

Episode 112 | AI Agents are transforming telco, with Microsoft
Kevin Shatzkamer, Microsoft
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DR: [00:00] Are there any success stories or early adoption stories coming out of MWC or from Microsoft with telcos starting to create agents and put them into production?

Kevin Shatzkamer: [00:10] Yeah. Telkomcel and Vodafone are rolling out agentic AI in both customer experience and employee experience. Korea Telecom is doing a whole bunch of industry-specific agentic automations. A cool statistic for you, 96% of our Tier 1 customers today in telecom are using Microsoft AI.

DR: [00:30] That's awesome.

Announcer: [00:35] This is "Telco in 20," a podcast that helps telco execs achieve a competitive advantage with AI and the public cloud. It is hosted by Danielle Rios, also known as DR. Today we're talking to Kevin Shatzkamer, Corporate Vice President of Customer Experience, Strategy, and Operations at Microsoft.

DR: [00:54] Hi guys. I'm DR. Anyone walking around MWC this year couldn't escape AI. It was at the center of every conversation and plastered on booths around the Fira. But there was also a new term making the rounds in Barcelona, AI agents. AI agents are intelligent systems that can reason and take action independently. Unlike traditional workflows that follow strict predefined paths, agents can make decisions, adapt to new information, and handle unpredictable situations. This makes them a game changer for our industry. Imagine customer service systems that solve complex problems on their own, network management tools that anticipate outages before they happen and reroute traffic, and billing systems that identify revenue leakage, negotiate personalized offers, and optimize pricing all without human intervention. The shift to agentic AI represents a huge change in how our industry can and should operate.

[01:51] It's not about using AI to make human processes more efficient. It's about reimagining every process from the ground up with AI at the center. Today I'm talking to someone who understands the potential of AI agents for our industry. Kevin Shatzkamer is Corporate Vice President of Customer Experience, Strategy, and Operations at Microsoft and is helping telcos around the world use AI agents to improve their operations. We're going to talk about what makes AI agents so powerful, how they differ from the traditional workflows telcos are used to, and what steps operators can take to start putting them in action in their business today. So let's take 20. Kevin Shatzkamer

is Corporate Vice President of Customer Experience, Strategy, and Operations at Microsoft. Hi Kevin. Welcome to “Telco in 20.”

Kevin Shatzkamer: [02:40] Hey, thanks for having me. I'm super excited to have a conversation today.

DR: [02:44] Yeah, I'm so excited to have you on the podcast and talk about all the cool things we saw at MWC and so we were both in Barcelona, and as expected, AI was everywhere. It was pasted on the booths, everyone was talking about it, and so as a telco veteran, what stood out to you most about all of the AI adoption we're seeing throughout the telco industry?

Kevin Shatzkamer: [03:05] Yeah, so a couple of things. I've been going to MWC since it was in Cannes, so twenty-some-odd years and I thought the inflection point this year, you're right, AI, it was front and center in every conversation. And I think the last three or four years, everything around Open RAN and edge computing and cloud native networks, those conversations felt a little bit parked this year.

DR: [03:26] Yeah, it is very interesting. I'm new to Telco. My first MWC was in 2017, and I've been advocating for telcos to use the public cloud. But the adoption rate of public cloud versus AI has just been radically different. Do you have a perspective on why AI has been faster than some of these other technologies?

Kevin Shatzkamer: [03:46] Yeah, I think if we look at telco mode of operations over my entire career, it's been this world of let's wait for perfect information to come in and full clarity of business case before moving and I think with AI, that's just not going to be the case. We're not going to live in a world as much of what and why as much as how. How do we do this? How do we do it at pace? And it puts us in this mode of thinking about experimenting and innovating and beta launching and scaling. And I think telcos right now are embracing that. And it's actually not just telco, I think a lot of historically slow regulated industries, the media industry, the financial services industry, the healthcare industry, are all kind of leaning in here. And I think when we've talked about digital transformation for the last seven to eight years, I think it was like banging your head against a wall to get any momentum going in telco and now it's happening organically.

