

NEW TECH

New Technology: The Projected Total Economic Impact™ Of Microsoft Copilot For Microsoft 365

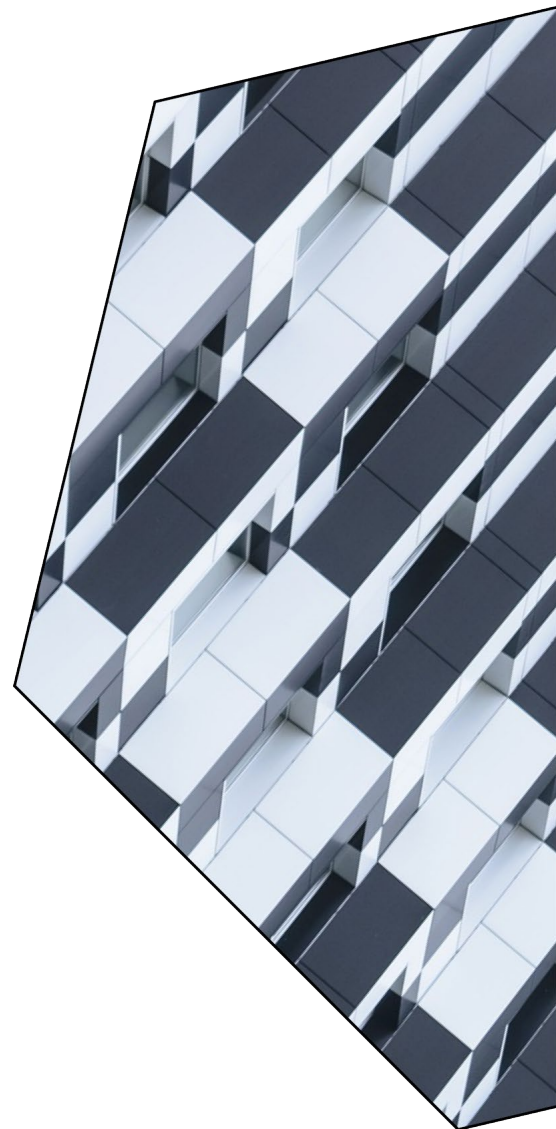
Cost Savings And Business Benefits
Enabled By Copilot For Microsoft 365

APRIL 2024

Table Of Contents

Consulting Team: Jonathan Lipsitz
Nahida Nisa

Executive Summary	1
The Microsoft Copilot For Microsoft 365	
Customer Journey	7
Key Challenges	7
Solution Requirements	8
Composite Organization	9
Analysis Of Benefits	10
Business Transformation: Go To Market	10
Business Transformation: Operations	13
Business Transformation: People And Culture	17
Unquantified Benefits	20
Flexibility	20
Analysis Of Costs	22
Copilot For Microsoft 365 Licenses	22
Implementation And Management Costs	24
Training And Employee Discovery	26
Financial Summary	28
Appendix A: New Technology: Projected Total Economic Impact	29
Appendix B: Interview And Survey Demographics	30
Appendix C: Examples Of Labor Efficiencies	32
Appendix D: Supplemental Material	35
Appendix E: Endnotes	35



ABOUT FORRESTER CONSULTING

Forrester provides independent and objective research-based consulting to help leaders deliver key outcomes. Fueled by our customer-obsessed research, Forrester's seasoned consultants partner with leaders to execute their specific priorities using a unique engagement model that ensures lasting impact. For more information, visit forrester.com/consulting.

© Forrester Research, Inc. All rights reserved. Unauthorized reproduction is strictly prohibited. Information is based on best available resources. Opinions reflect judgment at the time and are subject to change. Forrester®, Technographics®, Forrester Wave, and Total Economic Impact are trademarks of Forrester Research, Inc. All other trademarks are the property of their respective companies.

Executive Summary

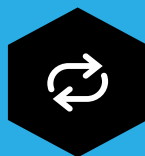
Generative AI is viewed as a disruptive business technology on par with the adoption of the internet. Microsoft Copilot for Microsoft 365 is one of the first enterprise-grade generative AI solutions. Interviewees from early adopters are already achieving user time savings and moving toward business transformation. Based on interviews and survey responses, Copilot for Microsoft 365 is expected to transform all aspects of a business, including go to market, operations, and people and culture.

Copilot for Microsoft 365 is a workers' generative AI assistant that helps them make better use of all the solutions within Microsoft 365. Interviewees from organizations that are using Copilot for Microsoft 365 have noted both early successes and great future potential to address challenges. The early successes include decreasing information overload and worker fatigue, compressing time frames for innovation, and managing companies' ever-increasing competitive landscape.

Microsoft commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Copilot for Microsoft 365.¹ The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Copilot for Microsoft 365 on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed eight representatives with early experience using Copilot for Microsoft 365. Forrester also surveyed 351 decision-makers from companies considering implementation of generative AI solutions like Copilot for Microsoft 365 and who have thought about the implications for their organizations. For the purposes of this study, Forrester aggregated the interviewees and survey respondents expectations and combined the results into a single composite organization. The composite organization is a 25,000-person, US-based company with an extensive presence in North

KEY STATISTICS



Projected return on investment (ROI)
112% to 457%



Projected net present value (NPV)
\$19.1M to \$77.4M

America and Europe and with sales operations across the world. Annual revenues are \$6.25 billion. The organization's goal is to achieve business transformation, not just low-hanging labor efficiencies. Copilot for Microsoft 365 is rolled out to 3,000 users in Year 1, an additional 3,000 in Year 2, and an additional 4,000 in Year 3. This totals 10,000 workers, which represents 40% of the total workforce. Future rollouts are dependent on success over the first three years.

Interviewees and survey respondents said that prior to using Copilot for Microsoft 365, their organizations were awash with data and tools, but they lacked the ability to bring it all together and unlock the potential value. Previous attempts to unlock the value of their data and people yielded limited success, leaving them with frustrated employees, lagging innovation and agility, and excessive costs. All of this

contributed to employee burnout, customer dissatisfaction, and diminished financial performance.

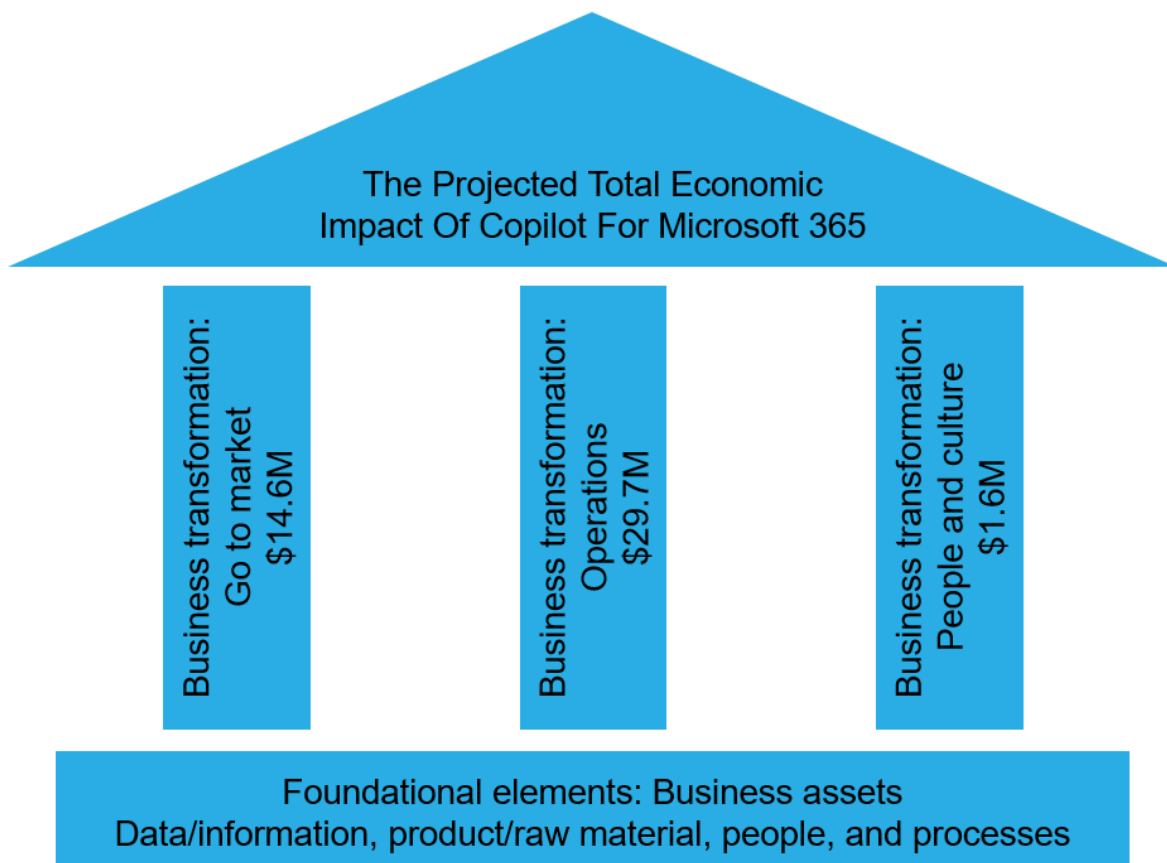
After the investment in Copilot for Microsoft 365, the interviewees and survey respondents noted their organizations leveraged internal data, people, materials, and processes to achieve business transformation across three pillars: go to market, operations, and people and culture. Collectively, these transformations increased revenues, lowered internal and external operating costs, and improved employee experience and company culture.

The Copilot for Microsoft 365 benefits, both already realized and anticipated, are shown in the figure below as part of the three business transformation pillars: go to market, operations, and people and culture. In addition to the examples of quantified benefits, this New Tech TEI also discusses drivers contributing to the benefits and how the benefits are expected to expand and evolve over time.



