

Voluntary Wholesale Reforms Overview of Proposals to Industry

Gibson Hotel, Dublin

13th December 2011

- **Introduction and Context**
- Your Feedback
- Proposal Overview
- Other Updates
- Next Steps
- Close & Lunch

Voluntary Wholesale Reforms Key Objectives:

- Deliver outcomes to eircom Wholesale's customers that reflect an enhanced commitment to our non-discrimination obligation
- Enable a successful, customer-focused wholesale business within eircom
- Develop trust in eircom's re-focused wholesale approach on the part of Industry

- Voluntary Wholesale Reforms will deliver a realigned Wholesale business and activities, material improvements in services, and service quality, available to Wholesale customers.
- Wholesale Reforms is a strategic imperative for eircom but implementation challenges do exist:
 - Legacy systems and processes
 - Necessity for cross functional transformation
 - Demands on organisational capacity and resources in light of multiple strategic initiatives including NGA
- Notwithstanding these challenges our commitment to reform remains firm and significant progress has already been made such as LLU product and systems enhancement.
- We remain on track to complete major elements of the programme by June 2012.

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Engagement Process

eircom engagement process:



Actions speak louder than words

- Execution is more credible than plans
- Early success needed to build trust

Get the basics right

- Account Management
- Product Management
- Product Development
- Customer Service

Scope

- Focus on RAP

Culture change is important

- Within eircom Wholesale and eircom Group
- Detail required to build confidence

Governance

- To ensure execution of Reforms Programme
- Clarify positioning in relation to other Bodies

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Proposal Overview: Four “Pillars”

Organisation Structure and Internal Process

- Create a new, better-resourced and more customer-focused wholesale organisation
- Ensure effective control of information flows where regulatory obligations apply

Systems

- Change how services are supplied to Wholesale customers and to eircom’s downstream retail businesses
- Ensure no undue discrimination in how services are supplied

Cultural Change

- Ensure that the culture, motivation and behaviour of eircom’s people match our aspirations for the fair and balanced treatment of all customers

Governance

- Demonstrate through an independent expert body that eircom is delivering against its plan and intentions

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Core Deliverables:

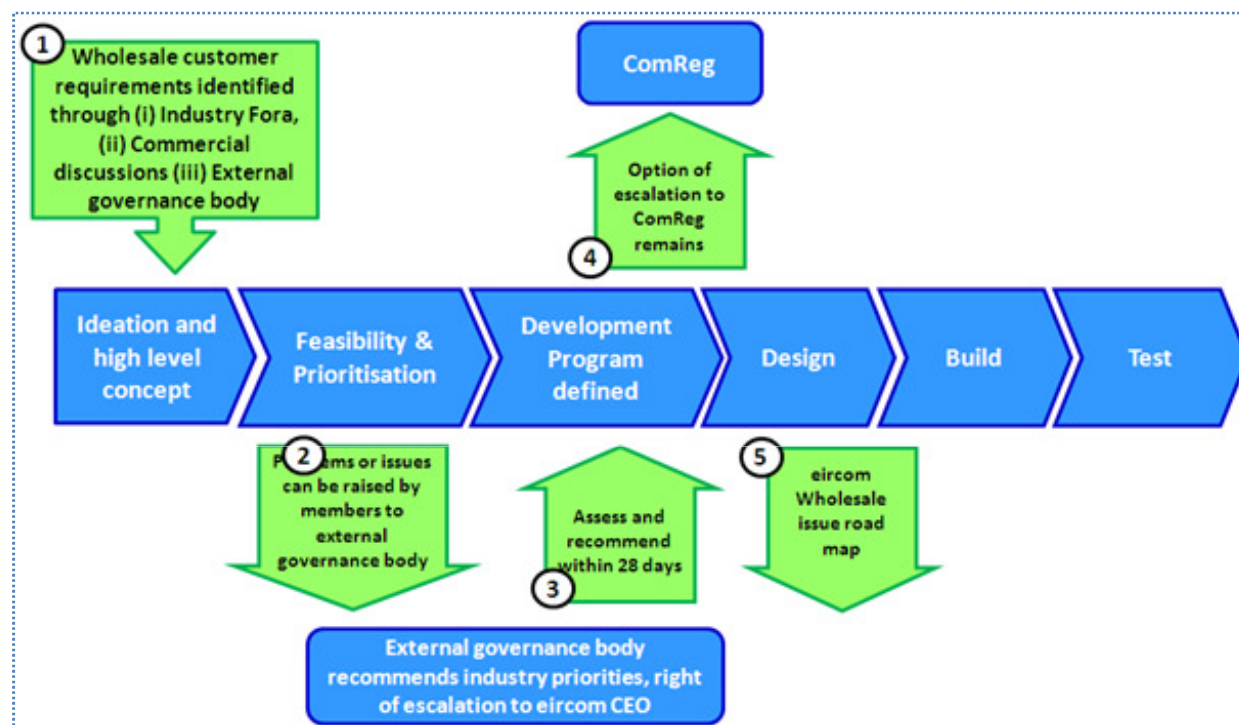
- Separated Regulated Access Product (RAP) Unit
- Strengthened account management function for all eircom Wholesale customers including eircom's retail businesses
- Agreed interfaces to other eircom business units
- Separate wholesale accommodation areas with restricted access
- Customer service improvements

