two years. This includes direct opportunities such as deploying Microsoft 365 Copilot and building agents as well as indirect opportunities to infuse genAI in other solution areas and take advantage of back-end AI for things such as voice and video quality. Across all solution areas, advisory services have become very important in order to help customers achieve AI transformation. Across the direct and indirect opportunities, AI now accounts for 14% of the expected revenue opportunity for a Modern Work partner, and it was 60% of the overall year-on-year growth. Additionally, many of the new sales opportunities resulting in the delivery of traditional (non-AI) solutions begin with a conversations about AI.

Expected Revenue Growth



This year's study looks at the impact of AI for Modern Work partners in FY 2025 and the outlook for FY 2026. This includes: 1) what customers want from Microsoft partners; 2) how partners make money; and 3) the best practices and investments that create success.

To better understand the revenue streams, investments, and risks associated with a Microsoft Modern Work practices within the context of AI, Forrester interviewed representatives from 23 partners with practices in one or more of the aforementioned solution areas. These interviews build on more than 215 partner interviews, 200 interviews with representatives from organizations buying partners' services, and multiple partner surveys Forrester conducted during the past 11 years.

Forrester created a partner opportunity model for enterprise customers that isolates AI growth based on what leading partners achieved in FY 2025 and, to a lesser extent, what they expect to achieve in FY 2026. This model quantifies the AI-related opportunities for deployment, advisory services, solutions development (repeatable IP, custom solutions, building agents, and advanced integration work), and managed services.²

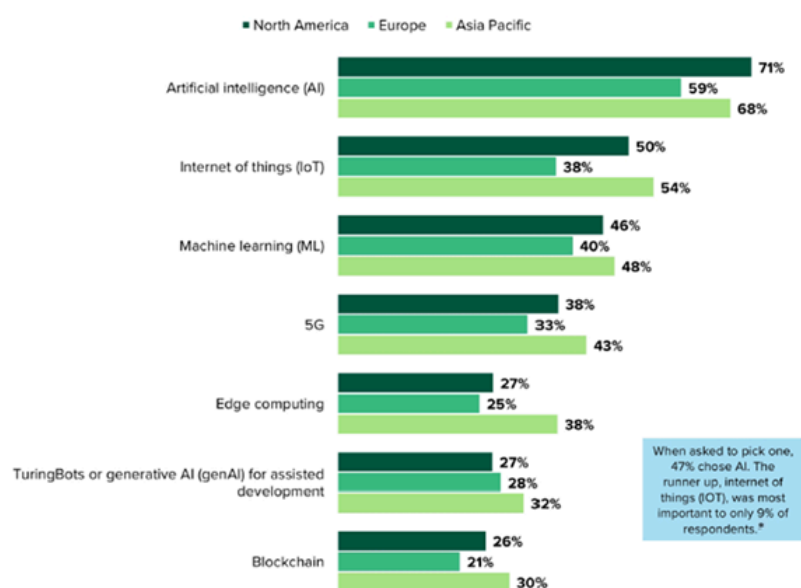
“We grew 21% this past year, and it is all because of Copilot. We are selling more projects and bigger projects, including winning new logos. Copilot opportunities have also helped us expand into other countries.”

Market Trends

The Customer Perspective

This section incorporates some of Forrester analysts' research and Forrester Decisions' survey data to understand what is driving customer demand in terms of their priorities and the services they are looking for. Forrester's The State Of Technology Services 2025 report revealed that AI is, by far, the top emerging technology that organizations are planning to use third-party services for over the next twelve months.³

“For which of the following emerging technologies do you expect your organization to use third-party service providers in the next 12 months?”



Base: 695 to 909 enterprise services decision-makers; sample varies by reason

*Base: 2,301 global decision-makers whose organization is planning to use third-party services for emerging technologies in the next 12 months

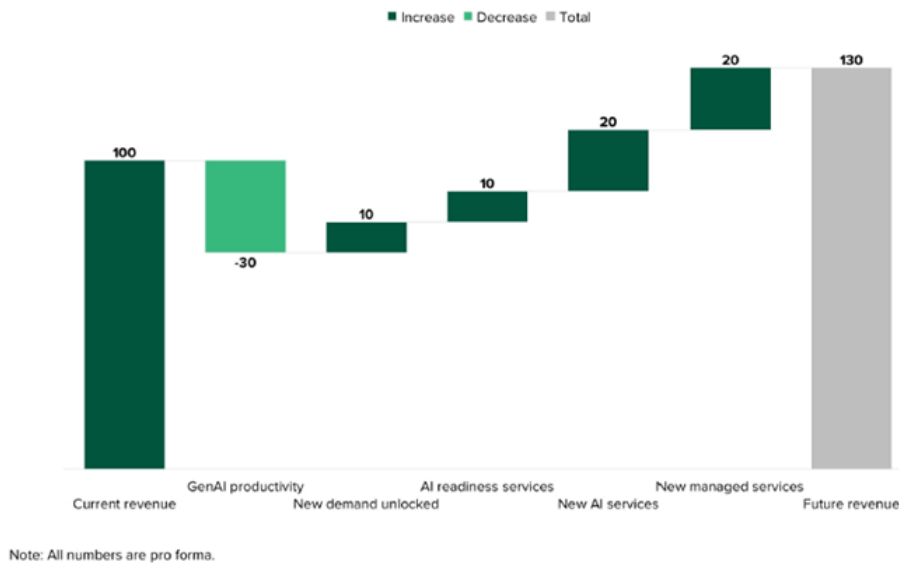
Note: Not all response options are shown

Source: Forrester's Business And Technology Services Survey, 2024

Forrester's 2025 Priorities Survey asked 5,449 business and technology professionals what their top IT objectives will be over the next twelve months. The top two responses were improving IT capabilities to enhance the experience of end customers and to do the same for employees.⁴ These are both areas where Modern Work partners help customers every day and where genAI can bring a lot of value.

Forrester looked at the trends affecting technology services, and it predicts that “generative AI and agentic workflows are roiling technology services markets, overturning 15 years of stability in the business model.” Service providers will achieve internal efficiencies and cost savings, some of which will need to be passed on to customers. Fortunately, new and expanded services revenue opportunities will more than make up for this decrease in revenue (see chart below). To achieve this, service providers will compete on agent-powered delivery, put their — and their clients' — proprietary knowledge to work, and develop and promote value-based pricing models.⁵

GenAI Deflates Services Revenues But Unlocks Demand And Triggers New Services



Source: Four Forces Shape Technology Services In 2025, Forrester Research, Inc., April 2, 2025.

Forrester’s research shown above demonstrates that AI is creating new and increased opportunities for Modern Work partners and that partners are well positioned for the ongoing AI revolution. These trends are expected to accelerate in FY 2026.

The Partner Perspective

Partners shared their views on the high-level trends that are driving AI-related growth and what they believe will be even more important in FY 2026. These include:

- The blurring of the lines between the parts of Microsoft.** Customers are looking to use AI to address wide-ranging business opportunities, and the way to do so often intersects Modern Work, Business Applications (Power Platform and Dynamics), Security, and Azure. The overlaps between partners’ various Microsoft practice areas are greater with AI than other technologies. Partners are responding to this by rethinking their organizational structures and project delivery by increasing their capabilities and by working with more teams across Microsoft. (Forrester completed separate partner opportunity analyses for Security and Dynamics 365, so partners with practices in those areas may want to read those studies as well.)⁶

“GenAI — and now agents — are opening new opportunities with existing customers. To deliver these projects, we need to bring together our content, security, and Modern Work teams.”

- The need to expand capabilities, especially advisory, which is the greatest it’s been in a long time.** How partners need to invest depends on where their traditional strengths lie. Partners that had expertise in information management and protection (e.g., SharePoint) all felt that they had a leg up on other partners when it came to genAI. Similarly, Business Application partners with a strong business process optimization (BPO) capability felt they are best positioned for agentic AI. Regardless of where a partner’s prior strengths lie and how good they already are, almost everyone said that the top two areas they need to improve are information security and advisory services to help customers become AI-ready and create value. Some partners have decided to pursue partner-to-partner (P2P) motions rather than expand these capabilities in house.

“GenAI is increasingly about redesigning business processes. It is a lot more advisory work than IT service work, and it increases our service fees.”

- **An increase in large opportunities due to agentic AI in conjunction with Microsoft 365 Copilot Chat.** Partners said that most Microsoft 365 Copilot deployments begin with a subset of users rather than enterprisewide. Follow-on phases take place as additional use cases are identified, and the business case is approved. This phased approach delays services revenue attainment. Partners expect there to be an increase follow-on deployments in FY 2026 as genAI becomes more mainstream and the low-hanging-fruit use cases prove successful.

