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

Cost Savings And Business Benefits Enabled By Microsoft 365 Copilot
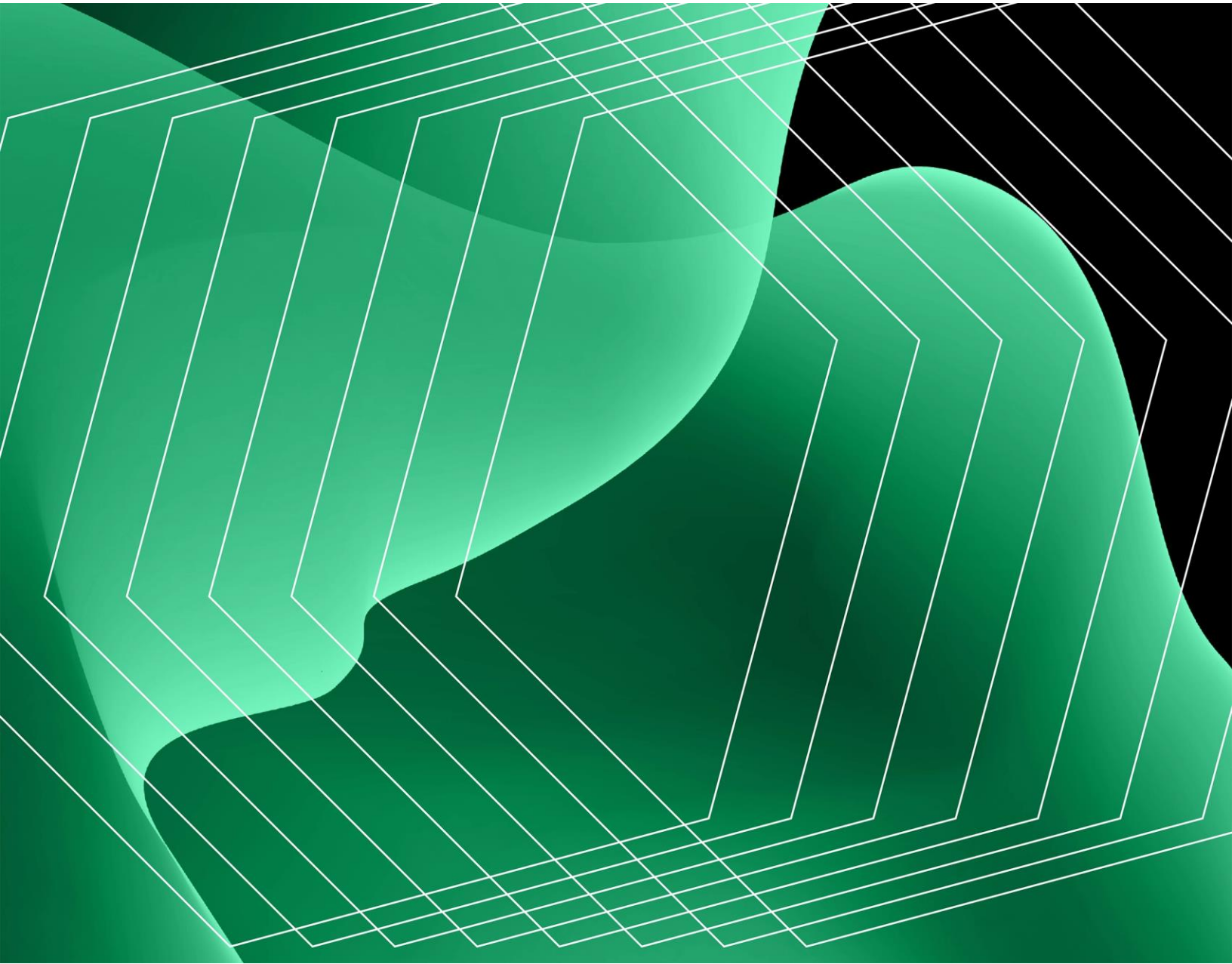
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Executive Summary

Small- and medium-size businesses (SMBs) often have teams with departmental overlaps; the role of a single worker can encompass several areas in the organization. As the capabilities of artificial intelligence (AI) technology continue to advance, SMBs can leverage AI solutions to enhance productivity and streamline operations, resulting in increased revenue, improved net margins, and better organizational collaboration. Based on Forrester's interviews and survey responses, early SMB adopters of Microsoft 365 Copilot are optimizing their use of Microsoft 365 applications and transforming organizational workflows to achieve higher business efficiency and happier employees.

Microsoft 365 Copilot is a generative AI assistant that helps employees optimize their use of all the solutions within Microsoft 365. It works inside Word, Excel, PowerPoint, Outlook, Teams, and other Microsoft 365 applications.

Microsoft commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Microsoft 365 Copilot.[1] The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Microsoft 365 Copilot on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed twelve representatives across seven small- and medium-size businesses with experience using Microsoft 365 Copilot. Forrester also surveyed 266 decision-makers from small- and medium-size businesses implementing generative AI solutions like Microsoft 365 Copilot at their organization. For the purposes of this study, Forrester aggregated the interviewees' and survey respondents' experiences and expectations and combined the results into a single composite organization that is a small to medium-size business with 200 employees and annual revenues of $35 million.

Projected return on investment (PROI)

132% to 353%

Projected net present value
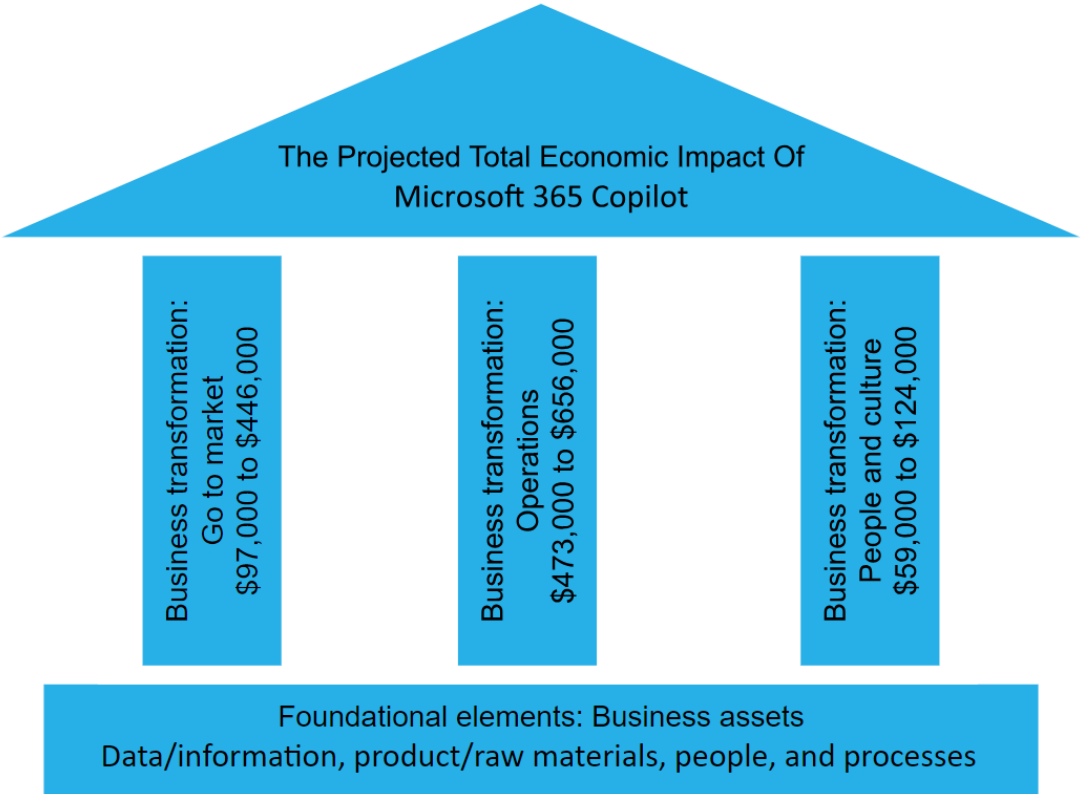
$358,500 to $955,000

Interviewees said that prior to using Microsoft 365 Copilot, their teams wasted resources searching for information; missed meetings in which crucial information was exchanged or even inaccurately conveyed; and expended considerable effort drafting proposals, presentations, and other content to engage or follow up with clients. However, their prior attempts to use AI tools yielded limited success, exposed sensitive company data to breach risks, and resulted in outputs formed from irrelevant or outdated information. These limitations posed security concerns, restricted innovation, and hindered the full use of AI and the data available at the organizations.

After the investment in Microsoft 365 Copilot, the interviewees' organizations and survey respondents experienced or anticipated improved employee satisfaction and easier content creation and collaboration. They reported faster time to market, both realized and anticipated, and increased customer satisfaction, with impacts on revenue. Key results from the investment for the composite include increased revenues, reduced operating costs, and an improved employee experience leading to better retention and faster onboarding.

"Upskilling on AI now is absolutely critical to being prepared for its capabilities in a few years. In five years, running a business without Copilot would be like trying to run a company today using typewriters instead of computers."

Head vice president of technology services, IT services and business consulting

The Microsoft 365 Copilot benefits for small- to medium-size businesses, both realized and anticipated, are shown in the figure below as part of 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.

The Projected Total Economic Impact Of
Microsoft 365 Copilot

Business transformation:
Go to market
$97,000 to $446,000

Business transformation:
Operations
$473,000 to $656,000

Business transformation:
People and culture
$59,000 to $124,000

Foundational elements: Business assets
Data/information, product/raw materials, people, and processes

KEY FINDINGS

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

- **Go-to-market transformation increases topline revenues by up to 6%.** The composite organization increases revenues thanks to a faster time to market from process efficiencies, improved customer service and satisfaction that

contributes to increased customer lifetime value, and the faster creation of sales proposals, which frees up the sales team to focus on selling. After applying a net margin of 10%, the projected increase in net income is worth between $97,000 and $446,000 over three years to the composite organization.

