Microsoft Australia Economic and Social Impact Report

2025 Financial Year

April 2026

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Ernst & Young ("EY") under the EY-Parthenon brand was engaged on the instructions of Microsoft Pty Ltd ("Client") to prepare separate economic and social impact contribution reports for Australia and New Zealand ("Project"), in accordance with the Country Participation Agreement effective 20 March 2026 and Statement of Work dated 29 March 2026. The Project was prepared in conjunction with Microsoft, which provided qualitative content such as case studies, customer stories, regional employment breakdowns and examples of Microsoft's social initiatives. EY has conducted an independent economic contribution study using public data including Microsoft's public statutory accounts.

The results of EY's work, including the assumptions and qualifications made in preparing the report, are set out in EY's report dated 16 April 2026 ("Report"). The Report should be read in its entirety including the applicable scope of the work and any limitations. A reference to the Report includes any part of the Report.

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Microsoft EY Parthenon

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Executive summary

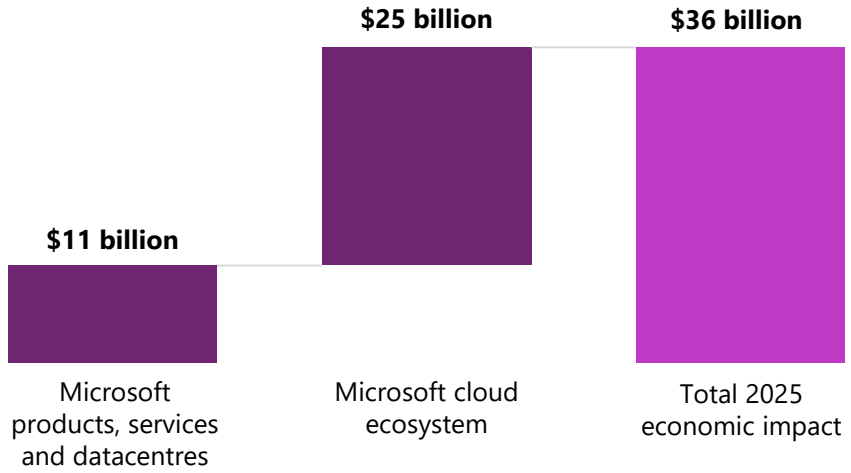
Microsoft has helped lead the world in computing for decades, shaping how organisations create, share and use information.[1] In Australia, that leadership is reflected in a platform that is embedded in everyday work and backed by a tangible national footprint, including offices, datacentres and a large ecosystem of partners and customers.[2]

Microsoft's economic contribution in 2025 flows through three connected pathways. First, Microsoft's operations, investments, and infrastructure directly and indirectly contributed approximately $11 billion and supported 33,000 jobs. Second, it's cloud ecosystem directly and indirectly contributed an estimated $25 billion and supported 153,000 jobs. Third, Microsoft's Azure AI, Teams and Copilot products enabled up to $22 billion in productivity gains as Australian organisations began to leverage AI to transform their work.

These results reflect the economy-wide impact of Microsoft on growth, jobs, and productivity realised through tools used at scale across Australian workplaces. As cloud and AI adoption deepens, Microsoft's established presence, infrastructure investment and partner-driven delivery model position it to continue supporting productivity uplift and broader economic outcomes over time.

Economy-wide impact
$36 billion

Through its digital services, cloud platform and supporting investments, Microsoft generated the following estimated economic contribution in Australia in 2025, with impacts extending well beyond its physical footprint.[3]



Productivity benefits
$22 billion

In 2025 Microsoft is estimated to have enabled up to $22 billion in economic value through productivity gains, as Australian businesses use Azure AI, Copilot, and Teams to save time and work more efficiently.[6]

- Improves productivity for data engineers by 60%
- Saves users an estimated 9 hours per month
- Saves workers up to 8 hours per week[7]

33,000 FTE jobs

generated by Microsoft, including 2,960 direct employees, and 30,000 direct and indirect construction jobs, plus indirect jobs associated with Microsoft's operations.

153,000 FTE jobs

sustained by Microsoft's cloud partner and customer ecosystem, across partner and customer workforces and their supply chains.

Beyond its economic contribution, Microsoft delivers social benefits by supporting Australia's digital capability and resilience.[4] Its initiatives focus on building digital skills, supporting small and medium businesses, and enabling non-profits and community organisations to operate more effectively, as exemplified by the case studies and analysis in this report.

Through secure cloud and digital services, Microsoft also helps organisations protect data, improve productivity and scale service delivery.[5] Together, these activities support broader participation in the digital economy and contribute to Australia's longer-term digital readiness.

The Productivity Commission has identified AI adoption as a critical lever for lifting Australia's subdued productivity performance.[8] Realising this opportunity will depend on sustained investment in skills, organisational change, and the responsible deployment of AI across the economy.

Sources: : [1,2,4,5] Microsoft (2026); [3,6] EY-Parthenon analysis; [7] Forrester Research (2025); [8] Productivity Commission (2024)

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Introduction

Australia and the world are in the middle of a step-change in digital capability. Cloud computing, data infrastructure and artificial intelligence (AI) are shifting from specialist IT tools to general-purpose inputs that shape how organisations run, how services are delivered, and how quickly new ways of working spread across the economy.

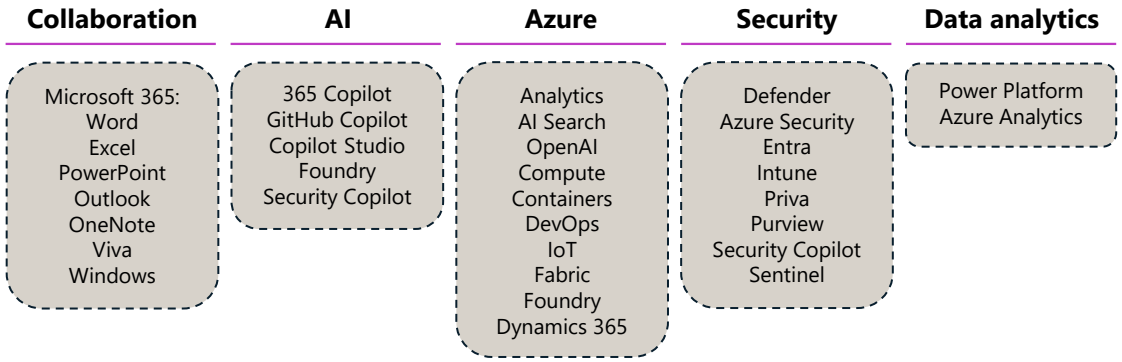
Microsoft sits at the centre of this shift. As a global technology company, Microsoft has helped shape successive waves of workplace and enterprise computing, and its products are used across business, government, education and households. For many Australians, Microsoft is part of the everyday fabric of work and study, from creating documents and spreadsheets to coordinating work and sharing information across teams.

What makes Microsoft economically significant is the breadth of the platform and the way it enables activity well beyond its direct footprint. Microsoft's ecosystem spans routine productivity tools, collaboration, cloud computing and an expanding suite of AI capabilities. The value created through these capabilities is realised through multiple channels: direct operations and investment, the enabling infrastructure that supports cloud and AI workloads, and the partner and customer ecosystem that builds, implements and runs solutions on Microsoft technologies across the economy.

In Australia, Microsoft's presence provides a practical platform for how a global digital platform translates into local outcomes. It spans offices and an expanding datacentre footprint, as well as a large partner and customer ecosystem that supports the adoption and diffusion of AI capability across the economy.

