

# **Newsletter Activity Supervisory Board April-June 2012**

### Executive Summary

During the second quarter of 2012, with Resolution no. 12/2012<sup>1</sup>, the Supervisory Board (SB) ordered the commencement of activities with the purpose of verifying the correct application of the Management System relative to the Single Queue within the New Process of Delivery. These activities were carried out *on site* by resources from the Supervisory Office (SO) at corporate geographic areas located nation-wide.

With reference to Undertakings Group no. 2, two formal hearings were held, during which Telecom Italia was able to illustrate the results of the MBO 2011 and the procedures for defining the MBOs for the year 2012. It also provided explanations regarding the new procedure for determining the satisfaction level of the OLOs and illustrated the staff training programme conducted in 2011 and that planned for 2012.

Regarding Undertakings Group no. 6, with Resolution no. 10/2012 adopted during the Council of 4 April, the SB authorised an analysis to be performed on the Technical Plans drawn up by Telecom Italia for the development of the NGAN network: following the formal hearing with Telecom on 3 May 2012, the SB approved Resolution no. 11/2012<sup>2</sup>, in which the Operator was invited to provide further details on the planning process relative to the activities for the development of the new generation network.

On 5 June, the SB received a complaint from the Operator Welcome Italia regarding alleged generalised breakdowns, and the alleged disruption to the asymmetrical bitstream service in the Bari catchment area: having received the Technical Report issued by the Supervisory Office (SO), with Resolution no. 13/2012<sup>3</sup>, adopted during the Council held on 18 June, the SB initiated an enquiry into the Report.

In the period in question, the SB and AGCom held the first meetings aimed at exchanging information on the activities in progress and on the work agenda.

The SB was also able to verify the reorganisation of Open Access and the Wholesale Department, carried out to reinforce the guarantees to the OLOs regarding compliance with the equal treatment policy for internal and external elements. In the new structure, the OLOs and the retail departments of Telecom Italia are in direct contact with the Open Access operating structures and IT systems.

---

<sup>1</sup> [http://organodivigilanza.telecomitalia.it/pdf/Determinazione\\_n\\_12-2012-Vigilanza su accodamento degli ordinativi di lavoro a coda unica.pdf](http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_12-2012-Vigilanza_su_accodamento_degli_ordinativi_di_lavoro_a_coda_unica.pdf)

<sup>2</sup>

[http://organodivigilanza.telecomitalia.it/pdf/Determinazione\\_n\\_1\\_11\\_2012\\_Raccomandazioni\\_in\\_ordine\\_ai\\_Piani di sviluppo NGAN.pdf](http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_1_11_2012_Raccomandazioni_in_ordine_ai_Piani_di_sviluppo_NGAN.pdf)

<sup>3</sup>

[http://organodivigilanza.telecomitalia.it/pdf/Determinazione%20n\\_13\\_2012\\_Avvio attivita istruttoria Welcome.pdf](http://organodivigilanza.telecomitalia.it/pdf/Determinazione%20n_13_2012_Avvio_attivita_istruttoria_Welcome.pdf)

### Progress report regarding the fulfilment of the Undertakings

#### **Undertakings Group no. 1**

*(New Process of Delivery start-up)*

In May the SB adopted Resolution no. 12/2012<sup>4</sup>, authorising the commencement of surveillance activities relative to the management of the work order queuing system, or the so-called “coda unica” (queue system) in the NPD. *(for further information please see the relative paragraph below).*

From the beginning of the NPD, there orders registered on the bitstream service were more than 300,000 (160,000 of which were recorded during 2012). The Work Orders passed in the so called “coda unica” (single queue) and closed positively were 1,249 (data updated to 31 May 2012).

Regarding adhesion to the ULL and WLR services in the NPD, whereas Fastweb formally confirmed its adhesion by the month of July, Wind, Vodafone and TeleTu have instead deferred their adhesion probably until the month of October.

#### **Undertakings Group no. 2**

*(establishment of a new system of incentives and a code of conduct)*

On 3 May 2012 a formal Council was held with the aim of illustrating the MBO 2012 for the management of Telecom Italia and providing a summary of the results of the MBOs for 2011. Telecom Italia presented the general architecture of the new incentives system proposed to the SB; in particular, it illustrated the objectives connected to the Undertakings, including for example those linked to *Customer Satisfaction OLO*, to equal opportunities and to the network quality.

