



ORANGEPAPER · APRIL 2026

The Agentic Shift

What Agentic AI means for the
way we work



OrangeTrail

Tolstraat 127-4 · 1074 VJ Amsterdam

info@orangetrail.com · orangetrail.com

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PART OF THE AI ADOPTION SERIES

Making Adoption Stick (Oct 2025)

Getting AI Ready (Jan 2026)

The Agentic Shift (Mar 2026)

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ABOUT THIS PAPER

This orangepaper is written for business and IT leaders navigating the shift from AI assistants to AI agents. It focuses on the M365 Copilot ecosystem and the agents that support knowledge workers every day.

EXECUTIVE SUMMARY

The phase of drafting is ending.

Many organisations today still use AI mainly to draft and summarise. That phase is ending.

AI is shifting from assistant to executor. With the rise of agentic AI, tools like Copilot Cowork, and the introduction of Model Context Protocols (MCPs) in Copilot Studio, we are moving towards a world where AI doesn't just respond to requests. It plans, acts across systems, and checks in with you along the way. This puts a decision on the table for leaders. Move too slowly and you fall behind; move without a plan and you burn time, budget and organisational energy.

The organisations that benefit will move in the right order: map workflows, validate real use cases, confirm collaboration and data foundations, then invest. AI agents are being built across different platforms, from specialised data agents used by developers to the AI co-workers that support knowledge workers every day.

We focus on the latter: the agents that live inside M365 Copilot and that shape how most of your workforce works.

THE AICEBERG FRAMEWORK

This paper introduces three layers that explain what it actually takes to make agentic AI work in practice.

LAYER 1**AI Does the Work**

Multi-step execution across systems

LAYER 2**AI Knows the Context**

Organisational intelligence that makes AI useful

LAYER 3**Humans Design the Intent**

The foundation that makes everything above it possible

OUR POSITION

The shift toward agents and agentic AI is not hype. It's real. But success requires a mindset shift, a commitment to discovering use cases from business pain points, and sustained investment in upskilling at every level.

Copilot agents are AI assistants inside Microsoft 365. They help people find information, complete tasks, and take care of repetitive work.

Most of today's agents are built for a specific job. Some are Microsoft's own agents for common tasks. Others are custom agents that users can build in Agent Builder or Copilot Studio for a particular team or process. These agents can use information from your organisation – files, meetings, and messages – and some can connect to other business systems.

