



Human + AI Working Together

The CPS Guide to Agent First

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**What everyone needs to know
about Microsoft's Frontier Firms
and the Future of Work.**



 Copilot
Jump Start
Partner

 Microsoft
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Partner



Introduction

The Rise of the Frontier Firm

Every generation experiences a technological shift that changes the way organisations operate. The personal computer transformed how information was created and managed. The internet connected people, services and knowledge on a global scale. Cloud computing removed barriers to innovation and fundamentally changed how organisations consume technology.

Today, Artificial Intelligence is driving the next transformation. Over the last two years, AI has moved from innovation labs and technology conferences into everyday work. Employees are using Microsoft 365 Copilot to draft documents, summarise meetings, analyse data and automate routine tasks. Organisations are experimenting with Copilot Studio, building custom agents and exploring new ways to improve productivity and service delivery.

For many organisations, this feels like a significant leap forward. In reality, it may only be the beginning. Microsoft's latest vision for the future of work extends far beyond AI assistants. It is based on the belief that every employee will eventually work alongside intelligent agents capable of researching information, monitoring activity, coordinating actions and completing tasks on their behalf. This vision is built around two concepts that are becoming increasingly important.

The first is the **Frontier Firm**.

The second is **Agent First**.

Together, they describe a future where organisations are no longer limited solely by human capacity. Instead, they combine human expertise, creativity and judgement with digital labour provided by intelligent agents operating continuously in the background.

For leaders, this represents one of the most significant changes in organisational design since the introduction of the internet.

For employees, it creates opportunities to spend less time on administration and more time applying their expertise.

For organisations, it presents the possibility of improving service delivery, increasing capacity and unlocking new levels of productivity without simply adding more people.

The implications are profound. But perhaps the most important message is this:

Agent First does not replace the investments organisations are making today.

It builds upon them.





From Copilot to Agent First

A common question emerging from Microsoft's recent announcements is simple: "We've only just started our Copilot journey. What changes now?" It is an understandable concern.

Many organisations are still exploring Microsoft 365 Copilot. Others are developing agents in Copilot Studio, modernising data platforms with Microsoft Fabric or implementing automation through Power Platform.

The emergence of concepts such as Frontier Firms, Autopilots, Scout and OpenClaw can create the impression that another major shift is already underway. The reality is far more reassuring. Microsoft's Agent First vision is not a replacement for Copilot. It is the natural evolution of it.

Think of Microsoft's AI strategy as a journey.

- The first phase focused on helping people work more efficiently through AI-powered assistance.
- The second phase introduced custom agents capable of supporting specific business processes.
- The next phase expands that capability further, enabling agents to take on increasing levels of responsibility while remaining under human oversight.

Each stage builds upon the last.

The organisations investing in Copilot today are already laying many of the foundations required for Agent First tomorrow. In many ways, the journey resembles the evolution of the internet. Early websites provided access to information. Later generations enabled transactions, collaboration, digital services and entirely new business models.

The underlying technology evolved, but the previous investments remained valuable. Artificial Intelligence is following a similar path.

Today's Copilot experiences become tomorrow's intelligent agents.

Today's agents become tomorrow's digital workforce.

Today's productivity gains become tomorrow's organisational transformation.

Understanding this progression is essential for leaders seeking to make informed decisions about the future.





Understanding the Frontier Firm

Microsoft describes the next generation of organisations as Frontier Firms.

These organisations use AI not simply as a productivity tool, but as a strategic capability embedded throughout the organisation. Rather than viewing AI as a technology project, Frontier Firms treat it as a new source of organisational capacity.

Employees are supported by teams of agents. Knowledge is accessible on demand. Decision-making is enhanced by intelligent systems capable of analysing information at scale. Routine work becomes increasingly automated. Human expertise becomes more valuable, not less.

Microsoft's research suggests that many organisations are already moving in this direction. The challenge is no longer whether AI can create value. The challenge is understanding how work should be redesigned when intelligent agents become part of the workforce.

This introduces new concepts that leaders will need to understand.