Three-year increase in net income due to increased revenues and decreased costs

2.9% up to 7.6%



KEY FINDINGS

Quantified projected benefits. Copilot for Microsoft 365 was released in November of 2023, so this study includes quantified benefits for each of the transformation pillars as well as a discussion of other benefits that could not yet be quantified. The three-year, risk-adjusted present value (PV) quantified benefits for the composite organization include:

- **Go-to-market transformation increased topline revenues by as much as 4%.** The composite organization increases revenues by improving win rates, reducing time to market with new products and services, and generating sales proposals faster. Improvements in customer satisfaction also contribute to increased lifetime value. The benefit ramps up over time, and the total increase is commensurate with the amount of business transformation achieved. The increase in net income, after applying a net margin of 7.8%, is worth between a projected \$7.5 million to \$35.6 million over three years.
- **Operational transformation decreased total expenditures by up to 0.7%.** Increased worker productivity across many roles and tasks is a major contributor to operational cost savings for the composite organization (see [Appendix C](#) for detailed examples of labor savings). There are also supply chain efficiencies that contribute to the increased net margin. Additionally, there is a reduction in external spend on IT contractors, as well as other generative AI licenses that are replaced with Copilot for Microsoft 365. Altogether, this reduces total expenditures by a projected \$27.6 million to \$56.7 million over three years. From a net-margin perspective, these cost savings increase the net margin from the baseline 7.8% to as high as 8.45%.
- **People and organization transformation reduced new-hire onboarding times by up to 30%.** Copilot for Microsoft 365 improves employee satisfaction by reducing repetitive, low-

value tasks and making relevant information more accessible. Longer term, this should contribute to increased employee retention for the composite organization. An early benefit realized by the composite organization is faster onboarding of new hires, which means they are creating value for the company sooner. Faster onboarding also reduces the time managers' spend on onboarding their new direct reports. Together, this is worth between a projected \$946,000 to \$2.1 million over three years.

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

- **Improvement to diversity, equity, and inclusion (DEI).** Copilot for Microsoft 365 allows employees to incorporate more diverse input and examples into their work, enabling a more equitable and inclusive workplace. Their work also improves the quality of products for the composite organization and helps counteract some human biases.
- **Better work-life balance.** Much of the mundane and repetitive work done by employees at the composite organization can be drafted by Copilot for Microsoft 365, with users then spending only a fraction of the time refining. This not only reduces workloads but lowers the proportion of time spent on repetitive and noncreative tasks.
- **Compliance and security.** With Copilot for Microsoft 365, the composite organization's sensitive information will stay within its business tenant rather than being entered by employees in public generative AI tools. This significantly reduces the risk of proprietary data becoming public knowledge by mishandling of employees using nonapproved generative AI tools.

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

- **License costs.** The composite organization already has the requisite Microsoft 365 licenses. For the financial analysis, the \$30 per-user-per month cost for Copilot for Microsoft 365 is applied based on the composite's rollout schedule. The total cost over three years is \$5.7 million.
- **Implementation costs.** Implementation costs consist of technical and change management efforts for the composite organization. The initial deployment requires 10 FTE (full-time equivalent) employees across a range of roles. Ongoing change and technical management requires six FTEs. There is also sizeable use of professional services from Microsoft partners. The total cost over the life of the study is \$5.5 million.
- **Training and employee discovery.** Forrester's research has found that employee training is a critical component of creating productivity with generative AI, and organizations should not skimp on this investment.² In addition to implementation costs, there is also a sizeable effort to train employees on how to use Copilot for Microsoft 365, how to create effective prompts, how to control for and recognize AI hallucinations (i.e., when inaccurate outputs are generated), and how to reimagine work. Seventy-five days are spent creating and disseminating training content in the composite's initial period. Delivery is conducted by learning-and-development professionals and by superusers within the various departments. The cost calculation also includes the time users spend on training and discovery, which can be viewed as lost productivity. Eight hours are spent when a user is first onboarded, and 2 hours are spent in each subsequent year. The total cost is \$5.7 million.

Forrester modeled a range of projected low-, medium-, and high-impact outcomes based on evaluated risk and the extent of business transformation achieved. This financial analysis

projects that the composite organization accrues the following three-year, risk-adjusted projected net present value (PNPV) for each scenario by enabling Microsoft Copilot for Microsoft 365:

- Projected high impact of a \$77.4 million PNPV and PROI of 457%.
- Projected medium impact of a \$47.7 million PNPV and PROI of 281%.
- Projected low impact of a \$19.1 million PNPV and PROI of 112%.



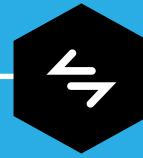
PROI
**112% to
457%**



PROJECTED
BENEFITS PV
**\$36.0M to
\$94.4M**

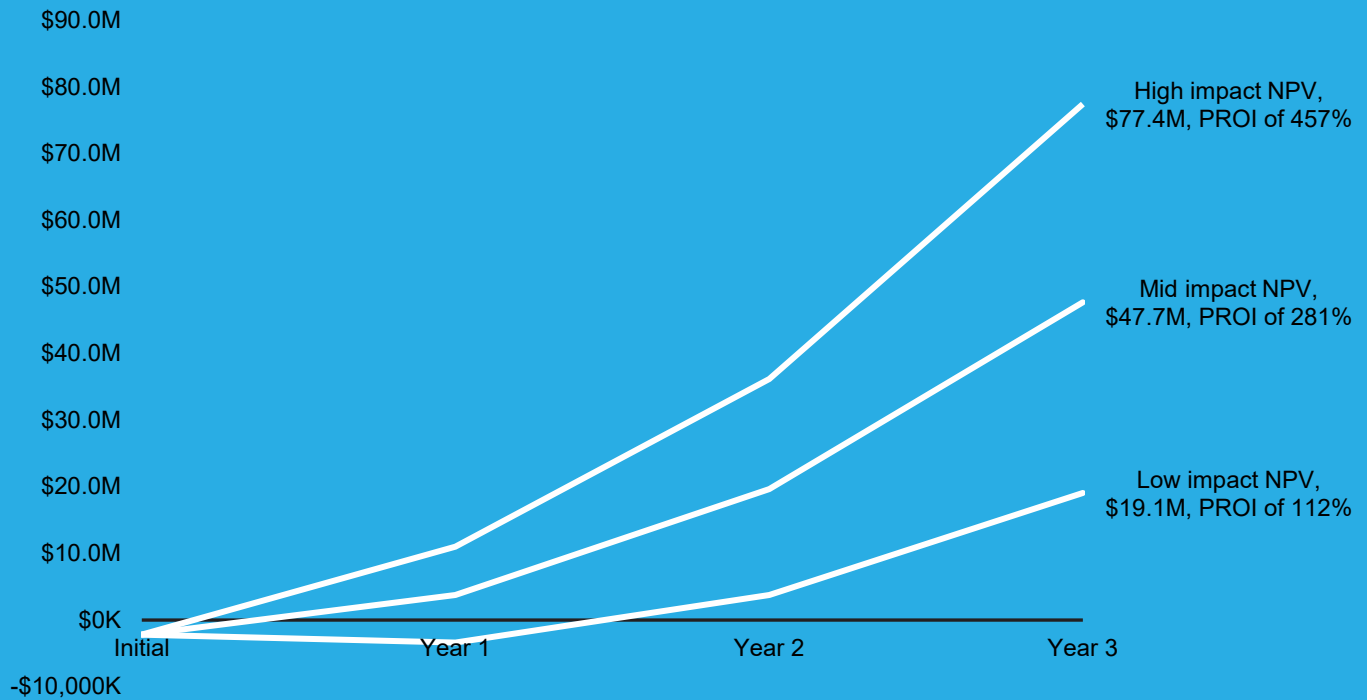


PROJECTED NPV
**\$19.1M to
\$77.4M**



TOTAL
COSTS
\$17.0M

Three-Year Projected Financial Analysis For The Composite Organization



NEW TECH TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews, Forrester constructed a New Technology: Projected Total Economic Impact™ (New Tech TEI) framework for those organizations considering an investment in Copilot for Microsoft 365.

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

DISCLOSURES

Readers should be aware of the following:

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

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

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.



DUE DILIGENCE

Interviewed Microsoft stakeholders and Forrester analysts to gather data relative to Copilot for Microsoft 365.



EARLY-IMPLEMENTATION INTERVIEWS AND SURVEY

Interviewed eight representatives at organizations using Copilot for Microsoft 365 in a pilot or beta stage and surveyed 351 respondents from organizations that are considering the use of generative AI solutions to obtain data with respect to projected costs, benefits, and risks.



COMPOSITE ORGANIZATION

Designed a composite organization based on characteristics of the interviewees' organizations.



PROJECTED FINANCIAL MODEL FRAMEWORK

Constructed a projected financial model representative of the interviews using the New Tech TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewees.



CASE STUDY

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

The Microsoft Copilot For Microsoft 365 Customer Journey

■ Drivers leading to the Copilot for Microsoft 365 investment

KEY CHALLENGES

Forrester interviewed eight representatives with experience using Copilot for Microsoft 365 at their organizations and surveyed an additional 351 decision-makers from organizations considering the use of Copilot for Microsoft 365. For more details on these individuals and the organizations they represent, see [Appendix B](#).

Many decision-makers and employees are considering how generative AI will transform their work, their company, and their industry. Forrester research found that 92% of decision-makers believe generative AI is already having a high impact on their investment decision.³ The high interest and expectations in generative AI is largely driven by the current environment in which information and processes are disjointed and employees struggle to harness their organizations' intellectual assets to create value.

The interviewees and survey respondents noted how their organizations struggled with common challenges, including the following:

- **Inability to hire enough people in some critical roles and existing employees who feel overwhelmed.** Interviewees noted that hiring employees and then creating an environment in which they can thrive has been more difficult since the COVID-19 pandemic due to more people working remotely. Workers were often double-booked for meetings and overwhelmed with emails and other forms of online communication.

The global head of IT workplace at a conglomerate organization said: "Work-life balance is now a topic for everyone, and it's even bigger in new generations. We need to be smart with the tools that we are giving to them so that

they can save some time. I think that technologies like this will let us provide this to all our workers independently of the job roles that they have."

- **Difficulty in initiating the creative process.** Commonly referred to as the "blank-page problem," interviewees noted that their employees find it especially difficult to begin the creative process, whether it's writing an email, creating a document, or collaborating with their colleagues. The nature of distributed working, as well as accessing siloed information were factors here.

"There's really no future without this kind of technology. This is the direction that work will go. It will be part of every single application you use in the future. It's not if you should, it's when you should and at what point on the adoption curve you want to be. The longer you wait, the further behind you will be."

