Media Release

QANTAS ANNOUNCES PARTNERSHIP WITH IBM AND TELSTRA

SYDNEY, 17 May 2004: Qantas said today it had entered agreements with IBM and Telstra for its future Information Technology infrastructure, which provides a wide range of IT and network services for the company.

Chief Information Officer Fiona Balfour said existing infrastructure and facilities could no longer meet Qantas' growing IT needs including the data centre which the company had maintained for more than 40 years.

"Qantas' reliance on technology has grown exponentially in recent years," Ms Balfour said. "Everything we do depends on technology, from our online booking engine and ticketing to load and departure control, as well as the technological advances onboard our aircraft and at airports.

"International airlines no longer build their own data centres, instead they turn to service providers that have the latest technology, scale and expertise to run these operations," she said. "These agreements with IBM and Telstra will ensure we stay at the forefront of technology and offer the best service to our customers."

Under a $650 million agreement, IBM will acquire and manage the delivery of data centre operations, mainframe and mid-range computing and other managed services over 10 years. Telstra will be responsible for domestic data, voice and desktop services over seven years under a $750 million agreement. More than half of the 192 staff affected have accepted positions with the service providers or been redeployed within Qantas.

Ms Balfour said the transition of the services would begin on 31 May and implementation would be completed within two years. The agreements follow a year-long review of the existing services and detailed evaluations with IBM and Telstra of their capacity to meet Qantas' needs. Qantas used the services of the worldwide sourcing consultants TPI to advise it through the evaluation and decision.

"This partnership with IBM and Telstra will also enable us to build our own capabilities and modernise our network to the condition required for new generation systems and technology as the Qantas Group grows and changes," she said.

"We will continue to develop, manage and control all business systems with a 700-strong IT workforce providing systems delivery and overseeing these managed services."

In recent years, Qantas has forged strategic alliances with Telstra for its domestic communications network and desktop services, IBM and Oracle for business e-enablement, SITA for international network, and Amadeus for ticketing, reservations, inventory and departure control.

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