# Becoming a Frontier Firm

# What is an AI Frontier Firm?

## The Frontier Firm Defined

A next-generation company that fuses human judgment with AI agents to scale faster, work smarter, and unlock new value - powered by on-demand intelligence and human + agent hybrid teams.

## Core Characteristics

- **AI-operated, human-led**: Agents execute tasks; humans provide oversight.
- **Work Chart vs Org Chart**: Teams form around outcomes, not departments.
- **Agent boss mindset**: Every employee manages and collaborates with AI agents.

## Why This Matters Now

- **82%** of leaders say 2025 is a pivotal year to rethink strategy and operations.*
- **80%** expect agents to be integrated into their AI strategy within 12–18 months.*
- Frontier Firms outperform peers in productivity, innovation, and speed to value

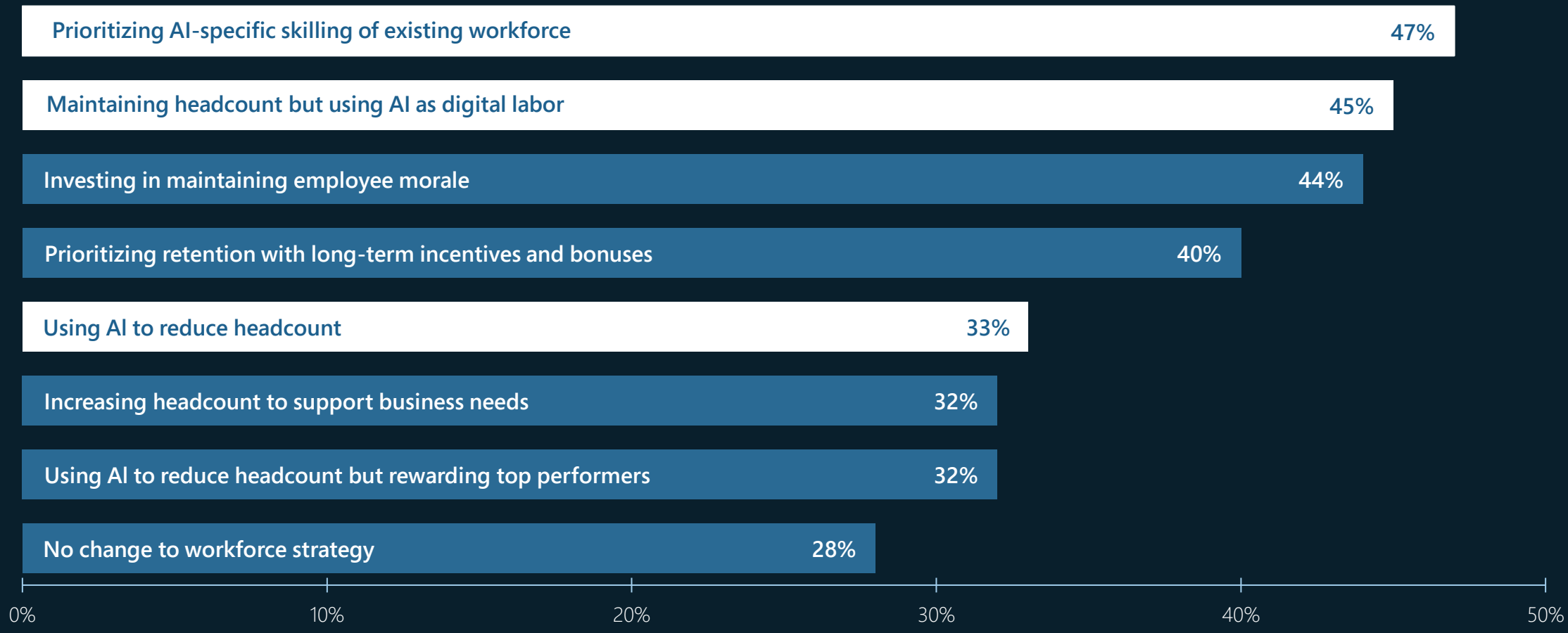
"As AI democratizes access to expertise and intelligence, we'll see the rise of Intelligence Resources departments—much like how HR and IT evolved into core functions. These new divisions will be essential for managing the interplay between humans and AI agents, emerging as a critical source of competitive advantage in the AI-enabled enterprise."

