The Agentic Economy

By David M. Rothschild, Markus Mobius, Jake M. Hofman, Eleanor W. Dillon, Daniel G. Goldstein, Nicole Immorlica, Sonia Jaffe, Brendan Lucier, Aleksandrs Slivkins, Matthew Vogel

July 6, 2026

Read the article online · Read the CACM article →

A RESEARCHER TAKE · MICROSOFT RESEARCH, 2025

A map of the economy agents will draw.

The biggest economic effect of AI agents may not be faster workers, but rather the collapse of the **cost of doing business** between every buyer and seller, and the redrawing of markets that follows.

PLOT THE COURSE ↓ READ THE CACM ARTICLE ↗

RESEARCH BY

David M. Rothschild · Markus Mobius · Jake M. Hofman · Eleanor W. Dillon · Daniel G. Goldstein · Nicole Immorlica · Sonia Jaffe · Brendan Lucier · Aleksandrs Slivkins · Matthew Vogel

VISUALIZED BY THE NEW FUTURE OF WORK AT MICROSOFT

11 MIN READ

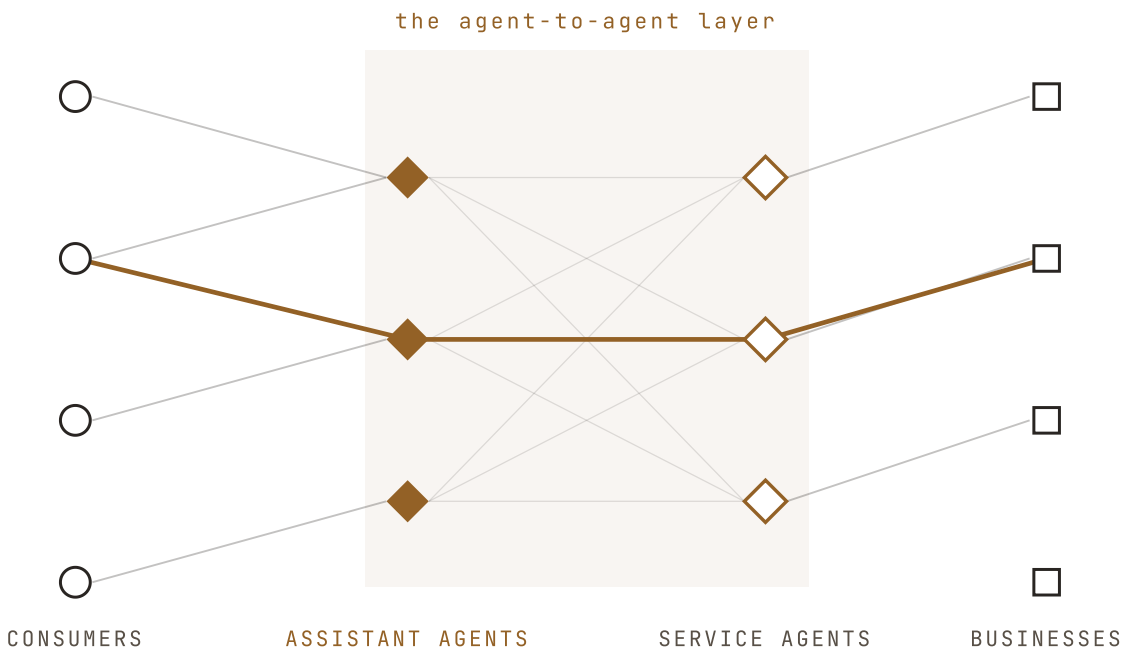


FIG. 01 · THE AGENT-MEDIATED ECONOMY PLATE I

This is a conceptual paper, not a study of measured outcomes. It offers a framework for what an economy of interacting agents could become. The figures are explanatory schematics, not data, and each says so where it matters.

THE ARGUMENT IN SIX MOVES

THE LEGEND

Each move builds on the one before it. This is the route for the whole piece. Read straight through, or jump to any waypoint.

