



Microsoft



Copilot

The Practical MSP Guide to Microsoft 365 Copilot



**Real-World Strategies to Upsell, Deploy, and Manage Copilot
with Confidence**

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Introduction:

Why Copilot Matters Now

As the IT channel evolves, MSPs are being asked to do more and more.

Customers are demanding secure, integrated, and AI-powered solutions that help them work smarter, not harder. Artificial intelligence represents a fundamental shift in how work gets done—transforming productivity apps into intelligent, context-aware assistants that unlock new opportunities for efficiency, creativity, and value creation.

This guide is designed for MSPs who want to:



Understand what Copilot really is



Help customers navigate misconceptions about AI and productivity tools



Identify real-world upsell and service opportunities around Copilot



Build trust by aligning Copilot to security, compliance, and user enablement

CHAPTER 1

WHAT IS MICROSOFT 365 COPILOT?



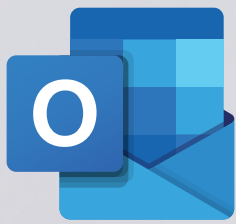
A lot of people think Copilot is just “AI in Word and Excel.” But what actually makes it powerful — and useful in business environments — has nothing to do with the writing or summarising features themselves.

The real value is in how Copilot uses Microsoft 365 data that already exists in your customers environments.

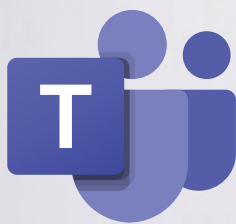
What Makes Copilot Different?

Unlike tools like ChatGPT, which rely on public internet data and generic prompts, Copilot is tied directly to your Microsoft 365 environment.

That includes:



Outlook



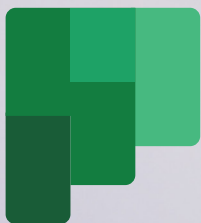
Teams



OneDrive



SharePoint



Microsoft
Planner



Loop



Viva



and anything else
connected to
Microsoft Graph

That means Copilot pulls from your actual work data — your files, meetings, conversations, and task history — and only shows users what they already have permission to see.

This makes it fundamentally different from standalone AI tools. It works within the structure, access controls, and workflows the business already runs on.

Why MSPs Should Care

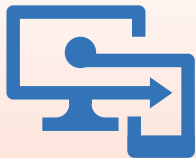
The core functionality isn't "text generation." It's **work visibility**. For MSPs, this opens up valuable service conversations around:



Identity and access
(Entra ID, Conditional Access)



Data governance and compliance
(Purview, DLP, MIP)



App integration and user adoption



Process automation and Copilot Agents

If your customers don't have a clean Microsoft 365 environment — with secure access, proper licensing, and integrated tools — Copilot won't work the way it's supposed to. That's your opportunity.

CHAPTER 2

WHAT SETS COPILOT APART FROM CHATGPT

"We already use ChatGPT."

This is one of the most common objections MSPs hear. On the surface, Copilot and ChatGPT both generate text. But under the hood, they're built for completely different environments, with completely different purposes.



The Real Risk of Letting ChatGPT Become the Default

When customers aren't sure how to approach AI, they often start with what's easy and familiar — tools like ChatGPT. It's fast, accessible, and useful in the right setting.

But when it becomes the go-to for everyday work, especially in a business context, it can lead to issues most teams haven't fully considered.

What Happens	What It Can Lead To
Pasting client or project data into ChatGPT	Potential data exposure to third-party systems that sit outside governance frameworks
Using personal logins to try AI for work tasks	No visibility or audit trail — which makes troubleshooting or accountability difficult
Trying to recreate business processes with prompts	Inconsistent outcomes — depending on who's using it and how they frame the request
Overlooking Copilot inside Microsoft 365	Missed value from tools already licensed and built to work with existing workflows

This isn't about banning useful tools — it's about **making sure they're used in the right place, for the right purpose.**

Case Study:

Victorian Department of Families, Fairness and Housing (DFFH)



Image credit: www.dffh.vic.gov.au

One recent example highlights just how risky ungoverned AI use can be: In 2024, the Victorian Department of Families, Fairness and Housing (DFFH) was found to have breached privacy regulations after a child protection worker used ChatGPT to draft a court report. The employee entered sensitive personal information into the chatbot, which then produced an inaccurate summary that downplayed risk to the child.

Because ChatGPT operates outside of Microsoft 365 and lacks organisational context or access controls, the data was effectively shared with a third party — breaching Victoria's Information Privacy Principles.

Tools like ChatGPT can be useful for general research or content drafting. But when the work requires secure access to sensitive information, role-based permissions, and deep organisational context, Microsoft 365 Copilot is the better fit. It runs inside a customer's Microsoft tenant, respects data boundaries, and uses Microsoft Graph to generate outputs based on real work history.

Help Customers Make the Right Choice

The goal isn't to replace tools like ChatGPT — it's to help customers understand where each tool fits.

When accuracy, privacy, and business context matter, Microsoft 365 Copilot is the right choice. It works within the structure of your customers' existing environment, uses their actual data (securely), and respects the governance policies already in place.

