Quick Answer: How Should Organizations Prepare for the Addition of Generative AI to the Microsoft Stack?

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Initiatives: Digital Workplace Applications

Microsoft is rapidly rolling out everyday AI services based on OpenAI's GPT across its application and cloud portfolios, including Microsoft 365. Most organizations are unprepared for the changes Copilot will unleash.

Quick Answer

How should organizations prepare for the addition of generative AI to the Microsoft stack?

- **Knowledge management:** To date, systematic exploitation of knowledge assets to drive work outcomes has been primitive.
  - Nearly half of digital workers struggle to find the data they need to do their jobs, and close to one-third have made a wrong business decision due to lack of information awareness. [1]
  - With generative AI, the ability to derive business value from novel combinations of content and data will become significantly easier.
  - Organizations should rethink their approach to knowledge management to exploit generative AI services.
- **Talent:** Non-IT employees will need to acquire generative AI interaction skills and understand the limitations and potential of the technology.
  - Content-related job responsibilities will change quickly.
  - Worker attitudes towards AI in the workplace vary — about a third of the workforce would prefer not to use AI, making broad dissemination more difficult. [2]

- **Work routines:** It is hard to overestimate the anticipated impact of AI on the way we work.
  - Within the next three years, many simple work processes will use generative AI.
  - The key to improving work routines with generative AI is to ensure that workers have the right context for embracing the new technology — something that organizations do poorly today.
  - Less than two in five employees say that their organization provides them with information about how changing skill needs fits in with their job duties. [3]
- **Change fatigue:** After several years of COVID-19 and large-scale shifts in work locations, employees' appetite for change has collapsed.
  - Only 38% of workers in 2022 are willing to support organizational change, compared to 74% in 2016. [4]
  - Organizations will need to have an explicit change management strategy to effectively drive AI adoption.
- **Pace of innovation:** Microsoft's fast and fierce propagation of generative AI across its product portfolio is driving multiple vendors to follow suit.
  - Organizations should track and approve all generative AI tooling to ensure appropriate governance.

More Detail

"Everyday AI" — the continuous infusion of artificial intelligence services into our work lives — has been percolating along at a slow pace. Microsoft's introduction of AI that generates content in response to natural language requests (called generative AI) into its products will rapidly accelerate the use of everyday AI in the workplace. Microsoft is adding Copilot-branded AI services to Dynamics 365, Power Platform, Viva and — most critically due to its market dominance — Microsoft 365.

The interdisciplinary nature of the factors shown above demonstrates how — in the AI era — the digital employee experience requires a carefully coordinated interdisciplinary strategy to maximize business outcomes.

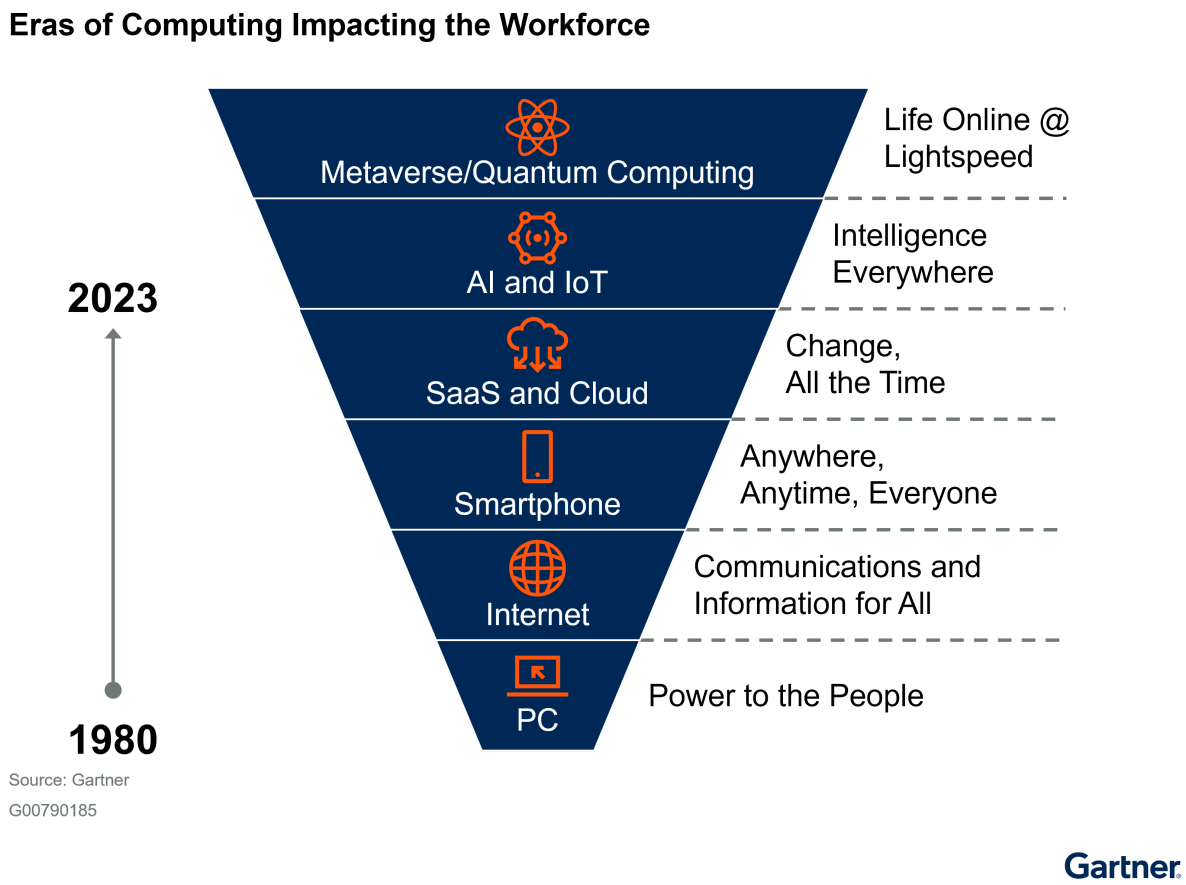
Microsoft has been the leading force for technology change over the past four decades. The journey started with PC operating systems (DOS, Windows), on to desktop applications (Word, Excel), on to internet browsers (Internet Explorer) and to cloud services (Microsoft 365, Azure). Microsoft is rarely a technology innovator. What it *is* good at is driving new technology into mainstream use. With its Copilot generative AI, Microsoft is now ushering in a new era of computing where a majority of employees will use some form of complex AI services in their everyday work.

