

Newsletter Activity
Supervisory Board
October – December 2015

Executive Summary

In October 2015, with **Resolution no. 16/2015**, the Supervisory Board (SB) concluded its investigation into Telecom Italia's delivery process in relation to equality of treatment in the Wholesale and Retail services offered. This provision fulfils a particularly significant role in that it has allowed confirmation and updating of the Recommendations made to Telecom Italia in 2010 and 2011 and, at the same time, has provided an opportunity for suggesting new and further recommendations for improving monitoring and management of processes.

With **Resolution no. 17/2015**¹ the Members of the SB agreed the adoption of the decision, accompanied by the reasons for it, regarding identification of suitable action to solve deficiencies in the fulfilment of the undertakings Closing of the inquiries as part of procedure “S01/15 – Wind/Irregularities preventing migration to the New Delivery Process”.

With **Resolution no. 18/2015**, the Board approved the Quarterly Report related to action taken and results obtained during the 3rd Quarter 2015 (1 July-30 September 2015) drawn up in conformity with the provisions of Undertakings Group no. 7 proposed by Telecom Italia S.p.A. and approved with Resolution no. 718/08/CONS by the National Regulatory Authority for Communications (AGCom).

With **Resolution no. 19/2015**², the SB concluded procedure “P01/14”, to identify specific KPOs concerning the system for monitoring internal/external equality of treatment, with simultaneous approval of the methods of calculation and identification of the KPI fluctuation thresholds. Such methods will in fact make it possible to strengthen and make the SB's monitoring action, as foreseen in Undertakings Group no. 4, more effective, as well as increasing, in terms of quality, the effectiveness of the judgement expressed on performances emerging from the related KPIs periodically sent by Telecom Italia to the Supervisory Board.

With **Resolution no. 20/2015**³, the SB checked compliance with the instructions contained in Resolution no. 17/2015 concerning failure to use the procedure related to the “OLO contact for on-site activities”, regarding Complaint “S01/15 – Wind/Irregularities preventing migration to the New Delivery Process”.

The SB received the **progress reports** and programmes related to Undertakings Groups nos. 5 and 6 regarding respectively the Quality and the Development of the access network, as well as the Reports concerning Group 4 related to the KPIs for the months of September and October 2015.

The checks performed at the Naples (27 October), Campania (Salerno, 28 October), Piedmont (Novara, 23 and 24 November), Torino-Valle d'Aosta (Turin, 25 November) and Trentino A.A. geographic areas, continued the on-site visits conducted by the Supervisory Office (SO) to ascertain correct application by Open Access of the **so-called “single queue” work order (WO) queuing system** introduced with the New Delivery Process (NDP).

The SB received notification from Telecom Italia concerning the start-up of the project for introduction of a new model of equivalence, which aims to further increase the efficiency and effectiveness of the delivery processes and assurance of wholesale access services to the Telecom Italia fixed network supplied to its sales departments and to the OLOs.

¹ <http://organodivigilanza.telecomitalia.it/pdf/Determinazione-n-17-2015.pdf>

² <http://organodivigilanza.telecomitalia.it/pdf/Determinazione-n-19-2015.pdf>

³ <http://organodivigilanza.telecomitalia.it/pdf/Determinazione-n-20-2015.pdf>

Monitoring of progress on Undertakings

Undertakings Group no. 1

(Launch of New Delivery Process)

All the main OLOs have completed migration to the New Delivery Process.

In 2015, the number of WOs transferred to the Single Queue and successfully closed totalled 1,775 for the Bitstream service, 2,576 for LLU, 234 for WLR, 202 for SLU and 96 for VULA.

Undertakings Group no. 3

(Establishment of a performance monitoring system for SMP services)

Within the KPO identification project, with Resolution no. 19/2015 dated 14 October 2015, the Supervisory Board completed the “P01/14” procedure, simultaneously approving the methods for calculation and identification of the KPI fluctuation thresholds in collaboration with the University of Catania.

Undertakings Group no. 4

(Guarantees of transparency of the monitoring system)

In the second quarter, the SB received monthly reports from Telecom Italia regarding the months of September and October 2015, together with the final 3Q15 version of the monitoring system transparency report.