- **Operational transformation decreases total expenditures by up to 0.85%.** With Microsoft 365 Copilot, the composite organization experiences increased worker productivity across various roles, including marketing, sales, finance, legal, human resources, and IT. Along with supply chain efficiencies, reduced spending on contractors, and savings from tools that are replaced with Microsoft 365 Copilot, this results in a projected reduction of total expenditures of $473,000 to $656,000 over three years for the composite organization. These cost savings increase the net margin from the baseline of 10% to as high as 10.77%.

- **People and organization transformation decreases the employee attrition rate by up to 20% and accelerates new-hire onboarding times by up to 25%.** With Microsoft 365 Copilot, employees are relieved of a portion of mundane or repetitive tasks and have faster access to relevant information, which increases retention. Additionally, the faster creation of training materials and access to pertinent information accelerates the onboarding of new hires, who can thus contribute value to the organization sooner. Over three years, decreased employee attrition and accelerated new-hire onboarding is projected to be worth between $59,000 and $124,000 to the composite organization.

Percentage point improvement in net margin as a result of decreased expenses

0.5 point increase up to 0.77 point increase

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

- **Security and compliance consolidation and improvement.** Interviewees described security and compliance with industry and government regulation as a driver for choosing Microsoft 365 Copilot over alternative AI solutions. Survey respondents said that they expect greater data security and their intellectual property to be better protected with Microsoft 365 Copilot.

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

- **License costs.** The composite organization has the requisite Microsoft 365 licenses and incurs a cost of $30 per user/per month for Microsoft 365 Copilot. The total licensing cost for the composite is $42,000 over three years.

- **Implementation and ongoing management.** Three people — a business leader, an IT worker, and one test user — are involved in the implementation of and change management for Microsoft 365 Copilot; one full-time employee is then involved in ongoing management. Examples of these processes include handling the integration, setting permissions, building knowledge sources, and cleaning data. The total implementation and management cost for the composite over three years is $130,000.

- **Training and employee discovery.** Interviewees acknowledged that they did not spend as much time and resources on training their teams as they felt were necessary to reap the full benefits of an AI solution. Training is a critical component of creating the most productivity from organizations' generative AI investments.[2] The composite organization allocates 10 hours of training to new users. Users spend 15 hours per year on discovery. The total cost over three years is $98,000.

Forrester modeled a range of projected low-, medium-, and high-impact outcomes based on evaluated risk. This financial analysis projects that the composite organization accrues the following three-year net present value (NPV) for each scenario by enabling Microsoft 365 Copilot:

- Projected high impact of a $955,000 NPV and projected ROI of 353%.

- Projected medium impact of a $658,000 NPV and projected ROI of 243%.

- Projected low impact of a $358,000 NPV and projected ROI of 132%.

PROJECTED ROI (PROI)

132% to 353%

PROJECTED BENEFITS PV

$629,000 to $1,226,000

PROJECTED NPV

$358,000 to $955,000

TOTAL COSTS PV

$271,000

Three-Year Projected Financial Analysis For The Composite Organization

High impact NPV, $955.0K, PROI of 353%

Mid impact NPV, $657.6K, PROI of 243%

Low impact NPV, $358.5K, PROI of 132%

$1.2M

$1.0M

$800K

$600K

$400K

$200K

$0K

-$200K

Initial   Year 1   Year 2   Year 3
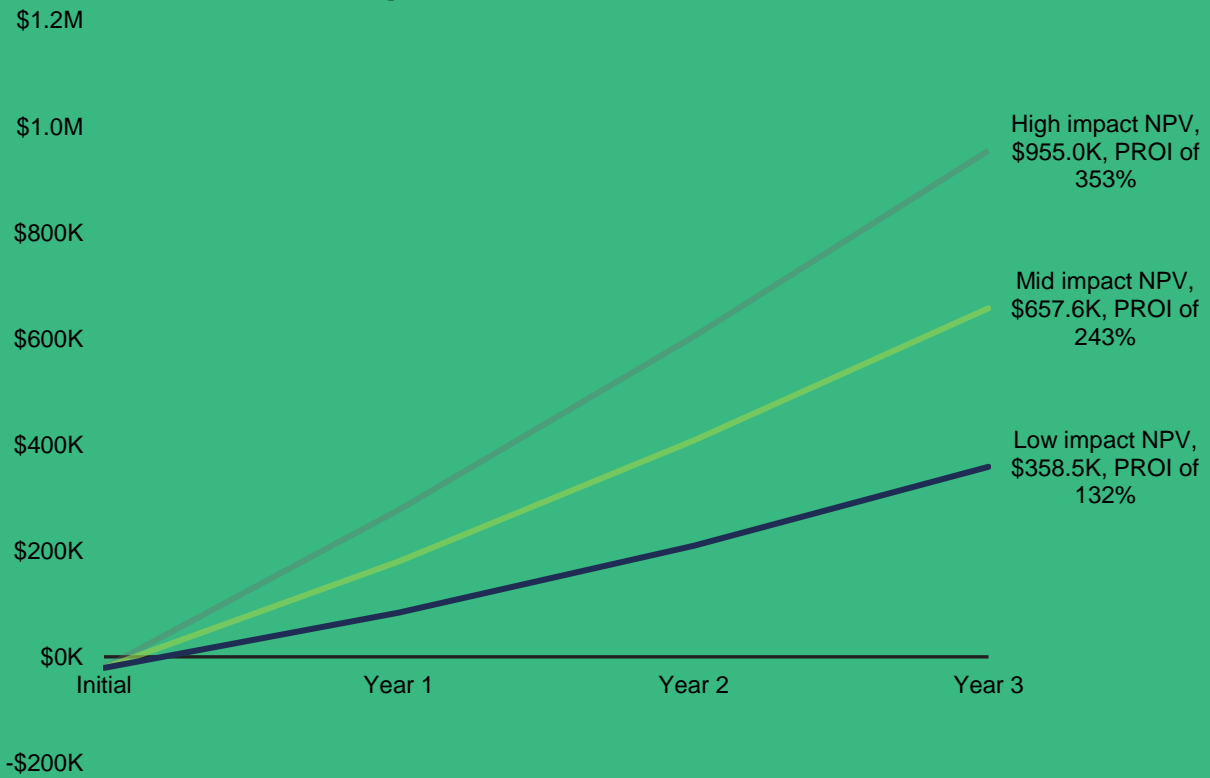
NEW TECH TEI FRAMEWORK AND METHODOLOGY

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 Microsoft 365 Copilot.

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 Microsoft 365 Copilot can have on an organization.

DISCLOSURES

Readers should be aware of the following:

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

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

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

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

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

2. **Early Implementation Interviews And Survey**
   Interviewed 12 representatives at seven organizations using Microsoft 365 Copilot in a pilot or beta stage to obtain data about projected costs, benefits, and risks; surveyed 266 respondents at organizations using or considering generative AI solutions.

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

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

5. **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 365 Copilot Customer Journey

Drivers leading to the Microsoft 365 Copilot investment

KEY CHALLENGES

Forrester interviewed 12 representatives from seven organizations with experience using Microsoft 365 Copilot and surveyed an additional 266 decision-makers from organizations considering the use of Microsoft 365 Copilot. For more details on these individuals and the organizations they represent, see Appendix B.

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

- **They needed to stay up to date with new AI capabilities in a rapidly evolving technology landscape.** AI was an obvious path, especially for the interviewees from technology companies; they remarked on the importance of staying current with the latest technology in order to demonstrate familiarity and expertise to their customers. All interviewees recognized that knowledge of and experience with the latest AI advances is critical for maintaining a competitive edge and ensuring long-term business viability.

  The head vice president of technology services at the IT services and business consulting firm said: "We wanted to bring AI into our business since it was obvious that for most companies, if you're not going to embrace AI, you're going to go out of business in five to 10 years. We're a technology company, so it's even more important for us."

- **Employees used shadow IT, introducing a risk of breaches of sensitive data.** Several interviewees described how their organizations faced the issue of employees using unauthorized applications and tools. This practice posed significant risks, including the potential breach of sensitive data and noncompliance with regulatory requirements. The lack of control over these tools made it difficult for IT departments to ensure data security and maintain a consistent technology environment.

The general counsel, assistant secretary of the board of directors, and chief diversity officer at the staffing, IT, and business solutions firm said: "The question that actually keeps me up at night is avoiding any of those breaches of data security. We're looking at not just legal fees and costs and potentially other types of regulatory fees but also damage to reputation, business harm, and other damages that are just unquantifiable."

The president and chief technology officer at the staffing, IT, and business solutions firm said: "There were a lot of salespeople using [an alternative AI solution] from January 2023 when it was launched [to the public] previously before [Copilot]. We've been playing with Copilot since March this year. We knew there was a lot of parity in functionality. We were able to go cold turkey [on the other AI tool] because we knew that Copilot offered more security."

- **Employees wasted time and resources in searching for information, drafting emails, or missing meetings.** Interviewees commonly described inefficiency in managing daily tasks, such as searching for information, drafting emails, and keeping track of meetings. Teams spent a considerable amount of time on these activities, leading to reduced productivity and increased frustration.

The head vice president of technology services at the IT services and business consulting firm said: "In my role, I'm in an unbelievably high number of meetings and often double-booked. If I want to get anything done, I often have to skip meetings. So, when we do our check-in meetings or standups or weekly meetings or whatever, then I have to miss them. I was just out of luck or hoped that somebody took notes. Now with the AI recap, it's so easy."

"The first thing that we did [before choosing Copilot] was analyze the ways in which we thought our organization was using [an alternative, unsecured AI tool]. Should we continue to use [these prior tools], issues would arise around copyright if our people were putting in information created by others as part of chats or information that could potentially violate hiring regulations. And finally, we were worried that if some of our developers or other personnel assigned to our clients were entering the queries or the coding into an open AI model, they could wind up harming the ability of our clients to create the types of ownership in their own product that would have basically killed their business and ours."

