

To invest or not: Unpacking Microsoft Copilot's \$30 price point before the November 26 debut

A strategic framework for evaluating Microsoft's Copilot business case

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The integration of AI into widely used applications like Microsoft Word, PowerPoint, and Excel, heralds a transformative era in business operations. Microsoft's strategic shift towards embedding its Copilot AI technology across its suite raises important questions about the impact on business efficiency, data handling, and overall corporate strategy.

From our perspective this evolution presents a double-edged sword: while promising increased productivity and innovation, it demands critical scrutiny and strategic handling. Senior Management's goal must be to leverage benefits while navigating potential pitfalls, challenging the over-optimistic view that AI integration is an uncomplicated solution akin to a universally sweet chocolate bar.

Herein lies our comprehensive analysis of the foundational rationale for the aforementioned framework, along with pivotal considerations for the adoption of Microsoft's Copilot.

Finding use cases amidst overhype

AI's potential to enhance document and data processing is significant, yet it's crucial to navigate the hype and identify impactful use cases realistically. Microsoft's Copilot, for instance, can assist in drafting documents and generating insights from data. In Word, it can propose content, style improvements, or summarizations, enhancing document creation efficiency. However, AI-generated suggestions may lack the nuanced understanding of context, demanding careful review. In Excel, its effectiveness hinges on the context and subtlety of the inputs. Incorrect or incomplete data can lead to flawed conclusions, underscoring the need for careful review and human oversight. In PowerPoint, storytelling and synthesis from our consulting perspective is not yet worth discussing.

Key areas for management attention:

- *What specific tasks or processes in our operations can Copilot significantly enhance or even revolutionize?*
- *How can we best integrate Copilot into our workflow to achieve optimal productivity gains without compromising quality?*
- *Considering Copilot's capabilities, where do we draw the line between automation and the necessity of human intervention for optimal outcomes?*

Evaluate cost vs. innovation

Considering the pricing strategy of Microsoft's Copilot within a broader economic and competitive context is vital. This evaluation becomes even more critical when we consider the direct costs associated with these technologies. For instance, the standard expense for Microsoft Office is already at \$40 per user per month. When we add Copilot, which costs an additional \$30 per user monthly, the financial implications become significant. This raises the crucial question of how to balance these known investment costs against the potential, yet not fully quantifiable, gains in innovation and efficiency. As with other technologies, management

should critically analyze the return on investment (ROI) and devise strategies tailored to their company's specific impacts and opportunities.

⚠ Key areas for management attention:

- *How can we ensure that our adoption of Copilot aligns with and complements our overarching business objectives (during our strategic planning sessions)?*
- *Which Copilot features are most relevant to each specific business areas, and how can we guide the overall firm through the practical applications and adoption scenarios?*
- *How should we conduct a thorough review of the ROI from our investment in the Copilot feature to ensure we are extracting its full potential value?*

🛡 Navigating risks, misuse, and management fears

Integrating AI technologies such as Microsoft's Copilot into business processes isn't without risks. Concerns range from the accuracy and security of generated outputs to overdependence on technology. Moreover, there are significant apprehensions around data utilization and protection, often stemming from management fears and misconceptions. A comprehensive strategy to tackle these issues should include clear risk assessment frameworks and a focus on addressing management education, especially regarding data protection and appropriate technology usage.

⚠ Key areas for management attention:

- *How to ensure senior management comprehensively understands Copilot's potential and dispels common misconceptions?*
- *How can management formulate an actionable strategy specifically for managing risks associated with rolling-out Copilot?*
- *What are the best practices, guidelines, and policy recommendations a firm should establish to ensure correct/ethical use of Copilot in operations?*

🕒 Strategizing for gradual adoption and efficacy monitoring

Releasing the full capacity and features of Microsoft's Copilot throughout the company must be approached with a strategic, stepwise plan to ensure its effective integration and ongoing impact assessment. This approach includes designing testable pilot projects (i.e., for quality of output) that can provide valuable insights into the effectiveness and practicality while aiding in gradual adoption and efficacy monitoring.

⚠ Key areas for management attention:

- *How to develop technically feasible strategies for a stepwise adoption and roll out?*
- *How can we design and implement testable pilot projects tailored to specific areas of our business?*
- *How to ensure true, complete, accurate ongoing evaluations of the effectiveness and impact?*






👥 Optimizing workforce dynamics in an AI-enhanced world

The shift towards AI-enhanced environments like those offered by Microsoft's Copilot requires profound changes in workforce dynamics. This includes enhancing employee engagement with the new technology, addressing skill gaps, and transitioning towards higher-value work. Successful AI adoption hinges not just on the technology itself but on the readiness of the people and the organization to embrace these changes.

⚠ Key areas for management attention:

- *How can we best prepare our teams for the transition of AI-powered organization?*
- *What roles does internal and external communications play and how to tackle this challenge?*
- *How can we best train employees – e.g., on ethical AI use and data security?*

🔧 This is how GEM can support your organization

Areas	Topic	How GEM can add value
Strategy	 Finding use cases amidst overhype	<ul style="list-style-type: none"> ▪ Strategy formulation: Develop practical AI strategies in dedicated strategy sessions. ▪ Solution identification: Pinpoint areas where Copilot can truly fit in your firm's profile through focused workshops. ▪ Application assessment: Distinguish where Copilot's applications are truly transformative from areas where human oversight remains crucial, using firm- and sector-specific insights.
	 Evaluate cost vs. innovation	<ul style="list-style-type: none"> ▪ Strategic alignment: Ensure AI adoption complements business objectives in strategic planning sessions. ▪ Hands-on discovery: Present real-world AI innovations specific to your industry, guiding the firm through practical applications and adoption scenarios. ▪ Investment evaluation: Examine AI investment ROI in detailed financial review sessions.
	 Navigating AI risks, misuse, and management fears	<ul style="list-style-type: none"> ▪ Executive AI briefing: Educate on AI's potential and demystifying its challenges, tailored for senior management. ▪ AI risk blueprint: Provide a detailed, actionable roadmap for AI risk management, tailored for board-level discussions and decisions. ▪ Ethical AI framework: Design guidelines, best practices, and policy recommendations on ethical AI standards
Implementation	 Strategizing for gradual adoption and efficacy monitoring	<ul style="list-style-type: none"> ▪ Technical guidance: Steer based on expertise in AI pilot project setup and management. ▪ Performance analysis: Establish AI monitoring tools; pinpoint refinements. ▪ Strategy adaptation: Advise on AI strategy's technical aspects and optimization.
Change Management	 Optimizing workforce dynamics in an AI-enhanced world	<ul style="list-style-type: none"> ▪ AI integration strategy: Tailor strategy for effective AI organizational adoption. ▪ Communication execution: Develop and roll out internal and external (marketing) AI communications. ▪ Training: Prepare and conduct sessions on ethical AI usage, data security (do's and don'ts).