



in collaboration with CMS

Public Sector AI Procurement Toolkit

April 2024

How it works

This toolkit is intended to assist Public Sector organizations in Europe to compliantly procure Microsoft's AI solutions.

Prepared in collaboration with international law firm, CMS, the toolkit identifies the **relevant rules and routes to sourcing AI products** that Public Sector organizations in the European Union (EU) need to follow, provides key **product information** on Copilot for Microsoft 365 and the Azure OpenAI Service, and then explains how these products can be procured using a **five-step sourcing guide** and how **Microsoft's AI Customer Commitments** can support this process.

Part 1:

Relevant rules and routes to sourcing AI products

Part 1 of the toolkit outlines the relevant EU Public Sector procurement rules as they apply to the procurement of AI solutions, and specifically to Copilot for Microsoft 365 and the Azure OpenAI Service, including the typical routes to sourcing these products.

✓ Checklist

1. Is my organization subject to the Public Sector procurement rules?
2. Do I have an existing Microsoft contract that allows for the addition of the product?
3. If not, can I procure the product via a new contract under an existing Framework Agreement (FA) or Dynamic Purchasing System (DPS)?

Relevant rules

All Public Sector bodies across the EU are subject to a common set of rules requiring the competitive tendering of contracts for the purchase of works, goods or services.

While each country will have its own national and possibly even regional rules, those rules are based on a common set of competitive tendering procedures established under a set of [EU Directives](#).

Similar rules also apply in the [United Kingdom](#) and in most other EMEA countries, meaning that much of this toolkit should be equally applicable as a starting point when considering the procurement of Microsoft's AI products across EMEA.



Typical routes to sourcing

Public Sector organizations will typically procure cloud-based technology products, including AI solutions, via one of three routes:

Route 1: As a purchasable Stock Keeping Unit (SKU) under an existing Microsoft contract.

Route 2: As a new contract entered into under an existing Framework Agreement (FA).

Route 3: As a new contract entered into under an existing Dynamic Purchasing Systems (DPS).

In most cases it should be possible to procure Copilot for Microsoft 365 and the Azure OpenAI Service as a SKU to an existing contract for Microsoft products (**Route 1**) held by the Public Sector organization.

In most EU countries, central purchasing bodies will have set up national and / or regional FAs or DPSs providing an alternative route for sourcing AI solutions. These can be used where the organization either does not already have an existing Microsoft contract in place or where it does but can't procure the product under it. As explained later in the toolkit, new contracts under **Routes 2 and 3** will be procured either as direct awards or through a competitive tender between the appointed providers to those FAs / DPSs.



Route 1: SKU to an existing Microsoft contract

Copilot for Microsoft 365

Copilot for Microsoft 365 is generally purchased as a SKU to the customer's existing Microsoft 365 contract (package).

An addition that does not constitute a substantial modification of the contract as it was originally procured will generally be permitted, provided that such inclusion does not substantially extend the scope of services or otherwise substantially increase the volume of those services as originally procured when the contract was first entered into by the organization. The relevant EU rule is provided for in [Article 72 of the EU Directive 2014/24](#) as transposed into the national laws of each EU Member State country. This should be confirmed on a case by case basis taking into account the specificities of the considered contract.

Azure OpenAI Service

The Azure OpenAI Service can be procured as a SKU to an existing Microsoft Azure contract (package).

As with Copilot for Microsoft 365, the addition of the Azure OpenAI Service will generally be permitted, provided that such inclusion does not substantially extend the scope of services or otherwise substantially increase the volume of those services as originally procured when the contract was first entered into by the organization. The relevant EU rule is provided for in [Article 72 of the EU Directive 2014/24](#) as transposed into the national laws of each EU Member State country. This should be confirmed on a case by case basis taking into account the specificities of the considered contract.

Routes 2 or 3: Procuring via FA or DPS

As an alternative to Route 1, FAs and DPSs set out the terms on which products can be purchased by Public Sector organizations. In most European countries, centralized Government purchasing bodies establish strategic FAs and DPSs to allow Public Sector organizations to procure digital infrastructure and services.

These are intended to provide a convenient route to market for Public Sector organizations, avoiding them having to conduct their own open market competitive tendering or direct award procedures.



Differences between FAs and DPS

Route 2: Framework Agreements

- These are agreements that can be used by one or more designated Public Sector organizations to procure (“call-off”) contracts for specified works, goods or services from one or more appointed providers.
- They are generally established for a period of up to four years, and set out the terms governing call-off contracts that those Public Sector customers can enter into with the FAs’ appointed providers, including the commercial terms.
- Once established, FAs are generally “closed”, meaning they are not open to other providers to apply to be included.
- Ordering under FAs takes the form of either a direct award to an appointed provider or through further competitions / tenders (mini-competitions or mini-tenders).

Route 3: Dynamic Purchasing Systems

- A DPS is an open form of FA, operating more as a marketplace.
- They can be used by one or more designated Public Sector organizations for the procurement of specified works, goods and / or services (including cloud and / or AI products).
- A DPS remains open to providers to join throughout its duration, as long as they meet the conditions for participation.
- When organizations wish to procure a contract under a DPS, they invite all eligible providers on the DPS (or the relevant category within the DPS) to submit a tender.
- The process is all conducted electronically through an e-sourcing tool.
- As with FAs, ordering from a DPS takes the form of either a direct award or through further competition / tenders (mini-competitions or mini-tenders).

Part 2:

AI product information

Part 2 of the toolkit provides information on Copilot for Microsoft 365 and Azure OpenAI Service.