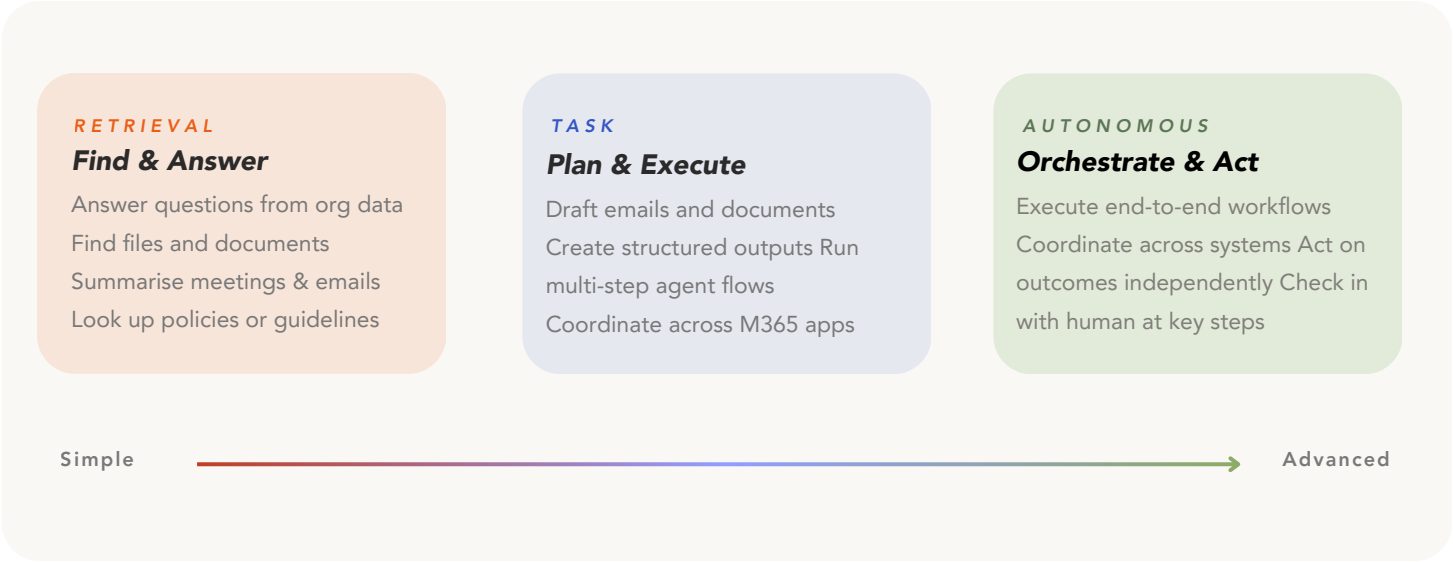


FIGURE 1 — THE AGENT SPECTRUM

Agents are shown along a spectrum from simple to advanced, moving from Retrieval to Task to Autonomous. Use it to locate where your current use cases sit today.

What is Agentic AI?

01

AI that handles the whole workflow, not just the one step you asked for

Agentic AI is when it all converges. Retrieval, task execution, and automation working together. AI retrieves what it needs, decides on the steps, and executes a multi-step workflow autonomously — checking in with you along the way. That's the difference between an agent and agentic AI.

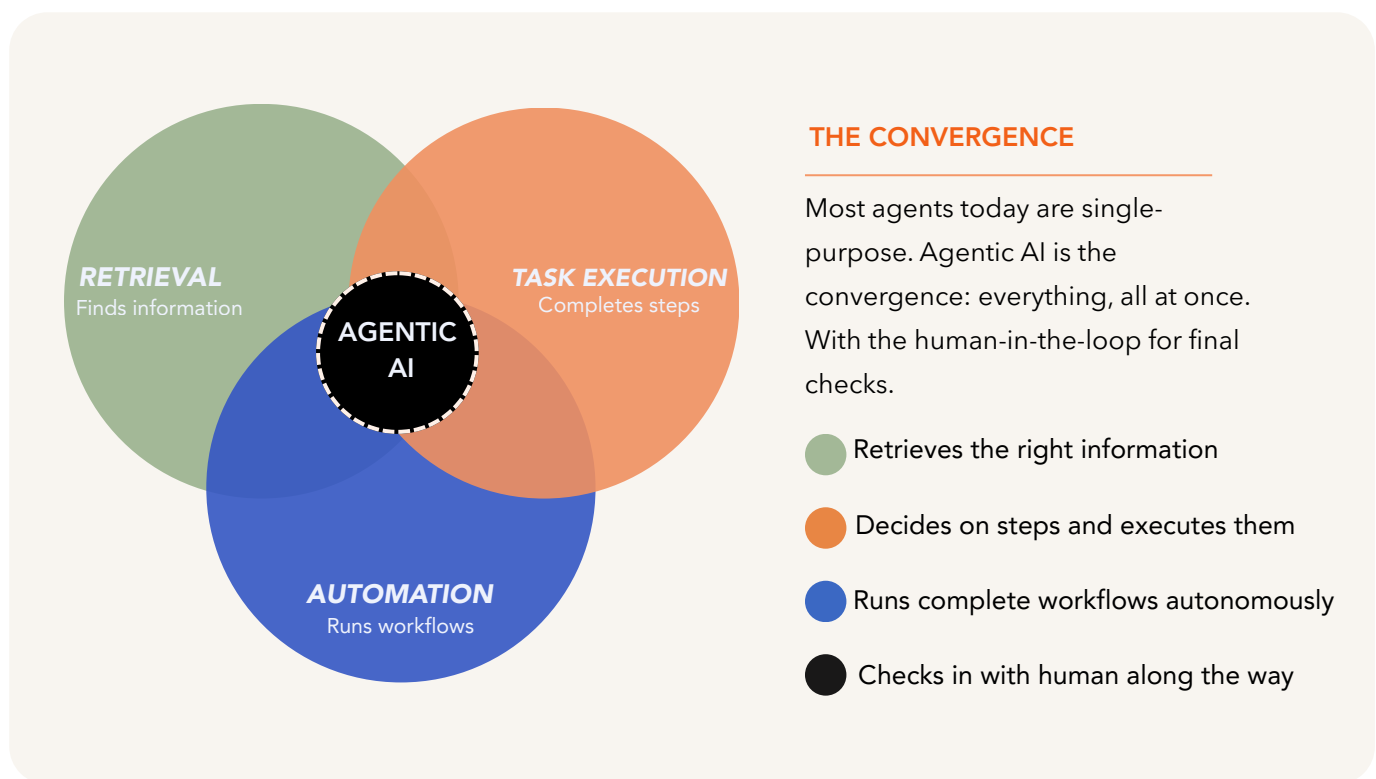


FIGURE 2 – THE AGENTIC AI CONVERGENCE

Agentic AI emerges where retrieval, task execution, and automation overlap – with human oversight at the centre.

