

Supervisory Board Newsletter

July-August-September 2018

Executive Summary

The third quarter of this year saw changes to the management structure of the Supervisory Board. Fabio Pompei was appointed as the new **director of the Supervisory Office**, taking up his post from 1 October 2018, while Francesco Papetti joined the staff on 1 August 2018. With a professional background in engineering, both are a welcome addition to the enhanced effectiveness of the Office in carrying out its duties.

During this quarter the Office also made significant contributions to the governance of the New Model of Equivalence, providing advice and support to the **Regulator** (AGCOM) on **the definition of the new non-discriminatory KPIs (Key Performance Indicators)** and finalising the study on the definition of the **new KPOs (Key Performance Objectives)** to evaluate the statistical equivalence between the levels of performance offered to TIM Retail and those offered to Other Authorised Operators objectively.

Performance indicators on equal access for the transition period from an EoO (Equivalence of Output) model to the New Model of Equivalence confirmed that during the third quarter the New Delivery Chain continued to produce better or, in some cases equivalent, results to the former chain for all monitored indicators. In July 2018 the NDC was confirmed as the definitive procedure for all OAO work orders.

With regards to the **performance metrics for Telecom Italia's wholesale CRM**, analysis of the CRM performance indicators up until July show improved performance for orders handled by CRM Now (the New Delivery Chain) compared to orders handled by CRM Wholesale (Former Delivery Chain).

The Supervisory Office also presented in September 2018 a “Proposals for Process Digitalisation” report to the Board with the results of the checks carried out in compliance with the requirements of the Agcom 2018 Action Plan. The report, illustrating a proposal for the measurement and analysis of the delivery performance of work orders managed by digital contact policy services, was subsequently forwarded to the Authority.

The July-September period saw the continued monitoring of the correct application of the **Group 1 Undertakings** in the management of suspended orders due to temporary lack of access network capacity (managed by the “Single Queue Process”) with an on-site inspection in Bari at the Puglia WOL (Wholesale Operation Line).

Within the **Group 1 Undertakings the Supervisory Board** also completed its investigations into complaint “S01/17” from **Wind Tre**. Despite finding no apparent breach of the Undertakings approved in Resolution N. 718/08/CONS, the Supervisory Board ordered further investigations into specific issues arising from the inspection.

On-site Inspections

After completing its scheduled 2017 inspections, the Supervisory Office carried out on-site inspections in four further Open Access Territorial Areas (WOL) in 2018. On 19 July 2018 the Office carried out its second on-site inspection that year in Bari for the **WOL (Wholesale Operation Line) Puglia**. The inspection analysed in detail all the cases involving OAO work-order queues handled by WOL Puglia from 1 March – 30 April 2018 (23 instances of delayed access out of a total of 45 work orders). The inspection failed to reveal any breach in the handling of the work order queues, which were fully compliant with standard FIFO (First In First Out) criteria.

Reports and Complaints

Operator Complaint Wind Tre S01 / 17 - Wind Tre/"Activations on LNA (Local Network Architecture); Vula (Virtual Unbundled Local Access); ONU (Optical Network Unit); contact and on-field management policies "

During a hearing on 20 December 2017 Wind Tre raised various issues it considered critical in a complaint to the Supervisory Board. The Board subsequently decided to investigate the issues raised through an inspection denominated "S01 / 17 - Wind Tre / activations on LNA; Vula; ONU; on-field contact and management policies ".

The specific issues raised regarded: **post provisioning** failures in VULA FttCab services; **saturated/substituted ONU; failures in VULA FTTCab services under assurance** and

technicians' contact policy in managing on-field calls. On the basis of information supplied by Wind Tre the Equal Access Office asked TIM for detailed feedback, which was then discussed at a joint technical meeting between Wind-3, TIM and the Supervisory Board.

At the Board meeting held on 24 September 2018 the Board assessed the progress of the technical meetings and the final results of the inspection, prior to issuing Resolution N. 13/2018 declaring the incident closed, having failed to discover any breach of the Undertakings approved by the Authority as per N. 718/08/CONS. The Resolution also made provisions for ongoing oversight by the Supervisory Board on the four issues raised in the Wind Tre complaint.

The Supervisory Board also instructed the Office to monitor **the state of ONU saturation and de-saturation** through periodic examination of the information published by TIM on its Wholesale Portal. This was to be backed up by on-site inspections to evaluate the efficiency of the procedures TIM used to manage saturation and de-saturation of the ONU, DSLAM and MSAN network access nodes.