GENERAL COUNSEL, ASSISTANT SECRETARY OF THE BOARD OF DIRECTORS, AND CHIEF DIVERSITY OFFICER, STAFFING, IT, AND BUSINESS SOLUTIONS

SOLUTION REQUIREMENTS
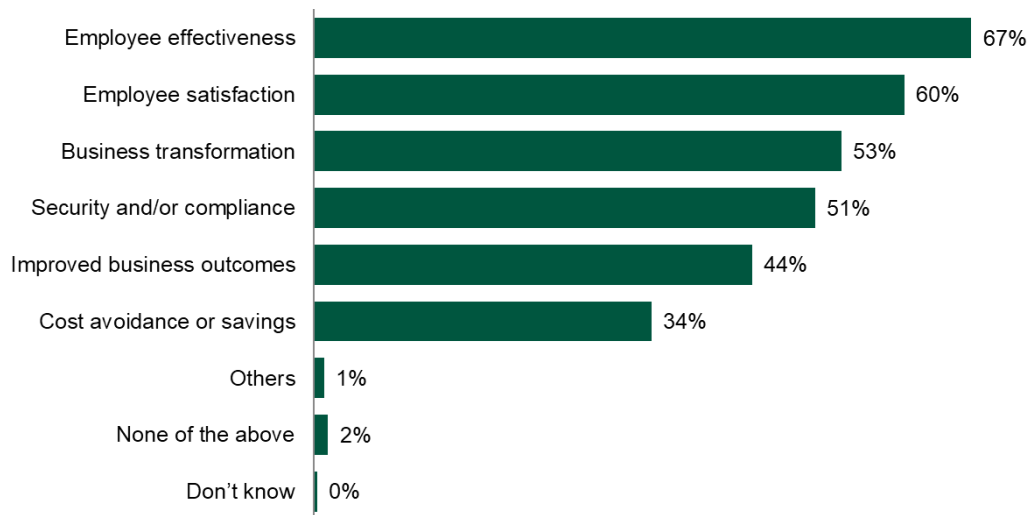
The interviewees' organizations searched for a solution that could:

- Seamlessly integrate with their existing ecosystem of Microsoft applications and tools.

- Increase employee satisfaction by saving time and resources expended on mundane tasks, such as drafting meeting notes.

- Offer data security for sensitive or proprietary information with minimal investment of IT resources.

> We did a trade study across five or six different AI tools as well as Microsoft Copilot. We found that Copilot aligned more with what our company was trying to get out of an AI tool. We wanted more of an industry-level solution rather than a custom-tailored solution because a custom-tailored solution comes with custom problems that we didn't want to deal with. And we found having the backing and the dollars behind Microsoft's powerhouse to be able to address issues and push out updates to be a greater benefit than working with some of the smaller shops.
>
> **DIRECTOR OF TECHNOLOGY, DEFENSE**

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

Outcome	Percentage
Employee effectiveness	67%
Employee satisfaction	60%
Business transformation	53%
Security and/or compliance	51%
Improved business outcomes	44%
Cost avoidance or savings	34%
Others	1%
None of the above	2%
Don't know	0%

Base: 266 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, June 2024

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 12 interviewees across seven organizations and the 266 survey respondents, and the composite is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite. The small- to medium-size business has 200 employees. It has annual revenues of $35 million, which are held constant in the model for simplicity. It has one office, and its main operations are national.

Deployment characteristics. The composite organization uses the Microsoft 365 suite and several Microsoft tools in its ecosystem, including its information repositories. It phases its rollout of Microsoft 365 Copilot over three years, with 25 knowledge workers onboarded initially and in Year 1, a further 15 onboarded in Year 2, and another 32 onboarded in Year 3 to give a total of 72 users. Its objective is to leverage Microsoft 365 Copilot to improve the employee experience and productivity, reduce mundane, repetitive tasks, and stay ahead of technological advances in AI.

KEY ASSUMPTIONS

$35 million revenue

200 employees

25 users in Year 1, rising to 72 in Year 3

Analysis Of Benefits

Quantified benefit data as applied to the composite

Total Benefits					
Projected Benefits	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Total projected benefits (low)	$191,966	$247,114	$333,277	$772,357	$629,137
Total projected benefits (mid)	$297,894	$371,091	$466,844	$1,135,829	$928,246
Total projected benefits (high)	$405,081	$490,504	$601,671	$1,497,256	$1,225,676

BUSINESS TRANSFORMATION: GO TO MARKET

Evidence and data. Interviewees said that Microsoft 365 Copilot enabled faster, more efficient creation of marketing content, streamlined sales processes, and enhanced customer communication. By leveraging Copilot, interviewees' teams reduced the time spent on administrative tasks, allowing sales and marketing teams to focus on strategic initiatives and customer engagement. Interviewees anticipated that these early successes were indicators of future revenue growth due to the following:

- **Faster marketing content creation.** Seventy-two percent of survey respondents experienced or expected content creation to be one of the top marketing workflows where Microsoft 365 Copilot can save time. By leveraging Copilot, interviewees said that their marketing teams can generate content more quickly, allowing them to focus on creative tasks and strategic initiatives that impact the bottom line.

  The marketing specialist at the managed technology solutions firm noted: "It's about the prompts that we give, what exact results we're looking for, and then it generates instantly. The amount of time saved for a draft is 50%." Interviewees

believed this efficiency leads to a more agile marketing process, enabling teams to respond to market trends and opportunities more swiftly.

- **Improved market insights.** Interviewees anticipated that Copilot's data analysis capabilities would provide valuable insights into market trends and customer segments, empowering marketing teams to develop more targeted and effective campaigns. The general counsel, assistant secretary of the board of directors, and chief diversity officer at the staffing, IT, and business solutions firm described how the firm had realized these benefits already, noting, "Copilot helps us identify market trends and segments, allowing us to target our campaigns more effectively."

- **Increased chances of winning new business.** Seventy-five percent of survey respondents experienced or expected proposal creation to be more efficient with Copilot. This efficiency enables companies to respond to more opportunities.

  Copilot's ability to automate routine tasks, such as summarizing meetings and drafting emails, reduced the administrative burden on teams — notably on sales teams that drive revenue; it allowed sales representatives to dedicate more time to engaging with clients and closing deals, ultimately driving projected revenue growth. The head vice president of technology at the IT services and business consulting firm said, "Copilot's help summarizing meetings and drafting emails has improved our sales efficiency."

  The director of technology at the defense firm further illustrated how Copilot could increase the chances of winning business due to faster time to market, saying, "In the next few years, I think time to market is going to quickly shoot up [by] more than 25% to 30%." Twenty-seven percent of survey respondents experienced or expected an improvement in the time to market for new products and services of 11% to 15%; 24% experienced or expected an improvement of 16% to 20%; and 24% experienced or expected an improvement of 6% to 10%.

- **Improved customer retention.** Interviewees noted an improvement in communication quality that strengthened client relationships and enhanced the reputation of their companies, due to Microsoft 365 Copilot; they expected this to improve customer retention. Fifty-eight percent of survey respondents

experienced or expected an increase in customer retention of 3% to 6%; 25% experienced or expected an increase of 7% to 12%.

- **Increased sales.** Due to the potential to generate more proposals and freed salespeople, interviewees anticipated a larger volume of business development. Survey respondents realized or projected increased sales with Copilot: 45% of respondents experienced or expected an increase in sales of 1% to 3%; 31% experienced or expected an increase of 4% to 7%.

Experienced or anticipated reduction in time to market with Microsoft 365 Copilot

Average
12%
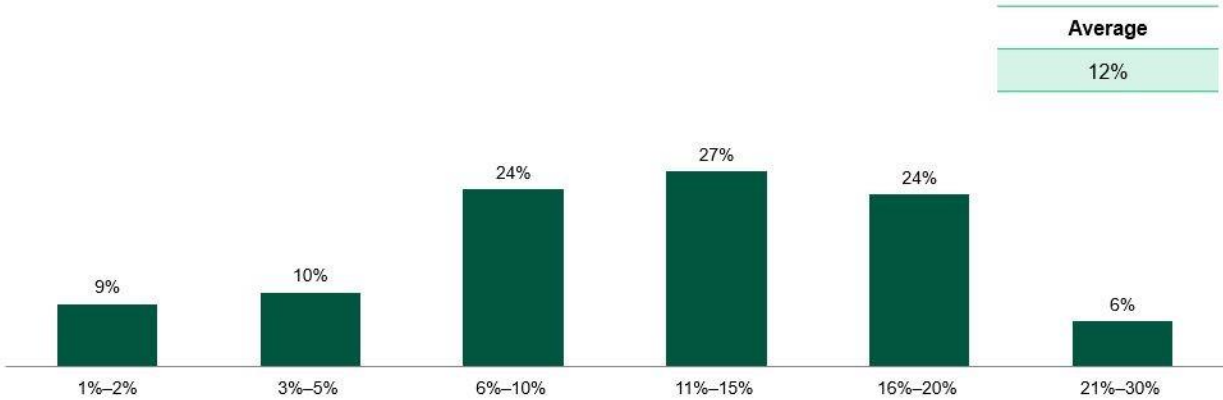
Base: 127 decision-makers with responsibility or influence over their organization's AI solutions strategy
Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, June 2024

Experienced or anticipated increase in customer retention with Microsoft 365 Copilot
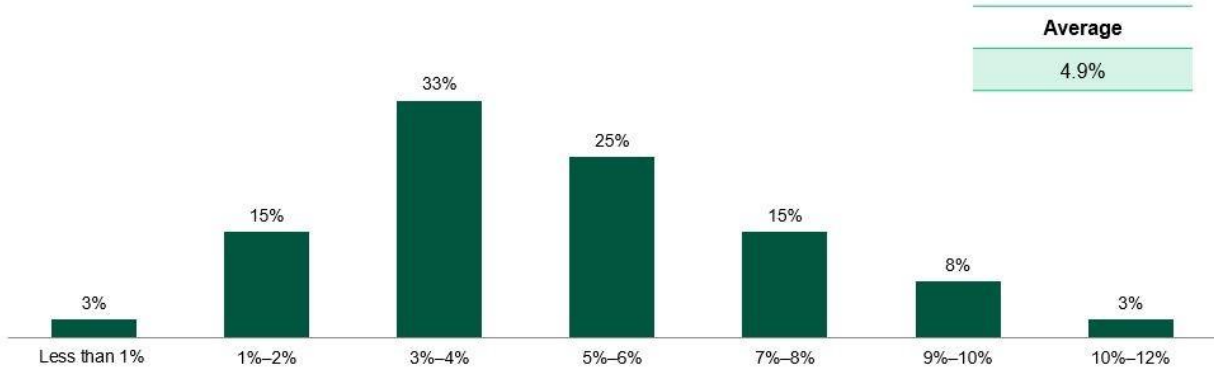
Base: 116 decision-makers with responsibility or influence over their organization's AI solutions strategy
Note: Percentages do not total 100 because of rounding.
Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, June 2024