What's next: Copilot Cowork, MCPs, and Skills

COPILOT COWORK

Built in partnership with Anthropic, Cowork brings long-running multi-step agentic work into M365. Claude Cowork has already shown what's possible. The potential — especially combined with the Microsoft ecosystem — is clear.

MCPs

Model Context Protocols are standardised connectors that let AI plug into tools and systems — like smart power sockets. Instead of building complex Power Automate flows, you connect an MCP and AI can interact with that system directly.

Where Are We Now

02

The gap between the vision and the reality in the workplace.

The vision vs. the reality

In 2025, Microsoft's Work Trend Index painted an ambitious picture: the "Frontier Firm" built around human-agent teams, with **82% of leaders** calling it a pivotal year and **46% claiming they were already automating workflows with agents**.

82%

of leaders called 2025 a pivotal year for AI at work — yet most orgs are still in chat-and-draft mode

A year later, the reality looks different. The agentic AI promise didn't fully materialise. Most organisations are still in early Copilot adoption: chat, summarise, draft. Only a fraction of employees can explain what an agent actually does. When we run trainings, people are consistently a few steps behind where Microsoft's pace of innovation would suggest they should be. The excitement is there. The foundations aren't.

46%

claimed they were already automating workflows with agents — a figure that looks generous in practice

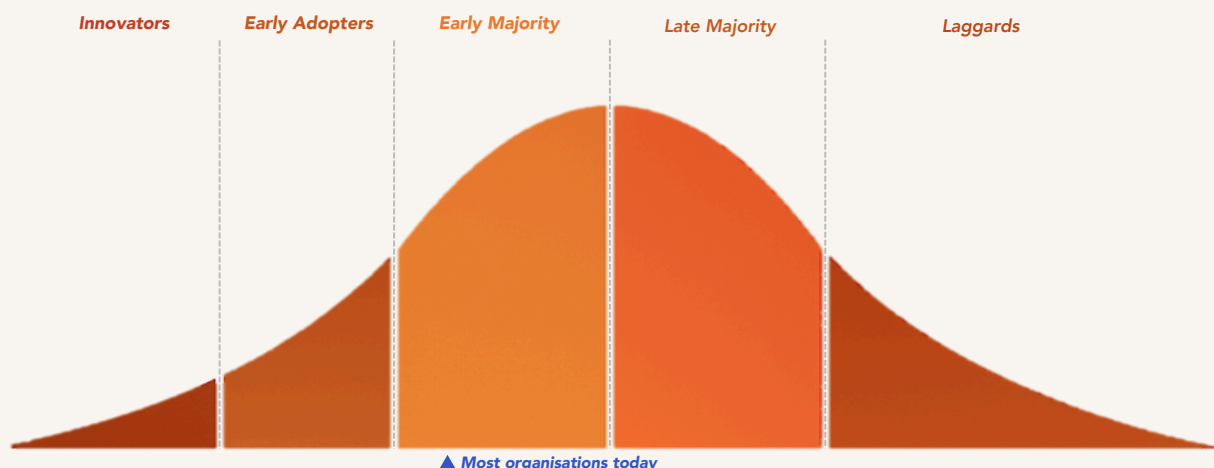


FIGURE 3 — AI ADOPTION CURVE

Today, only innovators and early adopters are actively working with agents. The majority of the workforce hasn't started — not because they don't want to, but because the right conditions aren't in place.

Why the gap exists

The adoption gap isn't a technology problem. It's an organisational one. Four barriers consistently hold organisations back:

01

Workflow understanding

Organisations don't know their own processes well enough to know where AI would help.

02

Complexity

Building more complex agents still requires intermediate skills in Copilot Studio — "low code" only if you're already tech-savvy.

03

Speed of change

By the time teams figure out agents, the landscape has already shifted again.

04

Reach

Only innovators and tech-savvy users can build agents today. The rest of the organisation is still on the sideline.