Human-Agent Teams

Rather than individuals working alone, employees increasingly work alongside specialist agents designed to support specific activities and responsibilities.

Digital Labour

Agents provide organisations with additional capacity by performing tasks, coordinating activities and supporting decision-making.

Intelligence on Demand

Knowledge and expertise become accessible when needed, rather than being limited to specific individuals or departments.

Work Charts

Traditional organisational charts describe reporting structures. Future work charts may describe how humans and agents collaborate to deliver outcomes.

These ideas may sound futuristic.

Yet many of the building blocks already exist today.



The Intelligence Layer Behind Agent First

One of the most common misconceptions about AI is that it simply generates content or answers questions. In reality, the effectiveness of modern AI depends heavily on context. The more an AI system understands about an organisation, its people, its processes and its data, the more valuable it becomes. This is why Microsoft is investing heavily in what can be described as the organisational intelligence layer.

Capabilities such as Microsoft Graph, Work Graph, Work IQ and Fabric IQ are designed to provide agents with the context required to understand how work happens across an organisation.

They help answer questions such as:

- Who is working on what?
- Which projects are most important?
- What commitments have been made?
- Where does organisational knowledge exist?
- How are teams collaborating?
- What information is relevant to a particular decision?

Without context, AI is simply a tool. With context, it becomes capable of supporting meaningful work.

Throughout this guide, we will explore how these intelligence layers help power Microsoft's Agent First vision and why data readiness is becoming one of the most important considerations for organisations preparing for the future.

Why This Matters for Public Services

Across local government, central government, healthcare, policing and education, organisations face a common challenge. Demand continues to increase. Resources remain constrained. Expectations continue to rise.

Leaders are being asked to deliver more with less while maintaining high levels of service quality, governance and accountability. Artificial Intelligence will not solve every challenge. But it does create an opportunity to rethink how work is organised.



Imagine:

- A council officer supported by agents that monitor policy changes and prepare case information.
- A clinician spending more time with patients because routine administration has been automated.
- A police analyst supported by agents that gather information and identify patterns across large volumes of data.
- A university administrator able to focus on student outcomes rather than repetitive processes.

These examples are not about replacing people. They are about increasing organisational capacity. That distinction matters. The future of work is not about choosing between humans and AI. It is about understanding how they work together.

What You Will Learn

This guide has been designed to help leaders, technology professionals and decision-makers understand Microsoft's emerging Agent First vision and what it means in practice.

Inside, we explore:

- Microsoft's journey from Copilot to Agent First
- The role of agents, Autopilots, Scout and OpenClaw
- How Microsoft's digital workforce operates
- The intelligence layer powering modern AI
- Human-Agent Teams and the future of work
- Security, governance and responsible AI
- Public sector opportunities and challenges
- Organisational readiness for Always-On Personal Agents

Most importantly, this guide explores a question that every organisation will need to answer over the coming years:

If intelligent agents become part of the workforce, how should work be redesigned to take advantage of them?

The organisations that answer that question successfully will not simply adopt AI. They will become Frontier Firms. And the journey towards that future is already underway.



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Chapter 1: From Copilot to Agent First

Understanding Microsoft's AI Journey - A New Chapter in the Evolution of Work

In just a few years, Artificial Intelligence has moved from being a topic of experimentation to becoming a board-level priority. Organisations across every sector are exploring how AI can improve productivity, reduce administrative burden and support better decision-making. Employees are increasingly using tools such as Microsoft 365 Copilot to summarise meetings, analyse data, draft content and find information more quickly.

For many organisations, these capabilities already represent a significant transformation. Yet according to Microsoft, we are still in the early stages of the AI journey. The reason is simple. Most organisations are currently using AI as an assistant.

Microsoft's long-term vision is for AI to become a participant in work itself. This is the shift from Copilot to Agent First. Understanding that journey is essential because it helps explain not only where Microsoft's technology roadmap is heading, but also how organisations can prepare for the future without abandoning the investments they are making today.