Experienced or anticipated increase in sales with Microsoft 365 Copilot

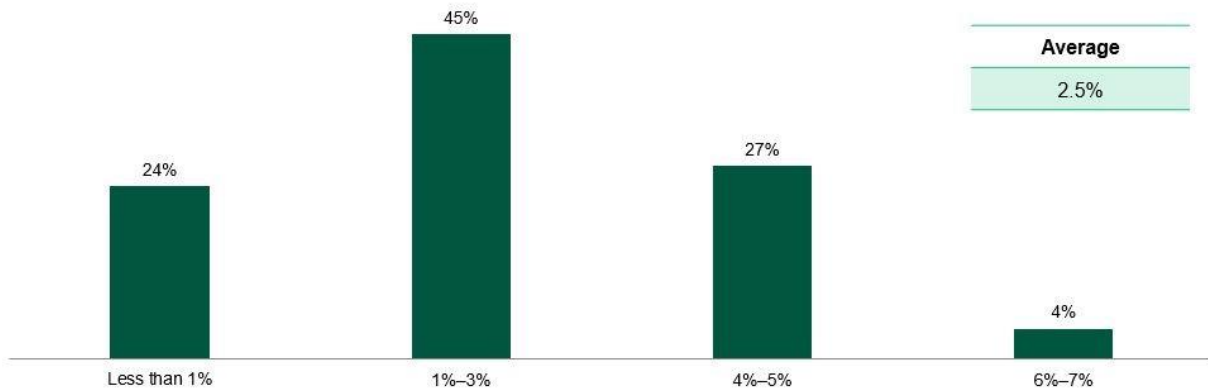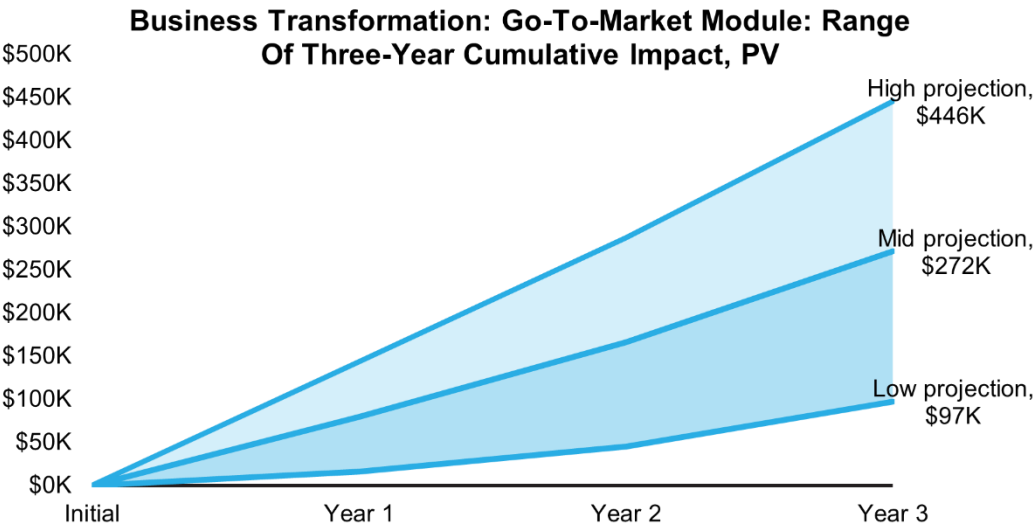Base: 71 decision-makers with responsibility or influence over their organization's AI solutions strategy
Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, June 2024

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 revenues prior to the adoption of Microsoft 365 Copilot are $35 million, which are held constant in the model for simplicity.

- The revenue increase is 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 objectives of business transformation 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 the number of Microsoft 365 Copilot users, particularly the larger rollout in Year 3 than in Year 1 and Year 2; increased familiarity with and competence in using Microsoft 365 Copilot; the 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 10% is applied to the top-line revenue growth to focus the study on bottom-line financial improvements.

Results. This yields a three-year projected PV ranging from $97,000 (low) to $$446,000 (high).

Business Transformation: Go-To-Market Module: Range Of Three-Year Cumulative Impact, PV

High projection, $446K
Mid projection, $272K
Low projection, $97K

Increase in net revenue

Up to 6%

"With Copilot, we have faster turnarounds. Many years ago, we were bad with turnaround times. Absolutely terrible. Clients would stop coming to us with projects because our turnaround times were so slow. With the ability to turn things around more quickly, clients can come to us with more work. Sometimes that's an extra one-hour project. Sometimes it's a huge, three-month project. It can be 15% more business."

HEAD VICE PRESIDENT OF TECHNOLOGY SERVICES, MANAGED TECHNOLOGY SOLUTIONS

"With Copilot, conducting market research to find relevant trends takes an average of probably 15 minutes. But if I used search engines or other sources, I would need more than 30, 40 minutes."

MARKETING SPECIALIST, MANAGED TECHNOLOGY SOLUTIONS

Business Transformation: Go To Market					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Baseline revenues	Composite	$35,000,000	$35,000,000	$35,000,000
A2$_{Low}$			0.5%	1.0%	2.0%
A2$_{Mid}$	Increased revenues from improved revenue generation and customer experience	Interviews	2.5%	3.0%	4.0%
A2$_{High}$			4.5%	5.0%	6.0%
A3$_{Low}$			$175,000	$350,000	$700,000
A3$_{Mid}$	Subtotal: Revenue from improved revenue generation	A1*A2	$875,000	$1,050,000	$1,400,000
A3$_{High}$			$1,575,000	$1,750,000	$2,100,000
A4	Baseline net margin	TEI standard	10.0%	10.0%	10.0%
At$_{Low}$			$17,500	$35,000	$70,000
At$_{Mid}$	Business transformation: go to market	A3*A4	$87,500	$105,000	$140,000
At$_{High}$			$157,500	$175,000	$210,000
Three-year projected total: $122,500 to $542,500			Three-year present value: $97,427 to $445,586		

BUSINESS TRANSFORMATION: OPERATIONS

Evidence and data. Individual employees of small and medium-size businesses often have multiple roles and wear several hats: IT teams overlap with content teams and legal teams; HR specialists help with finance and accounting. Our interviewees reflected these dynamics, highlighting not only overlaps in the roles of independent contributors but also departmental overlaps for director-level roles and above. With Microsoft 365

Copilot, interviewees unlocked the ability to streamline various operational processes within their organizations, saving significant time for their individual employees and teams. By automating routine tasks, providing meeting summaries, and helping draft documents, Copilot enabled teams to focus on higher-value activities that drove more business to the organization (see Benefit A) or even to take some needed time off. This led to increased productivity, reduced administrative burden, and the more efficient use of resources.

Survey respondents also said they expect to save on operational expenses, such as license fees for tools as well as supply chain costs, due to the use of Microsoft 365 Copilot. Data from the survey that illustrates how different workflows save time with Copilot is included in Appendix C. Examples of how interviewees and survey respondents achieved early successes in transforming operations and how they expect improvements in the future include the following:

- With attention shifted to higher-value work, interviewees said they could engage in creativity and collaboration, including training. The chief information officer at the retirement services firm said: "Our sales team wanted me to teach a little seminar about some of the things that we do. I took an Excel document and I listed all of our cybersecurity functions. So, it's about a page and a half of things that we do to keep our customers and our data secure. And then I used Word to have [Copilot] turn that list into an interview. Then I set up a mock interview with one of the sales folks. So, I'll be the salesperson and they will be the customer. I had Copilot generate a Word document that had back-and-forth dialogue based on the cybersecurity features on my other document. It worked fantastic."

- By automatically generating meeting summaries, Copilot reduced the time that interviewees' employees spend on notetaking and follow-ups. This improved overall meeting efficiency and ensured that key information was easily accessible to all team members. The vice president of finance, continuous improvement, at the managed technology solutions firm said: "You can transcribe those sales meetings on Teams and save them and pull notes up. It's extremely valuable." The head vice president of technology services at the IT services and business consulting firm described catching inaccurate information at meetings that would have been missed if a key attendee was double-booked: "It saves you time from the perspective of not needing to attend, but more importantly, saves me from

missing key details. I can read the AI recap and send a couple of follow-up messages saying 'Hey I heard you said this, that's not accurate. Here's what you need to know about that situation.'"

- Copilot's email management features — such as summarizing long threads and drafting responses — streamlined email workflows, allowing employees to handle their inboxes more effectively and maintain better communication with colleagues and clients. The chief information officer at the staffing, IT, and business solutions firm said: "Typically, I spend my Sunday mornings catching up on emails. If I start at 9 a.m., I get done by 12 p.m. Now I start at 9 a.m., and I'm done by 10 a.m. I had to draft some job descriptions yesterday, and I had to summarize some documents that would have taken me 2 hours. I did it in half an hour. So, from a personal perspective, I am seeing gains of 60% to 70% in efficiencies."

- The time saved through Copilot enabled the staffing, IT, and business solutions firm to reallocate resources. The director of IT in the defense industry described generating faster responses to requests for proposals and freeing time for other tasks, saying: "Employees don't have to sit for four days trying to generate a proposal and miss conferences and meetings. They can actually attend those things and focus energies there rather than night after night and day after day of writing proposals all day."

- The general counsel, assistant secretary of the board of directors, and chief diversity officer at the staffing, IT, and business solutions firm described several departments that operate under her supervision. The interviewee imagined Copilot streamlining some of those key processes: "In terms of getting the information to the various departments and having my legal assistants then redo it, so they can enter that data and answer questions from other departments more easily. My guess is on contract review we'll save at least 50% of time in the coming years."