ORANGETRAIL PERSPECTIVE

"The shift toward agents and agentic AI is not hype. It's real. But it requires three things from organisations: a mindset shift toward curiosity and experimentation, a commitment to discovering use cases from business pain points, and sustained investment in upskilling at every level."

Mindset shift

Curiosity and experimentation — organisations need a culture that rewards exploration

Pain point-driven use cases

Start from what's actually slowing your teams down. Not from LinkedIn or a conference.

Upskilling

Managers must create space for experimentation. People also need to take initiative themselves.

The Evolution of AI at Work

03

From personal productivity to team productivity — and the shift from building to describing.

AI at work is not standing still. It's evolving through distinct phases, and understanding where your organisation sits on this journey is the first step to knowing where to invest next.



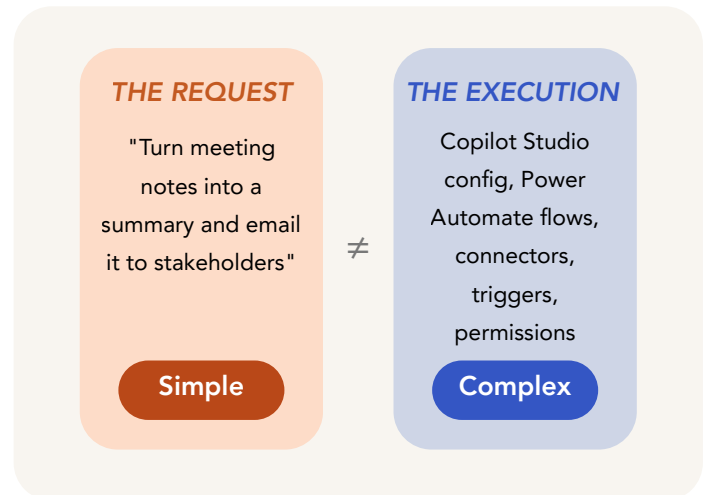
FIGURE 4 — THE THREE PHASES OF AI AT WORK

The shift: from building workflows for AI, to describing outcomes and letting AI build the workflow.

The Phase 2 bottleneck

Here's where things get stuck. Building even a simple agent — say, one that turns meeting notes into a structured summary and emails it to stakeholders — still requires intermediate Copilot Studio skills and often Power Automate expertise.

Microsoft calls it "low code," but if you're not already technical, it's complicated. Only innovators and IT can play. The rest of the organisation watches from the sidelines.



What Phase 3 changes

Phase 3 changes this fundamentally. With agentic AI tools like Copilot Cowork, you describe the outcome you need, and AI figures out how to get there. MCPs provide the connectors, letting AI plug into systems without complex automation flows in between.

KEY INSIGHT

For this to work, you need to know your workflow. If you want AI to execute a multi-step process, you have to be able to describe that process clearly. The more you understand your own work, the more AI can do for you.

The future of AI at work for the non-tech user is less about complex automations and more about connected systems. MCPs, organisational context, and Microsoft's Work IQ are converging. **Understanding your workflows matters more than mastering any single tool.**

THE SMARTER TRAIL

"Understand your workflows first, identify real use cases, assess readiness, and build from business value. Not from what is trending."

The Three Layers of Agentic AI

04

The Alceberg: everyone sees the surface, but the real work is underneath.

Everyone is talking about what AI can do: the demos, the automations, the multi-step workflows. But focusing only on capabilities is like looking at the tip of an iceberg. What makes agentic AI actually work in an organisation lives below the surface.

Layer 1 only works because of Layer 2. Layer 2 only works because of Layer 3.



FIGURE 5 — THE AICEBERG

Everyone sees the surface. The real work — and real value — is in the layers below.

Layer 1: AI Does the Work

This is what agentic AI promises: not single tasks, but entire workflows. Prepare the deck, pull the data, schedule prep time, send the follow-up — all from a single request. This also includes in-document agentic workflows like Edit with Copilot, where AI takes a direction and makes changes across a document.

Having worked with Claude Cowork (Anthropic's version), we see the potential of this kind of multi-step execution. It's promising. Not perfect yet, but the direction is unmistakable. The value of AI shifts from "saving me five minutes on an email" to "handling an entire process end-to-end."

OUR FUTURE OUTLOOK

Agentic AI tools like Copilot Cowork have the potential to replace the need for building many personal agents altogether. For shared agents used across the organisation, Copilot Studio remains the go-to — now increasingly powered by MCPs instead of complex Power Automate flows.

