



2025 The Year the Frontier Firm Is Born

Intelligence on tap will rewire business. Every leader needs a new blueprint.

We are entering a new reality—one where AI can reason and solve problems in remarkable ways. This intelligence on tap will rewrite the rules of business and transform knowledge work as we know it. Like the Industrial Revolution and the internet era, this transformation will take decades to reach its full promise and involve broad technological, societal, and economic change.

To help leaders understand how knowledge work will evolve, Microsoft analyzed survey data from 31,000 workers in 31 countries, LinkedIn trends, Microsoft 365 productivity signals, and insights from AI-native startups, academics, economists, and scientists. What's emerging is the **Frontier Firm**—structured around on-demand intelligence and powered by “hybrid” teams of humans + agents, these companies scale rapidly, operate with agility, and generate value faster. Within the next 2–5 years we expect that every organization will be on their journey to becoming one. **82%** of leaders say this is a pivotal year to rethink key aspects of strategy and operations, and **81%** say they expect agents to be moderately or extensively integrated into their company's AI strategy in the next 12–18 months.

Journey to the Frontier Firm

Every organization's AI transformation will look different, but here's how we see it playing out over time.

Phase 1

Human with assistant



Every employee has an AI assistant that helps them work better and faster

Phase 2

Human-agent teams



Agents join teams as “digital colleagues,” taking on specific tasks at human direction

Phase 3

Human-led, agent-operated



Humans set direction and agents execute business processes and workflows, checking in as needed

You can buy intelligence on tap

53% of leaders say productivity must increase, but **80%** of the global workforce says they're lacking the time or energy to do their work.

Employees are interrupted **275x** per day by a meeting, email, or chat—once **every 2 minutes** during work hours.

45% of leaders say expanding team capacity with digital labor is a top priority in the next 12–18 months—second only to upskilling their workforce (**47%**)—while **33%** are considering headcount reductions.

78% of leaders plan to hire for new AI roles—and on LinkedIn, headcount at top AI startups is growing **2x** faster than in Big Tech.

The first Frontier Firms are emerging, and **71%** of workers at these firms say their company is thriving, compared to just **37%** globally.

Human-agent teams will upend the org chart

46% of leaders say their companies are using agents to fully automate workflows or processes, not every function will evolve at the same pace—or to the same degree.

The #1 reason employees turned to AI over a colleague this year is 24/7 availability (**42%**), followed by machine speed and quality (**30%**) and unlimited creative ideas (**28%**)—all things humans cannot provide.

46% of respondents see AI as a thought partner; **52%** see AI as a command-based tool.

Every employee becomes an agent boss

Leaders expect that their teams will be training (**41%**) and managing (**36%**) agents within five years.

67% of leaders are familiar or extremely familiar with agents, versus **40%** of employees.

79% of leaders believe AI will accelerate their careers, compared to just **67%** of employees.

51% of managers say AI training or upskilling will become a key responsibility for their teams within five years.