Power Platform Insights

March 2024

Microsoft Copilot Studio

— A Practical Guide

Everything You Need to Know About Copilot Studio

Welcome to the March edition of Hitachi Solutions' **Power Platform Insights.** This month we're jumping into Copilot Studio, Microsoft's latest low-code tool for creating custom copilots that can connect to your data, provide generative AI responses, and allow you to extend the capabilities of Microsoft Copilot.

Copilot Studio has generated a lot of buzz since its announcement last year as part of Microsoft's broader vision to "Copilot everything" and bring generative AI into our everyday work applications. In this issue, we're providing you with practical guidance on Copilot Studio, which has replaced Power Virtual Agents.. We'll start with the basics and then walk you through key use cases, how to get started, and tips for tailoring a solution to your business needs. We'll also answer some of the most asked questions we've been hearing from customers as they work to learn the new features now available.

Please note, this guide is for everyone who wants to transform how knowledge workers get their jobs done — from AI novices to pros. Our goal is to offer the advice and support — and thoughtful evaluation — you need to stay in front of the fast-changing AI landscape and see how easy it can be to implement custom copilots for your company.

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Understanding What Microsoft Copilot Studio Is and Does

Microsoft Copilot Studio is a platform that enables the enhancement of Microsoft Copilot capabilities in Microsoft 365, while also allowing businesses to create and customize their own copilots. It's a low-code tool, meaning there's minimum coding needed, that integrates advanced conversational AI technologies to deliver a more personalized and efficient user experience.

A key feature of Copilot Studio is the ability to design, test, and publish custom copilots using a feature-rich authoring canvas. This enables you to create AI-enabled conversations tailored to your specific needs, for internal and external scenarios. The platform also provides a seamless way to deliver information that does not always have to rely on generative AI. This gives you multiple options and does not restrict creativity.

Copilot Studio is also the tool that is used to extend existing Copilot functionalities in Microsoft 365. This allows you to author topics using generative AI and integrate them within the Microsoft 365 environment, all under Microsoft's governance controls.

Unlocking the Value of Copilot Studio

So, what's the value? Copilot Studio offers an array of business benefits. It supports a wide range of channels, including websites and social media, ensuring engagement wherever users are. The platform also provides robust tools for conversation design, enabling the creation of intricate conversations with comprehensive variable management, logic, and responses. This capability is crucial for handling complex queries and offering personalized, responsive interactions.

Security and governance are key aspects of Copilot Studio. The platform helps you establish trust through wide-ranging policies, access controls, and tailored environments. Additionally, built-in analytics assist in optimizing responses and fine-tuning copilots for better performance.

Overall, Microsoft Copilot Studio represents a significant advancement in custom and extended AI-powered business solutions. Its ability to enhance user experiences, automate workflows, extend conversations with plugin actions, and provide personalized interactions — all while assuring high standards of security and governance — makes it an invaluable tool for capitalizing on the power of AI in your operations.

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Key Distinction Between Copilot Studio and Power Virtual Agents?

Microsoft Copilot Studio represents a significant development from Power Virtual Agents (PVA), building upon the core foundation to offer enhanced capabilities in conversational AI and generative AI technologies. PVA, launched in 2019, is a Microsoft low-code solution that enables you to create chatbots, particularly for integration with Microsoft Teams and customer service applications (such as Omnichannel for Customer Service). It focuses on allowing you to easily build chatbots with a low-code approach, streamlining customer and employee interactions primarily through structured, predefined rules and templates.

Copilot Studio takes this a step further by leveraging the advancements of generative AI. As mentioned, it is a comprehensive, low-code conversational AI solution that lets you extend

Microsoft Copilot as well as build your own custom copilots. This integration of large language models (LLMs) and generative AI — with the efficiency of an intuitive copilot development studio — marks a significant shift towards more natural, engaging, and context-aware responses in chat interactions.

The key difference between Copilot Studio and PVA lies in the depth of customization and AI integration. Thanks to its advanced AI capabilities (like generative answers), Copilot Studio helps you create more sophisticated and personalized chat interactions. With it, you can automate complex tasks, rapidly respond to queries by directing copilots to specific sources, and engage users across various digital properties with dynamic and personalized interactions.

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M365 Copilot and Copilot Studio

Microsoft Copilot Studio is closely linked with Copilot for Microsoft 365, serving as a low-code tool for enhancement. It enables you to adapt Copilot for Microsoft 365 to specific organizational needs and — through connections to various data sources, either out-of-the-box or custom made plugins — offer the ability to extend the M365 Copilot. This capability allows integration with widely used systems such as SAP, Workday, and ServiceNow to create unique, custom business solutions.

How is Copilot Studio Structured and What are Topics?

Copilot Studio is structured around the concept of "topics." These topics are essentially the core building blocks of a copilot. Here's an overview of how it works:

Topics Definition: Each topic represents a specific area of conversation or a user intent. For instance, a topic could be about "shipping information" or "booking an appointment." These topics are designed to trigger specific dialogues when certain phrases or keywords are mentioned by users.

