

**Newsletter Activity  
Supervisory Board  
January-March 2014**

## Executive Summary

The Supervisory Board (SB) presented the 2014 Annual Report on 14 March 2014, at the Auditorium of the Ara Pacis in Rome<sup>1</sup>. The Report, published<sup>2</sup> on the SB's website, contains an overview of the main activities carried out and results achieved in 2013.

Previously, on 13 February during a formal hearing, the SB reported to the Members of AGCom on the work performed during 2013 and the future developments of the monitoring activities on issues subject to equality of treatment.

The SB organised a conference to discuss issues related to monitoring of equality of treatment on 28 January, at the AGCom offices. The speakers at this conference, entitled "*Equivalence of Input – Equivalence of Access. The British case and the Italian perspective*" also included representatives of Ofcom, British Telecom and the British EAB.

During the Board Meeting on 28 January 2014, the SB passed Resolution no. 1/2014<sup>3</sup> approving the action plans envisaged for 2014.

Complaint S01/13, regarding the alleged inconsistency in Open Access's refusals to activate LLU lines for Fastweb, was closed<sup>4</sup> based on the findings which emerged from the investigations made, findings which did not show any discriminatory behaviour against Fastweb. At the same time, however, it was arranged that specific activity should be begun to monitor refusals by Open Access to activate LLU systems (KOs) for Other Licensed Operators due to the presence of network multiplexers. With regard to Complaints S02/13 and 03/13, the terms for conclusion of the investigations, which are still in progress, have been extended.

The SB made changes to the procedure for handling complaints received from Other Licensed Operators, approving<sup>5</sup> new rules and regulations for dealing with them.

With regard to the individual Undertakings Groups, the Supervisory Board (SB) obtained the usual documentation from Telecom Italia in relation to the Undertakings now due for compliance, together with progress reports on issues requiring further investigation.

The Resolution<sup>6</sup> closing the monitoring of correct compliance of the work order queuing system, known as the Single Queue system, was approved in February. The inspections to be made during 2014 were then planned.

During the hearing held on 28 January 2014, Telecom Italia explained to the SB the new "Gioia" map system for management of requests by OLOs to access the incumbent's cabling infrastructure.

<sup>1</sup> [http://organodivigilanza.telecomitalia.it/eng/relazione\\_annuale.shtml](http://organodivigilanza.telecomitalia.it/eng/relazione_annuale.shtml)

<sup>2</sup> [http://organodivigilanza.telecomitalia.it/pdf/Annual\\_Report\\_2014.pdf](http://organodivigilanza.telecomitalia.it/pdf/Annual_Report_2014.pdf)

<sup>3</sup> [http://organodivigilanza.telecomitalia.it/pdf/Determinazione\\_n\\_1\\_2014\\_Piano\\_attivita.pdf](http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_1_2014_Piano_attivita.pdf)

<sup>4</sup> [http://organodivigilanza.telecomitalia.it/pdf/Determinazione\\_n\\_25\\_2013.pdf](http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_25_2013.pdf)

<sup>5</sup> [http://organodivigilanza.telecomitalia.it/pdf/Determinazione\\_n\\_10\\_2014.pdf](http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_10_2014.pdf)

<sup>6</sup> <http://organodivigilanza.telecomitalia.it/pdf/Determinazione-n-3-2014.pdf>

## **Progress report regarding the fulfilment of the Undertakings**

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

*(Launch of the New Delivery Process)*

Migration of the main Other Licensed Operators to the New Delivery Process has been effectively completed, with the sole exception of Wind for LLU and WLR services.

The number of Work Orders transferred to the Single Queue by February 2014 and successfully closed totalled approximately 3,200 for the asymmetrical bitstream service, 2,000 for LLU and 140 for WLR.

With Resolution no. 3/2014<sup>7</sup>, the SB checked the findings of the single queue management monitoring activity for 2013, while with Resolution no. 4/2014<sup>8</sup> the monitoring of single queue operation during the year 2014 was decided: the checks took place in the Umbria geographic area in February, while those in the Lazio geographic area were conducted in March. The checks have not revealed any unequal treatment between Telecom Italia Retail customers and OLO customers.