On 18 June another formal hearing was held, during which the Company provided further information on the 2012 managerial incentives system and on the new procedure for determining OLO satisfaction (as had been requested by the SB during the previous Council on 3 May). It also illustrated the staff training programme used in 2011, and that planned for 2012.

Specifically, the training course offered to the technical assistance team to familiarise them with the rules and limitations implemented by Open Access following the Resolutions passed by the Authorities, and the Undertakings relative to the management of relations with the OLOs was completed in the month of June: around 100 resources were involved during a total training period of 300 days.

The Focus Group, consisting of a sample of on-field Open Access technicians, was also completed, while a *videolesson* is currently being developed as an additional training tool for the equality of treatment.

---

<sup>4</sup> [http://organodivigilanza.telecomitalia.it/pdf/Determinazione\\_n\\_12-2012-Vigilanza\\_su\\_accodamento\\_degli\\_ordinativi\\_di\\_lavoro\\_a\\_coda\\_unica.pdf](http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_12-2012-Vigilanza_su_accodamento_degli_ordinativi_di_lavoro_a_coda_unica.pdf)

### **Undertakings Group no. 3**

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

The Councils of the Undertakings Monitoring Group of the Authority and the Operators, held with the aim of defining the new basket of *end to end* indicators to replace the current set of KPI, continued. Requests to review the proposals formulated to date have been received, therefore a basket of indicators that has been agreed upon by all the Operators has yet to be identified; once the new KPI are approved by the Authority, the Supervisory Body will carry out the usual activities for their analysis and verification in accordance with the terms set forth in the Undertakings.

### **Undertakings Group no. 4**

*(guarantees of transparency of the monitoring system)*

Telecom Italia has delivered the reports on the indicators to the SB for the months of March, April and May 2012, and the document containing the overall data for the first quarter of the year. No issues emerged following the analysis of the results, save the slightly better performances by the Telecom Italia Retail segment compared to that of the OLOs on an extremely limited number of indicators, a phenomenon that can be attributed to technical reasons.

### **Undertakings Group no. 5**

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

In keeping with the schedule set by the Undertakings, Telecom Italia sent the SB the progress report for the first quarter of 2012 regarding the Quality of the Access network and the programme relative to the third quarter of 2012.

Telecom Italia also sent the progress report as of the third quarter of the year, detailing the evolution over time of the stations compared to the levels of quality anticipated, provided for the RTG and Broadband services, excluding stations with less than 1000 RTG lines and 300 ADSL lines from its analysis: the results show that the number of power stations with a higher breakdown rate than the target rate has decreased compared to the figures recorded at the end of 2011 for both services.

The SB also received from Telecom Italia a document containing all the information requested as per Resolution no. 6/2010, updated to the first quarter of 2012, relative to the Trouble Tickets, broken down according to the cause of breakdown and subdivided by geographic area. It also contained information about the percentage of repeated breakdowns subdivided by geographic area, the percentage of breakdowns resolved by the second day following notifications divided by OLO segment and Retail and a list of the saturated DSLAM and MiniDSLAM *(for additional information on the subject of the saturation of the stations please refer to the specific paragraph later in the document)*.

### **Undertakings Group no. 6**

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

In the period from April to June 2012, the SB received from Telecom Italia the documents containing the final balance values of the first quarter of 2012 and the programme relative to the third quarter of 2012, with reference to the NGAN network, the Broadband coverage and the Allotments.

In the first quarter of 2012, a delay was recorded in the Property Units connected in Primary, due to problems in sourcing the power station equipment, while the totals for the Units connected in Secondary exceeded the figure expected (7,572 and so 2,572 more than the estimated value). In the first quarter of 2012, 35 planned interventions were carried out for the supply of services up to 7 Mb/s and/or up to 20 Mb/s, while, with reference to the Allotments schedule, 17,125 Property Units were connected: 425 more than the estimated figure.

The multi-year Technical Plan 2012-2014 presented in February anticipated the development of the NGAN, mainly based on FTTCab architecture, using technology with which 29 of the 30 cities involved will be cabled in 2012. In relation to the above Plan, the SB identified the need for greater transparency regarding the information provided; for this purpose, during the Council held on 4 April, it approved Resolution no. 10/2012, authorising the introduction of activities that aim to analyse the Technical Plans and the procedures with which Telecom Italia will inform the market about the availability of ultrabroadband services.