By the end of year, Microsoft says Copilot will enable employees to use a request and response format to:

- Create content (write a press release using our corporate style)
- Analyze data (find the variables that determine market potential for this product)
- Summarize documents (what are the top five takeaways in this report?)
- Answer questions (what was the product revenue breakdown in 2021?)
- Locate expertise (who knows about demand for semiconductors in Vietnam?)
- Create artwork (paint Steve Jobs juggling the world)

This is the first broad-based impact of AI (in this case, generative AI) on the workforce, and it marks the transition from the SaaS/cloud era of computing, to the AI era (see Figure 1). Copilot demonstrates how the introduction of new technology is not just an IT responsibility. There are complex forces at work that need careful cross-business-unit coordination to optimize the digital employee experience.

Figure 1: Eras of Computing Impacting the Workforce



Microsoft's rapid packaging of generative AI has ignited a firestorm of competitive responses from vendors such as Google and Salesforce, which will drive innovation and accelerate workplace changes.

Generative AI, however, is no panacea. There are many many areas in which it will have an immediate impact, such as internal communications. But other use cases — pharmaceutical companies using it for clinical trial documents, or insurance companies for policy underwriting, for example — are far more complex, and will require significant oversight and investment before broad deployment. In sensitive areas like these, it may be years before any significant impact is felt, and it might never apply to some use cases. In every industry, concerns over accuracy, currency and completeness will be persistent.

Most organizations are not prepared for the rapid assimilation of this breakthrough technology. An interdisciplinary response is warranted and digital workplace leaders must be instrumental in assessing and optimizing the impacts of generative AI on work and the digital employee experience.

These five categories are a good place to start:

1. **Knowledge management:** Over the years, attempts to reap benefits from large-scale knowledge management (for the creation, identification and utilization of content) have had tepid results. A new approach to knowledge management is essential for realizing the potential of generative AI. There is no playbook: organizations will need an iterative and agile approach to get it right. With the profusion of generative AI services, organizations will need to take a fresh look at their knowledge assets and develop a knowledge architecture or knowledge graph that interconnects disparate content repositories. Access, privacy, security, compliance, data storage location, processing location and interoperability issues will require an IT-wide response. The digital workplace unit is largely responsible for Microsoft 365 services and setting up and governing knowledge repositories. It is the natural choice to lead an interdisciplinary IT response, with strong support from its data and analytics counterparts.

2. **Talent:** The impact that generative AI will have on the workforce cannot be predicted. Organizations must invest in skills enablement, creating learning pathways for generative AI mastery and other everyday AI capabilities. “Prompting” (the skill of creating natural language instructions that create optimal results) will make employees think more like computers, while computers will behave more like humans, and a learning curve is inevitable. It is an organizational imperative to ensure that employees experience everyday AI as empowering, not alienating. Organizations will need to monitor and prepare for rapid responses to changing employment dynamics as the need for roles and skills change.

