

Newsletter Activity Supervisory Board April-June 2014

Executive Summary

Regarding Complaint S01/13 concerning alleged inconsistency in Open Access's refusals to activate LLU lines for Fastweb, that had been closed¹ on the basis of the findings which emerged from the investigations made, monitoring activity has been launched covering the progressive decommissioning of network multiplexers.

On 11 June, a hearing was held concerning the topics in Complaint S02/13, initiated following complaints by Fastweb concerning CRM Wholesale malfunctions; during the hearing, Telecom provided timing details for the resolution of these problems, as well as the initial findings of the indicator, requested by SB, which measures the level of operation of CRM Wholesale. SB then sent a letter to Telecom asking for information about action plans and times for the implementation of envisaged interventions, with periodic updates for KPI value findings.

With reference to Complaint Report S03/13, initiated by operator Welcome because of alleged unnecessary call-outs and inadequacy of penalties paid by Telecom Italia for non-observance of SLAs, it was decided by common agreement with the two operators to involve SB representatives in bilateral technical discussions intended to analyse and resolve the difficulties encountered.

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.

Follow-up continued c/o AOLs to verify the correct performance of the Single Queue mechanism. In particular, visits were made to Northern Lombardy, Calabria and Veneto geographical areas.

With reference to the SB Regulation amendment process, in May the SB sent a letter to Telecom Italia informing the Operator of the proposals for amending the Regulation itself. Telecom then presented the Authority with the proposal, in that the Undertakings envisage that amendments to the Regulation are defined in conjunction with AGCom.

During a hearing held on 15 April, Telecom Italia's Network Office Manager, Roberto Opilio, and Open Access Manager, Stefano Paggi, outlined to SB the main content of Telecom Italia's development Business Plan for the period 2014-2016.

Telecom Italia has updated SB about progress as regards changing the KPI basket as per Undertakings Groups n. 3 and n. 4; in this regard, the Chairman of SB sent a note to the Authority emphasising certain aspects requiring further attention and expressing willingness to carry out joint analysis of the issues in question.

¹ http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_25_2013.pdf

Progress report regarding fulfilment of Undertakings

Undertakings Group no. 1

(launch of New Delivery Process)

All the main OLOs have completed migration to the New Delivery Process; the only exception is Wind as regards LLU and WLR services.

The number of Work Orders transferred to the Single Queue by June 2014 and successfully closed totalled approximately 3,600 for the Asymmetrical Bitstream service, 2,500 for LLU and 170 for WLR.

With Resolution no. 3/2014², the SB checked the findings of the single queue management monitoring activity for 2013, while with Resolution no. 4/2014³ the monitoring of single queue operation during the year 2014 was decided: checks continued during the quarter on the correct operation of the Single Queue mechanism with visits made by the Supervisory Office to North Lombardy, Calabria and Veneto geographical areas. The checks undertaken so far have not revealed any cases of unequal treatment between Telecom Italia Retail customers and customers of OLOs.

Undertakings Group no. 2

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

Telecom Italia's CEO, Marco Patuano, sent an e-mail on 23 June to all employees emphasising the importance of Codes of Conduct to ensure the confidentiality of OLO customers' data, and the Code of Behaviour that Telecom Italia has adopted as a result of commitments made to strengthen measures ensuring respect for the principle of equal treatment; Telecom's CEO also invited all staff to reading documents carefully to become completely familiar with their content.

Undertakings Group no. 3

(establishment of a performance monitoring system for SMP services)

Having completed⁴ certification of the basic data used to calculate the performance indicators listed in Undertakings Group no. n. 4 for 2013, SB decided⁵ to continue monitoring activities again in 2014.

² <http://organodivigilanza.telecomitalia.it/pdf/Determinazione-n-3-2014.pdf>

³ <http://organodivigilanza.telecomitalia.it/pdf/Determinazione-n-4-2014.pdf>

⁴ <http://organodivigilanza.telecomitalia.it/pdf/Determinazione-n-5-2014.pdf>

⁵ <http://organodivigilanza.telecomitalia.it/pdf/Determinazione-n-6-2014.pdf>

Undertakings Group no. 4

(guarantees of transparency of the monitoring system)

In the reference quarter, SB received monthly reports from Telecom Italia for March, April and May 2014, as well as the report for the first quarter of the year.

The SB is also currently analysing the data supplied by Telecom Italia in response to the requests made in Resolution no. 21/2013⁶ for a series of information related to the Delivery and Assurance KPIs that showed better service levels for the Retail segment.