Layer 2: AI Knows the Context

This is what sets Copilot apart from other AI tools. Work IQ is Microsoft's intelligence layer: it understands who you work with, your communication patterns, your files, your meetings, and it recalls previous interactions with Copilot. This is the context that makes agentic work useful.

The more information you share with colleagues in a structured, digital way, the better Work IQ becomes. Organise your information well, and the AI outcomes improve dramatically.

HOW IT CONNECTS TO COLLABORATION INFRASTRUCTURE

This layer is only as good as the information it can access. If files are scattered across personal folders, context lives in email threads, and meetings are poorly structured, then AI has bad context. Bad context at scale means bad outcomes at scale.

Layer 3: Humans Design the Intent

FOCUS FOR LAYER 3
That's where the real work
begin

This is the foundation. Adoption starts here. If AI can orchestrate entire workflows from a description, the bottleneck shifts — it's no longer the technology. It's knowing what to tell AI to do.

Microsoft calls this the "agent boss" concept. We prefer to think of it differently: you're not a boss giving orders. You're a conductor, orchestrating an ensemble of AI capabilities.

THE PROGRESSION

We're moving from
teaching people to use
tools



...to teaching people to
think in workflows



...teaching people to
design agentic outcomes.

The Adoption Reality Check

05

Are you ready? An honest assessment framework.

Not every organisation is ready for agentic AI. That's fine. But you need to know where you are, because the starting point determines what to invest in next.

