

Newsletter Activity Supervisory Board January-March 2013

Executive Summary

The Supervisory Board (SB) presented the 2013 Annual Report on 13 March 2013, at the Auditorium of the Ara Pacis in Rome¹. The Report, published² on the SB's website, contains an overview of the main activities carried out and results achieved in 2012.

In the light of reports received from the Operator Fastweb during a hearing, the SB has opened Complaints no. S01/2013³ and no. S02/2013⁴, asking Fastweb to provide details on the alleged discriminatory conduct regarding activation processes and malfunctions of Telecom Italia's Wholesale CRM.

The SB 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).

The SB has also adopted Resolution no. 3/2013⁵, authorising the commencement in 2013 of surveillance activities relative to the management of the work order queuing system, known as the "single queue mechanism".

Resolution no. 4/2013⁶ approves the Technical Report on ending the monitoring carried out in 2012 by the Supervisory Office (SO) on the basic certified data used to calculate performance indicators.

In February Telecom Italia published the multi-year Technical Plan 2012-2014 for Undertakings Group no. 6 concerning NGAN and extending broadband coverage, while the plan on allotments was published earlier, in December 2012.

The SB held specific meetings with various OLOs with a view to beginning two-way collaboration and expressed its willingness to thoroughly examine any complaints received.

In a hearing held on 21 February, the SB was able to illustrate to AGCom future changes to activities regarding the monitoring and supervision of equal treatment, which were subsequently made public at the aforementioned presentation of the 2013 Annual Report on 13 March.

¹http://organodivigilanza.telecomitalia.it/eng/relazione_annuale.shtml

²http://organodivigilanza.telecomitalia.it/pdf/OdV_2013_ENG_27_03_13_SINGOLE.pdf

³http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_5_2013_Avvio_verifica_Segnalazione_S01_13.pdf

⁴http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_6_2013_Avvio_verifica_Segnalazione_S02_13.pdf

⁵http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n3-2013-Coda_Unica.pdf

⁶http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n4-2013-Chiusura_attivita_vigilanza_su_certificazione-LIGHT.pdf

Progress report regarding the fulfilment of the Undertakings

Undertakings Group no. 1

(Launch of New Delivery Process)

Regarding the *Toponymic Light DB*, a review is currently underway of the amendments proposed by OLOs to the document describing the process by which Telecom Italia will release the DB and the process for checking the coherence of the DB's data against the data in the other DBs provided to the OLOs.

In addition, the process of migrating OLOs to the new CRM 3.0 is ongoing.

On 28 December 2013, the number of OLOs using the NDP, divided by service type, was as follows:

Type of service	Number of OLOs using the process
ATM Bitstream	47
Ethernet Bitstream	13
Easy IP	1
WLR	12
Shared Access	3
LLU	17

Almost all of the bitstream market and – except Wind – almost all of the LLU and WLR markets have adopted the NDP. Wind has further deferred its projected adoption (which for LLU could be delayed until as late as the second half of 2013).

At the end of February 2013, the total Work Orders carried out through the NDP since 2011 is as follows:

- Asymmetric bitstream: 731,000
- Symmetric bitstream: 33,000
- LLU: 518,000
- WLR (NAL only): 6,000

Undertakings Group no. 2

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

The training of around 200 ex-National Wholesale staff, who have now joined Open Access, is still ongoing. The training focuses in particular on the management of relations with OLOs. The next courses will be held in Ancona and Bari.

Undertakings Group no. 3

(establishment of a performance monitoring system for SMP services)

Regarding the ongoing work to decide the new basket of performance indicators, the first three months of 2013 have seen continued meetings between Telecom Italia, OLOs and AGCom. The meetings focused on analysing the document produced by Open Access providing detailed technical specifications for developing the new KPIs.

Undertakings Group no. 4

(Guarantees of transparency of the monitoring system)

During the first quarter of 2013 Telecom Italia has sent the SB the following documents:

- 2012 Annual Report
- Fourth quarter report 2012
- Monthly reports for December 2012 and January and February 2013

For a detailed analysis of performance against the individual indicators in 2012, see the 2013 Annual Report of the Supervisory Board⁷

Undertakings Group no. 5

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

Telecom Italia has sent the Q4 2012 results and the 2012 Annual Report to the SB. It has also provided the network quality planning document for Q2 2013.

Telecom Italia has also sent a progress report up to Q4 2012 on network quality per exchange area in respect of planned quality levels. In addition, as required by Resolution no. 6/2010, it has sent the document containing data on Trouble Ticket percentages for Q4 2012, broken down by cause of failure and geographic area, with details of repeated faults and a list of saturated DSLAMs and MiniDSLAMs, for which work orders concerning asymmetric digital services cannot be issued. (See the section on exchange saturation for further details).

For further information on this subject, see the SB's 2013 Annual Report⁸.

⁷http://organodivigilanza.telecomitalia.it/pdf/OdV_2013_ENG_27_03_13_SINGOLE.pdf, page 64

⁸http://organodivigilanza.telecomitalia.it/pdf/OdV_2013_ENG_27_03_13_SINGOLE.pdf, page 96

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 Q4 2012, the 2012 Annual Report and the programme for Q2 2013 regarding development of the fixed access network (NGAN, Broadband Coverage and Allotments).

