Office of the Telecommunications Adjudicator

7th February 2005

Progress Update on Telecommunications Adjudication Scheme - 3

I wish to update you further on the progress of the Telecommunications Adjudication Scheme as applied to LLU. Since my last letter of the 23rd November 2004 we have achieved some significant progress however the LLUOs continue to experience operational problems.

Forecasts and Breakthrough Plan:

Significant progress has been made, in particular with the Breakthrough Implementation Plan (see graph 1 below), the Plan is essentially on track, and now includes Backhaul deliverables, BT demonstrated innovation by bringing forward automation for the ECO system. We have also reviewed an LLU automation roadmap and architecture that intercepts BT's new OSS architecture.

The forecasts for Co-location Space and Unbundled Lines continue to grow, (see graph 2 below). I reported previously 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. This aggregated forecast now stands at 2.5M lines at end 2006. Although the Breakthrough Plan addresses the forecast as agreed with BT when the plan was created BT is aware of the new numbers and is working to ensure that the new automation can deliver the levels required.

A new forecasting process is in the final stages of agreement that permanently removes possible penalties on the LLUOs and creates a much improved forecasting structure for BT and the LLUOs.

Operational Performance:

BT has expanded the staff and managers who look after LLU at the Chester Service Centre and are implementing a parallel Service Centre in Leeds.

Overall delivery performance continues to lag the KPIs (see graph 3 below), this is inhibiting some marketing plans causing slower take up than expected (see graph 4 below). I reported previously that significant operational problems remain but most operators were seeing improvements. These improvements, whilst trending in the right direction, are somewhat variable from week to week. This is due to a number of factors, not least the legacy systems, legacy processes, manual processes and manual interventions necessary by BT and LLUOs. This has been frustrating the industry's ability to hit the KPIs we collectively set; in particular the end user focussed Right First Time KPI.

As Operational Performance is the key to success as we move into volume orders and delivery, this is an area of particular focus for the OTA, within BT, in bi-laterals between BT and LLUOs as well as within the LLUOs themselves. Activities such as root cause analysis and quality improvement programmes are being implemented to stabilise the end to end operation. In particular; the escalating focus from senior BT management is welcome and we await its full impact. A step change in improvement should be apparent in end March/April timescales when new automation and processes are due to kick in. In the meantime BT and the Industry are persevering to find an intercept path from current performance levels to those we have defined in the KPIs.

I am particularly pleased that the BT Operations Committee will also be reviewing the operational performance of LLU on a regular basis.

Plan and Build:

The Plan and Build capability for co-mingling sites in BT for LLU has been strengthened, the latest figures are 78% delivered on agreed dates. BT now understands the root causes of failure and is committed to deliver 98% by end March 2005.

A BT initiative to examine how to industrialise the Test and Repair capabilities of the industry is underway. This will need BT and the LLUOs support in working collaboratively to resolve end customer issues and may include the sharing of each others test capabilities. This has been welcomed by the OTA and Industry.

Outstanding Issues:

The most significant outstanding issue from the original Industry SOR is Care Packages i.e. responding to fault calls with defined timescales and costs. BT has so far been unable to supply the industry with a set of offers that would satisfy the Statement of Requirement presented to BT in September 2004. BT has indicated they have significant problems in delivering what the industry needs from a technical perspective. This is now urgent and the OTA has stepped up its focus in this area as have BT.

There are a couple of remaining Backhaul issues in the process of resolution between OTA, BT and Ofcom.

Looking Ahead:

Delivery Confidence is our primary focus; the OTA is visiting and reviewing BT operational and development; people, plans, capabilities and sites to satisfy ourselves that the delivery plans dovetail and match up to the deliverables and dates that we are all expecting. As we go forward it will become increasingly important that the LLUOs also deliver visibility of their implementation plans to be included in the Industry Breakthrough Plan.

We will continue to focus on the Breakthrough Plan and have weekly reviews of plan deliverables. Continuous monitoring of Quality of Service and detailed review at LLU/BT bi-laterals. We will also sweep up secondary, lower priority and new items, and then evaluate and prioritise those not in first Breakthrough Plan. We will resolve WLR blocking issues and then plan for ‘Business as Usual’ for LLU.