- Some 51% of survey respondents indicated that they experienced or expected a 1% to 10% reduction in supply chain costs with Microsoft 365 Copilot; 59% of respondents indicated that their operating costs have reduced or will reduce by 1% to 20% with Copilot. The top three tools that respondents said they have reduced/eliminated or will reduce/eliminate with Microsoft 365 Copilot include writing assistants, knowledge management, and ticketing systems.

Experienced or anticipated reduction in supply chain costs with Microsoft 365 Copilot
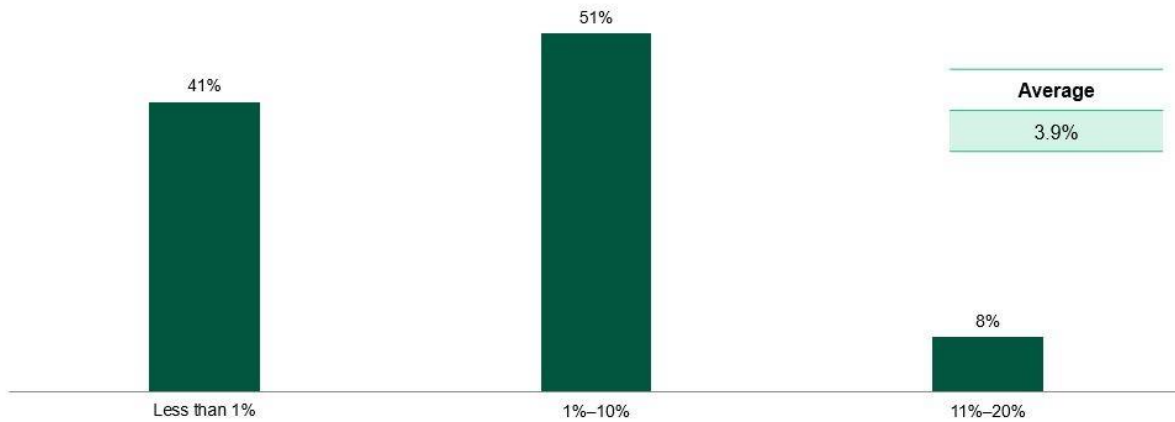
Base: 51 decision-makers with responsibility or influence over their organization's AI solutions strategy
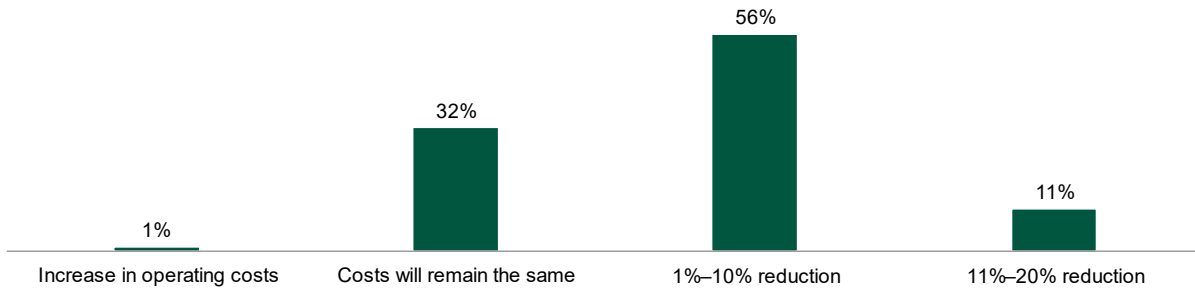Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, June 2024

Experienced or anticipated change in operating costs with Microsoft 365 Copilot

Base: 91 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, June 2024

Experienced or anticipated reduction or elimination of any of these tools with Microsoft 365 Copilot
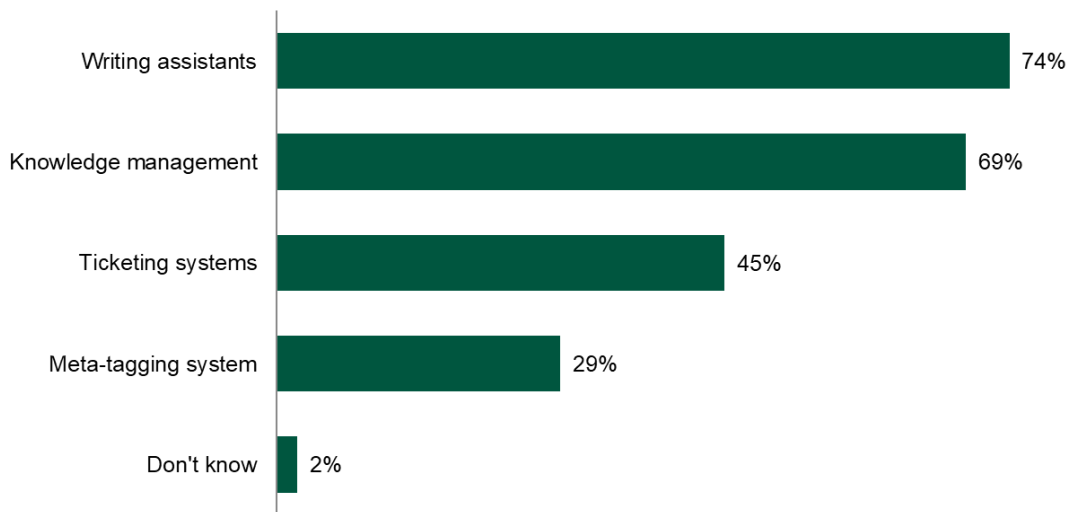
Base: 91 decision-makers with responsibility or influence over their organization's AI solutions strategy
Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, June 2024

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.

- The total composite organization expenditures are calculated by applying the 10% baseline net margin.

- These total costs are reduced by up to 0.85% because of employee efficiencies, supply chain or 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 $473,000 (low) to $656,000 (high). From a net-margin perspective, the baseline 10% net margin increases from 10.59% (low) to 10.77% (high).

Business Transformation: Operations Module: Range Of Three-Year Cumulative Impact, PV
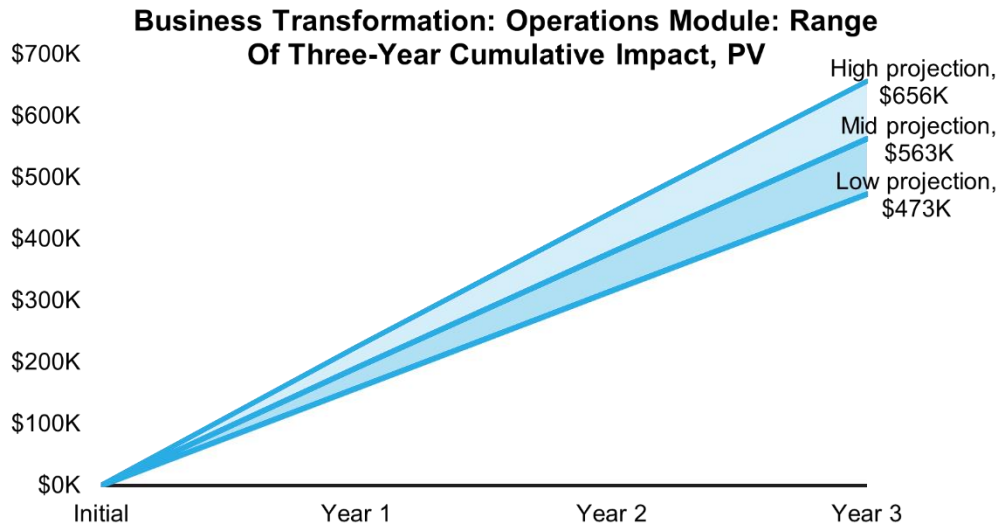
Reduction in total expenditures

Up to 0.85%

"I have personally written eight policy documents that are submitted for approvals right now; that would have taken me seven weeks. I think I wrote them all in four days."

DIRECTOR OF IT, DEFENSE

Business Transformation: Operations

Ref.	Metric	Source	Year 1	Year 2	Year 3
B1$_{Low}$			$35,175,000	$35,350,000	$35,700,000
B1$_{Mid}$	Total revenues	A1+A3	$35,875,000	$36,050,000	$36,400,000
B1$_{High}$			$36,575,000	$36,750,000	$37,100,000
B2$_{Low}$			$31,657,500	$31,815,000	$32,130,000
B2$_{Mid}$	Total expenses before Microsoft 365 Copilot	B1*(100% - 10% baseline net margin)	$32,287,500	$32,445,000	$32,760,000
B2$_{High}$			$32,917,500	$33,075,000	$33,390,000
B3	Baseline net margin	TEI standard	10.00%	10.00%	10.00%
B4$_{Low}$			0.55%	0.60%	0.65%
B4$_{Mid}$	Percent decrease in expenses due to internal and external efficiencies	Interviews	0.65%	0.70%	0.75%
B4$_{High}$			0.75%	0.80%	0.85%
B5$_{Low}$			$174,116	$190,890	$208,845
B5$_{Mid}$	Reduced expenses	B2*B4	$209,869	$227,115	$245,700
B5$_{High}$			$246,881	$264,600	$283,815
B6$_{Low}$			10.50%	10.54%	10.59%
B6$_{Mid}$	Resultant net margin (rounded)	1-(B2-B5)/B1	10.59%	10.63%	10.68%
B6$_{High}$			10.68%	10.72%	10.77%
Bt$_{Low}$			**$174,116**	**$190,890**	**$208,845**

Bt$_{Mid}$	Business transformation: operations	B5	$209,869	$227,115	$245,700
Bt$_{High}$			$246,881	$264,600	$283,815
Three-year projected total: $573,851 to $795,296			**Three-year present value: $472,956 to $656,350**		

BUSINESS TRANSFORMATION: PEOPLE AND CULTURE

Evidence and data. Interviewees and survey respondents said that Microsoft 365 Copilot reduced the time spent on mundane tasks; employees can focus on more meaningful work, leading to increased job satisfaction and productivity.

They also said that Copilot facilitated better communication and collaboration among team members, fostering a more inclusive and efficient work environment. Survey respondents also anticipated a reduction in the time to onboard new hires and an increase in the rate of employee retention.

