Niiranen/Advisory

We Bought Copilot. What Are We Paying For Now?

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DynUG leadership programme · 25 November 2026

Quick intro

- 20 years in the Microsoft business apps ecosystem.
- Currently a solopreneur, advising customers on Microsoft business apps and AI.
- I love licensing! 😍
- Author of The Licensing Guide blog.
  - https://licensing.guide
- Weekly newsletter: Perspectives on Power Platform.
  - https://perspectives.plus



Five key units of AI cost management

Seats	*“Who has the right to use it?”* The traditional Microsoft product licensing mechanism.
Tokens	*“How much AI model capacity was consumed?”* The universal resource meter for LLM inputs/outputs.
Credits	*“How much did the service meter move?”* Copilot Credits are Microsoft’s abstraction of the cost of various AI resources.
Money	*“What did we actually pay for all this?”* The seats + Copilot Credits bought through your agreement with Microsoft.
Results	*“What human effort did the AI output replace?”* Value of the work AI delivered minus the remaining human effort in the process.

What happened in 2025

N/A

LLMs got good at the agentic loop → Tooling around LLMs got good at utilizing these loops → Agentic AI learned to deliver useful outputs (code, docs) → The number of agentic loops started to burn a lot of tokens 🔥

Copilot's commercial shift from seats to credits

N/A

Copilot "wave 1": Bundled AI

- Selling Microsoft 365 Copilot at $30/user/month.
- Offering "free" Copilot usage outside M365 app/data context to users with the basic Microsoft 365 licenses.
- Adding Copilot sidebar experiences inside various products, included in the base product license.
- Building new Power Apps and flows with Copilot's help free for makers.