*—Karim R. Lakhani, Chair of the Digital, Data, and Design Institute at Harvard,*

Microsoft Work Trends Index Report

*2025 – Microsoft Work Trend Index Report

# AI skilling and digital labor are top workforce strategies




Share of respondents who chose as top 3 most likely strategy

**Source:** Microsoft Work Trend Index Survey 2025 (n = 8,622).

# Journey to becoming Frontier

## Phase 1

*Human with assistant*

Every employee has an AI assistant that helps them work better and faster

## Phase 2

*Human-led agents*

Agents join teams as “digital colleagues,” taking on specific tasks at human direction

## Phase 3

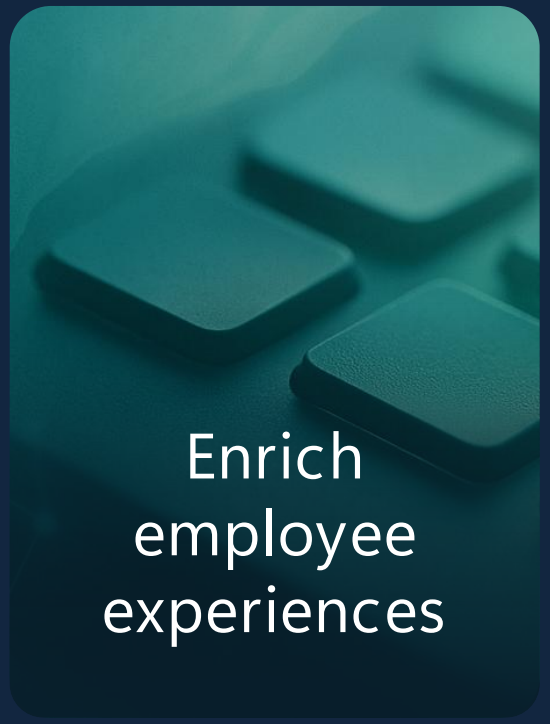
*Human-led, agent-operated*

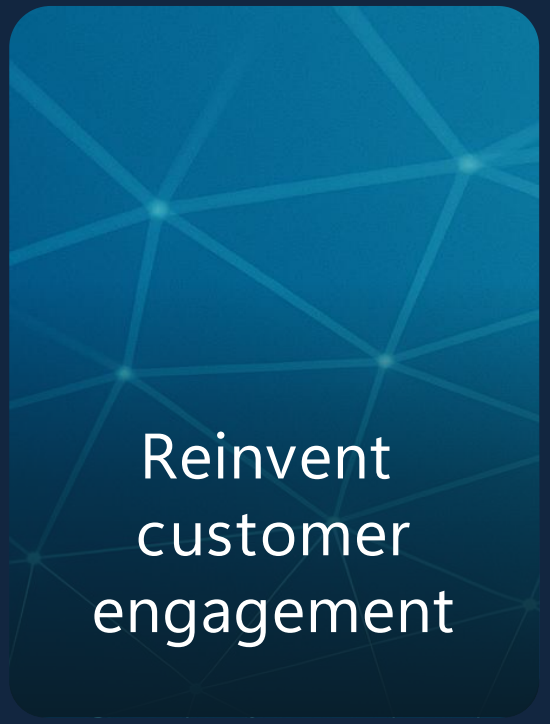
Humans set direction and agents run entire business processes and workflows, checking in as needed

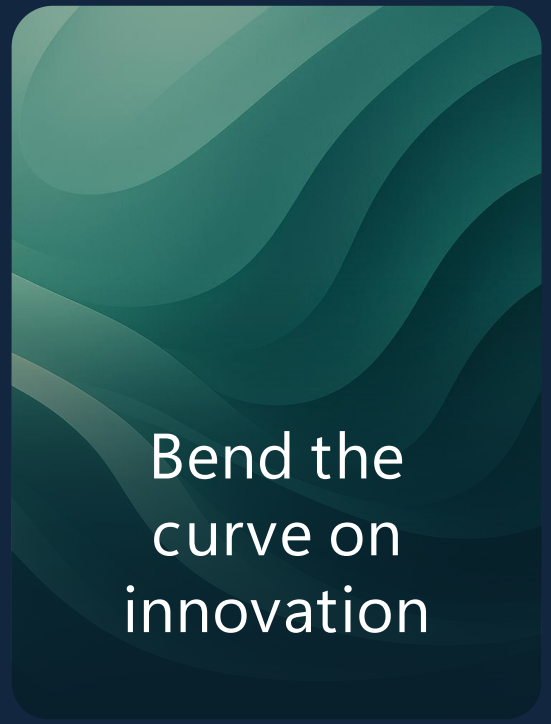
Source: 2025 Work Trend Index aka.ms/WTI

# Becoming Frontier

Success framework





# CFO: Moving beyond their traditional role

## Lead the AI strategy...

Define the budget

Ensure compliance

Control RISK

Shift mindsets

## ...while delivering financial goals

Real-time visibility of financial data across silos

Strategic planning with predictive analytics

Automation and standardization of financial processes

Real-time reporting to track ESG goals

# Why cloud ERP and AI?

Moving from **systems of transaction** to **systems of reasoning**

**73%**

of enterprises plan to upgrade or replace their ERP in less than two years.[1]

### Meet customer demand

Perform strategic planning with mutual awareness of priorities and constraints.