I

The thesis

AI can accelerate work, but the bigger shift may be entire markets restructuring around lower communication costs.

II

The territory today

Two kinds of agents exist, and neither is primarily built to interact with other agents yet.

III

The hinge

Are agents natively built to communicate with one another, and are they permitted to?

IV

Two possible maps

The technology may arrive either way, but the paths diverge sharply. An open web anyone can join, or gardens a few platforms control.

V

Six shifts

Six ways the economy could shift when agents freely exchange information with each other.

VI

What is at stake

Who captures the value, and who decides.

I

PART ONE

PLATE 01

AI can accelerate work, but the bigger shift may be entire markets restructuring around lower communication costs.

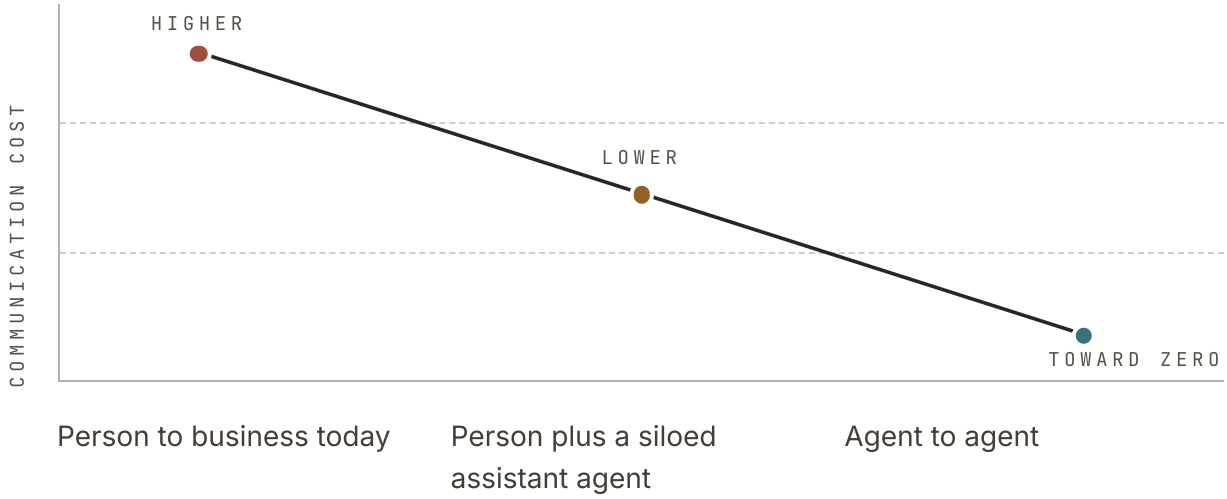
Delegating a task to AI can make anyone quicker at the work they already do. That is real, and it is not the point. The authors argue that the far bigger prize may be the fall in the cost of two parties simply reaching and understanding each other. Economists call that a communication cost, and it shapes almost every market.

Their running example is a familiar one. You suspect a better tax preparer exists, but switching means explaining your whole financial life to someone new, so you stay put. Now imagine your assistant agent carries that context for you and hands it to any preparer in seconds. The reason to stay evaporates. When the cost of switching falls toward zero, markets reorganize, power moves, and products that never made sense before suddenly do.

FIG. 02 · ILLUSTRATIVE

Agent-to-agent exchange could sharply lower communication costs

DIRECTION ONLY · NO NUMERIC SCALE



HOW TO READ THIS

Read from left to right. The line pictures the paper's qualitative claim that the cost of reaching and understanding another party could fall as transactions move from people to agents. Its vertical positions show direction only. They are not estimates from the paper.

Illustrative schematic, not measured. The paper argues communication costs could fall sharply as interactions move from people to agents. It does not assign numeric levels to these regimes.

> If that is the prize, why do we not have it yet? Because almost every agent built so far is designed to interact with people, not with other agents.

"The more disruptive, and yet to be realized, impact of generative AI is its potential to drastically reduce the communication frictions between (and among) consumers and businesses."

