

CYBIT

PREDICT. PROTECT. PERFORM.

DATA FIRST:
THE FOUNDATION
FOR AI THAT
ACTUALLY WORKS.

Microsoft Newsletter

AUGUST EDITION

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AUGUST 2026

Welcome to the summer edition

Our bi-monthly look at the Microsoft developments most likely to matter to your organisation.

As always, Microsoft updates have moved quickly over the past two months. Microsoft Build 2026 set out a more joined-up view of AI, where models, agents, business data and governance work as parts of the same platform. Several capabilities that were still in preview when we published our June edition have also reached general availability, including Copilot Cowork and Fabric Data Agents in Microsoft 365 Copilot.

The strongest theme in this edition is data. Most organisations already hold valuable information across finance systems, CRM platforms, databases, spreadsheets, Power BI,

and industry applications. The difficult part is bringing that information together, agreeing what it means, controlling who can access it and making it available quickly enough to support decisions.

This is where Microsoft Fabric is becoming more relevant. Fabric brings data integration, engineering, warehousing, real-time intelligence, Power BI and AI into one platform, with OneLake providing the shared data foundation. For customers, the conversation often starts with familiar business questions: how many versions of the same report exist, how long it takes to combine information from different systems, whether leaders can trust the figures they receive, and whether the data is ready to support Copilot and agents.

IN THIS EDITION

- Why Microsoft Fabric deserves a closer look, including practical use cases and the latest platform updates.
- The wider message from Microsoft Build 2026, including Microsoft IQ, Work IQ APIs, new MAI models and Project Solara.
- What the 2026 Microsoft Work Trend Index tells us about getting real business value from AI.
- Copilot Cowork reaching general availability, including cost, governance and data considerations.
- New Microsoft 365 Business with Copilot bundles and the Copilot in 30 trial for smaller organisations.
- Microsoft's retirement of native SMS and voice authentication, alongside other identity and security changes.
- Updates across Exchange Online, Microsoft Purview, Windows 365 and platform lifecycle planning.



SECTION 01 — DATA SPOTLIGHT

Microsoft Fabric

Why Fabric is moving higher up the agenda

Microsoft Fabric has appeared in several previous editions of this newsletter. Earlier coverage focused on individual capabilities such as OneLake Security, Fabric Data Agents, Fabric IQ, Graph, Maps and Real-Time Intelligence. The conversation is now becoming more strategic.

Fabric is Microsoft's unified data and analytics platform. It brings together services for moving, transforming, storing, analysing and presenting data through Power BI. These services share OneLake as a common data foundation and use a more consistent approach to administration, security, governance and capacity.

Many organisations have built their data estate gradually. A typical environment might include operational information in SQL Server,

customer data in a CRM platform, finance data in an ERP system, Power BI reports, departmental spreadsheets, SharePoint files and several third-party applications. Each component may work well on its own, yet the overall estate can become difficult to manage. Data is copied into multiple locations, reports use different definitions, integration processes depend on individual knowledge and business users wait for technical teams to answer relatively straightforward questions.

AI increases the importance of getting this right. A Copilot or agent can only provide dependable answers when the underlying information is accurate, well-structured and properly governed. Fabric gives Microsoft a platform through which business data can be made available to analytics and AI under a shared set of controls.

The business problems Fabric can help address

Different teams report different figures

Sales, finance and operations may each calculate revenue, customer numbers or profitability in a slightly different way. Meetings then become an exercise in reconciling numbers before anyone can discuss what they mean. Fabric can provide a shared data and semantic foundation where important measures are agreed, documented and reused. Power BI reports, data agents and operational applications can then work from the same definitions.

Reporting relies on manual data preparation

Many organisations still export information from several systems, combine it in Excel and rebuild the same report every week or month. That process is slow, difficult to audit and often depends on one or two people who know how the pieces fit together. Fabric Data Factory and data engineering capabilities can automate the movement and transformation of this information. The resulting dataset can refresh consistently and remain available for reporting, forecasting and AI.

Data is spread across disconnected systems

A complete customer view may require information from CRM, finance, service desk, telephony and marketing platforms. Each system only holds part of the story. Fabric can bring this information together in OneLake using ingestion, replication, mirroring and shortcuts. Organisations can create a more complete view without replacing every operational system at the same time.

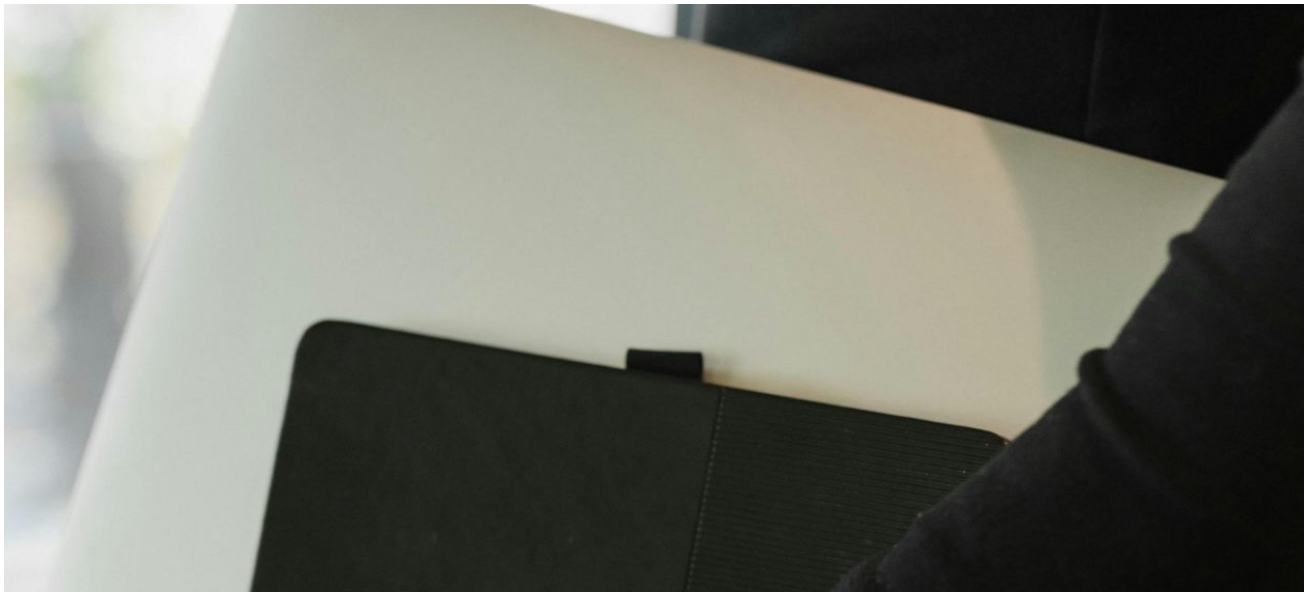
Operational information arrives too late

