

Newsletter Activity Supervisory Board April-June 2015

Executive Summary

The Supervisory Board (SB), with Resolution no. 9/2015¹, closed the Complaint S03/13, originated by the Operator Welcome Italia which complained about an excessively high number of faults and deteriorations. At the end of the conducted analyses, it was reported that the behaviour of Telecom Italia did not result in discriminatory conduct and therefore the analysis in question was closed.

Therefore, satisfied with the results achieved, the same OLO proposed closing the joint SB - Telecom Italia - Welcome technical discussions which had been started in order to identify shared technical solutions to reduce the amount of deteriorations and downtime. This Working group contributed to realigning the Complaint Rate for Faults and Repetitively complained about by the Operator Welcome Italia on connections symmetrical to those of the Market average, as well as resolving additional technical anomalies involving Welcome.

The SB received progress reports and programmes related to the Undertakings Group no. 5 and 6 regarding the Quality and Development of the access network, respectively. In terms of Group 4 related to KPIs, the latest reports are not available due to IT anomalies.

With the monitoring carried out at the Sicily East, Sicily West, Milan and Lombardy Centre East geographic areas the *on site* Supervisory Office (SO) inspections continued aimed at verifying the Open Access's correct application of management of the work order queuing system by so-called "single queue" introduced with the New Delivery Process (NDP).

Work continued during the quarter related to the Procedure P01/2014 aimed at identifying Key Performance Objectives (KPO), to determine tolerance thresholds considered acceptable regarding performance differences recorded in the delivery of SPM Services to the Retail and Wholesale segments by Open Access.

The SB met with the Operator Wind to discuss the role of the SB and possible monitoring issues and future analysis, and Mr. Stefano Ciurli, new Director of National Wholesale of Telecom Italia, who illustrated to the Board the organisational evolution of the Department and further discussed new mutual collaboration possibilities.

The SO was able to meet with Offices of the Authority during the quarter in order to discuss work-related issues and to start mutual monitoring activities.

¹ http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_9_2015_Chiusura_procedimento_S03_2013.pdf

Monitoring progress on Undertakings

Undertakings Group no. 1

(start up of the New Delivery Process)

All the main OLOs have completed migration to the New Delivery Process; even Wind has recently joined in terms of LLU.

As of May 2015, the number of WOs transferred to the Single Queue and successfully closed totalled approximately 4,550 for the Asymmetrical Bitstream service, 4,300 for LLU and 360 for the WLR.

Undertakings Group no. 2

(establishment of a new incentive system and Code of conduct for the employees of Open Access and the Wholesale Department)

Telecom Italia transmitted the training and information programmes to the SB for management and Open Access and National Wholesale Services personnel for the 2014 and 2015 two year period.

In June the Chief Executive Officer of Telecom Italia sent employees an e-mail aimed at distributing the codes of conduct related to equality of treatment.

In May the SB was able to learn from the Company, during a specific hearing, the results of the OLO Customer Satisfaction survey and 2015 MBO Plan.

Undertakings Group no. 3

(establishment of a performance monitoring system for SMP services)

For the project to determine KPOs, a meeting was held on 11 June between Open Access, SB and the University of Catania where criteria were discussed for setting up the definition of a Retail/Wholesale comparison metric. During this meeting the first quarter WO and TT data were delivered which University of Catania will use for statistical analyses (see the specific paragraph below).

Undertakings Group no. 4

(guarantees of transparency of the monitoring system)

The SB received the monthly reports related to March 2015 from Telecom Italia during the second quarter. The April and May reports have not been sent due to IT anomalies of Telecom Italia systems which are in the process of being solved.

Undertakings Group no. 5

Organo di Vigilanza

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

The SB received the 1st quarter results of the Technical Plans for fixed access network quality, and the programme for the third quarter of the year.

Undertakings Group no. 6

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

Telecom sent the SB the 1st quarter results of the Technical Plans for fixed access network development, and the programme for the third quarter of the year.

In addition, the Company disclosed the 2015-2017 Broadband and Allotments Plan, while the NGAN Plan is in the consolidation phase.

Undertakings Group no. 12

(obligation to report the activation of services not requested)

Telecom Italia has sent SB the document with reports on the activation of services that were not requested, as received by the Open Access technicians. This data has been provided for the first quarter of 2015.

Investigation proceedings initiated

Complaint P01/14 – Identification of specific KPOs (Key Performance Objectives) concerning the internal/external equality of treatment monitoring system - Implementation of Undertakings Group no. 3

As provided for by the Undertakings, the SB has initiated a procedure aimed at identifying Key Performance Objectives (KPO) to determine tolerance thresholds considered acceptable regarding performance differences recorded in the delivery of SPM Services to the Retail and Wholesale segments by Open Access.

The Telecom Italia Undertakings envisaged the identification of specific Key Performance Objectives (KPO) which, compared to the performance highlighted by the KPIs, were to have provided indications on the quality levels of Open Access activities in the provision of its services. These KPOs were to be identified annually by the Authority, but so far this has not happened.

