

**Activity Newsletter  
Supervisory Board  
July - August - September 2017**

## Overview

Opening the summary of the Supervisory Board's activities for the July-September 2017 quarter, mention must be made of the **resignation of the Chairman of the SB, Prof. Antonio Sassano**, due to pressing work commitments, submitted in accordance with art. 3, paragraph 5 of the Supervisory Board Regulations. In the meeting of 29 August 2017, Prof. Polo took on the functions of Chairman, in accordance with the provisions of art. 4, paragraph 5 of the Regulations, being the oldest Director appointed by the Authority.

During the quarter under review, the Supervisory Board continued its activities in the context of collaboration between the same and the Communications Guarantees Authority by **carrying out specific study and analysis activities** related to implementation of the measures concerning development of the New Equivalence Model.

More specifically, these activities concerned analysis of the migration to the new Telecom Italia delivery system, evolution of the KPI-KPO equal treatment system, analysis of the quality of the new NetMap data base and simplification and rationalization of the reasons for rejection.

As regards **issues relating to the new KPIs applicable within the scope of Telecom Italia's NEM and of determination of the related KPOs**, definition of the methodology for identifying equal treatment performance objectives applicable to the new regulatory framework continued. Thanks to the support of an external consultant, the SB was able to examine the first results of the study in question..

Again with reference to this issue, on September 25, the Supervisory Board submitted a specific Technical Note to the Authority containing the proposal for rationalization and updating, within the scope of the NEM, of the non-discrimination indicators, approved by the Supervisory Board on September 20, 2017. This document, which incorporates the provisions of AGCom Resolution No 321/17/CONS of July 27, 2017, constitutes the updated version of the document. “*Proposal for a new basket of non-discrimination indicators in the NEM context*” Version 6.0 of April 4, 2017, already sent previously.

AGCom Resolution No 321/17/CONS , on the “*conditions implementing the obligation for Telecom Italia to have access to wholesale fixed network access markets pursuant to Article 22 of Resolution No.623/15/CONS*”, has had significant effects on the scope of action of the SB, with particular reference to identification and calculation of new the KPIs, with specific reference to LLU and SLU services.

Compared to the original version of the document, therefore, the Board took into account the new context outlined by AGCom Resolution No. 321/17/CONS and, on

the basis of this, considered it appropriate to include in the proposal two specific new equal treatment indicators (one for delivery and one for assurance), for unbundled orders.. In particular, for delivery, the KPI "Average processing time for reception and technical checks" and for assurance "Average back office processing time" was defined".

With reference to the **measurement of equal treatment performance during the transition period from the EOO model to the new equivalence model**, on July 13, August 30 and October 6, the SB transmitted the reports on the analysis of the transitional indicators pursuant to Res. No 718/08/CONS, drawn up on the basis of the data relating to the OL closed in previous months (for the months of May, June and July, respectively).

Following the AGCom communication of January 24, 2017 with which the Authority requested the collaboration of the SB on verification of compliance with the requirements of non-discrimination in the use of information from the NetMap DB and in the identification of quality KPIs in information contained therein, during the quarter under review, the Supervisory Board prepared and made available to the Authority a document illustrating a proposal for monitoring quality and non-discrimination in using the NetMap system based on a new set of specifically defined indicators.

The data analysis provided by Telecom Italia concerning the indicator "KPI1 - Delivery Broadband - Percentage of systems completed within 10 calendar days without intervention of the technician", highlighted that the delivery performance of Wholesale orders progressively deteriorated starting from February 2017, reaching very unbalanced differentials in the following months in favour of TIM Retail.. In order to understand its reasons, the Board conferred a mandate on the Office to launch an ad hoc study based on an analysis of the elementary data. On the basis of this, the Office requested Telecom to provide data extractable from the operational systems of the Company itself containing complete records of all "closed OK" OAO activation orders in the months of June 2017 and July 2017 relating to Bitstream, Bitstream NGA, VULA (FTTCab and FTTH), SLU and LLU services on both Non Active and Active Lines (including migrations TIM-OLO and OLO-OLO).

Going into more operational detail, following the closure of **Procedure "P01/17"**, **investigation to verify compliance with Commitment Groups 3 and 4**, concluded with approval of Resolution No. 14/2017 of June 22, 2017, in order to be able to monitor the indicator "KPI1 - Voice Delivery - average processing time in calendar days", the Supervisory Board requested various information from Telecom, including the monthly value of the KPI Wholesale Voice Delivery - average processing time in calendar days calculated separately for Retail OLs and Wholesale OLs for each month, for all months from June 2017 to September 2017.

In **Commitment Group No. 1**, based on the new program of on-site checks on the correct implementation of the new criteria for queuing orders ("single queue") introduced by Telecom Italia following the procedure described in Resolution No. 9/2016, the Supervisory Office continued the verification activity in the quarter under review..

In particular, on July 14, 2017 the Supervisory Office verified the correct queuing at AOL Emilia Romagna (Bologna office) and found no significant critical issues or substantial breaches with respect to the commitments taken by Telecom Italia at the closing of the procedure in question.

With regard to **Commitment Group No.2**, after the meeting held in May during which Telecom Italia's representatives gave a presentation of the progress made regarding said Group's obligations, with a note dated July 13, 2017, the SB, taking into account the impact of Customer Satisfaction in calculating the management incentive system for management of the Wholesale function and the discontinuity introduced with respect to previous surveys, made a series of recommendations to TIM, including, inter alia, the following.