As their MSP, you're in the best position to guide that decision — not by pushing hype, but by showing the long-term risks of shadow AI and the long-term value of building with the right foundation.

Helping customers draw that line is what turns AI into a strategic advantage.



CHAPTER 3

UPSELL OPPOTUNITIES — BUSINESS PREMIUM AND BEYOND

Copilot is only available as an add-on for users licensed with:

Microsoft 365 Business Standard or Business Premium

Microsoft 365 E3 or E5

Microsoft 365 Apps for Business or Enterprise

Microsoft 365 F1 or F3

But it doesn't work unless the user has Microsoft Entra ID (formerly Azure AD) and the organisation meets a list of technical prerequisites around identity, security, and data access.



Microsoft 365



So what does this mean for MSPs?

It means Copilot forces a conversation about modernisation — and creates multiple entry points for you to upsell, secure, and expand your service stack.

1. Business Premium: The Fastest Track to Copilot for SMBs

For customers on Business Basic, Standard, or older Office 365 SKUs, Business Premium is the most Copilot-ready SKU available.

Why? Because Business Premium includes:

- Microsoft Defender for Business – which helps secure endpoint data Copilot can access
- Microsoft Intune – needed to manage device compliance, a requirement for Copilot governance
- Microsoft Entra ID P1 – critical for conditional access, identity protection, and Copilot authorisation





2. Enterprise Customers: E3 + Entra ID P1, or All-In with E5

Customers need the right data, security, and identity setup — and that often means moving from Microsoft 365 E3 (standard) to either:

- E3 + Entra ID P1, to enable proper identity controls, or
- E5, for advanced data governance, DLP, and secure AI signal access

Microsoft explicitly recommends these configurations to support secure Copilot use in regulated or high-risk industries (Microsoft Docs).

<https://learn.microsoft.com/en-us/copilot/microsoft-365/microsoft-365-copilot-license-feature-overview>



3. Build New Revenue with Copilot Services

Copilot is an opportunity to have broader conversations about your other services.


And every conversation gives you a reason to sell:

- Migration Projects – move customers to Business Premium or E5
- Security Audits – evaluate readiness for AI in terms of compliance
- Onboarding Packages – train staff on prompt engineering, data use, and secure AI interaction
- Ongoing Management – maintain the security, licensing, and performance of Copilot environments

If you're an MSP, it's a great chance to reposition your services, increase monthly revenue, and move customers into secure, future-ready Microsoft ecosystems.

CHAPTER 4

COPILOT AGENTS & STUDIO — WHERE AI MEETS MSP IP



Copilot Agents are domain-specific assistants built through Copilot Studio — a no-code/low-code platform that connects Microsoft 365 with your business data, apps, and workflows. These aren't just chatbots — they're purpose-built workers that operate inside Teams and Outlook to *actually do work*.

For MSPs, this unlocks a new layer of recurring revenue and service differentiation.

Copilot Agents — Real Use Cases That Sell

Agent Use Case	Department / Vertical	What It Does	Why It Sells
HR Onboarding Agent	HR / People & Culture	Sends welcome packs, assigns training, books intro meetings	Automates HR workflows for SMBs with no internal IT/HR systems
Sales Proposal Agent	Sales	Drafts quotes, responds to RFPs, qualifies leads via CRM & email data	Reduces manual admin for sellers; easy win for MSPs serving sales-driven orgs
IT Support Triage Agent	IT / Helpdesk	Routes tickets, prioritises based on keywords, suggests knowledge base articles	Cuts first-line support load; perfect for internal IT or MSP service desks
Finance & Budget Agent	Finance / Accounting	Summarises spend, flags outliers, preps month-end reports	Turns Excel chaos into automated reports; high-value for customers managing budgets manually

Copilot Studio — MSP Tools for Custom IP

Studio Capability	MSP Opportunity
Build agents with connectors + Power Platform	Create vertical-specific AI packages (e.g. "Real Estate AI Agent" or "LawyerBot")
Integrate Microsoft 365 with 3rd-party tools	Extend Copilot into apps customers already use — CRMs, ERPs, custom line-of-business
Lifecycle management + analytics	Offer "AI Agent Management" as a service — tune, track, and optimise client agents

Bottom Line for MSPs

Copilot Studio is how you move from just reselling licenses to building recurring service IP:

- Build industry-specific AI assistants once, deploy many times
- Add managed services for training, maintenance, and optimisation
- Create margin-rich offerings outside of licensing and helpdesk work



CHAPTER 5

SECURITY, GOVERNANCE AND COMPLIANCE — COPILOT THAT'S ENTERPRISE-READY

AI adoption doesn't stop at functionality — for regulated industries, trust is the deal-breaker. That's why Microsoft Copilot was built with enterprise-grade security and compliance baked in from the ground up.

For MSPs, that means you can confidently pitch Copilot into sectors like finance, legal, government, and health-care — without compromising your client's risk profile.