This part aims to help Public Sector organizations better understand the two products, how they work, and potential use cases.



Copilot for Microsoft 365

Copilot for Microsoft 365 is an AI-powered productivity tool that uses large language models (LLMs) and integrates your data with Microsoft 365 apps and services.

It works alongside popular Microsoft 365 apps such as Word, Excel, PowerPoint, Outlook, Teams, and more. Microsoft 365 Copilot provides real-time intelligent assistance, enabling users to enhance their creativity, productivity, and skills. Copilot for Microsoft 365 is separate to the other Copilots offered by Microsoft, including GitHub CoPilot, Security CoPilot, CoPilot Studio.

The foundation models that power Copilot for Microsoft 365 are hosted in the Microsoft Cloud and are not trained on your organization's data without customer permission. The organization's data is never made available to OpenAI or used to improve OpenAI models.

The same security and compliance terms apply, by default, to Copilot for Microsoft 365 as already apply for your organization's use of Microsoft 365. Copilot for Microsoft 365 also respects each user's access permissions to any content that it retrieves. This is important because Copilot for Microsoft 365 will only generate responses based on information that the particular user has permission to access. Learn more about [how Copilot for Microsoft 365 works](#). For help and learning (how-to articles and training resources), please visit the [Copilot for Microsoft 365 Adoption hub](#).

Copilot for Microsoft 365

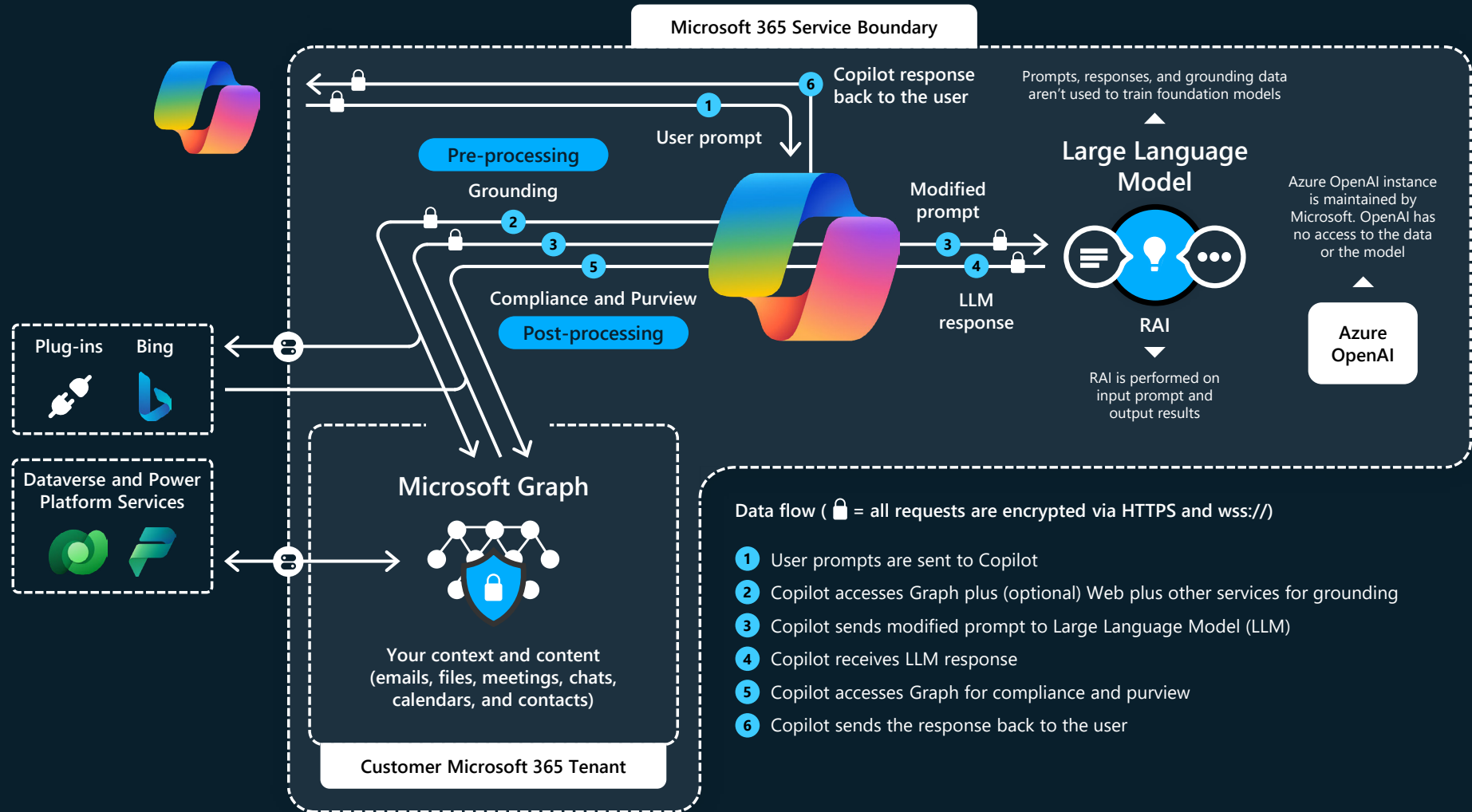
Copilot for Microsoft 365 can transform how Public Sector organizations work day-to-day by leveraging the LLMs that interact with your data to unlock efficiency and productivity.