- Product management of RAPs will be in a self-contained unit under a Director of Regulated Access Products
- Information in relation to RAPs will be managed and safeguarded appropriately
- Development of RAPs will be separate from other added-value products
- A Code of Practice will govern compliance
- RAP Unit will include business analyst capability to translate business requirements into technical solutions
- RAP processes are under review and will be redesigned as needed to ensure safe information flows and interactions with internal and external customers

Product Development

A structured and consistent Roadmap methodology to provide increased transparency into:

- Submission of requests
- Consolidation of Industry requirements
- Evaluation criteria
- Scheduling of delivery
- Change control process



- Will evolve over time in conjunction with customer input
- NGA prioritised in the short term

- Customers have asked for: collaborative, long-term trusted partnerships with an increased focus on delivery
- A significant increase in competence and skill sets
- Service Managers to ensure high standards of customer service
- Dedicated account management for eircom's retail businesses



- A separated business unit under the Wholesale Managing Director
- Re-located in a separate area within eircom's 1HSQ building with its own meeting rooms
- Glass walls and independent access control
- Secure area in Citywest for eircom Wholesale Customer Care with restricted access. Construction planned for early 2012.
- eircom Wholesale website, intranet space and email domain
- New branding

- eircom Wholesale new brand attributes will drive behaviours
- To be used in everything we do

Collaborative

We work collaboratively with our customers to understand their needs, building long-lasting, mutually profitable relationships.

Straightforward

We make dealing with us and accessing eircom's assets, products and services as easy and as straightforward as possible.

