# Decision Matrix for using AI Agents

In today’s AI landscape, Microsoft offers multiple solutions for integrating AI into business workflows. **Microsoft 365 Copilot**, **Copilot Studio**, and **Azure AI Foundry** each cater to different needs and skill levels, from an out-of-the-box assistant to low-code and code-first AI development platforms. This report compares these three options across key criteria – **Cost, Features, Integration, Scalability, and Support** – to guide AI adoption leads and technical teams in choosing the right approach.

A screenshot of a computer program

AI-generated content may be incorrect.

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| Criteria | Microsoft 365 Copilot Chat (out of the box) | Microsoft 365 Copilot with Agent Builder (built-in extensions) | Copilot Studio | Azure AI FoundryAgent Service |
| Primary Purpose | **Personal productivity assistant**. Provides writing assistance, data analysis, and information retrieval within the user’s workflow (Office documents, emails, meetings). Meant to save time on everyday tasks and make knowledge more accessible. | **Extend Copilot’s knowledge or actions** for your organization. Purpose is to handle internal FAQs, specialized tasks, or integrations that the base Copilot doesn’t cover. Essentially, *teach Copilot new tricks* (within limits) – e.g. answer HR policy questions, or fetch data from an internal system in response to a user prompt. | **Custom process automation & specialized bots**. Lets you create an AI agent for a specific purpose (like an HR help bot, or a sales assistant bot) with conversation logic and the ability to act (via connectors/flows). Purpose is to solve a business workflow or domain challenge via a conversational interface, tailored to your org. | **Enterprise AI/ML platform**. Purpose is to enable development of bespoke AI solutions – from training models on proprietary data to building complex multi-step AI agents. Useful for innovation, building AI into products or large-scale analytics, beyond simple Q&A/chat. Often aimed at transforming or optimizing business processes with advanced AI. |
| Target Audience | End-users & knowledge workers (no development skills needed). Ideal for employees who want **AI assistance in everyday Microsoft 365 tasks**. | Business users and knowledge workers in the organization. Geared towards those who want to **extend Copilot with company-specific knowledge** or simple automations without coding. | Business analysts, developers, Power Platform makers, and IT teams who want to **create custom departmental and line of business agents** with minimal code for internal or external use. | Software developers, data scientists, AI/ML engineers, and enterprises that need **bespoke AI solutions** and **more control over AI infrastructure and models**. |
| Best For | Use when the goal is to **enhance individual productivity** within M365 apps quickly and with minimal setup. (e.g. drafting emails, analysing Excel data). | Simple option to query organizational knowledge and general web content from within Copilot chat. | Powerful option to retrieve knowledge and perform tasks using a variety of data sources with many deployment options. | Ideal for those looking to develop scalable custom AI solutions tailored specifically for their enterprise needs, with deep integration into existing systems and data platforms. |
| Capabilities | Offers **natural language generation, summarization, and contextual Q&A** using GPT-4 on your data. It sees your work data (with permissions) via Microsoft Graph, plus general knowledge via Bing (if enabled). It can draft content, answer questions from internal docs and emails, create lists or plans, etc. However, it cannot perform arbitrary actions beyond what Microsoft has built in (e.g., it won’t directly add an entry to an external database unless it’s through a limited plugin). Focus is on content & insight generation. | Inherits Copilot’s base capabilities and adds **organisation-specific Q&A and light task execution**. Through Agent Builder, you can connect a specific knowledge base (e.g. a SharePoint library or FAQ document) so Copilot can answer queries with that info. Also, limited actions via plugins or flows might be enabled (for example, a pre-built connector that creates a support ticket). Capabilities remain relatively straightforward: question answering from custom data, and triggering of predefined simple workflows. | Full **conversational agent capabilities** with branching dialogues, memory, and *action-taking*. Copilot Studio agents can: multi-turn converse, retrieve info from many sources (via connectors to DBs, CRM, etc.), and execute Power Automate actions or call APIs as part of the conversation. They use LLM (GPT-4) for understanding and response generation, and can incorporate knowledge + actions (e.g. “reset my password” – the agent can both answer and actually trigger a reset). Complexity of skills can range from simple FAQ bots to semi-autonomous assistants handling procedures. | **Anything you program it to do**: combine LLMs with classical AI and software. Supports Retrieval Augmented Generation (integrating search over enterprise data with GPT responses), custom decision logic, and integration with any Azure service (e.g. databases, cognitive services, IoT streams). You can fine-tune models or use Direct models, like OpenAI, mistral, llama, incorporate external APIs, and build autonomous agents that monitor or act on events. Essentially, capabilities are limited only by cloud resources and developer imagination – e.g. build a predictive maintenance bot that analyses sensor data and sends alerts automatically. |