- [Copilot in Word](#) can write an entirely new document using content from your existing files.
- [Copilot in Outlook](#) can compose email replies based on the content selected.
- [Copilot in PowerPoint](#) can transform written content into a visual presentation with the click of a button.
- [Copilot in Teams](#) can generate meeting summaries with discussed follow-up actions.
- [Copilot respects privacy](#) and keeps data safe.

Copilot for Microsoft 365 is also included in other offerings, such as Copilot for Service and Copilot for Sales. Learn more about Copilot for Microsoft 365 by browsing its [frequently asked questions](#).



Microsoft Copilot for Microsoft 365—Architecture and data flows



Azure OpenAI Service

Azure OpenAI Service is a cloud-based platform that enables customers to build and deploy their own generative AI applications leveraging the power of AI models.

The Azure OpenAI Service provides you with access to a set of large language models (LLMs) from OpenAI for the development of generative AI experiences. Learn more about the underlying models that power the Azure OpenAI Service [here](#).

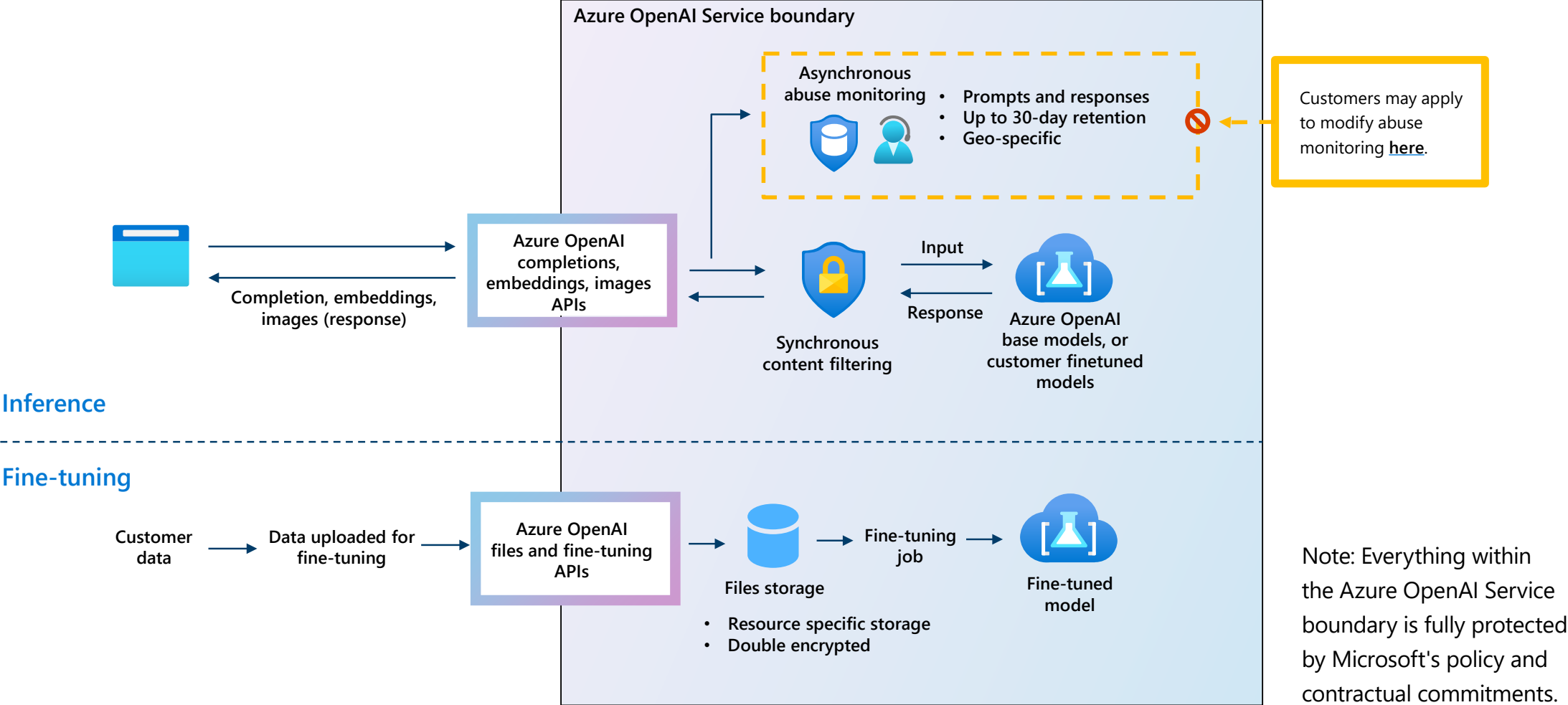
From generating realistic images and videos to enhancing customer experiences, generative AI has proven to be a versatile tool across various industries.

The models underlying the Azure OpenAI Service can be easily adapted to your specific task including:

- content design, creation, and generation
- summarization
- semantic search
- natural language to code translation
- accelerated automation
- personalized marketing
- chatbots and virtual assistants
- product and service innovation
- language translation and natural language processing
- fraud detection and cybersecurity
- predictive analytics and forecasting
- creative writing
- medical research and diagnosis

Learn more about the ways generative AI technology is transforming businesses at an unprecedented pace [here](#).