Microsoft 365 Copilot Chat was announced several weeks before most of the partner interviews took place. Based on this initial information, partners are optimistic that the numbers and size of opportunities will increase because a user no longer needs a \$30 Microsoft 365 Copilot license to benefit from many forms of agents. They also believe that this can lead to greater adoption of the Microsoft 365 Copilot license when a user's consumption costs approach \$30 per month. One partner said that Microsoft 365 Copilot Chat and agents will lead to the “democratization of AI” and create many frontline worker opportunities.

Moreover, based on customers' initial interest and forays into agentic AI, partners believe that this will create an increase in AI projects in FY 2026. Partners expect there to be a mix of ways they assist customers in the creation and management of AI agents from helping customers set up internal agentic-AI centers of excellence (COE) and governance models to fully building agents for customers to providing partial heavy-lift assistance for agents that customers are building in-house. Partners believe this will be an ongoing process as new use cases for agentic AI are identified. This view is similar to what Microsoft calls the Business Value Factory.

“We are doing a lot of work with customers on agents. Right now, it's mostly about governance and deployment strategies, but we are already building some complex AI agents. ... One of the nice things is that an AI agent can cost 25% more to build than a deterministic agent.”

- **Cost considerations that can both help and hinder partners.** Because AI is such a high priority for business and technology leaders, many customers are moving budget from other technology areas into AI. This can impact and/or delay other partner opportunities. Customers are also looking to consolidate and reduce their investments in other AI products and initiatives as part of the overall AI business case, which is good for partners. The other cost consideration, which is beyond the control of partners or Microsoft, is increased economic uncertainty driving a greater urgency for IT cost reduction, with vendor consolidation being one of the way to do so. This means that IT budgets might get tighter, but vendor consolidation is good for Microsoft partners.

“We have seen a lot of success with E3 to E5 conversions by showing customers what the cost savings from consolidation will be, and AI is driving these deals because of compliance.”

- **Using AI internally for sales and delivery.** In addition to selling AI solutions, partners are putting it to good use themselves. One of the reasons is to learn about AI and build expertise by experimenting internally. The other is to improve their delivery capabilities and cost structure. Some more advanced partners are using AI as part of their sales processes to evaluate and respond to RFPs.

“These agents are part of our future strategy, enabling us to optimize productivity, gain competitive advantage, and drive business growth.”

- **Microsoft's partner support and funding programs.** Partners said that Microsoft's shift to create workshops, programs, and funding opportunities designed to drive usage rather than only license sales has been very helpful. They also said that early funding can make a huge difference in creating large, multi-year delivery programs. Partners are also investing more time into achieving specializations in order to qualify for the various programs. (Partners shared with Forrester recommendations on how to improve support and programs, which were shared with Microsoft.)

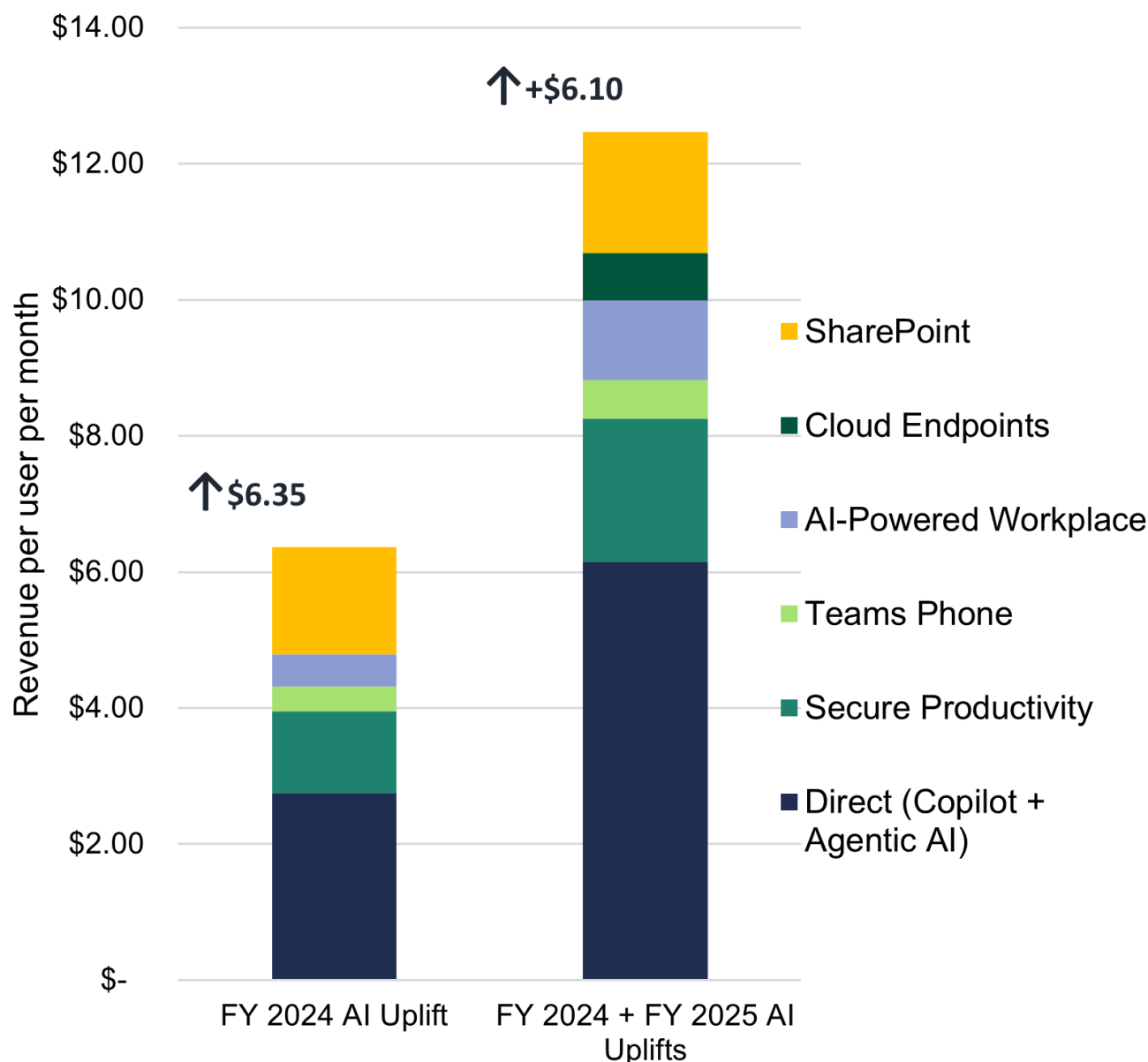
"We love the changes to the workshops and go-to-market tools over the past few years. This has been a big boost to our sales."

The Partner Opportunity

The trends discussed above made AI the largest driver of growth across all solution areas in FY 2025, both in terms of total revenue potential (i.e., what partners are offering) and the expected revenue associated with the likely bundles of services and products customers are buying (attach rates applied). The overall expected revenue opportunity, including non-AI and AI, grew by 13% for a customer on a three-year journey, and 60% of this was attributable to AI. From this point forward in the study, only the AI portion of this growth will be discussed.

Looking at growth by solution area, the direct AI opportunity was, not surprisingly, the largest. In FY 2024, it was mainly about AI readiness and early deployments of Microsoft 365 Copilot. This continued in FY 2025, and the new agentic AI built with Copilot Studio opportunity further increased it. Secure Productivity saw the second largest growth, mostly doing broader data security work and infusing AI into collaboration tools like Teams. Microsoft Teams Phone has seen smaller growth to date but that is beginning to expand with agentic AI being infused into voice use cases. AI-Powered Workplace saw more growth in FY 2025 because meeting rooms can be a blind spot for bringing contextual information into AI solutions and the expanded services opportunity with the introduction of Microsoft Places. Cloud Endpoint growth emerged in FY 2025 as partners helped customers make endpoint devices ready to use AI. SharePoint's growth in FY 2024 largely came from Syntex projects to bring more contextual information into Microsoft 365 Copilot and in FY 2025, it comes from infusing AI into SharePoint intranets.

Expected Revenue Growth Due To AI



Forrester also broke out the FY 2025 expected revenue opportunity across four service areas: deployment, advisory, solutions development, and managed services. The AI-specific expected revenues grew in the following ways:

- **Deployment opportunities grew by 51%.** Deployments are the typical technological entry point for new customer engagements. Pilots and proofs of concept (POCs) are included in this category, which saw large growth because of Microsoft's continued focus on early-stage activation projects. Win rates to progress from a pilot/POC to a follow-on phase are high in the AI space. The largest growth was in Direct AI, Teams Rooms, and Cloud Endpoints.