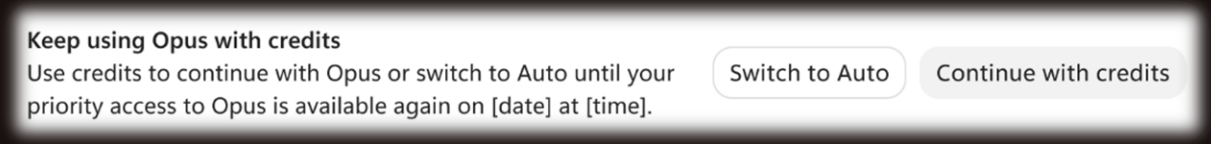
Copilot "wave 2": Metered AI

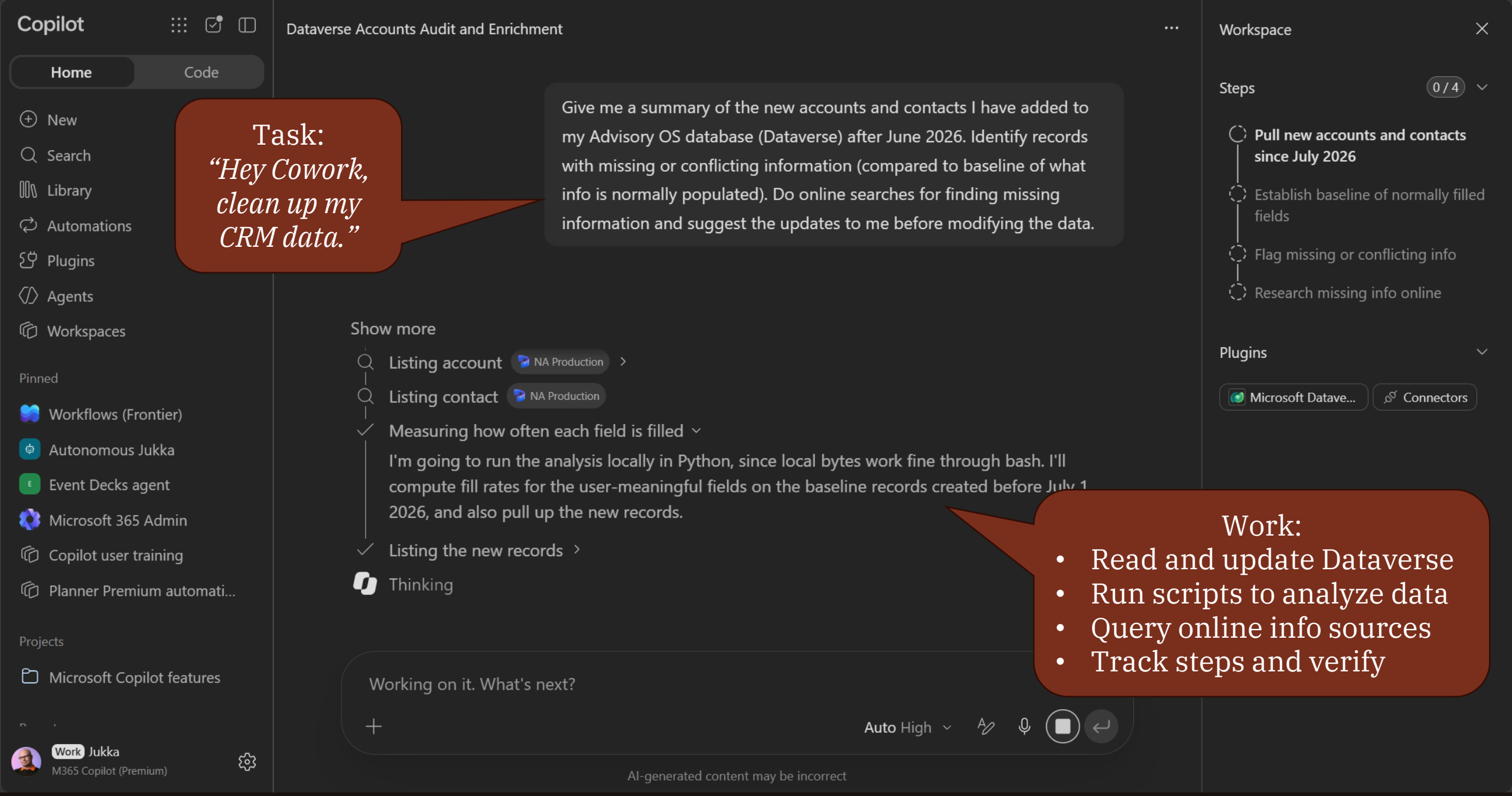
- Requiring Microsoft ~~365~~ Copilot as the base license to unlock further features.
- Copilot Cowork, Code, Autopilot requiring Copilot Credits quota to perform any task.
- Instead of app-specific Copilot experiences, new capabilities are built into the main Copilot chat.
- Using AI to build agents, workflows and apps requires Copilot Credits from the makers, too.