| Complexity | **Lowest complexity** – turn it on and use. No customization of logic. The AI behavior and scope are pre-defined by Microsoft (focused on content creation, summarization, etc.). | **Low complexity** – involves configuring existing Copilot with your content. Some setup to add connectors or data sources, but still a **declarative, guided process** within M365. Complexity mainly lies in preparing the content (e.g. documents to feed). | **Moderate complexity** - Enables **custom workflows, connectors, and logic** to build conversational and autonomous agents.  The agent complexity ranges from simple search and retrieval to task-based and autonomous behaviors. The platform abstracts AI/LLM details but building a robust agent may require iterative design. | **Highest complexity** – essentially software development and ML ops. Must design architecture (prompts, memory, data flows), possibly fine-tune models, handle Azure resources, and ensure performance and security. This offers maximum flexibility at the cost of development complexity.  Supports large-scale **model training, fine-tuning, deployment, and monitoring** using Azure AI services and custom ML pipelines. |
| Integration (Data and Systems) | **Built-in to M365** – works with data in **Microsoft Graph** (emails, Teams chats, SharePoint docs, OneDrive, calendar) and web search. It **implicitly respects M365 permissions**. Additional integration is limited: Microsoft allows some *approved plugins* and **Graph Connectors** for third-party data, but these are controlled. No direct SQL database query or external API call unless provided via a Microsoft-sanctioned connector or plugin | **Extends M365 integration** a bit further. Through Agent Builder or plugins, admins can connect **specific internal data sources** (e.g. indexing an internal knowledge base with Graph Connectors, or linking a particular system via an API plugin). Integration scope is **limited to** general web content, Microsoft Graph connectors, SharePoint sites, folders, and files. | **Broad enterprise integration** via Power Platform connectors and custom connectors.  Integrates with **Power Platform, Azure AI Foundry**, and other Microsoft services.  Supports data from SharePoint sites, folders, and files, Microsoft Graph Connectors, 1400+ Power Platform connectors, public websites, Dataverse tables and API data. | **Full integration freedom**. Azure AI Foundry can connect to any data source or system that a developer can code to.  Integrates with **Azure Machine Learning, AI services, Fabic, Bing, SharePoint, and enterprise data platforms**.  Supports structured and unstructured data from data lakes, SQL databases, Cosmos DB, APIs, real-time telemetry, and external sources via Azure Data Factory, Event Hubs, and more. Ideal for organizations needing deep data integration for advanced model training and analytics. |
| Customization Level | Very limited – customization mainly means **adjusting which data sources are enabled** (e.g. connecting certain SharePoint sites via Graph connectors). | **Moderate** – Within Agent Builder, you can customize *what content* Copilot has access to (by adding knowledge sources) and define some **simple conversation flows or rules** (for example, a specific prompt response for a certain query type). | High: allows **custom prompts, workflows, APIs, and connectors**. You also have the option to use your own AI model for responses via **BYOM integration** if needed | Very high: supports **custom model architectures, data pipelines, and deployment strategies**. |
| Pricing Model | Requires a **Microsoft 365 subscription** plus a **Copilot add-on fee**. | Requires a **Microsoft 365 subscription** plus a **Copilot add-on fee**. | Subscription-based or **pay-as-you-go**. | **Metered usage** or enterprise subscription based on compute, storage, and services used. |
| Key Differentiator | **Zero-effort AI inside Office** – *immediate productivity benefits* without building anything. Seamless integration with the tools employees already use (Word, Outlook, etc.), with Microsoft handling all AI logic. Also, the **security/compliance** integration (it knows who can see what) is a big plus in enterprise. | **Lightweight customization without code** – empowers organizations to **inject their own knowledge** into Copilot and handle simple tasks, all while staying in the familiar Copilot UI | **Flexibility and reach with low-code** – lets you create tailored AI agents relatively quickly. The big win is access to a huge range of connectors and the ability for these agents to take actions (not just chat) | **Scalability and depth** for building advanced, enterprise-grade AI solutions. |