### Enhance business performance

Manage budget effectively with collaboration on cost-saving initiatives, streamlining processes, and reducing waste.

### Mitigate risks

Gain visibility into operational, regulatory, and security risks and proactively develop and implement mitigation plans.

Source: 2023 Gartner ERP, -- The Catalyst for Finance Transformation, Nisha Bhandare, 2024

© 2024 Gartner, Inc. and/or its affiliates. All rights reserved. Gartner is a registered trademark of Gartner, Inc. and its affiliates

# AUTONOMOUS ERP

## THE RISE OF THE AGENTS

# How is a modern AI- powered ERP different?

## Copilot and Agents

Always – on listening for signals across all systems to take proactive action

## Dynamic workflows

Replace rigid preset workflows with dynamic ones and constantly adapt to change

## Adaptive Experience

Modern UI that only shows what the user needs at that moment instead of forms over tables

# Copilot + Agents = AI-First Business Process

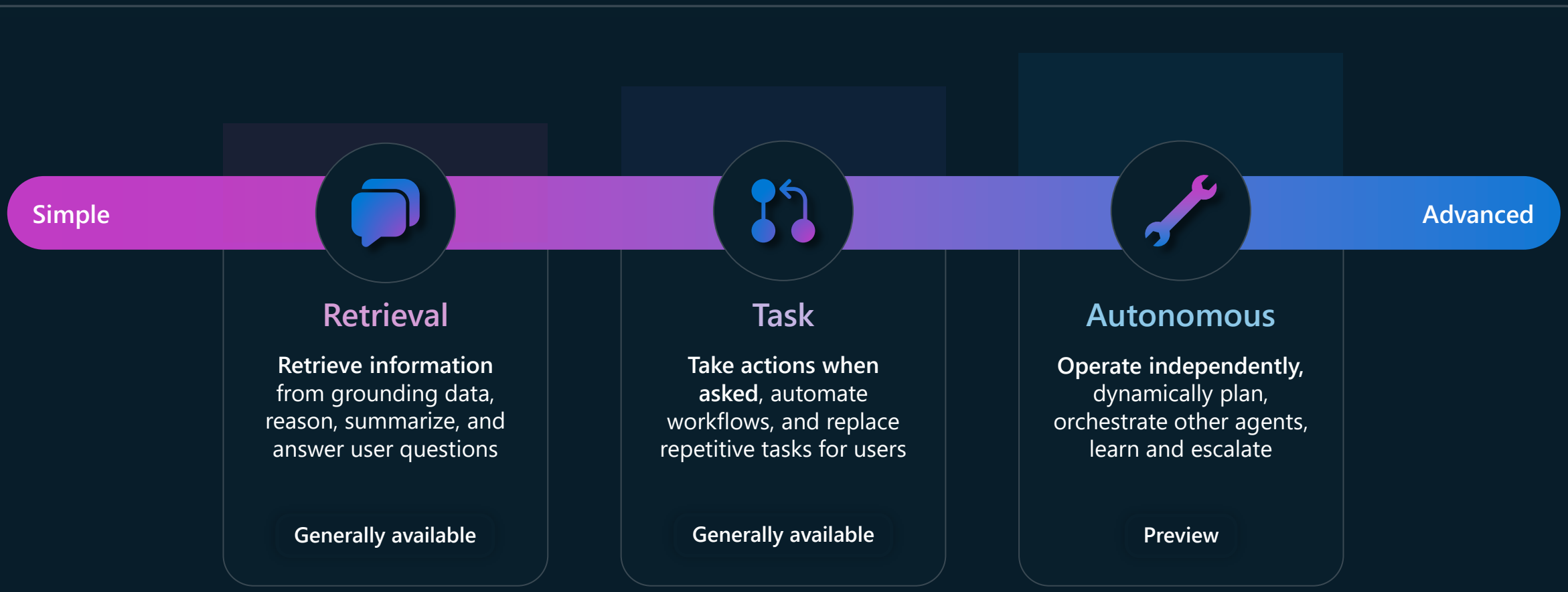
## Microsoft 365 Copilot

is the UI for AI, your personal, intelligent assistant for work, grounded in your data and integrated into your Microsoft apps.