The OTA will release a regular update monthly along with the latest KPIs.

BT has also committed to release its internal LLU KPIs on the BT Wholesale website in the near future.

Conclusion:

The overall impact of the scheme continues to be positive; the Breakthrough Plan is currently progressing well. Operational performance is problematical but being intensely addressed by BT, LLUOs and the OTA. Our current view is that the capabilities are coming on stream in BT and Industry to deliver the Quality of Service and Breakthrough Plan.

Yours sincerely

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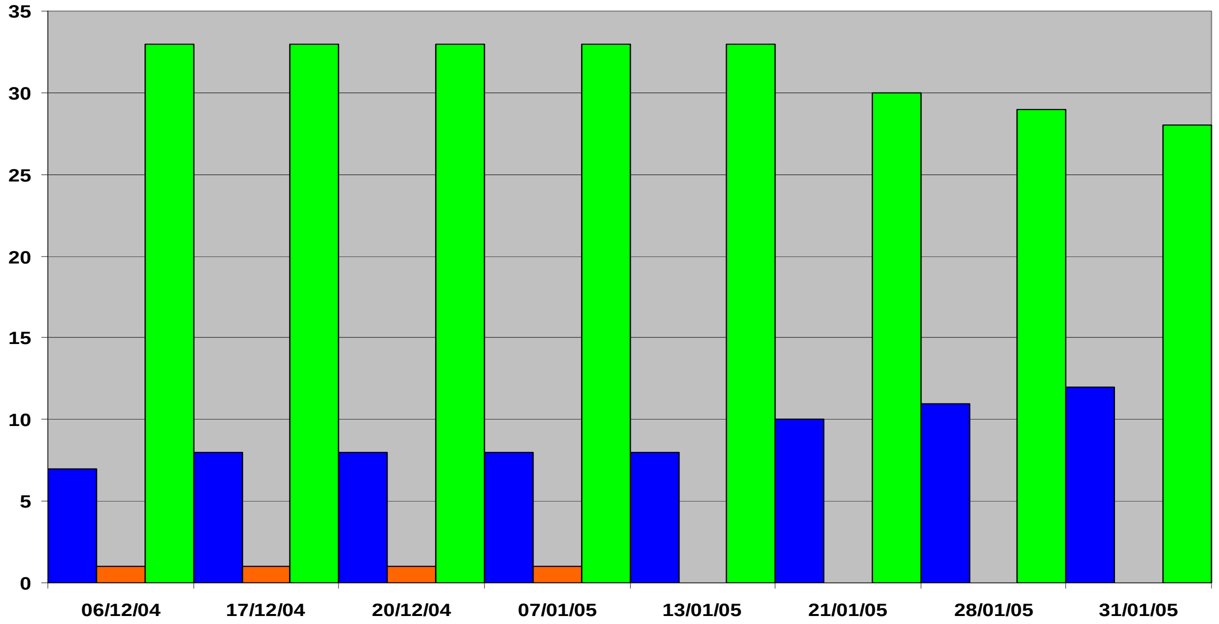
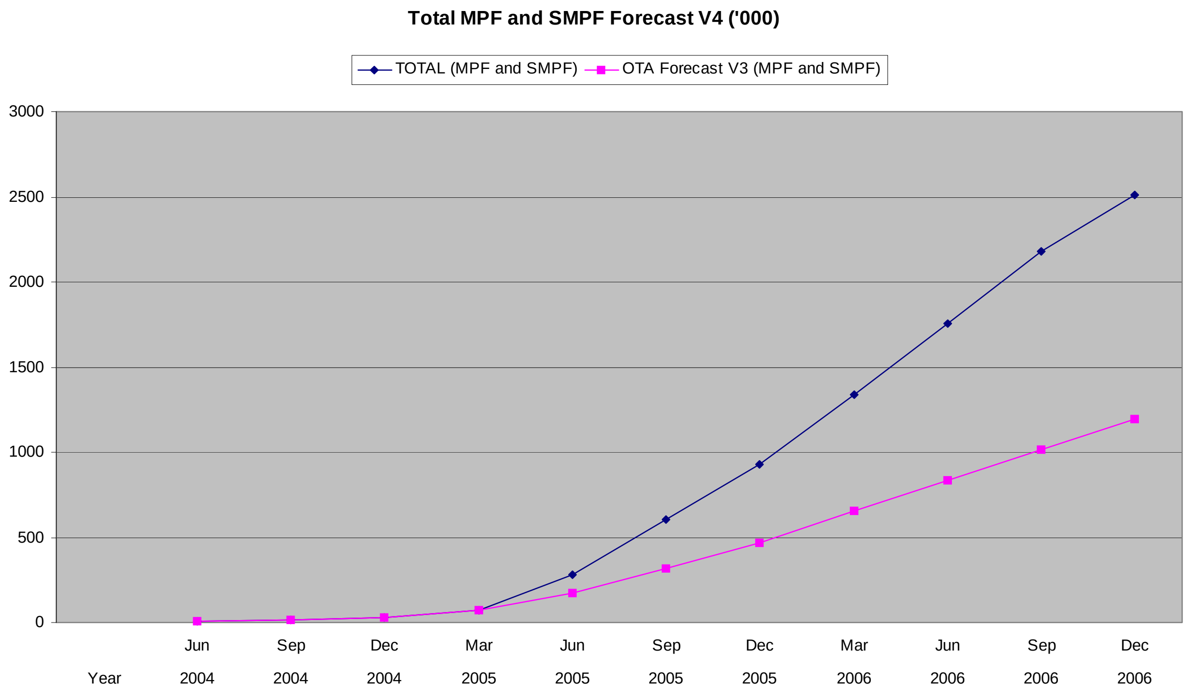
Graph 1 – Implementation Plan Progress