- **Advisory services grew by 63%.** Advisory services around planning, adoption, and change management have become critical in helping customers become high-performing AI organizations. This increased opportunity — and a customer’s new willingness to spend money on it — is expected to last for the next two years, at which point most of the AI-specific foundational work should be completed. The largest areas of growth were Direct AI, Secure Productivity, and Teams Rooms.
- **Solutions development grew by 294%.** Solutions development includes the resalable IP that partners are creating (either as standalone solutions for sale or used to make deployments and managed services more efficient), custom solutions development, and advanced integration work. This year saw the addition of building AI agents, which represented 80% of the total solutions development growth. Teams Rooms had the second largest growth in large part due to the growing customer demand for Microsoft Places and integration opportunities with Teams Rooms. Attach rates for solutions development typically lag behind advisory and deployment work when introducing new capabilities, and that is the case with AI. For example, Teams Phone saw a large increase in the total opportunity (partners bringing new offerings to market) in the form of agentic AI, but very low attach rates meant that there was no impact on expected revenue in this year’s model.
- **Managed services were new in FY 2025.** AI is yet to have a meaningful impact on managed services revenues. Partners are expanding existing managed services, such as end-user support, to include support for Microsoft 365 Copilot but they are struggling to increase prices. Partners have created new managed services specific to AI, e.g. knowledge content and usage dashboarding, but attach rates are extremely low at this point.

“Across all solution areas, our AI business has grown twice as fast as everything else.”

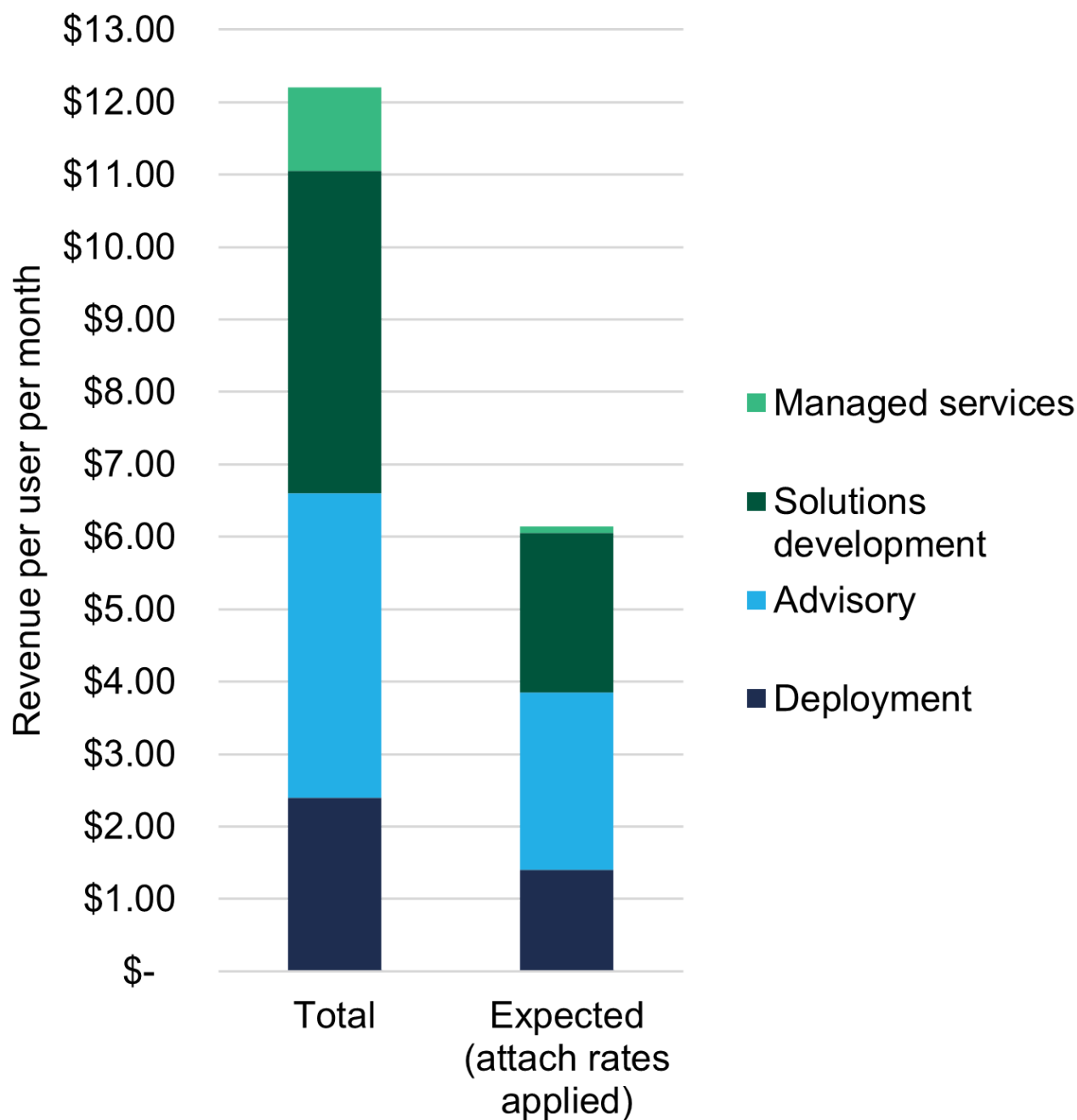
Incremental AI Revenue Opportunity By Solution Area			
Solution Area	Total Revenue Per User Per Month	Blended Attach Rate	Expected Revenue Per User Per Month
Direct AI (Microsoft 365 Copilot and Agentic AI)	\$12.20	50%	\$6.15
Secure Productivity	\$5.30	40%	\$2.10
Microsoft Teams Phone	\$1.10	50%	\$0.55
Microsoft Teams Rooms	\$2.80	41%	\$1.15
Cloud Endpoints	\$0.90	78%	\$0.70
SharePoint	\$3.80	47%	\$1.80
Total	\$26.10	48%	\$12.45

Incremental AI Revenue Opportunity By Partner Service			
Partner Service	Total Revenue Per User Per Month	Blended Attach Rate	Expected Revenue Per User Per Month
Deployment	\$6.95	58%	\$4.00
Advisory	\$8.35	56%	\$4.65
Solutions development	\$8.90	38%	\$3.35
Managed services	\$1.90	24%	\$0.45
Total	\$26.10	48%	\$12.45

Direct AI (Copilot And Agentic AI)

The Direct AI opportunity consists of partner work related to Microsoft 365 Copilot, including functional Copilots like Copilot for Sales and Microsoft 365 Copilot Chat with pay-as-you-go agents, which was announced in January 2025. The FY 2025 Direct AI opportunity also includes partners' work related to AI agents mostly built with Copilot Studio, including Agent Builder as part of Microsoft 365 Copilot. The financial model shows the combined opportunity, but the Microsoft 365 Copilot and agentic-AI opportunities are discussed separately below to provide more specific insights into these opportunities.

Direct AI Opportunity



Microsoft 365 Copilot

Looking solely at the Microsoft 365 Copilot portion of Direct AI, which was included in the FY 2024 analysis, the expected revenue opportunity grew by 36%. Partners remain bullish on the long-term opportunities around Microsoft 365 Copilot, although some said that the pace of customers' full-enterprise rollouts did not meet expectations. Partners believe that Microsoft 365 Copilot Chat should increase opportunities because the requirement for a \$30 monthly license is removed for many use cases, especially for frontline workers.

“If we look at an existing customer that is already buying all they can from the Microsoft stack and all of our services, Copilot can add 5% to 10% on top of that.”

- **Initial workshops lead to follow-on work 90% of the time.** Microsoft 365 Copilot programs almost always begin with a workshop. Partners have created workshops of varying scope that range from one day to several weeks and are typically structured using Microsoft’s content (e.g., Jump Start). This is usually followed by a POC and then phased deployments, depending on the number of users. Microsoft funding can be extremely useful for beginning and progressing these efforts. One partner said: “The investment by Microsoft on Copilot workshops has been a big deal. I’ve seen a lot of clients that otherwise would not have started any Copilot work begin and move forward because of \$7,500 to \$20,000 in funding.” A large part of deployment work is related to data security and compliance. Partners also reported this year that there are increased deployment opportunities around building data platforms to power genAI. Altogether, the deployment expected revenue opportunity increased 20% from the previous fiscal year.
- **Advisory services are the largest opportunity.** Sixty percent of the overall Microsoft 365 Copilot opportunity is advisory. One partner explained: “Customers are intrigued by AI but scared that they’ll do something wrong. So, they are more willing to pay us to help them figure it all out by defining use cases, putting the foundations in place, and getting their security right.” Advisory services include planning and use-case definition, business case creation, setting up centers of excellence, change management consulting, and training for IT and end users. Some partners are using Viva Apps as part of their advisory services for change management (Engage) and training (Learning), and even more partners are using Viva Insights to help customers create high-performing AI organizations. Partners also said that some customers are only looking for advisory services and are doing all of the deployment, integration, and management work in-house. The advisory opportunity increased by 29% in FY 2025.
- **Solutions development is newly quantified in FY 2025.** In the previous year’s study, partners were beginning to do some solutions development work but, because it was so new, it was not included in the model. Solutions development includes integrating disparate systems into Microsoft 365 Copilot and customization work. Forty percent of all opportunities included some solutions development work. A lot of solutions development work is beginning to be done using agents, which is included in the Agentic AI solutions area, and partners expect the pendulum to swing further in this direction in FY 2026.
- **Partners are creating managed services but attach rates remain low.** Managed services almost always trail behind other services because customers need to be up and running on a technology before they need to manage it. For this reason, managed services were not part of last year’s model. As expected, partners created and began to offer Microsoft 365 Copilot managed services this year. Partners have expanded broader platform and user support contracts to include Microsoft 365 Copilot, but they have struggled to increase pricing. Partners are also selling managed services offerings around usage and adoption such as usage dashboarding and ongoing training. Partners are still expecting the managed services opportunity to increase as Microsoft 365 Copilot usage increases, including Microsoft 365 Copilot Chat.

