

Activity Newsletter
Supervisory Board
January-March 2016

Executive Summary

The Supervisory Board adopted **Resolution no. 1/2016** that includes the Activity Plan for 2016.

With **Resolutions no. 2/2016 and 3/2016** the Supervisory Board verified the results of supervisory activities on the so-called "Single Queue" work order queuing management system for 2015. At the same time, it ordered new investigations for 2016 related to the same area of action.

With **Resolution no. 4/2016** the Supervisory Board verified the adoption of appropriate remedies by Telecom Italia SpA regarding Complaint "S01/15", ordering the conclusion of the compliance assessment activities under Art. 2 of Resolution no. 17/2015, with regard to subparagraph b) of said Article.

Resolutions no. 5/2016 and 6/2016 verified the results of supervisory activities relating to the Telecom Italia data certification system for 2015, and at the same time new assessments for 2016 were ordered.

With **Resolution no. 7/2016** the Supervisory Board approved the Quarterly Report for the fourth quarter of 2015, and with **Resolution no. 8/2016** it approved the Planned use of the 2016 budget.

The approval of **Resolution no. 9/2016** launches the process called "*P01/16 - Assessments concerning the management procedure implementation methods for the so-called "Single Queue" work order queuing system, as part of the New Delivery Process (NPD)*". Considering the findings in its assessment in the Rome geographic area on 15 and 16 February 2016, during which certain critical procedural issues emerged regarding certain special cases pertaining to the queuing system, the Board decided to review the process governing this particular aspect of the delivery process more closely.

With **Resolution no. 10/2016** the Supervisory Board, under Art. 6, paragraph 1, subparagraph o) and 4 of the Regulations, approved the 2016 Annual Report on its activities and on the results achieved in 2015.

The Supervisory Board received the **Progress Report** and the schedules relating to Undertakings Groups no. 5 and 6 related respectively to the Quality and to the Development of the access network, as well as the Reports relating to Group 4 regarding the KPIs of the months of January and February 2015.

In the context of **Undertakings Group no. 4**, with letter ref. 46/16 of March 21, the Supervisory Board deemed it appropriate to ask Telecom Italia for all relevant information regarding certain indicators that in the month of January 2016 seemed to highlight a more favourable treatment for Retail.

The checks carried out in the Rome (Rome, 15, 16 February 2016), Lazio (Rome, February 29 and March 1), North Lombardy (Como, March 29 and 30), West Lombardy (Varese, March 31) geographic areas continued the on-site visits by the Supervisory Office (UdV), designed to

ascertain the correct application by Open Access of the **so-called "single queue" Work Order (OL) queuing system** introduced with the New Delivery Process (NPD).

The meeting between the Supervisory Board and Telecom Italia's Wholesale Department Manager was held on 17 March 2016. This meeting was based on the description of the progress of the New Equivalence Model prepared by Telecom Italia in November 2015.

Undertaking progress monitoring

Undertaking Group no. 1

(launch of the New Delivery Process)

All the major OLOs have completed migration to the New Delivery Process.

Within **Undertaking Group no. 1**, a new investigation was initiated, aimed at checking the so-called "Single Queue" as part of the New Delivery Process. Similarly to the checks already carried out in previous years, as part of this investigation in the January-March quarter the Supervisory Office members examined the correct application of the above mechanism in the Rome and Lazio (based in Rome, January and February 2016) and Lombardy West and North (based in Varese and Como, March 2016) geographic areas.

Undertaking Group no. 3

(establishment of a performance monitoring system for SMP services)

As part of the KPO identification project, with Resolution no. 19/2015 of 14 October 2015 the Supervisory Board concluded procedure "P01/14" with the concurrent approval of the calculation and identification methodologies of the KPI fluctuation thresholds in collaboration with the University of Catania. Telecom Italia sent the data for January and February 2016.

Undertaking Group no. 4

(guarantees of transparency of the monitoring system)

In the first quarter, the SB received from Telecom Italia monthly reports regarding January and February 2016, together with the 4Q 2015 closing summary of the monitoring system transparency report.

With the notification of March 21, the Supervisory Board deemed it appropriate to ask Telecom Italia for all relevant information regarding certain indicators that in the month of January 2016 seemed to highlight a more favourable treatment for Retail.

Undertaking Group no. 5

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

The Supervisory Board received the Q4 2015 closing summary of the Technical Plans for the fixed access network quality, along with the Wholesale degraded systems SLA report.

Undertaking Group no. 6

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

Telecom sent the Q4 2015 closing summary of the Technical Plans for the fixed access network development, along with the schedule for the Q4 2016 NGAN network to the SB.

Undertaking Group no. 12

(obligation to report the activation of unrequested services)

Telecom Italia sent the SB the document containing the data for the first quarter of 2016 related to the reports of unrequested service activations, collected by the Open Access technicians.

Complaints by Alternative Operators

Complaint S01/15 - Wind/Anomalies impeding the migration to the New Delivery Process

In May 2015, the Operator Wind Telecomunicazioni S.p.A. made a complaint to the Supervisory Board regarding a series of alleged obstructive tactics, used by Telecom Italia, which for several months prevented migration of Wind to the New Delivery Process and, more generally, failure to observe certain procedures by the Open Access technicians during activation of the orders of the OLO's customers.

