

Newsletter Activity Supervisory Board April–May–June 2018

Executive Summary

In opening this report, mention should be made of the **Supervisory Board's presentation of the 2018 Annual Report** on June 7 at the Temple of Hadrian in Rome. The event was opened with a presentation by the Chairman, Maurizio Mensi, of the main outcomes delivered in 2017 and, given the occasion marked the tenth anniversary of the Supervisory Board's establishment, an overview of its activities over its first ten years. Speaking at the event were TIM Chief Executive Officer Amos Genish, Communications Authority Chairman Angelo Marcello Cardani, Giulio Napolitano (Supervisory Board chairman from 2009 to 2012), and Roberto Viola, Director-General of the D.G. Connect of the European Commission, with Federico Fubini, Deputy Editor of the *Corriere della Sera* acting as moderator.

In line with the Activity Plan approved on February 7, 2018, the Supervisory Board continued over the quarter with its work in guaranteeing equal access to the TIM network, in accordance with its Undertakings and with the provisions of its Regulations.

With reference to the **measurement of equivalence performance over the transition period** from the EoO model to the New Equivalence Model, the supervisory office prepared its customary monthly report. The report compares the service performance delivered by TIM Wholesale on TIM Retail work orders (WOs) handled through the New Provisioning Chain (NPC) and on Wholesale WOs handled through both the old and new provisioning chains. After the drop in NPC performance posted in December 2017 and January 2018, the performance levels of the New Provisioning Chain in the second quarter of 2018 bounced back to show improvement, or at least equivalence, with respect to the old provisioning chain, in all the performance indicators observed.

In April, **the Board approved the proposal to set new provisional KPIs**, as required by the Authority's annual work plan for 2018. The aim is to propose a set of KPIs to measure and ensure non-discrimination in all the main services, including **ultrabroadband** services, over the period between the end of the migration of work orders to the New Provisioning Chain (NPC) and the introduction of the new KPIs set by the Communications Authority.

With reference to the **monitoring of the performance of Telecom Italia's Wholesale CRM**, monitoring continued over the quarter of the "*CRM Performance Indicator*", which showed that performance on work orders handled through CRM Now (New Provisioning Chain) was better than for work orders handled through CRM Wholesale.

During the quarter, the Supervisory Board pushed ahead with its investigations into **complaint “S01/17” made by the Communication Provider Wind Tre**, ordering a Technical Panel to be set up.

As part of **Undertakings Group No. 1**, activities continued for the on-site auditing of the proper implementation of new “single queue” order queuing criteria. In particular, the supervisory office completed its first on-site audit during the quarter, in Florence, on the East Tuscany geographical area, in which 17 queuing cases were analyzed, covering a total of 36 work orders.

As part of Undertakings Group No. 2, on May 15, 2018, TIM presented to the Supervisory Board its **MBO 2018** short-term incentive system for TIM personnel in the *Chief Wholesale Infrastructure Network & System Office*. An analysis by the Board of the documentation provided showed that, for the year 2018, the objectives linked to Equivalence outcomes assigned to management accounted for around 5% of the total, whereas in 2017 they accounted for 15%. Given the drop in Equivalence outcomes as a percentage of MBO objectives compared to the previous year, the Supervisory Board decided to advise TIM of the opportunity of raising the percentage of Equivalence-related objectives for 2019.

In relation to **Undertakings Group No. 4**, work continued on the monitoring of the repair indicators identified by Resolution 718/08/CONS, which found, for the months April, May, and June, no particular critical issues in the equivalence of treatment between TIM and OAOs.

As part of **Undertakings Groups No. 5 and No. 6**, during the meeting held on April 13, 2018, the supervisory office presented a technical brief on the development of the fixed access network over 2018–2020, based on the Multi-year Technical Plan notified by TIM, as required by Undertakings Group No. 6 in Resolution 718/08/CONS. The conclusion of this report includes a dedicated section providing a complete overview of dealings between the Supervisory Board and key stakeholders, the Communications Authority, Telecom Italia, and Alternative Communication Providers.

As concerns **exchanges of information with the Authority for the sector**, we report that the Supervisory Board was given a hearing by the Communications Authority’s board on May 15, 2018, on occasion of the presentation of the Supervisory Board’s Annual Report.

In relation to dealings **between the Board and Telecom Italia**, we report that hearings were held on April 13 and 23, May 15, and June 13, 2018, during which the Company gave its customary progress reports on the fulfillment of the Undertakings and provided feedback on the specific information requested during previous meetings.

Monitoring of progress made on Undertakings

Checks continued to be conducted over the reporting period on the formal compliance by Telecom Italia with the deadlines for the Undertakings approved by the Communications Authority by Resolution 718/08/CONS and their proper fulfillment.

Specifically, the Supervisory Board received the following documents from Telecom Italia:

Undertakings Group
No. 2

On May 15, 2018, TIM presented its MBO 2018 short-term incentive system for TIM personnel to the Supervisory Board.

Undertakings Group
No. 4

- document dated April 6, 2018 providing the Monthly KPI Report for February 2018.
- document dated May 7, 2018 providing:
 - Quarterly KPI Report. First Quarter 2018;
 - Monthly KPI Report for March 2018;
- document dated June 1, 2018 providing the Monthly KPI Report for April 2018.

