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Lessons from Microsoft's outage

The Circuit Breaker

What it teaches law firms about AI



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WHAT HAPPENED

Two events, *seventeen days apart*

26 Oct 2026

The exit offer

Microsoft opened a Voluntary Exit Offer to about 60,000 employees, roughly 27% of its workforce, reaching up to senior director and general manager level.

12 Nov 2026

The outage

Exchange Online went down under incident EX1550543, taking Outlook and the services built on it, Copilot included, with it.

HOW IT FAILED

The mechanics matter more than the size. A large number of servers failed an automated health check, and the system did what it was built to do: it pulled them out of service. Their load fell on the servers that remained, and those buckled too. Recovery came when engineers paused all deployments, changed how the health check worked, and let traffic back in gradually.

A CAUTION BEFORE THE ANALOGY

The popular telling says the exit offer caused the outage. Nothing published supports that. The offer is voluntary, Microsoft expects fewer than 5% to accept, and no post-incident review had appeared by 13 November. The two events are a coincidence in time. They are still a useful parable, because the outage shows what experienced people are for.

Sources: CNBC, 26 October 2026; Microsoft 365 Service Health, incidents EX1550543 and MO1550821.

THE ANALOGY

The same temptation *in a law firm*

Law firms face the arithmetic Microsoft's critics describe. A licence for a legal AI platform is an investment that can be presented to partners and clients as progress. A senior associate or counsel is a salary that reduces this year's profit per partner. On a spreadsheet, trading the second for the first looks like discipline.

The spreadsheet does not show what the senior lawyer does on an ordinary day. She knows why a clause is in the firm's template, which regulator reads a filing literally, and which client will not accept a risk the contract technically allows. That knowledge is invisible until something goes wrong, and by then it is either in the building or it is not.

In infrastructure, the senior engineer is the circuit breaker between a bad configuration file and a blackout. *In a law firm, the senior lawyer is the circuit breaker between a plausible draft and a negligence claim.*

READING THE OUTAGE AS A LAW FIRM

AT MICROSOFT	IN A LAW FIRM
Automated health check that removes failing servers	Automated review rules, templates and deadline engines
Copilot running on the same Exchange plumbing	Legal AI running on the firm's precedents and document system
Remaining servers overwhelmed by the shifted load	Remaining partners reviewing more output with less time
Engineers pausing changes and overriding the check	A responsible lawyer with authority to stop the work

1

AUTOMATION DOES EXACTLY WHAT IT WAS TOLD

The health check did not malfunction. It followed its rule past the point where the rule made sense. A contract-review tool that flags every deviation from a template, or a deadline system that recalculates every limitation period after a rule change, will do the same.

KEEP IN MIND

Someone must be able to say “stop, this is wrong” and have the authority to be obeyed.

2

YOUR AI RUNS ON YOUR OLD PLUMBING

Copilot went dark because it depends on the same Exchange infrastructure as email. A firm’s AI depends on its precedents, its document management system and its know-how. If those are outdated, mislabelled or understood by only two people, the AI inherits the weakness and adds speed to it.

KEEP IN MIND

Clean precedents and a well-kept document system come before any AI rollout.

3

FAILURE CONCENTRATES ON WHOEVER IS LEFT

When the servers dropped out, their load landed on the remainder and broke them. A firm that thins its senior ranks does not remove the supervisory work. It moves it onto fewer partners, who review more output with less time, until review becomes a signature.

4

RECOVERY IS SLOW AND MANUAL

Microsoft could not restart everything at once; each restarted server was overwhelmed again. Lost institutional memory behaves the same way. A firm cannot rehire fifteen years of client history in a quarter, and the juniors who would have grown into that role only do so by doing the work that is now being automated.

KEEP IN MIND

Protect the training path, not only the headcount.

5

DESIGN THE OVERRIDE BEFORE YOU NEED IT

The fix was a human decision to pause changes and override the automated check. For every AI-assisted workflow, a firm should be able to answer three questions in advance.

a. Which lawyer is responsible for the output?

b. What does she check before it leaves the firm?

c. How is the work done if the tool is down for a day?

KEEP IN MIND

Professional responsibility cannot be delegated to a vendor.

AI makes the routine faster. *It does not make judgment cheaper.*

CLOSING THOUGHT

What to *protect*

None of this is an argument against legal AI. Microsoft's systems serve hundreds of millions of people on most days precisely because so much is automated, and a firm that refuses the tools will lose work to firms that use them well.

The argument is about what the investment is paired with. AI raises the cost of having no judgment when the routine fails. Clients do not pay a law firm for the days when everything works. They pay for the person who knows what to do on the day it does not.

Invest in the machines. *Keep the circuit breakers.*

ABOUT THE AUTHOR



Nemanja Stepanović
Managing Director, JPM & Partners
nemanja.stepanovic@jpm.law

DISCLAIMER

The sole purpose of this publication is to provide information about specific topics. It makes no claims to completeness and does not constitute legal advice. Facts about Microsoft are drawn from public reporting and Microsoft's service-health notices as of 13 November 2026.

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