## Agents

use AI to automate and execute business processes, working alongside or on behalf of a person, team, or organization.

# Spectrum of agents



# Dynamics 365

AI-powered agentic ERP which enables autonomous processes

Your AI assistant for work

## Composable

ERP

Low-code custom apps

AppSource – Industry IP

## Connected

Azure Data & AI

Microsoft Dataverse

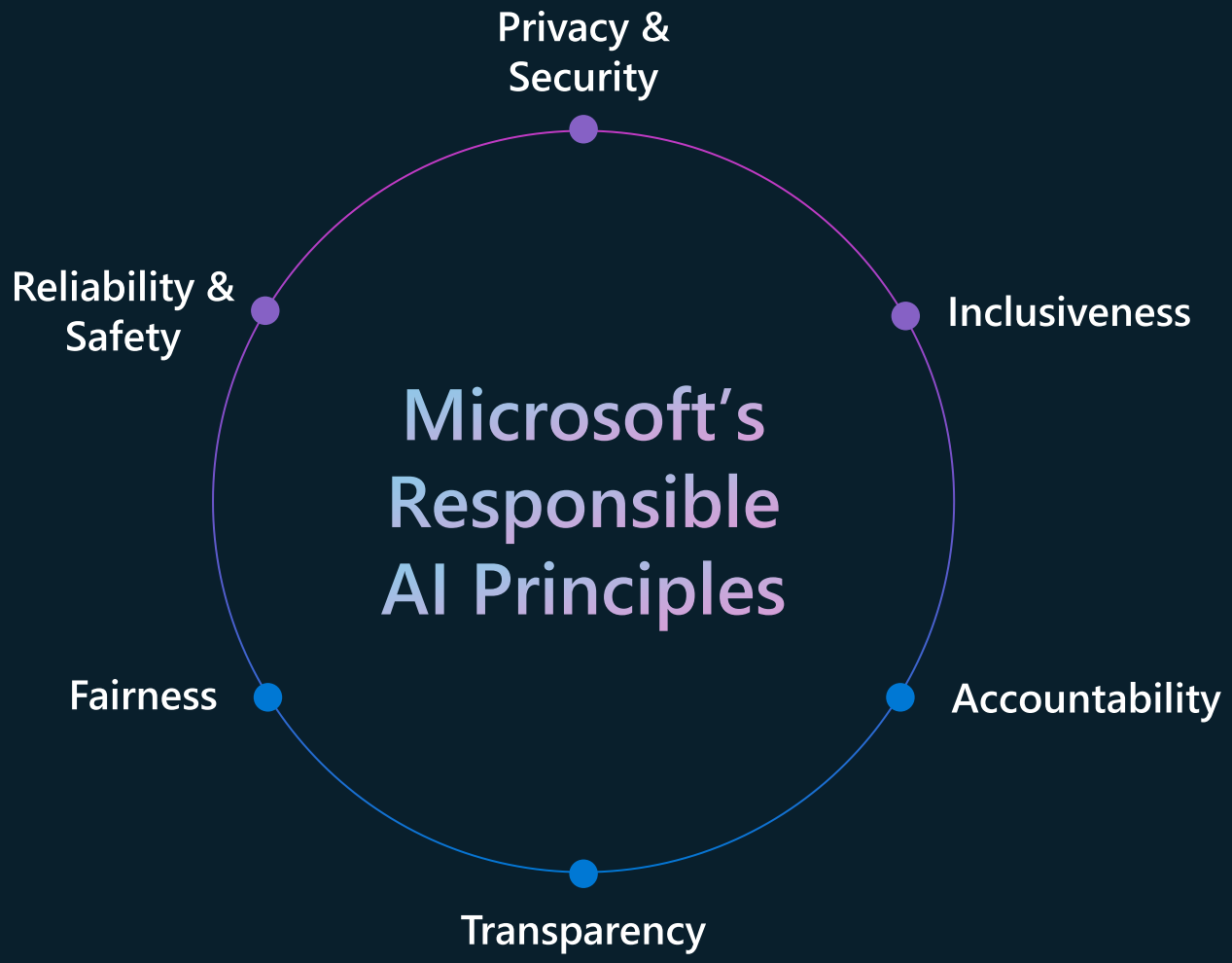
Microsoft Fabric

## Cognitive

Copilot Studio

Enterprise-grade security, privacy, and compliance

# Microsoft Azure Cloud - Runs on trust




Your data is your data

Your data from any fine-tuning is not used to train the foundation AI models

Your data is protected by the most comprehensive enterprise compliance and security controls