Undertakings Group no. 5

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

The SB received the final 3Q 2015 report on the Technical Plans for fixed access network quality, together with the Wholesale degraded systems SLA report.

Undertakings Group no. 6

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

Telecom sent the SB the final 3Q 2015 report on the Technical Plans for fixed access network development, together with the programme related to the 4Q2015 for NGAN.

Undertakings Group no. 12

(Obligation to report the activation of services not requested)

Telecom Italia sent the SB a document with reports on the activation of services that were not requested relative to the fourth quarter of 2015, as received by the Open Access technicians.

Completed investigation procedures

Procedure P01/14 – Identification of specific KPOs (Key Performance Objectives) regarding the system to monitor internal/external equality of treatment - Implementation of Undertakings Group no. 3

As provided for in the Undertakings, the SB has begun a procedure to identify Key Performance Objectives (KPO) in order to identify the tolerance thresholds deemed acceptable with regard to the differences in performance recorded for delivery of SMP Services to the Retail and Wholesale segments by Open Access.

Telecom Italia Undertakings provide for identification of specific Key Performance Objectives (KPOs) which, compared with the performances shown by the KPIs, would provide indications of the quality levels of the Open Access operations in delivering their services. These KPOs were to be identified each year by the Authority, but to date they not been.

With Resolution no. 18/2014⁴ dated 28 October 2014, the Supervisory Board began a procedure for definition of internal KPOs able to strengthen the SB's monitoring operations as provided for in Undertakings Group no. 4, also making these operations more effective.

The University of Catania has been chosen as the certifying body to identify suitable “tolerance thresholds” for acceptable differences between Retail and Wholesale performances for each KPI; in September, this partner presented the methodology to be followed for calculation of the indicators.

At its meeting on 18 October 2015, with Resolution no. 19/2015, the Supervisory Board approved the methods of calculation and identification of the KPI (Key Performance Objective) fluctuation thresholds and ruled the completion of this procedure. In particular, the SB asked Telecom Italia to integrate the reports periodically sent in compliance with the provisions of Undertakings Groups nos. 3 and 4, with the KPO calculations thus approved, for all the Delivery and Assurance indicators (KPI 1 and KPI 2 of the monthly report) of the basket, with the exception of the following KPIs, which are influenced by manifest distorting factors that have already been reported to the Supervisory Board by Telecom Italia:

KPI 1 - Broadband Delivery

- *Lines activated within 20 calendar days - with a technician visit*
- *Lines activated within 30 calendar days - with a technician visit*
- *Average S/HDSL broadband connection processing time*

KPI 2 – Broadband Assurance

- *Percentage of ADSL broadband trouble tickets recurring within 30 days;*
- *Percentage of SHDSL/symmetric bitstream broadband faults recurring within 30 days*
- *Percentage of broadband Trouble Tickets broadband opened within 14 days of implementation (Asymmetrical and Symmetrical BB).*

⁴ http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n18-2014.pdf

Complaints by alternative operators

Complaint S01/15 – Wind/Irregularities preventing migration to the New Delivery Process

In May 2015, the Operator Wind Telecomunicazioni S.p.A. made a complaint to the Supervisory Board regarding a series of alleged obstructive tactics, used by Telecom Italia, which for several months prevented migration of Wind to the New Delivery Process and, more generally, failure to observe certain procedures by the Open Access technicians during activation of the orders of the OLO's customers.

With regard to the complaint made by the Operator Wind and to the data collected during the investigation phase, the Supervisory Board found specific irregularities concerning erroneous transmission of data by Telecom Italia regarding appointments made according to the rules defined by the policy for contacting customers in the event of activation of non-active lines, failure to use the so-called “OLO contact for on-site activities” procedure and difficulties in accessing the Wholesale Portal. Based on this data, the SB deemed it necessary to send Telecom Italia a Preliminary Notification pursuant to Article 14, paragraph 1 of the Internal Regulation with Resolution no. 14/2015 dated 4 August. Subsequently, having consulted the same Company at a hearing and requested further analyses and checks, the SB agreed approval of Resolution no. 17/2015, in which it reached a decision supported by the grounds, pursuant to Article 15, paragraph 2 of its Internal Regulation, regarding identification of suitable remedial action to solve the deficiencies in the fulfilment of the Undertakings as ascertained by the checks made.