Enterprise Security Stack for Copilot Deployments

Security/Governance Feature	What It Does	Why It Matters
Microsoft 365 EDP (Enterprise Data Protection)	Encrypts content in use, at rest, and in transit	Ensures sensitive info used by Copilot remains protected under enterprise policies
Microsoft Purview + MIP + DLP	Applies labels, monitors usage, prevents leakage	Controls what Copilot can access, generate, or share — critical in regulated sectors
Copilot Admin Controls	Manage agent deployment, memory usage, content restrictions	Prevents unauthorised access, shadow AI, or unapproved data generation
Audit Logs & Event Logging	Tracks prompts, agent interactions, and user activity	Provides full visibility and accountability for compliance audits
Data Residency Compliance	Keeps data within specified Australian regions	Aligns with local data sovereignty requirements (e.g., Australian FIN/HEALTH laws)

Industry Applications — Where Compliance Meets Productivity

Industry	Why Copilot Is Viable
Financial Services	Data loss prevention, auditability, and encryption for regulatory obligations (APRA, PCI)
Legal	Identity access, content controls, and audit trails for ethical walls & client confidentiality
Government	Data sovereignty, restricted publishing, and lifecycle controls
Healthcare	PHI handling support via MIP/DLP and detailed logging for HIPAA-style governance

Secure AI Is a Premium Offer

Instead of fearing AI compliance, use it to your competitive advantage:

- Offer Copilot Security Assessments pre-deployment
- Bundle MIP/DLP configuration with onboarding packages
- Position your MSP as a compliance-first automation partner

CHAPTER 6

PROVING VALUE WITH ANALYTICS — TURNING USAGE INTO UPSELL



Thankfully, Microsoft 365 Copilot ships with built-in analytics and reporting tools that track exactly how it's being used, by whom, and what business outcomes it's driving.

For MSPs, this means data-backed justification for renewals, expansions, and follow-on projects.

WHAT COPILOT REPORTING TRACKS

Metric	What It Tells You	Why It Matters
Time Saved Per User	Estimates of hours saved through Copilot assistance	Quantifies productivity gains to justify spend and reduce churn risk
Process Improvements	Tracks automation and Copilot-enhanced workflow frequency	Proves efficiency wins and validates agent performance
Agent Usage Trends	Shows which Copilot Agents are being used (and which aren't)	Guides training, agent optimisation, or retirement of unused assistants
Business Impact Metrics	User-level and org-level summaries of Copilot's contribution	Helps connect AI usage to real business KPIs (sales, support, HR, etc.)

TOOLS YOU CAN USE AS AN MSP

Tool	How You Use It
Copilot Analytics Dashboard (M365)	Review overall usage trends, user engagement, time saved, and license consumption
Copilot Studio Agent Reports	Drill down into specific agent activity, feedback, resolution times, and usage by department
Microsoft Productivity Score	Layer broader organisational insights over Copilot usage for cross-reference with M365 trends

MSP USE CASES FOR ANALYTICS

Tactic	How It Helps You Grow
Renewal Justification	Show stakeholders what they're getting for their investment — with hard data
Follow-On Projects	Use low-usage or stuck areas to pitch new agents, retraining, or prompt workshops
Quarterly Business Reviews	Add Copilot data to your QBR decks to strengthen your strategic advisor positioning
ROI Reporting Services	Offer data reviews and optimisation sessions as a billable add-on or managed service

Why this Data Matters

Analytics are your retention and upsell engine. If you're not reporting on Copilot impact, you're leaving margin on the table.

Every prompt, every agent, every minute saved is a datapoint you can use to:

- Prove real business impact in renewal conversations
- Identify underused areas that need training or optimisation
- Position your MSP as a strategic partner, not just a license provider
- Build recurring revenue through managed analytics, reporting reviews, and AI optimisation services

In the AI era, success isn't just about deploying tools — it's about showing they deliver. Copilot's built-in analytics give you the proof – and you can turn that proof into ongoing value.

Conclusion:

The MSP Advantage in the AI Era

Artificial Intelligence is changing how teams work — streamlining tasks, improving decision-making, and increasing efficiency across every department.

For MSPs, it's a clear opportunity to lead. The demand for secure, intelligent, and integrated solutions is only growing.

Whether you're deploying Business Premium, building out Copilot Agents, or using analytics to drive renewals and growth, the value you offer now extends well beyond infrastructure.

This is your moment to reshape your offering, strengthen client relationships, and carve out long-term service revenue in a market that's evolving fast.



Need help building your Copilot GTM, agent catalogue, or training offers?

Whether you're building your GTM plan, developing vertical-specific agents, or packaging Copilot training for customers — we're here to help.

We've supported hundreds of partners in launching scalable, secure AI offerings.

Book a strategy session with one of our Microsoft MVPs to map out your next steps and get hands-on guidance for your Copilot rollout.

Let's build your Copilot practice.

Ready to Build Your Copilot Practice?

Whether you're just getting started or looking to scale, we're here to help you deliver secure, high-impact AI services with Microsoft 365 Copilot.