Traditional reporting often looks backwards. A report produced the following morning may work for management reporting and still arrive too late for production, logistics, customer

service or fraud scenarios. Fabric Real-Time Intelligence can process events and changing data as they occur. Dashboards, alerts and automated actions can then respond to those current conditions.

AI cannot reach trusted business data

Copilot already works well with Microsoft 365 content such as documents, emails and meetings. Many of the most valuable business questions depend on structured information held in databases and operational systems. Fabric Data Agents give users and other agents a governed, natural-language route into that information. The quality of the experience comes from the data model, definitions, instructions and access controls underneath it.



GOVERNED DATA, WHEREVER THE WORK HAPPENS

Fabric Data Agents now reach users through Microsoft 365 Copilot

Fabric Data Agents are one of the more useful developments in recent months. In simple terms, a data agent gives people a conversational way to explore selected Fabric data sources. It can be built around a specific business area, such as sales performance, stock availability, project delivery or customer service, so users can ask questions in everyday language and get answers based on governed data.

Data Agents in Microsoft 365 Copilot are now generally available. This means an organisation can publish a Fabric Data Agent into the Copilot experience its users already work in. A sales director could ask which customer segments have declined over the past quarter and request a breakdown by region. An operations manager could ask which product lines are experiencing the highest defect rates.

A finance lead could compare actual expenditure against budget and ask which areas account for the largest variance.

Microsoft has also improved support for longer-running questions. Preview features include an AI-assisted setup experience, an improved natural-language-to-SQL engine, a code interpreter for analysis and greater observability through Microsoft Foundry.

The user experience is conversational. The preparation behind it remains important. Someone needs to choose the trusted data sources, model the information, document business terminology, test likely questions and review the accuracy of the answers. A well-designed data agent can reduce the queue of reporting requests directed at IT and data teams, giving more people access to analytical information without asking them to build reports or write database queries.

OneLake storage management and cost visibility

Bringing more data into one platform creates a need for clear and structured storage controls. Historical information may need to be retained for audit, compliance or trend analysis, even when only a smaller proportion needs to remain in the highest-performance tier.

Microsoft has introduced OneLake storage tiers and lifecycle management in preview. Admins can now define policies that move files into more cost-effective storage based on when

they were created, modified or last accessed. Preview item-size reporting also gives workspace administrators a clearer view of which Fabric items are consuming storage, including system and soft-deleted data.

This is an important step in Fabric's maturity. Data platforms often begin as delivery projects and develop into long-term consumption services. Storage, capacity and workload costs need active management from the outset.

A Fabric design should include

- Expected data volumes and growth.
- Retention and deletion requirements.
- Performance expectations for current and historical information.
- Capacity monitoring and cost ownership.
- A process for reviewing duplicated, unused or low-value data.

Easier replication from SQL environments

Many organisations we speak to have years of valuable information held in SQL Server, Azure SQL Database or Azure SQL Managed Instance. Moving that information into an analytics platform has traditionally required custom pipelines and logic to identify which records have changed.

Change Data Capture in Fabric Copy Job is now generally available for supported SQL sources. Fabric can capture inserts, updates

and deletions and replicate those changes downstream without the organisation building its own incremental tracking process. This is useful for businesses that want to modernise reporting around an existing application and keep the operational system in place. It can also support a phased approach, where data is made available in Fabric first and application changes follow later.

Fabric Apps

Microsoft has recently introduced Fabric Apps in preview, an early capability that could broaden what organisations use Fabric for.

Most Fabric conversations currently centre on bringing data together, analysing it through Power BI and making trusted information available to Copilot and agents. Fabric Apps adds another layer by allowing developers to build tailored, data-driven applications within the same platform.

In simple terms, this could give employees a purpose-built interface for working with Fabric data, not only viewing it. A service team might review customer information and update a case, an operations manager could investigate an issue and record the action taken, or a

business could create a specialist internal tool around a process that does not fit neatly into an existing application.

Fabric handles much of the supporting platform, including hosting, Microsoft Entra ID sign-in, application data and APIs. This could make it easier for development teams to turn a proven analytics or AI use case into something employees can use in their day-to-day work.

Fabric Apps is still in preview, has limited regional availability and requires an assigned Fabric capacity. It is therefore best viewed as a capability to explore through controlled testing while Microsoft develops it towards general availability.

The reason it is worth watching is the wider direction. Fabric is becoming a platform that can bring together data, reporting, real-time insight, AI agents and now business applications. For organisations already considering Fabric, that creates the potential to move from identifying an issue to taking action within one governed Microsoft data environment.

