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How Agents Are Rewiring the Enterprise Stack

A look at how Microsoft sees the enterprise AI stack evolving – from Copilot as a single UI, to the intelligence layer, to the agentic ecosystem where startups like Cascade plug in.

SPEAKER



Tom Davis
GM & Partner
Microsoft for Startups

KEY TAKEAWAYS

1. The Innovation-Deployment Gap

Companies are investing billions in AI, yet almost none have deployed it at true enterprise scale. When Tom asked the audience who had deployed AI wall-to-wall, only two or three hands went up – highlighting the enormous gap between investment and real-world implementation.



"Companies are investing billions and billions of dollars into AI. How many are using it at scale wall to wall? Three, two. A lot less. And that's the paradox that we find ourselves in." **Tom Davis**

2. 75% Buy vs. Build – The Enterprise Buying Pattern Has Flipped

A recent study found that 75% of enterprise technology decisions now favor buying over building in-house. This represents a dramatic reversal from historical patterns, driven by the speed of AI innovation and the rise of specialized, best-in-class solutions from startups.



"There was a study last year that said that 75% of decisions are now buy rather than make. That's a big flip from what it used to be. An enormous flip." **Tom Davis**

3. Microsoft's Three-Layer AI Stack

Microsoft's enterprise AI architecture consists of three layers: the Copilot user interface that eliminates context-switching, the IQ intelligence layer powered by Microsoft Graph and Fabric, and the agentic layer where specialized third-party agents like Cascade plug in. This modular design lets enterprises assemble the best tools for each function.



"We have numbers like Accenture just going wall to wall with 750,000 licenses. The NHS in the UK – they're deploying 500,000 seats of this for every one of their users because they see it really as the UI for AI."
Tom Davis

4. "Fantasy Football" for Agents

Tom compared the emerging agentic ecosystem to fantasy football: enterprises can now draft the best agent for each specific job rather than relying on a single monolithic platform. Every startup founder is a subject matter expert, and their focused, purpose-built agents outperform generalist solutions.



"I go and pick the best team. I pick the best quarterback. I pick the best wide receiver. I put them together and I win a stack of cash against my friends. It's the same premise for enterprises as well." Tom Davis

5. Startups as Subject Matter Experts

Microsoft for Startups scouts roughly 40,000 startups but curates only a few hundred for enterprise customers based on readiness, trustworthiness, and problem fit. The reason startups matter is that their founders live and breathe a single problem every day, producing solutions that large platform players simply cannot match.



"Every founder of a startup is a subject matter expert. That's why they're doing it. That's all they do. Every single day they live and breathe that problem area." Tom Davis

6. Innovation Is Existential

Tom closed with a clear warning: AI innovation is no longer optional for enterprises. The speed of change makes inaction the riskiest strategy. Microsoft uses the McKinsey Three Horizon Framework to help enterprises plan across immediate, medium-term, and long-range innovation horizons.



"This type of innovation is not optional. If you're not doing it as an enterprise today, you can bet that your competitor is. And the speed of change is scary." Tom Davis