Agentic AI

Conversations with customers and some early development work around agentic AI really took off in the second half of FY 2025. Partners mentioned that upwards of 75% of their customers are currently investigating agentic AI. While most customers and partners are still in the research and readiness stages, some partners are building AI-infused agents for customers. These partners often had prior experience with Power Virtual Agents and Power Platform, so the move to agentic AI was easier. Partners are also helping customers navigate the myriad of AI agent development tools, including Copilot Studio, Agent Builder, and Azure AI Foundry. Because this is a new solution area in FY 2025, there is no year-over-year growth percentage. However, results to date show that the expected revenue for a new opportunity already stands at \$2.40 per user per month. One partner with a well-established Power Platform practice said, “We are already doing as much agentic AI work as we are with Microsoft 365 Copilot.” The vast majority of the revenue opportunity is building agents, which resides in the solutions development service category. As with the Microsoft 365 Copilot opportunity, advisory services are critical to success. Partners also expect that there will be many frontline worker use cases for agentic AI.

“A lot of clients have bought into the vision of agents, especially autonomous agents, but they don’t know how to get there, which is good for us. We need to create a path for them that is economically viable, predictable, and good for both business and IT.”

- **Half of agentic AI workshops are moving to a POC.** Deployment work, as defined in this analysis, excludes the development work of building agents. Instead, the deployment opportunity consists of initial workshops and POCs to prove the value of agents, getting the underlying data platforms set up to be used by agents, and setting up development tools like Copilot Studio. A POC for a medium complexity agent can cost anywhere from \$5,000 to \$50,000, and the additional work to build it out could be 5x to 10x in price. Partners expect to begin a lot more agentic AI projects in FY 2026 as customers complete the necessary steps on their AI-readiness journey.
- **Advisory services will increasingly focus on agentic use cases and reengineering business processes.** The advisory service offerings are similar to those in the Microsoft 365 Copilot solution area. Additionally, partners said that there will be a large opportunity for business process optimization by using agents to streamline and automate steps in a business process. This should further increase with autonomous agents, but partners think they will not become mainstream for another 18 to 24 months. There is also more work around helping customers set up centers of excellence and governance models because many — if not most — of the agents will be built by customers in-house. One partner said, “Agentic AI increases the partner opportunity because we’ll spend a lot of time helping optimize processes and do the change management piece.”
- **Building agents is 80% of the overall opportunity.** Partners shared many examples of agents they are building for (and with) customers. The scope and pricing varied greatly, and partners believe that in the future customers will build a lot of the simpler agents themselves. The highest cost example was in the healthcare industry and cost \$1 million. A more typical range for medium complexity agents was \$20,000 to \$100,000. Partners also described a lot of low-price agents costing a few thousand dollars. An example of a frontline worker project was an agent to improve safety by analyzing video feeds, which cost €100,000. Because of the wide range of ways agents can be used, partners expect there to be a continual flow of agent development work as part of a business value factory. Over time, as customers improve their in-house capabilities and the tools get easier to use for building complex agents, more of the solutions development partner opportunity may be doing the harder parts of a project with customers doing most of the development themselves.
- **Partners are not yet selling managed services specific to agents.** As discussed earlier, managed services trail behind all other partner services. Some partners are doing ongoing governance work, but this is included in the advisor service opportunity. Partners are looking to create evergreen managed services to keep agents up to date. They will begin to define and market them in FY 2026, but no substantial revenues are expected until FY 2027.

Secure Productivity

Secure Productivity is central to the partner AI opportunity because it includes all of the solutions in Microsoft 365 E3, including core security and compliance features. Partners are also working with customers to infuse AI across collaboration solutions, including Microsoft Teams. Secure Productivity is also where partners are helping customers move to Microsoft 365 E5, which includes the broader security and compliance solutions that make it more efficient to become and remain AI-ready.

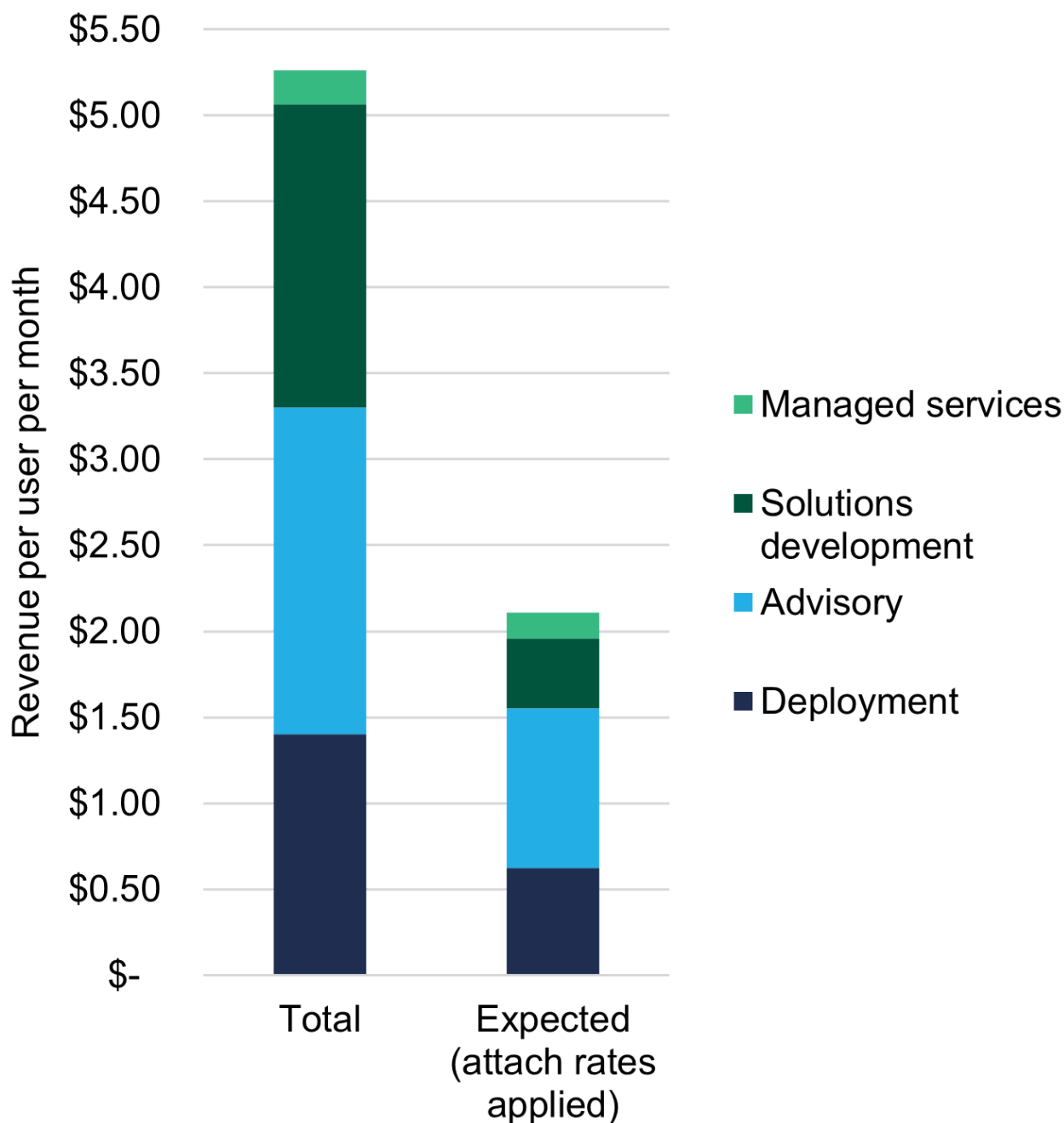
“There are still a lot of organizations on their AI journey that don’t know how to use Teams effectively. While talking to them about Copilot adoption, we discovered that they need to clean up how they use things like Teams and OneDrive before rolling out Copilot.”