[04:40] And one of the blogs I posted in the last couple of weeks coming out of MWC was that I believe AI has the potential to be

the fastest-adopted technology that the telecom industry has ever seen. And aside from the fact that telcos are leaning in, I think the other reason is that every inflection that I've experienced across my career has been around, how do I transform the network as a vendor? How do I disrupt incumbency or how do I look at what is a massive telco CapEx number and go and target it? AI, we're not doing that. It's not a CapEx conversation. It's an OpEx conversation. And you can come in and say, "Don't touch your network. Don't touch your user plane, don't touch your radio."

DR: [05:19] Yeah. Well, as a vendor in telco, anytime you say the word "fast" and you're talking about the telco industry, that absolutely excites me because we're notoriously slow and as you said, risk-averse. And so there's a little bit of an experimental culture change that's happening. I think that's really great news for the newer vendors that are really trying to help telcos be successful. And so you've been described to me as an advocate for agentic AI. We talked about it at Totogi, at MWC. And so why do you think agents are so awesome for enterprises, but especially for telcos?

Kevin Shatzkamer: [05:54] You're right. Agents are awesome, and I think they're awesome for a whole bunch of different reasons. They're awesome because they have this ability to autonomously handle a set of tasks. They're awesome because they can autonomously collaborate with humans in kind of a thought partnership-type way. And they're awesome because they have this ability to self-heal, self-learn, and self-improve from a workflow perspective. And lastly, they're probably awesome because they're building on things that we've already been doing for a long time. Automation is not a new word, robotic process automation, the RPA world is not new. It's existed for a number of years. I think what's nice about this new agentic AI world is that the underlying doesn't need to be static any longer, and that means that the upper layers of what we build with AI are less brittle.

[06:41] It means that this dynamic adjustment, this ability to use their own complex reasoning to streamline themselves and improve their own performance are really cool opportunities. In telecom, I think there's this whole new pace of innovation that can happen. Like I said earlier, we're actually not imposing any new requirements on the network user plane, but it's also happening because of work that's already been done. It

leverages the fact that they've been pursuing this path of automation and data journeys for the last several years with public cloud. I think it creates this new pace that can happen independent of how fast the second half of 5G or upcoming 6G moves. You can iterate and move at an AI pace that the upper layers, while continuing to have telco network deliver it risk-averse pace in some of the underlay layers.

[07:29] And this AI speed we're seeing it to be true across lots of different parts of a telco. We love to think about the network and network operations. It's true in the field ops world right now. It's always been true in the customer experience, and customer support side of the business where we've moved from deterministic to generative AI. We see it applied now in the sales organization, thinking about health and recommendations and next best action opportunities. And it's true in back office. So it's this really cool moment.

DR:

[07:58] Yeah. And I think a lot of people in telco are starting to talk about agentic flows, but I think there's a lot of confusion about how they differ from traditional workflows. I see people taking a very human process and just adding AI to it, instead of really breaking the mold and redesigning it. And so what's the difference between a traditional workflow and then an agentic flow?

Kevin Shatzkamer:

[08:20] We're still early from a tech perspective. I think I heard someone say the other day that in the AI world, we're basically at the Ford Model T if we were to compare it to the automotive industry. And I think because of that, we're becoming somewhat indoctrinated to the set of tools that we've used or what I would call this level one world of humans first. There are things that I do on a regular basis, either in my professional or personal life, that leverage AI to either help with, assist with, or accelerate. Today, I use ChatGPT for some of it. I can use a lot of coding assistants and GitHub Copilot if I'm a coder. If I'm a musician, there are plenty of tools out there to help me write background music. Helping me do the things that I do is what this level one world is. As we get to level two, we can start to think about a world where we have humans and agents working side-by-side. And certain tasks get allocated and delegated out to humans, and certain tasks get allocated and handed out to agents.