Figure 1. Overview of Microsoft's core products

Source: Microsoft (2026)



Purpose of this report

Microsoft engaged EY to examine Microsoft's contribution to the Australian economy in 2025, focusing on the different ways Microsoft's presence, infrastructure and ecosystem translate into economic and social outcomes in Australia.

Specifically, this report looks at:

- **Economic activity and jobs (Microsoft generated and through the ecosystem)**: Microsoft supports economic activity through its Australian operations and local procurement, and sustains wider activity through a partner and customer ecosystem that builds, implements and runs solutions on Microsoft technologies.
- **Digital infrastructure and investment**: Microsoft's datacentre activity and investment expand computing capacity and support demand for cloud and AI workloads, with flow-on effects through construction and supply chains
- **Productivity, capability and resilience**: Microsoft technologies reduce time spent on routine tasks and coordination (including Teams, Copilot and Azure AI), while initiatives and technologies that build skills and strengthen cyber resilience support broader participation in the digital economy.
- **Social outcomes**: Microsoft's community initiatives and technologies help non-profits and community organisations operate more effectively, strengthening their social impact.

Impacts are estimated using established economic modelling, combining Input-Output analysis for direct and supply-chain effects with an ecosystem approach for partner and customer impacts, and a productivity approach to value time savings from Microsoft tools. The analysis was prepared in conjunction with Microsoft, which provided qualitative content such as case studies, customer stories, regional employment breakdowns and examples of social initiatives.

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Microsoft drives a growing Australian ecosystem of offices, datacentres and partners

Microsoft's Australian footprint spans:

7	29	2,960
Offices[1]	Datacentre sites[2]	Employees[3] (Offices and datacentres)

The Australia ecosystem includes more than:

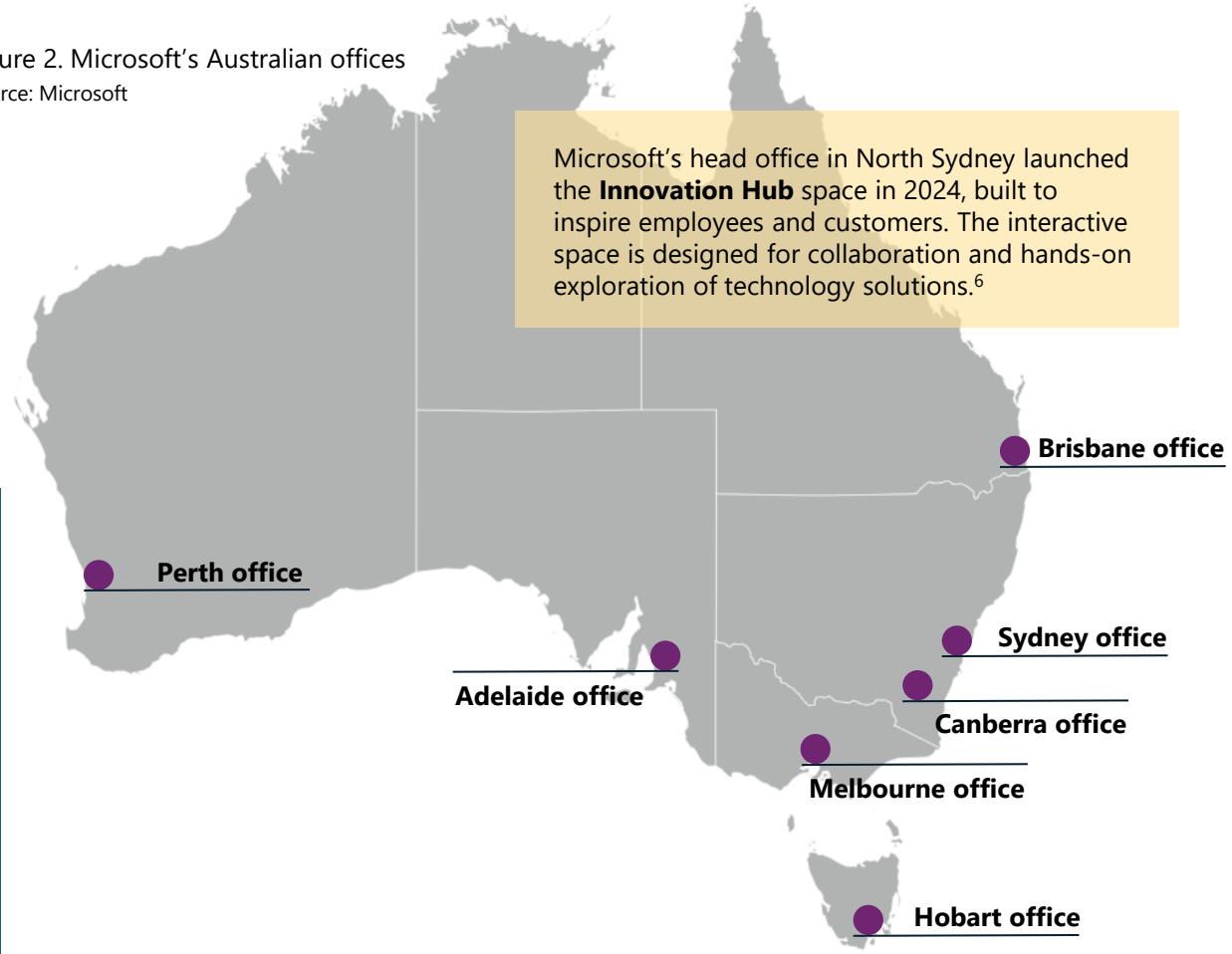
8,100	3,200,000
Partners	Customers

Expanding national computing capacity

Microsoft has invested $5 billion between 2024 and 2026 to expand its data-centre footprint from 20 to 29 and elevate national computing capacity by 250%, the largest in its 40-year local history.[4]

Melbourne and Sydney have seen considerable growth in datacentre development, creating new employment opportunities. As of 2025, Microsoft were building three new datacentres in Melbourne and Sydney which were expected to require 1,860 construction workers at peak activity.[5]

Figure 2. Microsoft's Australian offices
Source: Microsoft



Microsoft's head office in North Sydney launched the **Innovation Hub** space in 2024, built to inspire employees and customers. The interactive space is designed for collaboration and hands-on exploration of technology solutions.[6]

Sources: [1,2,3] Microsoft; [4,6] Microsoft (2026); [5] Microsoft in your community (2025)

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Microsoft contributes $36 billion to Australia's economy through its operations, datacentre developments and partner-to-customer value chain

Microsoft-generated: $11 billion

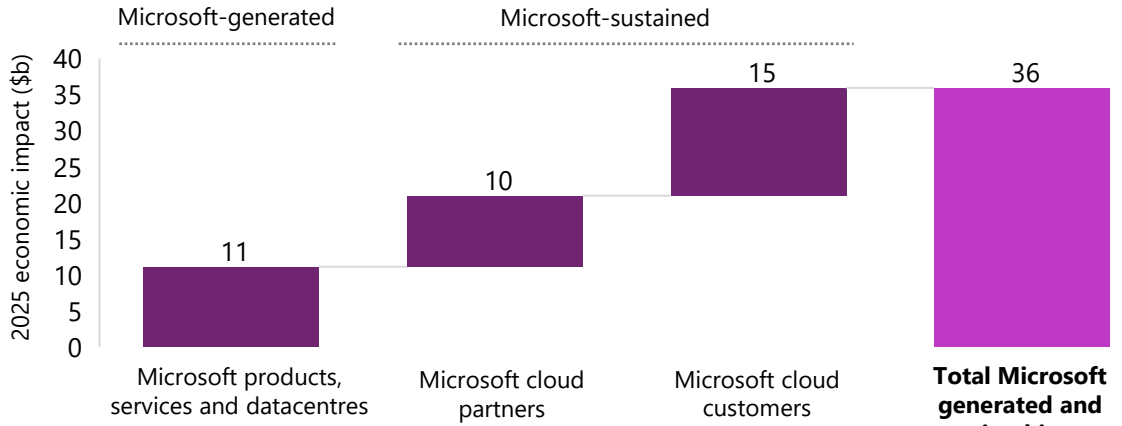
Microsoft's estimated contribution to national gross domestic product (GDP), capturing activities directly linked to Microsoft's production of its products and services, investments in datacentres, and the supply chain activities across the economy.

