

# **Supervisory Board Activities Newsletter April-May 2010**

During April and May 2010 the Telecom Italia' Supervisory Board (Organo di vigilanza – OdV) carried on monitoring the correct execution of the Undertakings submitted by Telecom Italia and the complaints of the other licensed operators.

The international debate on the different network separation models, as well as on the implementation of appropriate Supervisory Boards, is becoming more and more topical. Telecom Italia' Supervisory Board kept on these and on other matters fruitful contacts with the British Equality of Access Board aimed at promoting a mutual exchange of experiences and defining forms of collaboration with other European and international Supervisory Boards.

The OdV continued keeping regular contacts with the Italian National Regulatory Authority - Autorità per le Garanzie nelle Comunicazioni (AGCom) - and in particular with the group in charge of checking the proper implementation of the Undertakings (Gruppo per il Monitoraggio degli Impegni-GMI); with GMI the ODV started a regular exchange of information and agreed the main operating modes of analysis of the reasons behind the customer and network KOs (see later).

On May, 6<sup>th</sup> 2010, the Chairman of the OdV met the members of Telecom Italia Board of Directors.

From April, 1<sup>st</sup> 2010 the new Director of the Supervisory Office is Luca Regoli,.

## **Progress on the implementation of the Undertakings**

During April, 14<sup>th</sup> and May, 19<sup>th</sup> Boards, the OdV continued verifying the correct execution of the Undertakings.

**Undertakings Group No. 1** (setting up a New Delivery Process): it carries on the monitoring activity requested by the OdV on the KOs within the new SWAP system; Telecom Italia also communicated that 20 operators showed their interest in joining the New Delivery Process (introduced in April 2010) for WLR by the end of the year, and Tiscali and Fastweb agreed to test, from July, the new process on a limited geographic area. As far as the KOs are concerned, the analysis modes have been defined based on the Supervisory Office indications (see later for details), while Telecom Italia sent to the Supervisory Board the details requested with the Determination n. 5/2010 about the Delivery process; in particular, Telecom gave detailed information on job orders management, with reference to KOs and inactive lines (i.e. lines available but not used yet or to be installed in the customer's premises).

**Undertakings Group No. 2:** with reference to the management incentive scheme, the OdV asked Telecom Italia to insert in the 2010 Open Access MBO a specific objective linked to the reduction of the KOs. The *on-line* training course on the Undertakings, which reached so far 75% of the personnel, has been extended on the OdV request till June 2010. The OdV asked Telecom Italia to provide details about a qualitative assessment of the results of the above mentioned course in terms of increased awareness by the personnel of the contents of the Code of Conduct.

**Undertakings Group No. 4:** the monthly report on February and March and the report on 2010 first quarter have been sent to the OdV. The usual Board checking activity is underway; three new KPI have been released: one of them is related to the Delivery process, while other two are related to the Assurance process.

**Undertakings Group No. 5 e 6:** Telecom Italia communicated the quarterly programs and the actual results of 2010 first quarter, as well as the answers to the OdV requests of information contained in the Determinations n. 22/2009 and 6/2010 on the quality and the development of Telecom Italia fixed access network. The OdV started on these matters the proper surveillance activities with reference to the information and data transmitted and the guarantees of transparency to the other licensed operators.

**Undertakings Group No. 8:** the works with the NRA on the integration of Telecom Italia regulatory accounting and the calculation of *transfer charges* are underway.

**Undertakings Group No. 12:** Telecom Italia sent to the OdV the 2010 first quarter report.

**Undertakings Group No. 14:** Telecom transmitted to the OdV the first 2010 quarterly report for the NRA concerning the settlement requests presented to the Co.Re.Com. and the Chambers of Commerce. The OdV sent to Telecom Italia a request of information aimed at acquiring elements apt to formulate a judgment with reference to the goals set by this Undertakings Group, one year after their entry into force.

## Complaints by the other licensed operators

### **Complaint S01/10 – BT, Fastweb, Vodafone, WIND/Information gaps in the technical plans for the quality and the development of Telecom Italia fixed access network**

In April the operators BT, Fastweb, Vodafone e Wind sent to the Supervisory Board the Complaint n. S01/10 mentioning alleged information failrues in the technical plans for the development of Telecom Italia fixed access network.

In particular, according to the complainants Telecom did not communicate to OLOs information necessary to guarantee an adequate knowledge about the “*KPI evaluation which allows keeping track of the network quality improvement as a consequence of the actions undertaken; the indication on the state of saturation of network resources like local exchanges, copper pairs, main distribution frame (MDF), DSLAM, transport network, backhaul for each exchange area; evidence of planning criteria adopted or proposed by Telecom Italia for de-saturation activity.*” Alternative operators also complains for the interruption by Telecom Italia of the bitstream service in 500 switches without notice.