[09:20] And the benefit of that is we can start to think of a world where human brain capacity and expertise is freed up for

a set of higher-order tasks, while we hand off some of the repetitive continuous things over to agentic AI workflows. At a level three, we're likely to see this world where it's actually agents first and humans are more in a supervisory-type capacity. Think about what a manager does on a regular basis. Job number one is facilitating and orchestrating the people within their organization to the highest value outcomes. And number two is this talent development and coaching role, improving the capabilities and performance of humans. Level three, as we think about it from an AI native perspective, is how do I take feedback loops and use it to improve model performance and to tune the models in effective ways that get them to execute on their jobs better? But then also, how do I stitch together all of these individual agents to go accomplish tasks that are most beneficial to what my actual job is and the role that I have?

[10:22] And then eventually we'll get to this level four world where it's agents only. When we get comfortable that we've created the right tuning and the right opportunities for these agents to be self-sufficient, self-healing, self-learning, there's just going to be these flows that sit out there that are agents only, digital only. And it's agents talking to agents talking to agents rather than agents talking to humans or humans orchestrating agents.

DR:

[10:46] Yep. From a programming perspective, I have a computer science degree and we've been stuck at programmatic languages. Do you really need to write that entire if-then block? You really don't. That's not hard, but it is places where people make mistakes sometimes. And now AI will start to generate it and start to take over more and more of the programming and then lift humans up to work on harder problems, more interesting problems. And it's not about, "I wrote every single line of code", that's not the brag point. But rather, "I now am responsible for multiple products and I built them in such a short period of time" and I think really that's where the AI is going. It's going to be amazing.

Kevin Shatzkamer:

[11:24] 1000%. If we equate it back to those levels, as we get to this agents-only world, does the need to have software engineering methodology and software development methodology go away? No. Do I still need to think about system design? Absolutely. Do I have to think about observability? Do I have to think about troubleshooting? Do I have to think about iteration? Do I need to think about maintenance and

improvement of the offerings that I bring to market? 1000%. But do I need to do that in C or Python or Java or any of the other programming languages that are proficient today? No. Maybe I just do it in English.

DR: [11:58] Yep, absolutely. And so Microsoft has been coming out with several products in this area. I think you've written a couple of blogs about them, especially going into MWC. And so what are some of those Microsoft offerings that help enterprises and telcos begin to build and start playing with experimenting and using agents?

Kevin Shatzkamer: [12:16] Yeah, I think obviously agents are built on top of frameworks and data. There are lots of layers in terms of how I can answer this. I can just say Azure.

DR: [12:23] Yeah, totally. Key building block for sure.

Kevin Shatzkamer: [12:26] Yep. When we think about AI generally and say, "Hey, this is an optimization insight and automation platform." Then what are the layers of the products and frameworks that sit within that mindset? And I think at the foundational layer, it's a data platform. And for Microsoft Fabric we announced at MWC, a telco industry data model that's designed to unify all data for the telco industry. How do I aggregate everything from network performance metrics to customer interactions in a single analytics environment? And then how do I think about the management streamlining of the data ingestion, the data modeling, the analytics work, and the exposure layer in a unified way so that I can start to think about faster time to market and better insights both for my own operations as well as new go to market motions. So I think that's part of it. When we think about agents, you can't get there without a multi-agent framework and orchestration.

[13:20] There are two ways about that right now. One is AutoGen, which is an open source project that Microsoft released, which is awesome for some of its multi-agent framework and orchestration capabilities. The other on the product side is Semantic Kernel. And then when you go above that, it's how do I build agents? And what we see today is that customers are at various points in their own maturity. There's a number who are looking for, "Hey, give me something out of the box that just works." There's others who are like, "I don't have a lot of development on staff. Help me get to this low-code,

no-code platform where I can iterate faster and my business users can build their own tools to make them more successful." And then there's, "Hey, we're hardcore developers. Give us an API."

DR: [14:03] Yeah, we're going to go create.

Kevin Shatzkamer: [14:04] And I think based on the various journeys from an agent-building perspective, that could land in Microsoft 365 Copilot, it could land in the Copilot studio world for no-code, low-code, or it can just be an API on Azure, OpenAI, and AI Foundry, which is really that platform for developers and data scientists to go and tinker and iterate on their own.

DR: [14:25] Yeah. Are there any success stories or early adoption stories coming out of MWC or from Microsoft with telcos starting to create agents and put them into production?