Microsoft-sustained: $25 billion

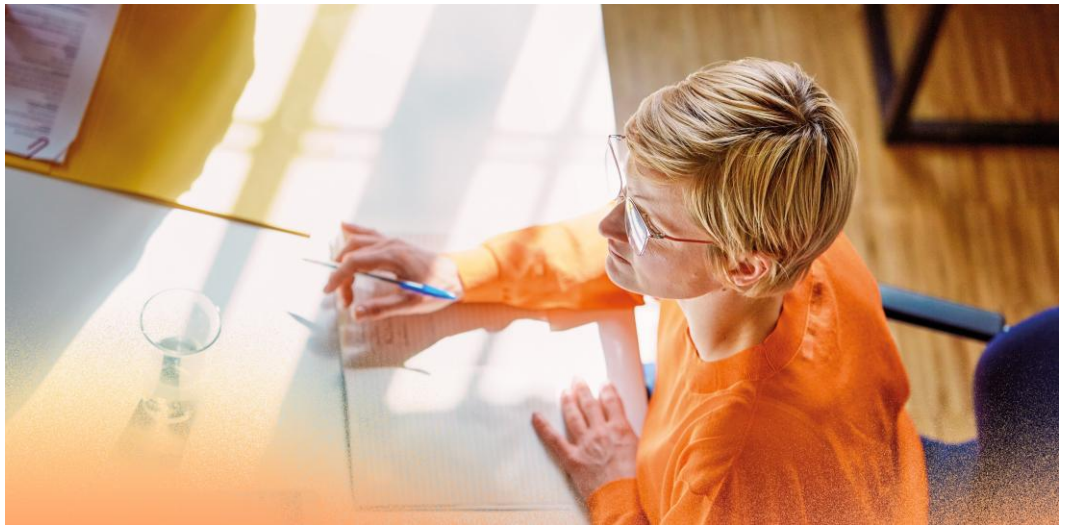
Microsoft-sustained estimated GDP contribution from cloud partners and customers, driven by the earnings of partners and customers leveraging Microsoft technologies, as well as the downstream supply chain activities of this ecosystem.

2025 economic contribution to GDP

Figure 3. Microsoft's 2025 economic impact



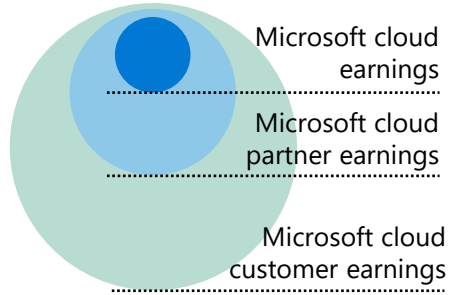
Source: EY-Parthenon analysis



Microsoft's cloud ecosystem

Microsoft operates a partner-driven organisation in which partners customise and sell Microsoft's cloud services. This model amplifies economic activity beyond Microsoft's direct revenues: partner revenues generated from delivering Microsoft solutions are significantly larger than Microsoft's cloud revenue, while the revenues earned by customers using those solutions are amplified further.

Figure 4. Cloud dividend method illustration



Source: IDC

Notes: Figures are presented in Australian dollars; 2025 refers to the financial year ended 30 June 2025; economic impacts are estimated using Input-Output modelling, including direct and indirect impacts for gross value-added; the estimated cloud ecosystem earnings and economic impacts are attributed to the implementation of cloud solutions only, linked to the IDC Cloud Dividend Methodology. Microsoft-generated impacts for products, services and datacentres are attributed to Microsoft Pty Ltd and Microsoft Datacenter (Australia) Pty Ltd and include datacentre operational and construction activity captured as separate modelling inputs. Modelling excludes overlap between Microsoft-generated, partner and customer impacts to avoid double counting. Refer to the Appendix for the economic impact methodology.

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Jobs supported across operations, supply chains and the cloud ecosystem

2025 employment impacts

Microsoft-generated:

33,000 jobs

Estimated full-time equivalent (FTE) jobs generated by Microsoft and its local supply chains

Microsoft-sustained:

153,000 jobs

Estimated FTE jobs sustained by Microsoft's cloud partners and customers, as well as their supply chains

Jobs supported across Australia through Microsoft-enabled activity encompass:

Microsoft direct jobs
Employment across Microsoft's Australian offices and datacentres, for both tech and non-tech roles.

Microsoft indirect jobs
Employees of Microsoft's supply chain which include industries such as transport and manufactured goods which are key inputs into Microsoft's operations and datacentre construction. These jobs wouldn't exist without Microsoft.

Cloud ecosystem direct operational jobs
Employees of organisations in the Microsoft-sustained cloud ecosystem, including cloud partners and customers whose core activities rely on Microsoft technologies.

Indirect jobs sustained by its cloud ecosystem
Employees in Microsoft's cloud partners and customers, including professional services, manufactured and traded goods, and transportation, supported by broader economic activity generated by demand for inputs across this ecosystem.

Figure 5. Microsoft-generated Australian employment impact, 2025 operations
Source: EY-Parthenon analysis

Microsoft's estimated employment impact (33,000 FTEs) includes jobs required to support office and datacentre operations, and production of all supply chain inputs.

Notes: Jobs are expressed as FTE employment across the value chain (direct and indirect); 2025 refers to the financial year ended 30 June; economic impacts are estimated using Input-Output modelling, including direct and indirect impacts for employment; the estimated cloud ecosystem earnings and economic impacts are attributed to the implementation of cloud solutions only, linked to the IDC Cloud Dividend Methodology; overlap between partner and customer impacts have been excluded. Refer to the Appendix for the economic impact methodology.

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Partners and customers together drive Microsoft's economic impact in Australia

The Microsoft partner ecosystem continues to be at the centre of how Microsoft delivers technology, services, and cloud-to-edge solutions that enable business transformation for customers across Australia.

Microsoft functions as a partner-driven organization, with partners playing a key role in Microsoft's heritage and future. Microsoft's contributions support transformation and customer success globally. Microsoft has the largest partner ecosystem in the industry, comprising 500,000 partners worldwide and more than 8,100 in Australia.

Microsoft AI Cloud Partner Program (MAICPP) has been developed to equip partners with essential tools and resources to succeed in a fast-evolving market and help achieve positive results for customers across various industries.[1] Microsoft partners, such as entrepreneurs, non-profits, startups, and tech firms, develop cutting-edge solutions for Australia businesses, driving digital transformation in workplaces and empowering organizations across the country to reach their full potential.

Microsoft's operations created **$11 billion** in economic value, supporting **33,000 FTEs** across its direct footprint and supply chain.

+

Microsoft's cloud ecosystem spans more than **8,100 partners** and **3.2 million customers** across Australia, generating **$25 billion** in economic value and supporting **153,000 FTEs**.

=

Together, Microsoft's operations and cloud ecosystem generated **$36 billion** in total economic value and supported **186,000 FTEs** in Australia.