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

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

During the Board Meeting held on 13 March 2014, Telecom Italia presented the 2014 MBOs and, more specifically, the targets assigned to the executive personnel related to the Undertakings made to AGCom.

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

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

In February, AGCom brought the SB up to date on the activity in progress with regard to the process for approval of the new KPI basket

The SO completed<sup>9</sup> certification of the basic data used to calculate the performance indicators listed in Undertakings Group no. 4. During the Board Meeting on 13 February, it was decided<sup>10</sup> that the monitoring should continue during 2014.

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

*(Guarantees of transparency of the monitoring system)*

The SB received the monthly report for December 2013, the quarterly report for the fourth quarter of last year and the annual report for 2013 from Telecom Italia. Additionally, Telecom also sent the data collected during the first two months of the new year, January and February 2014.

<sup>7</sup> <http://organodivigilanza.telecomitalia.it/pdf/Determinazione-n-3-2014.pdf>

<sup>8</sup> <http://organodivigilanza.telecomitalia.it/pdf/Determinazione-n-4-2014.pdf>

<sup>9</sup> <http://organodivigilanza.telecomitalia.it/pdf/Determinazione-n-5-2014.pdf>

<sup>10</sup> <http://organodivigilanza.telecomitalia.it/pdf/Determinazione-n-6-2014.pdf>

## Organo di Vigilanza

The SB is also currently analysing the data supplied by Telecom Italia in response to the requests made in [Resolution no. 21/2013<sup>11</sup>](#) for a series of information related to the Delivery and Assurance KPIs that showed better service levels for the Retail segment.

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

*(Guarantees of Transparency of the Technical Plans for Fixed Access Network Quality)*

During the first quarter of the year, the SB received from Telecom Italia, and analysed the Q4 2013 results of the Technical Plans for Fixed Access Network Quality, as well as the 2013 Annual Report. Telecom also sent the 2014 Annual Plan, and the planning for the first and second quarters of the year.

In 2013, all the targets envisaged by the Plan were achieved and very often exceeded. The plan for special maintenance of the copper and optic fibre access network was also achieved. The percentage of "no network" cases remaining unresolved for 80 days or more was higher than forecast in the Plan.

The 2014 Annual Plan envisages, amongst other operation, the upgrading of 25,000 lines, overhaul of almost 78 thousand switching cabinets, upgrading of over 10 thousand of them, and overhaul of 1 million poles.

Additionally, the SB was able to examine progress of the SLAs on degraded systems, as requested in Resolution no. 20/2011.

Lastly, Telecom sent the report on lines with recurring problems, involved in the On-going Project, as requested by the SB in Resolution no. 6/2010.

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

*(Guarantees of Transparency of the Technical Plans for Fixed Access Network Development)*

With regard to Undertakings Group no. 6, pursuant to these Undertakings, Telecom Italia sent the SB the Q4 2013 results and the 2013 report, as well as the 2014-2016 Access Network Development Plan, and the plan for the first and second quarters of the year.

In 2013, 1.9 million Property Units were connected in primary (against 1.6 million forecast in the Plan), while 27 thousand property units were connected in secondary, against the planned 60 thousand. Operations conducted on FTTCab cabinets are in line with the Plan.

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<sup>11</sup> [http://organodivigilanza.telecomitalia.it/pdf/Determinazione\\_n\\_21-2013-Avvio\\_vigilanza\\_su\\_KPI.pdf](http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_21-2013-Avvio_vigilanza_su_KPI.pdf)

## Presentation of the 2014 Annual Report

The SB presented the 2014 Annual Report on 14 March 2014 at the Auditorium of the Ara Pacis in Rome. The document describes the activities carried out and results achieved in 2013.

In his introductory report, the Chairman of the SB, Prof. Antonio Sassano, outlined the main areas of change and future developments that the Supervisory Board intends to focus on during the coming year.

