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KT and Microsoft Agree on a 5-year Strategic Partnership to Accelerate AI Innovation

KT has entered into a five-year strategic partnership with Microsoft to collaborate and share expertise in the fields of AI, Cloud, and IT. Following their agreement last June, this partnership aims to strengthen cooperation in securing global AI leadership for South Korea. The scale of cooperation between the two companies is expected to reach several trillion KRW, including a usage fee of \$450 million (about 585 billion KRW) for Microsoft to utilize KT and KT Cloud infrastructure.

Over the next five years, KT and Microsoft plan for a ▲joint development of customized AI models and services tailored for Korea, to ▲launch a Korea-specific Secure Public Cloud, to ▲establish a specialized AX Total Service corporation aimed at the global market, to ▲strengthen the domestic AI ecosystem through joint R&D and investments in startups, and to ▲promote talent development programs to internalize global capabilities.

▲ Joint development of customized AI models and services tailored for Korea

KT plans to swiftly develop customized AI models for Korea and provide relevant application services by leveraging Microsoft's software, including ChatGPT 4o and Phi 3.5. These AI models will be co-developed and applied to KT's customer services (such as chatbots) and industry-specific AI solutions for B2B sectors. By collaborating from the initial testing and application stages of the AI model, KT and Microsoft intend to launch specialized services that reflect Korea's unique language and culture, making AI technology more familiar and effective for local customers.

Additionally, KT will integrate Microsoft's conversational AI, Copilot, into services to offer a distinctive customer experience. Customers will enjoy advanced AI experiences, such as personalized AI search and customized services based on Copilot. The two companies also plan to enhance the level of services provided and create new business opportunities by developing industry-specific Copilots for various sectors, including education, healthcare, and mobility, through extensive technical cooperation.

▲ Launch a Korea-specific Secure Public Cloud

Both companies are set to collaborate on developing cloud services tailored for the public and financial sectors, both of which are highly sensitive to local regulations and security. These services will not only ensure top-notch security but also provide the flexibility to adopt the latest AI and cloud technologies swiftly and comprehensively. With extensive experience in working with advanced European nations like Switzerland, Italy, and Belgium, Microsoft will share their accumulated expertise and insights with KT. This collaboration aims to position KT at the forefront of the domestic AI transformation, offering more reliable and adaptable cloud services.

▲ Establish a specialized AX Total Service corporation aimed at the global market

KT plans to establish an AX (AI Transformation) specialized company aiming for global expansion. The new entity, staffed by experts in AI, cloud, and IT fields, will deliver comprehensive services designed to tailor AI solutions to customer needs. Microsoft will support the company with expert

personnel and joint on-site project execution. Together, the two companies aim to expand the business beyond Korea, targeting the global market, including Asia, with their competitive expertise.

▲ Strengthen Domestic AI Ecosystem through Joint R&D and Investment in Startups

KT plans to deepen joint research projects and bolster global technological cooperation with Microsoft Research Center (MSR) in fields such as new AI technologies and future networks. We will expand participation from domestic universities and research institutions, strengthen global technological cooperation, and support the development of globally renowned talent in AI research and development within Korea.

Additionally, the two companies aim to invigorate the AI ecosystem both domestically and globally by establishing an 'Innovation Center' at KT's Gwanghwamun Building. This center will serve as a hub for global AI and cloud technology innovation and will contribute to investment in related startups.

▲ Joint Talent Development Projects to Internalize Global Capabilities

To nurture global-level AI talent, KT and Microsoft will run joint educational programs. KT will collaborate on projects and workshops with Microsoft's global engineers to strengthen capabilities across technology, consulting, and marketing, thereby fostering global-level AI talent. Over the next five years, both companies will start training programs for all employees, enhancing their skills and helping KT to emerge as a leader in the AI and the Cloud industry with superior technology and business acumen.

KT views this strategic alliance with Microsoft as a pivotal milestone that will drive technological collaboration and widen the AI foundation in South Korea, accelerating innovation. With this robust partnership with a global tech giant, KT aspires to swiftly emerge as a leading AICT Company.

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