Sources: : [1] Microsoft (2026)

Microsoft EY Parthenon

Capturing economy-wide potential value by placing AI at the heart of Australian businesses

From quick wins to deep transformation: the next wave of AI impact

Artificial intelligence (AI) adoption is unfolding in two distinct waves. The first wave delivered quick wins, streamlining everyday tasks and freeing up time for higher-value work. By 2024, an estimated 84% of knowledge workers in Australia already use AI at work in some capacity.[1] The second wave is far more transformative, reshaping workflows, products, and core decision-making. While AI adoption is widespread, less than half of ANZ organisations feel prepared for the level of change required to fully realise its impact.[2]

Capturing these deeper productivity gains requires more than technology adoption alone; it depends on deliberate leadership, new operating models, and clear strategies for scaling AI responsibly. Consistent with this, the Productivity Commission identifies AI as a significant productivity opportunity for Australia, with near-term gains driven by broad uptake across businesses, and larger gains emerging gradually over time as firms invest in skills, organisational capability, data access and digital infrastructure.[3]

The potential future economic value of AI adoption in Australia

$115 billion annually by 2030[4]

Analysis by the Tech Council of Australia modelled three scenarios of AI adoption, from slow to fast-paced, highlighting a wide range of potential economic outcomes for Australia. By 2030, annual economic benefits could range from $45 billion under slow adoption to $115 billion under fast adoption. Most benefits (around 70%) stem from productive time savings, with the remainder from quality improvements (20%) and new products and services (10%).

200,000 jobs by 2030[5]

The Tech Council also estimated that AI could create up to 200,000 jobs in Australia by 2030 across both tech and non-tech occupations, underpinned by expanded entry-level pathways, upskilling, and mid-career reskilling. Achieving this level of workforce growth under the fast-paced adoption outlook depends on a sustained uplift in training and reskilling across the economy.

Microsoft enables this transition through its technology platform, cloud infrastructure investments, and contributions to digital skills development in Australia, collectively supporting organisations as they scale AI. However, realising AI's full value also depends on how organisations lead, invest in capability, and reshape processes around these tools.

As AI adoption accelerates globally, strengthening these capabilities can also help Australian organisations maintain competitiveness in international markets, particularly in sectors where digital performance and innovation are becoming key drivers of advantage, such as healthcare and professional services.[6]

Notes: The potential future economic value of AI adoption is standalone and not included in Microsoft's estimated economic contribution.
Sources: [1] Mandala and Microsoft (2024); [2] Microsoft; [3] Productivity Commission (2024); [4] Tech Council of Australia (2023); [5] Tech Council of Australia (2024); [6] Based on Department of Industry, Science and Resources (2025) and Jobs and Skills Australia (2025)

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Capturing the opportunity, spreading the benefits and keeping Australians safe

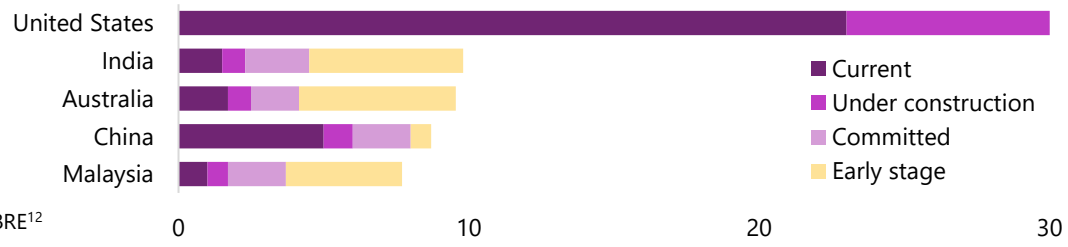
Australia could rank No. 3 on the global datacentre stage[1]

Australia is an attractive datacentre market, supported by strong regulation, rapid digital adoption and a reliable energy grid.[2] In 2025, Australia's $30 billion datacentre sector hosted 1.3 GW of built-out capacity.[3] These datacentres are primarily located in New South Wales (NSW) and Victoria (VIC) accounting for 56% and 30% of the sector's value, respectively.[4]

Demand for datacentres will continue to surge as accelerated uptake in AI and cloud increase the need to store and process data.[5] The cloud storage market is expected to grow by 16.4% each year between 2025 and 2033.[6] Increased demand for datacentres is also driven by growing reliance on sovereign facilities to address security concerns, rising power density requirements to support AI workloads and increasing digital consumption growth.[7] As a result, datacentre demand is expected to reach between 2.5 and 3.5 GW by 2028, outpacing supply and creating a shortage of 1.7 GW.[8] With datacentres projected to account for 12% of National Electricity Market (NEM) consumption by 2050, it is important that energy and water resources keep pace to support their growth.[9]

To realise Australia's datacentre opportunity, NSW and VIC have introduced streamlined planning processes, such as the Investment Delivery Authority, which is expected to fast-track up to 30 datacentre projects each year in NSW.[10] Microsoft has supported the sustainable expansion of Australia's datacentres through a $5 billion investment, increasing its datacentre footprint from 20 to 29, with facilities meeting Leadership in Energy and Environmental Design (LEED) Gold Certification Standards for environmental performance.[11]

Figure 6. Current and planned datacentre capacity (MW)



Source: CBRE[12]

As AI adoption increases across the Australian economy, the Australian Government is supporting its uptake through policy guidance, planning frameworks and regulatory initiatives focused on responsible use:

- The **Guidance for AI Adoption** outlines six core practices for ethical AI use, helping organisations build stakeholder trust while strengthening benefits and managing risks.[13]
- The **National AI Plan** sets out three priorities for AI growth: building enabling infrastructure, expanding access to AI skills and public-service benefits, and establishing a clear legislative and regulatory framework.[14]
- The **Policy for the responsible use of AI in government** applies to all non-corporate Commonwealth entities, to support government adoption of AI in a safe, ethical and responsible manner.[15]

Microsoft globally utilises the **National Institute of Standards and Technology AI Risk Management Framework**, a framework created by the United States government to help organisations identify, assess and mitigate AI-related risks and has been accepted by many global organisations.[16]

Data sovereignty is becoming a central concern for governments and organisations globally. Gartner estimates that by 2027, 35% of countries will adopt region-specific AI platforms.[17] In response, Microsoft has embedded data sovereignty into its AI operations—defining it as the ability to leverage the global cloud while ensuring transparency over data location, access controls and governance. Reflecting this approach, Microsoft introduced in-country data processing for Microsoft 365 Copilot in Australia in late 2025.[18]

Notes: Datacentre capacity refers to the power capacity that datacentres draw from the grid.
Sources: [1,2,3,4,7,8,12] CBRE (2025); [5] Mandala (2024); [6] IMARC (2024); [9] Oxford Economics (2025); [10] Australian Financial Review (2025); [11,18] Microsoft (2026); [13,14] Department of Industry, Science and Resources (2025); [15] Digital Transformation Agency (2025); [16] Microsoft Responsible AI Transparency Report (2025); [17] Gartner (2026)

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Capturing the productive power of AI

AI-driven productivity gains have the potential to support substantial future economic growth. These gains typically arise through[1]:

Automation

Speeding up routine tasks, enabling workers to produce more within the same time

Augmentation

Elevating the quality and complexity of work that can be completed with existing labour supply and within existing timeframes

Innovation

Embedding AI in new products and services, such as virtual assistants and wearables, unlocking new industries, jobs and sources of value

Australia's productivity performance has remained subdued, rising by just 1% over the past year to December 2025. Persistent underperformance in mining and construction sectors, which together account for over 17% of total output, has acted as a drag on economy-wide productivity, constraining growth, wages and household incomes.[6]