With regards to the complaint about **post provisioning** failures in VULA FttCab services, the Supervisory Board ordered close monitoring of the phenomenon, to be subsequently extended to all other OAO and TIM Retail, to verify that the lower failure ratings stemming from the TIM improvements carried out following Procedure S01/17 were still current.

Inspections were also ordered to monitor **contact policy in managing on-field calls**, subsequently extended to all other OAO, to verify the efficiency of the technician call-out procedures.

To assess any **failures in VULA FTTCab services under assurance** the Supervisory Board launched a joint fact-finding analysis with TIM and Wind Tre.

Operator TWT Complaint “S01/18 – TWT/Improper use of privileged information from the provisioning and assurance systems”

On 25 July 2018 the Supervisory Board received a report from TWT alleging improper conduct by TIM. This consisted in the use of privileged information obtained from the assurance and provisioning wholesale systems, allegedly used by TIM (or in TIM's interest) to make commercial proposals to the customers of the reporting operator, in conjunction with failures

on TWT customer lines. TWT claimed that callers, who declared they were speaking on behalf of TIM, proposed TWT customers switched to TIM to enable faults to be repaired faster and avoid future faults on the lines.

Given that such conduct would, were it to be proven, represent a violation of the Measures approved in Resolution N. 652/16/CONS and the Undertakings detailed in Resolution N. 718/08/CONS, and definitely fell within the mandate of the Supervisory Board, at its 2 August 2018 meeting the Board ordered an investigation pursuant to art. 6, paragraph 1, lett. f) of the Rules into the report by TWT S.p.A.. The investigation was to establish the facts behind complaint “S01/18 – TWT/Improper use of privileged information from the provisioning and assurance systems”.

Activities Commissioned by Agcom

Definition of new non-discriminatory KPIs

On 25 September 2017 the Supervisory Board proposed a definition of non-discriminatory KPIs under the New Equivalence Model regime. On 16 February 2018 Agcom published Resolution N. 27/18/CONS to launch a public consultation on non-discriminatory KPIs, based in part on the Supervisory Board’s proposal. The Authority also requested the Supervisory Board to prepare a report on the results of its analysis and evaluation based on input from various Operators. On 25 July 2018 the Agcom Board approved Resolution N. 395/18/CONS on the new indicators of equal treatment, taking into full account the analysis carried out by the Supervisory Board.

Definition of new non-discriminatory KPOs

On 22 November 2017 the Supervisory Board approved a proposal by Prof. Giovanni Pica, Full Professor of the Faculty of Economics at the Università della Svizzera Italiana (USI). The proposal illustrated a new method of defining KPOs, based on a multivariate linear regression algorithm (“Analysis of the new non-discriminatory KPIs and associated equivalence bands”). This method assesses Retail - Wholesale equal treatment objectives, taking into account any collateral effects not involving discrimination that may distort results. The proposal was

forwarded to Agcom on 29 November 2017. Pending the new non-discrimination KPIs defined by Resolution N. 395/18/CONS, it was agreed that TIM should apply the new two-indicator method (delivery/assurance) on an experimental basis, together with the other transitory measures defined under Supervisory Board Resolution N. 20/2016. On 24 September 2018 the Board approved a report describing the experimental application of the new method, illustrating its advantages and potential. The report was forwarded to Agcom on 10 October 2018.

Digital Delivery Services Performance

Within the framework of the current regulatory processes for the delivery and assurance of wholesale services and on the basis of requests from the market, TIM identified a number of digital solutions for interaction with customers and operators. One example was in the area of contact policy, where customers (TIM or OAO) could be sent an SMS with a link enabling them to fix a convenient time and date for an appointment with an on-field technician.

This type of digital delivery improves customer service and facilitates tracking technical ticket status. Agcom requested that the Board should supervise the implementation of the digital contact policy project and evaluate its benefits and impact in terms of equality of treatment and access.

The Supervisory Board forwarded a proposal for indicators highlighting the impact of digitalization on delivery processes (with KPI based on the comparison between orders managed digitally and orders managed under a non-digitalised regime) to TIM. A report detailing its proposals for digitalising processes was forwarded to Agcom on 3 August 2018. The report illustrated how these processes would be monitored and which indicators would be used to evaluate a comparison between digitally managed delivery services and the same services managed under a non-digitalised regime.