Account lead, professional services

The account lead at a professional services organization said: "I was initially just interested in how [Copilot for Microsoft 365] would help me track my work throughout the weeks and keep myself organized. ... But as I used it more, I became more interested in how it could help me brainstorm and create content in addition to some of the other use cases."

- **An explosion in generative AI technologies.** Interviewees stated there was an ever-increasing choice of both consumer- and enterprise-grade generative AI tools being released into the market. This was creating a lot of complexity for both end users and IT organizations that were tasked with evaluating which tools to use and how best to utilize them. Byproducts of this explosive growth included increased spend on multiple generative AI technologies and the data security and compliance risks inherent in making company information more discoverable. Additionally, the interviewees' organizations needed to control employees' bring-your-own-AI (BYOAI) inclinations, which created data security and compliance risks.

The global head of IT workplace at a conglomerate organization said: "We need to keep up. We want to start now so that we can really leverage and really understand everything about generative AI and how can we use this in our business or in other activities that we are developing."

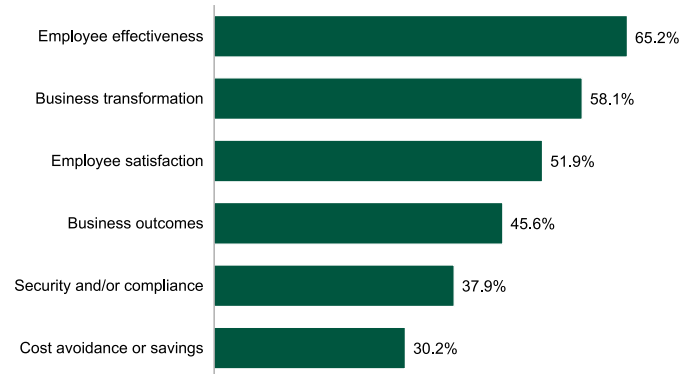
SOLUTION REQUIREMENTS

The interviewees' organizations searched for a solution that could:

- Increase knowledge worker productivity.
- Improve employee knowledge, satisfaction, and work-life balance.
- Increase creativity across many activities, such as product development and ways to reduce time to market.
- Create operational efficiencies across the organization.
- Improve customer service and satisfaction.
- Consolidate AI tools and platforms to reduce costs and help the overworked IT organization.

- Accomplish the above in ways that meet compliance and privacy requirements.

"What areas of outcomes have you seen/do you expect to benefit most from Microsoft 365 Copilot?"



Base: 351 decision-makers with responsibility or influence over their organization's AI solutions strategy
Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, January 2024

"I just completed a task in Word that took 5 seconds versus spending all day trying to find the time to put words on paper. I no longer needed to carve out a 90-minute block to create something from scratch. People find it much easier to react to something, and that's one of the big benefits of Copilot. It gets us from a blank page to something we can react to."

Account lead, professional services

COMPOSITE ORGANIZATION

Based on the interviews and survey, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected. The composite organization is representative of the eight interviewees and 351 survey respondents, and it is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite. A global company headquartered in the United States. It has extensive operations across North America and Europe, as well as sales and service operations around the globe. The composite company has \$6.25 billion in annual revenues, which is held constant for model simplicity. It also has 25,000 employees.

Deployment characteristics. The composite organization had previously moved to Microsoft 365 and was well down its cloud-migration journey with many information repositories already migrated to SharePoint Online. The objective of deploying Copilot for Microsoft 365 was to achieve business transformation in addition to quick-win labor productivity gains. Copilot for Microsoft 365 was a phased rollout over three years: 3,000 knowledge workers are onboarded in Year 1, with an additional 3,000 onboarded in Year 2 and an additional 4,000 in Year 3. These users cross all departments and are prioritized based on use-case value.

Key Assumptions

- **\$6.25 billion revenue**
- **25,000 employees**
- **Phased rollout to 40% of the workforce**

Analysis Of Benefits

■ Quantified benefit data as applied to the composite

Total Projected Benefits

Benefit	Year 1	Year 2	Year 3	Total	Present Value
Total projected benefits (low)	\$3,003,650	\$14,362,845	\$28,518,181	\$45,884,676	\$36,026,842
Total projected benefits (mid)	\$10,866,485	\$24,965,655	\$45,423,475	\$81,255,615	\$64,638,724
Total projected benefits (high)	\$18,854,145	\$36,152,413	\$63,041,400	\$118,047,958	\$94,382,096

BUSINESS TRANSFORMATION: GO TO MARKET

Evidence and data. Interviewees and survey respondents noted several go-to-market benefits with Copilot for Microsoft 365, including improved sales, marketing, and customer experiences, which could result in increased revenue growth. Interviewees and survey respondents shared many examples of how their organizations achieved early successes and how they expected revenue to grow in the future:

- The account lead at a professional services organization shared a couple of examples of how sales processes improved. Firstly, employees could complete 10% more sales proposals per month with PowerPoint slide creation time decreasing by 75%. Secondly, the time to close a deal has decreased from 30 days to 20 days, accelerating time to revenue.
- The manager at another professional services organization believed that revenues would eventually increase by 20% because of better automation and better aggregation and presentation of information from multiple systems.
- The project manager at a retailer explained that marketing teams at their organization became more effective and efficient. Activities that used to take half a day, such as creating a project brief, instead took 30 minutes. They also shared

product management and product marketing process improvements. This was especially true for multilingual packaging design. What was a process that stretched over multiple months was significantly reduced, accelerating time to revenue.

- The retail project manager also said that customer satisfaction improved because employees could get the right information to a customer faster.
- The head of an IT workplace at a conglomerate reported they started to see reduced time to market.
- Survey respondents reported many ways in which their organizations realized go-to-market business transformations, including better win rates, faster time to market, and improved identification of new revenue streams.
- Survey respondents said that they expected sales for existing revenue streams to increase by



Increase in net revenue

Up to 2.9%

an average of 5.7%. They also expected win rates to improve by 16%. Time to market for new products and services was expected to improve by 16%. Survey respondents also expected new revenue streams to increase total revenues by 4.3%.

“It’s always a benefit if you are quicker than your competitors when interacting with customers. Otherwise, you have the potential of losing business. Copilot is already helping in this area by preparing answers in Outlook.”

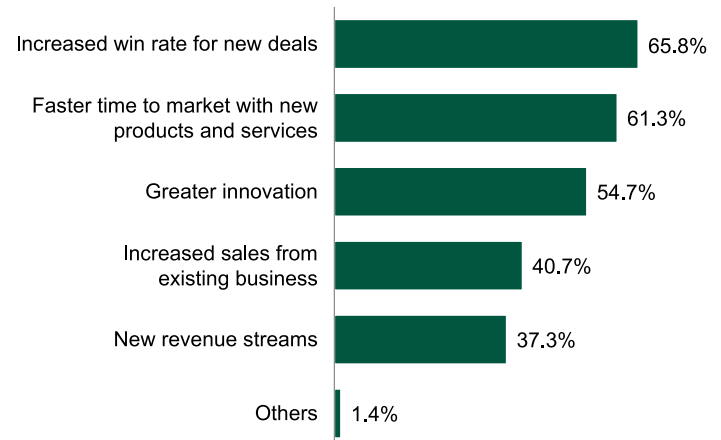
Global head of IT workplace, conglomerate

Modeling and assumptions. Based on the interviews and survey, Forrester assumes the following for the financial analysis as applied to the composite organization:

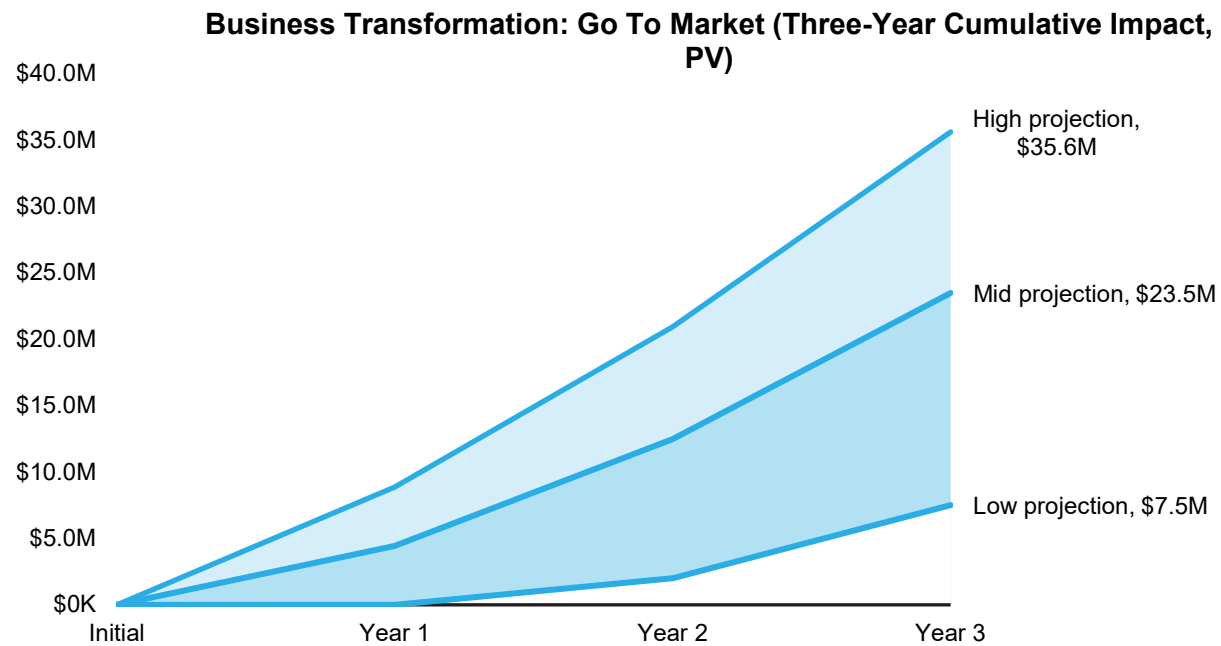
- Annual top-line revenue prior to the adoption of Copilot for Microsoft 365 is \$6.25 billion. This is held consistent throughout the life of the study for model simplicity.
- The extent revenue increases for the reasons described above varies based on the level of go-to-market business transformation achieved. For the low scenario, very little transformation is achieved. For the high scenario, the business transformation objectives are fully realized. The middle scenario sits somewhere in between. These three scenarios are used for all quantified benefits.
- The benefit ramps up over time for several reasons, including an increase in Copilot for Microsoft 365 users; increased familiarity and competence in using Copilot for Microsoft 365; ingestion of information from more third-party systems; and further transformation of business processes. For the same reasons, a ramp up is used for all subsequent quantified benefits.
- A net margin of 7.8% is applied to the top-line revenue growth to focus the study on bottom-line financial improvements. This net margin is the US average across all industries.⁴

Results. This yields a three-year projected PV ranging from \$7.5 million (low) to \$35.6 million (high).