# Our right to win

## Comprehensive Suite

Composable, extensible, industry IP

## AI leadership

Leading the future of Autonomous ERP

## Investment strategy

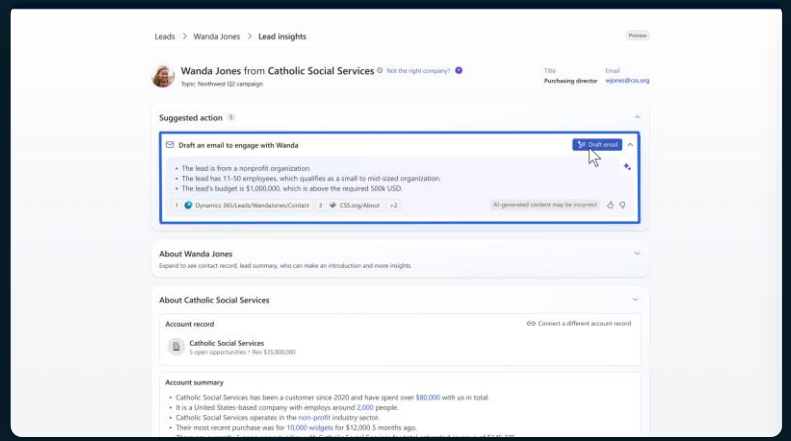
Customers and partners driven

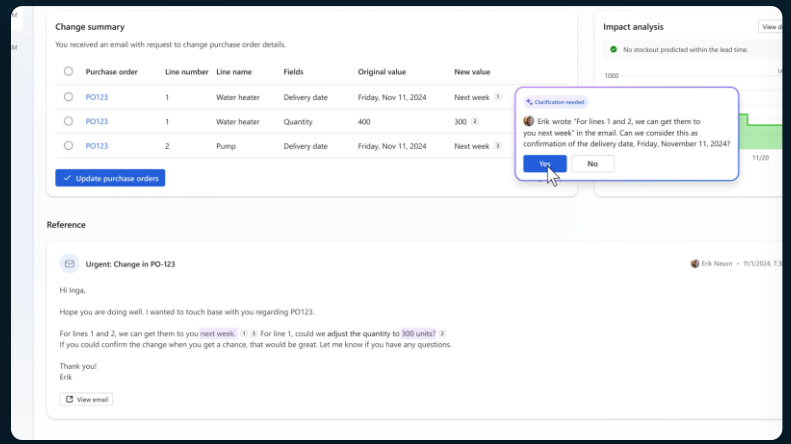
# +10 pre-built agents in Dynamics 365

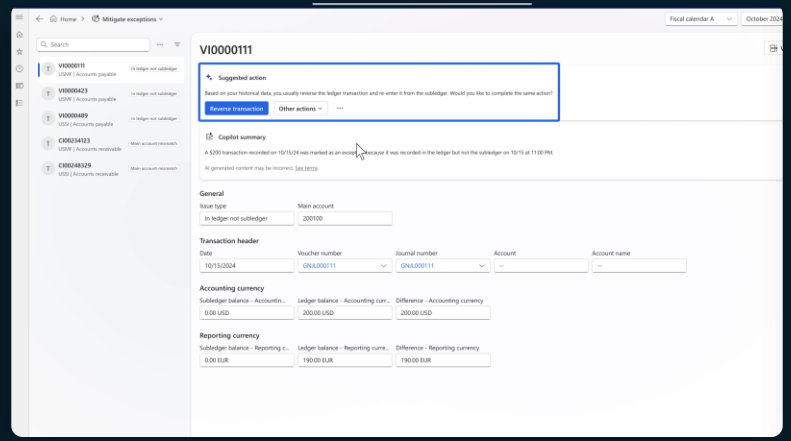
Sales Qualification

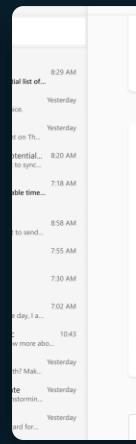
Supplier Communications

Account Reconciliation



# Impact of AI-powered ERP on critical business processes

| Key processes | Before AI - powered ERP | After AI – powered ERP |
| --- | --- | --- |
| **Procure to pay** | • Inability to predict supplier risk<br>• Inefficient manual process to manage PO changes<br>• Unable to prioritize managing supplier performance<br>• Demand  Planning and Forecasting Delays | • Predict and mitigate supplier risks proactively<br>• Improve vendor management and collaboration<br>• Autonomize handling of PO changes<br>• Improve supplier performance<br>• Trend Analysis and Automated Adjustments to Insights |
| **Record to report** | • Sub-optimal cash flow<br>• Error-prone manual reconciliation<br>• Fragmented financial reporting<br>• Difficulty staying compliant | • Improve cashflow visibility<br>• Autonomize reconciliation<br>• Close your books faster<br>• Better adherence to  compliance with local regulation<br>• Streamlined and efficient financial reporting |
| **Quote to cash** | • Delayed invoice processing<br>• Inability to prevent revenue leakage<br>• Inefficient time and expense management | • Invoice clients on time with accuracy<br>• Reduce revenue leakage<br>• Autonomize time and expense management |