| Example Use Cases | A manager uses Copilot in Outlook to **draft a project update email**, and in Word to summarize a 20-page report. Another user asks Teams Copilot “What were the key decisions in yesterday’s meeting?” – it pulls from the transcript and replies with a summary. These are straightforward, everyday uses that Copilot Chat handles out-of-the-box | The HR team adds an “HR Policies” agent via Agent Builder. Now an employee can ask Copilot in Teams, “How do I update my medical benefits?” – Copilot consults the internal policy documents (previously added) and provides an answer specifically from company policy | A **Customer Service Bot** for a retailer built with Copilot Studio. Customers on the website or via Teams can ask about orders: “Where is my order #12345?” The agent connects to the order database (via connector) and responds with the status. It can also **initiate a return process** by calling a Power Automate flow. | A finance company uses Foundry to develop a **Risk Analysis Copilot**. It ingests thousands of financial documents and training data to fine-tune a custom model that assesses investment risk. Analysts can ask a question in a custom app: “What’s the risk of default for Company X?” The system uses a bespoke model + data retrieval to give a detailed answer with charts. |
| Deployment Options | Microsoft-managed cloud service – no deployment needed beyond enabling the service.  User access the agent directly within **Microsoft 365 apps**: e.g. Copilot appears in Teams chat, Outlook, Word, Excel, PowerPoint as a sidebar or chat interface. End-users stay in their usual tools. | Cloud-based, hosted by Microsoft within the Microsoft 365 environment.  Users still access the agent via **Copilot Chat interfaces in M365** (e.g. in Teams or Outlook). The custom Q&A or agent capabilities appear **within the Copilot experience** for users – they might not even realize a separate “agent” is involved, just that Copilot can answer more org-specific queries | Cloud-based with Azure dependencies; can be embedded in apps or websites.  Users can access the agent via multiple channels -agents built can be published to **Teams, SharePoint, or embedded in web pages**. Users might chat with a Copilot Studio bot in a Teams channel or a custom web chat widget. These agents aren’t automatically in every Office app; they are deployed to specific interfaces (often Teams) as needed. | Cloud-based, with on-prem options for enterprise solutions.  Users can access the agent **anywhere** – agents can be exposed via web applications, mobile apps, custom Teams apps, chatbots, or even integrated back into M365 via the SDK. For instance, a Foundry-developed model could power answers in a custom website or be called from a Teams bot |
| Management and Governance options |  |  |  |  |
| Limitations | Limited to Microsoft 365 context; **not extensible** beyond Office apps. | Limited to Microsoft 365 context; **not extensible** beyond Office apps. | Requires some technical knowledge for advanced use; **not ideal for deep AI/ML**. | Requires **AI/ML expertise and infrastructure**; higher complexity and cost. |
| Business Outcome Focus | **Productivity Boost** – Saves time for employees on day-to-day tasks (drafting, information gathering, analysis), leading to efficiency gains. | **Enhanced self-service & consistency** – Employees get **instant, accurate answers** to company-specific questions, improving self-service and reducing workload on teams like HR or IT. | **Process Automation & improved service** – By deploying custom agents, organizations can streamline processes (e.g. faster ticket resolution, automated report generation) and even create new channels for interaction (like a customer-facing agent). | **Innovation and competitive advantage –** Foundry enables solutions that can *change how the business operates*. For example, developing a proprietary AI model could allow predictive insights no competitor has, or dramatically accelerate R&D (like drug discovery assistant in pharma). |
| Scalability | **Enterprise-scale SaaS** – Microsoft manages performance and scale globally. It’s immediately usable for many users without additional setup. Organization just enables it for licensed users. | **Enterprise-scale SaaS** – Microsoft manages performance and scale globally. It’s immediately usable for many users without additional setup. Organization just enables it for licensed users. | **Cloud-based service** that scales by usage. Microsoft handles backend scaling; organizations ensure sufficient message capacity (purchase packs or use pay-go) to meet demand. Suitable for departmental to enterprise deployments if properly provisioned. | **Highly scalable** – can handle large datasets, multi-turn conversations, and high-volume workloads. Scaling depends on cloud resource allocation in Azure (you must provision more compute or throughput as needed). Supports enterprise workloads but requires active performance management. |
| Support & Maintenance | **Microsoft-managed, minimal maintenance.** Backed by Microsoft’s enterprise support as part of Microsoft 365. Little internal effort needed beyond user training and managing permissions, since all AI logic/model is managed by Microsoft. | **Microsoft-managed, minimal maintenance.** Backed by Microsoft’s enterprise support as part of Microsoft 365. Little internal effort needed beyond user training and managing permissions, since all AI logic/model is managed by Microsoft. | **Low-code maintenance.** Platform supported by Microsoft (Power Platform) but organizations need a support model for supporting agents build by makers across teams. Ongoing tuning and content updates are needed. | **High maintenance & expertise.** Requires skilled developers/AI engineers to build and maintain (knowledge of Python, SDKs, etc.). Organizations are responsible for managing the Azure infrastructure, model updates, data pipelines, security, and has access to Microsoft’s Azure support for platform issues. |