“Have you seen/do you expect to experience any of the following business outcomes as a result of using Microsoft 365 Copilot?”



Base: 351 decision-makers with responsibility or influence over their organization’s AI solutions strategy
Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, January 2024



Business Transformation: Go To Market					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Baseline revenues	Composite	\$6,250,000,000	\$6,250,000,000	\$6,250,000,000
A2 _{Low}	Increased revenues from improved revenue generation and customer experience	Interviews	0.0%	0.5%	1.5%
A2 _{Mid}			1.0%	2.0%	3.0%
A2 _{High}			2.0%	3.0%	4.0%
A3 _{Low}	Subtotal: Revenue from improved revenue generation	A1*A2	\$0	\$31,250,000	\$93,750,000
A3 _{Mid}			\$62,500,000	\$125,000,000	\$187,500,000
A3 _{High}			\$125,000,000	\$187,500,000	\$250,000,000
A4	Baseline net margin	TEI standard	7.80%	7.80%	7.80%
At _{Low}	Business transformation: Go to market	A3*A4	\$0	\$2,437,500	\$7,312,500
At _{Mid}			\$4,875,000	\$9,750,000	\$14,625,000
At _{High}			\$9,750,000	\$14,625,000	\$19,500,000
Three-year projected total: \$9,750,000 to \$43,875,000			Three-year present value: \$7,508,452 to \$35,601,052		

BUSINESS TRANSFORMATION: OPERATIONS

Evidence and data. Interviewees and survey respondents said they expected their organizations to achieve significant internal and external efficiencies, operational process improvements, and improved supply chain optimization. A major component of this transformation pillar was employee time savings. Examples of how Copilot for Microsoft 365 saved the interviewees' and survey respondents' employees time were shared in this section, and they were also illustrated in much more detail in [Appendix C](#). The ways Copilot for Microsoft 365 saved time for people across many roles was well documented, including within the Forrester Research report on how to build a business case for Copilot for Microsoft 365.⁵ Interviewees also noted that Copilot for Microsoft 365 also created opportunities to reduce external spend in many areas, such as outsourced labor and other software licenses. External cost reductions were important because they contributed directly to bottom-line financial performance improvements. Examples of how interviewees and survey respondents achieved early successes in transforming operations to reduce costs and how they expected this to improve in the future include the following:

- Interviewees discussed many examples of individual activity time savings that impacted large portions of Copilot for Microsoft 365 users. Some of the most common included post-meeting recaps that were completed in 5 minutes rather than 30 minutes; saving up to 30 minutes per day on reading emails; saving another 30 minutes per day on writing emails; and saving more than 1 hour per week on information searching.
- Interviewees also noted less widely achieved content-creation time savings that were tied to narrower roles. Some tasks/roles included project managers' ability to handle twice as many projects; a reduction in the time spent writing job

“Copilot has a labor savings element, but it is about more than that. It’s about not having to wait two days for a process to complete. Everything just gets done faster.”

Experience lead, professional services

descriptions from 4 hours to 30 minutes; and a reduction in the time legal teams spent on a document from one day to 15 minutes.

- The project manager at a retailer shared several ways in which their organization expected to realize supply chain and operational efficiencies, including new store designs and improving data analyses to identify supply chain and inventory management improvement opportunities.
- The manager of digital workplace at a financial services company said: “We can become more efficient, which will reduce the cost of doing business. This is something we are passionate about because we are managing pensions for essential public-service workers.”
- Nearly 50% of survey respondents said they expected Copilot for Microsoft 365 to improve their organization’s supply chains. Those respondents expected supply chain costs to be reduced by 5% on average.



Reduction in total expenditures

—
Up to 0.7%

- The global head of IT workplace at a conglomerate saw a longer-term opportunity to reduce the spend on data analysis software because Copilot for Microsoft 365 democratized data analysis.
- The manager of a digital workplace at a financial services company looked into eliminating multiple chatbots by using Copilot Studio.
- The project manager at a retailer said that an in-house generative AI solution will be retired. They also saw an opportunity to reduce costs for their knowledge management platform, which was facing a 3x price increase as part of the move to the cloud. This alone could be worth millions of dollars in savings per year.
- The same project manager also expected the number of IT contractors to be reduced by as much as 20%.
- The account lead at a professional services organization expected the amount of outsourced copywriting services to be reduced by up to two-thirds.
- The two commonly mentioned solutions to be retired by survey respondents were writing assistants (70%) and knowledge management (57%).
- Survey respondents also expected agency/professional service costs to be reduced across many categories, including data analysis (65%), consulting (52%), IT (48%), administrative support (41%), and graphic design (31%).

Modeling and assumptions. Based on the interviews and survey, Forrester assumes the following for the financial analysis as applied to the composite organization:

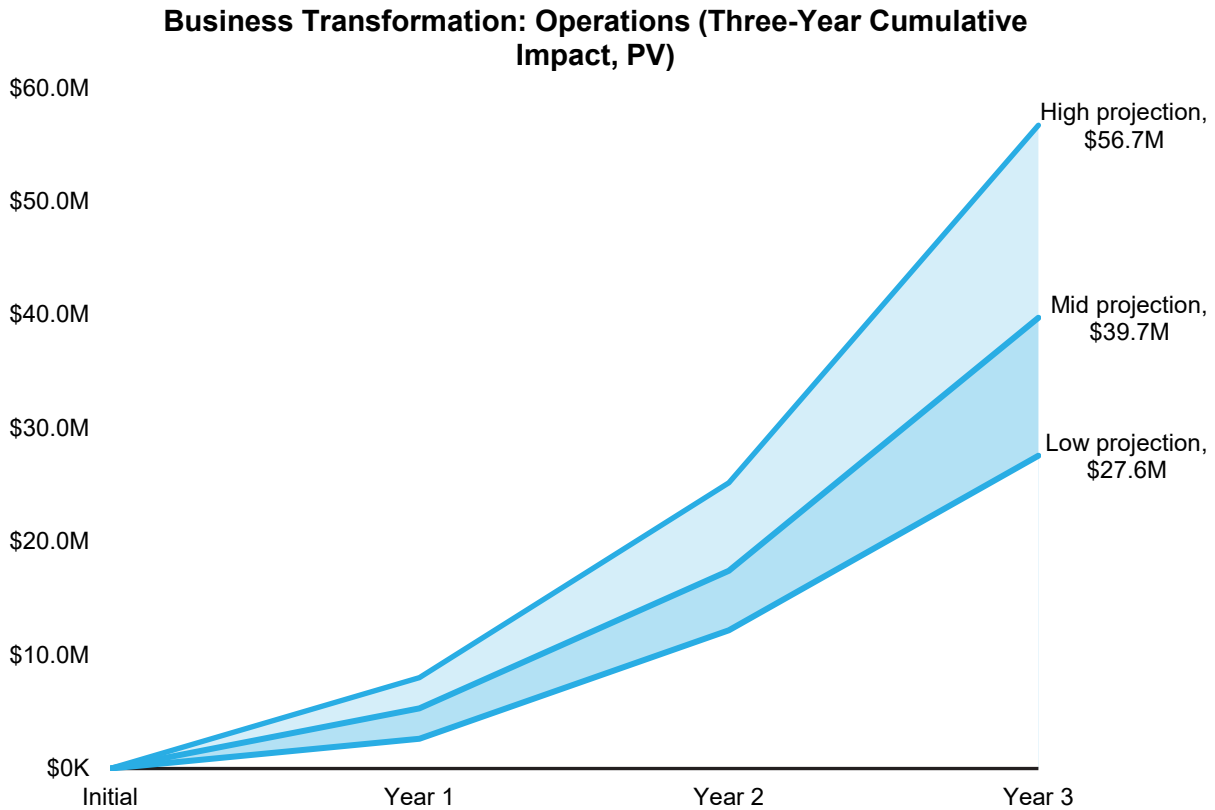
- The various top-line revenue scenarios from the go-to-market transformation benefit are applied here.

“As an IT department, we know that retail systems and logistics are the two biggest areas where we can add value. Copilot should help a lot in both of these areas. I can’t quantify it now, but the improvements could be huge.”
Project manager, retail

“We buy a lot of software and hardware for data analytics initiatives. I believe that in a couple of years we won’t need this, and that we will be able to achieve the same or better results with Copilot for Microsoft 365.”
Global head of IT workplace, conglomerate

- The total composite organization expenditures are calculated by applying the 7.8% baseline net margin.
- These total costs are reduced by up to 0.7% because of employee efficiencies, supply chain/operational process improvements, and decreased external spend on contractors and other IT licenses. These improvements increase over time and depend on the amount of transformation achieved.

Results. This yields a three-year projected PV ranging from \$27.6 million (low) to \$56.7 million (high). From a net-margin perspective, the baseline 7.80% net margin increases from 8.12% (low) to 8.45% (high).