On 3 May 2012, the SB held a formal hearing with Telecom Italia regarding this issue. As the procedures adopted by the traditional Operator in order to comply with transparency requirements were deemed inadequate by the SB, during the Council held on that same date, it approved Resolution no. 11/2012<sup>5</sup>, in which it invited Telecom Italia to reformulate the process for planning interventions to develop the new generation network in as much detail as possible, and recommended that it submit information relative to the saleability of the service on active numbers. In this regard, and with a view to complying with the requests contained in the above-mentioned Resolution, Telecom informed the SB that it will submit the information relative to the association of cabinets and addresses for the sale of NGAN services in keeping with the timeline established for the approval of the relative Reference Offers by AGCom.

### **Undertakings Group no. 8**

*(integration of the regulatory accounting and determination of the transfer charges)*

With reference to Undertakings Group no. 8, following the publication of Resolution no. 678/11/CONS containing the Guidelines on Regulatory Accounting of fixed line network and service contracts, Telecom Italia must now send the 2011 Regulatory Accounting for the fixed line network to AGCom. This should occur by the month of July.

---

5

[http://organodivigilanza.telecomitalia.it/pdf/Determinazione\\_n\\_1\\_11\\_2012\\_Raccomandazioni\\_in\\_ordine\\_ai\\_Piani\\_di\\_sviluppo\\_NGAN.pdf](http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_1_11_2012_Raccomandazioni_in_ordine_ai_Piani_di_sviluppo_NGAN.pdf)

### **Undertakings Group no. 9**

*(measures relative to the new generation access networks)*

In relation to the matters dealt with by Undertakings Group no. 9, the SB received updates from Telecom Italia regarding the activities that the Operator is carrying out, and which were essentially as follows for the quarter in question:

- the formulation of reference Offers for Markets 4 and 5, for submission to the Authority;
- the stipulation of agreements regarding testing between Telecom and Fastweb for the Colocation and Subloop, with the appropriate feasibility studies conducted on the cabinets.

### **Undertakings Group no. 12**

*(obligation to signal 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 2012: in the period in question the Open Access technicians did not record any activation of services that were not requested.

## The complaints of the alternative Operators

### **Complaint S01/12 – Welcome Italia / Report of serious disruption due to generalised breakdowns and poor quality of bitstream services**

On 5 June 2012, the Operator Welcome Italia sent a report to the SB, complaining about alleged serious and repeated disruption to services that had occurred during the months of April and May; in particular, the Operator complained about:

- generalised breakdowns, in relation to cases of Assurance with reference to various geographic areas, often attributable to the malfunctioning of aggregate equipment;
- the poor quality of the asymmetrical bitstream service in the Bari catchment area.

The SO prepared a technical report in which it listed the report as "specific"; the Report also indicated the need to acquire further information about the events reported in order to identify any problems in the correct application of the transparency policy to the technical plans for quality, and if applicable, regarding the development of the fixed access network.

Having received the above-mentioned Report, during the Council held on 18 June, the SB proceeded to adopt Resolution no. 13/2012<sup>6</sup>, ordering an inquiry into the Report that is considered to be of a specific nature and does not show any evidence of being manifestly unfounded. The inquiry in question must be completed within 30 days, unless extended under due cause.

A formal hearing with Telecom Italia has been scheduled for 2 July 2012 to analyse the problems connected with the Report.

---

6

[http://organodivigilanza.telecomitalia.it/pdf/Determinazione%20n.13.2012\\_Avvio\\_attivita\\_istruttoria\\_Welcome.pdf](http://organodivigilanza.telecomitalia.it/pdf/Determinazione%20n.13.2012_Avvio_attivita_istruttoria_Welcome.pdf)



### Specific Analyses

#### Analysis of the correct application of the Single Queue system

With Resolution no. 12/2012<sup>7</sup>, the SB initiated an analysis of the management of the work order queuing system, or the so-called "coda unica" system, within the NPD. This analysis integrates the checks already performed on the "single queue" in 2011, focusing on the correct use of the IT processes used by Open Access to manage the process. The Supervisory Office (SO) has been appointed to carry out random checks at the local Open Access operating sites, and to then submit the relative results to the SB.