3. **Work routines:** Education about generative AI will have to be broad and deep to ensure that leaders, managers and workers are able to apply it to business operations with appropriate confidence and caution. Gartner currently tracks 13 distinctive generative AI capabilities (see Table 1 and Tool: Enterprise Use Cases for ChatGPT). Ensuring these are used appropriately will require varying degrees of knowledge. Using a “team champion” approach will let a team member develop deeper proficiencies with the technology, and act as an IT liaison in helping elevate team knowledge and utilization. This practice can be a valuable human-centric approach to propagating everyday AI services.

4. **Change fatigue:** The potential for disruption to the workforce through changes to roles, skills and proficiencies — in conjunction with employee trepidation about AI in the workplace — creates an organizational change management challenge. The depth and emotional aspects of likely change merits an interdisciplinary "open source" change response, whereby all C-Suite leaders are aligned on organizational goals, and change initiatives address the employee and process elements (see Lead Change by Building Leadership, People and Process Capabilities).

5. **Pace of innovation:** Technology providers are rushing to add generative AI capabilities to their products and services, especially in digital workplace applications such as intranet packaged services, collaborative work management tools, employee communication and social networking. Organizations must carefully monitor where and how generative AI is entering the organization, and ensure appropriate governance. Organizations should watch for likely SaaS price increases and vendor lock-ins, as everyday AI is embedded into solutions. Microsoft will quickly propagate generative AI by including starter features in Microsoft 365, Viva, Dynamics and Power Platform, then monetize advanced features and third-party connectivity options. Real-world experience with large language models, generative AI and adjacent services like sentiment analysis will increase the appeal of its Azure cloud services.

Table 1: AI Use Cases

(Enlarged table in Appendix)

Text generation	Creating human-sounding and meaningful text, based on a given prompt.
Text completion	Filling in missing or incomplete information in a given text in prompt.
Text classification	Assigning a format label to a given text, based on its content or meaning (for example, story, biography or letter).
Text summarization	Producing a shorter version of a given text that retains its main ideas.
Text translation	Converting text from one language to another.
Sentiment analysis	Determining the emotional tone or opinion expressed in a given text.
Text correction	Fixing errors, spelling mistakes, grammar issues, or incorrect words in a given text.
Text manipulation	Changing or modifying text, such as changing words or phrases, removing or adding content, or transforming the text structure.
Named entity recognition	Identifying and extracting named entities (such as people, organizations, locations or events) from a given text.
Question answering	Providing a specific answer to a given question.
Style translation	Transforming the writing style of a given text, such as changing its tone, formality or writing genre.
Format translation	Converting a text from one format to another, such as converting instructions from prose to a numbered list.
Simple analytics	Performing basic data analysis on a given text, such as counting words, finding the frequency of specific terms, or calculating sentiment scores.
Text generation	Creating human-sounding and meaningful text, based on a given prompt.

Source: Gartner

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Tool: Enterprise Use Cases for ChatGPT

ChatGPT and GPT: A Board Reference Presentation

Evidence

[1] **2022 Gartner Digital Worker Survey:** This survey sought to understand workers' technological and workplace experience and sentiments. The research was conducted online from September through November 2022 among 4,861 respondents from the U.S. (n = 1,564), China (n = 1,167), the U.K. (n = 1,072) and India (n = 1,058). Participants were screened for full-time employment in organizations with 100 or more employees and were required to use digital technology for work purposes. Ages ranged from 18 through 74 years old, with quotas and weighting applied for age, gender, region and income, so that results are representative of working country populations. We defined "digital technology" as including any combination of technological devices (such as laptops, smartphones and tablets), applications and web services that people use for communication, information or productivity.

[2] **Gartner Worker-Consumer AI Attitudes Survey:** This survey was conducted to measure consumer and employee attitudes regarding AI. The research was conducted online from October through November 2021 among 1,515 respondents from the U.S. and 1,468 respondents from China. Ages of the respondents ranged from 18 through 74 years old, with quotas and weighting applied for age, gender, region, income and work status, so that results are representative of the U.S. and China online population, respectively.The survey was developed collaboratively by a team of Gartner analysts and Gartner's Research Data, Analytics and Tools team.

[3] **Percentage of Employees Willing to Change to Support Enterprise Change:** Sources: n = 6,686 employees Gartner 2016 Workforce Change Survey; n = 3,548 employees Gartner 2022 Workforce Change Survey; n = 3,497 employees 2022 Gartner Organizational Effectiveness and HR Professionals Key Priorities Survey

[4] **2022 Gartner Workforce Change Fatigue Survey:** This survey was conducted to understand the levels of change fatigue in employees and the manager's role in mitigating it. The research was conducted online from 28 Feb 2022 to 16 March 2022 among 3,548 respondents from various geographies, industries and functions. The survey was designed and developed by Gartner's HR Practice research team.

Disclaimer: Results of these surveys do not represent global findings or the market as a whole, but reflect the sentiments of the respondents and companies surveyed.

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