- **Infusing AI into Microsoft 365 E3 solutions is creating myriad new (re)deployment opportunities.** Most of this work begins with a workshop or proof of concept, and almost everyone moves on to some form of follow-on phase. Some of the new and expanded opportunities created by AI include more E3 to E5 upgrades, application rationalization to make security and AI readiness easier, Microsoft Teams refreshes to improve the use of AI, and

bringing AI into other collaboration tools, such as OneDrive. Deployment work also includes some data governance work that is beyond the scope included in the Direct AI category. One European partner said that AI is the catalyst for the final SharePoint on-prem holdouts — mostly in government — to make the move to the cloud. Overall, the AI-related expected revenue opportunity has increased by 50%.

- **AI-related advisory services expected revenues grew 138%.** As with the other solution areas, AI has significantly increased the scope and need for advisory services because adding AI into collaboration workflows can fundamentally change how people work. It especially impacts Microsoft Teams, as the place where work gets done. To address this, partners are creating new offerings and increasing the scope of existing advisory services. This includes more strategy and planning, governance, business process optimization, and training.
- **Solutions development work includes partners' IP and customization work.** The overall opportunity was flat from FY 2024 because some of the customization work that would traditionally have been included here is now being done in the Direct AI solution category using agents. This shift offsets the increased solution development work around Microsoft 365 E3 to E5 migrations and Teams customization. Overall, the revenue opportunity was flat, but this area is expected to increase in FY 2026 as the use of AI becomes more widespread.
- **AI is now part of the broader end-user managed services but there has not been much increase in revenues.** Partners are adding AI support into the broad support contracts that are a part of Secure Productivity. However, they have not been able to increase pricing in line with the increased scope. Some partners did say that attach rates are becoming higher with Copilot customers than with non-Copilot customers. Also, partners with robust security practices expect to see large managed services growth there in FY 2026.

Secure Productivity Opportunity



Microsoft Teams Phone

The general view among partners was that genAI is not yet having a large impact on overall Microsoft Teams Phone revenues despite the increase in AI-specific revenues, but this should begin to change in FY 2026. More AI-mature partners are doing some early work infusing agentic AI into voice business processes, with one saying: “I am differentiated because I can demonstrate agents. If only doing Teams Phone, it is a price race to the bottom.”

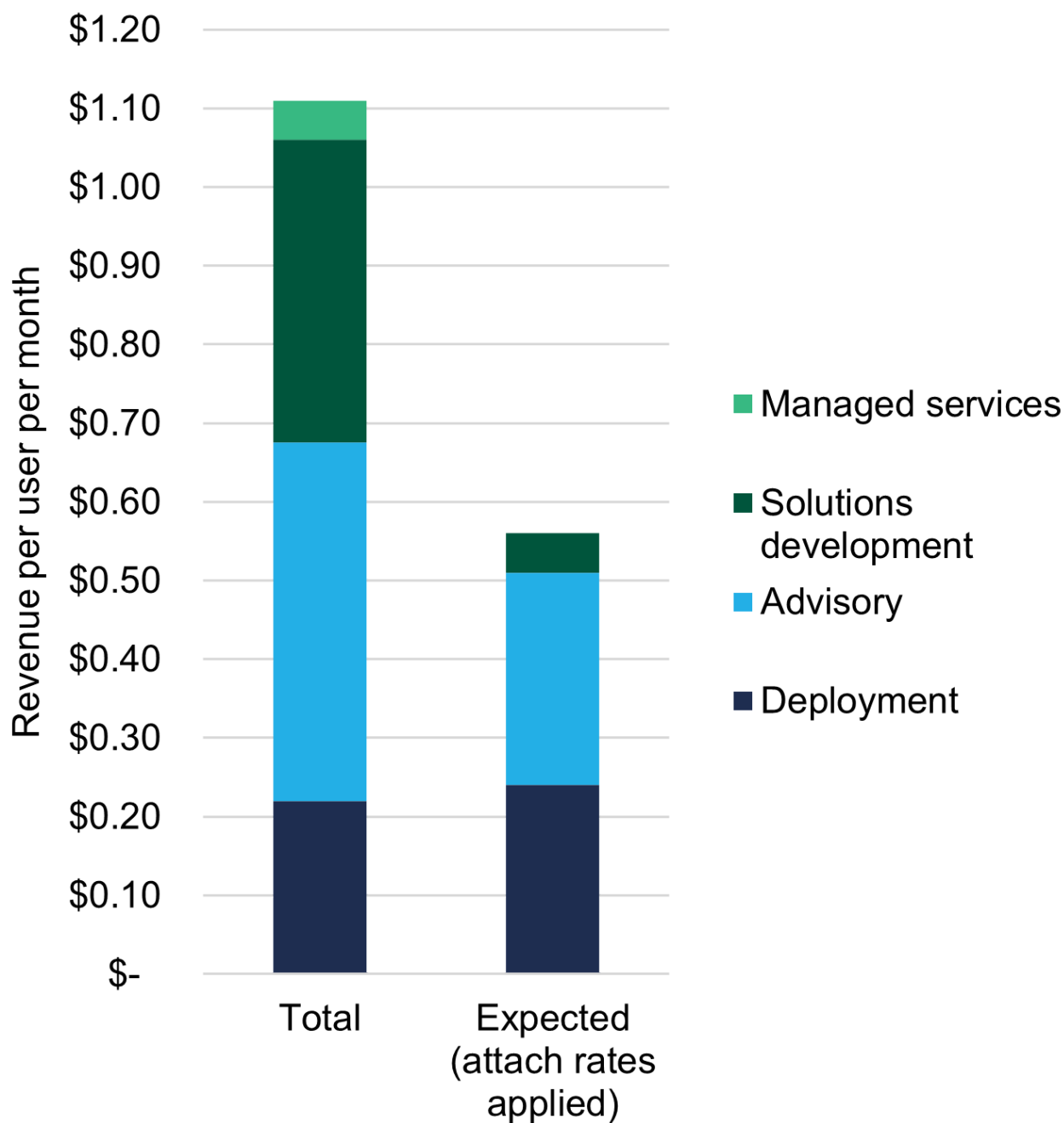
Additionally, partners were quick to point out that there is a lot of back-end AI, such as machine learning for better call quality, that is very important to their growth. Calling, along with physical meeting rooms, can be blind spots for bringing information into Copilot and unlocking value by integrating with other systems such as CRM applications. Integrating voice into AI requires upgrading to a modern calling solution and ideally one that tightly integrates with all

other information being leveraged by AI (e.g., Microsoft Graph). Therefore, partners believe that there will be a lot of growth beginning in FY 2026, with one partner optimistically saying, “In two years, agents will generate more money than my current voice-related consulting business.” (It is worth noting that the two largest non-AI growth drivers were Queues App and Operator Connect.)

“We will find a lot of use cases to build industry-specific agents that integrate voice. ... I’m pushing fear and uncertainty that you need to get off of your old PBX or contact center in order to get more contextual information and bring it into genAI.”

- **GenAI-related deployment work is mostly workshops and POCs.** Given the early nature of AI in calling, most partners’ work is still early stage and exploratory. That said, keeping the deployment/upfront costs low is consistent with partners’ general approach to calling — lower the barrier to entry in order to get the long-term telephony usage and managed services contracts. One partner completed eight proof of value workshops in the prior eight-month period looking at Teams Phone and AI. Fifty percent moved forward to some form of follow-on work. The AI-related expected revenue opportunity increased 67%.
- **Advisory attach rates increased 5% and are expected to grow even more.** Partners with a voice practice see large opportunities emerging to reimagine calling-related business processes. This is viewed as an agentic AI opportunity and possibly Microsoft 365 Copilot Chat, because the Microsoft 365 Copilot \$30 license is too expensive for many users. Agentic AI should be especially useful in contact centers, which will become a large frontline worker opportunity. This is beginning to generate more advisory revenues, with AI-advisory revenues also up 67% in FY 2025.
- **The AI solutions development opportunity is agentic.** As discussed earlier, some partners are beginning to build AI agents, and even more are starting to have those conversations with customers. Solutions development can be either a one-off development charge or built into a monthly service model. The total revenue opportunity is currently estimated to be \$0.40 per user per month, but attach rates are very low at this point. Because of the newness and corresponding low attach rate, AI-related expected revenue is \$0.05 per user per month and remained flat.
- **Partners are expanding voice managed services to include AI.** Recurring revenue models are how calling partners look to make money, and AI is no exception. One partner reported success in selling AI agents as part of a recurring managed service for voice and contact center management. They said: “Our new service offering allows us to leverage our Modern Work and voice practices to manage agentic experiences for people. We demo, test, build, and manage agents in their Azure environment.” Partners are also beginning to use AI as a tool in delivering their managed services, which will reduce delivery costs. Because only one partner reported an AI-specific managed service and attach rates remaining low, it was not included in the FY 2025 financial model. This should be an area of growth in FY 2026.