Challenges

# Procurement specialists

## What current state looks like

Time consuming to manually address PO changes

Reactive to supply chain disruptions

Limited strategic focus

# Current workflow
## Procurement specialists

Read incoming email

Navigate to order

Find days to stockout

Identify impacted customers

Inform stake-holders

Send email to supplier

# Future workflow

## Procurement specialists with Supplier Communications Agent

Read incoming email

Understand intent & extract data

Find days to stockout, Identify impacted customers

Propose decision + alternatives

Inform stakeholders

Send email to supplier

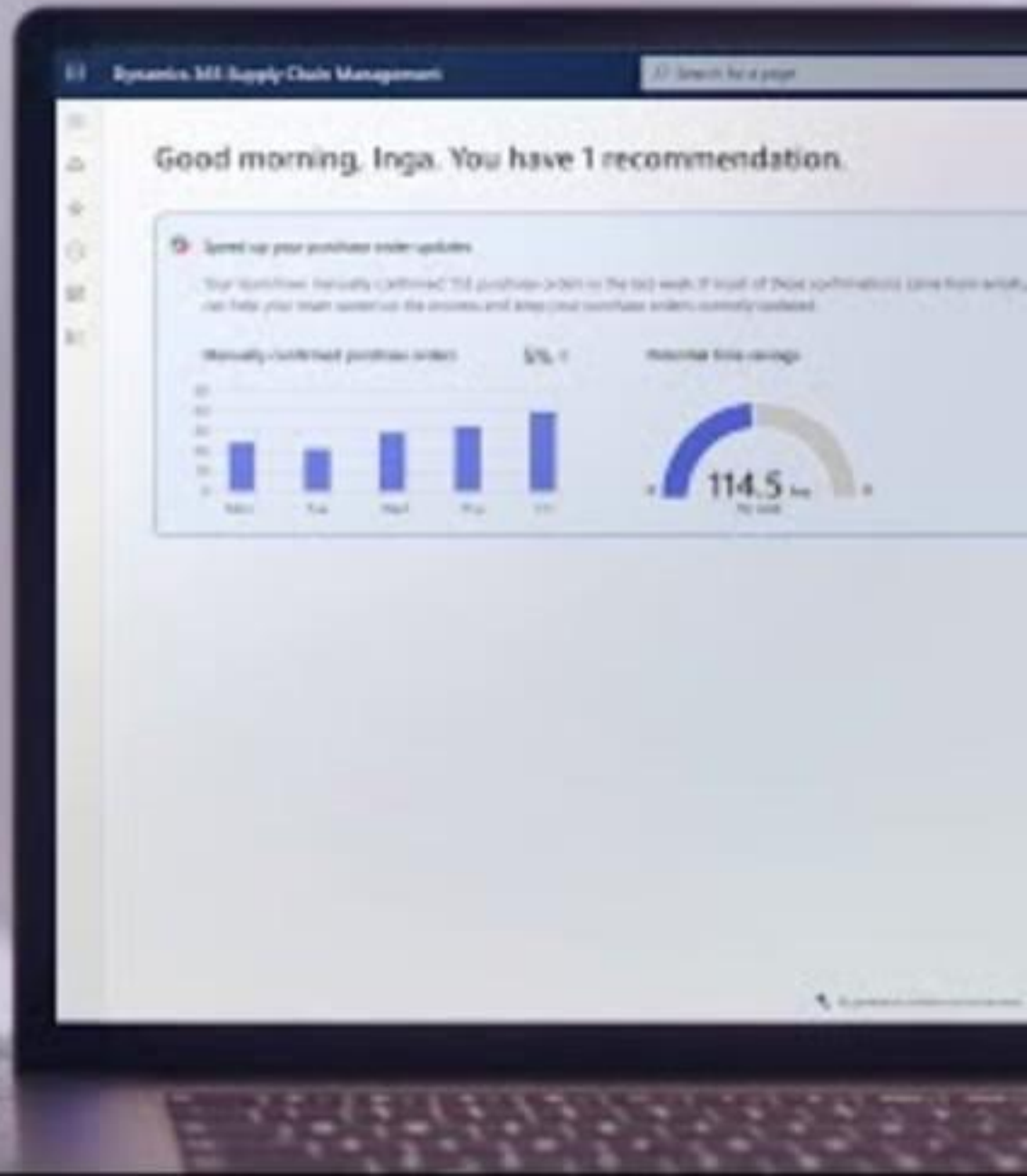
* Users control the degree of autonomy at critical steps in the process – they entrust Copilot to be more autonomous as trust grows

