

**Supervisory Board Activities  
Newsletter  
June - July 2010**

In June and July the verification activities of the Telecom Italia' Supervisory Board (Organo di vigilanza – OdV), aimed at verifying the proper execution of the Undertakings, continued.

The OdV received two complaints from 5 other licensed operators, starting as many preliminary activities according to its Regulation.

The Board continued keeping contacts with the British Equality of Access Board; it also started relations with the Swedish TeliaSonera Equality of Access Board, aimed at identifying forms of cooperation and mutual exchange of information with other European and international Supervisory Boards.

The tasks carried out by the OdV and the Supervisory Office (Ufficio di vigilanza – UdV) on the KOs analysis and the validation of the monitoring system are underway, as described below.

## Progress on the implementation of the Undertakings

The Supervisory Board continued verifying the correct execution of the Undertakings, also during the June, 16<sup>th</sup> and July 7<sup>th</sup> Boards.

### **Undertakings Group No. 1**

*(setting up a New Delivery Process)*

The trial of the new process started in July on a specific geographic area, as defined by the operator Tiscali. The OdV initiated the "KO Analysis" project within the SWAP system; it approved the Determination No. 14/2010 which contains the methodological note that defines the operating modes of the project (see the appropriate section later).

### **Undertakings Group No. 2**

*(establishment of a new incentive system and a Code of practice)*

On May 20<sup>th</sup> the OdV underlined to Telecom Italia the usefulness of a verification activity on the results achieved following the integrations to the Code of practice and an update on the process of definition of the 2010 MBO; on July, 7<sup>th</sup> a meeting was held between Telecom Italia and the OdV during which the managerial incentive system adopted for 2009/2010 for the management of Open Access and Wholesale were illustrated; an update on the Undertakings online training course was also presented: it reached 93% of the staff.

Telecom sent then, upon OdV request, a document which summarizes the methodology of definition of 2009 and 2010 MBO and describes the results reached with the additional training courses for the staff.

### **Undertakings Group No. 4**

*(guarantees of transparency of the monitoring system)*

The May and June *KPI Monthly Report* and the *2010 2<sup>nd</sup> Quarter Report* have been sent to the OdV; the Board started the usual verification activities.

### **Undertakings Group No. 5**

*(guarantees of transparency of technical plans for the Quality of the fixed access network)*

Telecom Italia sent the *Quarterly Report for the Quality of the Fixed Access Network* concerning the 3<sup>rd</sup> quarter 2010, the actual results of the 2<sup>nd</sup> quarter 2010 and the *Annual Plan*, updated according to the requests for greater transparency expressed by the OdV after the findings of the inquiry procedure S01/10.

### **Undertakings Group No. 6**

*(guarantees of transparency of technical plans for the Development of the fixed access network)*

Telecom Italia sent to the OdV the *release 2* of the multiannual technical plan, the actual results of the 2<sup>nd</sup> quarter 2010 and the 3<sup>rd</sup> quarter 2010 quarterly program for the development of the fixed access network - NGAN Network, Broadband Coverage and Lotting Plan – acknowledging the requests of more information, formulated by the Supervisory Board, with reference to the property unit to be reached with the fibre network in the period.

### **Undertakings Group No. 8**

*(integration of Telecom Italia regulatory accounting and calculation of transfer charge)*

The work of calculation of transfer charges and integration of the regulatory accounting is in progress.

### **Undertakings Group No. 12**

*(obligation to report activation of unrequested services)*

Telecom Italia sent to the OdV the *2<sup>nd</sup> Quarter 2010 report*; the Board started the usual verification activities of the data received.

### **Undertakings Group No. 14**

*(measures to reduce the number of disputes with the customers)*

On July 28<sup>th</sup> Telecom Italia sent to the OdV the first half 2010 report on the settlements conducted at the Co.Re.Com. and the Chambers of Commerce. The OdV has embarked also on these reports the verification activities.

## Complaints by the other licensed operators

### **Complaint S01/10 – BT, Fastweb, Vodafone, WIND/Information gaps in the technical plans for the quality and the development of Telecom Italia fixed access network**

In April the operators BT, Fastweb, Vodafone and Wind sent to the Supervisory Board the Complaint n. S01/10 mentioning alleged information failures in the Technical Plans for the Quality and the Development of Telecom Italia fixed access network.

In particular, according to the complainants Telecom did not communicate to OLOs information necessary to guarantee an adequate knowledge about the "*KPI evaluation which allows keeping track of the network quality improvement as a consequence of the actions undertaken; the indication on the state of saturation of network resources like local exchanges, copper pairs, main distribution frame (MDF), DSLAM, transport network, backhaul for each exchange area; evidence of planning criteria adopted or proposed by Telecom Italia for de-saturation activity.*" Alternative operators also complains for the interruption by Telecom Italia of the bitstream service in 500 switches without notice.

On April 9<sup>th</sup>, 2010 the OdV started on this matter a preliminary investigation.

Following the information gained by the Supervisory Board and the Telecom Italia hearing held on June 10<sup>th</sup>, the OdV found a real shortage of technical information in the *Technical Plans for the Quality and the Development of the fixed access network* for what concerns the absence of precise indication about the DSLAM saturation and the interruption of the bitstream service in 500 switches without notice, due to saturation problems; this caused difficulties to the OLOs in the planning activities.

With the Determination No. 12/2010 the OdV decided to close the investigation, founding an inadequacy in the implementation of the Undertakings Group No. 5; the Board invited Telecom Italia to adopt, within 30 days, the appropriate remedies apt to overtake the mentioned lack of information on DSLAM desaturation activities, as foreseen in the Technical Plans, and on the plan for the expansion of the local network capacity.