Trusted

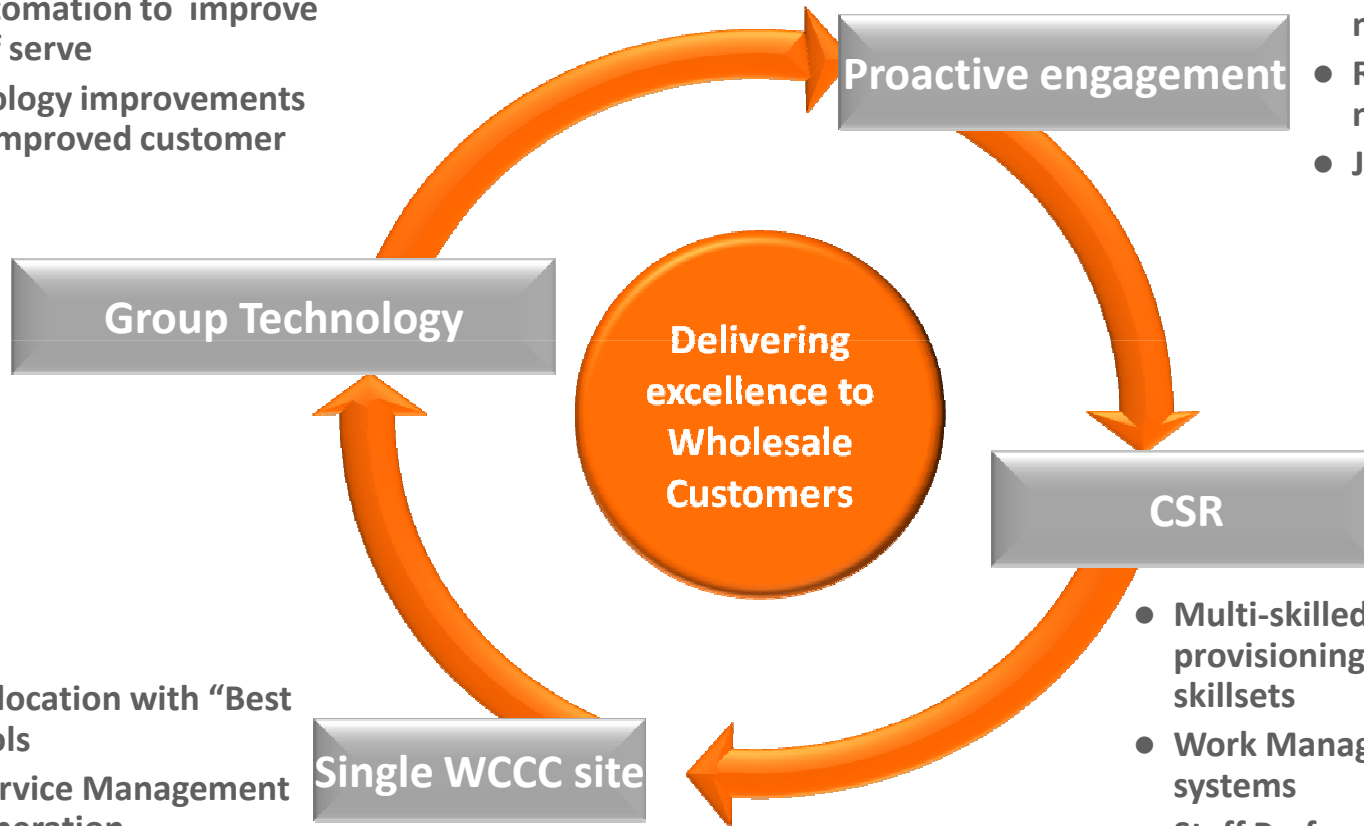
We treat all our customers equally working in partnership with them. They can trust us to act responsibly and with integrity on their behalf for our mutual benefit.

Expert

With our experience, knowledge and technical expertise, our customers can depend on us to deliver the best solutions and service

- Increased automation to improve customer self serve
- Group Technology improvements to underpin improved customer SLA's

- Proactive Service management
- Real-time Incident management
- Jeopardy Management



- Centralised location with "Best in Class" tools
- Integrate Service Management team into operation

- Multi-skilled CSR staff across provisioning and assurance skillsets
- Work Management through CRM systems
- Staff Performance Management with customer service focus
- Enhanced Training capability - enable commercial focus

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Core Deliverables:

- KPIs to measure provision/repair/service quality, and to monitor non-discrimination and Reforms progress
- Real-time access for customers to B2B Web Services via the Unified Gateway (UG)
- Further systems improvements to support Equivalence of Outputs for current RAPs
- Transition path for migration of eircom's retail businesses to UG for NGA products

