

**Topic: Artificial Intelligence and Digital Workplace, CRM**

Issue: How will AI offerings, including GPT, impact how products and services help humans get work done?

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## Microsoft Announces AI Product Updates Across Power Platform and Dynamics 365

**Summary:** Microsoft announced that it was integrating the Microsoft Azure OpenAI Service to power new editions of Power Platform and Dynamics 365.

**Event:** On March 6<sup>th</sup>, Microsoft announced updates to Power Platform and a Dynamics 365 Copilot offering that leverage ChatGPT-like functionality within both products. The announcement was made via a blog post.

### Analysis

Microsoft has just put the rest of the software industry on notice that it is launching products and services powered by the next generation of AI, which is currently the Microsoft Azure Service powered by OpenAI.

We feel the announcement was meant to preempt the Salesforce Einstein GPT announcement that was made today. Microsoft has a lead because they have been partnering with OpenAI since 2019 and recently made a \$10 Billion investment in OpenAI.

### Dynamics 365 Copilot for Sales and Service

The race to GPT-like services is on, and with Microsoft's announcement, the CRM market is now an AI market, a shift which Aragon declared in 2022. Dynamics 365 Copilot will be able to create email responses to clients, create a meeting summary of a Teams meeting, and more.

## The Race is On to Ship a Production Product

What buyers will want is instant gratification. Salesforce is planning to launch its updated versions of Sales and Service Cloud with GPT functionality. But our prediction is that Microsoft beats Salesforce to market by at least one quarter.

### Power Platform and GPT

Microsoft made two important updates to Power Platform with a focus on Conversational AI and an AI Builder with Chat GPT.

### Power Virtual Agents Get Smarter

Microsoft announced conversation boosters in Power Virtual Agents. This allows a virtual agent to be pointed to a conversation source, such as a website or an internal intranet. Now the virtual agent can use those sources to start to create responses.

In Aragon's opinion, Microsoft has shortened the time to develop a conversational AI bot by making it much easier and simpler to connect knowledge sources to AI. While others have had the ability to import questions and answers, it still could be tedious and time-consuming to optimize the bot responses. We expect others to emulate what Microsoft just introduced with Conversation Booster.

### AI Builder with GPT

Also, AI Builder now adds a text generation feature in Power Automate and Power Apps solutions. Prebuilt templates help developers to speed up their application prototyping by

allowing users to select the type of text generation and summarization capabilities they want the model to use.

### **Generative AI Is Here**

One of the reasons for the success of ChatGPT is that it can generate answers to questions in a written form very fast, and with good to very good quality. This has to do with the underlying large language model and the large data set it was trained on.

However, generative content is not without its issues, because ChatGPT is not just getting answers and writing term papers and marketing slogans out of thin air. It has sources for this information and Aragon discovered that ChatGPT could find answers to some of the questions we posed by generating content that matched websites whose information is protected by copyright or other IP protections.

### **Why Microsoft Azure OpenAI Service Is Better than Standard OpenAI**

In Aragon's opinion, the Microsoft Azure OpenAI service offers more control over content and data sources, so enterprises offering a service will have knowledge of the sources and can offer a higher degree of IP protection.

The way that this manifests is that Microsoft's service will offer enterprise level service level agreements (SLA) that will specify the level of protection and the sources of data.

### **Enterprise Software and the GPT Wars Are Here—Enter Copilots**

It is clear that the demand for ChatGPT-like services is here, and that means that the search interface and the need for generative content will be a must-have requirement for nearly all enterprise software providers that

deal with the digital workplace, CRM, and nearly all customer-facing communications roles.

The initial war features Microsoft versus Google, but now it also features Microsoft versus Salesforce in CRM. In nearly every software market segment, Aragon expects to see use cases where these next generation AI applications will offer Copilot experiences—basically helping humans get work done.

***Prediction:** By year-end 2023, 40% of enterprise software providers will announce conversational knowledge (ChatGPT-like) offerings (0.8 Probability).*

### **Aragon Advisory**

- The world of enterprise software is changing and generative AI and conversational search are here to stay.
- Enterprises need to understand the use cases and develop a roadmap to add these capabilities to their platform.
- Legal teams will need to be involved as the IP issues are non-trivial.

### **Bottom Line**

Microsoft just put the enterprise software market on notice that they are updating their products, including Power Platform and Dynamics 365, with OpenAI GPT-like capabilities—powered by Microsoft Azure. Enterprises need to evaluate the offerings from Microsoft and others and ensure that a complete legal review of the content that is generated by these tools does not open up the enterprise to IP claims. Enterprises should talk to Aragon for advice on how to deal with this emerging set of AI-based offerings.

**Related Aragon Research**

[What is Generative Content?](#)