Real-time insight becomes more practical

Real-Time Dashboard Live Refresh is now generally available. The feature uses an event-driven model, refreshing the affected visuals when new data arrives. Quiet periods create fewer unnecessary queries, and busy periods keep the information current. Relevant use cases include:

- Monitoring manufacturing equipment and production quality.
- Tracking service response times and customer demand.
- Identifying changes in website, application or infrastructure activity.
- Monitoring stock movements and supply chain events.
- Responding to fraud indicators or unusual transactions.
- Triggering actions when a business threshold is reached.

This moves Fabric beyond traditional management reporting. It can support a loop where data arrives, a condition is detected, insight is presented and a workflow or person takes action.

Fabric IQ and the shared meaning of business data

Fabric IQ has featured in earlier editions of this newsletter. At Build 2026, Microsoft brought Work IQ, Fabric IQ and Foundry IQ together under the wider Microsoft IQ namespace.

Fabric IQ provides business meaning around organisational data. It allows concepts such as customers, products, assets, locations and orders to be described consistently, including the relationships between them. At Build, Microsoft confirmed that Work IQ and Foundry IQ are generally available, with the Fabric IQ ontology continuing in preview.

This matters because an AI system needs more than access to database tables. It needs to understand that a customer can have several contracts, that an asset belongs to a location, that revenue has an agreed definition and that some records are commercially sensitive. Businesses that define these concepts well will find it easier to build consistent analytics and dependable agents. The same definitions can support reports, applications, AI and automated workflows.

Five starting points for Fabric

01

A trusted management reporting foundation

Bring information from finance, CRM and operational systems into a shared model. Replace manual monthly preparation with repeatable pipelines and common definitions.

03

Operational and real-time monitoring

Use Real-Time Intelligence to monitor production, logistics, digital services or customer demand. Surface changes quickly and trigger alerts when thresholds are reached.

05

Modernising a legacy SQL reporting estate

Replicate information from existing SQL platforms into Fabric, retain the operational application and gradually move reporting and analytics onto a more modern foundation.

02

A customer or service view

Connect sales, support, contract and finance information to give teams a more complete view of customer activity, service history and commercial value.

04

A governed Fabric Data Agent

Select one well-understood business area and give a defined user group a natural-language route into the information. Measure question accuracy, time saved and the reduction in manual reporting requests.



Where Cybit can support you with Fabric

Cybit can help organisations approach Fabric as a business and data programme, with the technology designed around the outcomes required to best support your business.

Discover

Map the current data estate, reporting processes, business systems, pain points, security requirements and future AI ambitions.

Prioritise

Identify use cases with a clear business owner, measurable value and realistic data dependencies. This gives the programme an early route to adoption.

Design

Create the target Fabric architecture, including OneLake structure, workspaces, security, networking, data integration, Power BI, capacity, development standards and governance.

Prove

Build a focused pilot around a priority use case: a consolidated report, a real-time dashboard, a SQL data pipeline or a Fabric Data Agent.

Scale

Move successful use cases into production, onboard further data domains and establish reusable patterns for future development.

Operate and optimise

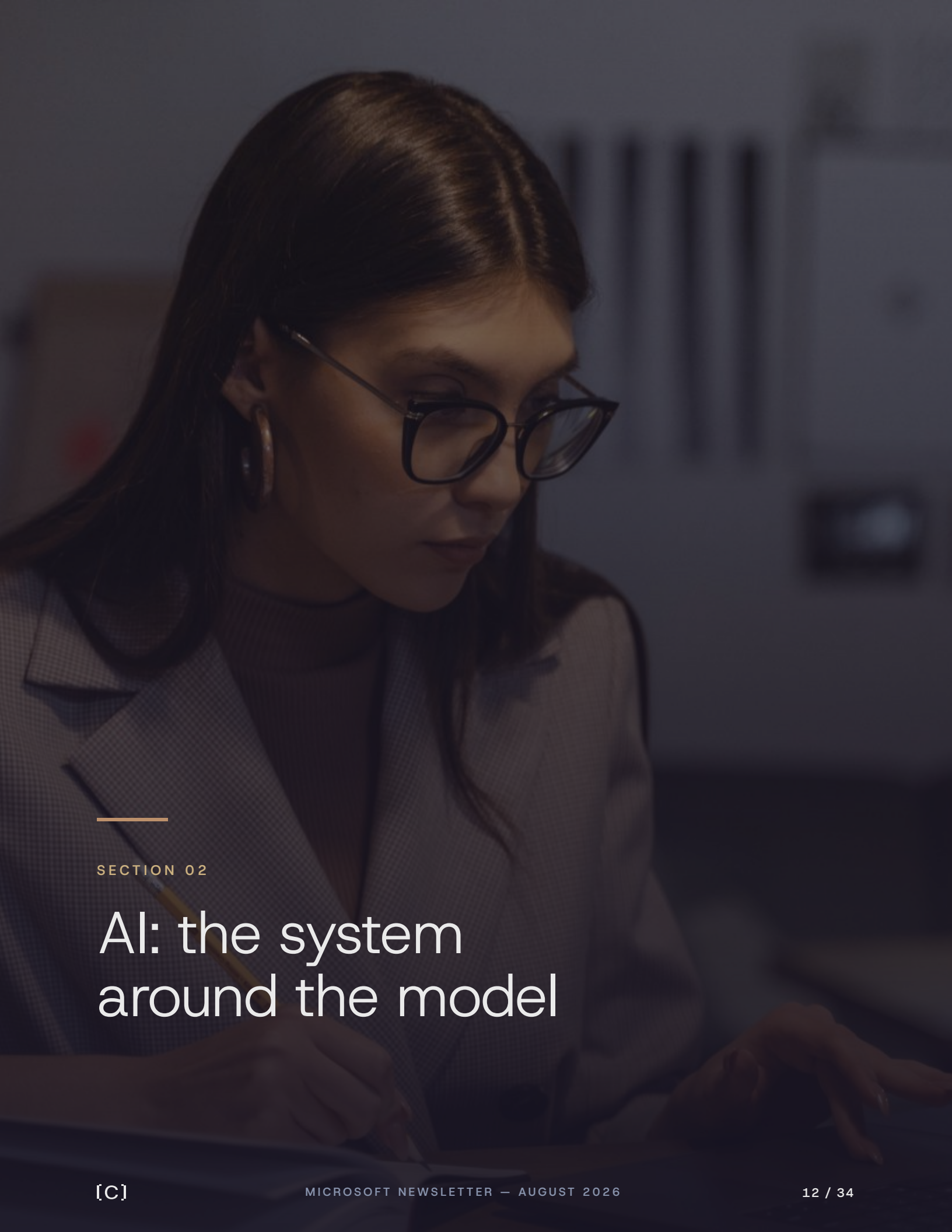
Monitor capacity, performance, storage, security and adoption, then review whether the platform continues to deliver value as workloads grow.