Investing in AI offers a credible pathway to lifting Australia's productivity performance. Technology-led investment delivers stronger productivity gains compared to consumption-based growth[7], and AI improvements could enable the Australian economy to grow around 50% faster than the 2% speed limit forecast by the RBA.[8] By boosting labour efficiency, lowering costs and improving output quality, AI has the potential to lift productivity across sectors such as healthcare and professional services.[9]

Microsoft's $22 billion productivity value

Microsoft is estimated to have generated up to $22 billion in economic value in time savings during 2025, from productive enhancements linked to Microsoft's Azure AI, Copilot, and Teams.[2]

Azure AI unlocks productivity by increasing the quality and scalability of business AI models, enabling automation of complex decisions. Forrester Research found that Azure AI improves labour productivity, with a team of 10 data engineers able to achieve output comparable to a team of 16 without Azure AI, increasing overall productive capacity.[3]

Copilot automates routine tasks such as drafting emails, summarising meetings, generating reports and data analysis across finance, legal and HR and other functions, saving users an estimated 9 hours per month.[4]

Teams integrates seamlessly with Microsoft 365 to strengthen collaboration and improve access to information, saving workers up to 8 hours per week depending on the role, including around 2 hours per week from reduced conferencing time.[5]

Notes: Figures are presented in Australian dollars. Refer to the Appendix for the productivity benefit methodology.
Sources: [1] Tech Council of Australia (2023); [2] EY analysis; [3] Forrester Research (2023); [4] Forrester Research (2025); [5] Forrester Research (2019); [6] RBA (2026); [7] OMIF (2025); [8] CBA (2026); [9] Based on Department of Industry, Science and Resources (2025) and Jobs and Skills Australia (2025)

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Customer stories: turning Microsoft AI into productive value

The following Microsoft customer experiences highlight the power of AI and uses across industries, from storerooms to courtrooms to classrooms, enabling greater focus on higher value tasks.

AI models keep Coles' shelves reliably stocked[1]

Coles scaled AI across its Australian operations with Microsoft Azure Stack HCI powering its Intelligent Edge Backbone (IEB). The Microsoft technology enables large AI workloads that accurately predict the flow of products across 850 stores, reducing out-of-stock occurrences.

Microsoft AI also enhances customer experiences at the checkout by recognising produce through computer vision. On the FlyBuys app AI also personalises customer experiences through product recommendations.

"The IEB is effectively our central nervous system, connecting all of the technological infrastructure we have in stores to a central plane that manages events, triggers alerts and recommends actions." - **Roslyn Mackay**, Coles Head of Technology Innovation

MinterEllison CEO uses Copilot every day, for every task[2]

Microsoft has supported widespread adoption of AI at MinterEllison, improving productivity and client service. M365 Copilot helps the MinterEllison CEO lead 2,500 employees across six offices by supporting high-value executive tasks such as preparing for strategic meetings, summarising information-heavy emails and researching prospective clients – freeing up time otherwise lost to admin.

Globally, MinterEllison's 250-plus partners are encouraged to use Copilot in their everyday work to build deeper capability.

"It's no longer a viable excuse to say that you don't have time to learn the tool. My message is: This will save you time. You need to make it part of your everyday." - **Virginia Briggs**, MinterEllison Chief Executive Officer

Brisbane Catholic Education unlocks time savings with Copilot[3]

Microsoft has supported the widespread adoption of Microsoft 365 Copilot across Brisbane Catholic Education, helping address growing administrative demands on educators while enhancing student engagement.

The organisation rolled out Copilot to approximately 12,500 educators and support staff. As a result, teachers reported a significant reduction in administrative workload, allowing more time to be redirected toward student engagement and learning outcomes, with estimated time savings of 9.3 hours per week per educator.

"Copilot is a great tool to be able to say, 'you've got more time to support students, the reason you actually came into teaching to do.' After all, no one gets into teaching to do admin tasks!" - **Leigh Williams**, Brisbane Catholic Education Chief Information Officer

Sources: [1,2,3] Microsoft (2026)

Microsoft's role in strengthening cyber resilience across the digital economy

Australia's rise in security threats

Australia's growing reliance on digital technologies has made it an increasingly attractive target for both criminal and state-sponsored cyber actors, with cybersecurity pressures intensifying over the past year. In 2025, it was the 10th most impacted country globally in terms of cyber threats[1], with calls to Australia's national cybersecurity hotline rising by 16%, accompanied by an 11% increase in responses to cyber-incidents.[2]

To strengthen Australia's cyber resilience, Microsoft partners with the Australian Signals Directorate (ASD) through the Microsoft-ASD Cyber Shield initiative, demonstrating how public–private collaboration can support stronger national cyber defence outcomes. This initiative has secured more than 38,000 government accounts, identified 35 previously unknown vulnerabilities and delivered a bespoke engineering solution with Microsoft Sentential, allowing customers to more easily integrate into the Government's Cyber Threat Intelligence Sharing program.[3]

Microsoft is a global market leader in security solutions

Microsoft is a market leader in security solutions, holding 29% of the consumer security sector globally in 2024.[4] Its Microsoft Defender suite provides protection against malware, phishing and other cyber threats, reducing effort required to solve incidents by 80%.[5]

Microsoft has also embedded security across every layer of its operations through the Secure Future Initiative (SFI) – a multiyear program transforming how the company designs, builds, tests and operates technology to meet the highest security standards. Of the 28 objectives established under SFI, five are nearing completion and twelve have already made significant progress.[6]

Microsoft's digital security applications safeguard public and private sector organisations[7]

Queensland's Department of Families, Seniors, Disability Services and Child Safety uses Microsoft's security technologies to protect highly sensitive information, including child-safety and domestic-violence case material.[6]

To respond to increasing cyber threats, the department adopted a full suite of Microsoft Defender solutions – including Defender for Cloud, Cloud Apps and Office 365 – strengthening identity, email and collaboration security while preventing and detecting unauthorised movement of sensitive information.

"We need visibility over what's happening with our data, and we've found Defender for Cloud Apps to be extremely helpful in that regard." - **Mark O'Reilly**, Manager of Network and Security Operations

Australia's digital security is strengthened by protection delivered at global scale

This means drawing on threat intelligence from across Microsoft's worldwide cloud ecosystem. This global visibility means threats detected elsewhere are addressed early, enabling Australia to be locally hosted while benefiting from defences informed by activity around the world. Globally, in 2025 Microsoft processed the following:[8]

100 trillion Security signals processed daily	**4.5 million** Net new malware file blocks every day
38 million Identity risk detections analysed in an average day	**15,000+** Partners in Microsoft's security ecosystem
34,000 Full-time equivalent security engineers employed	**5 billion** Emails screened daily to protect users from malware and phishing

Sources: [1,8] Microsoft Digital Defence report (2025); [2,3] Australian Signals Directorate (2025); [4] Microsoft Security (2025); [5] Forrester Research (2025); [6] Microsoft Secure Future Initiative report (2025); [7] Microsoft (2026)

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Cultivating Australia's digital skills for a future-ready economy

Australia's digital skills gap

Demand for digitally skilled workers is accelerating, with digital technology contributing $248.5 billion to Australia's economy in 2025.[1] As demand outpaces supply, Australia faces a growing skills gap, with a projected shortfall of more than 370,000 digitally skilled workers by 2026.[2] Despite strong AI infrastructure and high readiness, Australia lags global peers in workforce AI training, falling behind the USA, UK, Canada and Germany.[3] These shortages already constrain growth. An estimated 150,000 Australian businesses cannot reach their full competitive potential, underscoring the need to strengthen education and training pathways to support Australia's digital transition and lift productivity.[4]

