



Case Study: AGL Energy

AGL Energy's managed cost
optimisation journey with Telstra

AGL Energy: Optimising ICT investments to build better business efficiency

Telstra's Managed Cost Optimisation Services helped one of Australia's biggest energy and gas providers optimise their ICT cost, reduce operational complexity and streamline internal processes.



Australia's largest electricity generation portfolio

Founded in 1837 as The Australian Gas and Light Company, AGL Energy (AGL) is one of Australia's biggest energy providers with an operated generation capacity of 11,208 MW—almost one-fifth of the total generation capacity within the country's National Electricity Market ^[1].

With 3.95 million residential, small and large business, and wholesale customers using AGL's integrated essential services like electricity, and gas, the company is the country's largest private investor in renewable energy ^[2]. This commitment outlines AGL's responsibility to innovate in energy, continuously support its customers and communities and preserve the environment for generations.

The Challenge

Taking control of a massive ICT asset pool

Like other large-scale organisations, AGL has an extensive telecommunication and technology footprint with services like fixed voice, mobile, data and IP, network assets and need-based services through Telstra. The sheer volume of these assets and services across different departments entailed a lack of cost visibility and control. However, man-hours required to track, forecast, monitor, and process payment of their IT and telco invoices, were fast becoming unproductive and uneconomical.

AGL needed to find ways to take control of their total cost of ownership to avoid unexpected spend and underutilisation of their ICT investment.

Key Issues

- Customised and **complex billing** requirements for a large number of assets, accounts, products and services made transparency and visibility AGL requires challenging.
- AGL's **unique requirements** created the need for an ongoing consulting engagement to advise on best practices for **expense management processes** and ensuring rapid delivery implementation.
- ICT cost associated with development and implementation of new technologies needed a **structured approach** with **proactive validation**, checks, assessments and recommendations to **maximise ROI**.

With a long-standing relationship with Telstra, AGL sought the help of our experts to manage, simplify, and optimise their ICT spend.

“As there were multiple accounts and services, the billing compliance process needed better internal alignment and governance, more efficiency and visibility. This can appear complex when data and information is not consolidated and streamlined. Services and billing value needed to be precise and allocated to the right cost centres defined in the hierarchy.”

Lee Berry,
Billing and Credit Specialist at Telstra.

1- <https://www.agl.com.au/about-agl/who-we-are>
2- <https://www.agl.com.au/about-agl/who-we-are/our-company>



The Solution

Managed Cost Optimisation Services: One solution, multiple benefits

Managed Cost Optimisation Services aimed to unify and streamline AGL's ICT cost, and reduce complexity, inefficiency and expenses associated with managing and reporting on their investments.

Our Strategic Approach

As part of Telstra's **premium consulting services**, a dedicated subject matter expert was appointed to provide strategic thought leadership along with a tactical solution to deliver cost optimisation benefits for the customer.

AGL was also provided with a detailed plan and ongoing support to enable better decision making based on accurate data. Our managed cost optimisation services included accurate cost and usage summary, proactive bill checks, validation, project chargeback cost reconciliation, customised reporting, visual representation of complex ICT spend, and business process recommendations to drive better results.

- **Proactive bill checks:** Aimed to remediate anomalies, bills are validated against the contract for accuracy before it gets submitted for clearance. This saves time, and provides clarity to AGL's account team.
- **Monthly reviews and regular reports:** Custom-built reporting on key cost-intensive projects and services provides insights and recommendations for cost efficiencies.
- **Expense optimisation:** Link services with valid descriptions for clear, prospective, and streamlined tracing for more visibility to help the business make better data-informed decisions.
- **Streamline business processes:** Proactive partnership with Asset Management, Project Management, Commercial, CMT/CSU ensures invoices are billed in accordance with AGL's contracts.
- **Single point of contact:** One direct line to manage and resolve E2E financial queries, in a timely manner.

"The relationship with AGL Energy is based on trust and expertise. By providing the right tools and expertise to our customer, through increased visibility and intelligent analytics, our dedicated expert resource helps shift workforce from non-value add activities to focus on core business outcomes. We work along with AGL to understand their business requirements and tailor our solution to meet those requirements. There are multiple benefits of our solution, for any customer who is looking at business process efficiencies and cost optimisation in their ICT environment."

Neha Sandher,
General Manager-Sales for IEM Services
at Telstra.



The Telstra managed billing service drives tangible benefits to AGL year on year, through proactive bill checks, analysis, process alignment and continuous improvements.

Jacquelin Baldwin,
Technology Relationship Manager, AGL Energy.



Working together for better business outcomes

Customised approach helps deliver simplicity and efficiency

Telstra delivered the following for AGL, which helped them optimise their ICT spend.

- **Aligned business processes:** Working together to integrate business processes and align Telstra and AGL policies resulted to effective implementation and improved collaboration. One of the business processes introduced was Project Billing, which meets AGL's bespoke billing process requirements.
- **Reduced complexity:** AGL had a complex, customised billing structure including voice, mobile, ICT consulting projects, and other network services. Simplification and integration of these services was crucial for better expense management and increased visibility. Regular reporting and analytics were presented against deliverables defined by AGL.
- **Enhanced visibility and tracking:** Asset optimisation was an essential part of AGL's engagement with Telstra. This brought insight through reporting tools and identified unutilised or wasteful assets, across their integration of all services, created enhanced visibility and control, thus reflecting through savings for the business.
- **Customised approach:** Having a dedicated resource helped with bespoke solution implementation, better collaboration between the two organisations, and also internally across the various domains within Telstra.

“Our bespoke and collaborative solution has equipped AGL Energy with more information and better visibility of processes, which has helped improve the confidence and trust in our business relationship while delivering definite business benefits for both organisations. One of the key benefits is that we are helping AGL manage their telecom expenses effectively. We are not just seen as a vendor; we are a partner who optimises their ICT cost which enables AGL to reinvest in cutting-edge technology.”

Lee Berry,
Billing and Credit Specialist at Telstra.

The Outcome

Project Execution: Reach your goals leveraging our expert team

Telstra's comprehensive service has helped AGL optimise its ICT cost and eliminate the complexities that previously existed in managing them. We also helped them in identifying opportunities for efficiencies and optimisation, enabling AGL to reinvest these funds into their future technology roadmap to drive business outcomes. With the help of Telstra's managed cost optimisation services, AGL has achieved the following in the FY19-20:



Over a million-dollar cost optimisation benefit (\$269,000 + \$754,000 as one-off and recurring cost respectively).



\$64,000 potential savings in identification of zero usage plans and recommendations.



Saved time and resources on invoice audits, contracts validation, and smooth transitioning of invoices to accounts payable.

“Telstra are our trusted technology partner and through the provision of a managed service, has allowed AGL to improve, optimise and reduce costs. The managed service provides insights and recommendations through regular reporting and analytics, that has enabled AGL to align processes and make cost optimisation choices and realise savings. With the expert oversight of AGL's telecom spend, we have confidence our services are tracked and monitored and regular proactive bill checks ensures our processes are aligned and our telecom costs are controlled.”

Tracey Costar,
Supplier Financial Management Lead,
Technology Business Management,
AGL Energy.

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