PARITÀ DI ACCESSO
Organo di Vigilanza

TELECOM ITALIA

Newsletter Activity
Supervisory Board
October – December 2012

Executive Summary

In December 2012, the new Supervisory Board (SB) took office, chaired by Prof. Antonio Sassano[1]; the new Board replaces the previous one, chaired by Prof. Giulio Napolitano, whose term of office has now ended. The other two members are Prof. Michele Polo and Prof. Marco Lamandini.

During the first session held on 4 December, the SB approved the quarterly report for Q3 2012, and the programme of work for 2013.

The SB also obtained the usual documentation from Telecom Italia in relation to the Undertakings now due for compliance, together with progress reports on issues requiring further investigation (degraded systems, KO analysis and the pre-alert system for exchanges at risk of saturation).

It has also been decided to extend the involvement of the Alternative Operators, and to intensify the discussions already begun with the Authority, through regular consultations and exchanges of opinion. This will allow further study of future supervisory activities.

Open Access personnel have carried out checks, in the presence of Supervisory Office, on the process of certification of the data used to record performance indicators for the period January – October 2012.

With regard to Undertakings Group no. 1, Telecom Italia has submitted updates on the progress of the WOs processed with the NDP, and, with reference to Undertakings Group no. 4, the monthly reports on the performance of equal treatment indicators for September, October and November 2012.

Telecom Italia has also transmitted the usual progress reports on Undertakings Groups 5, 6 and 12.

The multi-year Technical Plan 2012-2014 has been submitted as far as the Undertakings Group no. 5 is concerned, and, with regard to Undertakings Group no. 6, for the Allotments only; for NGAN and broadband development it will be sent after Telecom Italia has approved the Business Plan by the end of February 2013.

[1] http://organodivigilanza.telecomitalia.it/pdf/Comunicato_Stampa_OdV_04.12.12.pdf

Progress report regarding fulfilment of the Undertakings

Undertakings Group no. 1

(New Process of Delivery start-up)

In November the document was approved that describes the process by which Telecom Italia will release the *Toponymic Light* DB, and the process for checking the congruity of its data against the data in the other DBs provided to the OLOs. Telecom is currently evaluating the comments made by the alternative operators on the document.

At the end of November 2012, the NDP handled approximately 430,000 orders on the asymmetrical bitstream service, and 318,000 on the LLU.

On 7 December 2012, the number of OLOs using the NDP process, divided by service type, was as follows:

Type of service	Number of OLOs using the process
ATM Bitstream	46
Ethernet Bitstream	11
Easy IP	1
WLR	12
Shared Access	3
LLU	17

Undertakings Group no. 2

(establishment of a new system of incentives and a code of conduct)

Staff training on the Open Access *mission* and the Undertakings has now been completed; the course on management of relations with the OLOs, aimed at 200 ex-National Wholesale staff who have now joined Open Access, is still ongoing.

Training is also ongoing for Open Access personnel responsible for accepting *failure reports* on the subject of equal treatment.

Undertakings Group no. 3

(establishment of a performance monitoring system for SMP services)

During the third quarter of 2012, discussions continued between the Authority, Telecom Italia and the Alternative Operators, in order to define the new basket of performance indicators.

Undertakings Group no. 4

(guarantees of transparency of the monitoring system)

The SB has received Telecom Italia's reports on indicators for September, October and November 2012, together with a document on the overall data for the third quarter.

Performances for the reporting period showed no significant changes compared to the figures recorded in previous months. There is a slight increase in the number of KPIs showing a comparatively better performance for the Retail segment compared to Wholesale, but the value differentials are minor; overall, the situation is one of substantial compliance with the equal treatment policy.

Undertakings Group no. 5

(transparency guarantees of the Technical Plans for Quality of the fixed access network)

In the fourth quarter, the SB received and analysed the documents produced by Telecom Italia in relation to the final figures for Q3 2012. Telecom has also drafted and published its Annual Technical Plan for 2013, and the Programme for Q1 2013.

The final figures for Q4 2012 are currently being prepared and will be published at the end of January 2013.

Telecom Italia has also sent a progress report, updated to October 2012, on the upgrades of exchanges compared to the planned quality levels: this indicator is provided for the GTN and ADSL services on a national and provincial basis; the analysis was based on exchanges with more than 1000 customers for the GTN, and 300 customers for ADSL.

As required by Resolution no. 6/2010, Telecom Italia has also sent the SB a document containing data on Trouble Tickets for Q3 2012, broken down by cause of failure and geographic area, with details of repeated failures and a list of saturated DSLAMs and MiniDSLAMs on which work orders cannot be issued for asymmetric digital services. (*see the section on exchange saturation for further details*).