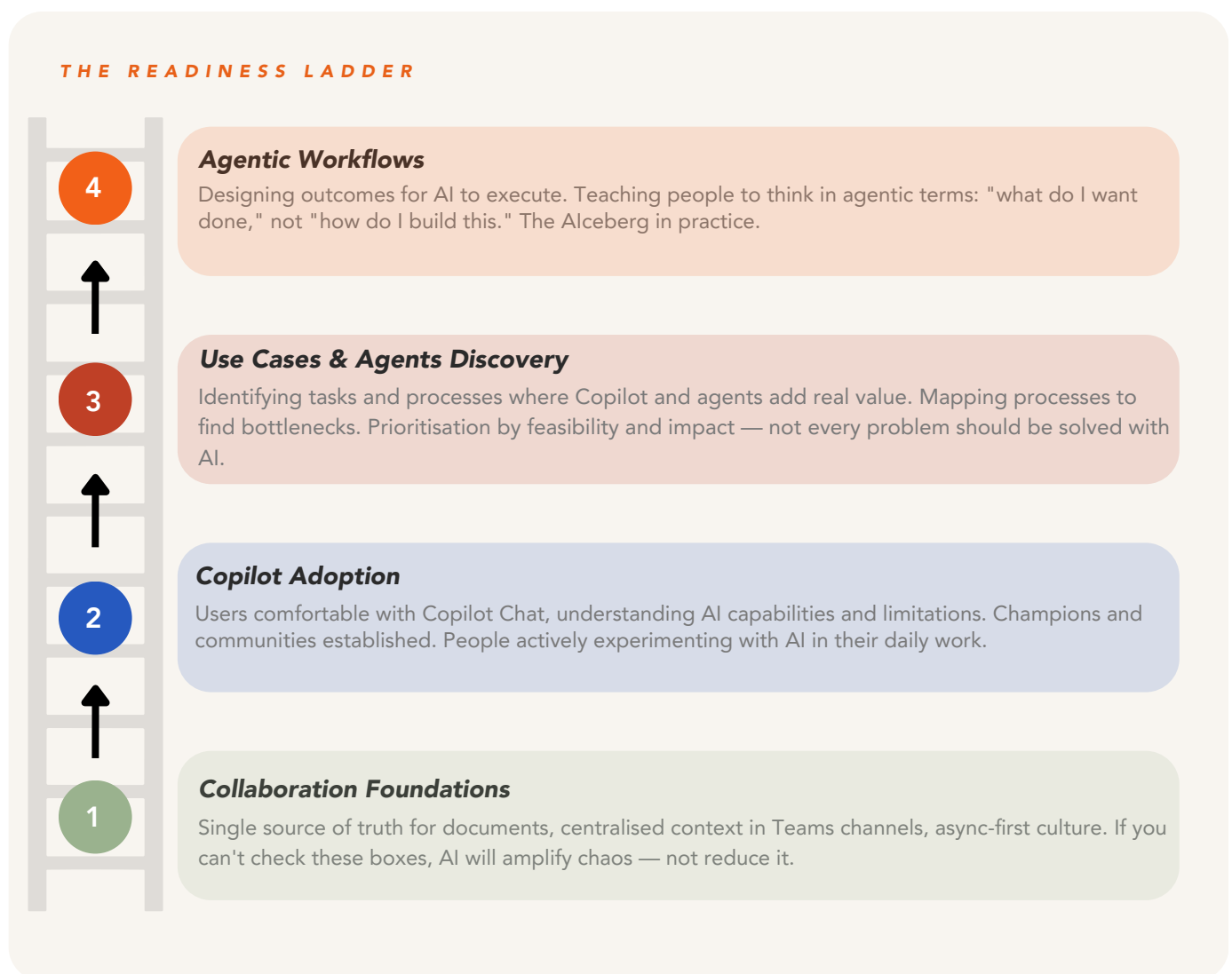


FIGURE 6 — THE READINESS LADDER

Your starting point determines your next investment. Build from the ground up — skipping rungs creates instability.

The skills that matter next

As AI becomes more capable, certain human skills gain more importance at work. These are not the skills of building agents — they're the skills of directing them.

Workflow thinking

Mapping processes and identifying where AI fits. Understanding your work well enough to describe it clearly.

Outcome design

Articulating clear goals for AI to execute. Goal-oriented thinking: "what do I want achieved," not "how do I build this."

Critical thinking

Assessing whether AI outputs actually make sense. When AI runs workflows, a bad output can mean a flawed process at scale.

Curiosity

The willingness to explore, experiment, and learn by doing. People who never get the incentive to explore are most at risk of being left behind.

Agent governance

Managing the human-AI ratio and maintaining oversight. Knowing when to let AI run and when to intervene.

Change leadership

Helping people move from tool users to AI orchestrators. Creating space for experimentation at the team level.

WHY CRITICAL THINKING MATTERS MORE, NOT LESS

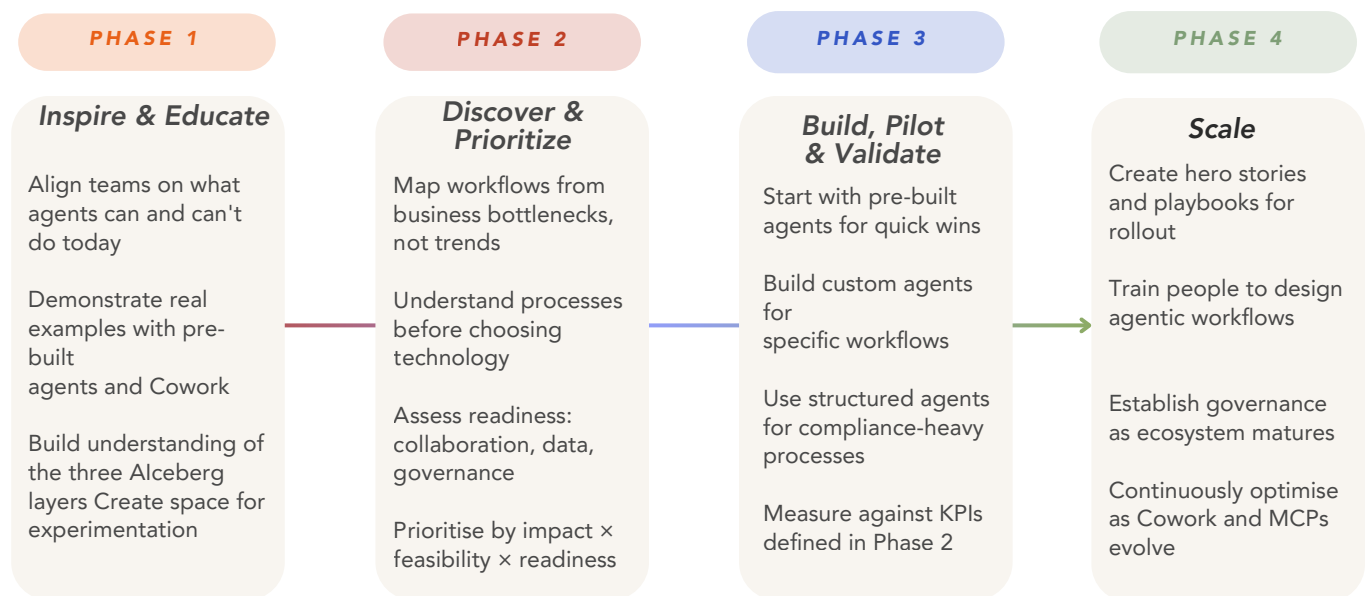
"When AI is just an assistant, a bad output is a poorly drafted email. When AI runs an entire workflow, a bad output can mean a flawed process executed at scale. The more autonomous AI becomes, the more human judgement you need to evaluate its work and stay in the loop."

