

23 November 2004

Progress Update on Telecommunications Adjudication Scheme

I would like to update you further on the progress of the Telecommunications Adjudication Scheme as applied to LLU. Since my last letter of the 23rd September we have passed some significant milestones.

We continue to have the support of the Industry and BT in moving the LLU capability forward. Order levels are climbing both for co-location and customer lines. Both are following the curves we expected, however the actual volumes are lagging slightly. Significant operational problems remain; however most operators see improvements and in particular the intensity of interest from senior BT management is having a noticeable and welcome impact.

In the last letter I mentioned that I was very pleased with the support from Paul Reynolds in making things move for us all. That support has continued, reinforced by statements from Ben Verwaayen.

I reported that 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. Since my last letter we have:

1. Received an outline plan from BT that was shared with the MBE members. This plan addressed a large part of the SOR. Notably however the SOR's Backhaul requirements were not addressed as BT wished to discuss them first with Ofcom. Also BT needed more time to respond to the Care Level requirements.
2. BT has subsequently delivered a welcome move forward on Backhaul; discussions are still underway with BT and LLUOs so we can add Backhaul to the plan.
3. BT has also delivered a document on Care Levels. This also contains some positive moves forward; however there are significant areas of uncertainty and this is back with BT for further work.
4. A Programme Implementation Group for the Breakthrough Plan has been formed, chaired by the Adjudicator; it has senior programme managers from the MBE LLUOs and BT attending. It will be their job to ensure delivery of the plan against the timescales and deliverables agreed. They have already met twice. They will report to the MBE weekly.
5. Operational Quality Improvement Reviews have started, with the Adjudicator in attendance. The objective is to get at the root causes of failure between BT and the LLUOs and permanently fix the problems so that we can climb the quality curve as well as the order/delivery curve.
6. BT Organisational change is underway led by Tom Maguire; we have a Senior Manager responsible for 'end to end' operations, Glen Ridout in place. Tom has shared his actions and plans, with us and this has proved another step forward in giving the LLUOs confidence of delivery.
7. Easynet have joined the MBE as they have announced further focus on the LLU market place.

I wish to make it clear that we are not waiting around on everything being agreed before we act; implementation of the first key capability of the plan, i.e. being able to process large volumes of orders is well underway, however we will continue to press on Backhaul and Care Levels so they can be folded into the plan as soon as possible. We all believe that there is enough agreement to get on and get things done.

We continue to have a close relationship with the LLU Industry Group so that all activities are complementary to, and focused on, the main vision for LLU. The Group's issues and concerns are fully integrated into the Breakthrough Plan. I believe that this will ensure that industry and BT share a single and common LLU work stack.

As you will remember 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 goals for the Breakthrough Plan that will drive quantity and quality are listed below.

As we are just starting up the curve of recovery I can tell you that the targets below remain our focus, but are challenging in the early months. We need more and regular input from the LLUOs to report properly against them and they have promised to deliver in the very near future.

Throughput Capability for 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

Right First Time Delivery of Service

- Right First Time August 50% Today 65%
- 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 (Aspirational)

In my last letter it may have been interpreted that BT had signed up to the 99.8% target for Right First Time above. I would like to make it clear that as this is considered a very challenging target to achieve and therefore at this stage is regarded by all as aspirational.

I continue to be pleased with progress so far on the planning and capability challenges although we have some significant issues still to resolve. However the continuing ‘operational quality’ issues concern me greatly and I appreciate the focus BT are now putting on these in conjunction with the LLUOs. BT have demonstrated their “intent to succeed”, we must now move to the “evidence and confidence of delivery” phase.

I look forward to reporting on specific progress against specific delivery milestones in my next report.



Peter McD. Black

Telecommunications Adjudicator

Tel: +44 (0) 20 7783 4670

Mob: +44 (0) 7771 551 241

Riverside House, 2a Southwark Bridge Road

London, SE1 9HA