

Newsletter Activity Supervisory Board October – November – December 2017

Executive Summary

To begin with, we report that **the new Supervisory Board took office on December 20, 2017**, consisting of the chairman, Prof. Maurizio Mensi, and the members Mr. Giovanni Amendola, Mr. Fabio Di Marco, Prof. Gianni Orlandi, and Mr. Francesco Sclafani.

At the first board meeting, with a view to ensuring the effective involvement of Other Alternative Operators (OAO) in the Supervisory Board's activities, the Board decided to organize a series of hearings with the major OAOs. Accordingly, the Acting Director was tasked to look into the possibility of inviting the operator Vodafone for a hearing.

The Board also approved Decision 17/2017 "S01/17", by which it initiated an audit into alleged service failures reported by the operator Wind Tre pursuant to Article 11(3) of the Regulation.

Over the quarter under review, the Supervisory Board continued its work in cooperation with AgCom involving **specific study and analysis activities** connected with the implementation of the New Equivalence Model, in particular as concerns the migration to Telecom Italia's delivery system, the evolution of the equal treatment KPI-KPO system, the quality appraisal of the new NetMap database, and the simplification and rationalization of reasons for rejection.

With reference to the **performance measurement of equal treatment in the transition period for the migration from the EoO model to the new equivalence model**, in October, November and December, Telecom Italia provided the Supervisory Board with basic data on retail work orders "processed" (i.e., closed and delivered) through the new delivery system in the months of August, September and October 2017. Drawing on that data, the Supervisory Board notified to the Authority the relative monthly reports comparing the service levels provided by Telecom Italia Wholesale to Telecom Italia Retail on the new delivery system to those provided to OAOs on the old system.

Instead, as concerns the **setting of new key performance objectives (KPOs) applicable to the new KPIs**, in November the Supervisory Board notified a document to AgCom illustrating a method for identifying KPOs for non-discrimination indicators for the NEM. The method proposed by the Supervisory Board uses a multivariate linear regression algorithm to be applied to data for each single order placed by the various OAOs. The approach has several advantages, including that of taking into account composition effects that cause divergence among the KPIs of the various OAOs, even where no discrimination is effectively practiced.

In relation to activities for the **simplification and rationalization of reasons for rejection**, in October the Supervisory Board completed the work requested by the Authority, with the required outcomes accompanied by a complete flow chart of the relative processes (ULL + Bitstream). In November 2017, the Supervisory Office sent the final work report to the Authority containing a “*Proposal for the rationalization and simplification of reasons for rejection*”, in which it is proposed to extend the simplification and rationalization solution to all regulated services. The method identified by the Supervisory Board is based on a precise description of the processes managed under the new delivery system and correlates the rationalization of rejection reasons to the significance of the individual checks envisaged within each process. The procedure allows the reason for rejection to be understood, thus enabling the rejection to be formulated better and provide a clearer, more transparent and effective statement of the reason for rejection itself.

With reference to the **monitoring of Wholesale CRM performance by Telecom Italia**, in the third quarter Telecom Italia duly provided the data concerning NOW CRM and Wholesale CRM performance indicators, as required by Decision 9/2017. The data acquired to date show a significant improvement in the performance of the new NOW CRM system over the “old” Wholesale CRM system.

With reference again to the 2017 work plan notified by AgCom to the Supervisory Board in relation to the **migration to the new delivery system pursuant to Resolution 652/16/CONS**, Telecom Italia informed the Board that the Authority’ technical and work panel, in agreement with OAOs, had decided to start up the migration process as of October 16, 2017, on the basis of a gradual migration plan organized by geographical area (KIT).

Over the quarter under review, the Supervisory Office continued its oversight activity of the on-site inspection program to check the proper implementation of the new “single queue” order management criteria introduced by Telecom Italia following the adoption of Decision 9/2016, as part of **Undertakings Group No. 1**.

On November 9, 2017 and December 13, 2017, the last two on-site inspections were conducted at the offices of the Central-East Lombardy and Bergamo AOL and the Roma AOL respectively, to check the proper implementation of the “single queue” management algorithms. The on-site inspections found that continued supervision will be necessary through 2018 in order to check the proper implementation of the automatic order queuing algorithms for the management of work orders under the new delivery system and to check the regression of the residual anomalies identified by the on-site inspections.

In relation to **Undertakings Group No. 2**, in November Telecom Italia notified the Supervisory Board of the first-half 2017 outcomes of the OAO Customer Survey.

In relation to **Undertakings Group No. 5 and No. 6**, over the quarter the Supervisory Board renewed its request once again to Telecom Italia to receive the 2017–2019 development plan for the fixed-line access network, which has still not been sent in despite our repeat requests last year. While reasons for the delay, as forwarded to the Supervisory Board by letter dated September 13, 2017, have been provided by the Operator, the Board has reiterated the need to receive the plan as soon as possible and has requested, in the meantime, that to fulfill the obligation of point 6.4 of the Undertakings the version of the plan approved by the Board of Directors of Telecom Italia in February 2017 should be sent in, even if it was not implemented in practice.