The SB believes that KPOs are essential for a proper evaluation of the performance of Telecom Italia with reference to the principle of internal-external equality of treatment. For this reason, it approved Resolution no. 18/2014², initiating the procedure "*P01/14 - Identification of specific KPO (Key Performance Objectives) concerning the system for monitoring internal/external equality of treatment - Implementation of Undertakings Group No. 3 on the establishment of a performance monitoring system for SPM services*". This activity will be suspended if the Authority decides to proceed with a similar activity.

The University of Catania was identified as the certification body to determine appropriate tolerance thresholds for each KPI considered acceptable for differences between Retail and Wholesale performance.

Work continued during the quarter and a meeting was held in June between the Supervisory Office, Open Access and the University of Catania where a work method was shared for determining and KPOs, and the WOs and TTs were delivered to allow the university to start work.

² <http://organodivigilanza.telecomitalia.it/pdf/Determinazione-n18-2014-Individuazione-KPO.pdf>

Complaints from Alternative Operators

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

Welcome Italia complained of critical aspects associated with frequent deterioration and repeated faults in access and transport, charging of alleged fruitless service interventions by Telecom Italia and the penalties paid by Telecom Italia for failure to comply with the SLA.

During the hearing held c/o the SB in 2013, Welcome Italia complained of problems related to service disruption and deterioration of 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, deemed to be insufficient deterrents and not commensurate with the inconvenience suffered by the Operator.

With Resolution no. 9/2013³, the SB opened Complaint S03/13. In 2014, the SB met Telecom Italia during hearings on 28 January and 15 May and Welcome Italia on 12 February and 11 June. Telecom Italia recognised the reported disservices, although they underlined the improvements in the fault rate during the period 2011 - 2013.

In agreement with the SB, it was decided to set up specific technical discussions to analyse and solve the difficulties encountered.

Starting in June 2014, regular technical meetings were held, at both Welcome sites and Telecom Italia work sites, while at the SB's offices periodic work progress meetings were held.

The deadline for completion of the investigation set for 29 August 2013, was extended various times, most recently with Resolution no 20/2014⁴.

At the of the above settlement discussions, the parties expressly agreed that the technical problems reported with the Complaint S03/2013 had been overcome. This group contributed to realigning the Complaint Rate for Faults and Repetitiveness complained about by the Operator Welcome Italia on connections symmetrical to those of the Market average, as well as resolving additional technical anomalies involving Welcome.

Therefore on 16 April 2015, the SB adopting Resolution no. 9/2015⁵, at the end of the conducted analyses, reported that the Telecom Italia procedures did not result in discriminatory conduct and therefore the analysis in question was closed.

³ http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_9_2013_Avvio_S03_13.pdf

⁴ <http://organodivigilanza.telecomitalia.it/pdf/Determinazione-n-20-2014.pdf>

⁵ http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_9_2015_Chiusura_procedimento_S03_2013.pdf

Specific Analyses

Analysis of Wholesale and Retail KOs

The SB conducted an analysis of the causes for rejection of Work Orders ("Wholesale KO Analysis" and "Retail KO Analysis"): no cases of unequal treatment between Retail Work Orders and Wholesale Work Orders were identified.

Following the [Resolutions no. 26/2013⁶](#) and [no. 9/2014⁷](#), the SO started a new analysis of KOs related to the Wholesale and Retail delivery processes in order to measure the benefits related to introduction of the New Delivery Process.

During the Board meetings in October and November 2014, the results of the investigation were presented, highlighting the comparisons between the data for the two-year period 2009-2010 and current retail/wholesale performance.

The analyses of the results continued and the results were illustrated during meetings in April, May and June. The SB assigned the Office to integrate the analysis with the wholesale and retail delivery process model in order to identify the elementary parts of the processes which have the greatest problems in terms of KO.

The deadline of the analysis, initially set for 30 June, has been extended.

Analysis of the correct application of the Single Queue

the SB meeting approved [Resolution no. 2/2015⁸](#) with which it analysed the outcome of the supervisory activity on the management of the work order queuing system by so-called "single queue" for the New Delivery Process (NDP), under Undertakings Group no. 1 and regarding the year 2014. Thus, with [Resolution no. 3/2015⁹](#), this activity was ordered to continue in 2015 as well.

Analyses were carried out during the quarter at the geographic areas of Lombardy Centre East, Milan, Sicily East and Sicily West.

The analyses 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.

⁶ http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_26_2013.pdf

⁷ http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_9_2014.pdf

⁸ http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_2_2015_Chiusura_Coda_Unica_2014.pdf

⁹ http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_3_2015_Avvio_Coda_unica_2015.pdf

Other activities of the SB

- ◆ The SO was able to meet with Offices of the Authority during the quarter in order to discuss work-related issues and to start mutual monitoring activities.
- ◆ The Supervisory Board met with the Operator Wind on 16 April 2015. The role performed to date was discussed during the meeting and what could be developed in the future by the SB. The Operator then reported some topics that could be the subject for specific analyses by the SB.
- ◆ On 22 May the SB met with Stefano Ciurli, the new Director of National Wholesale of Telecom Italia. Mr. Ciurli described to the Meeting the organisational evolution of the Department and discussed new possible areas for mutual collaboration.