Trigger Phrases: For each topic, you define a set of trigger phrases. These are the phrases or questions that a user might say and are related to the topic. For example, for a "shipping information" topic, trigger phrases could include "When will my package arrive?" or "Track my shipment."

Copilot Studio Use Cases

Pet Insurance Company — External

A pet insurance company could use Microsoft Copilot Studio to create a website copilot for enhanced customer interactions. The copilot, using generative AI (generative answers), can dynamically pull information from the company's website to answer customer queries. For instance, when a customer inquires about different insurance plans, the copilot can generate responses by accessing the latest plan details directly from the website. It could also assist in guiding customers through the insurance application process by asking relevant questions, understanding their specific needs, and suggesting suitable insurance options.

Copilot Studio Structure...

Authoring Canvas: Within each topic, you can create conversation flow. This is a sequence of messages and actions, known as nodes, that the chat will follow when the topic is triggered. The conversation flow can involve asking the user for more information, providing responses, showing images or links, looking up data in a database, and even executing more complex actions like generative AI gathering information from a website and returning it.

Integrations and Actions: Topics can be integrated with external systems and services. For example, you might connect a topic to a database to retrieve user-specific information, or to a calendar service to book appointments. You can do this through various Microsoft services and external APIs.

Refinement Through Analytics: As users interact with the chatbot, the responses and effectiveness of each topic can be assessed with the built-in analytics. This analysis helps in refining the trigger phrases and the conversation flows, allowing you to improve the bot's accuracy and helpfulness over time.

System Topics: There are also numerous premade system topics that include welcome messages, escalation paths, end of conversation, and generative AI. The generative AI system topic allows users to capture any unknown intent that isn't covered by created topics, querying a desired location, such as a website, and returning a response.

Copilot Studio Use Cases...

Additionally, the copilot could offer instant help in claims processing guidelines, policy updates, or veterinary network information, enhancing customer experience and operational efficiency. This reduces the escalation events for customers needing to interact with the pet insurance companies' customer service team.

Software Development Company
— Internal

A software development company could deploy a copilot for their internal staff, using generative AI to streamline access to essential information. The copilot, integrated with the company's internal document system, would be able to quickly retrieve information from various internal resources. For HR-related queries, employees could ask the copilot about company policies, holiday entitlements, or benefits and receive instant, tailored responses. Similarly, for technical queries, the copilot could provide guidance on software standards, implementation methods, and best practices by accessing and interpreting the company's technical documentation.

This internal copilot would significantly enhance efficiency by providing employees immediate access to vital information, reducing the time spent searching through documents.

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Generative AI in Copilot Studio represents a significant advancement in how artificial intelligence can be utilized for conversational interfaces, chatbots, and custom copilots. Let's look at some key capabilities:

Personalized Content Awareness

An amazing feature of Copilot Studio is the generative AI node, also known as generative answers. This feature allows you to ask a question and if an intent is not known, it will then analyze the location you've provided (for example your business website) and generate a response based on the information it has access to. This gives you coverage without the need to manually create a topic for every situation.

Integration of Advanced AI Models

Copilot Studio incorporates LLMs and generative AI technologies. This integration allows the creation of more natural, context-aware, and personalized interactions.

Integration with the Microsoft Ecosystem

Copilot Studio's generative AI capabilities are designed to work seamlessly with the Microsoft ecosystem, including Microsoft 365, Azure, and other Microsoft services, providing a cohesive and integrated experience.

Customization and Flexibility

One of the key features of generative AI in Copilot Studio is the ability to create and customize copilots to suit specific business needs. This customization extends beyond predefined templates, enabling businesses to build copilots that can handle more complex and varied interactions.

In Summary

Generative AI in Microsoft Copilot Studio represents a blend of advanced AI technologies with practical applications in the realm of conversational agents, offering businesses the tools to create more intelligent, responsive, and adaptive copilots and chatbots.

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Security and Governance — Copilot Studio Embeds Data Protection

Copilot Studio underlines strong security and governance features to ensure data safety and compliance. It integrates with Microsoft's Security Development Lifecycle (SDL) to provide assurance and follows strict compliance guidelines outlined in Microsoft Product Terms and Data Protection Addendum.

Additionally, Copilot Studio aligns with geographic data processing standards and is transparent about its compliance status through the Microsoft Trust Center. Administrators in Copilot Studio can control and restrict data movement across different geographic locations, adding an extra layer of security. This approach to security and governance is designed to maintain high standards of data protection and meet various regulatory requirements.

Tips for Creating Internal Versus External Custom Copilots

When creating an internal versus external copilot with Copilot Studio, you should consider:

Purpose and Audience
Internal copilots are designed for employee use, focusing on productivity and internal processes. External copilots are customer-facing, prioritizing customer engagement and support.

Data Integration and Privacy
Internal copilots may access sensitive company data, requiring strict data governance. External copilots must adhere to customer data privacy laws and regulations, as well as not exposing internal sensitive data.