Microsoft Teams Phone AI Opportunity



AI-Powered Workplace

AI-Powered Workplace encompasses Microsoft Teams Rooms and the new Microsoft Places solution. Together, the AI-related opportunity grew by 156% in FY 2025 in terms of expected revenue. The two largest drivers were integrating Teams Rooms into broader AI initiatives to resolve this blind spot and the introduction of Microsoft Places, which leverages AI to recommend where people sit in the office, which meeting room to use, etc. A partner described the Microsoft Places opportunity by saying, “I believe Places is opening doors for us across revenue streams — professional services, managed services, and new areas like mapping and floorplan management. This will further cement our position as a thought leader in converged comms.” Partners have made Microsoft Places a part of their meeting room practices and described this as an area of large growth because of the return-to-office movement.

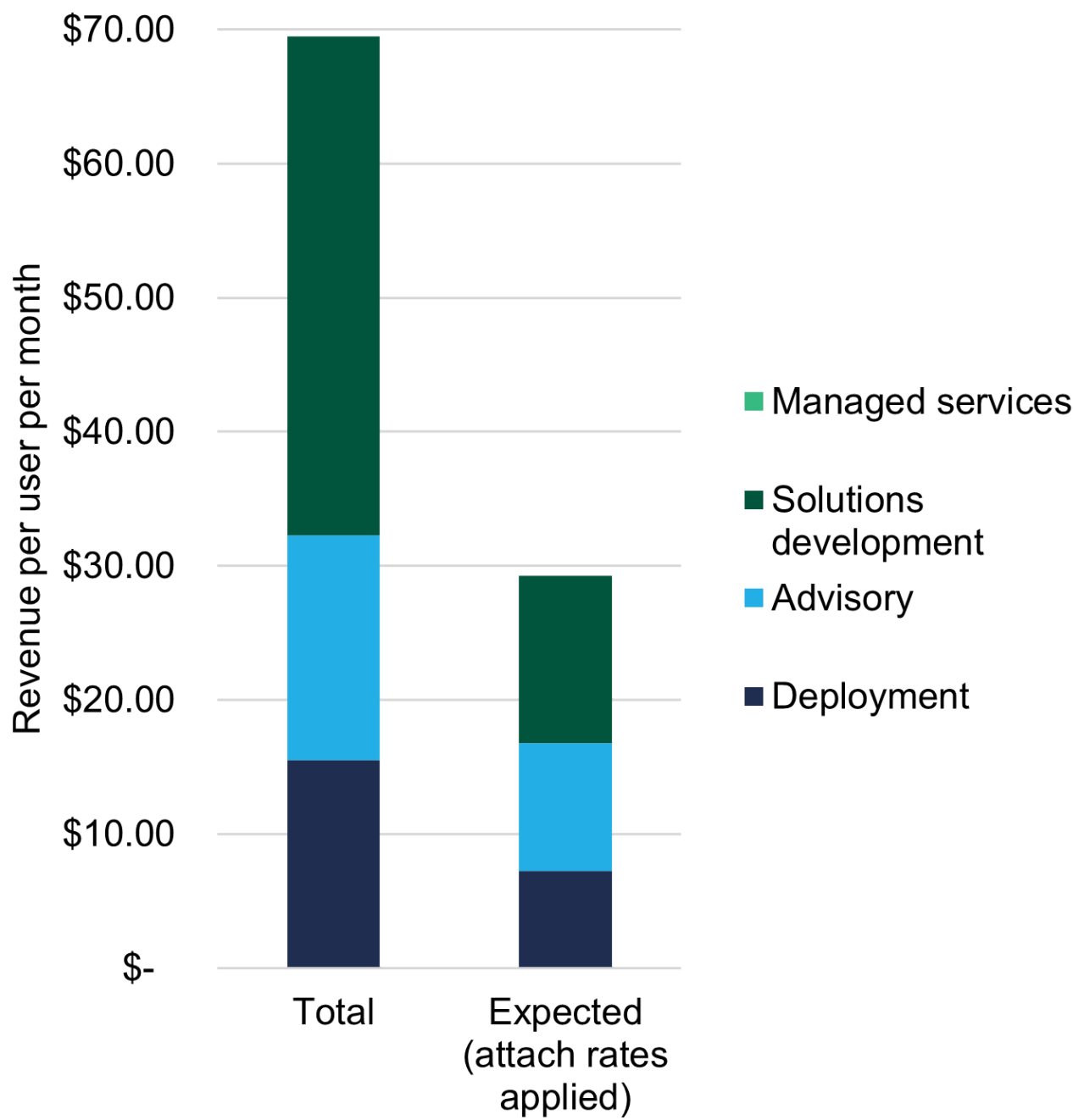
(Return-to-office helped deliver overall revenue growth of 20% to 50% at partners but that is not AI-related so not included in the financial analysis.)

“Without Copilot, meeting rooms are an AI blind spot. If you made a significant investment in Copilot, don’t you want it to work in meeting rooms? This is a very compelling message.”

- **The deployment opportunity growth was driven by room installations and upgrades that support AI as well as the introduction of Microsoft Places.** Partners said that customers are, for the most part, not replacing room hardware prior to the normal end-of-life in support of AI. However, when a new room is designed and deployed the cost of services and hardware can be higher in order to deliver better voice and video quality in support of AI. There can also be a corresponding need for more networking services, both of which resulted in a slightly increased attach rate. Additionally, with the introduction of Microsoft Places, many partners have expanded their solutions portfolio, and deployments can cost anywhere from \$5,000 to more than \$100,000, depending on scope and the number of locations and users. Taken all together and albeit coming from a low starting point (denominator effect), the AI-related deployment opportunity is up 150%.
- **Advisory revenues can equal deployment revenues.** There was an increase in advisory work as part of AI readiness, which is consistent with other solution areas. Partners are helping customers figure out how to maximize the value of their AI investments by applying it in the meeting room space. Microsoft Places has further expanded the advisory opportunity because there is a large change management and training component. Bearing in mind the above-mentioned denominator effect, the AI-related advisory opportunity is up 167%.
- **Solutions development increases stem from higher-quality hardware in support of AI and some partner IP.** Partners are beginning to see increased investment in meeting room configurations and build outs in order to improve workspace effectiveness and eliminate AI blind spots. Meeting room management is an area where partners have always built a lot of their own IP, and they are beginning to expand that to include the AI and Microsoft Places components. This has not yet resulted in increased revenues, but partners expect that to change in FY 2026. Partners also said that agents related to meeting rooms are fairly simple and something customers will mostly build themselves, so the agentic AI opportunity will be in the advisory area (e.g., helping set up governance models), rather than solutions development. Because of an improvement in attach rates, the AI-related opportunity is up 150%.
- **Managed services revenues remained steady, but the cost of delivery should come down.** Partners said that they do not expect to increase meeting room management managed services prices because of including AI capabilities, but they believe managed services should become more profitable in FY 2026 from using AI internally to reduce delivery costs. Additionally, partners anticipate an increase in attach rates in FY 2026, resulting in more revenue.

As a rule of thumb, Microsoft estimates that there is one meeting room per 25 knowledge workers. Therefore, the per-room revenue opportunity shown in the chart below is calculated by multiplying the per-user-per-month opportunity by 25.

AI-Powered Workplace Opportunity (Per Meeting Room)