Regarding the development of the NGAN, the number of Property Units (P.U.) passed in primary in 2012 was higher than predicted (1,484,000 compared with 1,039,000 forecast in the Plan). Meanwhile the number of P.U. passed in secondary was mainly in line with projections (35,000 compared with 34,500 according to the Plan).

In 2012, around 73,000 newly-allocated P.U. were connected, compared with 72,000 under the Plan.

Lastly, regarding broadband coverage, the number of new active exchanges was slightly below forecast (108 against 113), as was the number of new municipalities covered for the provision of up to 20 Mbit/s ADSL (110 against 113).

For further information on this subject, see the SB's 2013 Annual Report⁹.

Telecom Italia has transmitted the multi-year Technical Plan 2012-2014 concerning the development of the NGAN network and extension of broadband coverage.

Undertakings Group no. 7

(Establishment of a Supervisory Board)

The SB presented the 2013 Annual Report on 13 March during a meeting held for this purpose (see the specific paragraph on this subject below for further details).

Undertakings Group no. 8

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

Telecom Italia has sent AGCom the 2011 Regulatory Accounting for the fixed network markets, in accordance with the provisions of Article 1(1) of Resolution no. 678/11/CONS.

⁹http://organodivigilanza.telecomitalia.it/pdf/OdV_2013_ENG_27_03_13_SINGOLE.pdf, page 108

Undertakings Group no. 9

(Measures relative to the new generation access networks)

The Authority has approved the 2012 prices of wholesale access services for passive and active infrastructure offered by Telecom Italia to OLOs, with a view to providing ultra-broadband fibre-optic retail services (Markets 4 and 5).

Telecom Italia has published the Reference Offers, updated to include AGCom's remarks, on the Wholesale Portal.

The remarks also provide a guide on setting NGAN 2013 prices, whose approval will be subject to a specific enquiry by the Authority, expected to be concluded by June 2013.

Undertakings Group no. 12

(Obligation to signal the activation of services not requested)

Telecom Italia has sent the SB the document with reports on the activation of services that were not requested, as received by the Open Access technicians. The data provided covers the fourth quarter of 2012 and in the period in question the Open Access technicians did not record any activation of services that were not requested.

Presentation of the 2013 Annual Report

The SB presented the 2013 Annual Report on 13 March 2013 at the Auditorium of the Ara Pacis in Rome. The document describes the activities carried out and results achieved in 2012.

In his introductory report, the Chairman of the SB, Prof. Antonio Sassano, outlined the main areas of change and future developments that the new Supervisory Board (which took office on 1 December 2012) intends to focus on during the next three years. He emphasised, among other things, the intention to build the SB's relationships with stakeholders, especially AGCom and the OLOs.

In addition to the Chairman Antonio Sassano, the event was also attended by Franco Bernabè (Executive Chairman of Telecom Italia), Angelo Marcello Cardani (Chairman of AGCom), Renato Soru (Chairman and Chief Executive Officer of Tiscali) and Marcella Panucci (Director General of Confindustria).

The Report and the documents relating to the meeting are published on the SB website¹⁰.

The SB has approved the 2013 Annual Report with Resolution no. 7/2013¹¹.

¹⁰http://organodivigilanza.telecomitalia.it/eng/relazione_annuale.shtml

¹¹http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_7_2013_Approvazione_Relazione_Annuale_2013.pdf

Complaints from Other Licensed Operators

Complaint S01/13 – Fastweb/Network access discrimination in the installation of LLU and Bitstream systems

During a hearing held on 20 February 2013, the Operator Fastweb reported two alleged violations of Undertakings Group no. 1 to the SB, relating to:

- the alleged inconsistency between Open Access' refusal to activate an LLU line for Fastweb, followed by the activation of the same service for Telecom Italia retail customers;
- the alleged inconsistency between Open Access' refusal to activate installations for Fastweb due to excessive distance from the exchange, followed by the activation of the same type of installations for Telecom Italia retail customers.
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The SB, having determined that the Complaint by Fastweb was not "generic", not manifestly unfounded and within its remit, opened an enquiry into its legitimacy through Resolution no. 5/2013¹², asking Fastweb to provide data and detailed information on the alleged discrimination.

Complaint S02/13 – Fastweb/Malfunctions of the CRM system for Wholesale customers

During the aforementioned hearing on 20 February 2013, the Operator Fastweb told the SB about a series of malfunctions in the CRM system used by OLOs.

These malfunctions, relating to several software releases of the system, are thought to cause problems including the blockage of thousands of Wholesale Work Orders.

The SB, having determined that the Complaint by Fastweb not "generic", not manifestly unfounded and within its remit, opened an enquiry into its legitimacy through Resolution no. 6/2013¹³, asking Fastweb to provide data and detailed information on the problems reported, considered to be discriminatory.