Functionality and Complexity
Internal copilots might handle complex, business-specific tasks, while external copilots need to be user-friendly and intuitive for a broad audience and built around accessible public facing data.

Customization Level
Internal copilots can be highly customized to specific business processes. External copilots require a different approach to cater to diverse customer needs, from self-fixing steps to preventing escalation by answering frequently asked questions in a decisive manor.

Security and Compliance
Both types must ensure data security, but internal copilots might require more stringent internal compliance checks compared to external ones, especially if the external copilot is pointing to public facing data whereas the internal data is restricted by security groups.

These considerations help ensure the copilot is effective, secure, and aligned with business objectives and user needs.

Copilot Studio is priced at $200.00 (USD), offering 25,000 messages per month. The licensing model is capacity-based, meaning the cost is determined by the number of messages. Additional messages beyond the base quota can be purchased and it's important to note that a billable message is counted each time a request or message triggers an action or response from the copilot. The listed prices are indicative and may vary based on factors like currency, country, and region, with the actual price displayed at checkout.

Power Automate Licensing Enforcement
— Key Compliance Dates You Need to Know

Microsoft's Power Automate is set to enforce new licensing requirements, particularly affecting service principal owned flows. This article will walk you through the upcoming changes, the steps to link your flow to a Dynamics 365 app, and how to prepare for the enforcement.

Upcoming Enforcement for Service Principal Flows

In recent years, Microsoft introduced the ability for a service principal to own a flow in Power Automate. This change brought greater flexibility, allowing flows not to be tied to a specific user and providing a higher limit of API calls in Dataverse. However, as a service principal is not a real identity, it cannot be directly assigned a security role or license.

Options for Compliance

- Assign the flow to a person with a **per user license**
- Purchase a **process** (formerly "Per flow") license

Exclusions

- Service principal flows in the context of a Dynamics 365 app are excluded from enforcement

Power Automate Licensing...

Important Dates

- **March 15, 2024:** Notifications begin in Power Automate Studio
- **April 15, 2024:** Admins and makers start receiving notifications
- **August 2024:** Non-compliant flows will be disabled

Steps to Link a Flow to a Dynamics 365 App

To avoid disruption, follow these steps to link your flow to a Dynamics 365 app:

1. Sign in to **Power Automate**
2. Navigate to **My flows**
3. Select the flow you want to associate with an app
4. In the **Associated Apps** tile, click **Edit**
5. Click **Add association**, select the **Dynamics 365** tab, choose the app, and save

By linking your flow to a Dynamics 365 app, you ensure it remains operational and compliant with the new licensing requirements.

Additional License Enforcement Changes

Several other license enforcement changes started last year, and flows that fall into specific categories will also start to be disabled beginning in Q2 of 2024. These categories include:

- **Premium flows where the flow owner has left the organization:** Flows that are no longer associated with an active user within the organization

- **Premium flows where the flow owner does not have a Premium license:** This includes flows where the owner had a trial or a license that has now expired

Power Automate Licensing...

- **Premium flows created by a flow owner with a Dynamics 365 license but not in a Dynamics environment or not interacting with Dynamics entities:** To be compliant, these flows should be within a Dynamics environment and interact with Dynamics entities

- **Premium flows created by a flow owner with a Power Apps license but not triggered by the Power App:** These flows must be triggered by the Power App to comply with licensing requirements

Recommendations

- **Deploy the Power Platform Center of Excellence (CoE) and Automation Kit** to audit your flows and determine compliance
- Link flows to their apps to ensure Dynamics 365 and Power Apps seeded flows are not disabled
- **Consider engaging with Hitachi Solutions for a Power Platform Maturity Assessment** to enhance your organization's use of the platform

By staying informed and taking proactive steps, you can navigate these licensing updates with minimal disruption to your automated processes. For more detailed guidance, refer to the official **Microsoft documentation**.

Resources:

https://www.microsoft.com/en-us/microsoft-copilot/microsoft-copilot-studio

https://www.microsoft.com/en-us/microsoft-365/blog/2023/11/15/introducing-microsoft-copilot-studio-and-new-features-in-copilot-for-microsoft-365/

https://learn.microsoft.com/en-us/microsoft-copilot-studio/security-and-governance

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Why Hitachi Solutions

Hitachi Solutions is all-in on Microsoft Copilot. We offer the capabilities with all our solutions to open the generative AI door for customers, guide them into the possibilities and new ways of working, and demonstrate the real-world benefits — improved decision-making, customer experiences, and operational efficiency.

Our dedicated RSD (rapid solution delivery) team brings a wealth of experience and proven expertise to ensure your Copilot implementations are tailored for your unique business needs, seamless, and effective. This — along with our technical prowess, industry knowledge, and commitment to customer service — makes Hitachi Solutions the right partner for organizations looking to leverage the power of Microsoft Copilot and generative AI.

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Microsoft Copilot 101 for Business Leaders

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