Newsletter Activity
Supervisory Board
July-September 2013

Executive Summary

During the third quarter of 2013 the Supervisory Board (SB) analysed the Complaints made in the previous months.

Specifically, regarding Complaint S01/13 the SB had a hearing with the Operator Fastweb, during which Fastweb provided further details; the SB also sent to AGCom the results of its analysis on the matter. Through Resolution no. 18/2013[1], approved at the Board meeting of 11 September, the SB sent Telecom Italia a preliminary communication once it had completed its inspections, including *on site*.

Regarding Complaint S02/13, during July the SB received further details from Telecom Italia to assist in investigating the subject matter of the complaint. Specifically, these relate to alleged anomalies in releases 2.0 and 3.0 of the CRM.

With regard to Complaint S03/13, after having received data from Welcome and Telecom – particularly on the lists of faults due to deterioration and service disruptions referring to customers of the complainant Operator – the SB decided through Resolution no. 17/2013[2] that, in order to conduct the necessary analysis, it would extend the final deadline for concluding the investigation, which was initially set for 29 August.

During the quarter, the usual verification activities conducted by the SB as provided by Resolution no. 718/08/CONS regarding Telecom's compliance with the Undertakings took place.

In particular, with reference to the matters covered by Undertakings Group no. 2, Telecom Italia showed the SB, during a meeting for this purpose, the rationale for assigning the 2013 MBOs (management objectives) with reference to the Open Access and National Wholesale Services functions.

Lastly, with regard to checks on compliance with the process of queuing Work Orders (WO) according to the so-called "Single Queue" process, set out in Resolution no. 3/2013[3], the Supervisory Office visited the Central Rome, Romagna and Northern Puglia geographic areas. The checks undertaken thus far have not revealed any cases of unequal treatment between Telecom Italia Retail customers and customers of OLOs.

[1] http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_182013.pdf
[2] http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_17_2013.pdf
[3] http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n3-2013-Coda_Unica.pdf

Progress report regarding fulfilment of the Undertakings

Undertakings Group no. 1

(Launch of New Delivery Process)

The number of Other Licensed Operators using the NDP, divided by service type, did not change during the period July-September and therefore the table below, which shows the figures updated to June, still applies:

Type of service	Number of OLOs using the process
ATM Bitstream	50
Ethernet Bitstream	18
Easy IP	1
WLR	13
Shared Access	3
LLU	17

As at 31 July the number of Work Orders processed using the NDP was as follows:

- Asymmetric bitstream: 302,000
- Symmetric bitstream: 15,000
- LLU: 402,000
- WLR (NAL only): 6,000

As at July, the number of WOs transferred to the Single Queue and successfully closed totalled approximately 2,600 for the Bitstream service, 1,400 for LLU and 90 for the WLR.

Lastly, inspections were carried out in the geographic areas to ascertain whether the Single Queue mechanism had been correctly applied (*see the explanatory paragraph below*).

Undertakings Group no. 2

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

During a special meeting held in September, Telecom Italia showed the SB the rationale and the assessment architecture for the various objectives relating to issuing the 2013 MBOs, with particular reference to the Open Access and National Wholesale Services functions.

On 28 June 2013, the CEO of Telecom Italia, Marco Patuano, sent employees an email to inform them that the Code of Conduct on the confidentiality of information relating to OLO customers and the Code of Conduct that Telecom has adopted in accordance with Point 2.3 of the Undertakings have been published on the Group Intranet system.

During July, Telecom also sent the SB a summary of training activities carried out in accordance with Undertakings Group no. 2

Undertakings Group no. 3

(Establishment of a performance monitoring system for SMP services)

With regard to the process of establishing the new basket of KPIs as referred to in Undertakings Groups 3 and 4, Telecom Italia – having developing the detailed Technical Specifications for the new indicators – sent AGCom its responses to the observations of the OLOs relating to said Specifications.

We are still waiting for the Authority to convene the meeting of the Undertakings Monitoring Group for the purpose of drawing up the relevant detailed Technical Document.

Undertakings Group no. 4

(Guarantees of transparency of the monitoring system)

During the quarter, Telecom Italia sent the Supervisory Board the monthly reports for June, July and August, and the quarterly report for Q2 2013. The SB continues to monitor several Delivery and Assurance indicators that appear to show more favourable performances for Telecom Italia's retail segment in recent months. The company has sent the SB detailed information regarding those indicators.