The Evolution of Microsoft AI

To understand Agent First, we first need to understand how Microsoft's AI strategy has evolved. The journey did not begin with Copilot. For years, Microsoft has been embedding AI capabilities across its technology ecosystem.

Early investments focused on machine learning, automation and predictive analytics through services such as Azure AI, Dynamics 365 AI capabilities and Power Platform AI Builder. These solutions helped organisations automate tasks, identify patterns in data and improve operational efficiency. However, they often required specialist skills and remained largely invisible to the average employee.

The breakthrough came with Generative AI. The partnership between Microsoft and OpenAI accelerated the development of large language models capable of understanding and generating human language. Suddenly, AI became accessible to everyone.

Employees no longer needed technical expertise to interact with advanced technology. They simply needed to ask a question. This shift laid the foundation for Microsoft's next phase of innovation.

The Arrival of Microsoft 365 Copilot

When Microsoft 365 Copilot was introduced, it represented a major milestone. For the first time, AI was embedded directly into the tools millions of people use every day.

Word. Excel. PowerPoint. Teams. Outlook.

Copilot transformed how employees interact with information. Rather than manually searching for data, drafting documents or analysing spreadsheets, users could simply describe what they needed.

Examples included:

- Creating presentations from existing documents
- Summarising lengthy email conversations
- Generating meeting notes and actions
- Analysing trends within spreadsheets
- Drafting reports and communications
- Finding information across Microsoft 365



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For many organisations, this marked the beginning of practical AI adoption. The benefits were immediate. Employees saved time. Administrative effort reduced. Information became easier to access. Productivity improved.

However, Copilot was designed primarily as an assistant. It helped people perform work. It did not own the work itself. And that distinction matters.

Why Microsoft Is Moving Beyond Copilot

As organisations became more comfortable with AI, a new question emerged. If AI can help complete a task, can it eventually take responsibility for part of that task?

Consider a project manager preparing a monthly report. Copilot can help draft the report. But the project manager still needs to gather information, review risks, analyse progress, collect updates and distribute outputs. The majority of the process remains manual.

Now imagine an intelligent agent that continuously monitors project activity, gathers updates automatically, identifies risks, creates the first draft and notifies stakeholders when action is required. The employee remains accountable. The agent takes responsibility for much of the coordination.

This is the direction Microsoft is moving towards. Not replacing people. Expanding organisational capacity. The shift is subtle but significant. The focus moves from AI helping people complete work to AI actively participating in the delivery of work.

Copilot, Agents and Autopilots: Understanding the Difference

One of the biggest challenges facing organisations today is understanding the growing number of AI-related terms.

- **Copilot.**
- **Agents.**
- **Autopilots.**
- **Scout.**
- **OpenClaw.**
- **Digital Labour.**
- **Human-Agent Teams.**

While they are connected, they serve different purposes.



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Copilot

Think of Copilot as a personal productivity assistant. Its primary purpose is to help users complete tasks more effectively.

You ask. Copilot responds.

Examples include:

- Drafting content
- Summarising information
- Creating presentations
- Analysing data
- Supporting decision-making

Copilot remains user-led. The employee drives the interaction.

Agents

Agents take the next step. Rather than simply responding to prompts, they can perform specific tasks or business functions on behalf of users.

Examples include:

- Monitoring shared inboxes
- Responding to common requests
- Managing onboarding activities
- Supporting customer service
- Coordinating workflow activities

Agents introduce a degree of autonomy. They operate within defined boundaries and objectives.

Autopilots

Autopilots represent the next stage of evolution.

While agents typically focus on specific tasks, Autopilots are designed to coordinate outcomes across multiple activities, systems and agents. Think of an Autopilot as a digital employee.

It can:

- Understand goals
- Plan activities
- Delegate work to agents
- Gather information
- Monitor progress
- Escalate issues
- Drive outcomes

This is where Microsoft's Agent First vision begins to take shape.

Already Using Copilot? What Changes Now?

This is perhaps the most important question organisations are asking. Many leaders have invested significant time, effort and budget into Microsoft 365 Copilot adoption.

Some have launched pilot programmes. Others are developing custom agents. Many are still in the early stages of adoption.