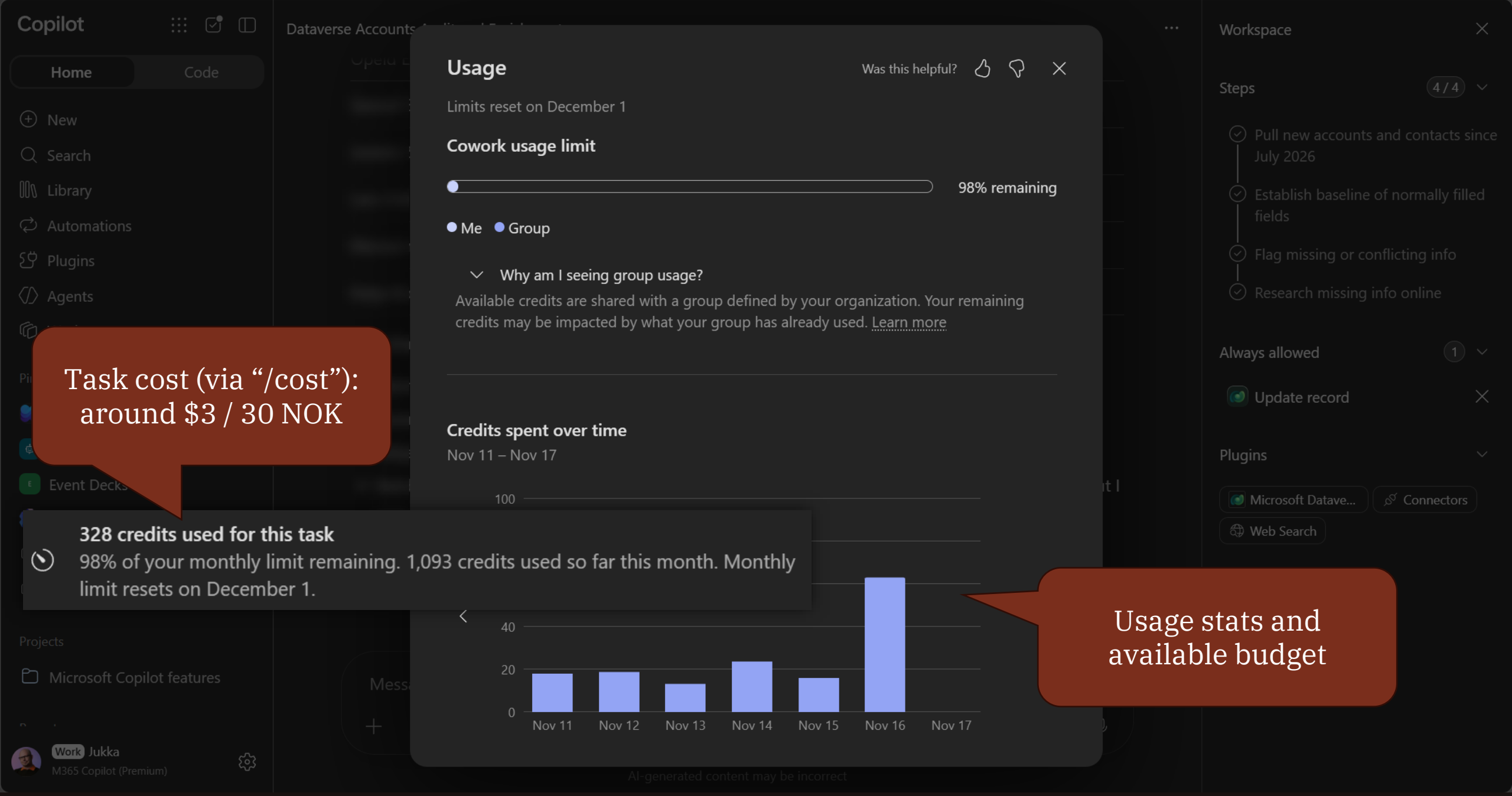
Microsoft terminology

Everyday AI usage	User Subscription License (USL)
“Advanced AI usage”	Usage-Based Billing (UBB)

- Microsoft 365 Copilot USL isn’t unlimited, there are “fair use” limits that you can run into when using bigger models or performing longer tasks. Some models are only available via UBB.




Copilot
Home
Code
New
Search
Library
Automations
Plugins
Agents
Workspaces
Pinned
Workflows (Frontier)
Autonomous Jukka
Event Decks agent
Microsoft 365 Admin
Copilot user training
Planner Premium automati...
Projects
Microsoft Copilot features
Work Jukka
M365 Copilot (Premium)
Dataverse Accounts Audit and Enrichment
Task:
"Hey Cowork, clean up my CRM data."
Give me a summary of the new accounts and contacts I have added to my Advisory OS database (Dataverse) after June 2026. Identify records with missing or conflicting information (compared to baseline of what info is normally populated). Do online searches for finding missing information and suggest the updates to me before modifying the data.
Show more
Listing account
NA Production
Listing contact
NA Production
Measuring how often each field is filled
I'm going to run the analysis locally in Python, since local bytes work fine through bash. I'll compute fill rates for the user-meaningful fields on the baseline records created before July 1 2026, and also pull up the new records.
Listing the new records
Thinking
Work:
• Read and update Dataverse
• Run scripts to analyze data
• Query online info sources
• Track steps and verify
Working on it. What's next?
Auto High
AI-generated content may be incorrect
Workspace
Steps
0 / 4
Pull new accounts and contacts since July 2026
Establish baseline of normally filled fields
Flag missing or conflicting info
Research missing info online
Plugins
Microsoft Datave...
Connectors