Microsoft is driving progress to close the gap

Microsoft has a global mission to advance digital literacy skills, providing opportunities to enter and thrive in the digital workforce. Microsoft advances this mission in two ways: developing training resources to help people keep pace with emerging skills, including cyber security, digital literacy and AI, and partnering with communities and organisations to ensure inclusive access to upskilling opportunities.[5]

Microsoft developed 3,000 digital literacy training courses on the Microsoft Learn platform to assist non-profits, educators and organisations.[6] It also offers free training through the LinkedIn global skills initiative, originally created to help unemployed workers during the COVID-19 pandemic. This resource has been accessed by 42 million people globally.[7]

At a local level, Microsoft initiatives help Australians build digital skills, narrowing the skills gap and unlocking AI-driven economic opportunity. Between 2024 and 2026, Microsoft committed to supporting 1 million Australians and New Zealanders upskill in cloud and the AI-enabled economy across its training programs. Microsoft exceeded this goal by 30% by the end of 2025.[8]

Sources: [1,4] Tech Council (2026); [2] Future Skills Organisation (2023); [3] Mandala and Microsoft (2024);); [5,8] Microsoft (2026); [6] Microsoft Skills Hub blog (2021); [7] Microsoft Stories (2026)

Microsoft EY Parthenon

Microsoft's key education sector partnerships are driving national impacts

Rapid expansion of datacentre infrastructure is increasing demand for skilled workers across Australia. Mandala analysis indicates that around four in ten datacentre roles were in shortage in 2024, with addressing this gap potentially requiring more than 8,300 additional workers by 2030 – more than double the size of the datacentre workforce in 2024.[1] In response, Microsoft is supporting the development of Australia's digital workforce through targeted partnerships, outlined below.

Microsoft partners with TAFE NSW and Victoria University to build skills for Australia's cloud and AI economy[2]

Microsoft is helping to address datacentre workforce needs through the Microsoft Datacentre Academy. In February 2024, Microsoft launched the first Academy in Sydney in collaboration with TAFE NSW, followed by a second program in Melbourne in March 2026 with Victoria University, supported by the Victorian Government.

The Academy focuses on two key critical roles - datacentre technicians and critical environment technicians – providing industry-aligned training, hands-on learning, mentoring, industry engagement and job-readiness support.

By partnering directly with TAFE NSW and Victoria University, Microsoft is supporting the development of a sustainable local talent pipeline and creating pathways into long-term digital infrastructure careers.

"...students are developing the industry-relevant skills that employers need to grow their workforce." - **Irene Ireland**, TAFE NSW Director of Learning and Teaching, Information Technology

Microsoft and the FSO are fast-tracking AI upskilling across the vocational education sector[3]

In partnership with Microsoft, the Future Skills Organisation (FSO) has launched the Skills Accelerator–AI program to equip Australians with the capabilities needed to thrive in an AI-driven economy and address the AI skills gap.

Launched in 2025, the 12-month pilot is testing a scalable model that strengthens collaboration between industry and training providers. The program aims to reach learners as well as more than 30,000 VET educators and administrators, helping build the skills needed for Australia's expanding AI workforce.

"The FSO Skills Accelerator-AI is a great example of how industry and the training sector can come together to meet that challenge and develop practical, scalable training." - **Hon Andrew Giles MP**, Federal Minister for Skills and Training

Building Indigenous digital skills to address inclusion gaps

Australia's Indigenous community faces digital skills shortages, due to inequality in access and affordability of digital technology.[4] Microsoft aligns itself with the Australian Government's First Nations Digital Inclusion Plan through its support in skilling Indigenous communities, exemplified by the program below.[5]

Deadly coders, supported by Microsoft, are expanding AI skills for Indigenous students[6]

Deadly Coders is delivering culturally grounded AI-skilling programs for Indigenous school students across Australia. The program builds digital capability and opens pathways into future technology careers.

To date, it has reached 670 students and 33 teachers across communities in Queensland, Western Australia and the Northern Territory. Participation is set to grow significantly, with 4,781 students scheduled to take part in Term 1, 2026.

Sources: [1] Mandala (2024); [2,3,6] Microsoft (2026); [4] Australian Digital Inclusion Index (2025); [5] National Indigenous Australians Agency (2023)

Microsoft EY Parthenon

Small and medium businesses power Australia's economy and Microsoft's ecosystem

Small and medium businesses (SMBs)* underpin the Australian economy. They make up 99.8% of all businesses and generate more than half of national GDP.[1] But Australian SMBs are facing one of their toughest periods in decades.

Cost pressures remain acute, with 89% of SME's experiencing higher input costs between 2024 and 2025.[2] At the same time, digital investment remains low with only 26% of small businesses stating digital investment improved their profitability in 2024, citing limited access to finance and the absence of a clear digital strategy as key barriers.[3,4] Reflecting these challenges, less than half of Australian small businesses recorded growth in 2024.[5]

Figure 7. Economic value-added by business size, 2023

Source: ABS

- Small businesses (0-19 employees) (32%)
- Medium businesses (20-199 employees) (23%)
- Large businesses (200+ employees) (45%)

"Across Australia, small and medium businesses play a vital role in community life. They create local jobs and provide services people depend on. Strengthening the digital capability of SMBs helps them operate securely, serve customers better, and stay competitive. That support translates into stronger local resilience and sustainable economic opportunity for people and communities."

- **John Hennessey**, Microsoft ANZ General Manager, Small and Medium Enterprises and Channel Business

Small and medium businesses also represent a significant share of Microsoft's customer base and play a central role in delivering economic and social outcomes across Australia.

This ecosystem of customers and partners extends deep into local communities and enables emerging Australian start-ups to translate specialised innovation into practical, real-world applications – from advanced data and digital solutions to services that support communities and industries – as illustrated in the customer story to the right.

Spiral Blue uses Microsoft's Azure technology to commercialise space data[6]

Spiral Blue is an Australian space startup that builds space-edge technology to make space-sourced data more accessible and affordable. Through the Microsoft for Space Startup Program, the company accesses Azure cloud and AI services, along with industry expertise and mentoring.

Using Microsoft Azure, Spiral Blue processes space data faster and at lower cost. These efficiencies make space data more affordable for customers, enabling them to address global challenges. For example, WMS has used Spiral Blue's platform to quickly identify flood-affected properties, saving time and resources.

"... historically [we've] had to pay at least $15,000 for just one tiny piece of satellite image... we've already been able to reduce the minimum spend for satellite imagery to around $1,000, which is pretty significant." - **Taofiq Huq**, Co-founder and CEO of Spiral Blue

*Based on the ABS definition, small and medium businesses are those with fewer than 200 employees.