In relation to interviews between the Supervisory Board and key stakeholders, AgCom and OAOs, we report that information has been exchanged with the **Industry Authority**. Specifically, the Supervisory Board met with AgCom at the Naples office on November 14, 2017. At that meeting, the outgoing Board reported on measures adopted concerning non-discrimination and systems for equivalence of access.

Then, on November 28, 2017, the Board was received by AgCom's Electronic Communications Networks and Services Director to discuss the Supervisory Board's proposal for the upgrading of the equal treatment KPI system.

In relation to **meetings with Operators**, we report in the relevant section that a hearing was held on October 25, 2017 with the operator Fastweb. On that same date, the Supervisory Board held a meeting with Telecom Italia to discuss progress made on the Undertakings and the implementation of the New Equivalence Model.

Subsequently, on November 22, the Supervisory Board met with the operator Wind Tre, from which the need emerged to address the complaints presented by the OAO, which have already been raised in the past. Finally, at the end of the year, the new Supervisory Board held a meeting with Telecom Italia on December 20, 2017, at which the company reported on progress made in the migration to the new delivery system for the management of OAO work orders and provided updates on "Next-Generation Delivery".

Progress monitoring of the Undertakings

In the period under review, oversight continued of the formal compliance by Telecom Italia with the deadlines set for the fulfillment of the Undertakings, as approved by AgCom by Resolution 718/08/CONS.

Specifically, the Supervisory Board acquired the following documents from Telecom Italia:

<i>Undertakings</i>	<i>Group</i>
<i>No. 4</i>	

- Document dated October 17, 2017: Monthly KPI Report for August 2017
- Document dated November 15, 2017: Monthly KPI Report for September 2017
- *Document dated December 18, 2017:*
 - Monthly KPI Report for October 2017
 - Quarterly KPI Report – Third Quarter 2017

<i>Undertakings</i>	<i>Group</i>
<i>No. 5</i>	

- *Document dated October 3, 2017:*
 - Access Network Quality Report. Fourth Quarter 2017 Program
 - Wholesale SLA Deterioration Report – August 2017
- Document dated November 10, 2017: Access Network Quality Report. Third Quarter 2017 Report
- *Document dated November 10, 2017:*
 - Access Network Development Report – NGAN. Third Quarter 2017 Report
 - Access Network Development Report – BB. Third Quarter 2017 Report
 - Access Network Development Report – Allotments. Third Quarter 2017 Report
 - Wholesale SLA Deterioration Report – September 2017
- Document dated November 30, 2017: 2017–2019 Technical Development Plan for the Fixed-Line Access Network (NGAN)

- Document dated December 18, 2017: Wholesale SLA Deterioration Report – October 2017
- Document dated December 21, 2017:
 - Access Network Quality Report. First Quarter 2018 Program
 - Access Network Quality Report. 2018 Annual Plan
- Document dated December 21, 2017: Wholesale SLA Deterioration Report – November 2017

Undertakings Group **No. 6**

- Document dated October 3, 2017:
 - Access Network Development Report. Fourth Quarter Program – BB
 - Access Network Development Report. Fourth Quarter Program – Allotments.
 - Access Network Development Report. Fourth Quarter Program – NGAN
 - Access Network Development Report. Fourth Quarter Program – NGAN. Revision of the Second Quarter 2017 Report
- Document dated December 18, 2017: Access Network Development Report. Fourth Quarter Program – NGAN (revision)
- Document dated December 21, 2017:
 - Access Network Development Report. IQ18 Program – NGAN
 - Access Network Development Report. IQ18 Program – BB
 - Access Network Development Report. IQ18 Program – Allotments

Undertakings Group No. **12**

- Document dated November 10, 2017: “Unsolicited Services” Report – IIIQ17 Report.

Audits and inspections

- On-site inspections of the proper implementation of new order queuing criteria introduced by Telecom Italia following Decision 9/2016

Relations with Institutions and Operators

Meetings with the Italian National Regulatory Authority for Communications (AgCom)

In the quarter under review, the Supervisory Board met with AgCom on November 14, 2017 at the Naples office. At that meeting, the outgoing Board reported on measures concerning non-discrimination and systems for equivalence of access.

Then, on November 28, 2017, the Board was received by AgCom's Electronic Communications Networks and Services Director to discuss the Supervisory Board's proposal for the upgrading of the equal treatment KPI system.

Meetings with Operators

With regard to meetings between the Supervisory Board and Telecom Italia and OAOs, a hearing was held on October 25, 2017 with the operator Fastweb, in relation to which the Board has requested further information in order to assess what action should be taken.

On that same date, the Supervisory Board held a meeting with Telecom Italia to discuss progress made on the Undertakings and the implementation of the New Equivalence Model.

Instead, on November 22, the Supervisory Board met with the operator Wind Tre, at which various matters were raised by the Operator. Given that the matter reported by the company is neither generic in nature or without grounds, on December 20 the Board approved Decision 17/01 concerning Report S01/17, by which a specific audit was initiated.

At the end of the year, the new Supervisory Board held a meeting with Telecom Italia on December 20, 2017, at which the company reported on progress made in the migration to the new delivery system for the management of OAO work orders and provided updates on Next-Generation Delivery.