Copilot
Home
Code
New
Search
Library
Automations
Plugins
Agents
Event Decks
Projects
Microsoft Copilot features
Work Jukka
M365 Copilot (Premium)
Dataverse Accounts
Usage
Was this helpful?
Limits reset on December 1
Cowork usage limit
98% remaining
Me
Group
Why am I seeing group usage?
Available credits are shared with a group defined by your organization. Your remaining credits may be impacted by what your group has already used. Learn more
Credits spent over time
Nov 11 – Nov 17
100
40
20
0
Nov 11
Nov 12
Nov 13
Nov 14
Nov 15
Nov 16
Nov 17
328 credits used for this task
98% of your monthly limit remaining. 1,093 credits used so far this month. Monthly limit resets on December 1.
Task cost (via "/cost"): around $3 / 30 NOK
Usage stats and available budget
Workspace
Steps
4 / 4
Pull new accounts and contacts since July 2026
Establish baseline of normally filled fields
Flag missing or conflicting info
Research missing info online
Always allowed
1
Update record
Plugins
Microsoft Datave...
Connectors
Web Search
AI-generated content may be incorrect

One request can trigger several kinds of work

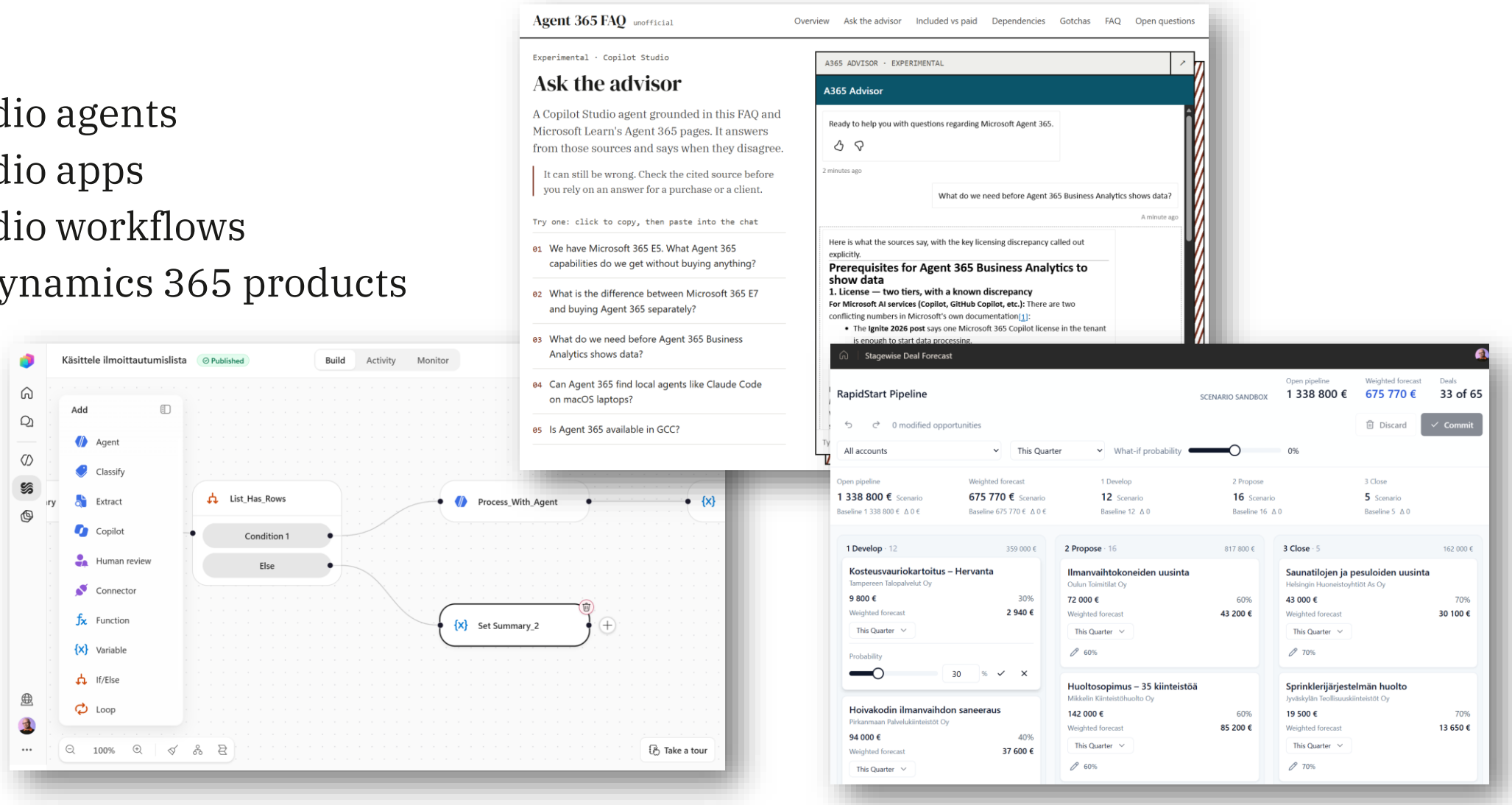


- The more you allow the agent to do on its own without user involvement (Cowork), the higher the **potential productivity improvement**.
- The bigger the task given and the more work stages it includes, **the less predictable the cost is**.

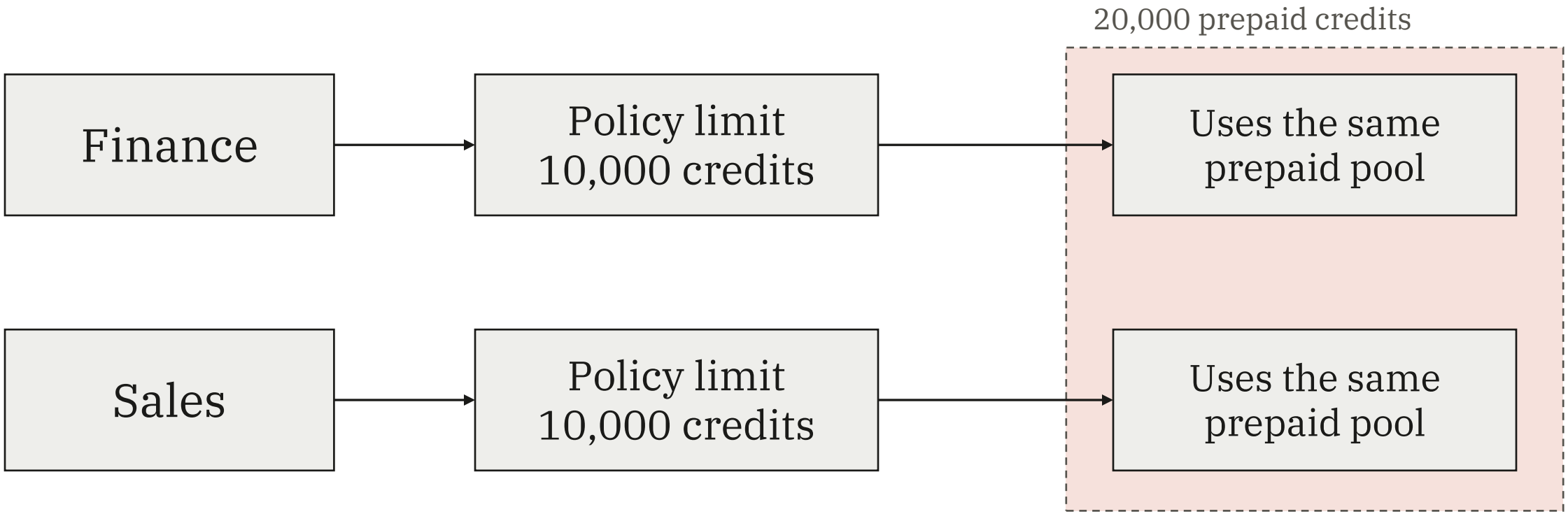
Credits aren't just for the personal Copilot