- The chief information officer at the retirement services firm said, "Copilot helps us create training materials more efficiently, which has improved our onboarding process." By accelerating the creation of training materials, Copilot streamlined the onboarding process for new employees, helping them become productive more quickly. Sixty-six percent of survey respondents indicated that they can or expect to onboard new hires faster by 6% to 15% because of better access to information and training tools, and 21% indicated they can or expect to onboard new hires faster by 16% to 25%.

- Seventy-three percent of survey respondents indicated that employee satisfaction has been improved or will improve as a result of the elimination or reduction in mundane tasks with Copilot; 54% indicated that the elimination or reduction in mundane tasks has or will reduce employee attrition by 11% to 20%.

Experienced or anticipated reduction in time to onboard due to better access to information and training tools with Microsoft 365 Copilot

	Average
	11%

Bar chart values:
- I don't anticipate a reduction in time to onboard: 1%
- 1%–5%: 11%
- 6%–10%: 38%
- 11%–15%: 28%
- 16%–20%: 11%
- 21%–25%: 9%
- 26%–30%: 1%
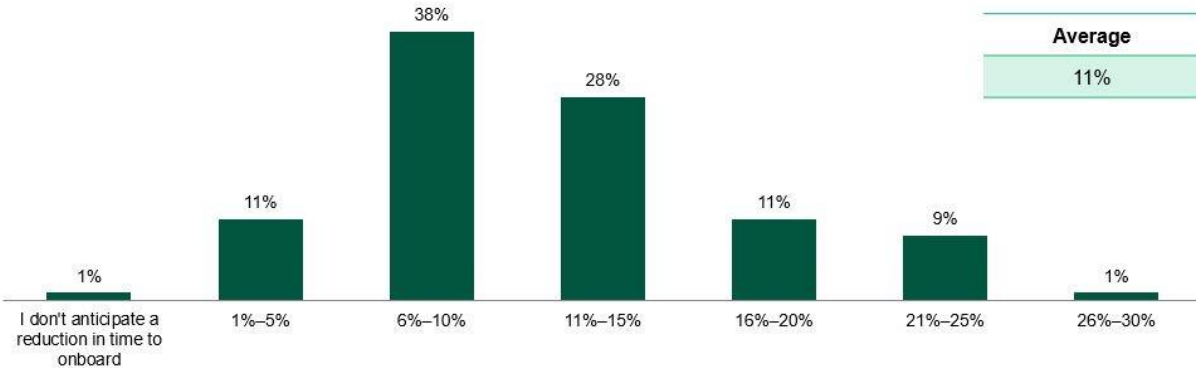
Base: 88 decision-makers with responsibility or influence over their organization's AI solutions strategy
Note: Percentages do not total 100 because of rounding.
Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, June 2024

Experienced or anticipated increase in employee satisfaction due to the elimination of reduction in mundane tasks with Microsoft 365 Copilot

	Average
	18%

Bar chart values:
- Employee satisfaction will stay the same: 1%
- 1%–5%: 4%
- 6%–10%: 13%
- 11%–15%: 14%
- 16%–20%: 23%
- 21%–25%: 30%
- 26%–30%: 12%
- 31% or more: 2%
- Don't know: 1%

Base: 194 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, June 2024

Experienced or anticipated reduction in employee retention churn due to the elimination of reduction in mundane tasks with Microsoft 365 Copilot
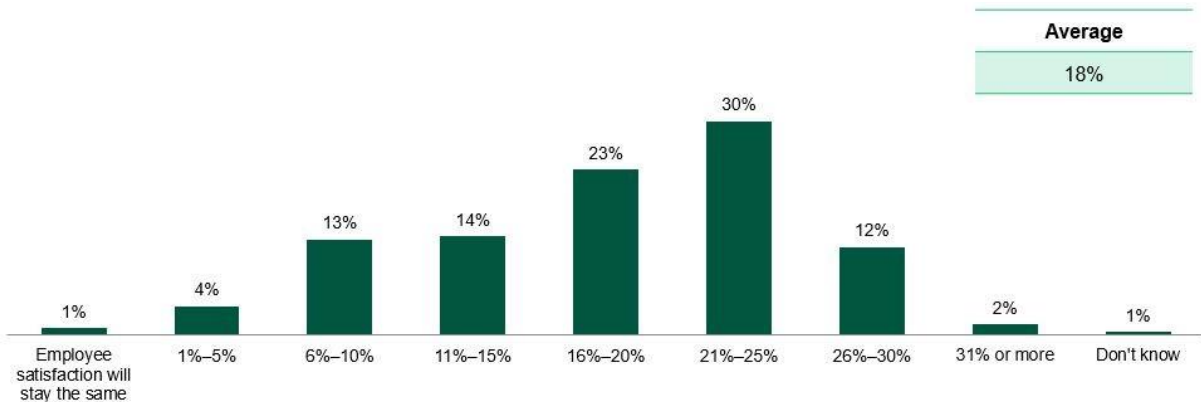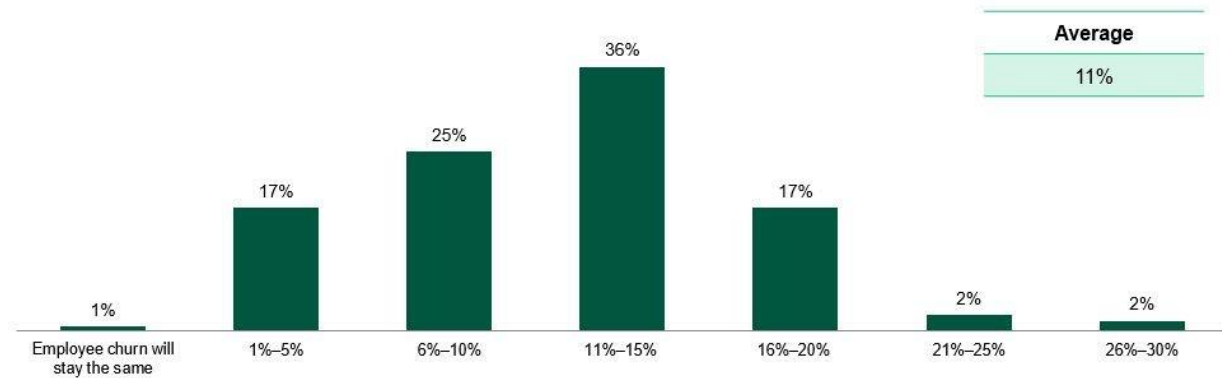

Base: 129 decision-makers with responsibility or influence over their organization's AI solutions strategy
Note: Percentages do not total 100 because of rounding.
Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, June 2024

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

- Ten percent of the workforce turns over each year. It is assumed this is the same for employees that will use Microsoft 365 Copilot — up to 72 for the composite organization.

- The average cost to hire is one year of the annual fully burdened salary due to time to hire and disruptions to an SMB when losing an employee filling multiple roles.

- Employee attrition for users of Microsoft 365 Copilot decreases by up to 20% for the 72 employees using Microsoft 365 Copilot by Year 3.

- Prior to Microsoft 365 Copilot, it takes 25 days to onboard a new employee. This decreases by up to 25% by Year 3.

- The fully burdened hourly rate for a new hire is $35 per hour. This includes salary, benefits, and payroll taxes.

- New hires only contribute 50% of the value that a fully onboarded, experienced employee does. Of the total potential increase in productivity or value creation, a 50% rate is applied to account for time spent outside of productive tasks.

Results. This yields a three-year projected PV ranging from $59,000 (low) to $124,000 (high).

Business Transformation: People And Culture Module: Range Of Three-Year Cumulative Impact, PV

High projection,	$124K
Mid projection,	$94K
Low projection,	$59K
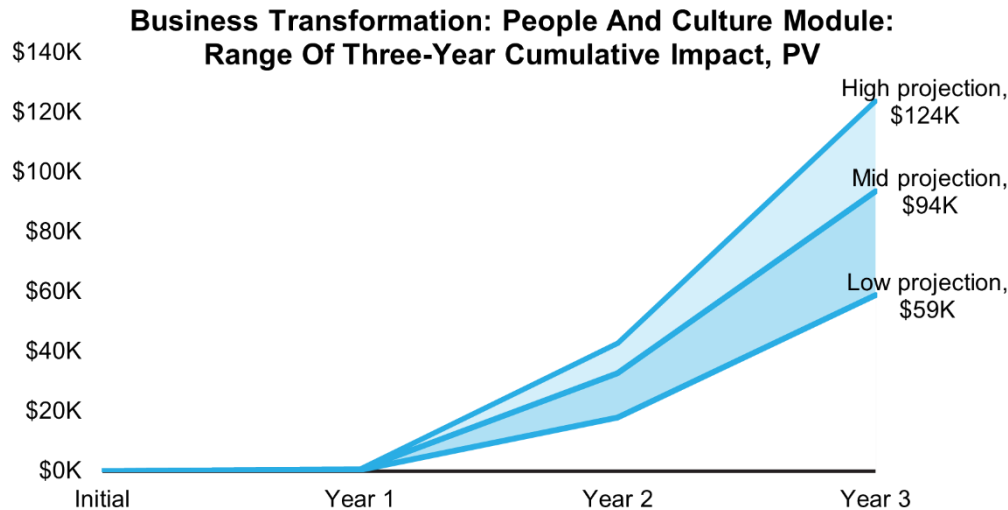
Decrease in employee attrition rate

Up to 20%

Acceleration in new-hire onboarding

Up to 25%

Business Transformation: People And Culture

Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Employee attrition rate before Microsoft 365 Copilot	Interviews	10%	10%	10%
C2	Average cost to hire	Composite: One year fully burdened salary	$72,800	$72,800	$72,800
$C3_{Low}$			0.0%	7.0%	10.0%
$C3_{Mid}$	Decreased employee attrition rate with Microsoft 365 Copilot	Interviews	0.0%	13.0%	15.0%
$C3_{High}$			0.0%	17.0%	20.0%
$C4_{Low}$			$0	$20,384	$52,416
$C4_{Mid}$	**Subtotal: Savings from increased employee retention rate with Microsoft 365 Copilot**	**C5(C1*C3)C2**	$0	$37,856	$78,624
$C4_{High}$			$0	$49,504	$104,832
C5	Number of workers using Microsoft 365 Copilot	Composite	25	40	72
C6	Percentage of employees who are new hires	Composite	10%	10%	10%
C7	Days for onboarding prior to Microsoft 365 Copilot	Interviews	25	25	25
$C8_{Low}$			6%	12%	17%
$C8_{Mid}$	**Subtotal: Acceleration in new employee onboarding due to Microsoft 365 Copilot**	**Interviews**	10%	15%	20%
$C8_{High}$			15%	20%	25%
$C9_{Low}$			2	3	4
$C9_{Mid}$	Days saved per new employee onboarded (rounded)	C7*C8 (rounded)	3	4	5
$C9_{High}$			4	5	6