**Within the scope of Commitment Groups Nos. 5 and 6**, after the request made by the SB to Telecom Italia concerning integration of the contents of quarterly and annual reports on the development of the NGAN network (with the addition of the cumulative values of the number of cabinets connected in FTTCab and the number of "passed" and "connected" Real Estate Units in FTTH and FTTCab), in July 2017, the Board felt the need to request Telecom to make available the information relating to the Real Estate Units connected in primary and secondary also by province.

The SB, with a letter to Telecom Italia dated July 13, 2017, reiterated the request, already submitted on May 29, 2017, to publish the 2017 edition of the Long-term Technical Plan for development of the Fixed Access Network for the NGAN Network for the years 2017 - 2019. In its reply of September 13, 2017, Telecom Italia stated that this document, which was approved in February 2017, was not made public because, after that date, there had been some concatenated events such as, for example: the results of the Infratel 2017 consultation, notification of the procedure AGCM A514 Cassiopea, in addition to the stabilization phase of the Company's Governance, which had not allowed the 2017-2019 NGAN plan to be consolidated and defined with the detail requested by Commitment Group No. 6.

Lastly, in the quarter July-September 2017, the Supervisory Body held **informal discussions with the Communications Guarantees Authority** within the scope of the new study and analysis activities connected with implementation of the measures relating to the development of the New Equivalence Model and delegated by the latter to the SB.

With regard to meetings with Operators, in July and September 2017, **the hearings of Telecom Italia before the Supervisory Board were held**, during which the Company provided the state of progress of fulfilment of the commitments, at the same time informing the Board on specific details requested by the same during previous meetings..

## **Commitment progress monitoring**

### **Commitment Group No. 1**

*(New Delivery Process)*

- *document of July 31, 2017 on:*
  - Report (pursuant to Res. 22/2010) concerning Non-realized – From April 2016 to March 2017;
  - Report (pursuant to Res. 25/2013) concerning disposal of equipment. Actuals IH17;
  - Report (pursuant to Res. 25/2013) concerning Non-realized for equipment presence - IH17 actuals;

### **Commitment Groups Nos. 3 and 4**

*(establishment of a performance monitoring system for SPM services)*

*(monitoring system transparency guarantees)*

- *document of July 6, 2017 on:*
  - Monthly KPI Report for June 2017;
  
- *document of July 31, 2017 on:*
  - Monthly KPI Report for June 2017;
  - Monthly KPI Report. Actuals 2nd Quarter 2017;
  
- *document of September 12, 2017 on:*
  - Monthly KPI Report. Review for the month of January 2017;
  - Monthly KPI Report. Review for the month of February 2017;
  - Monthly KPI Report. Review for the month of March 2017;
  - Monthly KPI Report. Review for the month of April 2017;
  - Monthly KPI Report. Review for the month of May 2017;
  - Monthly KPI Report. Review for the month of June 2017;
  - Monthly KPI Report. Actuals 1st Quarter 2017;
  - Monthly KPI Report. Actuals 2nd Quarter 2017;
  
- *document of September 26, 2017 on the Monthly KPI Report for the month of July 2017.*

### **Commitment Group No. 5**

- *document of July 6, 2017 on:*
  - Access Network Quality Report. Actuals 3rd Quarter 2017;
  - Wholesale SLA Degradation Report – May 2017
  
- *document of July 31, 2017 on:*
  - Access Network Quality Report. Actuals 2nd Quarter 2017;
  - Wholesale SLA Degradation Report – June 2017

- *document of September 12, 2017 on:*
  - Wholesale SLA Degradation Report – July 2017
- *document of October 3, 2017 on:*
  - Wholesale SLA Degradation Report – August 2017
  - Access Network Quality Report. 4th Quarter 2017 Plan

## Commitment Group No. 6

- *document of July 31, 2017 on:*
  - Access Network Development Report - BB. Actuals IIQ17 – BB. Actuals 2nd Quarter 2017;
  - Access Network Quality Report.. Actuals IIQ17 – Allocations. Actuals 2nd Quarter 2017;
- *document of October 3, 2017 on:*
  - Access Network Quality Report.. IVQ17 Plan – NGAN;
  - Access Network Quality Report.. IVQ17 Plan – BB;
  - Access Network Quality Report.. IVQ17 Plan – Allocations;

## Commitment Group No. 12

- document of July 31, 2017 on the Report “Unsolicited services”– Actuals IIQ17.

## Verification activities

- **On-site verification of correct implementation of the new criteria for queuing orders introduced by Telecom Italia following the Procedure pursuant to Resolution No. 9/2016**
- **Verification of correct representation of delivery processes**

## Relations with institutions and operators

### Meetings discussions with the Communications Guarantees Authority

During the quarter in question, the Supervisory Board maintained constant focus on the regulatory issues promoted by the Communications Guarantees Authority, with interaction and constant discussion on issues relating to non-discrimination and access equivalence systems, especially in the context of the activities delegated by the latter to the Board pursuant to art. 15-bis of the new SB Regulation..

In this context, during the quarter under review, the SB periodically sent the requested information to the Authority.

### Meetings with Operators

On July 12, 2017, the Supervisory Body held a hearing with Telecom Italia. During the meeting in question, the Company provided updates and clarifications on the issue of implementation of the New Equivalence Model, together with certain clarifications requested by the Supervisory Board with reference to the verification activities delegated to the same by the Authority – pursuant to art. 15-bis of the Regulation – and included by the Supervisory Board in its 2017 activity plan.

On September 20, 2017, on the other hand, the Supervisory Board again held a meeting with Telecom Italia, during which the progress of the activities related to implementation of the New Equivalence Model was discussed in depth, as well as a general state of progress of the new KPO definition methodology to be applied to transition KPIs as per Resolution No. 20/2016.