

23 September 2004

Progress Update on Telecommunications Adjudication Scheme

I would like to update you on the first three months of the Telecommunications Adjudication Scheme.

Since July we have taken a number of very significant steps forward in articulating a vision and strategy and building consensus around it. One of the key steps has been to identify and agree the factors that will underpin the success of LLU and quantify the targets and objectives. From discussions with you and recent public announcements it is clear that the sentiment to the viability of LLU as a platform has dramatically shifted and that significant investment should begin to flow which will begin to create additional impetus and momentum behind LLU.

Very positive support has come from BT Wholesale's CEO Paul Reynolds. Paul has told me that:

- He is very pleased at the progress made so far by industry in creating a vibrant and successful LLU market.
- Now that BT and industry have defined a common view of the key success factors he is moving to create a Senior Director's role and supporting team dedicated solely to driving BT's part of the 'Breakthrough' plan.
- That he and his organisation are committed to the operational capability targets for quality and throughput (outlined below).

BT and the LLUOs have agreed to build the operational capability that will deliver in excess of one million unbundled lines by the last quarter of 2006, with a quality of service as good as comparable products in the market place. BT has accepted the need to build a fit-for-purpose LLU product based on a SOR defined by industry and to industrialise the processes for large volume production.

I wish to continue my focus on facilitation as the best way to achieve progress. To this end I have formed a small team of senior stakeholders from the LLUOs and BT, called the LLU Market Breakthrough Executive (MBE). This group's remit is to prioritise activities against the overall goal, then make these happen within their respective organisations. The team members will also ensure that the decisions the MBE takes are for the greater good, not just for each members' company's interests.

I have also ensured that a close relationship exists with the LLU Industry Group so that all activities are complementary to, and focused on, the main vision for LLU. The Industry Group has been very helpful in commissioning and executing work on behalf of my office and the industry at large. The Group's issues and concerns are now being fully integrated into the Breakthrough Plan. I believe that this will ensure that industry and BT share a single and common LLU work stack.

The output from our consultations and industry-wide workshops held in the past few weeks has resulted in prioritised critical success factors. These are:

- Throughput – Orders processed per day
- Right First Time – Delivered on time and to defined quality
- Telephony Migration – e.g. Number portability
- Broadband Migration – e.g. Datastream to LLU
- Backhaul For LLU – Product review needed

By the end of September 2004 we will have reached agreement on a joint OTA plan, supported by BT and industry to deliver the critical success factors. The plan will be focus initially on the next two quarters and will deliver the capability necessary to allow LLUOs to achieve their business plans.

One of the key principles agreed by the Breakthrough Executive is that we will measure our success from the impact on end-users, not just the intermediate stages of processes. Two of the key agreed goals for the Breakthrough Plan that will drive quantity and quality are listed below. I will be reporting regularly on progress against these goals on the Telecommunications Adjudicator's website.

Throughput of Orders

- 50K Lines Unbundled by January 2005
- 250K Lines Unbundled by June 2005
- 400K Lines Unbundled by September 2005
- 550K Lines Unbundled by January 2006
- 1M Lines Unbundled by June 2006

The goals above will have an 'orders per day' measurement that we will report on regularly.

Right First Time Delivery of Service

- Right First Time today 50%
- Right First Time 75% by November 2004
- Right First Time 85% by January 2005
- Right First Time 95% by March 2005
- Right First Time 98% by June 2005
- Right First Time 99.8% by January 2006

We will report regularly and more granularly on performance against these targets.

However the volume and quality milestones depend not just upon the product and processes being made fit for purpose, they also depend upon the market developing on the back of investment by LLUOs in equipment and marketing. BT's continued support and accelerated investment will also be essential.

I am therefore pleased with progress so far; the new supportive approach from BT has led to most LLUOs taking a constructive view of BT's commitment. Now that we have agreement on the vision (and on deliverables to realise the vision), we must now move to an action phase. This phase of the Breakthrough Plan for the next two quarters is crucial. We must act now.

I look forward to your further support in attaining the long-awaited breakthrough for this market.

Yours sincerely

Peter McD. Black
Telecommunications Adjudicator