THE AGENTIC ECONOMY, §1

II

PART TWO

PLATE 02

Two kinds of agents exist, and neither is primarily built to interact with other agents yet.

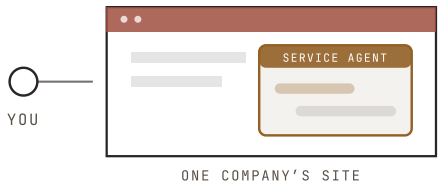
Survey what exists now and most agents fall into one of two shapes. Both are genuinely useful. Both stop short of the economy the paper describes, for the same underlying reason. They are built to interact with humans, not with each other.

FIG. 03

Two kinds of agent exist today

CLASS A — Amazon's Rufus · Expedia's Romie

Siloed service agents



A natural-language front door to one company's own products. Rufus answers questions about Amazon orders. Romie helps build an Expedia trip. Useful, but you still travel silo to silo, and none of them expose a way for another agent to call them.

CLASS B — Computer-use agents from OpenAI, Google, Microsoft

End-to-end agents



General agents that point and click through websites built for humans. They can book a table or place an order, but they are imitating a person, boxed in by the same web forms, and can turn adversarial to businesses that live on advertising.

What is missing is an agent built to speak to another agent.

Source: The Agentic Economy, §2. Named products are the paper's own examples.

> The technology to close that gap is arriving. What it becomes depends on two separate questions that are easy to confuse.

III

PART THREE

PLATE 03

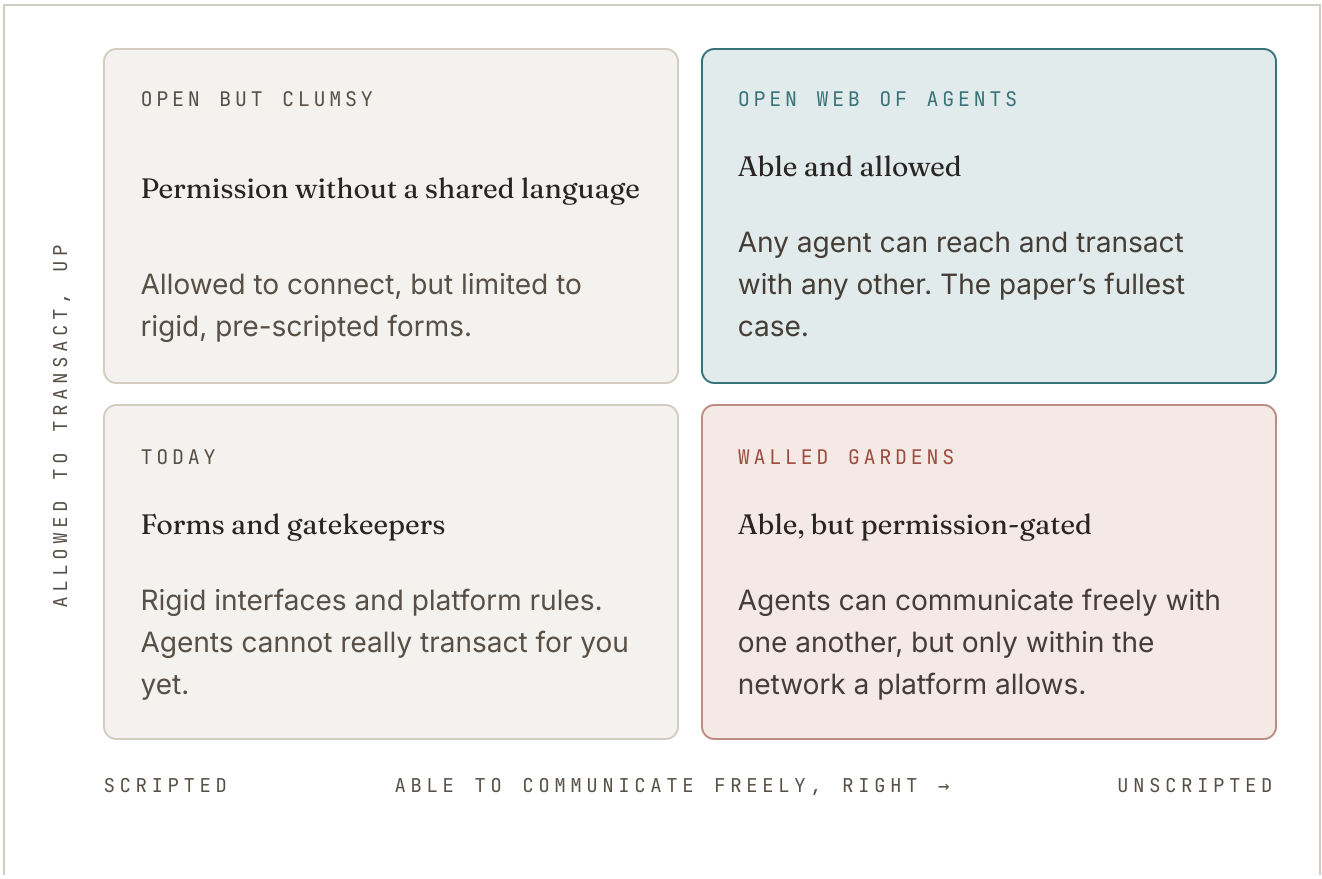
Are agents natively built to communicate with one another, and are they permitted to?