C10	Fully burdened hourly rate for an employee	Composite	$35	$35	$35
C11	Productivity of new hire during ramp	Composite	50%	50%	50%
C12	Time recaptured	Interviews	50%	50%	50%
C13$_{Low}$			$350	$840	$2,016
C13$_{Mid}$	**Subtotal: Acceleration of new employee onboarding**	**C5*C6*C9*8 hours*C10*C11 *C12**	$525	$1,120	$2,520
C13$_{High}$			$700	$1,400	$3,024
Ct$_{Low}$			$350	$21,224	$54,432
Ct$_{Mid}$	Business transformation: people and culture	C4+C13	$525	$38,976	$81,144
Ct$_{High}$			$700	$50,904	$107,856
Three-year projected total: $76,006 to $159,460			**Three-year present value: $58,754 to $123,740**		

UNQUANTIFIED BENEFITS

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

- **Security and compliance consolidation and improvement.** Interviewees noted that prior to using Microsoft 365 Copilot, teams relied on unsecured AI tools that were open to public access. Copilot displaced these tools, improving data security.

  Some 76% of survey respondents indicated that IT or data security will improve or be made easier with Microsoft 365 Copilot; 67% indicated that data and intellectual property leakage will decline; and 65% indicated that compliance with industry and governmental regulations will improve.

> "People have a lot of anxiety [about going] on vacation because of what they're going to miss. Well, the ability to ramp up fast with summarization on a lot of those key meetings doesn't just save the person the time, but it also is going to save the other leaders in the organization the time to have to ramp them up."
>
> **PRESIDENT, STAFFING, IT, AND BUSINESS SOLUTIONS**

FLEXIBILITY

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

- **Employee upskilling.** Interviewees described the ability to reduce or eliminate mundane tasks with Copilot. The chief information officer at the retirement services firm said, "Without a doubt, Copilot will take the place of some of the monotonous work that we do and will require less bodies to do that work." The interviewee described the ability to hire workers for more complex work or upskill existing workers.

  Some 65% of survey respondents indicated that employees will be upskilled as mundane tasks are eliminated, while 62% of survey respondents indicated they can or will be able to reduce the time spent upskilling employees by 16% to 30%.

- **Work output and quality for collaboration across languages.** The senior consultant at the cloud consultancy highlighted that Copilot helps employees who aren't fluent in the primary business language to draft emails more effectively. As the firm begins to open more locations globally, the use of Copilot has led to

clearer communication with clients and more efficient collaboration among team members, enhancing the overall quality of their work.

- **The future growth of Copilot.** Interviewees and survey respondents anticipate considerable growth in Copilot's capabilities and applications in the coming years. They expect this growth to offer new opportunities and advantages, in the use of both Microsoft 365 Copilot and various third-party integrations. Several interviewees referenced using other Copilots to add to the benefits they expect to experience.

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

> "Employees can draft emails in their native languages, and then Copilot can help to get the content professionally drafted."
>
> **SENIOR CONSULTANT, CLOUD CONSULTANCY**

Analysis Of Costs

Quantified cost data as applied to the composite

Total Costs							
Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Dtr	Microsoft 365 Copilot licenses	$473	$9,450	$15,120	$27,216	$52,259	$42,007
Etr	Implementation and ongoing management	$14,040	$46,800	$46,800	$46,800	$154,440	$130,425
Ftr	Training and employee discovery	$6,300	$21,000	$32,970	$60,690	$120,960	$98,236
	Total costs (risk-adjusted)	$20,813	$77,250	$94,890	$134,706	$327,659	$270,668

MICROSOFT 365 COPILOT LICENSES

Evidence and data. Microsoft 365 Copilot cost interviewees $30 per user per month; a separate license for a qualifying Microsoft 365 plan is required to purchase Microsoft 365 Copilot. Contact Microsoft for additional pricing details.

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 Microsoft 365 Copilot licenses to 72 employees over three years.

- The cost of Microsoft 365 Copilot is $30 per user per month.

- All Microsoft 365 Copilot users in the composite organization have a Microsoft 365 E5 or E3 license, the costs and benefits of which are not included in this study.

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

- The status of Microsoft 365 E5 or E3 licenses at the company.

- Changes or fluctuations in the pricing strategy for Microsoft 365 Copilot.

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 $42,000.

> "With Copilot, we're already using Microsoft products. So at a negligible additional cost per employee, not only can we satisfy our original need for code reviews for software engineering staff, but now it's basically integrated into the whole suite of products that we live and breathe every day: Microsoft Edge, Outlook, Word, Windows — it's everywhere, and folks can have it on their work phones as well. So it's like this unified experience that then also satisfies a need for the software developer. […] They basically halved their time in code reviews."
>
> **DIRECTOR OF TECHNOLOGY, DEFENSE**

Microsoft 365 Copilot Licenses						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
D1	Number of employees using Microsoft 365 Copilot	Composite organization	15	25	40	72
D2	Cost of Microsoft 365 Copilot per user per month	Interviews	$30	$30	$30	$30
D3	Months using Microsoft 365 Copilot	Composite organization	1	12	12	12
Dt	Microsoft 365 Copilot licenses	D1*D2*D3	$450	$9,000	$14,400	$25,920
	Risk adjustment	↑5%				
Dtr	Microsoft 365 Copilot licenses (risk-adjusted)		$473	$9,450	$15,120	$27,216
	Three-year total: $52,259			**Three-year present value: $42,007**		

IMPLEMENTATION AND MANAGEMENT

Evidence and data. Interviewees and survey respondents said that the implementation of Microsoft 365 Copilot ranged between one to nine months, approximately. For some interviewees, implementing Copilot was as simple turning it on after purchasing the licenses, but other implementations can require data permissions, data management, data cleaning, data indexing, and strategy alignment.

- The vice president of sales and marketing at the technology solutions firm said: "I would call ours a casual implementation because we do not have a structured implementation given the kind of workflows around different teams, projects, and people across the globe. … Our future vision is a centralized approach, where Copilot knows your patterns and spins out what you need by a click of a button."

- The chief information officer at the staffing, IT, and business solutions firm said: "Implementation was a collaborative effort. There were legal, technology, and other departments involved. So, we would speak to things like the freshness of the data that was available in [prior, unsecured AI tools] and how some of those datasets [in those tools] only go back to 2022. And if you're starting to query

something, the freshness of the data that's been in those vector databases is very important. Copilot had fresher data [compared with other tools], and that was a good differentiator for us to talk about to our employees. You're getting answers in a newer, fresher, better, safer fashion. That's how we drove the adoption."

- The head vice president of technology services at the IT services and business consulting firm said: "It took 5 minutes to set up. If you don't have data governance appropriately set up for Copilot, then you don't have data governance appropriately set up and your data is exposed through Microsoft search. So, I don't see that as a Copilot problem. I see that as already having a problem whether or not you have Copilot. That was not a problem for us because we do proper data governance. We settle our permissions at the site level, and so basically you have to have everything in the site or you don't, and that is enough specificity for our architecture sites."

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

- A business leader, IT employee, and one test user are involved in 60 hours of change management and technical integration.

- One full-time employee (FTE) is involved in ongoing management and maintenance for 600 hours per year.

- The average fully burdened hourly rate for those employees is $65.

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

- The organization's size, complexity, maturity, and technical expertise as well as the roles and testing involved. Some organizations may use professional services for the implementation.

- The size of the organization's data, the organization's data governance, and the extent to which the data is cleaned.

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 $130,000.

"Prepare, prepare, prepare. From a security perspective, definitely wrap your heads around what capacity Copilot is going to be used in and what types of information could potentially be added into the prompt. Copilot is a game-changing thing for the organization, and embracing it properly early on and getting the right practices in place early on is going to prove to be useful leaps and bounds into the future."

DIRECTOR OF TECHNOLOGY, DEFENSE

	Implementation And Ongoing Management					
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
E1	FTEs involved in change management and technical integration (business leader, IT employee, one test user)	Interviews	3			
E2	Hours assisting with implementation per FTE	Composite	60			
E3	FTEs involved in ongoing management and maintenance	Composite		1	1	1
E4	Hours assisting with ongoing management and maintenance	Composite		600	600	600
E5	Fully burdened hourly rate for the business leader, IT employee, one test user	Composite	$65	$65	$65	$65
Et	Implementation and ongoing management	(E1*E2+E3*E4)*E5	$11,700	$39,000	$39,000	$39,000
	Risk adjustment	↑20%				
Etr	Implementation and ongoing management (risk-adjusted)		$14,040	$46,800	$46,800	$46,800
	Three-year total: $154,440			**Three-year present value: $130,425**		

TRAINING AND EMPLOYEE DISCOVERY

Evidence and data. Evidence and data. The availability of prompt engineering and AI tool training directly influences the effectiveness and reliability of AI tools in delivering accurate outputs. Interviewees recognized that they needed to provide more training than they were currently providing to Microsoft 365 Copilot users at their organizations. They also revealed that they took some time to create their own training materials for their teams, such as guidelines and best practices, and they were interested in role-specific training.

- The head vice president of technology services at the IT services and business consulting firm said: "During a few days or a week trying Copilot by myself, I wrote out what I ran into, some helpful prompts, and ways to use Copilot that I

discovered. Then I tried to just write out the FAQs and how to get started." The interviewee added that documenting these discoveries took about 2 hours.

- The same interviewee said, "Users spend at least an hour or two when they get Copilot initially playing with prompts." They described spending 5 minutes per week trying various prompts.