Review and accept / reject proposals

Review draft

Dynamics 365

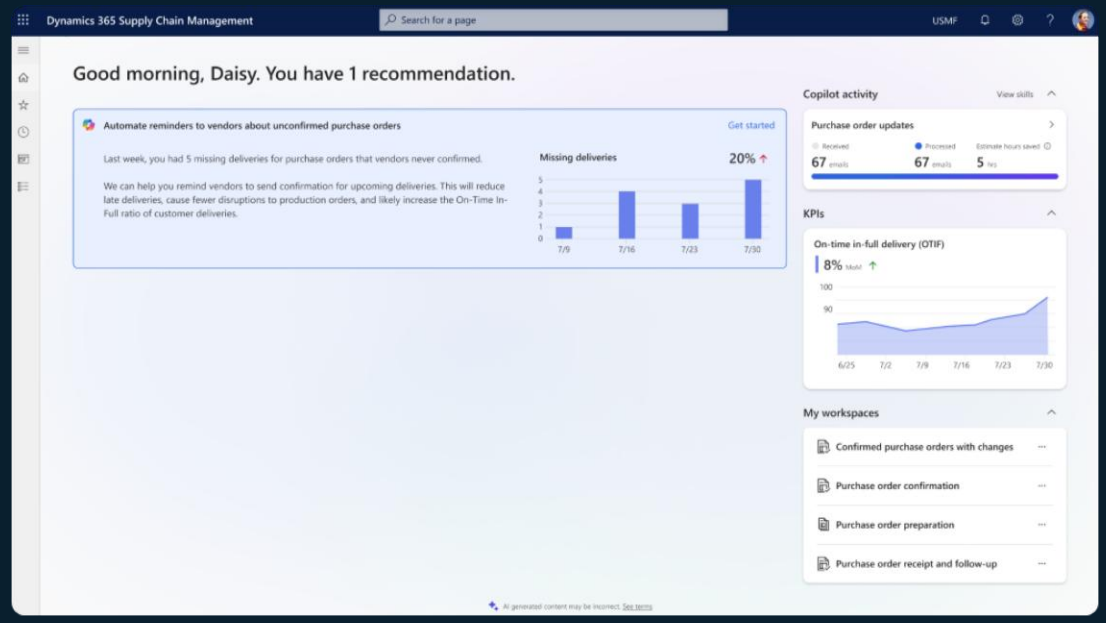
# Supplier Communications Agent




Microsoft Dynamics 365

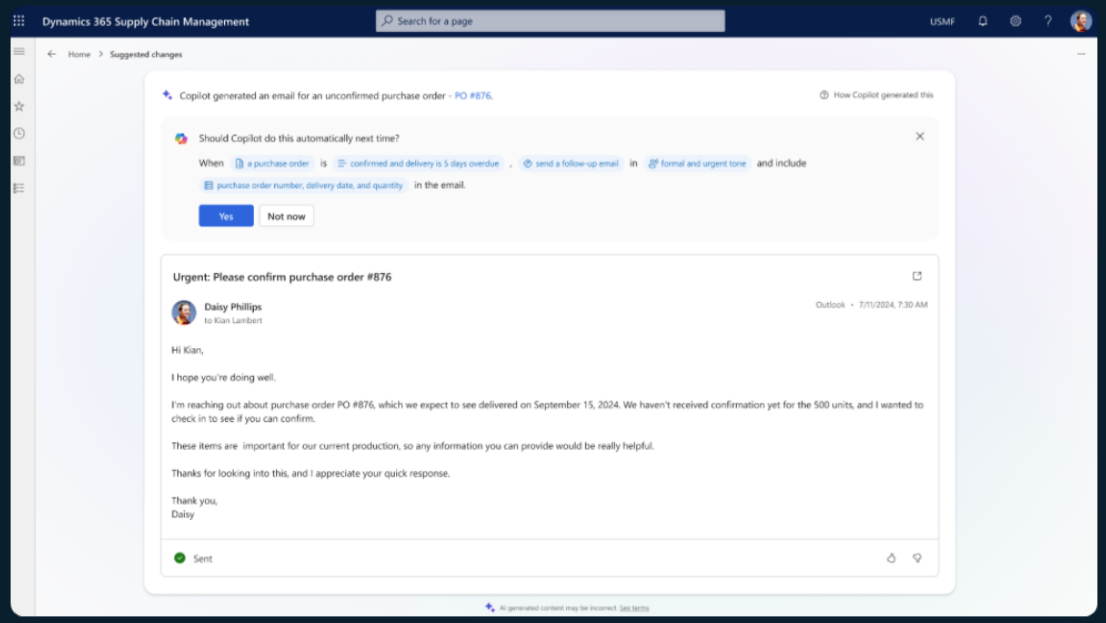
# Key takeaways 1

## Adaptive Experience




Modern UI that only shows what the user needs at that moment instead of forms over tables

## Agents are continuously learning




You are in control of the agent, and it learns alongside you to manage exceptions and improve its performance

# Supplier communications agent

## Business outcomes

### What current state looks like

Time consuming to manually address PO changes

Reactive to supply chain disruptions

Limited strategic focus

### What future state looks like...

Proactively mitigate supplier risks