**Sources:**

* [**Agent Success Kit**](https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fadoption.microsoft.com%2Ffiles%2Fagents%2FAgentOverviewGuide.pptx&wdOrigin=BROWSELINK)
* [AI strategy - Cloud Adoption Framework | Microsoft Learn](https://learn.microsoft.com/en-us/azure/cloud-adoption-framework/scenarios/ai/strategy#define-an-ai-technology-strategy)
* [Agent AI Discovery Workshop](https://microsoft.sharepoint.com/:p:/r/teams/IndustrySolutionsDelivery/Shared%20Documents/Agentic%20AI%20Assets/Agentic%20AI_Discovery%20Workshop%20Playbook_7%20May%202025.pptx?d=wf774dddb1aae4c85b82d8d63bf87149b&csf=1&web=1&e=aMkdN7)
* [Agents for Microsoft 365 Copilot | Microsoft Learn](https://learn.microsoft.com/en-us/microsoft-365-copilot/extensibility/agents-overview#choose-what-type-of-agent-to-build)

## When to Choose What?

* **Choose Microsoft 365 Copilot** if your goal is to **boost productivity** for knowledge workers with minimal setup.
* **Choose Copilot Studio** if you need **custom AI assistants** tailored to specific workflows or departments.
* **Choose Azure AI Foundry** if you're building **enterprise-scale AI solutions** with full control over data, models, and infrastructure.

## Extensibility: From M365 Copilot to Azure AI Foundry

**1. Microsoft 365 Copilot: Entry Point for AI Productivity**

* **Use Case**: Out-of-the-box AI embedded in Word, Excel, Outlook, Teams.
* **Customization**: Minimal — users can adjust settings or use plugins.
* **Extensibility**: Limited to Microsoft 365 environment.
* **Ideal For**: Organizations starting with AI to boost productivity without needing technical expertise.

**Next Step**: As needs grow (e.g., automating workflows, building internal assistants), organizations may want more control and customization — leading to **Copilot Studio**.

**2. Copilot Studio: Custom agents for business workflows**

* **Use Case**: Build and deploy custom agents (e.g., HR bots, IT helpdesk agents).
* **Customization**: High — supports Power Automate, APIs, custom prompts, and connectors.
* **Extensibility**: Can integrate with Azure AI services and external data sources.
* **Ideal For**: Organizations with business analysts or developers who want to tailor AI to specific roles or departments.

**Next Step**: When organizations need to go beyond conversational AI — such as building predictive models or training custom LLMs — they move to **Azure AI Foundry**.

**3. Azure AI Foundry: Full-Scale Enterprise AI Platform**

* **Use Case**: Build, train, and deploy custom AI/ML models at scale.
* **Customization**: Very high — supports custom data pipelines, model architectures, and deployment strategies.
* **Extensibility**: Full — integrates with all Azure services, on-prem systems, and third-party tools.
* **Ideal For**: Enterprises with data science teams aiming for innovation, competitive advantage, or industry-specific AI solutions.

**How the Journey Might Look in Practice**

1. **Start with M365 Copilot** to empower employees with AI in their daily tools.
2. **Identify repetitive tasks or common queries** (e.g., HR FAQs, IT support).
3. **Use Copilot Studio** to build agents that handles those tasks.
4. **As data grows**, use Azure AI Foundry to:
   * Train a model to predict employee attrition.
   * Build a recommendation engine for internal learning paths.
   * Deploy a custom LLM fine-tuned on internal documentation.