In the month of June, the SO began the above activities, with a visit to the geographic area South Rome and one to the geographic area Friuli Venezia Giulia. During these visits, it analysed Work Orders that entered the Single Queue system in 2012 and that were subsequently processed: no irregularities emerged from the analysis of the orders processed up until the activation of the systems.

According to the schedule, the *on site* visits should be concluded in the month of July.

#### Analysis on the deterioration

As a result of Complaint S01/2011 submitted by the Operator Welcome regarding alleged problems of saturation of the Telecom Italia exchanges in the supply of the bitstream service, the SB invited Telecom Italia to provide details of the progressive data relative to the percentage of deteriorated systems repaired within the time limits established in the Service Level Agreement, consistent also with the contents of Resolution 105/10/CIR. This

At the closure of Complaint S01/2011 with Resolution no. 20/2011<sup>8</sup> the SB asked Telecom Italia to provide the progressive data relative to the percentage of degraded systems repaired within the time periods established in the Service Level Agreements starting from April 2011, on a monthly basis.

Specifically, the SLA anticipates that 80% of the degraded systems will be repaired within 50 days from submission of the relative reports.

In the period from July 2011 – February 2012, performances visibly improved: in particular, between October 2011 and March 2012, the percentage of degraded systems repaired within 50 days from submission of the report remained stable at over 90%.

Subsequently, the following two-month period (March-April 2012) saw a decline, with performance levels lower than those anticipated by the SLA.

Instead, the month of May seems to have seen a reverse in the trend: the performance level for this period is almost in line with that anticipated by the SLA.

<sup>7</sup> [http://organodivigilanza.telecomitalia.it/pdf/Determinazione\\_n\\_12-2012-Vigilanza\\_su\\_accodamento\\_degli\\_ordinativi\\_di\\_lavoro\\_a\\_coda\\_unica.pdf](http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_12-2012-Vigilanza_su_accodamento_degli_ordinativi_di_lavoro_a_coda_unica.pdf)

<sup>8</sup>

[http://organodivigilanza.telecomitalia.it/pdf/Determinazione\\_n1\\_20\\_2011\\_Segnalaz\\_S01\\_2011\\_Chiusura\\_del\\_p\\_ rocedimento.pdf](http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n1_20_2011_Segnalaz_S01_2011_Chiusura_del_p_ rocedimento.pdf)



### The analysis of the Wholesale and Retail KOs

The "Wholesale KOs Analysis Project" was started in 2010 and aimed to obtain a more in-depth understanding of why Wholesale Work Orders were rejected in the Delivery process used by Telecom Italia until the transition to the New Delivery Process (NPD).

The results of the work performed, which allowed areas of possible improvement in the process to be identified, can be used in the evaluations of the benefits stemming from the introduction of the NPD.

At the outcome of the analysis on the Wholesale KO, the SB ordered the start of a similar analysis on the KOs relative to the offer of Telecom Italia Retail services.

Regarding the Orders of the OLOs, with [Resolution no. 14/2010](#)<sup>9</sup>, of July 2010, the SB approved the guidelines for the execution of the in-depth activities into the reasons for rejections of the Wholesale Work Orders. The analysis initially involved the Work Orders subdivided according to the reasons behind these, issued from 1 January 2009 to 31 March 2010, and closed by 31 May 2010.

During the Council of 15 December 2010, the SB approved with [Resolution no. 22/2010](#)<sup>10</sup>, the [Final report](#)<sup>11</sup> with the results of the Project, identifying possible areas for improvement in the Delivery process. The Resolution also invited Telecom Italia to prepare a quarterly report containing the information required by the SB to evaluate the results of the activities initiated as a result of the recommendations cited.

With reference to the Work Orders of Telecom Italia's Retail services, with [Resolution no. 5/2011](#)<sup>12</sup> of February 2011, the SB ordered an analysis, similar to the one described for the Wholesale clients, to be conducted on the reasons for rejection of the Work Order relative to the Retail services offered by Telecom Italia. This analysis took into consideration all the Work Orders of 2009, 2010 and the first half of 2011, completing the project that had already been started in 2010 in the Wholesale segment. It turned out to be possible to perform a joint analysis of the two segments, so permitting the evaluation of the actual internal-external equality of treatment concerning the management of the Delivery process.