PERFORMANCE INDICATOR BASKET MODIFICATION PROCESS

The basket of performance indicators as per Undertakings Groups n. 3 and n. 4 is being edited. Meetings between Telecom Italia, AGCom and OLOs aimed at defining a new shared group of KPIs are underway.

During a special hearing held in April, Telecom Italia updated SB about the state of the art for the topic in question.

On the outcome of that meeting, the President of SB, Mr Sassano, sent a letter to the Authority, in which he emphasised several points of attention, deemed important for further study, and expressed his readiness for a joint analysis of the issues in question.

Undertakings Group no. 5

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

As regards Undertakings Group n. 5, in the second quarter the SB received and analysed the First Quarter 2014 summary from Telecom Italia with the Technical plans for fixed network access quality and planning for the third quarter of the year.

The summary of the first three months of the year shows that targets were effectively always achieved and in many cases even exceeded. The only exceptions were the Pressuriser Project and special maintenance operations on the access network in copper, where delays are related to the definition of supply contracts.

Undertakings Group no. 6

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

Telecom Italia presented the SB with the First Quarter 2014 summary and the programme for the third quarter of the year. The Second Quarter programme has undergone a modification with regard to the NGAN Program; Telecom Italia presented the updated plan.

The number of Property Units reached by primary and secondary NGAN was higher than initial targets. Broadband coverage is in line with the plan, while local area progress in allocation tasks is slightly behind the target figure.

⁶ http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_21-2013-Avvio_vigilanza_su_KPI.pdf

Undertakings Group no. 8

(Integration of the regulatory accounting and determination of the transfer charges)

As regards the activities of Undertakings Group no. 8, June saw the onset of review work on Regulatory Accounting by consulting firm Mazars, specifically commissioned by the Authority: the first year to be checked will be 2011, followed by 2012 and 2013.

Telecom had already sent AGCom the Regulatory Accounts for the financial year 2011 Fixed-Line Telephony Markets in accordance with the dispositions of Article 1, paragraph 1 of Resolution 678/11/CONS.

Undertakings Group n. 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 2014.

Complaints by alternative operators

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

Fastweb had notified the SB in February 2013 of alleged violations of Undertakings Group n. 1 with reference to the following two cases:

- the alleged inconsistency between Open Access' refusal to activate installations for Fastweb due to excessive distance from the exchange, followed by the activation of the same type of installations for Telecom Italia retail customers.
- the alleged inconsistency between Open Access's refusal to activate an LLU line for Fastweb, followed by the activation of the same service for Telecom Italia retail customers.

The OLO had provided the SB with the list of Work Orders closed with KO presence of equipment.

With [Resolution n. 5/2013](#)⁷, the SB began a review of the merits of the foundations for the allegations made by Fastweb. In May and June 2014, the Supervisory Office (SO) performed on-site inspections to verify the actual presence of the reported equipment. In June, it was decided through [Resolution n. 14/2013](#)⁸, to extend the deadline for the conclusion of the investigation.

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. Following a specific request by the Authority, the SB sent AGCom the documentation collected during visits and subsequent analysis carried out by the SO.

Pursuant to its Internal Regulation, the SB then sent Telecom Italia a preliminary notification ([Resolution no. 18/2013](#)⁹), attaching the final Technical Report on the *onsite* inspections conducted. [Resolutions no. 20/2013](#)¹⁰ and [no. 24/2013](#)¹¹ further postponed the conclusion of the investigation.

After consulting Telecom Italia and Fastweb in two separate hearings, during its Board Meeting held on 9 December 2013, the SB passed [Resolution no. 25/2013](#)¹² in which it determined the closure of the procedure, 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.

⁷ http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_5_2013_Avvio_verifica_Segnalazione_S01_13.pdf

⁸ http://organodivigilanza.telecomitalia.it/pdf/1_Determinazione_n_14_2013.pdf

⁹ http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_182013.pdf

¹⁰ http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_20-2013-Proroga_proc_S01_13.pdf

¹¹ http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n24-2013.pdf

¹² http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_25_2013.pdf

Organo di Vigilanza

In February 2014, the SB, at the request of the issuing Operator, then had a meeting with Fastweb and on this occasion outlined the results of inquiry of the proceedings in question.

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* and reserving the right to being specific monitoring activity on rejected Work Orders.

Telecom Italia noted the recommendations made by the SB and during the hearing on 11 June 2014 informed the SB with updated data regarding progress in the process of de-commissioning of multiplexor apparatus in the access network, divided between “LLU areas” and “non-LLU areas”. In particular, Telecom is also sending the SB a specific periodic report notifying progress in the process of progressive de-commissioning of such equipment.

In relation to these topics, the issuer lastly mentioned persistent critical aspects with a communication dated 6 June; the SB will analyse the contents during a special hearing.