Undertakings Group no. 6

(transparency guarantees of the Technical Plans for Development of the fixed access network)

The SB has reviewed the documents received from Telecom Italia containing the final figures for Q3 2012 concerning development of the fixed access network – NGAN, Broadband Coverage and Allotments - as well as the programme for Q1 2013 for Broadband Coverage and Allotments.

The number of Property Units connected in primary on 30 September with effect from 1 January 2012 is in line with the annual programme (625,207) as is the number of Property Units connected in secondary (24,000). A total of 78 exchanges were available for broadband services in the first 9 months of the year, (7 less than planned) in 69 municipalities. With reference to the Allotments programme, the newly-connected Property Units amounted to 55,007 (2,807 more than the figure planned in the annual programme).

Telecom Italia has transmitted the multi-year Technical Plan 2012-2014 for the Allotments, while the plans concerning the development of the NGAN network and extension of broadband coverage will only be made available after the approval of Telecom Italia's Business Plan, expected by the end of February 2013.

Undertakings Group no. 7

(Establishment of a Supervisory Board)

On 4 December 2012, the new Supervisory Board took office, chaired by Prof. Antonio Sassano. It replaces the Board chaired by Prof. Giulio Napolitano.
The other members of the SB are Prof. Michele Polo and Prof. Marco Lamandini.
The new members will remain in office until 30 November 2015.

Undertakings Group no. 8

(integration of the regulatory accounting and determination of the transfer charges)

With reference to the issues involved in Undertakings Group no. 8, Telecom Italia is awaiting the Authority's publication of its guidelines on the integration of regulatory accounting and determination of *transfer charges*.

Undertakings Group no. 9

(measures relative to the new generation access networks)

With regard to Undertakings Group no. 9, we are awaiting publication by AGCom of the Resolution approving offers for Markets 4 and 5.

Undertakings Group no. 12

(obligation to signal the activation of services not requested)

Telecom Italia has sent the SB a report on the figures for Q3 2012 relating to complaints of the activation of services not requested, received by Open Access technicians: no complaints were received during the period in question.

Specific Analyses

Verification of basic data used in calculating the KPIs

The Key Performance Indicators (KPIs) certification project, launched in 2010, is intended to validate the system used to extract data generated by the performance monitoring system for Telecom Italia's SMP services, with regard to Trouble Tickets and Work Orders.
The Supervisory Office (SO) carries out regular checks on the accuracy of the basic data used to calculate the indicators.

In its Resolution no. 4/2011[2] of 8 February 2011, the SB had ordered checks to be carried out on the accuracy of the basic data used to calculate the performance indicators.

Each monthly extract covers a sample of 386 Work Orders for the delivery process (KPI 1 indicators) and 947 Trouble Tickets for the assurance process (KP2 indicators), amounting to a total of 1,333 elements. The records of the sample, identified in accordance with the Certifier's rules, were periodically extracted from the databases in the presence of Open Access and the SO.

The checks, carried out by SO personnel during 2011 over a 12-month period, were then accompanied by specific on-site inspections. When the checks were complete, the SO prepared a final report approved by the SB during the Meeting of 8 February 2012, with Resolution no. 4/2012[3]. That report shows that no irregularities or discrepancies were found between the sample data extracted from the Telecom Italia systems in the presence of Open Access representatives, and the same data taken from the operational databases.

In 2012, similar checks were carried out for the first 10 months of the calendar year (January-October 2012), and the outcome was positive, with no significant irregularities having emerged.

[2] http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n4_2011_Certificazione_dati.pdf
[3] http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n.4.2012_Chiusura_vigilanza_certificazione_Relazione_conclusiva-Light.pdf

Analysis of deterioration

In 2011 the SB opened Complaint S01/2011, following issues raised by the Operator Welcome Italia about saturation problems with Telecom Italia exchanges, with reference to the Bitstream service.
After the relevant investigations had been carried out, the SB closed the Complaint and in doing so asked Telecom Italia to provide consecutive data on a monthly basis in relation to the percentage of degraded systems repaired by the deadlines stipulated in the Service Level Agreement, in line with the content of Resolution 105/10/CIR.

In its Resolution no. 20/2011[4], in closing the Complaint S01/2011, the SB asked Telecom Italia to provide consecutive data on a monthly basis relating to the percentage of degraded systems repaired by the deadline stipulated in the Service Level Agreement (SLA), as reformulated by Resolution no. 105/10/CIR.

In particular, the SLA requires that, with regard to infrastructure-related problems (limited *throughput*), 80% of degraded systems must be repaired within 50 days of the complaint.

Under certain aspects, the performance for 2012 is similar to that for 2011, with the central months of the year highlighting services below the target values, followed by a gradual improvement in the autumn months. The values for November and December were higher than the minimum SLA percentage.