For organisations already using Power BI, Fabric may provide a natural next step. For organisations earlier in their data journey, a Fabric opportunity and readiness assessment can establish the foundations and identify a sensible first use case.

A few straightforward questions can reveal whether a Fabric discussion would be useful:

- How many business-critical reports still depend on manual Excel work?
- Do different departments calculate the same measure differently?
- How long does it take to answer a question that needs data from several systems?
- Which reports depend heavily on one person's knowledge?
- Can you identify who has access to sensitive analytical information?
- Are Power BI workspaces, semantic models and capacities governed consistently?
- Which operational decisions would benefit from current information?
- Which business data would Copilot or an agent need to create meaningful value?
- Can you explain where that data comes from and how trustworthy it is?
- Are data retention, storage and capacity costs actively monitored?

[Read more: Fabric feature summary and platform updates](#)



SECTION 02

AI: the system around the model

Microsoft Build: the system around the model

Microsoft Build took place in early June 2026.

The event included announcements across AI models, agents, Microsoft 365, Fabric, Foundry, Windows, Azure infrastructure and developer tooling.

The wider business message was clear: the model is one part of an AI solution. Business value also depends on organisational context, trusted data, tools, identity, governance, evaluation and the ability to take action safely.

Microsoft highlighted the latest generation of its own MAI models, covering areas such as reasoning, code, image generation,

transcription and voice. The announcements included several models being made available through Microsoft Foundry.

For customers, a broader model catalogue provides more choice. Different workloads can use models selected for quality, speed, cost and specialist capability. The strategic questions sit around how the model accesses business information, which actions it can perform, how outputs are evaluated and how the organisation maintains control.

[Read more: Microsoft Build Live](#)

Work IQ APIs are now generally available

Work IQ is Microsoft's intelligence layer for understanding work across Microsoft 365. It uses the relationships and context found across emails, meetings, documents, chats, people and projects, respecting the permissions already applied to that content.

The Work IQ APIs became generally available on the 16th June 2026. Developers can use them to give agents access to Microsoft 365 context and tools, including the ability to search organisational information and carry out approved actions.

Microsoft groups the APIs into four areas:

1. Chat, for conversational experiences grounded in work.
2. Context, for information about people, content, activity and relationships.
3. Tools, for actions across Microsoft 365, such as sending an email or scheduling a meeting.
4. Workspaces, where longer-running agents can store progress, files and intermediate outputs inside the Microsoft 365 tenant boundary.

Microsoft states that data and context stay within the Microsoft 365 tenant trust boundary, with agent actions auditable and discoverable. Usage is managed through Copilot Credits, including dashboards, limits and spending controls.

This will mainly affect organisations building custom agents or integrating AI into business applications. Its wider significance is that Microsoft is opening the intelligence behind Copilot to a broader range of processes. For example, an agent could prepare a customer review using recent correspondence, meeting activity and account documentation, while another could coordinate a project handover using Teams, SharePoint and Planner. Work IQ provides the Microsoft 365 context, Fabric provides structured business data, and Foundry or Copilot Studio provides the environment in which the agent is built.

[Read more: Announcing the new Work IQ APIs — Microsoft 365 Blog](#)

Microsoft Foundry focuses on production agents

Our June edition covered Microsoft Foundry and the Microsoft Agent Framework reaching general availability. The Build announcements focused more heavily on what happens after an agent has been developed. Microsoft announced production-focused capabilities across four areas:

- Hosted agent infrastructure with isolated execution environments.
- Foundry IQ knowledge bases that connect agents to Work IQ, Fabric IQ, Azure SQL, files and other sources.
- Tracing, evaluation and observability to understand how agents behave.
- Simpler publication into Microsoft Teams and Microsoft 365 Copilot.

This is encouraging for customers considering custom agents. Demonstrating an agent can happen quickly. Operating one reliably takes monitoring, version control, testing, access management, cost control and named ownership. Agent projects should therefore cover:

- Who owns the agent.
- Which systems and information it can access.
- Which actions require approval.
- How performance and accuracy are measured.
- How changes are tested.
- How usage and cost are monitored.
- What happens when the agent fails or returns a poor response.

Microsoft is also developing automated agent optimisation and policy-based testing, giving teams a route to identify weak outputs, test expected behaviour and roll back changes.



Project Solara: agent-first devices

Project Solara is worth noting because it gives a glimpse of how Microsoft expects AI agents to show up in everyday work, not just as software on a screen. It is not something organisations should expect to buy tomorrow, but it does point to where workplace AI may be heading. Rather than keeping agents inside a browser, Teams window or Copilot panel, Solara explores what happens when agents are built directly into workplace devices.