The OdV started on this matter a preliminary investigation, asking for more information to Telecom Italia, and on May, 3<sup>rd</sup> heard in hearing the complainants and Telecom itself; the latter sent then its answers to the OdV.

The OdV agreed on the opportunity of getting more detailed information in order to verify with Telecom Italia and the complainants some apparent anomalies found with reference to the execution of the Undertakings. It then decided to extend of 30 days the deadline for the preliminary investigation and sent to Telecom Italia a notice according to the article 14 of the Supervisory Board Regulation.

The OdV approved the Determination n. 9/2010 on “*New deadline for the investigation conclusion*” and the Determination n. 10/2010 on “*S01/10 – BT-Fastweb-Vodafone Omnitel-Wind/ Information gaps in the technical plans for the quality and the development of Telecom Italia fixed access network as for the Undertakings Groups n. 5 e 6: First notification*”.

## **Complaint S02/10 – BT, Fastweb, Tiscali, Vodafone, WIND/ Information gaps in the technical plans for the development of Telecom Italia fixed access network**

The complaint n. S02/10 was received by the Supervisory Board on May, 6<sup>th</sup> 2010. The other licensed operator highlighted alleged failures of information by Telecom Italia with reference to the number of property unit “passed” with the fibre and the technical plans for the development of the fixed access network.

The OdV examined the consistency of the complaints reported with reference to the Undertakings and, on May, 12<sup>th</sup> 2010, sent a letter in which delayed any decision on this matter after the receipt of additional data by OLOs.

## Specific analyses

### KOs analysis

As provided in the 2010 working paper, the Supervisory Board decided to conduct an analysis about the reasons behind the failures of technical infrastructures and services delivery by Telecom Italia.  
It will allow not only to verify the real benefits stemming from the introduction of the New Delivery Process (as provided for in the Undertakings Group n. 1), but also to deepen possible topics for further optimizing the process itself.

The OdV approved the working plan proposed by the Supervisory Office on the KOs analysis: it basically consists in extracting from Telecom Italia systems the cases of customer and network KOs, divided by cause and temporally ordered according to the date of the job order.

The OdV met the NRA Undertakings Monitoring Group (GMI), which offered to assist the OdV on this matter; the OdV and the GMI discussed the opportunity both to involve in the analysis process the other licensed operators and to implement a similar study on Telecom Italia Retail customers job orders failures.

The Supervisory Office checked first the respect of the legislation on privacy and data protection, and the completeness of the data contained in the Telecom Italia datawarehouse, called “*datawarehouse esiti*”.

### Supervisory activity on the Quality of the Fixed Access Network

The Supervisory Board has predisposed a panel of indicators, in addition to those provided for in the Undertakings Group n. 3, which allow to evaluate the consistency of the operational plans introduced by Telecom Italia with reference to the Quality of the Fixed Access Network.

The information requested in March regarding the causes of failure in the access network, their repetitiveness and the operational plans of desaturation of Permanent Virtual Channel (PVC) circuits and DSLAM have been provided in April.

## Data certification

Last year the Supervisory Board issued a Determination asking Telecom Italia to ensure KPI's data correctness according to the Undertakings Group n. 3. With reference to the trouble tickets and the job orders generated by Telecom Italia Monitoring System, Telecom stated to implement a new data storage repository and a process of extraction and analysis of statistical significant samples for validation activities certified by the University of Catania.

The data certification is a matter regulated mainly by the Undertakings Group n. 3; Telecom Italia communicated that the technical details development of the certification process is underway, according to the guidelines indicated by the OdV.

The Supervisory Board met on May, 18<sup>th</sup> Telecom Italia and the University of Catania, which was chosen by Telecom itself as auditor: during the reunion the results reached so far and the next targets as well as their forecasted timing were analyzed.

## Systems separation

The Supervisory Board started a review activity on Telecom Italia systems separation process in order on one hand to analyze the on-going separation process according to the AGCom Resolution n. 152/02/CONS, and on the other hand to develop benchmarking with the separation processes of other electronic communications operators.

Following a meeting with the Supervisory Board on systems separation, Telecom Italia confirmed its availability to provide on this issue its assistance in order to be able to match its situation with the one in British Telecom and Openreach.

## Other activities of the Supervisory Boards

- ◆ The 1<sup>st</sup> 2010 Quarterly Report on the period January-March has been approved; according to the Supervisory Board Regulation, the Report has been sent to the NRA AGCom and to Telecom Italia.
- ◆ The Supervisory Board website has been revised: it now has a new graphic and an English section. The publication on the website of the present Bimonthly Newsletter is underway. The 2010 Annual Report in English has also been published.
- ◆ The Supervisory Board sent a letter of comment on the report “Europe’s digital deficit” to the European Competitive Telecommunications Association (ECTA), to the consultancy company Analysys Mason and for information to the European Commission.