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

In 2013, Fastweb reported malfunctions to the SB in the Wholesale CRM system. The origin of these malfunctions was to be sought in the series of various system releases and is thought to have originated critical aspects including the blockage of multiple Wholesale Work Orders.

The SB had opened a complaint with Resolution n. 6/2013¹³, inviting Fastweb to provide more details about the critical aspects in question. In June 2013, Vodafone also sent a letter discussing the subject containing analytical elements with the same purpose.

With Resolution n. 15/2013¹⁴, the SB extended the term for concluding the investigation and asked Telecom Italia to provide detailed information to investigate the events covered by the complaint. Telecom 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 hearing on 16 October 2013, Telecom Italia described to the Supervisory Board the plans for release of the Wholesale CRM and the action taken to improve the platform. In November, Fastweb confirmed during a special hearing the persistence of the critical aspects already highlighted; The Supervisory Board inasmuch recognised the need to define an indicator suitable for objectively measuring the level of operation of the Wholesale CRM system.

During the meeting held on 9 December 2013, Telecom Italia proposed to the SB a new wholesale order percentage indicator which, at the date of measurement, had “in process” status in Wholesale CRM, but no formal order sent to Open Access.

The date for conclusion of the procedure was postponed by Resolution no. 29/2013¹⁵; on 11 June 2014, a new hearing was held during which Telecom provided further details concerning the timing for solving the critical issues and the modes for collecting the data used by the foregoing new indicator as requested by the SB.

The initial results of the new indicator nevertheless evidence the persistence of the critical aspects reported; inasmuch, on 16 June SB sent a letter to Telecom, with copy to the Authority, requesting information about action plans and times for the implementation of envisaged interventions, with periodic updates for KPI value findings and indications of the volumes of correlated unresolved and backlog volumes by individual service.

The latest indicator measurements seem to indicate an improvement in the situation, which the SB nevertheless decided should be kept constantly under observation.

¹³ http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_6_2013_Avvio_verifica_Segnalazione_S02_13.pdf

¹⁴ http://organodivigilanza.telecomitalia.it/pdf/2_Determinazione_n_15_2013.pdf

¹⁵ http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_29_2013.pdf

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

Welcome Italia complained of critical aspects associated with frequent deterioration and repeated faults in access and transport, charging of alleged fruitless service interventions by Telecom Italia and the penalties paid by Telecom Italia for failure to comply with the SLA.

During the hearing held c/o the SB in 2013, Welcome Italia 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.

The SO drafted the customary Technical Report following which the SB opened Complaint n. 3/13 through Resolution no. 9/2013¹⁶. The SB asked Welcome to provide detailed data and information about the alleged faults.

Between May and July 2013, Welcome provided SB with 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.

The final deadline for concluding the investigation, initially set for 29 August, was extended a number of times, with Resolution n. 17/2013¹⁷ and Resolution n. 23/2013¹⁸.

In 2014, the Supervisory Board met Telecom Italia during hearings on 28 January and 15 May and Welcome Italia on 12 February and 11 June.

Telecom Italia acknowledged the reported disservices, while emphasising the improvements in the fault rate in the period 2011–2013.

It was decided, in conjunction with the SB, to establish a specific bilateral Telecom-Welcome technical discussion table that also envisages the involvement of the Supervisory Office, with the intention of analysing and resolving the difficulties encountered. The SB will continue to monitor the situation.

The date for conclusion of the procedure was postponed by Resolution no. 7/2014¹⁹ and then with Resolution n. 12/2014²⁰.

¹⁶ http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_9_2013_Avvio_S03_13.pdf

¹⁷ http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_17_2013.pdf

¹⁸ http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_23_2013.pdf

¹⁹ <http://organodivigilanza.telecomitalia.it/pdf/Determinazione-n-7-2014.pdf>

²⁰ <http://organodivigilanza.telecomitalia.it/pdf/Determinazione-n-12-2014-S03.pdf>

Specific Analyses

Analysis of Wholesale and Retail KOs

In 2010, the SB launched the "KO Wholesale Analysis" Project in order to analyse the reasons for rejection of Wholesale Work Orders. In its Resolution no. 22/2010¹ the SB approved the Final Report¹ with the results of the Project, identifying possible areas for improvement in the Delivery process.

The SB then ordered the start of a similar analysis into the causes for rejection of KOs relative to the offer of Telecom Italia Retail services. In its Resolution no. 26/2011¹ dated 14 December 2011, the SB approved the final report which illustrated the work carried out and the results of the analysis: this analysis showed that no cases of unequal treatment between Retail Work Orders and Wholesale Work Orders were identified. An improvement has been noted in the efficiency of the process, in Telecom Italia's favour, with regard to the number of WOs needed to fulfil a customer's request: this difference should progressively disappear as all the OLOs adhere to the New Delivery Process.