Microsoft described Solara as a chip-to-cloud platform for "agent-first" devices. The early reference designs include a wearable badge, similar in shape to an employee ID card, and a small desk companion for quick access to agents during the working day. The idea is that staff could use voice, touch, camera input or a quick button press to ask an agent to help with

a task, capture information, summarise a conversation or connect into Microsoft 365 and other approved systems.

For most businesses, this is not yet a procurement decision. The more useful takeaway is that AI is likely to move beyond the traditional screen-and-keyboard experience. In future, agents could support frontline workers, field engineers, healthcare staff, retail teams, production environments or meeting spaces where opening a laptop is not always practical. That also means organisations will need to think carefully about privacy, consent, audio and video capture, identity, device management, retention and acceptable use before this kind of technology becomes mainstream.

Microsoft's 2026 Work Trend Index

Microsoft's 2026 Work Trend Index draws on a survey of 20,000 people who use AI at work across ten markets, including the UK, together with analysis of more than 100,000 Microsoft 365 Copilot conversations. The report's most useful conclusion is that AI value depends heavily on how the organisation works.

49%

of Copilot conversations support cognitive work such as analysis, problem-solving, evaluation and creative thinking.

67%

of reported AI impact is attributed to organisational factors — culture, manager support and talent practices — against 32% for individual mindset.

15×

year-on-year rise in active agents across the Microsoft 365 ecosystem, rising to 18-fold in large enterprises.

Only 19% of AI users sit in Microsoft's Frontier category, where individual capability and organisational readiness are both strong. Half remain in an emerging category, with other users either developing skills faster than the organisation around them or working in an environment that has not yet established the right habits and support. Microsoft is clear that these are statistical associations based on self-reported data, and the size of the difference is still worth paying attention to.

Copilot licensing is one part of the story

Users need access to the technology, along with relevant use cases, permission to experiment, examples from their own roles and time to develop new working habits.

Managers have an important role

Employees are more likely to use AI confidently when managers demonstrate its use, create space for experimentation and discuss the quality of AI-assisted work openly. A successful rollout needs manager enablement alongside end-user training.

Workflows need to be redesigned

Adding Copilot to a single step may save time. Greater value often comes from reviewing the process from beginning to end. A customer

meeting provides a simple example. AI can summarise the discussion. A redesigned workflow could also prepare the meeting, gather account information, produce the actions, update the CRM and draft the follow-up communication. That requires agreement around hand-offs, approvals, ownership and quality standards.

Human accountability remains central

AI output should be reviewed according to the importance and risk of the task. A draft internal email needs a different level of assurance from financial analysis, legal wording, a customer commitment or a security decision. The individual or team using the output remains accountable for the final result.

[Read more: Microsoft 2026 Work Trend Index](#)

Measurement should begin during the pilot

- Time saved on a defined task.
- Reduction in manual preparation.
- Quality or consistency improvements.
- User adoption and repeat usage.
- Faster customer response.
- Reduced reliance on specialist support.
- Fewer steps across a workflow.
- Employee confidence and satisfaction.

CYBIT'S VIEW

The strongest Copilot programmes usually combine four workstreams: readiness, covering security, permissions, data and licensing; use-case discovery focused on real roles and workflows; adoption, including managers, champions and role-based guidance; and measurement, using agreed outcomes to decide where to expand.

The Work Trend Index supports a straightforward conclusion: AI adoption works best as an organisational change programme with clear ownership, practical use cases and visible support from leadership.

Copilot Cowork is now generally available

In the June edition, we covered Copilot Cowork while it was still in preview. We described it as one of the clearest examples of AI moving from answering questions to completing multi-step work across Microsoft 365. Cowork became generally available worldwide on the 16th June 2026 for Microsoft 365 Copilot customers.

A user can give Cowork an outcome, such as preparing for a customer review, researching a subject or coordinating a set of follow-up activities. Cowork plans the work, searches

relevant information, uses Microsoft 365 applications and connected tools, and returns completed outputs for review.

General availability also brings plugins, browser-based tasks, model choice and more security and compliance coverage. Microsoft confirms that Cowork prompts, responses and generated artefacts can flow through controls including audit, eDiscovery, Data Security Posture Management, Insider Risk Management and data lifecycle policies. Data Loss Prevention coverage is listed as coming soon.

Licensing and cost

Cowork requires a Microsoft 365 Copilot user licence and uses consumption-based Copilot Credits, aligned back to an Azure subscription or credit packs. Charges are determined by the models, context, tools and runtime used by each task. This creates two cost components: the Microsoft 365 Copilot user licence, and consumption generated by Cowork tasks.

Administrators can control access by an individual user or group, choose payment alignment and configure budgets, spending limits and alerts. A small number of occasional tasks may create limited consumption. Frequent, long-running tasks that use several sources and tools can create a more noticeable variable cost. A pilot should therefore agree who can use Cowork, which tasks are in scope and how consumption will be reviewed.

Permissions and data access

Cowork works with the access available to the user. Existing Microsoft 365 permissions determine which emails, files, meetings and sites can be included in a task. A user with broad access can allow Cowork to work across the same information at greater speed and scale. This makes a permissions review a sensible part of the rollout. Areas to check include:

- SharePoint and Teams membership.
- Broad sharing links and legacy permissions.
- Sensitive information locations.

- Purview labels and DLP policies.
- External plugins and connected applications.
- Audit, retention and investigation requirements.

The Anthropic and data residency position

As it currently stands, Cowork can use Anthropic models where the provider has been enabled for the tenant. Anthropic operates as a Microsoft sub-processor for these experiences and is subject to Microsoft's Product Terms and Data Protection Addendum.

Anthropic models are currently excluded from the Microsoft EU Data Boundary and, where applicable, in-country processing commitments. Microsoft sets Anthropic access to off by default for tenants in the UK, EU and EFTA. A Global Administrator or AI Administrator must enable the provider and choose the users or groups that can access it. For UK organisations, this may require:

- A review of data protection and contractual obligations.
- An update to records of processing activities.
- A Data Protection Impact Assessment for higher-risk use cases.
- Confirmation that customer or sector commitments allow the proposed processing.
- A documented decision covering which users and data are in scope.