The OdV also asked Telecom Italia to implement the necessary steps to prevent future occurrence of similar situations, in particular through the adoption of a shared mechanism of signaling the state of pre-warning for those exchange areas close to saturation.

Telecom Italia has found the OdV requests on July 29<sup>th</sup>, 2010; the assessment on this matter is ongoing.

## **Complaint S02/10 – BT, Fastweb, Tiscali, Vodafone, WIND/ Information gaps in the technical plans for the development of Telecom Italia fixed access network**

The complaint n. S02/10 was received by the Supervisory Board on May, 6<sup>th</sup> 2010. The other licensed operator highlighted alleged failures of information by Telecom Italia with reference to the number of property unit "passed" with the fibre and the Technical Plans for the Development of the fixed access network.

The OdV, once examined the documents received, adopted on June 3<sup>rd</sup> the Determination No. 11/2010 which started the investigation activity.

Answering to the above mentioned Determination, Telecom Italia sent to the Supervisory Board, on June 23<sup>rd</sup>, a letter containing explanations and clarifications.

Telecom Italia proceeded then to publish on June 25<sup>th</sup> the *Quarterly Program for the Development of the Fixed Access Network of the NGAN network* for the 3<sup>rd</sup> quarter 2010, and on July 28<sup>th</sup> the *Multiannual Technical Plan*, as provided for by the Undertakings Group No. 6, modified as requested by the OdV in order to ensure a better information level.

The OdV adopted, during the July 7<sup>th</sup> Board, the Determination No. 13/2010 which closed the investigation.

## **Specific analyses**

### **KOs analysis**

As provided in the 2010 working paper, the Supervisory Board decided to conduct an analysis about the reasons behind the failures of technical infrastructures and services delivery by Telecom Italia.

This project aims at defining a "KO" physiological level as well as reducing the number of disputes among the operators on this matter.

It will also allow to verify the real benefits stemming from the introduction of the New Delivery Process (as provided for in the Undertakings Group n. 1), and to deepen possible topics for further optimizing the process itself.

The working plan basically consists in extracting from Telecom Italia systems the cases of customer and network KOs, divided by cause and temporally ordered according to the date of the job order.

The Supervisory Office checked first the respect of the legislation on privacy and data protection, and the completeness of the data contained in the Telecom Italia datawarehouse, called "*datawarehouse esiti*". These information are available to the other operators too.

Telecom Italia, upon recommendation of the Supervisory Board, defined the work environment in which the Supervisory Office will operate in the development phase of the project; in July the activity of extraction of the data that will subsequently be submitted for analysis started.

The Supervisory Board approved on July 20<sup>th</sup>, with the Determination n. 14/2010 the Methodological Note which contains the guidelines to be followed for the implementation of the above mentioned analysis.

### **Supervisory activity on the Quality of the Fixed Access Network**

The Supervisory Board has predisposed a panel of indicators, in addition to those provided for in the Undertakings Group n. 3, which allow to evaluate the consistency of the operational plans introduced by Telecom Italia with reference to the Quality of the Fixed Access Network.

The requested information about the causes of failure in the access network, their repetitiveness and the operational plans have been provided. The annual progress will be drawn up in August.

### Data certification

Last year the Supervisory Board issued a Determination asking Telecom Italia to ensure KPI's data correctness. With reference to the trouble tickets and the job orders generated by Telecom Italia Monitoring System, Telecom started to implement a new data storage repository. The University of Catania defines the process of extraction and analysis of statistical significant samples for validation activities.

Telecom Italia completed the design and started the implementation of the datawarehouse and the access control system. The University of Catania begun the testing phase.

It has also been initiated the process of definition of the statistical model for data sampling.

The next step will be the validation and detection activities of the indicators and the data processing (analysis of the Telecom model and testing of the new infrastructure).

### Systems separation

The Supervisory Board started a review activity on Telecom Italia systems separation process in order on one hand to analyze the on-going separation process according to the AGCom Resolution No. 152/02/CONS, and on the other hand to develop benchmarking with the separation processes of other electronic communications operators.

The Supervisory Board is conducting an analysis of the systems separation process which Telecom Italia started following the AGCom Resolution No. 152/02/CONS. The Board is also interested in comparing this process with similar ones implemented by other operators.

Following some meetings organized by the Board with Telecom Italia on this matter, Telecom sent to the Supervisory Board some documents:

- A public version of the certification document produced by the auditor Accenture, according to the AGCom Resolution 152/02/CONS, called "*Certificazione Tecnica 2009 della relazione di Telecom Italia ad AGCom*";
- A document which describes the certification process of Telecom Italia systems separation;
- Some documents of benchmarking with the British Telecom systems separation process.

## **Other activities of the Supervisory Boards**

- ◆ **The General Secretary of the Supervisory Board visited the British Equality of Access Office. During the visit the importance of strengthening the exchange of information between the Boards was highlighted, even through meetings focused on specific issues aimed at sharing mutual experiences.**
- ◆ **In this context and for the purposes above described, it took place in July a meeting with the Equality of Access Board of TeliaSonera during which relations of mutual cooperation were started.**
- ◆ **The following documents have been published on the Organo di vigilanza website: I) the Code of practice, adopted according to the Resolution No. 718/08/CONS, aimed at strengthening the measures to guarantee the equal treatment with the alternative operators and recently updated, upon the requests of the Supervisory Board, in order to ensure greater transparency and a more effective respect of the principle of equal treatment, and II) the Code of conduct for the confidentiality of the other licensed operators data, adopted pursuant to Resolution No. 152/02/CONS.**