In 2013, the SB decided to resume analysis of Wholesale customers in order to assess full compliance with the principle of internal-external equality of treatment by Telecom Italia in the Delivery process area (see Resolution n. 26/2013²¹).

During the SB Board Meeting on 13 March, Resolution no. 9/2014²² to extend Order analysis to Retail Work Orders was approved.

During the quarter, the SO - which was instructed to report to the SB at regular intervals about the results of checks carried out - continued the task in question. The SO will draft a final report of the activities carried out and the results achieved.

²¹ http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_26_2013.pdf

²² http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_9_2014.pdf

The pre-alert system for exchanges at risk of saturation (“Amber Light”)

Complaint S01/10 was opened following the sales closure of the bitstream service in approximately 500 exchanges due to network saturation.

Based on the results of analyses conducted when the Complaint was made, the SB advised Telecom Italia to establish a mechanism to signal exchanges close to saturation.

As a result of the “End of sale” of ATM technology, the SB continued monitoring the state of saturation of exchanges as regards bitstream services, paying particular attention to exchanges equipped with saturated ATM DSLAM that, in lacking availability of DSLAM Ethernet, do not allow the sale of new links for ADSL services. As of 30 June 2014, the latter came to 58 in number, with a decrease of 16 units compared to 31 March 2014. As regards the saturation of the exchanges served by DSLAM Ethernet, at the end of June 2014, 18 exchanges and 93 cabinet backpacks were saturated, i.e. without highlighting significant deviations during the quarter, while at the same time 12 cabinet backpacks and 38 exchanges were in “amber light” status.

With Resolution 94/12/CIR, AGCom - acknowledging the need to promote rapid transition to Ethernet/IP technology, instructed Telecom Italia to pass on a series of financial incentives to the OLOs for the duration of the migration period and imposed a reduction in prices for bitstream services provided on the Ethernet platform. The Authority also asked Telecom Italia, as a condition for the recognition of ATM “End of Sale”, to make available certain functional elements relating to: the process of service acquisition and provisioning, the adaptation of protocols to render compatible the OLO modems and the link analysis tools on the section relating to the delivery kits (for the OLOs).

By December 2013, Telecom Italia had made available all the functional elements required by the resolution. On 28/02/2014, the company announced on the Wholesale Portal that it would proceed to implement provisioning of new ADSL bitstream access exclusively with Ethernet technology for Bitstream exchanges already covered (or will be) by that technology. In the same communication, Telecom Italia also announced that Bitstream exchanges with DSLAM ATM where there is an equivalent alternative to the Bitstream Ethernet service, will be progressively placed in “saturated” in accordance with a pre-defined plan.

Analysis of the correct application of the Single Queue

Undertakings Group n. 1 envisaged the creation by Telecom Italia of a so-called Single Queue mechanism for handling Work Orders in connection with SPM services; with Resolution no. 12/2012²³, the SB launched activity to check the correct management of this system by Open Access.

During 2012, the Supervisory Office carried out on-site checks in a number of geographic areas, making spot checks at local Open Access operating sites to analyse the WOs that had been entered into the Single Queue and subsequently executed. No anomalies were found in the analysis. Accordingly, the SB closed the enquiry in question with Resolution no. 17/2012²⁴.

Once again in 2013, the SB decided to continue such monitoring (see Resolution n. 3/2013²⁵). During the year, checks were carried out c/o various AOL belonging to all Regional Areas in Italy. Resolution n. 3/2014²⁶ closing the activity also indicates that checks in 2013 did not reveal any cases of unequal treatment between Telecom Italia Retail customers and customers of OLOs regarding the application of the Single Queue mechanism.

Monitoring will also continue in 2014 (Resolution n. 4/2014²⁷); in particular, visits were made in the second quarter to Northern Lombardy, Calabria and Veneto geographical areas.

²³ http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n_12-2012-Vigilanza_su_accodamento_degli_ordinativi_di_lavoro_a_coda_unica.pdf

²⁴ http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n%5B1%5D_17-2012_Coda_Unica.pdf

²⁵ http://organodivigilanza.telecomitalia.it/pdf/Determinazione_n3-2013-Coda_Unica.pdf

²⁶ <http://organodivigilanza.telecomitalia.it/pdf/Determinazione-n-3-2014.pdf>

²⁷ <http://organodivigilanza.telecomitalia.it/pdf/Determinazione-n-4-2014.pdf>