Undertakings Group no. 5

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

Telecom Italia has sent the SB the report for Q2 2013 of the Technical Plans for Quality of the fixed access network, which contains information on the preventive maintenance work carried out on the access network (including repairs of switching cabinets, pole repairs and replacements, etc.) during the reference period, and planning relating to Q4 2013 on Network Quality.

Telecom Italia has also sent a progress report up to Q2 2013 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 Q2 2013, 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.*)

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

With regard to the development of the NGAN network, during the second quarter 433 thousand Property Units were reached in primary (95 thousand fewer than the planned 528 thousand) and around 5 thousand in secondary (10 thousand less than the planned 15,000). The delays are related to the time required for the authorities to issue permits: the volumes set out in the plans are linked to a probability-based prediction of their achievement.

Undertakings Group no. 12

(Obligation to report the activation of services not requested)

Telecom Italia has sent the SB the document with data for the second quarter of 2013 on reports of services being activated that were not requested, received by Open Access technicians.

Complaints from Other Licensed Operators

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

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

- the alleged inconsistency between Open Access's 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.

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. 5/2013[4], asking Fastweb to provide data and detailed information on the alleged discrimination.

On 4 April, Fastweb provided the SB with a list of Work Orders closed due to KO caused by equipment.

In May and June, the Supervisory Office (SO) performed *on-site* inspections to verify the actual presence of the reported equipment.

Through Resolution no. 14/2013[5] of 19 June 2013, the SB extended the deadline for the conclusion of the investigation by 60 days.

In July the SB held a hearing with Fastweb and collected further details regarding the proceeding in question.

Again during July, the SB Supervisory Office met officials at AGCom to show them the results of their analysis and thereafter sent the authority the documentation containing the information collected during the course of the inspections and the analyses conducted by the Supervisory Office.

Through Resolution no. 18/2013[6], approved at the Board meeting of 11 September, pursuant to its Regulation the SB sent Telecom Italia a preliminary communication, attaching the conclusive Technical Report on its *on-site* inspections carried out for the proceeding in question.

[4] http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_5_2013_Avvio_verifica_Segnalazione_S01_13.pdf
[5] http://organodivigilanza.telecomitalia.it/pdf/1_Determinazione_n_14_2013.pdf
[6] http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_182013.pdf

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

During a hearing held in February, the Operator Fastweb told the SB about malfunctions in the Wholesale CRM system used by OLOs.
These malfunctions, relating to successive software releases of the system, are thought to cause problems including the blockage of multiple Wholesale Work Orders.

Through Resolution no. 6/2013[7] the SB opened an enquiry into the legitimacy of Complaint, determining that it was not "generic", not manifestly unfounded and within its remit. It therefore asked Fastweb to provide data and detailed information on the alleged discrimination.

Fastweb has sent the SB a letter providing information and details on the issue reported in the complaint. Also in June, the Operator Vodafone also sent a letter on this subject, containing additional information on the issue reported.

Through Resolution no. 15/2013[8] of 19 June 2013, the SB extended the deadline for the conclusion of the investigation by 90 days.

The SB asked Telecom Italia to provide detailed information to investigate the events covered by the complaint. On 5 July the SB received a response from the Operator. With its response, Telecom sent numerous files containing detailed information on the anomalies found on the systems during the periods reported.

The Supervisory Office is examining the material received, which describes the anomalies in releases 2.0 and 3.0 of the CRM, which relate to the backlog of order processing and CRM outages.

7 http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_6_2013_Avvio_verifica_Segnalazione_S02_13.pdf
8 http://organodivigilanza.telecomitalia.it/pdf/2_Determinazione_n_15_2013.pdf

Complaint S03/13 – Welcome Italia/Physical deterioration of lines and fruitless service interventions, SLA compliance and size of penalties

During a hearing held in February 2013, the Operator Welcome Italia informed the SB of issues in terms of fulfilment of the Undertakings, with particular reference to:

- the physical deterioration of access and transport lines
- Telecom Italia charging for alleged fruitless service interventions
- the inadequacy of the penalties paid by Telecom Italia for failure to comply with SLAs

In a letter sent to the SB on 6 March, Welcome Italia provided precise details on the subject of the complaints, relating in particular to:

- service disruption and deterioration in the access network;
- general service disruption in the transport network;
- the provisioning of bitstream services over ethernet networks;
- fruitless service interventions, the SLAs and the assurance penalties for bitstream services, which were deemed to be insufficient disincentives and disproportionate to the inconvenience suffered by the Operator.