The meeting was attended by Angelo Marcello Cardani, Chairman of National Regulatory Authority for Communications (AGCom), Marco Patuano, Chief Executive Officer of Telecom Italia, Francesco Caio, former Special Commissioner for implementation of the Italian Digital Agenda, and Alberto Calcagno, Chief Executive Officer of Fastweb.

The Report and the documents relating to the meeting are published on the SB website<sup>12</sup>.

The SB has approved the 2014 Annual Report with Resolution no. 8/2014<sup>13</sup>.

## Specific analyses

### **Analysis of Wholesale and Retail KOs**

The “KO Wholesale Analysis Project” launched in 2010 enabled an in-depth analysis of the reasons for rejection of Wholesale Work Orders.

At the outcome of the analysis on the Wholesale KOs, the SB ordered the start of a similar analysis on the KOs relating to Telecom Italia Retail services. In its Resolution no. 26/2011 of 14 December 2011, the SB approved the final report which illustrated the work carried out and the results of the analysis: no cases of unequal treatment between Retail Work Orders and Wholesale Work Orders were identified.

In 2013, in Resolution no. 26/2013<sup>14</sup>, the SB decided to continue the analysis on Wholesale customers, to assess full compliance with the principle of internal-external equality of treatment by Telecom Italia in the Delivery process area.

During the Meeting of the SB on 13 March, Resolution no. 9/2014<sup>15</sup> to extend Order analysis to Retail Work Orders was approved.

The SO was asked to report periodically to the SB on the results of the checks made, proposing any more suitable action to be taken, and to draw up a final report of the action taken and the results attained.

<sup>12</sup> [http://organodivigilanza.telecomitalia.it/pdf/Annual\\_Report\\_2014.pdf](http://organodivigilanza.telecomitalia.it/pdf/Annual_Report_2014.pdf)

<sup>13</sup> [http://organodivigilanza.telecomitalia.it/pdf/Determinazione\\_n\\_8\\_2014\\_Approvazione\\_Relazione\\_Annuale.pdf](http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_8_2014_Approvazione_Relazione_Annuale.pdf)

<sup>14</sup> [http://organodivigilanza.telecomitalia.it/pdf/Determinazione\\_n\\_26\\_2013.pdf](http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_26_2013.pdf)

<sup>15</sup> [http://organodivigilanza.telecomitalia.it/pdf/Determinazione\\_n\\_9\\_2014.pdf](http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_9_2014.pdf)

## **Complaints by alternative operators**

### **Complaint S01/13 – Fastweb/Network access discrimination in the installation of LLU and Bitstream systems**

In February 2013, Fastweb reported alleged breaches of Undertakings Group no. 1 to the SB, with reference to alleged inconsistencies between a refusal by Open Access to activate LLU lines for Fastweb, and subsequent implementation of the service on the same lines for Telecom Italia Retail customers.

In May and June, the Supervisory Office (SO) performed *on-site* inspections to verify the actual presence of the reported equipment. The effective presence of the equipment emerged from the analyses conducted by the SO that in the great majority of the rejected orders; however, in some cases, while the issue of a KO was in fact correct, it was due not to “presence of equipment”, but rather for the most part to errors in the compiling of the order by the OLO. A number of cases were found in which the KO appeared to be unjustified, almost always originating from a misalignment of the Telecom Italia computer systems.

The documentation containing the detailed elements collected during the inspections and the analyses conducted by the SO were sent by the SB to AGCom in July, in response to a specific request by the Authority.

The SB, pursuant to its Internal Regulation, then sent Telecom Italia a preliminary notification (Resolution no. 18/2013<sup>16</sup>), attaching the final Technical Report on the *on site* inspections conducted as part of this procedure. Resolutions no. 20/2013<sup>17</sup> and no. 24/2013<sup>18</sup> further postponed the conclusion of the investigation.