Getting Started

06

A practical approach to making agents and agentic AI work for your organisation.

The shift to agentic AI doesn't happen overnight, and it shouldn't. Here's a phased approach grounded in what we've seen work with organisations adopting Copilot, adapted for the agentic era.



THE KEY INSIGHT

Success with agentic AI is not a technology implementation project. It's an adoption and change management challenge. The organisations that treat it as such will be the ones that see real, lasting value.

The Agentic Trail

Agentic AI may change knowledge work more than any other workplace technology shift in recent decades.

END

The technology is arriving. Copilot Cowork, MCPs, Work IQ, and a growing ecosystem of agents are moving us from a world where AI assists to a world where AI acts.

One person with AI has the potential to handle more work than before. But this agentic shift shouldn't be about reducing human teams by adding an army of agents. It should be about reducing the repetitive work that drains time and attention — so people can spend more energy on what really matters: the creative thinking, the strategic decisions, and the relationships that move work forward.

None of this works without people at the centre. Agentic AI is not useful for its own sake. It only matters if it helps people do better work.

Our vision for what's next

We see a future where every knowledge worker becomes an **AI conductor**: someone who understands their workflows well enough to describe outcomes for AI to execute, who has the judgement to assess what AI produces, and who continuously refines how human and AI capabilities work together.

THE ORGANISATIONS THAT WILL THRIVE

- ✓ Prepare their collaboration foundations so AI has good context to work with
- ✓ Empower their people so they can have the space to be curious and design the intent that drives AI
- ✓ Invest in identifying and developing use cases based on business pain points so AI delivers value from day one

THE AI ADOPTION SERIES

- Oct 2025 "Making Adoption Stick" — The 8-step adoption trail for Copilot success
- Jan 2026 "Getting AI Ready" — How collaboration infrastructure lays the foundation for Copilot
- Mar 2026 **"The Agentic Shift" — What agentic AI means for the way we work**

APPENDIX

Glossary

Agentic AI	AI that can autonomously plan, reason, and execute multi-step workflows across systems, checking in with humans along the way. The convergence of retrieval, task execution, and automation.
Copilot Agents	AI agents that run within the Microsoft 365 Copilot ecosystem. Can be pre-built (first-party), built in Copilot Studio, or created with Agent Builder.
Copilot Cowork	Microsoft's agentic AI feature (built with Anthropic) that enables long-running, multi-step work within M365. Currently rolling out as part of Copilot Wave 3.
Copilot Studio	Microsoft's platform for building custom Copilot agents. Described as "low code" but requires intermediate technical skills for more complex agents.
Agent Builder	A no-code tool within the Copilot ecosystem for creating simpler agents without development skills.
MCP	Model Context Protocol. A standardised connector that allows AI to interact with external tools and systems directly, without requiring complex automation flows.
Work IQ	Microsoft's intelligence layer that understands organisational context: who you work with, your communication patterns, files, meetings, and more. Powered by the Microsoft Graph and semantic index.
Work Trend Index	Microsoft's annual research report on workplace trends. The 2025 edition introduced the "Frontier Firm" concept and the "agent boss" role.
Skills (Cowork)	Reusable instruction sets that teach AI how to perform specific types of work. Instead of building agents, users can develop skills that agentic AI tools use to execute workflows.
The Alceberg	OrangeTrail's framework for understanding agentic AI adoption: Layer 1 (AI Does the Work), Layer 2 (AI Knows the Context), Layer 3 (Humans Design the Intent).
Frontier Firm	Microsoft's concept from the 2025 Work Trend Index describing organisations built around human-agent teams and intelligence on tap.



INTERESTED IN THE AGENTIC SHIFT?

Let's walk the trail together.

Email us to get our agents one-pager or to let us know you're interested in joining one of our monthly webinars on agents.

EMAIL
info@orangetrail.com

WEBSITE
www.orangetrail.com

ADDRESS
Tolstraat 127-4, Amsterdam