The paper draws a distinction that is easy to miss and does most of the work. An interaction can be **unscripted**, meaning agents can express anything in natural language rather than through rigid forms. That is a technical question, and frameworks like Microsoft's AutoGen and protocols like Anthropic's Model Context Protocol (MCP) and Google's Agent2Agent (A2A) are answering it quickly.

A separate question is whether an interaction is **unrestricted**, meaning agents are actually permitted to reach and transact with whomever they like. That is not a technical matter at all. It depends on market structure and governance, and it is wide open. The same capability can produce very different economies depending on the answer.

FIG. 04

Two conditions, four outcomes



HOW TO READ THIS

The horizontal axis is a technical question the field is close to answering. The vertical axis is a market and governance question that is wide open. The paper's point is that the second axis, not the first, decides who benefits.

Source: The Agentic Economy, §1. The unscripted and unrestricted distinction is the paper's; the quadrant labels are ours.

> Push the unrestricted question to its two extremes and you get the paper's two maps of the future.

IV

PART FOUR

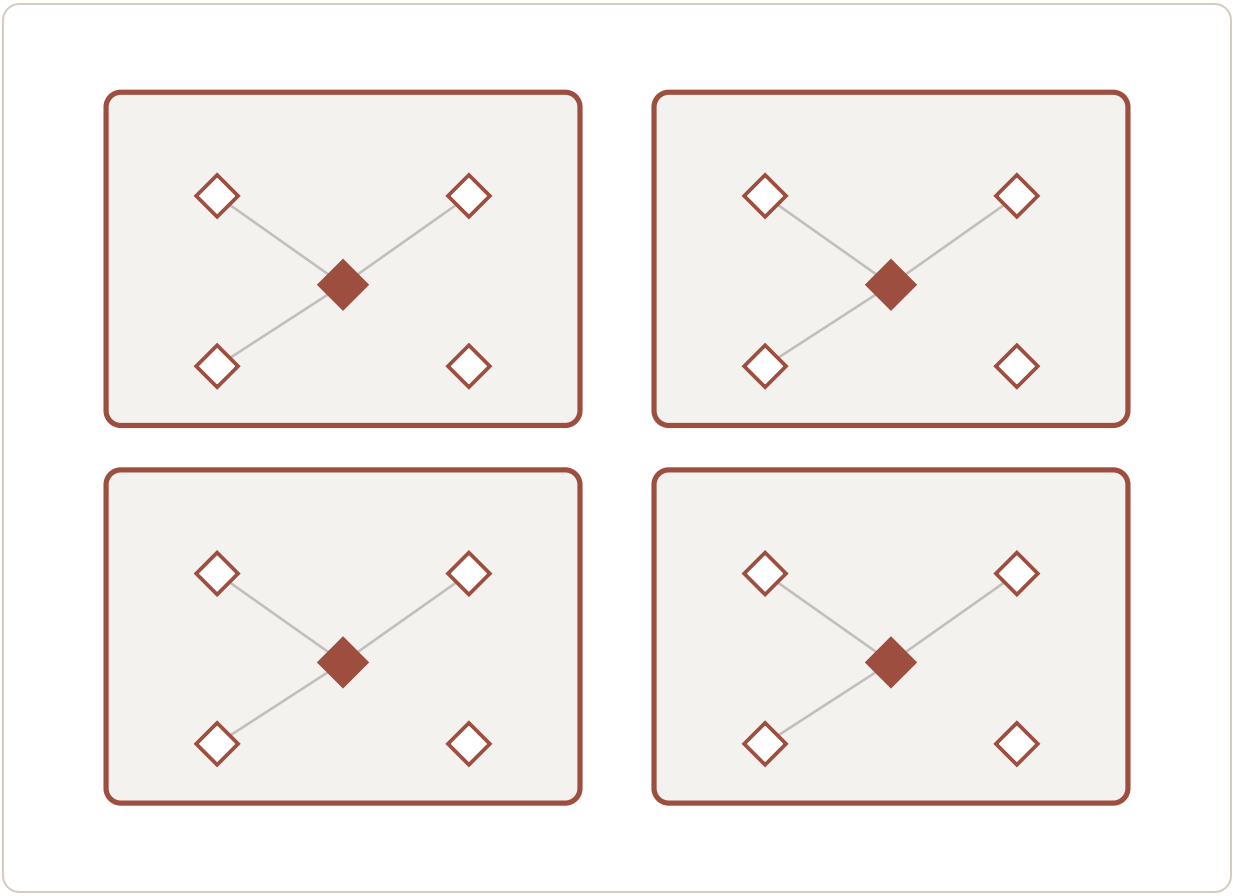
PLATE 04

The technology may arrive either way, but the paths diverge sharply. An open web anyone can join, or gardens a few platforms control.

Once agents can communicate with one another, the open question is which other agents they are allowed to reach. One answer keeps today's platforms in charge. The other looks like the early web. Explore both scenarios below to see how different networks of agents interact. Each scenario is one pathway through a broader web connecting buyers, sellers and service agents.

FIG. 05

Two maps of the same economy



Assistant agent Service agent

Scenario A · Curated exchanges of agents, run by today's platforms.