Azure OpenAI Service—Architecture and data flows



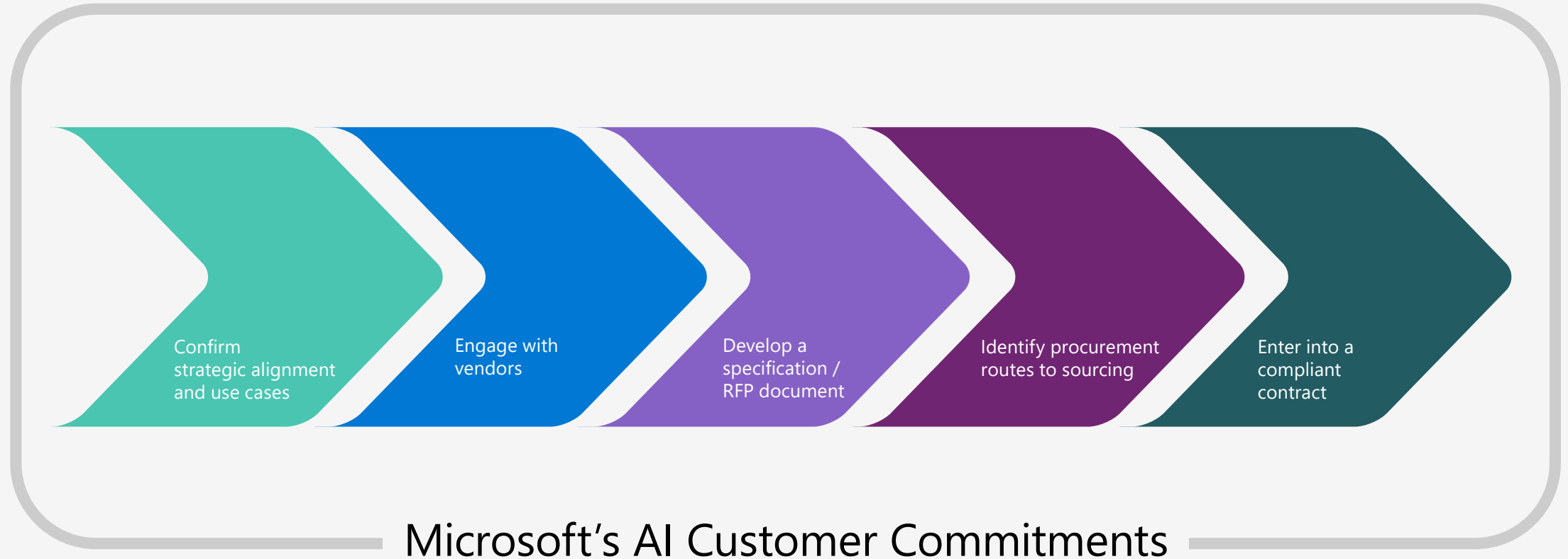
Part 3:

Five-step sourcing guide

Part 3 of the toolkit sets out a five-step sourcing guide to assist Public Sector organizations when considering procuring Copilot for Microsoft 365 and / or the Azure OpenAI Service.

It is based on Public Sector best practice for AI procurement and explains how Microsoft's AI Customer Commitments can support this process.

Five-step sourcing guide



Step 1:

Confirm strategic alignment and use cases

Before considering potential use cases, it is important there is consensus among key internal stakeholders on your organization's digital strategy (including your organization's use of hyper-scale cloud and AI strategy).

This requires a clear understanding of your organization's own technology and its approach to data. You may wish to consider conducting an initial [data protection impact assessment \(DPIA\)](#) and / or an AI impact assessment to identify and address any potential risks.

Microsoft offers a range of tools and documentation to assist you in gathering necessary information for your risk assessment and continuous monitoring of our services. These resources can be found through the [Microsoft Compliance](#) and the [Service Trust Portal](#).

[Microsoft's AI Customer Commitments](#) provide useful information and support to help you further assess the benefits, value and risks.

Learn more about [Microsoft's commitment to Responsible AI](#).

Checklist

1. Ensure there is consensus amongst key internal stakeholders (strategic alignment).
2. Check how your organization can use and deploy the necessary cloud-based AI solutions.
3. Consider need for a DPIA.
4. Consider need for an AI impact assessment.

Step 1:

Confirm strategic alignment and use cases

Copilot for Microsoft 365

The possible use cases for Copilot for Microsoft 365 will depend on (i) your organization's use of Microsoft 365 (the applications and services and how it uses them), and (ii) what you want to achieve using Copilot for Microsoft 365 (in terms of efficiencies, performance etc.).

Learn more about use cases and relevant impact for consideration for generative AI in the Public Sector [here](#).

This comprehensive report also features case studies from civil servants and their teams from around the world, showcasing how they have successfully implemented generative AI in their work.

Checklist

1. Check your organization currently uses Microsoft 365, and what it uses it for.
2. Review example use cases to get a feel for how Copilot for Microsoft 365 can assist your organization.
3. Identify the specific use case(s) for Copilot for Microsoft 365, and your objectives.

Step 1:

Confirm strategic alignment and use cases

Azure OpenAI Service

The Azure OpenAI Service enables you to build and deploy your own generative AI applications leveraging the power of AI models to improve efficiency, enhance productivity and unlock new insights from your organization's data.

To explore ways in which the Azure OpenAI Service is already being used in the private sector see [here](#).

Learn more about different types of use cases for generative AI in the Public Sector [here](#). For specific use cases for Azure OpenAI Service in the Public Sector see [here](#) and [here](#).

Checklist

1. Check whether your organization currently uses Microsoft Azure, and what it uses it for.
2. Review example use cases for Azure OpenAI Services to understand how they can assist your organization.
3. Identify specific use case(s) for the Azure OpenAI Service, and how Azure OpenAI can be used to achieve your specific objectives.

Step 2

Engage with vendors

Vendor engagement is key to help validate use cases and to understand better how AI solutions can achieve your objectives.