After consulting Telecom Italia and Fastweb at two separate hearings, during its Meeting held on 9 December 2013, the SB passed Resolution no. 25/2013<sup>19</sup> in which it determined the conclusion of the checks regarding the Complaint concerned, ruling that based on the checks made, the KOs issued by Telecom did not show any conduct such as to represent breaches of the principle of equality of treatment between Telecom Italia Retail and the OLOs.

At the same time, the SB made a number of Recommendations to Telecom Italia, including a request to take suitable action to eliminate problems related to the less than full reliability of the *LLU pre-sale analysis tool*.

The SB also stated that it intended to start specifically monitoring the work orders rejected by Telecom Italia for all OLOs related to multiplexers, in order to check the introduction and effectiveness of the action taken by Telecom Italia following the above Resolution.

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<sup>16</sup> [http://organodivigilanza.telecomitalia.it/pdf/Determinazione\\_n\\_182013.pdf](http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_182013.pdf)

<sup>17</sup> [http://organodivigilanza.telecomitalia.it/pdf/Determinazione\\_n\\_20-2013-Proroga\\_proc\\_S01\\_13.pdf](http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_20-2013-Proroga_proc_S01_13.pdf)

<sup>18</sup> [http://organodivigilanza.telecomitalia.it/pdf/Determinazione\\_n24-2013.pdf](http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n24-2013.pdf)

<sup>19</sup> [http://organodivigilanza.telecomitalia.it/pdf/Determinazione\\_n\\_25\\_2013.pdf](http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_25_2013.pdf)

## **Complaint S02/13 – Fastweb/Malfunctions of the CRM system for Wholesale customers**

The Operator Fastweb reported malfunctions in the Wholesale CRM system used by OLOs to the SB. These malfunctions, relating to successive software releases of the system, are thought to have caused problems including the blockage of multiple Wholesale Work Orders.

In July, the SB received information in this regard from Telecom: the Operator sent numerous files containing detailed information on the anomalies found on the systems during the periods reported. The SO examined the material received, which describes the anomalies in releases 2.0 and 3.0 of the CRM, relating to the backlog of order processing and CRM outages.

During the subsequent hearings, Telecom Italia presented the Wholesale CRM release plans to the SB, proposing a new indicator, namely the percentage of wholesale orders which, at the date of measurement, have an “in process” status in Wholesale CRM, but for which no formal order has been sent to Open Access.

The date for conclusion of the procedure was postponed by Resolution no. 29/2013<sup>20</sup>; with a note dated 10 February 2014, Telecom Italia informed the SB that the data related to the new measurement system will be made available as from May 2014.

## **Complaint S03/13 – Welcome Italia / physical deterioration of lines, fruitless service interventions, SLA compliance and definition of penalties**

Welcome complained of problems related to service disruption and deterioration of the access network; general service disruption in the transport network; the provisioning of bitstream services over ethernet networks; fruitless service interventions, the SLAs and the assurance penalties for bitstream services, deemed to be insufficient deterrents and not commensurate with the inconvenience suffered by the Operator.

From May to July, Welcome gave the SB detailed information on the cases involved in the Complaint. The SB deemed it advisable to ask Telecom Italia for further information, so that it may conduct cross analyses between the various groups of elements.

On 28 January 2014 and 12 February 2014, the Supervisory Board invited Telecom Italia and Welcome to separate hearings on the issues for which the Complaint was made. Telecom Italia recognised the reported disservices, although they underlined the improvements in the fault rate during the period 2011–2013.

The SB decided to postpone the date for conclusion of the procedure with Resolution no. 7/2014<sup>21</sup>, to permit more thorough analysis of a number of issues, with particular reference to the procedure for handling faults in symmetrical connections.

<sup>20</sup> [http://organodivigilanza.telecomitalia.it/pdf/Determinazione\\_n\\_29\\_2013.pdf](http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_29_2013.pdf)

<sup>21</sup> <http://organodivigilanza.telecomitalia.it/pdf/Determinazione-n-7-2014.pdf>