Business Transformation: Operations					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1 _{Low}			\$6,250,000,000	\$6,281,250,000	\$6,343,750,000
B1 _{Mid}	Total revenues	A1+A3	\$6,312,500,000	\$6,375,000,000	\$6,437,500,000
B1 _{High}			\$6,375,000,000	\$6,437,500,000	\$6,500,000,000
B2 _{Low}			\$5,762,500,000	\$5,791,312,500	\$5,848,937,500
B2 _{Mid}	Total pre-Copilot for Microsoft 365 expenses	B1*(100%-7.80% baseline net margin)	\$5,820,125,000	\$5,877,750,000	\$5,935,375,000
B2 _{High}			\$5,877,750,000	\$5,935,375,000	\$5,993,000,000
B3	Baseline net margin	TEI standard	7.80%	7.80%	7.80%
B4 _{Low}			0.05%	0.20%	0.35%
B4 _{Mid}	Percent decrease in expenses due internal and external efficiencies	Interviews	0.10%	0.25%	0.50%
B4 _{High}			0.15%	0.35%	0.70%
B5 _{Low}			\$2,881,250	\$11,582,625	\$20,471,281
B5 _{Mid}	Reduced expenses	B2*B4	\$5,820,125	\$14,694,375	\$29,676,875
B5 _{High}			\$8,816,625	\$20,773,813	\$41,951,000
B6 _{Low}			7.85%	7.98%	8.12%
B6 _{Mid}	Resultant net margin	1-(B2-B5)/B1	7.89%	8.03%	8.26%
B6 _{High}			7.94%	8.12%	8.45%
Bt _{Low}			\$2,881,250	\$11,582,625	\$20,471,281
Bt _{Mid}	Business transformation: Operations	B5	\$5,050,000	\$5,820,125	\$14,694,375
Bt _{High}			\$8,816,625	\$20,773,813	\$41,951,000
Three-year projected total: \$34,935,156 to \$71,541,438			Three-year present value: \$27,572,112 to \$56,701,961		

BUSINESS TRANSFORMATION: PEOPLE AND CULTURE

Evidence and data. Interviewees noted that Copilot for Microsoft 365 improved employee satisfaction by reducing or eliminating tedious, repetitive tasks. It also improved company culture through increased employee empowerment. In the short term, this reduced the time required to onboard new hires. Although too early to quantify, interviewees noted that longer-term benefits may include increased employee retention and job performance, as well as a reduced reliance on specialized employees. Specific examples of how interviewees and survey respondents saw Copilot for Microsoft 365 transforming people and culture include the following:

- The manager at a professional services organization said: “In one or two years it will be very hard to hire innovative people if we are not using Copilot. Without a modern IT stack, people won’t want to work here.”
- The same manager added, “Employee satisfaction will improve because repetitive tasks just go away.”
- The retailer project manager said: “Our employees like our culture but are overworked. They have great ideas but don’t have the time to pursue them. They also don’t have time for training. If we can improve all of this, our culture

will be better. Copilot should help a lot, which is the big reason we wanted to implement it.”

- The global head of an IT workplace at a conglomerate anticipated new employee onboarding times reduced up to 25%.
- The client success specialist at a financial services company said: “New hires are drowning in information for the first six months. Copilot should reduce this period of onboarding by two months.”
- Sixty-nine percent of survey respondents expected Copilot for Microsoft 365 to improve employee satisfaction.
- Survey respondents that anticipated Copilot for Microsoft 365 to reduce employee churn expected an average reduction of 12%.



Acceleration in new-hire onboarding time

Up to 30%

Modeling and assumptions. Based on the interviews and survey, Forrester assumes the following for the financial analysis as applied to the composite organization:

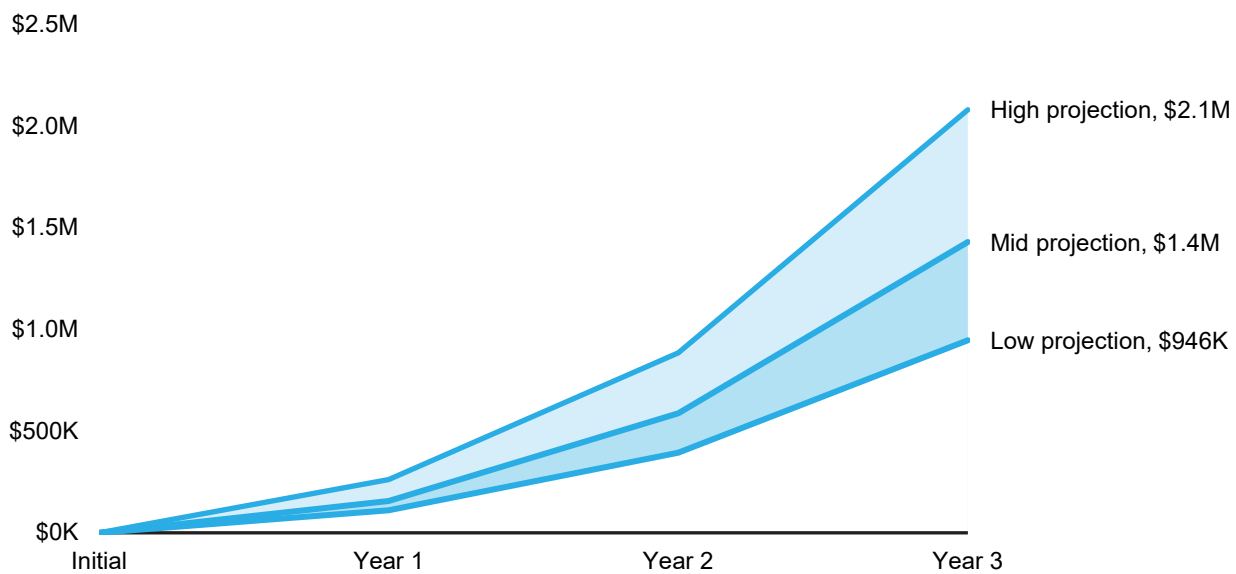
- Twenty percent of the workforce turns over each year, and it is assumed this is the same for employees using Copilot for Microsoft 365.
- Prior to Copilot for Microsoft 365, it takes 45 days to onboard a new employee. This is reduced by up to 30% by Year 3.
- The fully burdened cost of a new hire, including salary, benefits, and payroll taxes, is \$34 per hour.
- New hires only contribute 30% of the value that a fully onboarded, experienced employee does.

“Onboarding new employees is very hard. It requires HR, IT, and many other teams. We are using Copilot with Power Automate to streamline the information sharing and coordination required to make this better.”
Manager, professional services

- Of the total potential increase in productivity/value creation, 50% is included because not all time savings is used for completing additional work.
- Managers also save up to 1 hour as part of onboarding each of their new direct reports.
- Managers have a higher fully burdened cost, and the same productivity capture is applied.

Results. This yields a three-year projected PV ranging from \$946,000 (low) to \$2.1 million (high).

Business Transformation: People And Culture (Three-Year Cumulative Impact, PV)



Business Transformation: People And Culture					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Number of workers using M365 Copilot	Composite	3,000	6,000	10,000
C2	Percentage of employees that are new hires	Composite	20%	20%	20%
C3	Days for onboarding prior to M365 Copilot	Interviews	45	45	45
C4 _{Low}	Acceleration in new employee onboarding due to M365 Copilot	Composite	10%	15%	20%
C4 _{Mid}			15%	20%	25%
C4 _{High}			20%	25%	30%
C5 _{Low}	Days saved per new employee onboarded (rounded)	C3*C4	5	7	9
C5 _{Mid}			7	9	11
C5 _{High}			9	11	14
C6	New employee average hourly fully burdened cost	TEI standard	\$34	\$34	\$34
C7	Productivity of new hire during ramp	Interviews	30%	30%	30%
C8	Time recaptured	TEI standard	50%	50%	50%
C9 _{Low}	Subtotal: Acceleration of new employee onboarding	C1*C2*C5*8 hours*C6*C7*C8	\$122,400	\$342,720	\$734,400
C9 _{Mid}			\$171,360	\$440,640	\$897,600
C9 _{High}			\$220,320	\$538,560	\$1,142,400
C10 _{Low}	Days saved for managers per new employee onboarded	Interviews	0.00	0.00	0.00
C10 _{Mid}			0.00	0.30	0.50
C10 _{High}			0.50	0.80	1.00
C11	Manager of new employee hourly fully burdened cost	TEI standard	\$56	\$56	\$56
C12	Time recaptured	TEI standard	50%	50%	50%
C13 _{Low}	Subtotal: Easier new employee onboarding for managers	C1*C2*C10*8 hours*C11*C12	\$0	\$0	\$0
C13 _{Mid}			\$0	\$80,640	\$224,000
C13 _{High}			\$67,200	\$215,040	\$448,000
Ct _{Low}	Business transformation: People and culture	C9+C13	\$122,400	\$342,720	\$734,400
Ct _{Mid}			\$171,360	\$521,280	\$1,121,600
Ct _{High}			\$287,520	\$753,600	\$1,590,400
Three-year projected total: \$1,199,520 to \$2,631,520			Three-year present value: \$946,278 to \$2,079,083		

UNQUANTIFIED BENEFITS

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

- **Improvement to diversity, equity, and inclusion (DEI).** Interviewees expected that generated content from Copilot for Microsoft 365 would provide a greater variety of examples and pull from more diverse experiences than an average employee may think of themselves.

The account lead at a professional services company said: “I think of brainstorming with Copilot as a way to potentially counteract some of the inherent biases that we have as humans. You can use Copilot to help identify those things, so we get to higher-quality solutions at the end.”

- **Better work-life balance.** Interviewees found that some of the work Copilot for Microsoft 365 reduced were mundane and frustrating tasks, freeing up employees’ time.

The experience lead at a professional services company said: “We talk about the possibility of Generative AI enabling four-day work weeks. I think that’s possible, at least for certain functions and industries.”

The account lead at another professional services company said: “The value of Copilot is taking away some of the repetitive, menial tasks you do today. You can ask Copilot directly in whatever program you’re using and keep you consistently in the flow of work and supporting your work goals throughout the day whether it’s brainstorming, writing, or analyzing data. It’s an assistant to support you in connecting across all of the different systems that you use.”

- **Compliance and security.** A common improvement found with Copilot for Microsoft 365 was that employees stopped using public

generative AI for work. As a result, leadership became more confident that proprietary information would be kept secure within the company.

The global head of an IT workplace at a conglomerate said: “No one likes to mess up with corporate data. If we can use an internal tool in a secure way, that will improve security. ... This is something mandatory that we need to do, and this is a benefit for us.”

The head of workplace technology at a utilities company said: “If we use Copilot and even Bing Chat, then data stays within our tenant boundaries. People won’t be pasting stuff into [a public generative AI tool].”

FLEXIBILITY

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

- **Easier collaboration across geographies and languages.** Working across geographies and languages can be difficult for organizations with a distributed workforce. Interviewed decision-makers expected Copilot for Microsoft 365 to reduce communication barriers between teams, allowing for easier collaboration and more diverse contribution to projects.