This graph shows the number of individual projects in the implementation plan and their status. An amber status would mean a threat to a predicted Launch Date.



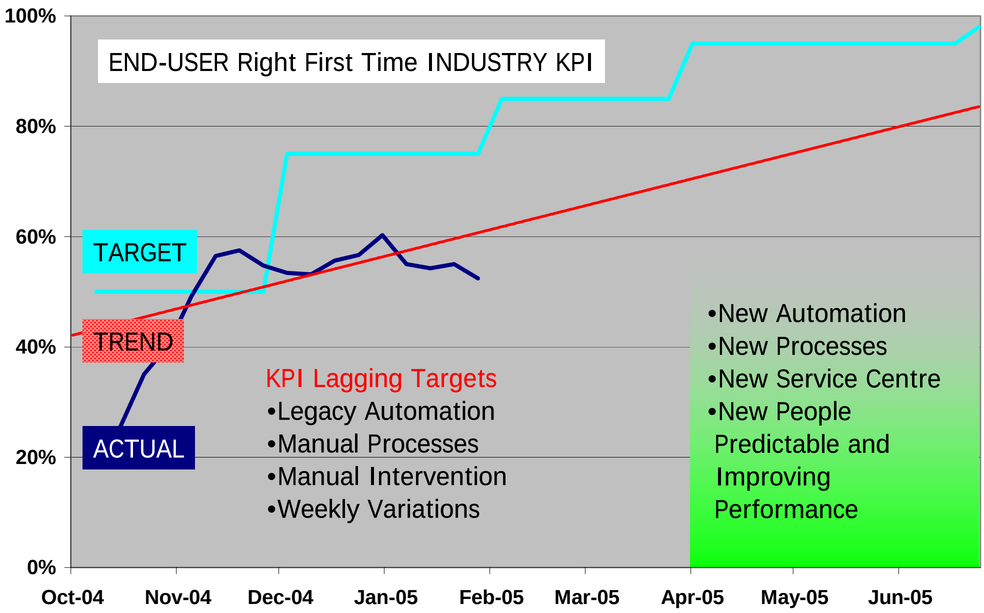
Green = Projects on track; Amber = Launch Date in Jeopardy; Blue = Implemented Projects

Graph 2 – Total Industry Forecast



Graph 3 – Right First Time KPI

The Right First Time KPI measure whether a Working Service was delivered in time to meet the end customer's expectation of the completion date set at point of sale. This includes all steps within the LLUO and BT.



Graph 4 – Throughput KPI

The Throughput KPI is indicative of the industrial strength of LLU processes and measures the actual lines delivered against the forecast.