Cloud Endpoints

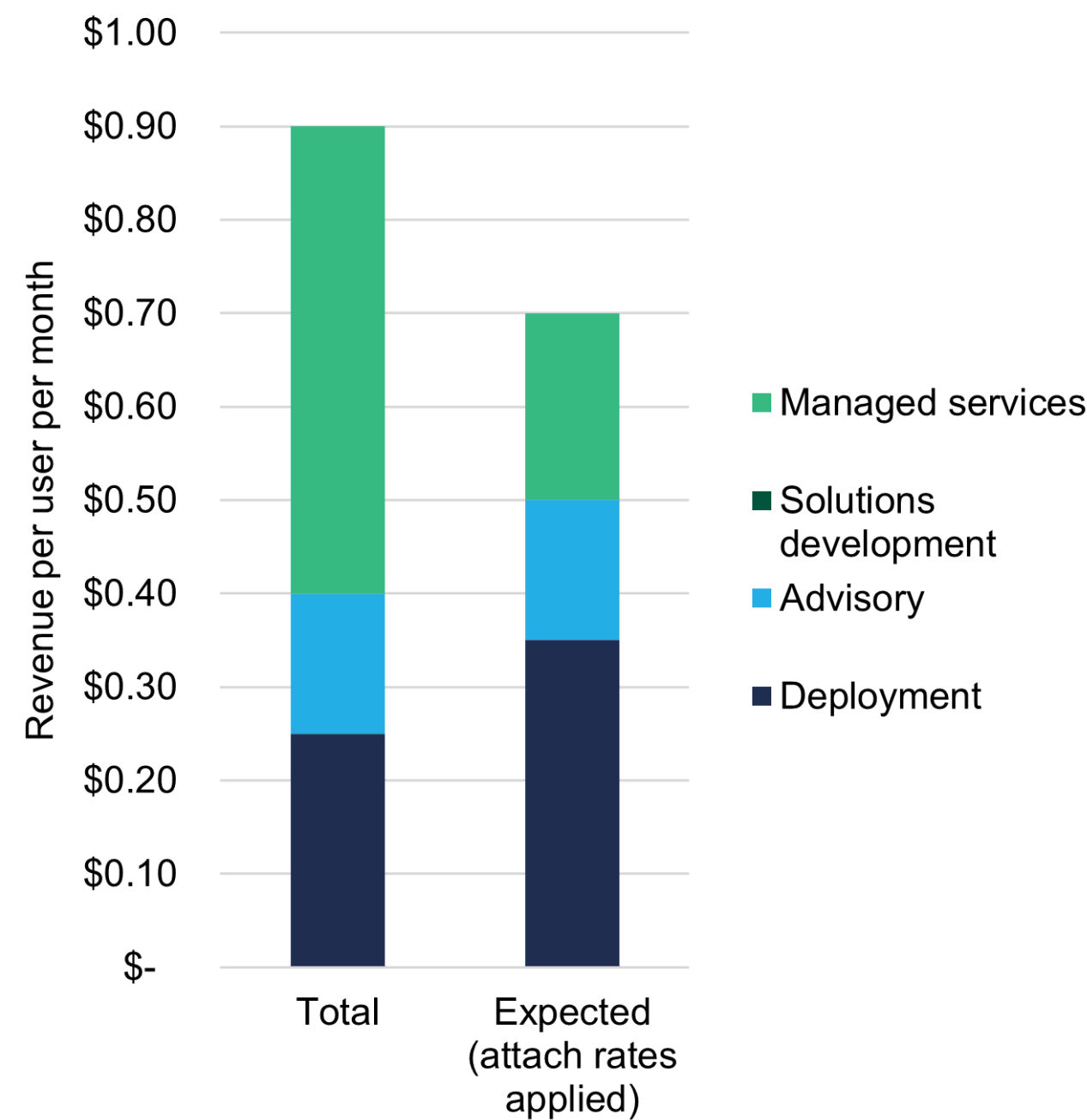
Device management using Intune and Autopilot has traditionally been the bedrock of the Cloud Endpoints solution area, and this continued in FY 2025 as customers want to ensure their devices, including Azure, securely support AI. This could grow significantly in FY 2026 as companies create more AI-powered solutions for frontline workers that run on handheld devices and benefit from the Microsoft 365 Copilot Chat consumption model. However, partners indicated that increased spending on AI sometimes comes at the expense of hardware refresh budgets. The increased interest in moving to the E5 SKU is also supporting broader Cloud Endpoints opportunities. Partners are currently trying to figure out what the best agentic AI use cases will be for customers, and they are also exploring ways AI can help reduce their internal managed services delivery costs. Partners said that AI has not affected opportunities for

Windows 11, Azure Virtual Desktop, or Windows 365. (The Windows 10 end-of-life opportunity is out of scope for this analysis.)

“GenAI creates nervousness around information security and governance, and agentic AI is increasing this. This nervousness is driving conversations in Cloud Endpoints.”

- **Deployment was the largest growth area because of an increase in Intune deployments and E3 to E5 upgrades.** Deployment opportunities grew by \$0.35, which was an 18% increase. A European partner said: “May of our customers are upgrading from E3 to E5 because of Copilot for compliance. This has created a 7% to 10% increase in deployment project revenues.”
- **Advisory is up as part of the need across the board to become AI-ready.** Advisory revenues are typically around 40% on top of deployment revenues. Therefore, the increase in deployment revenues drove an increase in advisory. Advisory opportunities should increase in FY 2026 as frontline worker adoption of AI increases.
- **Partners are expanding their own IP offerings to include AI.** Partners have traditionally built a lot of solutions in the Cloud Endpoints area that they charge customers for and that they use internally as part of managed services. Partners are updating those capabilities but that has not translated into additional revenues. This may change in FY 2026 if they discover AI-related opportunities to create IP that augments what Microsoft builds. Partner use of AI will result in lower project and managed services delivery costs. Partners should also see an increase in solutions development revenues by helping customers build AI agents.
- **Cloud Endpoints managed services are traditionally one of the largest revenue categories, but AI is not yet having an impact.** As with managed services in the other solution areas, partners are expanding the scope of their managed services to include AI solutions, but they are not seeing an opportunity to significantly increase prices. The per-user-per-month cost of a full endpoint managed service offering was \$0.50 higher. As discussed earlier, managed services delivery costs should come down substantially by using AI internally.

Cloud Endpoints AI Opportunity



SharePoint

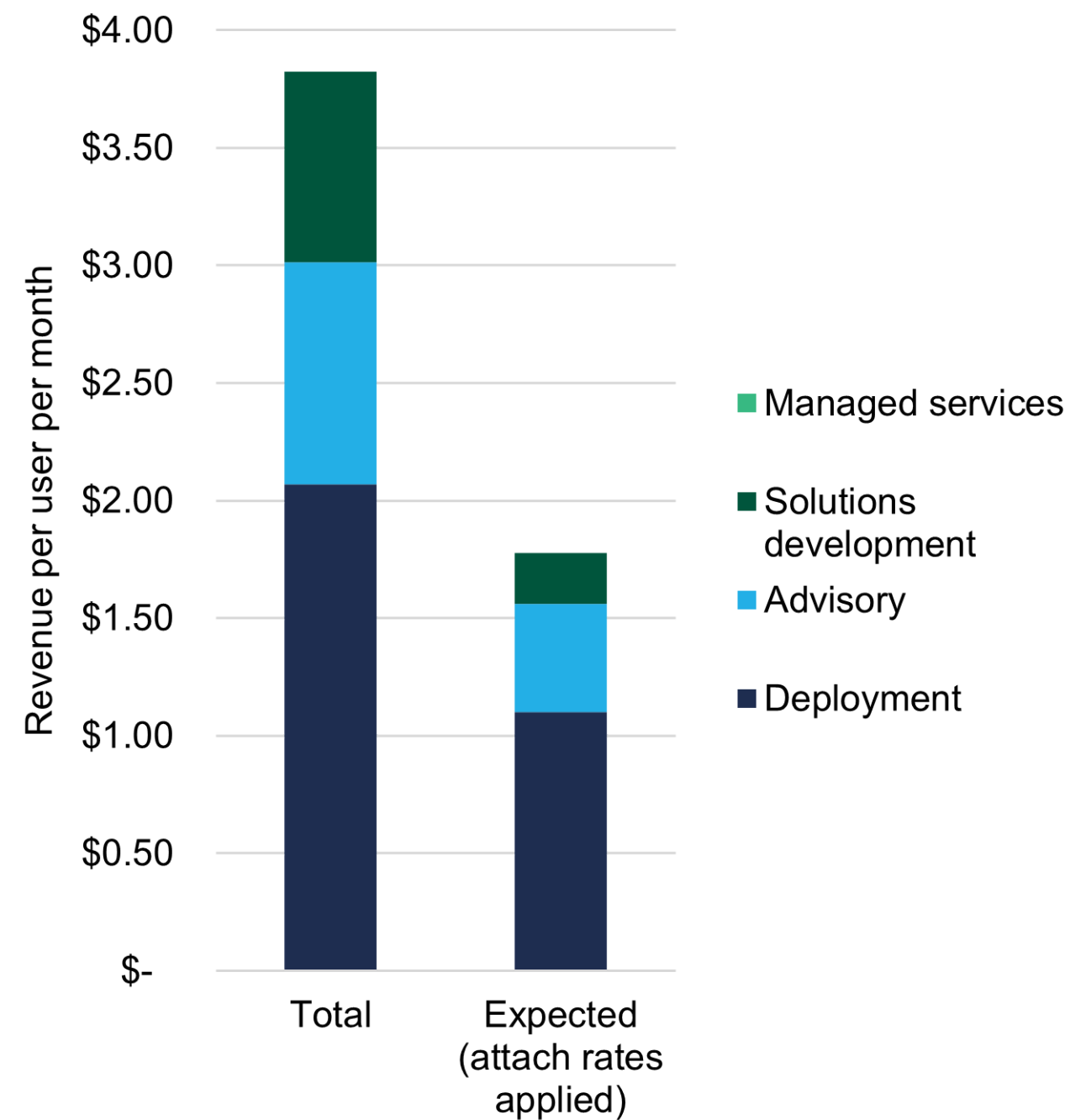
There are several dimensions to the SharePoint AI opportunity. Most importantly, SharePoint is one of the primary content/knowledge repositories that feeds into Microsoft Graph and powers Microsoft 365 Copilot and many AI agents. There is also the opportunity to infuse SharePoint intranets with AI, although SharePoint Agents are relatively straightforward to build. AI capabilities within SharePoint Premium, such as Microsoft Syntex, make more information ingestible by AI solutions. Because SharePoint Advanced Management is included in Microsoft 365 Copilot, any associated revenues are captured in the Direct AI opportunity. Lastly, partners see the potential for large frontline worker opportunities in FY 2026 by bringing together Microsoft 365 Copilot Chat, agentic AI, and SharePoint. Partly

offsetting all of these opportunities is the potential scenario expressed by some partners, who noted that there will be less of a need for intranets when Copilot can go out and retrieve the information on its own.