Improve vendor management

Improve supplier performance

Efficiently manage PO changes

# AI ERP leading in industry recognition

## Gartner®

Microsoft is recognized as a "Leader" in the November 2024 Gartner® Magic Quadrant™ for Cloud ERP for Product-Centric Enterprises.1

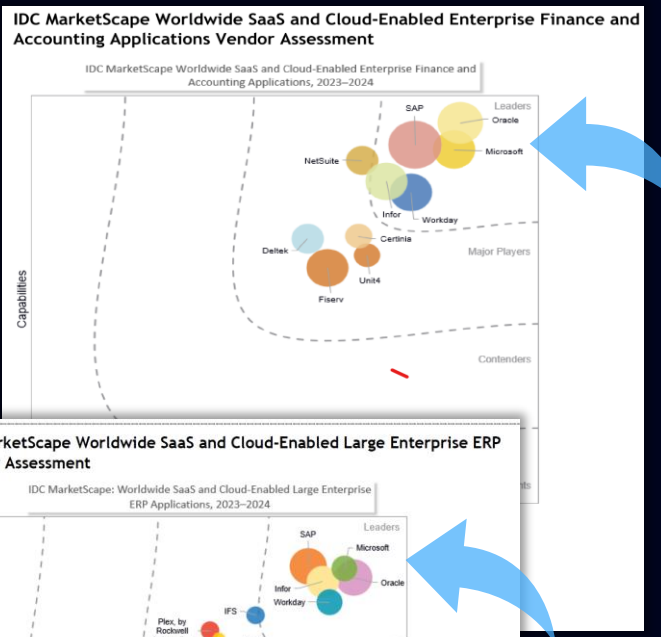
Microsoft is recognized as a "Leader" in the November 2024 Gartner® Magic Quadrant™ for Cloud ERP for Service-Centric Enterprises.1

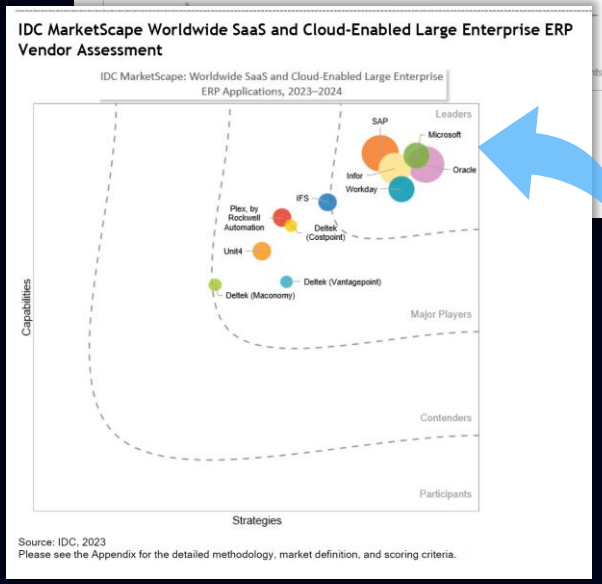
## IDC

Recognized as a "Leader" in ERP.

2023-2024 IDC® Marketscape™ for Worldwide SaaS and Cloud Enabled Large Enterprise ERP applications.2

2023-2024 IDC® Marketscape™ for Finance and Accounting Applications for large enterprises.3




NDA MICROSOFT CONFIDENTIAL

THANK YOU !