With this provision, the Supervisory Board decided that it should criticise several irregularities and deficiencies regarding the correct execution of Undertakings nos. 1.3.3 and 1.4 set forth in Resolution no. 718/08/CONS, giving Telecom Italia S.p.A. 30 days to make the appropriate corrections, concerning in particular:

- a) the procedures for using the information contained in the SMP Services order record trace, for the purposes of management of the process related to the so-called “OLO Contact” (Undertaking no. 1.3.3);
- b) systems problems that produce cases of erroneous notification to the OLO of information related to fulfilment of the contact policy (Undertaking no. 1.4).

In the following month of November, the Supervisory Board began the related inquiries on the implementation solutions set forth in Resolution no. 17/2015, initially checking compliance with the correct management of the OLO contact procedure; when checking compliance with this procedure, therefore, the SB took into consideration the implementation, by Telecom Italia, of a centralised structure (called NDP Support Centre) to handle the calls to the OLO contact, set up experimentally in the months of August/September 2015.

During the months of November and December, the Supervisory Office made a number of on-site visits to the centres handling calls to the OLO contact for Telecom Italia (in Pomezia) and for Wind (in Ivrea).

Considering the further analyses that have shown, more recently, a marked improvement in the percentage of calls to the OLO contact, on 11 December 2015, the SB decided that the remedial action taken by Telecom Italia is effective, and that it was not therefore necessary to

send the notification pursuant to Article 15, paragraph 3 of its Internal Regulation, at the same time arranging for continuation of the compliance investigation in relation to the systems problems that have produced cases of erroneous notification to the OLO of information regarding fulfilment of the contact policy.

Specific analyses

Analysis of Wholesale and Retail KOs

The SB conducted an investigation into Telecom Italia delivery process regarding equality of treatment in Wholesale and Retail services

With Resolution no. 16/2015 dated 14 October 2015, the Supervisory Board ruled the completion of the investigation into Telecom Italia delivery process regarding equality of treatment in Wholesale and Retail services, launched and extended respectively with Resolutions no. 26/2013 and no. 9/2014.

In particular, the Supervisory Board recommended that, with regard to the Wholesale Delivery Processes, Telecom Italia should:

- i. rapidly begin a simplification of the Work Order verification processes;
- ii. associate with each rejection, not only the related unambiguously identified reason, but also the subject (OLO or Telecom Italia) responsible for the rejection, in order to achieve greater process management transparency;

and, with regard to Wholesale and Retail Delivery Processes, it should:

- i. rapidly rationalise the codes identifying the reasons for rejection, with the consequent need to revise the nomenclature of the KO codes, with the aim of ensuring that the code-reason association for KOs should remain stably unambiguous over time;
- ii. define the descriptions of the reasons for rejection, so that, as far as possible, they clearly and explicitly state such reasons, differentiating them by sub-process so that it is always possible to trace, using the identification code, the stage in the process where the rejection was generated;
- iii. implement full tracing over time of the activities performed for each order during processing, instituting a log or a “process journal”.

Analysis of the correct application of the Single Queue

With Resolution no. 3/2015 dated 14 January 2015, the SB again proposed the programme of checks on management of the work order queuing system, known as the “single queue” system, within the New Delivery Process, to be conducted according to a calendar throughout the year. During the fourth quarter, the subject of this report, these checks were conducted at the Naples (27 October), Campania (Salerno, 28 October), Piedmont (Novara, 23 and 24 November), Torino-Valle d’Aosta (Turin, 25 November) and Trentino A.A. (Bolzano, 14 and 15 December) geographic areas. The checks made in this phase did not reveal any cases of unequal treatment between Telecom Italia Retail customers and customers of OLOs regarding the application of the Single Queue system.

Other activities of the SB

- ◆ On 5 November 2015, the SB received a report from Telecom Italia concerning the start-up of the project for introduction of a new model of equivalence, which aims to further increase the efficiency and effectiveness of the delivery processes and assurance of wholesale access services to the Telecom Italia fixed network supplied to its sales departments and to the OLOs.
- ◆ Lastly, the periodic meetings for discussions with Telecom Italia and with the Other Licensed Operators continued, both in relation to progress on the provisions of the Undertakings and with specific reference to progress of investigations into Complaint S01/15.