The global head of an IT workplace of a conglomerate said: “I would say Copilot is much better for people who are not good in the English language. I see benefits in terms of the quality and the number grammatical errors and phrase construction.”

- **More creative problem-solving.** Interviewed IT and business leaders saw an opportunity for Copilot for Microsoft 365 to help their employees

be more creative, not only in the content they create, but also in their overall problem-solving processes. Increased creativity is an expected result as Copilot can draw from a greater pool of information, well beyond what the average employee would be able to draw from, allowing for connections that previously were unrealized.

The account lead at a professional services company said: “It gives you creativity that would be hard to have without Copilot. It helps you make connections that you wouldn’t have made otherwise or puts yourself in the other context that you aren’t normally in. So you could say something like, ‘Give me five ideas for how to solve this problem if I was an aerospace engineer.’”

- **Future growth of Copilot.** Interviewees and survey respondents expected Copilot’s capabilities and use cases to grow substantially in the next few years, providing them additional opportunities and benefits not available today. Some of these changes are expected in Copilot for Microsoft 365, and some are expected to come in the form of Copilot for additional Microsoft products, such as Dynamics 365. Additionally, the use of Copilot Studio to connect third-party applications will create additional benefits.

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

Analysis Of Costs

■ Quantified cost data as applied to the composite

Total Costs							
Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Dtr	Copilot for Microsoft 365 licenses	\$0	\$1,134,000	\$2,268,000	\$3,780,000	\$7,182,000	\$5,745,259
Etr	Implementation and management costs	\$2,160,000	\$1,356,000	\$1,356,000	\$1,356,000	\$6,228,000	\$5,532,171
Ftr	Training and employee discovery	\$25,200	\$1,823,760	\$2,107,440	\$2,997,360	\$6,953,760	\$5,676,811
	Total costs (risk-adjusted)	\$2,185,200	\$4,313,760	\$5,731,440	\$8,133,360	\$20,363,760	\$16,954,241

COPILOT FOR MICROSOFT 365 LICENSES

Evidence and data. Interviewees noted that Copilot for Microsoft 365 required users to first have either a Microsoft 365 E3 or an E5 license with Azure Active Directory access. Copilot for Microsoft 365 then cost an additional \$30 per user per month.

Interviewees for this analysis evaluated Copilot for Microsoft 365 as a part of Microsoft's Early Access Program. While these interviewed IT and business decision-makers did not pay for licenses to test Copilot for Microsoft 365, they evaluated their plans for future expansion based on a nondiscounted license cost of \$30 per user per month. Similarly, survey respondents were not yet paying for Copilot for Microsoft 365 as their interest and evaluation was based on a potential investment. However, future use cases and internal business cases were built on the cost of \$30 per user per month.

Specific examples of how interviewees and survey respondents viewed the license costs for Copilot for Microsoft 365 include the following:

- IT decision-makers generally expected to roll out Copilot for Microsoft 365 to most knowledge workers, although this varied depending on the types of knowledge workers and local regulations.

- The head of workplace technology at a utilities company said, "If you use it once a week to create a PowerPoint presentation or a Word document, then potentially that's enough because that would cover the cost of the license."

"Saving a day a month pays for the Copilot license quite easily because we're assuming it's going to be around about €30 per user per month for Copilot. ... An hour a month would probably cover the cost of the Copilot license."

Head of workplace technology, utilities

Modeling and assumptions. Based on the interviews and survey, Forrester assumes the following for the financial analysis as applied to the composite organization:

- The composite organization scales its Copilot for Microsoft 365 licenses to 10,000 employees over three years.
- The cost of Copilot for Microsoft 365 is \$30 per user per month.
- All Copilot for Microsoft 365 users in the composite organization already have either a Microsoft 365 E5 or E3 license, and those associated costs and benefits are not included in this analysis.

Risks. Results may not be representative of all experiences and the cost will vary between organizations depending on the following factors:

- Employees who do not have Microsoft 365 E5 or E3 will have additional costs and benefits associated with those licenses.
- License costs for Copilot for Microsoft 365 are not guaranteed to stay \$30 per user per month indefinitely. This analysis does not account for any change in cost over time.

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

Copilot For Microsoft 365 Licenses

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

IMPLEMENTATION AND MANAGEMENT COSTS

Evidence and data. Interviewees noted that their employees view Copilot for Microsoft 365 as a transformational technology allowing for a new way of working. However, transforming a business with a new technology required a thorough integration and realignment of internal processes, resources, and strategies. There was also much effort around data management — cleaning up internal data, ensuring that data permissions were set correctly, and excluding certain data from Copilot for Microsoft 365 indexing.

- Interviewees' organizations rolling out Copilot for Microsoft 365 often had an executive sponsor and team leaders who identified key personas and high-priority use cases that enabled business transformation.
 - The head of workplace technology at a utility company estimated their involvement as an executive sponsor required half a day each week. An additional four leaders acted as champions for their business units.
 - The project manager at a retail company estimated leading transformation through Copilot for Microsoft 365 was equivalent to a full-time job.
- After the initial planning and data-analysis phase, leaders identified resources required to transform the appropriate parts of the business and ensure the appropriate data hygiene and governance was in place. This required organizational leaders and their respective teams to identify key parts of the business that needed to transform and ways to best complete that transformation. This often involved a team of IT professionals to successfully add knowledge sources to Copilot for Microsoft 365 and ensure all resources were aligned for successful transformation.
 - The account lead at a professional services company noted their organization had a team of eight IT professionals to manage their technical rollout of Copilot for Microsoft 365. Much of their work was completed within four weeks.
 - The project manager at a retail company estimated that full implementation and management of Copilot for Microsoft 365 would take \$90,000 in internal and external labor over the course of a year.
 - The client success specialist and the manager of digital workplace at a financial services company noted their organization required part-time assistance from their engineering, IT, and service desk teams for successful implementation of Copilot for Microsoft 365.
- The experience lead at a professional services company identified several requirements for successful implementation and management of Copilot for Microsoft 365. Those requirements were to:
 - Establish policies and best practices for generative AI usage in the workplace.
 - Implement data security, privacy protocols, and systems for individuals, business groups, and the entire company.
 - Update and prepare a content management platform, including labeling data so Copilot for Microsoft 365 knows what is appropriate and for whom.
 - Gather alignment requirements from legal, HR, information, security, and other functions to ensure internal needs are met and external regulations are followed.
 - Prepare IT help desk employees with appropriate resources, materials, and

technologies to support Copilot for Microsoft 365.

- Consider geographical differences for all of the above.

Modeling and assumptions. Based on the interviews and survey, Forrester assumes the following for the financial analysis as applied to the composite organization:

- An initial \$500,000 is spent on professional services to implement Copilot for Microsoft 365, which decreases to \$350,000 per year as additional business groups are integrated.
- An additional \$1.3 million of internal labor is required for initial implementation and management, including both technical and business involvement. This continues at \$780,000 per year to support additional business units.

Risks. Results may not be representative of all experiences, and the cost will vary between organizations depending on the following factors:

- The level of implementation and management of Copilot for Microsoft 365 will vary between organizations depending on industry, region, regulations, complexity, size, maturity, expertise, technical environment, and other factors.
- The extent of data clean up required can vary greatly.
- Readers should carefully consider both internal and external costs associated with the activities listed above which are necessary for the successful implementation and management of Copilot for Microsoft 365.

Results. To account for these risks, Forrester adjusted this cost upward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$5.5 million.

Implementation And Management Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
E1	Professional services	Interviews	\$500,000	\$350,000	\$350,000	\$350,000
E2	Number of IT FTEs involved in technical integration and change management	Interviews	10	6	6	6
E3	Annual fully burdened cost	Interviews	\$130,000	\$130,000	\$130,000	\$130,000
E4	Subtotal: Technical integration and process reengineering costs	E2*E3	\$1,300,000	\$780,000	\$780,000	\$780,000
Et	Implementation and management costs	E1+E4	\$1,800,000	\$1,130,000	\$1,130,000	\$1,130,000
	Risk adjustment	↑20%				
Etr	Implementation and management costs (risk-adjusted)		\$2,160,000	\$1,356,000	\$1,356,000	\$1,356,000
Three-year total: \$6,228,000			Three-year present value: \$5,532,171			

TRAINING AND EMPLOYEE DISCOVERY

Evidence and data. Interviewees note that end users required both formal training and informal training/discovery to effectively change the way they worked with Copilot for Microsoft 365. Trainers and facilitators also needed to spend time to develop learning materials and lead training sessions. The required labor was expected to be more than marginally incremental technologies where users only needed to make small changes to their work.

- Most interviewees' organizations hosted weekly training sessions for Copilot for Microsoft 365 users. These sessions allowed employees to improve their prompt engineering and learn new tips and tricks. Training also included how to create prompts to avoid generative AI hallucinations and how to identify them.
- The global head of an IT workplace at a conglomerate estimated that it took users between 4 and 8 hours of experimenting with Copilot for Microsoft 365 before they could use it effectively in their work.
- The VP of employee IT at an industrial company involved many groups in training, including IT and legal.
- The experience lead at a professional services organization said: "I don't think an organization would need to hire more support people for Copilot [for Microsoft 365], but they would need to equip them in different ways. It is very different than the support of other applications."

Modeling and assumptions. Based on the interviews and survey, Forrester assumes the following for the financial analysis as applied to the composite organization:

- An initial 600 labor hours are spent to develop training materials. An additional 120 labor hours are spent annually to refine and adapt this material for additional groups as licenses are expanded to more employees.

"It's essential to show how [Copilot for Microsoft 365] can really be used in a valuable and meaningful way in a work context. So not just showing functionality but use cases and giving people ideas about what they can do with it."
VP of employee IT, industrial

- Employees spend 8 hours on their initial training in the year they receive a Copilot for Microsoft 365 license and an additional 2 hours annually. This time accounts for weekly sessions for the first few weeks a new user gains access to Copilot for Microsoft 365.
- Employees spend 5 hours annually on discovery and individual testing outside of formal training.