Sources: [1] ABS (2025); [2] CBA (2025); [3,5] CPA Australia (2025); [4] FAST (2024); [6] Microsoft (2026)

Microsoft EY Parthenon

Microsoft's technologies and initiatives enable non-profits to scale their impact

Connecting technology, partners and purpose

Microsoft delivers initiatives that empower non-profits with the skills and technology needed to scale their impact. These initiatives include:

The **Tech for Social Impact (TSI) program** (now called Microsoft Elevate) supports people-centred AI adoption by providing funding and training to schools, universities and non-profits. Microsoft has committed US$4 billion through to 2030, reaching around 400,000 non-profits globally in 2025.[1]

The **Partner for Purpose** program enables partners to use Microsoft Cloud and Copilot to tackle social challenges and inequity, supported by a tailored suite of training resources for non-profit organisations.[2]

The recent 2025 **SXSW impact stage event**, hosted by non-profit Charitabl, bridged together visionaries, thought leaders and philanthropists from across the Asia-Pacific. The event sparked meaningful conversations and showcased creative changemakers. The 2025 event exceeded expectations, drawing more than 1,700 attendees over three days, representing 48 industry sectors.[3]

Forrester research estimates that Microsoft 365 Copilot can increase non-profit fundraising by up to 20% within the first three years of using the technology, and boost operational efficiency by 25%.[4]

Head Start Homes uses AI to reduce staff admin and streamline support for home ownership accessibility[5]

Head Start Homes is an Australian non-profit that helps people transition from social housing into home ownership by acting as a loan guarantor. The organisation uses Microsoft's Copilot and Researcher tools to streamline operations and focus more time on client support. Reduced administrative burden and improved workflow efficiency enable the organisation to deliver its critical social service more effectively, generating broad economic benefits.

Founder Stephen Woodland describes the impact of helping families purchase homes as a "triple benefit" since freeing up social housing supply addresses homelessness (and the associated economic costs), while helping new owners build stability and wealth.

yourtown uses Microsoft 365 to improve support given to children in crisis[6]

yourtown is a leading Australian non-profit supporting children and young people in crisis. To address fragmented and outdated customer relationship systems, yourtown implemented Microsoft Dynamics 365 business applications to unify data across services and establish a connected, AI-enabled contact centre.

This transformation has strengthened the organisation's ability to deliver stable, 24/7 support. As a result, counsellors now save up to ten minutes per call, allowing them to assist more children and young people in need.

"If counsellors are saving time on case notes and documentation, that means they can answer more calls – which means more young people's lives are changed, and in some instances, saved." - **Tony Fitzgerald,** yourtown Virtual Services Manager

Sources: [1] Microsoft Impact Report (2025); [2] Microsoft partner for purpose (2025); [3] Charitabl (2025); [4] Forrester Research (2024); [5,6] Microsoft (2026)

Microsoft EY Parthenon

Strengthening communities through Microsoft giving and volunteering

Microsoft's global community initiatives empower people and organisations

Microsoft drives social impact beyond its technology, with employees worldwide giving time, skills and financial support, aligning with its mission to empower every person and organisation to achieve more.[1] This mission is reflected in Microsoft's datacentre community pledge, which focuses on delivering tangible benefits for local communities. It is also reinforced through Microsoft initiatives such as the Change Agent program, and the Give Match program, outlined below.

Microsoft Change Agent program[2]

Microsoft's Change Agent program empowers employees to directly strengthen the non-profit sector by enabling full-time Microsoft staff to dedicate a year to volunteering their technical expertise and professional skills. Through the program, Change Agents deliver training, tailored guidance and access to Microsoft tools and resources, helping non-profits build capability, advance digital maturity and accelerate impact in the communities they serve.

Microsoft Give Match program[3]

Microsoft's Give Match program increases the impact of employee giving by matching eligible donations to non-profit organisations and converting volunteer time into monetary grants. This provides non-profits and community organisations with greater financial support, helping them strengthen their services and extend their impact. Through gifts of time, money and skills, Microsoft employees can help these organisations achieve more for the communities they serve.

Globally Microsoft contributed:[4]

$263 million
USD employee donations

1.2 million
Employee volunteer hours with non-profits

37,000
Non-profits supported

110
Countries supported

Skeleton Creek restoration delivers local environmental and community benefits[5]

Contributions in Australia include initiatives that respond to specific local needs, such as protecting environmentally significant sites. The Werribee River Association's Skeleton Creek restoration project delivered measurable environmental and community outcomes across the Werribee River catchment in Victoria. The project stabilised creek banks, reduced erosion, improved water quality, restored native vegetation and strengthened wildlife habitats.

As a result, the initiative supported over 10,000 plants and generated strong community engagement, educating 3,650 people, reaching an estimated 6,300 individuals and hosting 28 volunteer events involving 45 Microsoft volunteers and 450 community volunteers.[4]

Sources: [1,2,3] Microsoft Corporate Responsibility (2026); [4] Microsoft Impact Report (2025); [5] Microsoft (2026)

Microsoft advances its sustainability through bold commitments and strategic partnerships

Microsoft actively reduces its environmental impact by cutting emissions across its campuses, datacentres, devices and software, applying rigorous life-cycle analyses, and transparently measuring and reporting its progress. These efforts underpin Microsoft's global sustainability commitments, which include the following[1]:

- **Protect ecosystems**: protect and restore more land than it uses by 2025.
- **Zero waste**: applying a circular economy strategy, achieve zero waste across Microsoft's business by 2030 and achieve a 90% reuse and recycle rate.
- **Water positive**: replenish more water than it consumes by 2030.
- **Carbon negative**: reduce and remove emissions and use renewable energy to become carbon negative by 2030.

In 2024, Microsoft made significant progress towards achieving these global goals:

19 gigawatts

of carbon-free renewable energy contracted, working towards the 2030 target

50 million cubic metres

of water replenished, on track to meet its 2030 target

15,800 acres

of land permanently protected, meeting its 2030 target

25,600 metric tons

of waste diverted, meeting its 2030 target

iCatalyst uses Microsoft technology to strengthen the impact of Western Australia's recycling scheme[2]

Western Australia Return Recycle Renew Limited (WARRRL) drives statewide litter reduction through its Containers for Change scheme, offering a 10-cent refund for every drink container returned. To scale the program, WARRRL partnered with local Microsoft partner iCatalyst to build a scalable customer relationship management solution powered by Microsoft Dynamics 365 Sales, Microsoft Power Platform and Microsoft Azure. The modernised system streamlines operations and reduces technology costs. As a result, WARRRL can respond faster to changing business needs, freeing staff to focus on higher-value activities.

Microsoft partnered with Greater Sydney Landcare to improve the sustainability of threatened habitats in Western Sydney[3]

As part of Microsoft's Datacentre Community pledge, Microsoft supports local environmental initiatives in communities hosting datacentres, including partnering with Greater Sydney Landcare to support long-term bush regeneration and the protection of endangered ecological communities across Western Sydney.

Since 2024, Microsoft employees have contributed hundreds of volunteer hours removing invasive weeds, improving bushland health, and supporting the recovery of endangered ecological communities to restore the Cumberland Plain Woodland.

Sources: [1] Microsoft Sustainability report (2025); [2,3] Microsoft (2026)

Looking ahead

Australia and the world are moving into the next phase of the cloud and AI shift. The next wave of value will come less from one-off efficiency wins and more from broad adoption, where organisations embed AI into everyday workflows, redesign processes, and lift output per worker over time.