Kevin Shatzkamer: [14:36] Yeah, 100%. So a cool statistic for you, 96% of our Tier 1 customers today in telecom are using Microsoft AI.

DR: [14:44] That's awesome.

Kevin Shatzkamer: [14:45] They're using it for lots of things. Telkomcel and Vodafone are rolling out agentic AI in both customer experience and employee experience. Korea Telecom is doing a whole bunch of industry-specific agentic automations, Fabric for real-time data analytics and unified data, and that new telco industry data model we expect will be this major step forward for the industry because when you bring together network data, customer insights, and operational metrics, and you expose it in a uniform, consistent way over an API, you really bring application developers, both your own internal app developers as well as a broader ecosystem to the table and say, "Hey, we as telco aren't limited to innovation based on what we build, we're giving you the tools to innovate on top of the APIs and platforms that we expose to you."

DR: [15:34] Yeah. And that's a big part of Totogi's vision as well, that idea of unifying all your business systems behind a domain-trained, telco industry-specific ontology. And it's just going to really uplevel the insights that we can get from all of this data that's trapped in vendor systems, in different databases, on-prem and cloud and it's just really going to open up what telcos can do. So super exciting. And so, one thing

that's super interesting about you is you are a published author, which is amazing. You've written two books, I think you wrote them a while ago. And so if you were to do it today with AI, how long do you think it would take?

Kevin Shatzkamer:

[16:16] Yeah, so when it comes to sitting down and actually writing a book, it turns out that you have lots of gaps in your knowledge. So you spend a lot of time doing research, you spend a lot of time doing reviews. And the way I kind of look at it is it's probably about an hour per page to author, which would make it probably the worst compensated thing I've ever done from an hourly wage perspective. So it's very time-consuming. I think the world is so different right now. Some of these deep research models are so good that you can just prompt to get the research that you need and start to pull it together. I've already authored 20 to 30 page research reports internally. I think with AI we can just write things so much faster. And one of the coolest experiments that I've been working on lately is how do I help and teach AI to mimic my own style.

[17:04] And the combination of feeding it past things that you've written, as well as building style guides about yourself and how you communicate, it's starting to do a really good job of being able to synthesize that and do it in your own voice.

DR:

[17:18] No, I started a blog in 2020 and would write the blog all by myself and almost ran out of time in terms of how deep I could go or the insights I would share. And now with AI, it absolutely is speeding up my writing process. But now I do have time to go deep and be more insightful and thoughtful about what I'm writing. And I think we've gotten to the point where it can spit out something that sounds like a DR blog pretty quickly, and it's pretty amazing. So AI is great. It's changing the world. And Kevin, this was such a great conversation. Thank you so much for coming on the podcast.

Kevin Shatzkamer:

[17:53] Thanks for having me. I had a great time. Let's do it again.

DR:

[17:55] Yes, for sure. Stick around. We end each podcast with a "Telco in 20" takeaway. I've got two minutes to tell you something you need to know. Kevin just talked about how AI is on track to be the fastest-adopted technology that telecom has ever seen. And he's right. You know how I know? Two AI leaders, Dario Amodei, CEO of Anthropic, and Kevin Weil, OpenAI Chief

Product Officer, are predicting that programming will be done exclusively by AI within 12 months. We can debate the timeline but not the inevitability of this shift. The barriers to programming are about to be obliterated. This is great news for operators. With AI-driven programming you'll be able to customize your software without needing an army of specialized developers. Your business teams will be able to shape your technology directly without cumbersome technical barriers. And you can finally focus on improving customer experiences and generating revenue instead of fighting your legacy tech stack.

[19:03] Want to learn more about how AI is transforming telco? Send me a DM on LinkedIn or X @telcodr, and we can talk about how Totogi is working with real telcos to implement agentic AI in their businesses. Until then, tune in to more "Telco in 20" episodes, like and follow and leave us a 5-star review. Don't forget to sign up for my awesome email newsletter on telcodr.com and check out our killer YouTube channel. While you're there, be sure to hit that subscribe button. Later, nerds.