In light of the SO's Technical Report, on 23 April the SB opened Complaint no. 3/13 through Resolution no. 9/2013[9]. Under this Resolution, the SB asked Welcome Italia to provide detailed data and information on the alleged service disruptions reported.

The Operator replied to the SB by letter dated 31 May and, after the request for further detail, in July provided complete lists of the cases covered by the complaint.

The SB decided it would be helpful to ask Telecom Italia to provide its own lists of claims relating to customers of the Operator Welcome Italia, in order to be able to carry out an in-depth and cross-referenced analysis between the different groups of issues.

Through Resolution no. 17/2013[10], the final deadline for concluding the investigation – initially set for 29 August was extended by 60 days.

[9] http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_9_2013_Avvio_S03_13.pdf
[10] http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_17_2013.pdf

Specific Analyses

Analysis of the correct application of the Single Queue

With Resolution no. 12/2012[11], the SB began analysis to check the correct management of the work order queuing system (the so-called "single queue" system), as part of the gradual start-up of the NDP. The main goal was to focus on Open Access's correct use of IT procedures to manage the process.

During 2012, the Supervisory Office carried out on-site checks in a number of geographic areas, making spot checks at local Open Access operating sites to analyse the WOs that had been entered into the Single Queue and subsequently executed. No anomalies were found in the analysis. Accordingly, the SB closed the enquiry in question with Resolution no. 17/2012[12].

Resolution no. 3/2013[13] 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.

Checks were carried out during the first quarter in the North West, North East, Centre and South regional areas.

The checks continued during the second quarter with inspections at the Central Rome (Central Regional Area), Romagna (North Eastearn Regional Area) and Northern Puglia (Southern Regional Area) geographic areas.

The checks undertaken so far have not revealed any cases of unequal treatment between Telecom Italia Retail customers and customers of OLOs regarding the application of the Single Queue.

[11] http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_12-2012-Vigilanza_su_accodamento_degli_ordinativi_di_lavoro_a_coda_unica.pdf
[12] http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n%5B1%5D._17-2012_Coda_Unica.pdf
[13] http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n3-2013-Coda_Unica.pdf

Analysis of deterioration

As a result of Complaint S01/2011 submitted by the Operator Welcome regarding alleged problems of saturation of the Telecom Italia exchanges in the supply of the bitstream service, the SB invited Telecom Italia to provide details of the cumulative data relative to the percentage of deteriorated systems repaired within the time limits established in the Service Level Agreement, consistent also with the contents of Resolution 105/10/CIR. This is to be done on a monthly basis.

The SB closed Complaint S01/11 with Resolution no. 20/2011[14]. In doing so, however, it also asked Telecom Italia to provide cumulative monthly data relating to the percentage of deteriorated 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 deteriorated infrastructure (limited throughput) to be repaired within 50 calendar days of notification.

Above-target performances in the first two months of 2013 were followed by performances below the minimum percentage required under SLAs. The trend continued in the second quarter of the year, although it was accompanied by a steadily declining number of instances of deterioration.

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

The pre-alert system for 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 stock of the saturated exchanges served by DSLAM ATM 7 Mbit/s reached 745 units at the end of September (+49% compared to the value recorded at the beginning of the year), while on the same date the ATM exchanges under amber light numbered 1,137 (+29% compared to the value at 1 January 2013).

Monitoring also showed that of the 745 exchanges declared saturated, only 55 (equal to 7.4%) 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.).

In line with the decisions of AGCom, the Supervisory Board also started monitoring the level of saturation of exchanges served with Ethernet technology. At the end of September there were 7 Ethernet exchanges unavailable because of DSLAM saturation, and there were 84 roadside DSLAMs out of service for the same reason. At the same date, 12 exchanges and 13 roadside sets were under ‘Amber Light’ status. Bearing in mind the saturation data of exchanges served by Ethernet and exchanges served by ATM, a total of 62 areas were effectively closed to new activations for the asymmetrical bitstream service.