Risks. Results may not be representative of all experiences, and the cost will vary between organizations depending on the following factors:

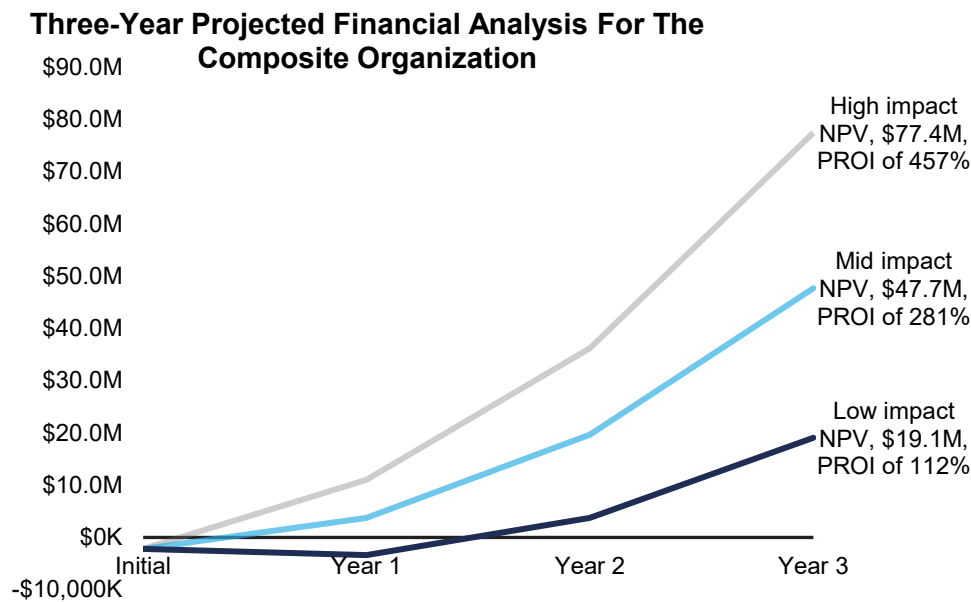
- While interviewees found that Copilot for Microsoft 365 did not require extensive training, roles with more involved usage of Copilot for Microsoft 365 may need more time.
- Similarly, new user and ongoing training may need to be extended longer than this analysis assumes depending on the complexity of the company's environment. Forrester Research's point of view is that training is a critical success factor and that companies should spend more time on training than many currently are.

Results. To account for these risks, Forrester adjusted this cost upward by 20% yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$5.7 million.

Training And Employee Discovery						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	Hours for learning and development content creation	Composite	600	120	120	120
F2	Average hourly fully burdened cost	TEI standard	\$35	\$35	\$35	\$35
F3	Subtotal: Cost for learning and development content creation	$F1 \times F2$	\$21,000	\$4,200	\$4,200	\$4,200
F4	Number of Copilot for Microsoft 365 users	Composite	0	3,000	6,000	10,000
F5	Number of new Copilot for Microsoft 365 users	$F4 - F4_{PY}$	0	3,000	3,000	4,000
F6	Hours per year per employee for new employee training	Interviews	8	8	8	8
F7	Total hours of training for initial employees	$F5 \times F6$	0	24,000	24,000	32,000
F8	Additional hours per employee per year for ongoing training	Interviews	2	2	2	2
F9	Total hours of training for ongoing employee training	$F8 \times F4_{PY}$	0	0	6,000	12,000
F10	Number of employees per training sessions	Interviews	25	25	25	25
F11	Subtotal: Cost for trainers to lead training sessions	$F2 \times (F7 + F9) / F10$	\$0	\$33,600	\$42,000	\$61,600
F12	Total hours per year for employee training	$F7 + F9$	0	24,000	30,000	44,000
F13	Additional hours per year per new M365 Copilot users for discovery	Interviews	5	5	5	5
F14	Total hours per year for employee discovery	$F5 \times F13$	0	15,000	15,000	20,000
F15	Average hourly fully burdened cost	TEI standard	\$38	\$38	\$38	\$38
F16	Subtotal: Cost for employees to train and discover	$(F12 + F14) \times F15$	\$0	\$1,482,000	\$1,710,000	\$2,432,000
Ft	Training and employee discovery	$F3 + F11 + F16$	\$21,000	\$1,519,800	\$1,756,200	\$2,497,800
	Risk adjustment	↑20%				
Ftr	Training and employee discovery (risk-adjusted)		\$25,200	\$1,823,760	\$2,107,440	\$2,997,360
Three-year total: \$6,953,760			Three-year present value: \$5,676,811			

Financial Summary

CONSOLIDATED THREE-YEAR, RISK-ADJUSTED METRICS



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

These risk-adjusted PROI and projected NPV values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Analysis (Risk-Adjusted Estimates)						
	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	(\$2,185,200)	(\$4,313,760)	(\$5,731,440)	(\$8,133,360)	(\$20,363,760)	(\$16,954,241)
Total benefits (low)	\$0	\$3,003,650	\$14,362,845	\$28,518,181	\$45,884,676	\$36,026,842
Total benefits (mid)	\$0	\$10,866,485	\$24,965,655	\$45,423,475	\$81,255,615	\$64,638,724
Total benefits (high)	\$0	\$18,854,145	\$36,152,413	\$63,041,400	\$118,047,958	\$94,382,096
Net benefits (low)	(\$2,185,200)	(\$1,310,110)	\$8,631,405	\$20,384,821	\$25,520,916	\$19,072,601
Net benefits (mid)	(\$2,185,200)	\$6,552,725	\$19,234,215	\$37,290,115	\$60,891,855	\$47,684,483
Net benefits (high)	(\$2,185,200)	\$14,540,385	\$30,420,973	\$54,908,040	\$97,684,198	\$77,427,855
PROI (low)						112%
PROI (mid)						281%
PROI (high)						457%

Appendix A: New Technology: Projected Total Economic Impact

New Technology: Projected Total Economic Impact (New Tech TEI) is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value of their products and services to clients. The New Tech TEI methodology helps companies demonstrate and justify the projected tangible value of IT initiatives to senior management and key business stakeholders.

TOTAL ECONOMIC IMPACT APPROACH

Projected Benefits represent the projected value to be delivered to the business by the product. The New Tech TEI methodology places equal weight on the measure of projected benefits and the measure of projected costs, allowing for a full examination of the effect of the technology on the entire organization.

Projected Costs consider all expenses necessary to deliver the proposed value of the product. The projected cost category within New Tech TEI captures incremental ongoing costs over the existing environment that are associated with the solution.

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

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

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



PRESENT VALUE (PV)

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



PROJECTED NET PRESENT VALUE (PNPV)

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



PROJECTED RETURN ON INVESTMENT (PROI)

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



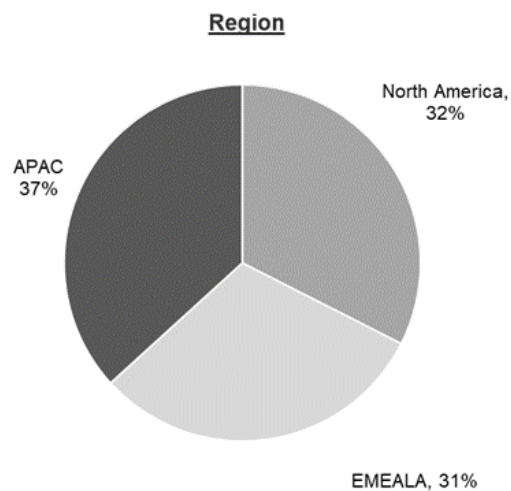
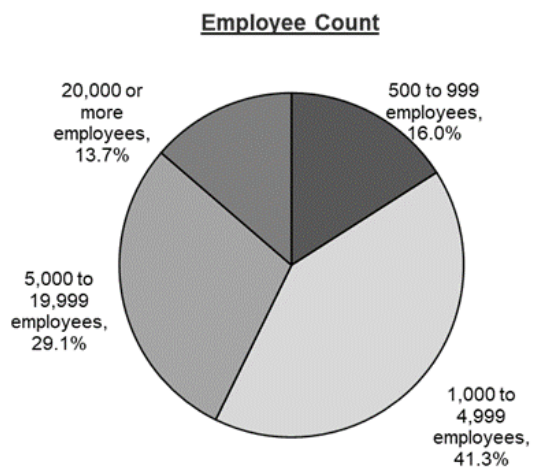
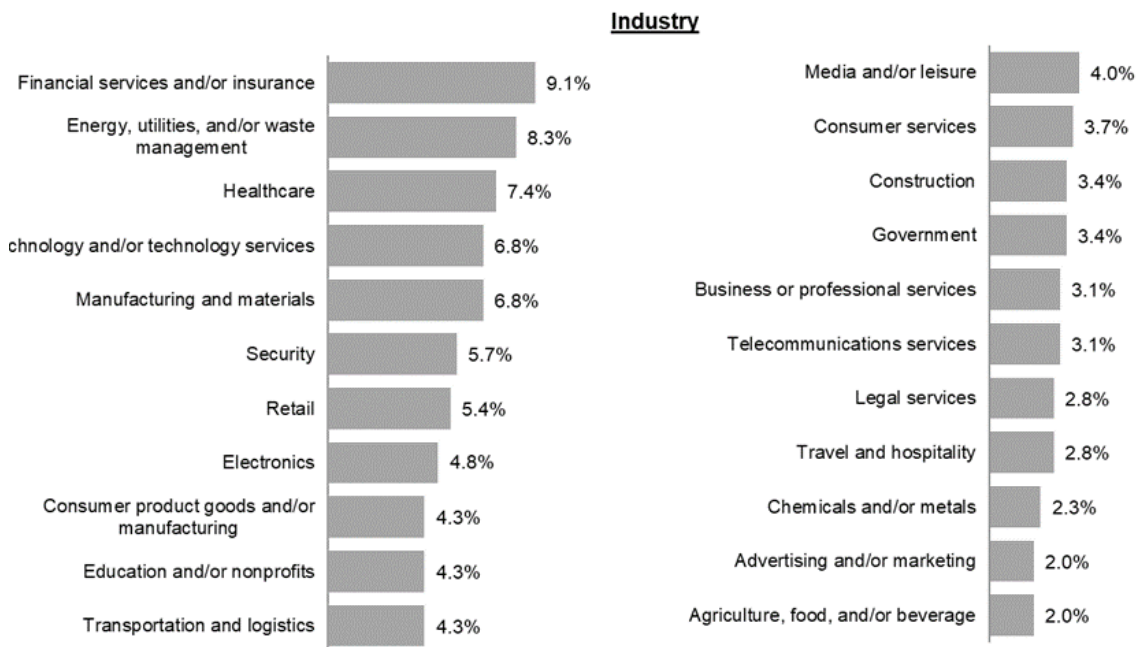
DISCOUNT RATE