It also allows you to understand the capability of AI, to test the required data components, and to seek information on legal, privacy and other considerations (as may have been flagged in any DPIA and / or AI impact assessment).

Microsoft offers a range of solutions, tools, and resources to support compliant AI use. Programs like the [AI Assurance Program](#) and [AI Customer Commitments](#) further enhance the support provided to Public Sector customers in supporting their goals. Additionally, Microsoft provides intellectual property indemnity support through initiatives such as the Customer Copyright Commitment, and data governance support through Microsoft Purview.

Checklist

1. Prepare a strategy for vendor engagement, including what you need to know / what you need to learn.
2. Ensure engagement is appropriately structured and documented to comply with relevant equal treatment and transparency rules (if dealing with multiple vendors).
3. Consider requesting demonstrations to test your understanding of the technology and solutions.
4. Verify whether your organization has what it needs to deploy the solutions (e.g. cloud adoption and data requirements).
5. Understand the delivery and contractual models (including pricing).
6. Understand vendors' approaches to data security and other legal and ethical standards (using a list of screening questions).

Step 3:

Develop a specification / RFP document

Having identified an AI solution, the next step is to develop a specification, Request for Proposals (RFP) or other document identifying exactly what it is you wish to procure and your specific requirements, including the likely cost.

Unlike more traditional forms of procurement, specifications for AI products should be output-based, with a clear understanding of the available delivery models and minimum requirements in terms of governance and standards. If you intend to procure from an existing FA or DPS, you will need to verify that the AI solution can be purchased via the relevant FA / DPS (the specifications should be included in the relevant FA / DPS documents).

In the age of digital transformation, adopting a flexible approach to Public Sector procurement is crucial for achieving optimal results swiftly. Learn more on Microsoft's paper, "[*Public sector procurement fit for the digital age*](#)", which delves into the principles that drive successful Public Sector procurement practices, both presently and in the future.

Checklist

1. Ensure the specification is output-based as to the intended use case.
2. Use insights from your DPIA and any AI impact assessment to inform the specification (e.g. integration with legacy IT systems / technologies).
3. Take a flexible approach to procurement, including in relation to vendor proposed terms, minimum standards, and FA / DPS terms.
4. Acknowledge considered vendor sale model (as many AI services vendors may only propose their solutions through resellers).
5. Set out your approach to any key issues such as data protection, privacy, intellectual property rights and any ethical considerations (likely to already be covered if using an FA or DPS).
6. Prepare an indication as to proposed license duration (number of users) and likely or estimated spend.

Step 4:

Identify procurement routes to sourcing

As already explained in Part 1 of this toolkit, there are typically three routes to market when procuring AI solutions:

1. [Procuring as a SKU to an existing Microsoft contract \(Route 1\)](#)
2. [Procuring as a new contract entered into under an existing FA \(Route 2\)](#)
3. [Procuring as a new contract entered into under an existing DPS \(Route 3\)](#)

In most cases it should be possible to procure Copilot for Microsoft 365 and the Azure OpenAI Service as a SKU to an existing contract for Microsoft products ([Route 1](#)).

The position is different from country to country, but in most EU countries, central purchasing bodies will have set up national and / or regional FAs or DPSs providing an alternative route for sourcing.

AI solutions which can be used where Route 1 is not available or may present a procurement compliance risk for customers (i.e. [Routes 2 and 3](#)).

Checklist

1. Consider available Public Sector guidance on routes to sourcing AI.
2. Consider whether the product can be procured as a SKU to an existing Microsoft contract. If yes, proceed with Route 1.
3. If not, can it be procured as a new contract via an existing FA or DPS (Routes 2 and 3)?
4. If yes, does this need to be done as a mini-competition or can it be done as a direct award? (In accordance with the relevant FA or DPS rules.)
5. If no, and none of the Routes 1 to 3 is available to you, consider an open market or direct award in accordance with the relevant national and regional rules applying to your procurements.

Step 4:

Identifying the procurement route: Copilot for Microsoft 365

Copilot for Microsoft 365 is available to customers that have an active subscription for one of the following products:

- Microsoft 365 Business Standard / Premium
- Microsoft 365 E3 or E5, A3 or A5

For customers that would not already be using one of these (above), they would need to subscribe to one of these eligible services in order to also be able to subscribe to and use Copilot for Microsoft 365.

Checklist

1. Do you have a Microsoft contract that allows you to purchase the product as a SKU?
2. If yes, contact your Microsoft reseller to understand the commercial terms.
3. Check whether the product is in scope of the services as they were originally procured—provided it is within scope, you should be able to include the product within your existing contract (relying on [Article 72 of EU Directive 2014/24](#) as transposed in your relevant national law).
4. You will also have to check the likely value of the SKU over the period you intend to use it—provided the estimated spend does not significantly exceed your total estimated spend when the Microsoft contract (package) was originally procured, you should be able to include the product within your existing contract (relying on [Article 72 of EU Directive 2014/24](#) as transposed in your relevant national law).
5. If you are not able to procure it as a SKU under your existing Microsoft contract, you may need to procure it from another Microsoft reseller via a centralized government FA or DPS (i.e. [Routes 2 or 3](#)).

Step 4:

Identifying the procurement route: Azure OpenAI Service

Azure OpenAI is available to customers via a Microsoft Azure contract.

The Azure OpenAI Service can be purchased either (i) on a pay-as-you-go basis directly from Microsoft or from an Azure reseller, or (ii) via an Azure reseller as part of a managed cloud solution.