How to get started with Cowork

- Select a small group of users.
- Choose two or three defined tasks.
- Review the information and systems involved.
- Confirm Anthropic and sub-processor settings.
- Apply budgets, spending limits and alerts.

- Define which actions require human approval.
- Monitor accuracy, usage, cost and time saved.
- Review the results before expanding access across your organisation.

[Read more: Copilot Cowork is now generally available — Microsoft 365 Blog, Anthropic models in Microsoft Online Services — Microsoft Learn](#)

Microsoft Agent 365 licensing changes

Agent 365 became generally available in May as Microsoft's control plane for discovering, governing and securing agents. From the 1st June 2026, Microsoft introduced licensing prerequisites for new Agent 365 purchases. Customers now need one of the following:

- Microsoft 365 E5, A5 or Business Premium.
- Microsoft Defender Suite and Microsoft Purview Suite.

- Microsoft Defender Suite for Education and Microsoft Purview Suite for Education.
- Microsoft Defender and Purview Suite for frontline workers.

Microsoft 365 E7 already includes Microsoft 365 E5, Microsoft 365 Copilot, Microsoft Agent 365 and Microsoft Entra Suite, so the prerequisite is already covered within that licence.

Copilot in 30: a trial for smaller organisations

From the 1st August 2026, Microsoft is making a new Microsoft 365 Copilot Business trial available through Cloud Solution Providers. Copilot in 30 is designed for organisations with fewer than 300 employees. It provides up to 25 Microsoft 365 Copilot Business trial licences for 30 days. Microsoft is also introducing a success-planning tool during August to help organisations select users, define use cases and agree measures.

Choose the users carefully

Select people whose roles involve frequent Microsoft 365 work and repeatable tasks. Strong candidates often include sales, marketing, project management, finance, HR, operations and senior leadership.

Define the use cases before licences are assigned

- Preparing for customer meetings.
- Summarising complex email threads.
- Producing first drafts of proposals and reports.
- Analysing structured data in Excel.
- Turning meetings into decisions and actions.
- Reviewing internal policies or project documentation.
- Creating presentations from existing material.

Review the outcome

- Which users adopted Copilot regularly.
- Which scenarios delivered measurable value.
- Where responses were weak.
- Whether permissions or data issues were identified.

Review permissions and information structure

The trial should include a basic check of SharePoint, Teams and OneDrive access. This helps identify oversharing and gives users a cleaner information base from which to work.

Establish a baseline

Record how long the selected tasks take today, how often they occur and where the main difficulties sit.

Support the users throughout the trial

A launch session on its own rarely creates enough evidence. Short check-ins, prompt examples and peer sharing help users develop confidence during the evaluation.

- What training users still need.
- Which roles should receive paid licences.
- Whether a broader rollout has a credible business case.

Cybit can support customers through the planning, readiness, setup, adoption and evaluation stages of Copilot in 30. For more information, please reach out to your account manager, or contact our sales team.



SECTION 03

Modern workplace

Microsoft 365 Business with Copilot bundles now available

From the 1st July 2026, Microsoft replaced the earlier promotional bundles with two permanent Microsoft 365 Business with Copilot subscriptions for organisations with up to 300 users.

SUBSCRIPTION	INDICATIVE PRICING
Microsoft 365 Business Standard with Copilot	£19.00 per user, per month (Annual NCE)
Microsoft 365 Business Premium with Copilot	£25.85 per user, per month (Annual NCE)

Promotional options through to December

Microsoft 365 Business Basic with Microsoft 365 Copilot Business at **\$21** per user, per month, approximately £15.60 at the indicative conversion rate.

Microsoft 365 Copilot Business as a standalone add-on at **\$18** per user, per month, approximately £13.40 at the indicative conversion rate.

Both offers run to the 31st December 2026 and apply to between 1 and 300 users on qualifying annual subscriptions, subject to Microsoft's eligibility and billing conditions.

Exchange Online cross-tenant message recall

Exchange Online is extending cloud-based message recall across Microsoft 365 tenants. The rollout is due to begin in mid-August and complete in early September 2026.

Once available, a user may be able to recall an email sent to another Microsoft 365 organisation. The receiving organisation must enable the capability and add the sending tenant to a trusted allow list. This keeps the

feature limited to approved relationships and does not create universal recall across the internet.

The most relevant use cases are closely connected organisations, including group companies, long-term partners and businesses operating across separate Microsoft 365 tenants.

Cross-tenant recall can help when information is sent to the wrong person or an attachment needs to be withdrawn. Preventative controls remain important, including Data Loss Prevention, sensitivity labels, user awareness and appropriate sharing policies. A recalled

message may also remain discoverable through retention or eDiscovery controls in the recipient environment. Organisations planning to enable the feature should agree which external tenants are trusted and document the purpose of the relationship.

[Read more: Cross-tenant message recall in Exchange Online — Microsoft Community Hub](#)

Windows 365 promotional pricing

Microsoft has introduced several Windows 365 CSP promotions from the 1st July 2026:

- Windows 365 Business, 25% off through to the 30th June 2027.
- Windows 365 Flex and eligible government offers, 20% off through to the 30th June 2027.
- Windows 365 Enterprise, 20% off through to the 30th September 2026.

Eligibility and final pricing need to be validated at the point of purchase. This follows the cloud desktop discussion in our June edition, where we covered the relevance of Windows 365 and Azure Virtual Desktop for contractors, third parties, device contingency and organisations facing longer hardware procurement cycles.

