

**Newsletter Activity
Supervisory Board
July-September 2015**

Executive Summary

With **Resolution no. 12/2015¹**, the Supervisory Board (SB) opened Complaint S01/2015, relating to the alleged misapplication by Telecom Italia staff of the policy on contacting customers in the event of activations of non-active lines (pending the New Delivery Process), with particular reference to the improper use of the “OLO reference for on-site activities” procedure and the methods used to make calls to the OLO’s end customers.

During the quarter the work continued relative to Procedure P01/2014 to identify Key Performance Objectives (KPOs), in order to calculate the tolerance thresholds considered acceptable as regards the performance differences seen in the delivery of SMP Services to the Retail and Wholesale segments by Open Access. In particular, the University of Catania has presented the methodologies being developed to calculate the indicators.

With checks at the Liguria, Veneto and Friuli Venezia Giulia geographic areas, the Supervisory Office (SO) continued its on-site inspections, aiming to verify Open Access's proper management of the Work Order queuing system (the so-called “single queue” system) introduced with the New Delivery Process (NDP).

The Supervisory Board has received the progress reports and programmes relative to Undertakings Groups 5 and 6, respectively pertaining to the Quality and Development of the access network. As regards Group 4, covering KPIs, Telecom Italia has sent the required reports for the quarter as well as the previous documentation that was not sent due to IT problems.

As regards proceeding A428C concerning Telecom Italia’s refusal of work orders received from OLOs, the Antitrust Authority has decided to involve the SB in this analysis. At the hearing of 16 September with officials from said Authority, the SB provided all information at its disposal for enable the Italian Competition Authority (AGCM) to reach the right decisions.

¹ <http://organodivigilanza.telecomitalia.it/pdf/Determinazione-n-12-2015-Avvio-S01-15.pdf>

Monitoring of progress with Undertakings

Undertakings Group no. 1

(launch of New Delivery Process)

All the main OLOs have completed migration to the New Delivery Process; Wind also recently joined up for LLU. As at August 2015, the number of WOs transferred to the Single Queue and successfully closed totalled approximately 4,900 for the asymmetrical bitstream service, 4,750 for LLU and 400 for WLR.

Undertakings Group no. 3

(establishment of a performance monitoring system for SMP services)

Regarding the project to identify KPOs, in September the University of Catania presented the methodologies being developed to calculate the indicators (see *dedicated paragraph below*).

Undertakings Group no. 4

(guarantees of transparency of the monitoring system)

The SB has received monthly reports from Telecom Italia for June, July and August 2015.

During the quarter Telecom also sent the previous months' reports that were not sent because of IT anomalies in the company's systems.

Undertakings Group no. 5

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

The SB has received the Q2 2015 final figures relating to the Technical Plans for Quality of the fixed access network, and the programme for the fourth quarter of the year.

Undertakings Group no. 6

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

Telecom has sent the SB the Q2 2015 final figures relating to the Technical Plans for Development of the fixed access network, and the programme for the fourth quarter of the year.

Undertakings Group no. 12

(obligation to signal the activation of services not requested)

Telecom Italia has sent the SB the document with data for the second quarter of 2015 on reports of services being activated that were not requested, received by Open Access technicians.

Proceedings opened

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

The SB has opened proceedings to identify Key Performance Objectives (KPOs), as set out in the Undertakings, in order to calculate the tolerance thresholds considered acceptable as regards the performance differences seen in the delivery of SMP Services to the Retail and Wholesale segments by Open Access.

The identification of specific KPOs was required by the Telecom Italia Undertakings; these KPOs had to provide – upon comparison with KPIs – information on the qualitative levels delivered by Open Access in the provision of its services. The KPOs were supposed to be identified each year by the Authority, but so far this has not happened.

The Supervisory Board has approved Resolution no. 18/2014², resulting in the opening of the procedure “*Complaint P01/14 – Identification of specific Key Performance Objectives (KPOs) 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 SMP services*”; this was because the KPOs are considered essential for the purposes of properly evaluating Telecom Italia’s performance in terms of the principle of internal-external equality of treatment. This procedure will be halted if the Authority takes equivalent action.

The University of Catania has been identified as the certifying body to identify each relevant KPI on the “tolerance thresholds” for the acceptable differences between Retail and Wholesale performances.

This work has continued during the quarter and, in September, the University of Catania presented the methodologies being developed to calculate the indicators.

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

Complaints by alternative operators

Complaint S01/15 – Wind / Obstacles to migration to the New Delivery Process-Implementation of Undertakings Group no. 1

Wind has submitted a complaint relating to alleged IT anomalies in Telecom Italia's IT systems that hinder completion of migration processes to the New Delivery Process (NPD).

With **Resolution no. 12/2015³**, the Supervisory Board (SB) opened Complaint S01/2015, relating to the alleged misapplication by Telecom Italia staff of the policy on contacting customers in the event of activations of non-active lines, with particular reference to the improper use of the “OLO reference for on-site activities”.

In July, the SB had in-depth dealings with the OLO that submitted the complaint: the OLO was given a hearing, sent a letter with requests for information, and the Supervisory Office visited a Wind location to carry out checks.

A Preliminary Communication was therefore prepared on the basis that the facts under examination could result in an apparent anomaly as regards the correct execution of Undertakings Group no. 1.

In September, Telecom Italia presented its findings, and presented to the Supervisory Board in a hearing for this purpose.

On 30 September, Telecom Italia sent the requested data to the SB for the completion of the analysis.

The final deadline for the close of proceedings was **deferred⁴** to allow the necessary investigations.

³ <http://organodivigilanza.telecomitalia.it/pdf/Determinazione-n-12-2015-Avvio-S01-15.pdf>

⁴ <http://organodivigilanza.telecomitalia.it/pdf/Determinazione-n-15-2015.pdf>

Specific Analyses

Analysis of Wholesale and Retail KOs

The Supervisory Board has ordered an analysis to be carried out on the reasons for work orders being rejected ("Wholesale KO analysis" and "Retail KO analysis"), which follows a similar analysis conducted in 2010 on the Wholesale segment alone: no cases of unequal treatment between Retail Work Orders and Wholesale Work Orders were identified.

With Resolutions no. 26/2013⁵ and no. 9/2014⁶, the Supervisory Board opened a new KO analysis of wholesale and retail delivery processes to measure the benefits resulting from the New Delivery Process.

Numerous investigations have been carried out in 2015.

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

Analysis of the correct application of the Single Queue

The Supervisory Board has approved Resolution no. 2/2015⁷ with which it verified the results of the supervisory activities on the management of the Work Order queuing system (the so-called "single queue" system) of the New Delivery Process (NPD), part of Undertakings Group no. 1 and relating to 2014. Resolution no. 3/2015⁸ approves the extension of this activity into 2015.

During the quarter, checks were carried out at the Liguria, Friuli Venezia Giulia and Veneto local 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.

Other activities of the SB

- ◆ As regards proceeding A428C concerning Telecom Italia's refusal of work orders received from OLOs, the Antitrust Authority has decided to involve the SB in the analysis. At the hearing of 16 September with officials from said Authority, the SB provided all information at its disposal for enable the Italian Competition Authority (AGCM) to reach the right decisions.

⁵ http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_26_2013.pdf

⁶ http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_9_2014.pdf

⁷ http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_2_2015_Chiusura_Coda_Unica_2014.pdf

⁸ http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_3_2015_Avvio_Coda_unica_2015.pdf