
— **Exclusive**

Telstra spends \$700m on massive AI rollout

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Telstra will spend \$700 million rolling out artificial intelligence across its entire business in one of the biggest deployments of the technology by a major Australian company to date.

The telecommunications giant will bring in Accenture to oversee the overhaul of its operations, with the creation of a joint venture between the two companies that will run for seven years.



Telstra chief executive Vicki Brady has singled out AI as one of the company's key priorities. **Arsineh Houspian**

While the global consulting firm has worked with Telstra for years, the new investment is expected to transform the company's entire business from the way it interacts with its customers to the operations of its network.

The deal is expected to be announced as early as Wednesday and involves Telstra spending \$100 million annually on the venture, people briefed on the arrangement but barred from commenting publicly said. Accenture is also expected to provide additional funding for the new operation.

The proposal will require consultation with staff and could lead to job losses across the business. Telstra last year axed 2800 positions, almost 10 per cent of its workforce, as it attempted to reach a cost-cutting target of \$350 million between 2021 and the middle of this year. Under its former chief executive Andy Penn, the company had hoped to cut \$500 million in that time.

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Even as it cuts costs, Mr Penn's successor Vicki Brady has nominated AI as one area in which Telstra wants to compete aggressively. Last year, the company said it wanted to be an "AI-fuelled organisation" and was halfway through applying the roll-out with the aim of completion sometime in 2025.

Telstra and Accenture declined to comment on the new venture.

Accenture has worked with Telstra for many years, initially maintaining customer billing systems and more recently helping the company develop AI systems to deal with customer queries.

Over the past few years, the companies have collaborated on developing in-house AI services known as "one sentence summary" and "Ask Telstra" to help employees deal with customers. One sentence summary compiles records of interactions with customers while Ask Telstra allows employees to search internal databases and receive AI-generated responses. Telstra has been introducing both systems to its contact centres and stores.

Telstra product and technology executive Kim Krogh Andersen said last year that Accenture would help it "rapidly scale" the AI systems, claiming it could "really shift the dial when it comes to helping our teams provide quicker, more effective, and more personalised customer interactions".

As part of the new venture, Accenture, which is listed in New York, will assess what skills and services Telstra needs to fast-track its use of AI.

Consulting on the adoption of AI is a core part of Accenture's business, with demand for the technology pushing the firm to \$US3 billion (\$4.8 billion) in new and renewed contracts for the year to September.

In a report released this month, Accenture argued that companies could develop "AI with personalities" to replicate existing relationships with customers, urging them to "marry AI's scale and efficiency with the uniqueness of their brands". "To drive the most opportunity, bots need to get personal with people," the Accenture report reads.

Other telco companies have also been expanding their use of AI and chatbots, with Aussie Broadband's new internet brand, Buddy Telco, relying on the technology for initial interactions [<https://www.afr.com/companies/telecommunications/aussie-broadband-chases-bigger-rivals-with-discount-buddy-offshoot-20240711-p5jswx>] with customers.

As well as customer services, Accenture is also expected to review how AI can be used to maintain Telstra's telecommunications networks.

The company is building more fibre networks

[<https://www.afr.com/companies/telecommunications/telstra-boss-vicki-brady-retreats-from-the-telco-for-everything-20240725-p5jwhn>] in response to demand from customers like Microsoft that need fibre to handle data – including that generated by AI. Microsoft, which has also worked with Telstra on developing AI systems, signed a multimillion-dollar deal with the company to secure space on the telco's new \$1.6 billion intercity fibre network.

Telstra forecasts year-on-year growth of between 24 per cent and 33 per cent in the demand for data in Australia over the next six years.

It already has more than 250,000 kilometres of fibre linking 133 data centres, and is laying down another 14,000 kilometres.

Telstra had considered selling off some of its infrastructure businesses, which own fibre optic cables, data centres and subsea cables, but decided that it could make more money in the short term by keeping them

[\[https://www.afr.com/companies/telecommunications/telstra-posts-2b-profit-shelves-option-for-infrastructure-sale-20230815-p5dwpi\]](https://www.afr.com/companies/telecommunications/telstra-posts-2b-profit-shelves-option-for-infrastructure-sale-20230815-p5dwpi).

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