“A lot of the work we have been doing is similar to intranet modernization and migrations. Help clients get their content cleaned up and put in more governance. In this case, it is so Copilot can provide better results and not find what it shouldn’t.”

- **Increased scope and the final migrations to SharePoint Online have increased deployment revenues.** Depending on the geographies and industries served, many partners are forecasting a 25% to 40% increase in SharePoint migrations in FY 2026 as the final on-prem holdouts move online so that the content can be brought into AI solutions via Microsoft Graph. Partners are also doing more workshops and POCs around bringing AI into SharePoint. Partners estimated that AI considerations can increase a deployment project by as much as 20%. This includes activities such as building curated knowledge repositories and building AI into search bars. Any SharePoint Agent development work is part of business solutions discussed below. There was no increase in Syntex deployments in FY 2025 as customers focused their AI activities in other areas. The combined result was a 15% increase in AI-related expected revenues.
- **Advisory services have become a 43% uplift on deployment services.** The increased importance in advisory services is reflected in them being a 43% uplift on deployment services, up from 33% in FY 2024. Partners reported doing a lot of SharePoint health checks as part of AI readiness, with 50% moving on to some form of follow-on work. Another new advisory opportunity is helping set up centers of excellence and governance models for customers who will be doing SharePoint Agent development work in-house. These are in addition to the increases in more traditional services, such as planning and ACM. Altogether, the AI-related expected revenue opportunity grew by 13%.
- **There is limited solutions development work because SharePoint Agents are relatively simple.** Most of the AI-specific solutions development work is in SharePoint Agents. However, their relative simplicity to build means partners are mostly doing some initial work to put tools in place and to cobuild the first agents as a demonstration, and these typically cost \$5,000 to \$10,000.
- **There were no incremental managed services revenues.** As with managed services in the other solution areas, partners are beginning to include AI as part of the scope. However, they are not able to charge more. This may change in FY 2026 as a follow on to the SharePoint Agent advisory opportunity (e.g., ongoing governance support).

SharePoint AI Opportunity



Partner Investments And Best Practices

Each year, Forrester asks representatives of partner organizations what new best practices and investments are fueling their success with go to market and delivery. This year, partners mostly spoke about what they are doing to succeed in the new AI-first environment.

- **Bridging internal and external silos to deliver AI value.** Every partner is rethinking how they are structured in terms of sales and delivery in order to provide customers with the knowledge and services required to fully support AI journeys. Some partners have created virtual teams that cross practice areas, and some partners have fully reorganized to create unified AI delivery teams. Cross training and upskilling employees to be able to deliver value across the Microsoft Modern Work, Business Applications, Security, and Azure solution areas are equally important.

“We have created a virtual practice for AI that crosses all parts of organization. The goal is a whole-platform approach, which is what you really need for Copilot. ... This involves a lot of upskilling and training.”

- **Increasing advisory capabilities and focus on business outcomes.** Some partners said they lacked comprehensive advisory capabilities that bring together business and technology acumen to help customers become AI-ready and realize business value. Customers are currently willing to spend more money on advisory services because AI is a fundamental shift in how work gets done. A big part of this — and becoming bigger because of agentic AI — is business process reengineering.

“We lead sales conversations with security and then focus on AI use cases. We really need people to see the value of AI.”

- **Going deeper into information security and compliance.** Creating business value with AI and the associated partner work is predicated upon secure and compliant access to all types of information. In the Microsoft ecosystem, this means deploying and optimizing the use of Purview. Many traditional collaboration partners need to quickly create or improve their information security and compliance competencies. They have adopted various approaches including new hires, upskilling existing employees, and working with other Microsoft partners to fill the gaps.

“We have had to increase our Purview capabilities in the last few months, and we plan to invest a lot more next year. We can go deep across the other capabilities, but only a handful of folks are comfortable talking about Purview.”

- **Using Microsoft AI solutions internally.** Partners need to be using the various AI solutions that are related to their practice areas. This can include Microsoft 365 Copilot (including functional Copilots and Microsoft 365 Copilot Chat), AI building tools such as Copilot Studio and Agent Builder, AI-enabled solutions in the Dynamics 365 family, etc. Using these solutions helps partners understand use cases and how to deploy the solutions to maximize customers' value realization. They can also use many of these solutions to streamline internal operations and improve things, such as managed services.

“Our managed services are increasing dramatically. We’ve onboarded more managed services customers in the first two months of this year than all of last year. We are applying AI to our managed services and can reduce the price by one-third while providing better 24/7 support.”

- **Working even closer with Microsoft to maximize AI opportunities.** Partners have always felt that the closer they are aligned to Microsoft in terms of solutions and go-to-market messaging the better. Partners said that the rapid evolution of Microsoft’s AI solutions and messaging means that alignment is even more important than in the past, especially when it comes to coselling and comarketing. Where necessary, partners are investing in receiving all necessary partner specializations to qualify for various partner programs and funding mechanisms.

“About 60% of our business across our entire portfolio is aligned to Microsoft’s genAI sales motions — Copilot adoption, agentic AI development, compliance, broader replatforming, etc. This has created a very strong sales pipeline and collaboration.”

Conclusion

FY 2025 saw many new opportunities for partners to help their customers get ready for — and actually realize benefits from — Microsoft 365 Copilot and the newer agentic AI. Although still early days, AI led to an 8% increase in expected revenues at an enterprise customer. Half of the total opportunity was in the Direct AI solution category — Microsoft 365 Copilot and agentic AI. The revenue growth was somewhat spread evenly across deployment, advisory, and solutions development work. There was only a small managed service opportunity, which is to be expected because it almost always lags other services.

Partners were generally pleased with how their AI opportunities emerged in FY 2025, and they are bullish that agentic AI, in conjunction with greater access via Microsoft 365 Copilot Chat, will lead to larger growth in FY 2026. Microsoft 365 Copilot Chat and agentic AI can also lead to more frontline worker opportunities. Ideally, partners would like to see all of this translate into managed services revenue growth. Partners invested heavily in their AI capabilities in FY 2025, and they plan to do even more in FY 2026. If AI delivers the benefits to customers that partners believe is possible, they think this will translate into a lot of new work and revenue growth in the next fiscal year.

TEI Framework And Methodology

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those partners considering building and growing one or more Modern Work practice areas.

The objective of the framework is to identify the revenue streams, investments, and best practices that affect the investment decision. Forrester took a multistep approach to evaluate the holistic opportunity for partners building and growing a Microsoft Modern Work practices.

Due Diligence

Interviewed Microsoft stakeholders and Forrester analysts to gather data relative to security.

Interviews

Interviewed representatives at 23 partner organizations with one or more existing practices in Modern Work to obtain data about revenue streams, investments, and best practices.

Financial Model Framework

Constructed a financial model representative of the interviews using the TEI methodology. The model normalizes all results as a per-user-per-month opportunity at an enterprise customer with 5,000 knowledge workers on a 36-month customer journey.

Case Study

Created a case study that explains the benefits and investments a partner can expect when building one or more security practices. The case study also explores the best practices partners have identified, which have made them successful.

Appendixes

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.

APPENDIX B

Endnotes

¹ Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

² An attach rate is the likelihood of a given service/solution being included in what a customer purchases. Attach rates are applied to solution areas (e.g., Direct AI, Secure Productivity, Microsoft Teams Phone, AI-Powered Workplace, Cloud Endpoints, and SharePoint) and to services (e.g., deployment, advisory, business solutions, and managed services). In other words, they're applied to the typical mix of solutions and services a customer buys. This will vary based on how a partner has entered into Modern Work. For example, a Microsoft Teams Phone partner will attach a lot more calling and an Secure Productivity partner, a lot more security. Use this calculation: total opportunity × attach rate = expected opportunity.

³ Source: [The State Of Technology Services, 2025, Part 1: Co-Innovation Services](#), Forrester Research, Inc., March 18, 2025.

⁴ Source: [Forrester's Priorities Survey, 2025](#).

⁵ Source: [Four Forces Shape Technology Services in 2025](#), Forrester Research, Inc., April 2, 2025.

⁶ "The Partner Opportunity For Microsoft Security," a commissioned study conducted by Forrester Consulting on behalf of Microsoft, July 2025; "The Partner Opportunity For Microsoft Dynamics 365," a commissioned study conducted by Forrester Consulting on behalf of Microsoft, July 2025.

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 results 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 a Microsoft Modern Work practice.

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.

Consulting Team:

Cassandra Halloran

Jonathan Lipsitz

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