Checklist

1. Do you have an existing Microsoft Azure contract that allows you to purchase the product as a SKU?
2. If yes, contact your Azure reseller to understand the commercial terms.
3. Check whether the product is in scope of the services as they were originally procured—provided within scope, you should be able to include the product within your existing contract (relying on [Article 72 of EU Directive 2014/24](#) as transposed in your relevant national law).
4. You will also have to check the likely value of the SKU over the period you intend to use it—provided the estimated spend does not significantly exceed your total estimated spend when you procured the Azure contract (package), you should be able to include the product within your existing Microsoft Azure contract (relying on [Article 72 of EU Directive 2014/24](#) as transposed in your relevant national law).
5. If you are not able to procure the product as a SKU to your existing Azure contract, you can consider purchasing it directly from Microsoft or from an Azure reseller via a centralized government FA or DPS (i.e. [Routes 2 or 3](#)).

Step 5:

Enter into a compliant contract

The final step is to ensure you are entering into a compliant contract that gives you confidence in the terms and conditions on which your organization will be using the AI product. The good news is that for [Routes 1, 2 and 3](#), most (if not all) of the heavy-lifting has already been done.

When using [Route 1](#), your organization will not be entering into a net-new contract and the terms and conditions in relation to the AI product you are procuring (including those relating to privacy, security and compliance which are set out in the [Microsoft Product Terms](#)) will apply by default to your order for Copilot for Microsoft 365 and to the Azure OpenAI Service.

When using either [Routes 2 or 3](#), while your organization will be entering into a net-new contract, this will be on the already agreed terms and conditions prescribed under the relevant FA or DPS you are procuring under. All the relevant contractual protections for privacy, security and compliance when using Microsoft's generative AI services will be as agreed under the FA or DPS, which will include the [Microsoft Product Terms](#).

Find out more about [Microsoft Compliance](#).

Checklist

1. Identify the relevant terms and conditions depending on the AI service your organization is procuring.
2. Check if the relevant terms and conditions align with your organization's own policies and priorities.
3. Ensure the terms and conditions address, inter alia, data ownership, use, and access.
4. Reach out to your Microsoft contact or reseller if you have any questions or require any reassurances.

Step 5:

Enter into a compliant contract

Microsoft has a long-standing practice of protecting its customers' information. As your organization procures Copilot for Microsoft 365 and / or the Azure OpenAI Service, you can be confident that your valuable data is safeguarded by industry-leading data governance and privacy practices in the most trusted cloud on the market today.

Microsoft's existing privacy commitments including those provided in our [Data Protection Addendum](#) cover all aspects of security and compliance when using Copilot for Microsoft 365 and / or the Azure OpenAI Service.

Public sector customers can therefore rest assured that the contractual privacy and security commitments they have long relied on for Microsoft's enterprise cloud products also apply to Copilot for Microsoft 365 and the Azure OpenAI Service.

Microsoft will keep your organization's data private.

- You are in control of your organization's data.
- Your access control and enterprise policies are maintained.
- Your organization's data is not shared without your permission.
- Your organization's data privacy and security are protected by design.
- Your organization's data is not used to train foundation models.
- Microsoft's products and solutions continue to comply with global data protection regulations. You can find out more about Microsoft's privacy commitments for AI commercial products [here](#) and in Microsoft's paper, "[GDPR & Generative AI—A Guide for the Public Sector](#)".

Part 4:

Microsoft's AI Customer Commitments

Part 4 of the toolkit outlines Microsoft's AI Customer Commitments for Responsible AI. It also explores how these commitments, along with additional support from Microsoft, can assist Public Sector organizations in their procurement of AI products and in navigating the sourcing guide provided in Part 3.

✓ Checklist

1. What are Microsoft's AI Customer Commitments?
2. How can Microsoft support my organization exploring AI technology and solutions?
3. What information and/or assurances are available on the technology, and how does it operate in a Public Sector context?

Public sector procurement fit for the digital age

Microsoft is committed to working with governments to help them embrace the benefits of AI. This means recognizing the benefits AI technologies have to offer as well as assessing the appropriate legal and risk factors based on use.

As part of its commitment to this journey, Microsoft has produced a paper on "[Public sector procurement fit for the digital age](#)". Key to that success is prioritizing the procurement of cloud technology and ensuring public sector customers have confidence embracing Microsoft's AI solutions, and deploying them responsibly.

Microsoft's three **AI Customer Commitments** are:

- 1** Sharing our learnings about developing and deploying AI responsibly.
- 2** Creating an AI Assurance Program.
- 3** Supporting you as you implement your own AI systems responsibly.