Also used in:

- Copilot Studio agents
- Copilot Studio apps
- Copilot Studio workflows
- Agents in Dynamics 365 products



A team's credit limit does not reserve its share



Illustrative example: both teams can use the same prepaid credits pool in the tenant.

What happens when the credits run out?

N/A

Usage reports	Alerts	Spending limits
Show what has already been consumed.	Notify someone as a threshold approaches.	Restrict consumption covered by the policy.

These apply to both user-assigned credits as well as environment/agent-level credits.

Choosing who can spend how much Credits

N/A

01 Which tasks would they use them for?

Look at the unstructured work people do repeatedly, including outside IT.

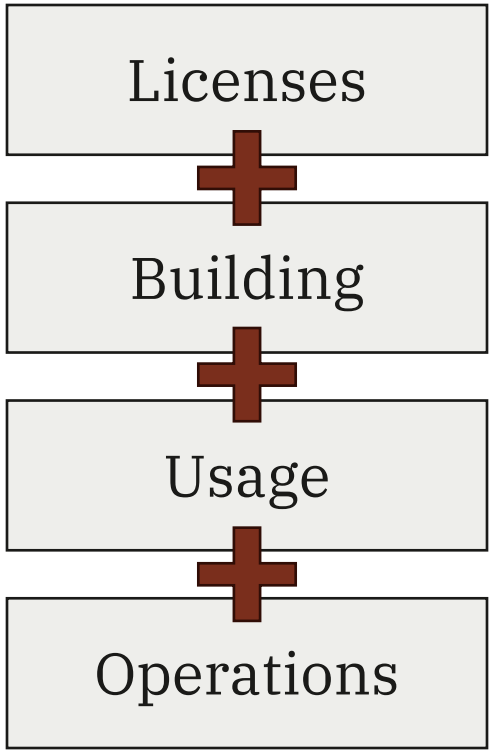
02 What do their existing licenses already cover?

Check what scenarios and tools a USL unlocks vs. where UBB adds real value.

03 What changed after they started using them?

Compare useful output and time spent checking it, not just usage growth / adoption.

Costs of an AI-enabled Microsoft business solution



The AI service and access to the business systems it uses.

Developing and testing the agent before anyone uses it.

Running tasks, including failed attempts and retries.

Storage, integrations, security.

Planning an AI-enabled solution deployment

How you plan to use the service

- Tasks and expected usage
- Quality and human review
- Who can approve more spending
- What to do if the service stops

What to validate from the vendor

- What is included in the license?
- Which activities consume credits?
- When can pricing or terms change?
- Can we move the work elsewhere?