Agentic walled gardens

WHAT IT IS

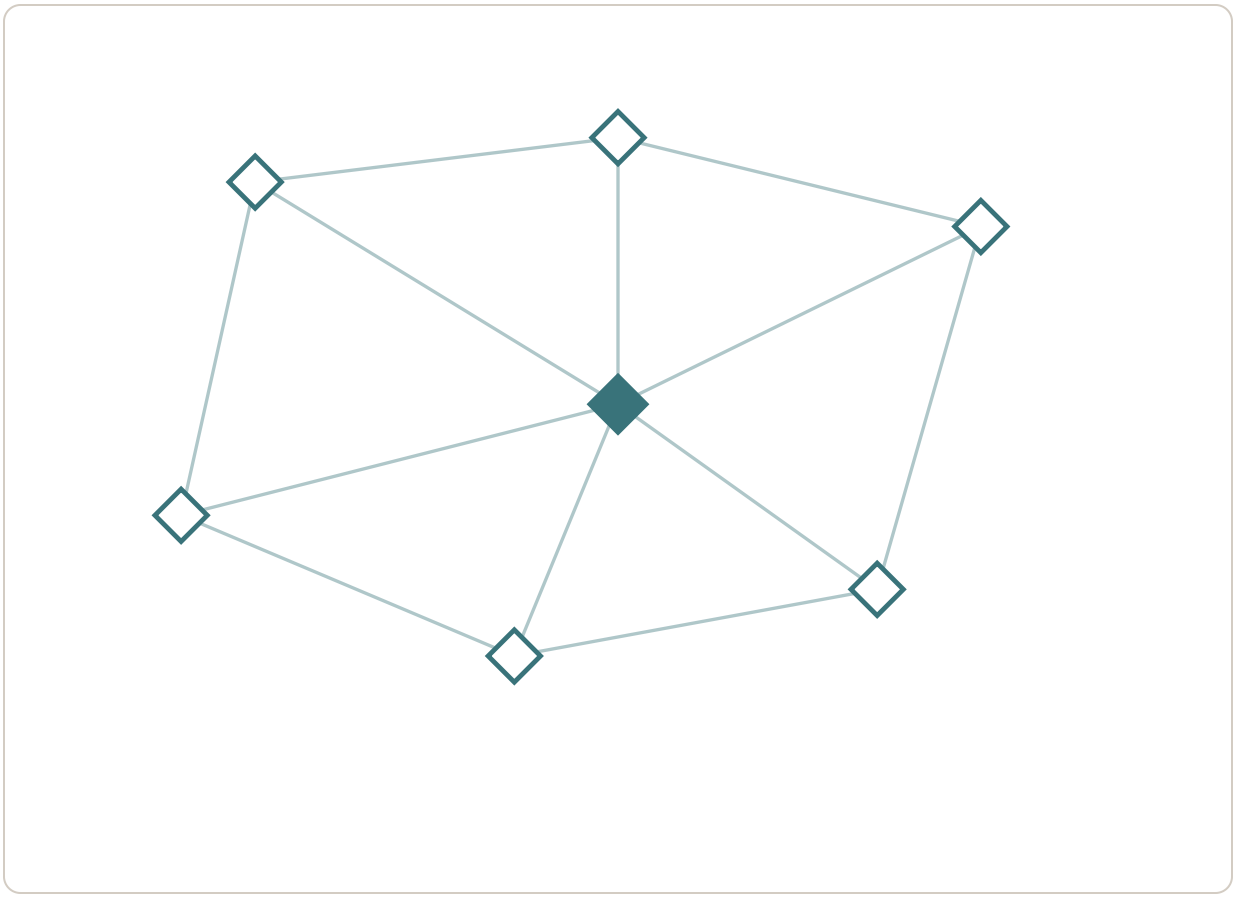
A natural extension of the app store. Firms with large user bases and early assistant agents, among them Apple Intelligence, Google Assistant, Microsoft Copilot and Meta AI, host curated directories where approved agents interoperate. In March 2025 Meta launched basic service agents for business pages on Facebook and Instagram at no cost, reachable only by users on its own platforms.

WHO GAINS

Consumers get filtered quality, security, easy discovery and a form of insurance when an agent errs. Incumbent platforms extend their reach into agent-mediated commerce.

THE CATCH

As with app stores, a few players can concentrate power, take a cut and limit openness. A person may end up with separate assistant agents for work and home that never coordinate.



Scenario B · Open protocols let any agent communicate with any service agent.

An open web of agents

WHAT IT IS

If people and businesses fully own their agents, communication can be both unscripted and unrestricted, with no single gatekeeper. Assistant agents play the role of web browsers and service agents the role of websites, much like the early World Wide Web.

WHO GAINS

New entrants, niche specialists and consumers with unusual needs. Broad competition and innovation widen access to the technology.

THE CATCH

It demands large-scale coordination on standards among companies and governments, plus reliable ways to handle discovery, trust and security. The upside is diffuse, while the disruption lands on today’s intermediaries.

Source: The Agentic Economy, §3.1 and §3.2.

> Whichever map wins, the same handful of markets get re-priced. Here is where the money moves.