With [Resolution no. 26/2011](#)<sup>13</sup> adopted during the SB Council of 14 December 2011, the SB published the final report which illustrates the interventions carried out and the results achieved. As in the analysis performed, no cases of inequalities of treatment emerge between the Retail WO and the Wholesale WO. At the same time, a slightly greater process efficiency is noted in favour of Telecom Italia as regards the number of Work Orders necessary to satisfy a customer request: this difference should progressively disappear as all the OLOs adhere to the New Delivery Process.

<sup>9</sup> [http://organodivigilanza.telecomitalia.it/pdf/Determinazione\\_n1\\_14\\_2010.pdf](http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n1_14_2010.pdf)

<sup>10</sup> [http://organodivigilanza.telecomitalia.it/pdf/19\\_Determinazione\\_22\\_2010.PDF](http://organodivigilanza.telecomitalia.it/pdf/19_Determinazione_22_2010.PDF)

<sup>11</sup> [http://organodivigilanza.telecomitalia.it/pdf/19a\\_Allegato\\_Determinazione\\_22\\_2010.PDF](http://organodivigilanza.telecomitalia.it/pdf/19a_Allegato_Determinazione_22_2010.PDF)

<sup>12</sup> [http://organodivigilanza.telecomitalia.it/pdf/Determinazione\\_n5\\_2011\\_Analisi\\_KO.pdf](http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n5_2011_Analisi_KO.pdf)

<sup>13</sup> [http://organodivigilanza.telecomitalia.it/pdf/Determinazione\\_n.26.2011\\_Analisi\\_KO\\_Retail\\_Allegato-Light.pdf](http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n.26.2011_Analisi_KO_Retail_Allegato-Light.pdf)

### **Organo di Vigilanza**

For the Wholesale segment, on 24 April 2012 Telecom Italia supplied the SB with progress reports on the surveys performed concerning the Network and Customer KOs of the asymmetrical bitstream Delivery relative to the period between January and December 2012, and closed by December 2011.

For the Retail segment, on 6 April 2012 the SB received a notice from Telecom Italia in which it determined the supply schedule relative to the KO reports for Retail clients.

### **The pre-alarm system for signalling exchanges at risk of saturation ("Amber Light")**

At the outcome of the results of the analyses conducted concerning the closing of approximately 500 bitstream service providers due to saturation of the network pursuant to Complaint S01/2010 by the OLOs, the SB recommended to Telecom Italia that they arrange a shared mechanism of notifications of the status of pre-alert for the ATM stations close to saturation, (otherwise known as "Amber Light").

In this quarter, an increase was recorded both in the number of exchanges in amber light status and in the number of saturated exchanges. In particular, the stock of the saturated exchanges served by DSLAM ATM 7 Mbit/s reached 147 units at the end of June (+107% compared to the value recorded at the beginning of the year), while on the same date the exchanges under amber light were 656 (+28% compared to the value at 1° January 2012).

These increases can be attributed to the obsolescence of the ATM technology which, following the declaration by the suppliers of that they would be ending production, made the equipment necessary to expand the DSLAM unavailable.

The monitoring also highlights the fact that of the 147 exchanges that have been deemed saturated, only 37 (equal to 25%) do not have DSLAM available in Ethernet technology.

### **Other activities of the Supervisory Board**

- ◆ In the reference period, the SB and AGCom held the meetings aimed at exchanging information on the activities in progress and on the work agenda. Three meetings were held in this period, and the parties discussed the matters that might be the subject of a common analysis by the Authority and the Supervisory Board. One of the first themes analysed was the definition of a new basket of performance indicators as per the work done by Undertakings Groups no. 3 and 4.
- ◆ Telecom Italia reorganised Open Access and the Wholesale Department, to reinforce the guarantees to the OLOs regarding compliance with the equal opportunities policy for internal and external elements. This reorganisation puts the OLOs and the retail departments of Telecom Italia in direct contact with the Open Access operating structures and IT systems; as a result, the KPIs of the changeover times correspond. In particular, Open Access has been appointed to ensure the *end to end* Delivery and Assurance process of the access services to Significant Market Power for the OLO clients.
- ◆ During the Council of 4 April, with Resolution no. 8/2012, the SB approved the Quarterly Report on the activities carried out and the work agenda relative to the first quarter of 2012.