¹²http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_5_2013_Avvio_verifica_Segnalazione_S01_13.pdf

¹³http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_6_2013_Avvio_verifica_Segnalazione_S02_13.pdf

Specific Analyses

Analysis of the correct application of the Single Queue

With Resolution no. 12/2012¹⁴, the SB began analysing the management of the work order queuing system (the so-called "single queue" mechanism), as part of the gradual roll-out of the NDP, particularly with a view to investigating the correct use by Open Access of the IT procedures for the management of the process.

The SO was asked to carry out spot checks at local Open Access operating sites and to report the results to the SB. Accordingly, during 2012 the SO carried out on-site checks in a number of geographic areas, examining the WOs entered into the Single Queue and subsequently executed.

No anomalies were found in the analysis of the orders processed since the activation of the systems. Accordingly, the SB closed the enquiry in question with Resolution no. 17/2012¹⁵.

Resolution no. 3/2013¹⁶ provides for additional checks on the correct application of the Single Queue mechanism. The plan calls for the analysis of orders in four geographic areas (one per regional area) between April and June of this year, and a further six geographic areas in the second half of 2013.

¹⁴http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_12-2012-Vigilanza_su_accodamento_degli_ordinativi_di_lavoro_a_coda_unica.pdf

¹⁵http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n%5B1%5D_17-2012_Coda_Unica.pdf

¹⁶http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n3-2013-Coda_Unica.pdf

Verification of basic data used in calculating the KPIs

The Key Performance Indicators (KPI) 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) has carried out checks on the accuracy of the basic data used to calculate the indicators, both for 2011 and for 2012.

In its Resolution no. 4/2011¹⁷ 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 (KP 2 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 accompanied by specific on-site inspections. Upon conclusion of the checks, the SO produced a final report, approved by the SB during the meeting of 8 February 2012 with Resolution no. 4/2012¹⁸, showing 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.

The SO performed the same checks in 2012 and, with Resolution no. 4/2013¹⁹, the SB has approved the closing Technical Report on the monitoring carried out by the Supervisory Office on the basic certified data used to calculate performance indicators. The results of the checks performed on 2012 data were also positive, since no anomalies were found.

¹⁷http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n4_2011_Certificazione_dati.pdf

¹⁸http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n.4.2012_Chiusura_vigilanza_certificazione_Relazione_conclusiva-Light.pdf

¹⁹http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n4-2013-Chiusura_attivita_vigilanza_su_certificazione-LIGHT.pdf

Analysis of degraded systems

In 2011 the SB opened Complaint S01/2011, following issues raised by the Operator Welcome Italia about saturation problems with Telecom Italia exchanges for the Bitstream service.

After the relevant investigations had been carried out, the SB closed Complaint S01/2011 with Resolution no. 20/2011²⁰. In doing so, however, it also asked Telecom Italia to provide cumulative monthly data relating to the percentage of degraded systems repaired by the deadlines stipulated in the Service Level Agreement (SLA), in accordance with the content of Resolution no. 105/10/CIR.

The SLA requires 80% of all instances of degraded infrastructure (limited throughput) to be repaired within 50 calendar days of notification.

In some ways, performance in 2012 was similar to that of 2011, with the central months of the year showing performances above the target values, followed by a gradual decline in the autumn months. The figures for the final two months of 2012 and the first two months of 2013 were, however, above the minimum percentage set out in the SLA.

²⁰http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n1_20_2011_Signalaz_S01_2011_Chiusura_del_procedimento.pdf

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

Complaint S01/10 was opened after the bitstream service to approximately 500 exchanges was halted due to network saturation.

Based on the results of analyses conducted when the Complaint was made, the SB advised Telecom Italia to establish a mechanism to signal exchanges close to saturation.

With regard to the network platform for ATM technology ADSL bitstream services, the number of amber-light status and saturated exchanges increased again during the quarter. In particular, the number of saturated exchanges served by DSLAM ATM 7 Mbit/s amounted to 611 units at the end of March (+22% compared with the figure recorded at the beginning of the year), while on the same date exchanges with an amber-light status totalled 956 (+8.4% compared with the figure at 1 January 2013).

Monitoring also showed that of the 611 exchanges declared saturated, only 56 (equal to 9.2%) do not have Ethernet DSLAMs, and are therefore not available for service.

The increase in the number of saturated exchanges can be attributed to the obsolescence of the ATM technology which, following the declaration by the equipment suppliers that they would be ending production, led to unavailability of the equipment necessary to expand the DSLAMs. In Decision no. 94/12/CIR, AGCom declared 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". Accordingly, AGCom instructed Telecom Italia to pass on a series of financial incentives to the OLOs for migration to the new technology. AGCom also asked Telecom, as a condition for the recognition of ATM "End of Sale", to take the necessary steps and/or make available the necessary mechanisms for easing the process (methods for providing the services, adaptation of protocols, etc.).

Other activities of the SB

- ◆ The SB held individual meetings with the operators Tiscali, Wind, Fastweb, Vodafone, BT Italia and Welcome Italia. The goal of the meetings was to introduce the new Supervisory Board and open a process of mutual exchange of information. Specifically, the Chairman of the SB asked the OLOs to inform the board of Complaints regarding presumed discriminatory actions by Telecom Italia, declaring the SB's utmost willingness to examine such reports thoroughly.