4 http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n1_20_2011_Segnalaz_S01_2011_Chiusura_del_procedimento.pdf

Analysis of Wholesale and Retail KOs

The "KO Wholesale Analysis Project" launched in 2010 enabled an in-depth analysis of the reasons for rejection of Wholesale Work Orders; the aim of the Project was to obtain a better understanding of the reasons for rejection of the Delivery Process used by Telecom Italia up to the transition to the New Delivery Process (NDP). The project's results identified areas for potential improvement of the process, and can be used in evaluating the potential benefits of the introduction of the NDP.
At the outcome of the analysis on the Wholesale KOs, the SB ordered the start of a similar analysis on the KOs relating to the offer of Telecom Italia Retail services.

Wholesale Work Orders

Resolution no. 14/2010[5] sets out the guidelines for the analysis of the reasons for the rejection of Work Orders by the OLOs. The project initially analysed Work Orders divided according to the reasons behind these, issued from 1 January 2009 to 31 March 2010, and closed by 31 May 2010. In its Resolution no. 22/2010[6] the SB approved the Final Report[7] with the results of the Project, identifying possible areas for improvement in the Delivery process. The Resolution invited Telecom Italia to prepare a quarterly report containing information that would allow the SB to evaluate the results of the post-analysis work.

Retail Work Orders

In its Resolution no. 5/2011[8] the SB ordered an analysis, similar to the one described for Wholesale, of the reasons for Retail work orders being rejected for the period from the start of 2009 to the first half of 2011. With this analysis, the project for the Wholesale segment which began in 2010 was completed. This resulted in a joint analysis of both segments which enabled the evaluation of the actual equality of internal-external treatment in relation to execution of the Delivery Process. In its Resolution no. 26/2011[9] of 14 December 2011, the SB approved the final report which illustrated the work carried out and the results of the analysis: no cases of unequal treatment between Retail Work Orders and Wholesale Work Orders were identified. An improvement has been noted in the efficiency of the process, in Telecom Italia's favour, with regard to the number of WOs needed to fulfil a customer's request: this difference should be gradually eradicated as all the OLOs join the New Delivery Process.

The Open Access managing director has provided the SB with the latest updates on the network KOs dealt with.

[5] http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n1_14_2010.pdf
[6] http://organodivigilanza.telecomitalia.it/pdf/19_Determinazione_22_2010.PDF
[7] http://organodivigilanza.telecomitalia.it/pdf/19a_Allegato_Determinazione_22_2010.PDF
[8] http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n5_2011_Analisi_KO.pdf
[9] http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n.26.2011_Analisi_KO_Retail_Allegato-Light.pdf

The pre-alert system for signalling exchanges at risk of saturation ("Amber Light")

Following the results of analyses carried out on the closure of Bitstream service availability at 500 exchanges, due to saturation of the network, reported by the OLOs in the Complaint S01/2010, the SB suggested that Telecom Italia set up a joint pre-alert system for exchanges near to saturation.

With regard to the network platform for ATM technology ADSL bitstream services, the number of amber light status and saturated exchanges increased considerably during the quarter. In particular, the stock of saturated exchanges served by DSLAM ATM 7 Mbit/s amounted to 501 units at the end of December (+606% the figure recorded at the beginning of the year), while on the same date the amber-light exchanges amounted to 882 (+73% on the value as at 1 January 2012).

These increases can be attributed to the obsolescence of the ATM technology which, following the declaration by the suppliers that they would be ending production, led to unavailability of the equipment necessary to expand the DSLAMs.

Monitoring also showed that of the 501 exchanges declared saturated, only 51 (equal to 10.2%) do not have Ethernet DSLAMs, and are therefore not available for service.

In its Decision 94/12/CIR of 4 October 2012, AGCom declared, with reference to the "End of Sale" of ATM technology, that "the transition from ATM bitstream to Ethernet is a key element in ensuring an adequate competitive structure and in guaranteeing adequate service quality to the end user". It is therefore in the Authority's interest to incentivise the transition to Ethernet". For this purpose the regulator has made Telecom Italia subject to a series of financial incentives in favour of the OLOs, which will be valid during the migration period, with a reduction of prices for the bitstream services on the Ethernet platform. The Authority has also asked Telecom Italia, as a condition for the recognition of ATM "End of Sale", to make available certain functional elements relating to: the process of service acquisition and provisioning, the adaptation of protocols to render compatible the OLO modems and the link analysis tools on the section relating to the delivery kits (for the OLOs). Telecom Italia must notify AGCom and the OLOs as soon as the functional elements listed above are available. The End of Sale can be implemented no earlier than one month after that communication, and in any event no earlier than the end of February 2013.