- The director of technology in the defense industry described 30 minutes of training potentially once a year for responsible use.

- Sixty-one percent of survey respondents noted that they expected upfront costs for Copilot to include training costs.

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

- New users spend 10 hours of onboarding training each year.

- Outside of formal training, employees spend 15 hours annually on discovery and individual testing.

- The fully burdened hourly rate for a user is $35.

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

- The organization's dedication to training users and the variation of training time provided to roles based on usage.

- The complexity of the company's environment, which may require more onboarding and ongoing training for users.

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 $98,000..

"From a business development perspective, we have toyed around with, and are still trying to fine-tune, our understanding of custom templates, meaning our PowerPoint design templates. We reference various previous presentations that we've used. We give Copilot a couple of pointers, and it gives us a really good starting point for a presentation, like a new presentation or an updated or a modified version of what we originally had."
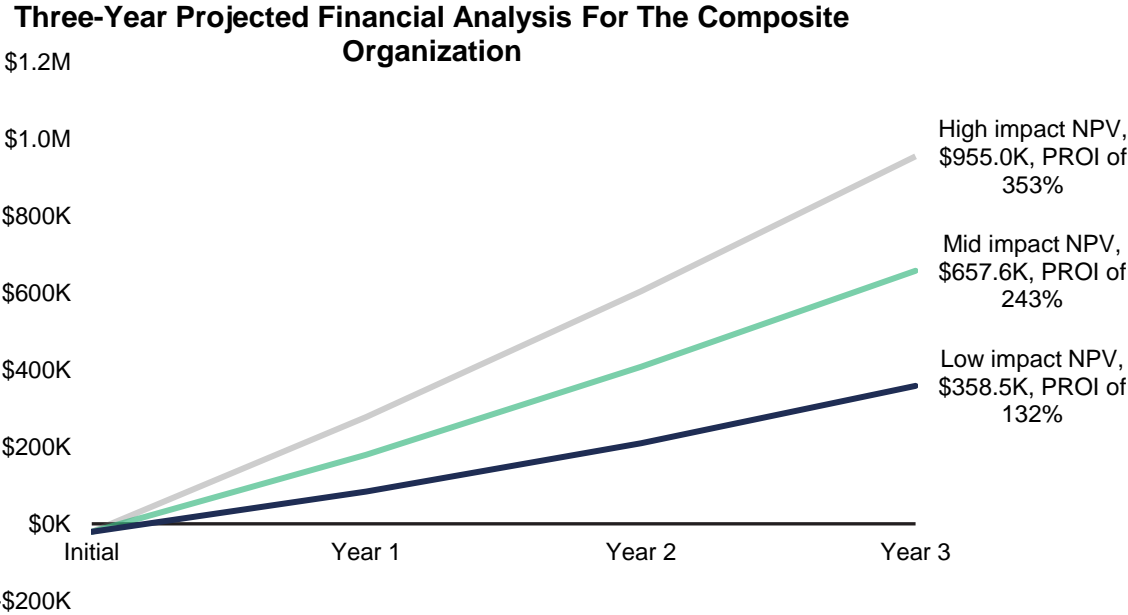
DIRECTOR OF TECHNOLOGY, DEFENSE

Training And Employee Discovery

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	Number of Microsoft 365 Copilot users	Composite organization	15	25	40	72
F2	Number of new users	F1-F1 previous year plus 10% churn	15	11	17	35
F3	Training hours for new user	Interviews	10	10	10	10
F4	Total hours of training for new users	F2*F3	150	110	170	350
F5	Additional hours per user per year for ongoing discovery	Composite		15	15	15
F6	Total hours per year for employee discovery	F4+F1*F5	150	485	770	1,430
F7	Fully burdened hourly rate for a user	TEI standard	$35	$35	$35	$35
Ft	Training and employee discovery		$5,250	$17,500	$27,475	$50,575
	Risk adjustment	↑20%				
Ftr	Training and employee discovery (risk-adjusted)		$6,300	$21,000	$32,970	$60,690
	Three-year total: $120,960			**Three-year present value: $98,236**		

Financial Summary

Consolidated Three-Year Risk-Adjusted Metrics

Three-Year Projected Financial Analysis For The Composite Organization

Chart showing cumulative financial values from Initial through Year 3:
- High impact NPV, $955.0K, PROI of 353%
- Mid impact NPV, $657.6K, PROI of 243%
- Low impact NPV, $358.5K, PROI of 132%

Y-axis ranges from -$200K to $1.2M. X-axis: Initial, Year 1, Year 2, Year 3.

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

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

Cash Flow Analysis (Risk-Adjusted)						
	Initial	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Total costs	($20,813)	($77,250)	($94,890)	($134,706)	($327,659)	($270,668)
Total benefits (low)	$0	$191,966	$247,114	$333,277	$772,357	$629,137
Total benefits (mid)	$0	$297,894	$371,091	$466,844	$1,135,829	$928,246
Total benefits (high)	$0	$405,081	$490,504	$601,671	$1,497,256	$1,225,676
Net benefits (low)	($20,813)	$114,716	$152,224	$198,571	$444,699	$358,469
Net benefits (mid)	($20,813)	$220,644	$276,201	$332,138	$808,170	$657,578
Net benefits (high)	($20,813)	$327,831	$395,614	$466,965	$1,169,598	$955,008
PROI (low)						132%
PROI (mid)						243%
PROI (high)						353%

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 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.

Total Economic Impact Approach

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

Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.

Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. 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."

Present Value (PV)

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

Net Present Value (NPV)

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

Return on investment (ROI)

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

Discount rate

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

Payback period

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

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the

Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.

APPENDIX B: INTERVIEW AND SURVEY DEMOGRAPHICS

Role	Industry	Number of Microsoft 365 Copilot users
Head vice president of technology services	IT services and business consulting	15
Vice president of finance, continuous improvement	Managed technology solutions	25
• Vice president sales and marketing • Marketing specialist	Managed technology solutions	10
Director of technology	Defense	400
Chief information officer	Retirement services firm	15
• President • Chief technology officer • General counsel, assistant secretary of the board of directors, and chief diversity officer • Chief information officer • Chief executive officer	Staffing, IT, and business solutions	65
Senior consultant	Cloud consultancy	15

Survey Demographics

"In which country are you located?"

Country	Percentage of respondents
United States	25%
India	15%
UK	14%
Australia	11%
Canada	9%
Japan	7%
The Netherlands	6%
France	5%
Germany	5%
Spain	4%

Base: 266 decision-makers with responsibility or influence over their organization's AI solutions strategy
Note: Percentages do not total 100 because of rounding.
Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, June 2024

"Using your best estimate, how many employees work for your firm/organization worldwide?"

Number of employees	Percentage of respondents
2 to 100	32%
101 to 200	33%
201 to 300	36%

Base: 266 decision-makers with responsibility or influence over their organization's AI solutions strategy
Note: Percentages do not total 100 because of rounding.
Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, June 2024

"Which of the following best describes your current position/department?"

Position/department	Percentage of respondents
Operations/logistics	18%
IT	17%
Marketing/advertising	16%
Finance/accounting	15%
Sales	14%
Customer service/support	12%
Human resources/training	9%

Base: 266 decision-makers with responsibility or influence over their organization's AI solutions strategy
Note: Percentages do not total 100 because of rounding.
Source: A commissioned study conducted by Forrester Consulting on behalf of Microsoft, June 2024

"Which of the following best describes the industry to which your company belongs?"

Industry	Percentage of respondents
• **Retail** • **Financial services/insurance**	9% each
• **Healthcare** • **Technology/technology services**	7% each
• **Manufacturing and materials** • **CPG and/or manufacturing** • **Transportation and logistics**	6% each
• **Advertising and/or marketing** • **Media and/or leisure** • **Education and/or nonprofits** • **Energy, utilities, waste management**	5% each
• **Agriculture, food, and/or beverage** • **Electronics**	4% each
• **Government** • **Travel and hospitality** • **Business or professional services** • **Construction** • **Consumer services**	3% each
• **Chemicals and/or metals** • **Telecommunications services** • **Legal services**	2% each
Security	1%

Base: 266 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, June 2024

APPENDIX C: TIME SAVED PER YEAR FROM SURVEY RESULTS

Hours saved by individual sales employees with Microsoft 365 Copilot on related tasks

Task	Average (hours)	Median
Creation of presentations	47	30
Creation of proposals	30	30
Analysis of sales data from previous quarters	21	20
Onboarding of sales professional	8	8
Finding answers to common questions	18	15
Other	30	30

Base: 97 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, June 2024

Percentage time saved by individual human resources employees with Microsoft 365 Copilot on related tasks

Task	Average	Median
Drafting of policies	8%	9%
Drafting of job descriptions	20%	21%
Creation of training and other materials	36%	33%
Responses to emails from job applicants	21%	20%

Responses to emails from employees	21%	20%
Other	31%	31%

Base: 65 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, June 2024

Percentage time saved by individual marketing employees with Microsoft 365 Copilot on related tasks

Task	Average	Median
Identification of relevant market trends	14%	13%
Identification of relevant market segments	17%	15%
Content creation	35%	36%
Campaign creation	31%	25%
First drafts for projects	9%	10%
Summarization of campaign results	20%	15%
Visualization of campaign results	22%	20%
Other	25%	25%

Base: 128 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, June 2024

Percentage of time saved by individual finance employees with Microsoft 365 Copilot on related tasks

Task	Average	Median
Simplification of financial reporting	15%	14%

Writing executive summaries of financial reports	33%	31%
Simplification of planning	10%	10%
Identification of performance improvements	8%	5%
Ease of surfacing cost-saving insights in large bodies of data	7%	5%
Other	14%	14%

Base: 111 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, June 2024

Percentage time saved by individual IT employees with Microsoft 365 Copilot on related tasks

Task	Average	Median
Creation of project plans (e.g., for a product rollout)	26%	24%
Staying up to date on various project calls and chats	29%	24%
Data pattern identification to solve issues	31%	28%
User support with creation or summarization of knowledge base articles, existing support tickets, etc.	32%	29%
Other	40%	38%

Base: 150 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, June 2024

APPENDIX D: 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.

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