Regarding the Complaint presented by the Operator Wind and the data collected during the investigation, the Supervisory Board highlighted some specific anomalies affecting the faulty transmission of data by Telecom Italia regarding appointments set according to the rules defined by the customer contact policy for the activation of inactive lines, failure to use the so-called "OLO contact " procedure, and difficulties in accessing the Wholesale Portal. Against this background, and after a hearing with Telecom Italia, the SB ordered the approval of Resolution no. 17/2015, which presents the verified inadequacies and calls on the aforementioned Company to enact the appropriate corrective actions.

With the measure in question, the Supervisory Board decided to censor several anomalies and inadequacies as to the proper implementation of Undertakings no. 1.3.3 and 1.4 under Resolution no. 718/08/CONS, giving Telecom Italia SpA a deadline of 30 days for making the proper corrections, concerning in particular:

- a) the use of the information contained in the record log of the SMP Service orders, aimed at managing the so-called "OLO contact" process (Undertaking no. 1.3.3);
- b) the system problems that produce cases of faulty notification to the OLO of the information concerning the execution of the contact policy (Undertaking no. 1.4).

In the subsequent month of November, the Supervisory Board began auditing implementation of the remedies ordered with Resolution no. 17/2015 assessing, first of all, proper management of the OLO contact procedure; while verifying compliance with the procedure in question, the SB took into account the implementation by Telecom Italia of a centralized structure (called

NPD Support Centre) aimed at the management of calls directed to the OLO contact, set up on an experimental basis during the months of August/September 2015.

During the month of November and December, the Supervisory Office carried out some on-site visits to the Telecom Italia (Pomezia) and Wind (Ivrea) centres handling calls to the OLO contact.

Finally, given the further analysis that showed a marked improvement in the percentage of calls to the OLO contact, on 11 December 2015 the Supervisory Board deemed effective the remedies adopted by Telecom Italia, while also ordering the continuation of the compliance verification regarding the system problems that produced cases of faulty notification to the OLO of information regarding the execution of the contact policy.

For the purposes of a broader audit, and with the aim of encouraging greater involvement of the OLOs in their own procedures, on 21 January 2016 the Supervisory Board invited all the Operators to provide any useful evidence to support the audit activities on the OLO contact procedure.

Regarding the proper implementation of the contact policy procedure, the Supervisory Office, mandated by the SB, investigated this issue further, ordering the comparison of the different findings presented by the two Operators.

After a long and detailed examination, the previously misaligned information flows became gradually standardized, and it is now possible to infer a material correspondence between what is shown on the XML reporting flows and the data contained in the CRM NW database. Therefore, given that the positive resolution of the systemic problems constituted a prerequisite to the compliance verification of the quality of the contact policy, on 19 January 2016 the Supervisory Board assessed positively the remedies adopted by Telecom, ordering the continuation of the quality audits on compliance with the policy in question.

Within this new area of investigation, the Supervisory Office requested new data and information from Telecom on February 23, and the Supervisory Office's personnel visited the Telecom work centre in Cagliari, which is responsible for managing this procedure of March 15.

Specific analyses

Checks on the correct application of the Single Queue

Through specific annual audits in all of the national geographical areas, as part of the New Delivery Process, the Supervisory Board tested the effectiveness of the management procedure for the so-called "Single Queue" work order queuing system. With Resolution no. 3/2016 of 19 January 2016, the Supervisory Board submitted the schedule of audits on the management of the "Single Queue" queuing system for 2016 too.

During one of these audit sessions of the year, on 15 and 16 February 2016 in the Rome geographical area, the Supervisory Office members found certain procedural criticalities regarding some special cases in the queuing system;

Having recognised the need to check these particular cases for the efficacy of the procedure governing the so-called "Single Queue" work order queuing system as part of the New Delivery Process, at the Meeting held on February 18, the Supervisory Board deemed it appropriate to prepare the cases in question, ordering the opening of the procedure called "P01/16".

For that purpose, the Supervisory Office was instructed to carry out the necessary checks and to request data and information from Telecom Italia, which it did with note no. 38/16 of February 23. On that occasion, the Supervisory Office requested a detailed description of the algorithms and procedures with which the queuing of orders is handled, with particular reference to cases of copper primary access network saturation, highlighting the operations managed automatically and those managed manually.

In response to this request, Telecom Italia produced all the requested information, replying to the SB requests with a note dated 17 March 2016.

Other activities of the SB

- ◆ In the quarter from January to March 2016, the Supervisory Board held informal discussions with the National Regulatory Authority for Communications (AGCom) on problems related to the issues of non-discrimination and access equivalence schemes.
- ◆ On 17 March 2016, the Supervisory Board Meeting met with Telecom Italia's Wholesale Department Manager, Mr Stefano Ciurli. During the meeting, Mr Ciurli provided a progress report for the New Equivalence Model prepared by Telecom Italia in November 2015.
- ◆ With regard to the relationship with the other Operators, it should be noted that they are involved in the audit on the functioning of the so-called "OLO contact" procedure and complaint "S01/15". With a note dated 21 January 2016, the Supervisory Board invited the major Other Licensed Operators to express their position on the information usage methods aimed at managing the process under scrutiny. Also as part of this Complaint, it should be noted that the Supervisory Office personnel visited the Telecom NDP Support centre on 15 March 2016, during which they checked the Contact Policy procedure management method.