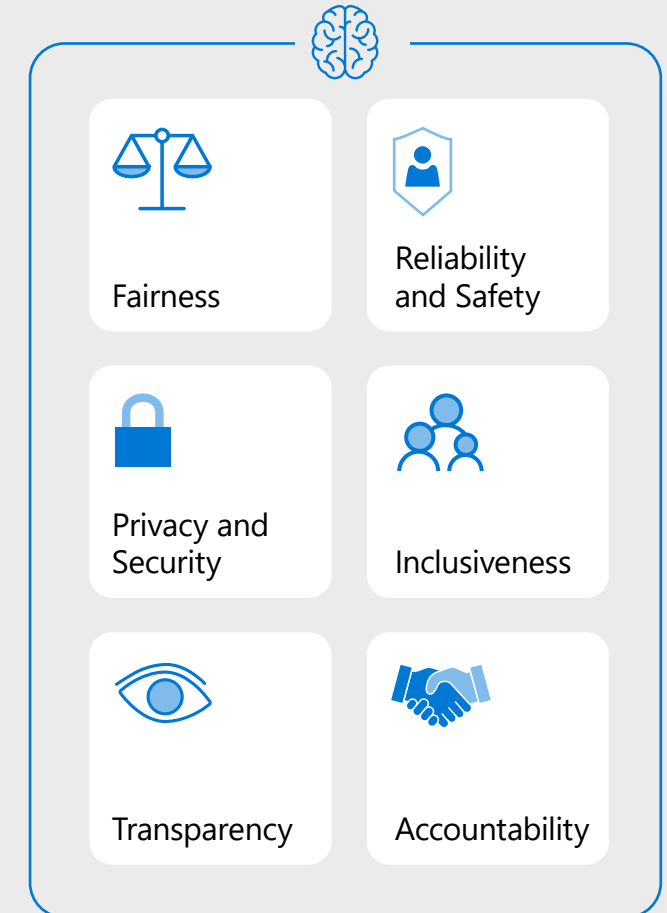
Responsible AI

Microsoft is committed to ensuring that AI is built and used responsibly and ethically in alignment with our core principles of fairness, reliability and safety, privacy and security, inclusiveness, transparency and accountability.

Microsoft's [Responsible AI Standard](#) is the product of a multi-year effort to define product development requirements for responsible AI. It sets out the procedural steps, tools and practices that Microsoft follows to meet its Responsible AI principles and goals. Microsoft has also shared its [Responsible AI Impact Assessment Template](#), which Microsoft uses to assess the impact an AI system may have on people, organizations and society.

Microsoft is committed to creating responsible AI by design that has a beneficial impact on others and earns trust from society. Learn more about Microsoft's [Responsible AI tools and practices](#) to help you evaluate, understand and make informed decisions about your AI systems.

Values AI needs to respect



Safety, Security, and Robustness

Copilot for Microsoft 365 and Azure OpenAI Service follow certain foundational principles: built on Microsoft's comprehensive approach to security, compliance, and privacy; architected to protect tenant, group, and individual data.

Microsoft was one of the first companies to commit to implementing the [National Institute of Standards and Technology \(NIST\) AI Risk Management Framework](#) across our own AI development and deployment practices, and to attest to this with our customers.

Microsoft is committed to helping its Public Sector customers ensure that the AI applications they deploy on our platforms meet the legal and regulatory requirements for responsible AI. For example, Microsoft's AI Assurance Program will include regulator engagement support, risk framework implementation, customer councils and regulatory advocacy; embracing a "KY3C" approach (know your cloud, know your customer and know your content).

For additional information, learn more about data, privacy and security governance for [Copilot for Microsoft 365](#) and [Azure OpenAI Service](#).

The AI Act

The AI Act aims to address risks to health, safety and fundamental rights, as well as protect democracy, rule of law and the environment, in the use of AI systems and general-purpose AI models ('GPAI models') in the EU.

The new rules establish obligations for providers, importers, distributors and deployers of AI systems and GPAI models, depending on the level of risk. AI systems that are classified as "unacceptable risk" will be prohibited and providers of systems classified as "high risk" will need to comply with additional requirements. Providers of generative AI systems will have to comply with transparency requirements such as labeling AI-generated or manipulated audio, visual, image or text content. Providers of GPAI models will face certain transparency requirements, including technical documentation, compliance with EU copyright law and publishing detailed summaries of the content used for training. Providers of a subcategory of GPAI models with systemic risk will face additional requirements, including performing model evaluations, assessing and mitigating systemic risks, and reporting on incidents.

The final version of the AI Act is expected to be published in the EU Official Journal in May or June and will enter into force 20 days later. It will be fully applicable 24 months after entry into force but some parts will apply sooner (e.g. the prohibitions apply 6 months after the AI Act enters into force). High-risk AI systems will have 24 months to comply with the requirements (or 36 months if they are required to undergo a third-party conformity assessment under the existing EU product safety legislation).

The AI Act is intended to be complimentary to, and operate alongside, the GDPR to provide a regulatory framework for AI products and services. Learn more about how the AI Act interacts with the GDPR in Microsoft's paper, "[***GDPR & Generative AI—A Guide for the Public Sector***](#)".

Microsoft is dedicated to complying with the EU AI Act as shown by its ongoing efforts in defining and implementing its Responsible AI Standard. Regulatory compliance is pivotal for trust in AI, and Microsoft prioritizes responsible AI development, aiming for societal benefit and trust.

GDPR Compliance

GDPR sets an important bar globally for privacy rights, information security, and compliance. Microsoft values privacy as a fundamental right, and believes that the GDPR plays an important role in protecting and enabling the privacy rights of individuals.

Microsoft is committed to its own compliance with the GDPR, and providing an array of products, features, documentation, and resources to support our customers in meeting their compliance obligations under the GDPR.

When considering GDPR compliance in the procurement and use of generative AI services, the fundamental principles of GDPR apply in the same manner as they do for processing personal data in any other context (e.g. the use of cloud services). So, while AI technology may be new, the principles and accordingly the processes for risk assessment and compliance with GDPR remain the same.

Microsoft's existing privacy commitments including those provided in Microsoft's [Data Protection Addendum](#) extend to its generative AI solutions. Public Sector customers can rest assured that the privacy commitments they have long relied on when using Microsoft's enterprise cloud products also apply to Copilot for Microsoft 365 and the Azure OpenAI Service. Public Sector customers can therefore be confident that their valuable data is safeguarded by industry-leading data governance and privacy practices in the most trusted cloud on the market today.