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

Appendix B: Interview And Survey Demographics

Interviews			
Role	Industry	Geography	Employees
Account lead	Professional services	North America HQ, global operations	50,000
Global head of IT workplace	Conglomerate	EMEA HQ, global operations	10,000
Head of workplace technology	Utilities	EMEA HQ, global operations	25,000
Experience lead	Professional services	North America HQ, global operations	>500,000
VP of employee IT	Industrial	EMEA HQ, global operations	95,000
Manager	Professional services	Global operations	15,000
Project manager	Retail	EMEA	70,000
Client success specialist	Financial services	Canada	1,000
Manager of digital workplace			

Survey Demographics



Base: 351 decision-makers with responsibility or influence over their organization's AI solutions strategy
Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, January 2024

Appendix C: Examples Of Labor Efficiencies

Saved Labor From Summarizing Information					
Ref.	Metric	Source	Year 1	Year 2	Year 3
XX1	Number of Copilot for Microsoft 365 users	Composite	3,000	6,000	10,000
XX2	Hours spent per employee reading large numbers of emails per week (without Copilot for Microsoft 365)	Interviews	2.0	2.0	2.0
XX3 _{Low}	Reduction in time to read large numbers of emails with Copilot for Microsoft 365	Interviews	20%	20%	20%
XX3 _{Mid}			40%	40%	40%
XX3 _{High}			60%	60%	60%
XX4 _{Low}	Saved hours per worker reading large numbers of per week	XX2*XX3	0.4	0.4	0.4
XX4 _{Mid}			0.8	0.8	0.8
XX4 _{High}			1.2	1.2	1.2
XX5	Percentage of Copilot for Microsoft 365 users reading large numbers of emails per week	Interviews	40%	50%	60%
XX6 _{Low}	Subtotal: Total hours saved by Copilot for Microsoft 365 users writing large numbers of emails per year	XX1*XX4*XX5*48 weeks	23,040	57,600	115,200
XX6 _{Mid}			46,080	115,200	230,400
XX6 _{High}			69,120	172,800	345,600
XX7	Number of hours spent taking meeting notes per week (without Copilot for Microsoft 365)	Interviews	2.0	2.0	2.0
XX8 _{Low}	Reduction in time to take meeting minutes using Copilot for Microsoft 365	Interviews	30%	30%	30%
XX8 _{Mid}			50%	50%	50%
XX8 _{High}			70%	70%	70%
XX9 _{Low}	Saved time per worker regularly taking meeting notes per week	XX7*XX8	0.6	0.6	0.6
XX9 _{Mid}			1.0	1.0	1.0
XX9 _{High}			1.4	1.4	1.4
XX10	Percentage of Copilot for Microsoft 365 users regularly taking meeting notes	Composite organization	5%	6%	7%
XX11 _{Low}			8,640	20,736	40,320

XX11 _{Mid}	Subtotal: Total hours saved by Copilot for Microsoft 365 users regularly taking meeting notes per year	XX11*XX9*XX10*48 weeksC4	14,400	14,400	34,560
XX11 _{High}			20,160	48,384	94,080
XX12 _{Low}			31,680	78,336	155,520
XX12 _{Mid}	Subtotal: Total hours saved per year by Copilot for Microsoft 365 users summarizing information	XX6+XX11	60,480	60,480	149,760
XX12 _{High}			89,280	221,184	439,680
XX13	Time recaptured	TEI standard	50%	50%	50%
XX14	Average hourly fully burdened cost	TEI standard	\$38	\$38	\$38
XXt _{Low}			\$601,920	\$1,488,384	\$2,954,880
XXt _{Mid}	Saved labor from summarizing information	XX12*XX13*XX14	\$1,149,120	\$2,845,440	\$5,654,400
XXt _{High}			\$1,696,320	\$4,202,496	\$8,353,920

Saved Labor From Drafting New Documents And Emails					
Ref.	Metric	Source	Year 1	Year 2	Year 3
YY1	Number of Copilot for Microsoft 365 users	Composite	3,000	6,000	10,000
YY2 _{Low}			30%	30%	30%
YY2 _{Mid}	Reduction in time to draft new documents using Copilot for Microsoft 365	Interviews	45%	45%	45%
YY2 _{High}			60%	60%	60%
YY3	Hours spent per employee writing large numbers of emails per week (without Copilot for Microsoft 365)	Composite	4	4	4
YY4 _{Low}			1.2	1.2	1.2
YY4 _{Mid}	Hours saved per employee writing large numbers of emails per week (with Copilot for Microsoft 365)	YY2*YY3	1.8	1.8	1.8
YY4 _{High}			2.4	2.4	2.4
YY5	Percentage of Copilot for Microsoft 365 users writing large numbers of emails per week	Composite	40%	50%	60%
YY6 _{Low}			69,120	172,800	345,600
YY6 _{Mid}	Subtotal: Total hours saved by Copilot for Microsoft 365 users writing large numbers of emails per year	YY1*YY4*YY5*48 weeks	103,680	259,200	518,400
YY6 _{High}			138,240	345,600	691,200
YY7	Hours spent per employee writing sales proposals per week (without Copilot for Microsoft 365)	Composite	15	15	15
YY8 _{Low}			4.5	4.5	4.5
YY8 _{Mid}	Subtotal: Hours saved per employee writing sales proposals per week (with Copilot for Microsoft 365)	YY2*YY7	6.8	6.8	6.8
YY8 _{High}			9.0	9.0	9.0
YY9	Percentage of Copilot for Microsoft 365 users writing sales proposals per week	Composite	6%	8%	10%
YY10 _{Low}			38,880	103,680	216,000
YY10 _{Mid}	Subtotal: Total hours saved by Copilot for Microsoft 365 users writing sales proposals per year	YY1*YY8*YY9*48 weeks	58,752	156,672	326,400
YY10 _{High}			77,760	207,360	432,000

YY11	Hours spent per employee writing job descriptions and interview questions per week (without Copilot for Microsoft 365)	Composite	8	8	8
YY12 _{Low}			2.4	2.4	2.4
YY12 _{Mid}	Hours saved per employee writing job descriptions and interview questions per week (with Copilot for Microsoft 365)	YY2*YY11	3.6	3.6	3.6
YY12 _{High}			4.8	4.8	4.8
YY13	Percentage of Copilot for Microsoft 365 users writing job descriptions and interview questions per week	Composite	3%	4%	5%
YY14 _{Low}			10,368	27,648	57,600
YY14 _{Mid}	Subtotal: Total hours saved by Copilot for Microsoft 365 users writing job descriptions and interview questions per year	YY1*YY12*YY13* 48 weeks	15,552	41,472	41,472
YY14 _{High}			20,736	55,296	55,296
YY15	Hours spent per employee writing legal document drafts per week (without Copilot for Microsoft 365)	Composite	10	10	10
YY16 _{Low}			3.0	3.0	3.0
YY16 _{Mid}	Hours saved per employee writing legal document drafts per week (with Copilot for Microsoft 365)	YY2*YY15	4.5	4.5	4.5
YY16 _{High}			6.0	6.0	6.0
YY17	Percentage of Copilot for Microsoft 365 users writing legal document drafts per week	Composite	2%	3%	4%
YY18 _{Low}			8,640	25,920	57,600
YY18 _{Mid}	Subtotal: Total hours saved by Copilot for Microsoft 365 users writing legal document drafts per year	YY1*YY16*YY17* 48 weeks	12,960	38,880	86,400
YY18 _{High}			17,280	51,840	115,200
YY19	Number of employees planning and running workshops per week (with Copilot for Microsoft 365)	Composite	10	10	10
YY20 _{Low}			3.0	3.0	3.0
YY20 _{Mid}	Hours saved per employee planning and running workshops per week (with Copilot for Microsoft 365)	YY2*YY19	4.5	4.5	4.5
YY20 _{High}			6.0	6.0	6.0
YY21	Percentage of Copilot for Microsoft 365 users planning and running workshops per week	Composite	1%	2%	2%
YY22 _{Low}			4,320	17,280	28,800
YY22 _{Mid}	Subtotal: Total hours saved by Copilot for Microsoft 365 users planning and running workshops per year	YY1*YY20*YY21* 48 weeks	6,480	25,920	43,200
YY22 _{High}			8,640	34,560	57,600
YY23 _{Low}			131,328	347,328	705,600
YY23 _{Mid}	Subtotal: Total hours saved per year by Copilot for Microsoft 365 users drafting new documents and emails per year	YY6+YY10+YY14+YY18+YY22	197,424	522,144	1,060,800
YY23 _{High}			262,656	694,656	1,411,200
YY24	Time recaptured	TEI standard	50%	50%	50%
YY25	Average hourly fully burdened cost	TEI standard	\$38	\$38	\$38
YYt _{Low}			\$2,495,232	\$6,599,232	\$13,406,400
YYt _{Mid}	Saved labor from drafting new documents and email	YY23*YY24*YY25	\$3,751,056	\$9,920,736	\$20,155,200
YYt _{High}			\$4,990,464	\$13,198,464	\$26,812,800

Appendix D: Supplemental Material

Related Forrester Research

[Predictions 2024: Tech Leadership](#), Forrester Research, Inc., September 8, 2023.

[The State Of Generative AI, 2024](#), Forrester Research, Inc., January 26, 2024.

Appendix E: 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 Source: [How to Drive Employee Productivity With Generative AI](#), Forrester Research, Inc., March 11, 2024.

³ The percentages referenced in this paragraph are based on 239 worldwide IT decision-makers with a generative AI strategy responding to the question, "How much of an impact has generative AI had on your other AI investment plans?"; Source: [Forrester's July 2023 AI Pulse Survey](#).

⁴ Source: [Margins by sector](#), NYU Stern School of Business, January 2024.

⁵ Source: [Build Your Business Case For Microsoft 365 Copilot](#), Forrester Research, Inc., October 24, 2023.



FORRESTER®