The promotional period may make it worth revisiting scenarios such as:

- Secure contractor or temporary-worker access.
- Rapid onboarding during business growth.
- Cloud PCs for users with simpler application requirements.
- Contingency access when a laptop is lost or unavailable.
- Remote access to corporate applications from unmanaged devices.
- Cloud-first access for external identities.

The commercial assessment should include licence cost, network requirements, endpoint strategy, application performance and the operational model for managing the Cloud PCs.



SECTION 04

Security and identity

Microsoft is retiring native SMS and voice authentication

This is one of the most important Microsoft 365 changes covered in this edition.

Microsoft has confirmed that it will retire Microsoft-provided SMS and voice authentication in Microsoft Entra ID. The change applies across Entra authentication scenarios, including multifactor authentication and self-service password reset.

1 SEPTEMBER 2026

Users enabled for SMS or voice are automatically enabled for passkeys and brought into a Microsoft-managed registration campaign. They will begin seeing prompts to register a passkey after completing MFA.

There is no opt-out from the February enforcement. Organisations with a documented operational, regulatory or technical need to retain SMS or voice will be able to select a customer-managed telecommunications provider through the Microsoft Security Store, with provider charges applying.

Why Microsoft is making the change

SMS and voice are vulnerable to phishing, social engineering, number reassignment and SIM-swap attacks. They also depend on telecommunications networks outside the organisation's direct control.

1 FEBRUARY 2027

Microsoft stops providing native SMS and voice delivery. Users whose only available method is SMS or voice receive a blocking passkey-registration prompt before they can continue signing in.

Passkeys use cryptographic credentials and are designed to resist phishing and replay attacks. Microsoft Entra supports several passwordless approaches, including passkeys stored through supported credential managers, passkeys in Microsoft Authenticator, Entra passkeys on Windows, Windows Hello for Business and FIDO2 hardware security keys. Organisations can choose different methods for different user groups, based on device ownership, role, risk and working environment.

[Read more: Passkeys by default and retirement of Microsoft-provided SMS and voice authentication — Microsoft Learn](#)



PASSWORDLESS BY DEFAULT: PLAN THE TWO DATES AS ONE PROGRAMME

Self-service password reset authentication changes

From the 7th September 2026, Microsoft Entra self-service password reset will only accept authentication methods that the user has explicitly registered. Contact information copied from general directory properties, including mobile phone, business phone and alternative email attributes, will no longer automatically qualify as a verification method.

From the 6th August 2026, users who do not have enough registered methods to meet the organisation's SSPR policy may begin receiving registration prompts. The change ensures that the contact method used for password recovery has been verified through the authentication-registration process. Organisations should therefore review:

- Whether users are registered for self-service password reset.
- Whether enough methods are available under the current policy.
- Whether on-premises directory attributes are being treated as registered methods.
- Whether registration campaigns and user communications are in place.
- How the change aligns with the wider move away from SMS and voice.

The dates are close together, so both authentication changes are best planned as one identity-modernisation activity.

Purview extends DLP to unmanaged AI and web applications

Microsoft is expanding Purview Data Loss Prevention beyond files, email, Teams and managed applications. Microsoft Purview Network Data Security is currently in preview. It combines Purview DLP with secure access or secure browser controls to inspect and protect sensitive information sent to unmanaged cloud applications and websites, including generative AI services.

This is relevant because many organisations now have a mixture of approved and unapproved AI use. Employees may copy business information into consumer AI services to rewrite content, analyse information or answer questions. That can happen without the organisation having clear visibility or control. Potential policies include:

- Warning when confidential information is entered into an unmanaged AI service.
- Blocking personal, financial or customer data from being uploaded.
- Allowing approved AI applications under defined conditions.
- Recording activity for investigation and policy tuning.

The capability remains in preview, so testing is important. A sensible route is to begin in monitoring mode, understand current user behaviour and refine the policy before applying blocks. The wider operating model matters as well. Employees need approved tools, practical guidance and a clear explanation of how sensitive information should be handled.

[Read more: Learn about Microsoft Purview Network Data Security — Microsoft Learn](#)

DLP consolidation into Purview

Microsoft has confirmed that DLP file policies in Defender for Cloud Apps will retire on the 6th January 2027. The affected policies cover services including SharePoint, OneDrive and connected third-party SaaS applications.

Microsoft Purview is becoming the central location for data labelling and DLP across Microsoft and non-Microsoft sources. Existing Defender for Cloud Apps policies will not migrate automatically. Organisations using them need to identify the policies, review their purpose and recreate the required controls in

Purview. The wider Defender for Cloud Apps capabilities for SaaS posture, application governance and threat protection are unaffected.

Policy discovery, licensing review, design, simulation, user-impact testing and migration can take several months. Customers using Defender for Cloud Apps should confirm whether file policies are active and begin planning the move.

[Read more: What's new — Microsoft Defender for Cloud Apps](#)

Legacy risk policies retire in October

Microsoft is retiring the legacy User Risk and Sign-in Risk policies within Microsoft Entra ID Protection on the 1st October 2026. These policies allow organisations to respond automatically when Microsoft detects a potentially compromised account or suspicious sign-in. This can include requiring multifactor authentication, prompting a secure password change or blocking access.

Microsoft is moving this capability into Conditional Access, where identity risk can be managed alongside other signals such as device compliance, location and authentication strength. The risk detections will continue, though organisations relying on the legacy policies need to create equivalent Conditional Access policies before the retirement date. Without a replacement policy, users identified as high risk may no longer be prompted to complete the intended security checks or remediation steps.

Organisations should now:

- Check whether either legacy risk policy is enabled.
- Confirm that the required Microsoft Entra ID P2 licensing is in place.
- Create separate User Risk and Sign-in Risk policies in Conditional Access.
- Test the new policies in report-only mode before enabling them.
- Complete the migration before the 1st October 2026.