There are a number of key obligations under the GDPR which Public Sector organizations need to consider when procuring generative AI solutions. Learn more about these obligations and the associated support and resources which Microsoft can offer in Microsoft's paper, "[GDPR & Generative AI—A Guide for the Public Sector](#)".

Customer Copyright Commitment

Microsoft believes in standing behind its customers when they use Microsoft's products.

Microsoft understands that customers have legitimate concerns related to copyright, when using its AI solutions. Microsoft's [Customer Copyright Commitment](#) extends Microsoft's existing intellectual property defense commitment to paid-for Copilot services and the Azure OpenAI Service. It builds on Microsoft's [AI Customer Commitments](#).

Under the existing "Defense of Third-Party Claims" section in its agreements, Microsoft agrees to defend customers (and pay judgments and settlements) for third-party claims that their products infringe third party intellectual property rights, and this covers the components of the services like the foundation models. Microsoft's Customer Copyright Commitment extends its defense obligation to cover the output content of its commercial and of its commercial and paid for Copilot services and Azure OpenAI Service if they are found to infringe a third party's

intellectual property, provided the following conditions are met: no disabling; no modification; sufficient rights; and no trade / commerce trademarks.

Further, Microsoft does not claim ownership of the content created by Copilot and output data is classified as "Customer Data" in its Product Terms. Microsoft has published the Customer Copyright Commitment in the Microsoft Product Terms (December 1, 2023). Eligible customers do not need to take any action to benefit from Microsoft's commitment.

Learn more about Microsoft and the Copilot Copyright Commitment at: [Introducing the Microsoft Copilot Copyright Commitment](#) and [Microsoft on the Issues—Microsoft announces new Copilot Copyright Commitment for customers](#).

Additional Resources

Microsoft is committed to providing our customers with clear information about how we develop and deploy AI responsibly and assist our customers in learning how to do the same. This final section provides links to the resources already covered in the toolkit and to some additional resources to support Public Sector organizations in their adoption of these new technologies.

Responsible AI

- [Empowering responsible AI practices](#)
- [Governing AI: A Blueprint for the Future](#)
- [Microsoft's principles and approach to Responsible AI](#)
- [Responsible AI Tools and Practices—Microsoft AI](#)
- [Microsoft Responsible AI Standard](#)

Microsoft's Customer Commitments

- [AI Assurance Program and AI Customer Commitments](#)
- [Customer Copyright Commitment](#)
- [Protecting the data of our commercial and public sector customers in the AI era](#)
- [FAQ: Protecting the Data of our Commercial and Public Sector Customers in the AI Era](#)

Microsoft's Compliance

- [Cloud Data Integrity and Compliance | Microsoft Trust Center](#)
- [Microsoft Compliance](#)
- [Microsoft Service Trust Portal](#)

Understanding Generative AI

- [The underlying LLMs that power Microsoft's generative AI solutions](#)
- [The art and science of prompting \(the ingredients of a prompt\)](#)
- [Prompting do's and don'ts](#)

Data Protection Addendum and Product Terms

- [Data Protection Addendum](#)
- [Microsoft Product Terms](#)

Data Residency Commitments

- [The EU Data Boundary](#)
- [EU Data Boundary Transparency Documentation](#)
- [Advanced Data Residency \(ADR\)](#)
- [Multi-Geo Capabilities](#)

Data Protection Impact Assessments (DPIA)

- [DPIAs and their contents](#)
- [Data Protection Impact Assessments for the GDPR](#)

Copilot for Microsoft 365

- [Copilot in Microsoft Teams help and learning](#)
- [Copilot in Outlook help and learning](#)
- [Copilot in PowerPoint help and learning](#)
- [Copilot in Microsoft Teams help and learning](#)
- [Copilot in Word help and learning](#)
- [Copilot for Microsoft 365](#)
- [Copilot Lab](#)
- [Copilot for Microsoft 365 Documentation](#)
- [Copilot for Microsoft 365—Microsoft Adoption](#)
- [Data, Privacy, and Security for Copilot for Microsoft 365](#)
- [Microsoft Purview—Data Protection Solutions](#)
- [How Microsoft 365 Copilot works](#)
- [FAQs about Microsoft 365 Copilot](#)
- [FAQs for Copilot data security and privacy](#)
- [Microsoft 365 isolation controls](#)
- [Encryption in the Microsoft Cloud](#)

Azure OpenAI Service

- [Azure OpenAI Service—Documentation, quickstarts and API reference guides](#)
- [Configure usage rights for Azure Information Protection](#)
- [Data, privacy and security for Azure OpenAI Service](#)
- [Prompt Engineering](#)
- [Azure OpenAI On Your Data](#)
- [Azure OpenAI fine tuning](#)
- [Content filtering](#)
- [Abuse monitoring](#)
- [Enterprise security for Azure Machine Learning](#)
- [10 ways generative AI and Azure OpenAI Service are transforming businesses](#)

Public Sector and AI

- [GDPR and Generative AI: A Guide for Public Sector Organizations](#)
- [Generative AI and the Public Sector](#)
- [Microsoft Public Sector Center of Expertise](#)
- [Public Sector Center for Digital Skills](#)
- [Public Sector Procurement—Fit for the Digital Age](#)
- [Transforming Public Sector Services-Generative AI Report](#)
- [With the adoption of AI, AGU seeks to improve efficiency in legal proceedings](#)
- [With help from next-generation AI, Indian villagers gain easier access to government services](#)

Procurement Legal Instruments

- [EU Directive 2014/24](#)
- [Legal rules and implementation—European Commission](#)
- [Public procurement policy—UK](#)



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