

Activities Newsletter Supervisory Board January - February - March 2017

Executive Summary

In the first quarter of the new year, similarly to the past, the Supervisory Board approved the **2017 Annual Report** on the activities carried out and the results achieved in 2016, as set out in the new Undertakings Group no. 7 and, in particular, paragraphs 7.23 and 7.24.13 of the same Undertaking.

At the same meeting, the Supervisory Board also arranged for said Report to be sent to the Regulatory Authority's Director of Network Management and Electronic Communication Services and to the Company Telecom Italia S.p.A., pursuant to Article 17, paragraph 3 of its Internal Regulation, as well as for its disclosure on the Supervisory Board's website, pursuant to paragraph 2 of Article 21 of the Supervisory Board's Internal Regulation.

On 25 January, at the Board Meeting, the Supervisory Board approved the **Plan of Activities for 2017**, containing the actions and main interventions planned for 2017.

Compared to previous years, the planning of the Supervisory Boards' activities includes several changes.

In light of the new provisions set out in article 15-bis of the Internal Regulation, the Communications Regulatory Authority requested the **Supervisory Board's support for the analysis** of measures taken to implement the New Equivalence Model, especially pertaining to: migration to the new delivery system, changes to the KPI-KPO system regarding equality of treatment, tests for new software releases, analysing the quality of the new NetMap database, and simplifying reasons for rejections.

Following the launch of these new activities, at the hearing of Telecom Italia on 25 January 2017, the latter confirmed its commitment to provide the SB with available information, data and internal resources necessary to simplify the reasons for rejections. Upon mandate of the Board, and in line with AGCom's requests, the Supervisory Office has thus initiated the **detailed reconstruction of the functional map of all delivery processes for Telecom Italia's wholesale services**. This activity is a prerequisite for the formulation of a systematic proposal for simplifying the reasons for rejections.

On the other hand, with regard to the provisional **calculation of equality of treatment KPIs - former Resolution no. 718/08/CONS** - for orders managed through the New Delivery Chain, the Supervisory Board initiated the relevant supervisory activity by publishing a first report prepared on the basis of December 2016 data, which Telecom Italia made available in February 2017. The data analysis, due to the small number of orders passed through the new delivery chain, has not yet allowed a meaningful evaluation of the results.

With reference to the **complaints that the Operator Wind submitted to the attention of the SB** regarding the merging of exchanges, payment of co-location forms, contact policy and the failure to keep appointments with customers, in January 2017 the Board took note of the positive feedback that said Operator sent to the SB regarding the effectiveness of the proposals identified by Telecom Italia to solve the critical issues raised. At the end of the Technical Roundtable, the Board adopted Resolution no. 4/2017 that concludes the mediation activity carried out. With the same provision and following the request of the complainant Operator, upon ensuring Telecom Italia's availability, the Board agreed to maintain the joint working group in order to solve the last issues still ongoing.

As part of the **Undertakings Group no. 1**, in January, the Supervisory Board initiated an on-site verification on the correct implementation of the new Single Queue work order queuing criteria introduced by Telecom Italia following the procedure set out in Resolution no. 9/2016.

Finally, during the January-March 2017 quarter, the Supervisory Board repeatedly **held contacts with the Communications Regulatory Authority** as part of the analysis, required by the latter, of the measures taken to implement the New Equivalence Model, while intercompany exchanges with Telecom Italia continued during the whole quarter over compliance with the Undertakings and the implementation of the NEM.

Monitoring of progress on Undertakings

Undertakings Group no. 1

(New Delivery Process)

As part of the **Undertakings Group no. 1**, in January, the Supervisory Board initiated an on-site verification of the correct implementation of the new Single Queue work order queuing criteria introduced by Telecom Italia following the procedure set out in Resolution no. 9/2016.

Undertakings Group no. 3 and no. 4

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

As part of the **Undertakings Groups no. 3 and n. 4**, the Board took note of the final results of the supervisory activity carried out in 2016 over the basic data used to calculate the indicators set by said Undertakings Groups, on the basis of the specifications related to the process for certifying data, which Telecom Italia had shared with the Supervisory Board on 24 January 2011. The Board, upon observing the outcomes of this activity, approved the relevant final report with Resolution no. 5/2017 and agreed upon the continuation of such activity throughout 2017, until the termination of the orders processed by the NDP chain.

Complaints by Other Licensed Operators

Complaint by the Operator Fastweb S.p.A.

“S02/13 - Fastweb/Malfunctions of the CRM system for Wholesale customers - Implementation of Undertakings Group no. 1 related to the setting up of a New Delivery Process for SMP Services”.

With reference to the closed procedure in which the Operator Fastweb and Telecom Italia were in conflict, the SB has continued to use the performance indicator for the CRM system for Telecom Italia Wholesale customers to monitor the performance of this IT system aiming to promptly identify any critical operating conditions.

LLU services

During the whole quarter, the index for LLU services on active lines (AL) showed a trend that oscillated around 2.61%, with a peak near 3.7% on 22 February, while the CRM performance index for LLU services on non-active lines (NAL) stabilised at around 0.65%.

WLR Services

The CRM performance index for WLR services on active lines (AL) stabilised at values oscillating around an average level of 4.8% throughout the quarter, with a peak of 7.9% on 30 March. The index for WLR services on non-active lines (NAL) stabilised at values oscillating around 5.2%, while the absolute value of WOs waiting for over N days remained constantly below 37 units for WLR AL services and below 71 units for WLR NAL services.

Bitstream

The CRM performance index for Bitstream services confirms levels constantly close to zero both for AL WOs and for NAL WOs.

Audits

On-site verification of the correct implementation of the new order queuing criteria introduced by Telecom Italia following the procedure set out in Resolution no. 9/2016.

With Resolution no. 3/2017 of 25 January 2017, the SB approved four on-site verifications in four different geographic areas within four different regional areas to take place before the end of the current year, with the aim of assessing the correct implementation of the new order queuing criteria introduced by Telecom Italia following the procedure set out in Resolution no. 9/2016.

In March, single queue orders were exported from the systems and will be examined during the first check session to be held in the geographic area of Naples in May 2017.

Relations with Institutions and Operators

Meetings with the Communications Regulatory Authority (AGCom)

In the quarter covered in the present report, in light of the provisions set out in article 15-bis of the new Internal Regulation of the Supervisory Board, the Communications Regulatory Authority requested the Supervisory Board's support for the analysis of measures taken to implement the New Equivalence Model, especially pertaining to: migration to the new delivery system, changes to the KPI-KPO system regarding equality of treatment, tests for new software releases, analysing the quality of the new NetMap database, and simplifying reasons for rejections.

During the quarter, the SB sent the requested information to the Authority on a regular basis.

Meetings with Operators

During the Meeting held on 25 January 2017, the Board discussed with Telecom Italia's representatives about the progress of the Company's Undertakings, providing specific feedback to previous requests made by the Board. At the same Meeting, they provided clarifications and comments over the New Equivalence Model.

During the meeting held on 22 February, the Supervisory Board discussed again with Telecom Italia the New Equivalence Model, thus providing the relevant updates on its progress. On the other hand, with regard to the verifications pursuant to Article 15-bis of the Internal Regulation, required by the Authority to the SB, the Company provided the Board with the requested clarifications over certain activities.