Customers using Security Defaults should also review their configuration, as Security Defaults and Conditional Access are alternative approaches and are not designed to operate together. This is a relatively straightforward change when planned early. Left unchecked, however, it could create an unnoticed gap in how risky accounts and sign-ins are handled.

Entra device soft delete

Microsoft Entra device soft delete is now in public preview. When a supported device object is deleted, it moves into a recoverable state for up to 30 days.

This can help protect information associated with the device object, including BitLocker recovery keys, Windows LAPS passwords and

Restoration currently relies on Microsoft Graph or PowerShell, with a portal experience planned. Devices in the deleted state cannot authenticate, and compliance needs to be evaluated again after restoration. This feature adds a useful recovery option, however it does not replace a controlled stale-device process or good change management around synchronisation and clean-up rules.

device identity details. It is particularly useful following accidental deletion, an incorrect synchronisation change or an automated clean-up process that removed the wrong devices.



SECTION 05

Platform lifecycle and planning ahead

PLATFORM	KEY DATE	STATUS
SQL Server 2016	14 July 2026	End of extended support
Exchange Server 2016 & 2019	31 October 2026	Final ESU period ends
Windows 10 Enterprise 2016 LTSC	13 October 2026	End of support

SQL Server 2016 — end of support

SQL Server 2016 reached the end of extended support on the 14th July 2026. Microsoft no longer provides standard security updates or assisted support for this product. Extended Security Updates are available for eligible deployments for up to three years, through to July 2029. Organisations still running SQL Server 2016 should now have one of the following:

- An upgrade to a supported SQL Server version.
- A migration to Azure SQL Managed Instance or another supported platform.

- A move to a supported SQL Server version in Azure or on-premises.
- A documented Extended Security Update arrangement providing temporary coverage.
- A retirement plan for the application and database.

This deadline also connects to the Fabric story. An existing SQL application can remain operational while selected data is replicated into Fabric for modern reporting and analytics. This can provide a phased route for organisations where the application itself cannot yet be replaced.

Windows 10 Enterprise 2016 LTSC

Windows 10 Enterprise 2016 LTSC and Windows 10 IoT Enterprise LTSC 2016 reach the end of support on the 13th October 2026. After this date, affected devices will no longer receive standard monthly security and quality

updates. These editions are often found on manufacturing and warehouse devices, specialist workstations, medical or laboratory equipment, kiosks, terminals and systems tied to older applications.

The challenge with these devices is usually wider than the operating system. Discovery needs to cover the device, application, peripherals, supplier support and operational impact as one unit. A replacement plan may involve an in-place operating-system change, a new device, application remediation or a longer-term platform redesign.

Exchange Server 2016 and 2019 ESU period is approaching its end

Exchange Server 2016 and 2019 reached the end of support in October 2025. Microsoft then introduced a temporary Extended Security Update programme for customers completing their move to Exchange Server Subscription Edition. The second and final ESU period runs from the beginning of May through to the end of October 2026. Microsoft has confirmed there will be no further extension. Customers still operating these versions should confirm:

- Whether the current ESU period has been purchased.
- Whether the server is fully updated.
- The route to Exchange Server Subscription Edition or Exchange Online.
- Application and device dependencies on SMTP or Exchange services.
- The timeline for completing the transition before the end of October.

If you are still running Exchange Server 2016 or 2019, now is the time to review your position. Cybit can help you assess the options, understand any dependencies and plan a practical route forward before support coverage ends.



WHERE CYBIT CAN SUPPORT

From insight to impact

The updates in this edition connect to a common challenge: Microsoft is bringing productivity, data, AI, identity and security closer together. For organisations, the opportunity is significant. Copilot and agents can make information easier to find, reduce repetitive work and support better decisions. Fabric can provide a stronger data foundation for reporting and AI. Passkeys and Purview can improve the controls around how people and systems access information.

The strongest results come from connecting these areas to a clear business plan, with ownership, governance and measurable outcomes agreed from the start. Cybit can support customers with advisory, assessment, design, implementation, adoption and managed services across:

- Microsoft Fabric, Power BI and data platforms.
- Microsoft 365 Copilot and Copilot Studio.

- Microsoft Foundry and Azure AI.
- Microsoft Entra and passwordless identity.
- Microsoft Defender and Microsoft Purview.
- Microsoft 365 licensing and optimisation.
- Azure, Windows 365 and Azure Virtual Desktop.
- Platform lifecycle and cloud modernisation.

If any of these changes affect your organisation, Cybit can help you assess the impact, prioritise the right next steps and build a practical plan for adoption, security or platform modernisation. Speak to your Cybit contact or reach out using the contact information below to discuss where action may be needed and how we can support you.

OUR PROMISE

Build together. Deliver together.
Succeed together.

[CYBIT]

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Translating complex technology into practical outcomes

Peter McLeavery is a Solutions Architect at Cybit and one of our leading Microsoft specialists, with deep expertise across Microsoft 365, Azure, Copilot, and the broader modern workplace ecosystem.

With over a decade of hands-on experience helping organisations modernise their environments, Peter is known for translating complex technology into clear, practical solutions that deliver measurable value. He works closely with IT and business leaders to optimise their Microsoft licensing, simplify their architecture, and unlock capabilities they already own but haven't fully leveraged. Recently, he has been focused on helping customers prepare for the shift toward AI-enabled operations — including Copilot readiness, data governance, automation, and secure-by-design configuration.

Peter regularly leads Cybit's customer education sessions, webinars, and advisor workshops, where his blend of technical depth and real-world pragmatism makes him a trusted voice. Whether he's guiding organisations through Microsoft 365 E7 planning, building proof-of-concepts in Copilot Studio, or improving day-to-day workplace efficiency, Peter is passionate about helping customers turn Microsoft technology into meaningful, scalable outcomes.

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