V

PART FIVE

PLATE 05

Six ways the economy could shift when agents freely exchange information with each other.

The paper works through several markets that change once agents transact for us. Five of the six below come straight from its argument. The last, trust and reputation, extends the paper’s logic a step further. Select one to read it.

FIG. 06

Six shifts when agents exchange information

ADVERTISING

I

Direct from the paper

From an attention economy to a preference economy.

Today there are far more products than anyone has time to consider, so advertising competes for scarce attention. When an assistant agent can weigh millions of options on your behalf, attention stops being the bottleneck. The scarce resource becomes high-quality human feedback about what is actually good. Monetization shifts toward ranking service agents by real satisfaction, and businesses compete to win early, engaged users whose feedback compounds.

CONSEQUENCE

The contest moves from buying attention to earning preference.



MICRO-PAYMENTS

II

Direct from the paper

Pennies finally become spendable.

The usual hassle of a tiny payment disappears when an assistant agent and a service agent settle it for you. The paper expects more one-off transactions and fewer long-term lock-ins, so a listener whose assistant agent hops between Spotify and Pandora, or Netflix and Amazon Prime, may prefer usage-based micro-payments to paying for both. This shift is likely either way, whether walled gardens or an open web wins.

CONSEQUENCE

Usage-based pricing becomes practical for the first time.



BUNDLING

III

Direct from the paper

Products break into pieces, then reassemble around you.

A news article bundles interviews, photos and facts even when you already know half the story. An assistant agent that tracks what you have read can ask a publisher's service agent for only the new material, rebuilt for you. That points to a market for licensed content feeding personalized output, the kind of retrieval that today leans on Wikipedia or fair use because publishers will not license reuse without payment. Micro-payments could compensate creators and unlock it.

CONSEQUENCE

Bundles form on the fly, one reader at a time.



NEW PRODUCTS

IV

Direct from the paper

Work that was too costly to quote becomes viable.

Highly customizable services such as catering often need slow human intake just to produce a quote, so many firms hide behind a basic contact form. When an assistant agent can conduct that intake at machine speed and hand a precise brief to a service agent, a large category of bespoke work becomes worth offering at scale.

CONSEQUENCE

A tailwind for specialists who were priced out of quoting.



SWITCHING COSTS

V

Direct from the paper

The lock built on “we already have your data” starts to rust.

Much of a firm’s advantage is that leaving means re-explaining yourself, as the paper’s tax-preparer example shows. Your assistant agent carries that history into the next relationship at almost no cost, so intermediaries face fiercer competition and can extract less. Loyalty comes to rest on merit rather than inertia.

CONSEQUENCE

Moats built on friction erode.



TRUST AND REPUTATION

VI

Extension of the paper’s logic

Reviews become continuous, dense and machine-read.

The paper points to assistant agents generating reviews from real satisfaction data rather than the sparse, hand-written kind. Follow that thread and the rating layer becomes powerful in its own right, since whoever holds the trusted signal shapes what gets discovered. In an open web of agents, that trust has to be rebuilt through shared mechanisms and standards rather than inherited from a platform.

CONSEQUENCE

The rating layer turns into strategic infrastructure.

Source: The Agentic Economy, §3.1 to §3.5. Trust and reputation extends the paper's argument; the others are stated directly.

> None of this is fixed. The architecture is still being drawn, which is exactly why the authors think this moment matters.

VI

PART SIX

PLATE 06

Who captures the value, and who decides.

The authors compare this moment to the late 1990s, before the web began generating serious revenue and before the platform economy looked inevitable. The rails being laid now, in standards, in competition policy, in the choices of early movers, will compound for a long time. The paper is careful not to predict a winner. It argues that the choice is real and still open.

If you run a business

Ask what stays defensible when every relationship can be renegotiated daily. A moat made of switching costs is the one that agents dissolve first.

If you build products

Expose a real machine-readable interface, not just a chatbot. In this economy a website behaves less like a page and more like a service agent that happens to have a face.