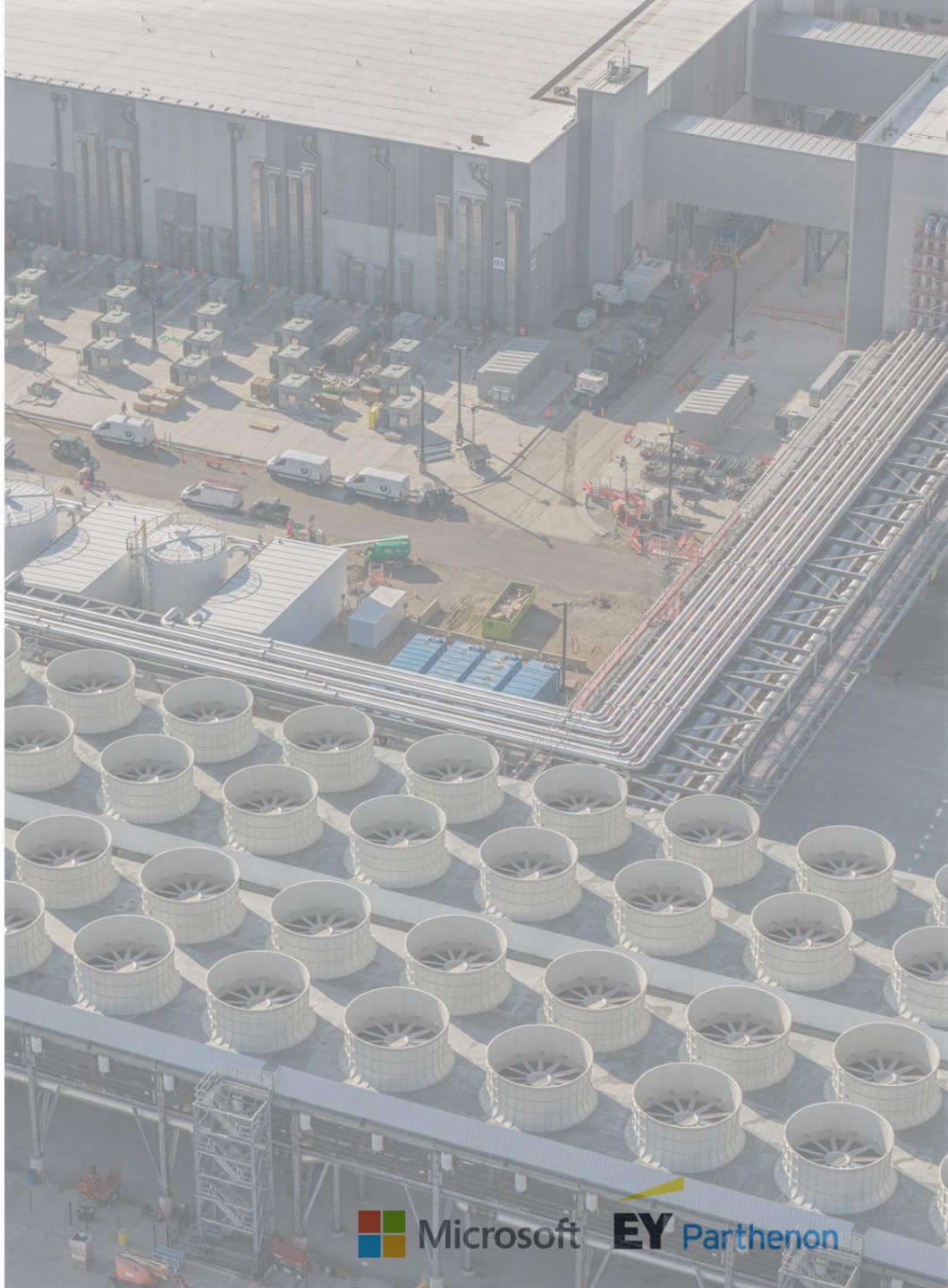
Digital tools translate into outcomes through a few practical channels. Productivity lifts when workers spend less time on routine tasks and coordination, and more time on higher-value work. Growth is supported when organisations can scale computing capacity and digital services faster, with lower upfront costs and shorter lead times. Resilience strengthens when systems are more secure and continuity is easier to maintain through disruption.

This report shows Microsoft already plays a major role in how Australian workplaces operate, and that its contribution extends well beyond its direct footprint through the partner and customer ecosystem that builds, implements and runs solutions on Microsoft technologies. The results point to material economic activity and jobs supported across the economy, alongside productivity gains already being realised through everyday tools used at scale across Australian organisations.

Looking forward, Microsoft is well positioned to continue supporting Australia's productivity uplift as AI becomes more embedded in mainstream software and day-to-day work. By bringing AI into tools people already use, Microsoft lowers the friction of adoption and helps turn capability into routine practice. This is particularly relevant for knowledge-intensive industries, including professional services, where drafting, summarising, analysis, client communication and coordination sit inside everyday delivery. As those workflows shift, the potential for productivity improvement becomes more broad-based and more persistent.

Continued investment in the enabling foundations will also matter. Demand for cloud and AI workloads is rising, and digital infrastructure capital is increasingly mobile. In that environment, ongoing investment in local capacity, together with the partner ecosystem that turns capability into deployed solutions, supports Australia's ability to capture the benefits of the next wave.

Ultimately, the size of the uplift will depend on execution across the economy. The strongest outcomes are likely where organisations pair technology adoption with complementary change, including skills development, workflow redesign, responsible governance and strong cyber practices. With its established platform and partner ecosystem in Australia, Microsoft is positioned to remain a major contributor to how Australian organisations work, and to the productivity gains that can follow as cloud and AI adoption scales over time.



Appendix: modelling methodologies

Economic impact approach

EY-Parthenon's Input-Output model was used to estimate economic impacts of Microsoft's 2025 operations on the Australian economy. The analysis draws on the Australian Bureau of Statistics Input-Output Tables (2022-23) and Microsoft earnings and employment data from its annual financial report for the year ended 30 June 2025. All figures are presented in AUD.

The results capture both direct and indirect impacts, including the value-added and employment generated by Microsoft's own operations, as well as the flow-on value-added and employment supported through its supply chain, comprising businesses that provide goods and services as inputs to Microsoft's activities.

Direct impacts
Total value-added or employment generated by an industry or activity.

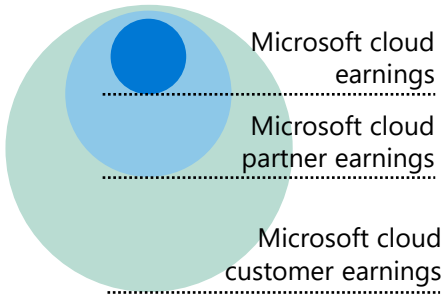
Indirect impacts
The flow-on value-added or employment contribution generated by a business purchasing inputs from other industries.

Two key economic measures are used to represent the impact on the economy, defined below:

Gross value-added (GVA)
GVA measures the contribution to gross domestic product, calculated as total output minus intermediate inputs purchased from other industries.

Employment
Full-time equivalent (FTE) employment expresses total employment as the equivalent number of full-time jobs supported over a year.

Cloud ecosystem approach
The International Data Corporation (IDC) Cloud Dividend Methodology was used to estimate the Microsoft-sustained earnings of cloud partners and customers, including customers enabled through partner-delivered solutions. The analysis applies IDC-estimated ratios that link Microsoft's cloud revenue to associated partner and customer revenues. Microsoft Australia's cloud revenue inputs are sourced from the IDC's Worldwide Semi-annual Software Tracker, which covers Microsoft's software and cloud products. Modelling excludes overlap between Microsoft-generated and Microsoft-sustained impacts.



Source: IDC

Additional results

This report defines economic contribution as the combined direct and indirect impacts, consistent with widely adopted practice in Australian economic appraisal.

Some frameworks also report a third category of impact, known as the induced impact, which captures the additional economic activity generated when employees spend their income on goods and services throughout the economy.

For Microsoft's FY2025 operations, the estimated induced impact is approximately $7b associated with Microsoft's products, services and datacentres and $24b associated with Microsoft's cloud ecosystem, including partners and customers.

Productivity benefits

The productivity benefits generated by Australian businesses using Microsoft Teams, Copilot and Azure AI were estimated by applying time-based benefits from Forrester Research to relevant employment segments, adjusted for Microsoft's market share within each Australian functional market (using IDC market share and functional market data). Estimated time savings were then valued using average ABS industry income data to derive the annual productivity benefit.

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