The emergence of Agent First can create uncertainty.

- Do we need to start again?
- Was Copilot only a stepping stone?
- Have we invested in the wrong technology?

The answer is no.



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In fact, organisations already investing in Copilot are often better positioned than those that have yet to begin. Copilot remains a critical part of Microsoft's AI ecosystem. It becomes the user interface for the Agent First workplace.

Employees will continue interacting with Copilot. The difference is that behind the scenes, increasingly sophisticated agents and Autopilots will be carrying out work on their behalf. The journey is evolutionary, not revolutionary. Today's Copilot user becomes tomorrow's manager of digital workers.

The Foundations of Agent First

The Agent First vision is not powered by agents alone. It relies on a broader intelligence architecture designed to help AI understand organisational context. Without context, AI remains generic. With context, AI becomes useful. This is where Microsoft's intelligence layer becomes increasingly important.

Key components include:

Microsoft Graph

The digital map of organisational activity across Microsoft 365. It understands relationships between people, meetings, documents, communications and work.

Work Graph

An emerging concept that helps AI understand how work actually happens across the organisation.

Work IQ

Designed to provide deeper insight into how individuals and teams collaborate, prioritise work and manage activities.

Fabric IQ

Provides intelligence grounded in organisational data stored across Microsoft Fabric.

Semantic Models

Help AI understand the meaning and context of organisational information rather than simply processing raw data.

Together, these capabilities help create what Microsoft describes as "intelligence on tap". Agents are not simply responding to prompts. They are operating with awareness of organisational context. This becomes critical as organisations move towards more autonomous AI experiences.





Introducing the Frontier Firm

Microsoft believes the most successful organisations of the future will operate differently. These organisations are described as Frontier Firms.

A Frontier Firm combines:

- **Human expertise**
- **Digital labour**
- **Organisational intelligence**
- **AI-powered decision support**
- **Human-Agent Teams**

Rather than relying solely on human capacity, these organisations augment employees with intelligent agents capable of supporting day-to-day operations. In practice, this could mean:

- **Project teams supported by reporting agents**
- **HR teams supported by onboarding agents**
- **Service teams supported by triage agents**
- **Finance teams supported by compliance agents**
- **Leaders supported by research and intelligence agents**

The objective is not workforce reduction. The objective is workforce augmentation. Human capability remains essential. AI expands what people can achieve.

Why This Matters for Leaders

Every organisation faces similar pressures. Increasing demand. Growing complexity. Resource constraints. Rising expectations.

Historically, the solution has often been to add more people, more systems or more process.

Agent First introduces another option; Digital labour. Leaders can begin thinking differently about how work is distributed. Not every activity requires human attention. Not every process requires manual intervention. Not every piece of information needs to be found by a person.

As intelligent agents become more capable, organisations gain access to a new source of capacity. The challenge is no longer whether the technology exists. The challenge is understanding how to use it responsibly, securely and effectively.





Key Takeaways

Microsoft's AI journey is evolving from assistance towards participation.

Microsoft 365 Copilot remains a critical foundation and is not being replaced by Agent First. Agents extend Copilot's capabilities by performing specific tasks and responsibilities. Autopilots coordinate outcomes across multiple activities, systems and agents.

The intelligence layer, including Microsoft Graph, Work IQ and Fabric IQ, provides the context required for effective AI.

Together, these capabilities support Microsoft's vision for Frontier Firms, where humans and intelligent agents work together to deliver better outcomes.

The future of work is not simply about using AI.
It is about redesigning work around Human-Agent Teams.

How CPS Can Help

As a Microsoft Partner of the Year for Copilot and Agents, CPS helps organisations understand what Microsoft's evolving AI roadmap means in practice. Whether you're exploring Microsoft 365 Copilot, building your first agents or developing a longer-term AI strategy, we can help you assess where you are today and identify the next steps towards Agent First.

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**AI Strategy | Copilot | Copilot Studio & Agents | Agent Factory | Microsoft Fabric |
Dynamics 365 | Power Platform**

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