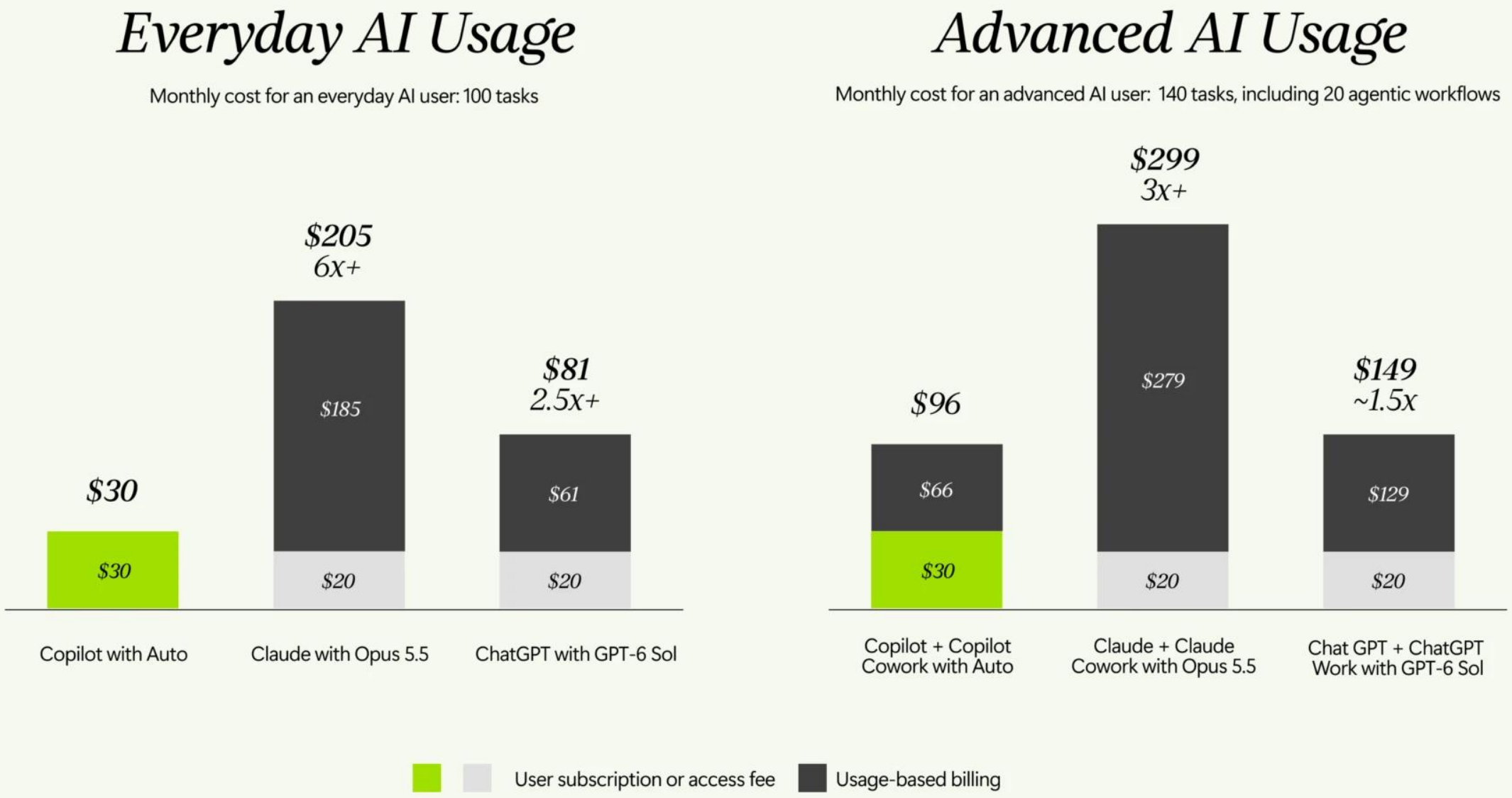
Next:
How can we manage this in practice?

Tim Ervik · Microsoft

Usage, spending limits and business value

Appendix

“What AI at work really costs” (Microsoft blog post)



https://www.microsoft.com/en-us/copilot/blog/2026/11/16/what-ai-at-work-really-costs/

Questions for your own organization

01 If your AI bill doubled next month, could anyone tell you whether that's good news or bad news?

02 Are your AI licenses assigned by the org chart, or by the work that would benefit most?

03 When your AI budget or usage limit runs out, what happens to the work, and who decides what happens next?