Undertakings Group
No. 5

- document dated February 4, 2018 providing:
 - Next Generation Access Network (NGAN) Plan
 - Broadband Coverage Plan
 - Allotments Plan
- document dated April 6, 2018 providing:
 - Access Network Quality Report. 2nd Quarter 2018 Program;
 - Wholesale SLA Deterioration Report – February 2018;

- document dated May 7, 2018 providing:
 - NGAN Access Network Quality Report. First Quarter 2018;
 - BB Access Network Quality Report. First Quarter 2018;
 - Access Network Development Report – Allotments. First Quarter 2018
 - Wholesale SLA Deterioration Report – March 2018;
- document dated June 1, 2018 providing the Wholesale SLA Deterioration Report for April 2018

Undertakings Group No. 6

- document dated April 6, 2018 providing:
 - Access Network Development Report. IIQ18 Program – NGAN;
 - Access Network Development Report. IIQ18 Program – BB;
 - Access Network Development Report. IIQ18 Program – Allotments;
- document dated June 1, 2018 providing:
 - Access Network Development Report – NGAN. 1st Quarter 2018 Program Revision;
 - Access Network Development Report – NGAN. 2nd Quarter 2018 Program Revision;

Undertakings Group No. 12

document dated May 7, 2018 providing the “Unsolicited Services” Report – IQ18.

Audits and Investigations

By Decision No. 3/2017 of January 25, 2017, the Supervisory Board ordered four on-site audits to be conducted by the end of that year on four different geographical areas in four different regional areas, to check the proper implementation of the **new queuing criteria** introduced by Telecom Italia following the Procedure resulting in Decision No. 9/2016.

In January 2018, the Supervisory Board **extended the deadline for audit activities on the proper implementation of the queuing algorithms for the new provisioning chain to January 31, 2019**, having identified the need to proceed with the more extensive monitoring of work orders.

In particular, the supervisory office completed its first on-site audit for 2018 during the quarter, **in Florence**, on the East Tuscany geographical area, in which 17 queuing cases were analyzed, covering a total of 36 work orders (16 for TIM and 19 for OAOs). The audit did not find any cases of improper queuing management of work orders according to First-in, First-out (FIFO) criteria.

Reports and complaints

Complaint S01/17 by the Communication Provider Wind Tre – Wind Tre/“LNA, VULA; ONU activations; contact and field management policy”

At the meeting between the Supervisory Board and the Communication Provider Wind Tre on December 20, 2017, the Communication Provider brought a number of complaints to the attention of the Board.

Considering that the matter reported by the Company did not prove to be generic or unfounded, the Board decided to initiate a specific investigation designated “S01/17 – Wind Tre/LNA, VULA; ONU activations; contact and field management policy”.

On January 12, 2018, a request was received to access the case documents by Telecom Italia and on January 22 the response of the complainant to the request for data and information was received, with part of the information requested.

In notifications dated January 19, 2018 and March 5, 2018, Wind Tre furnished the additional information requested by the Supervisory Board in relation to **post-provisioning** failures in VULA FttCab services, ONU saturations/replacements, and **repair** failures in VULA FTTCab services.

On the basis of the information provided by the complainant, the supervisory office forwarded its request to TIM for a series of circumstantiated explanations of the issues.

In relation to the issue of **post-provisioning failures** in VULA services and the issue of **ONU saturations/replacements**, on April 23, 2018, the Supervisory Board found no evidence in the facts investigated of a disparity of treatment between Wind Tre customers and Telecom Italia customers. Nevertheless, it did identify the presence of problems concerning the service quality provided. Such problems could be resolved through the identification of technical-operational solutions by mutual agreement of the Parties. Consequently, by Decision No. 8/2018, the Supervisory Board, in accordance with Article 11(12) of its Regulations, ordered a **Technical Panel** to be set up to identify suitable and mutually acceptable technical and operational solutions to resolve the aforementioned problems.

As concerns, instead, the **line not active** (LNA) cases, having found that no useful data was available for an investigation of the matter in question by the supervisory office, the Supervisory Board decided **not to proceed further**, without prejudice to the right of the complainant to present any useful information for the purpose subsequently.

Finally, as concerns the two matters raised by Wind Tre concerning **operational failure in the VULA service** and **improvements to the contact and field management policy**, the Supervisory Board ordered investigative activities into the reported cases to continue and extended the deadline for the conclusion of the investigation to **September 30, 2018**.

The Supervisory Office–TIM–Wind Tre Technical Panel, chaired by Mr Marco de Grandis, held two meetings following May 14 and June 14 to discuss the critical issues connected with post-provisioning failures in VULA FTTC services and ONU (Optical Network Unit) saturations on the FTTC network.

Relations with Institutions and Communication Providers

Meetings with the Communications Authority

We report that during the quarter of reference, the Supervisory Board was given a hearing by the Communications Authority's board on May 15, 2018, on occasion of the presentation of the Supervisory Board's Annual Report.

Furthermore, on April 23, 2018, the Supervisory Board met with the Director of the Authority's Electronic Communications Networks and Services Directorate to address and discuss issues of common interest.

Meetings with Communication Providers

On May 16, the Chairman of the Supervisory Board met with the Chairman of OBARCC in London to exchange information on issues of mutual interest, and on the following day with the Director-General of the DG Connect of the European Commission, Roberto Viola, in Brussels.

On April 13 and 23, 2018, the Board met with TIM for its customary progress report on the Undertakings and on progress made in the implementation of the New Equivalence Model (NEM). Specifically, at the meeting held on April 23, the Company provided an update on the Wind Tre complaint, with reference, in particular, to the information requested by the Supervisory Board in its letter No. 9/18.

Finally, at the meeting held on June 13, TIM reported on progress made in the implementation of the New Equivalence Model (NEM) and illustrated its plan to restart the migration of work orders onto the New Provisioning Chain (NPC).