If you set policy

The walled-garden outcome is not settled. Choices about standards and competition made now will compound for years, much as early internet decisions did.

The architecture of agentic communication will determine the extent to which generative AI democratizes access to economic opportunity.

READ THE CACM ARTICLE ↗

THE TEAM BEHIND THE ANALYSIS

Charted from the work of ten researchers.

The Agentic Economy is the work of ten researchers at Microsoft Research. This Reader companion maps their argument. The visual retelling above is our own.

DR

Portrait forthcoming

David M. Rothschild

David M. Rothschild is an economist at Microsoft Research. He studies public opinion and the economics of news, using evidence from surveys, prediction markets, and large-scale behavioral data.

Microsoft Research Personal site

MM

Portrait forthcoming

Markus Mobius

Markus Mobius is a researcher at Microsoft Research who studies the economics of social networks. His work examines learning, coordination, and trust, using theoretical models and experiments with real networks.

Microsoft Research Personal site

JH

Portrait forthcoming

ED

Portrait forthcoming

Jake M. Hofman

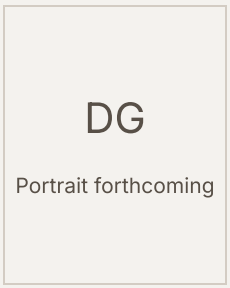
Jake M. Hofman is a Senior Principal Researcher at Microsoft Research New York City and an Adjunct Assistant Professor of Applied Mathematics at Columbia University. He applies statistics and machine learning to large-scale social data.

Microsoft Research Personal site

Eleanor W. Dillon

Eleanor W. Dillon is an economist at Microsoft Research. Her work focuses on labor economics and causal machine learning, including how technological change affects workers and skills.

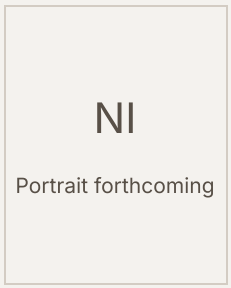
Microsoft Research Personal site



Daniel G. Goldstein

Daniel G. Goldstein is a Partner Research Manager at Microsoft Research New York City. His research combines behavioral economics and computer science to study human judgment and decision-making.

Microsoft Research Personal site



Nicole Immorlica

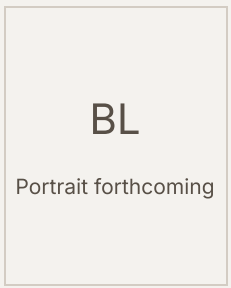
Nicole Immorlica is a professor at Yale University and a researcher at Microsoft. She uses theoretical computer science and economics to study the design of markets and other systems in which people interact with technology.

Microsoft Research Personal site



Sonia Jaffe

Sonia Jaffe is a Senior Principal Researcher in the AI Economy Institute at Microsoft's AI for Good Lab. She studies how AI affects



Brendan Lucier

Brendan Lucier is a Senior Principal Researcher in Microsoft Research New England's Economics and Computation group.

workers' activities and the economy, drawing on applied microeconomics.

Microsoft Research Personal site

He studies how algorithms influence behavior and market design, with applications including digital advertising and matching markets.

Microsoft Research

AS

Portrait forthcoming

Aleksandrs Slivkins

Aleksandrs Slivkins is a Senior Principal Researcher at Microsoft Research New York City. He studies machine learning theory and algorithmic economics, particularly multi-armed bandits and the tradeoff between exploration and exploitation.

Microsoft Research

MV

Portrait forthcoming

Matthew Vogel

Matthew Vogel is a Principal Technical Program Manager at Microsoft Research New York City. His research collaborations have included multi-device meetings and reinforcement-learning approaches to building automation.

Microsoft Research

About this Reader companion

This is an independent visual companion to the paper, produced by the New Future of Work initiative at Microsoft. It restates and illustrates the authors' argument. It adds no empirical findings of its own, and where it extends that argument it says so. The paper remains the authoritative source. Read it in full at Communications of the ACM.