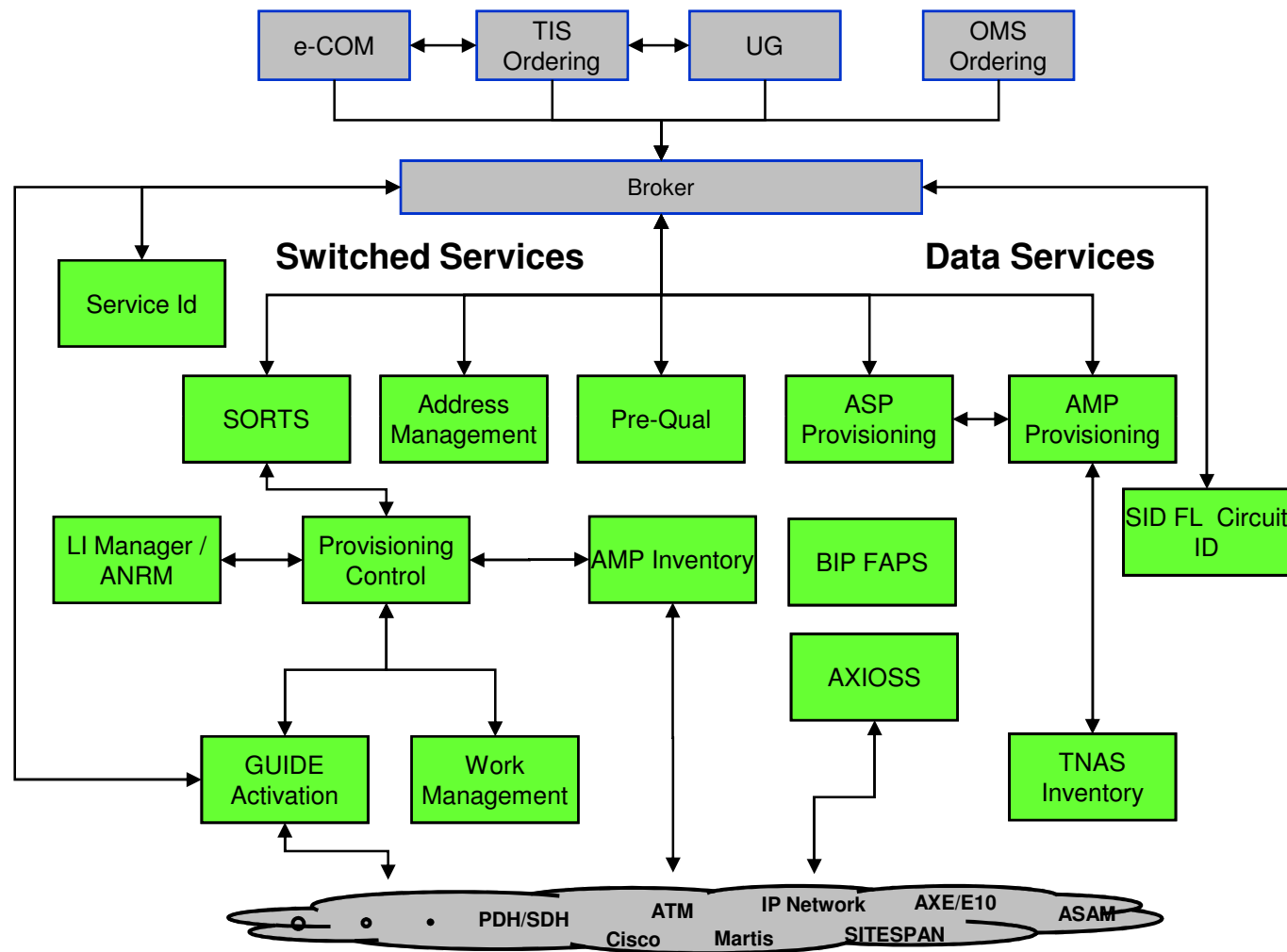
- Four regulated markets:
 - Retail Narrowband Access
 - Wholesale Broadband Access
 - Wholesale Physical Network Infrastructure Access
 - Terminating Segments of Wholesale Leased Lines
- These KPIs are key to demonstrating our Equivalence of Outcomes commitment to our wholesale customers under the Wholesale Reforms programme
- The results demonstrate equivalent performance between the wholesale and retail services on eircom's network.
- First publication of metrics on 30th November 2011 for period July – September 2011. Ongoing publication on a quarterly basis, 2 months post quarter-end.
- http://www.eircom.ie/bveircom/pdf/key_performance_indicator.pdf

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- Limitation of legacy systems re-engineering
 - Complex IT architecture centred around TIS
 - Built before market liberalisation and evolving regulation
 - Not practical to re-engineer these systems retrospectively
 - Focus will be on future systems enablement
 - Starting with improvements to the Unified Gateway

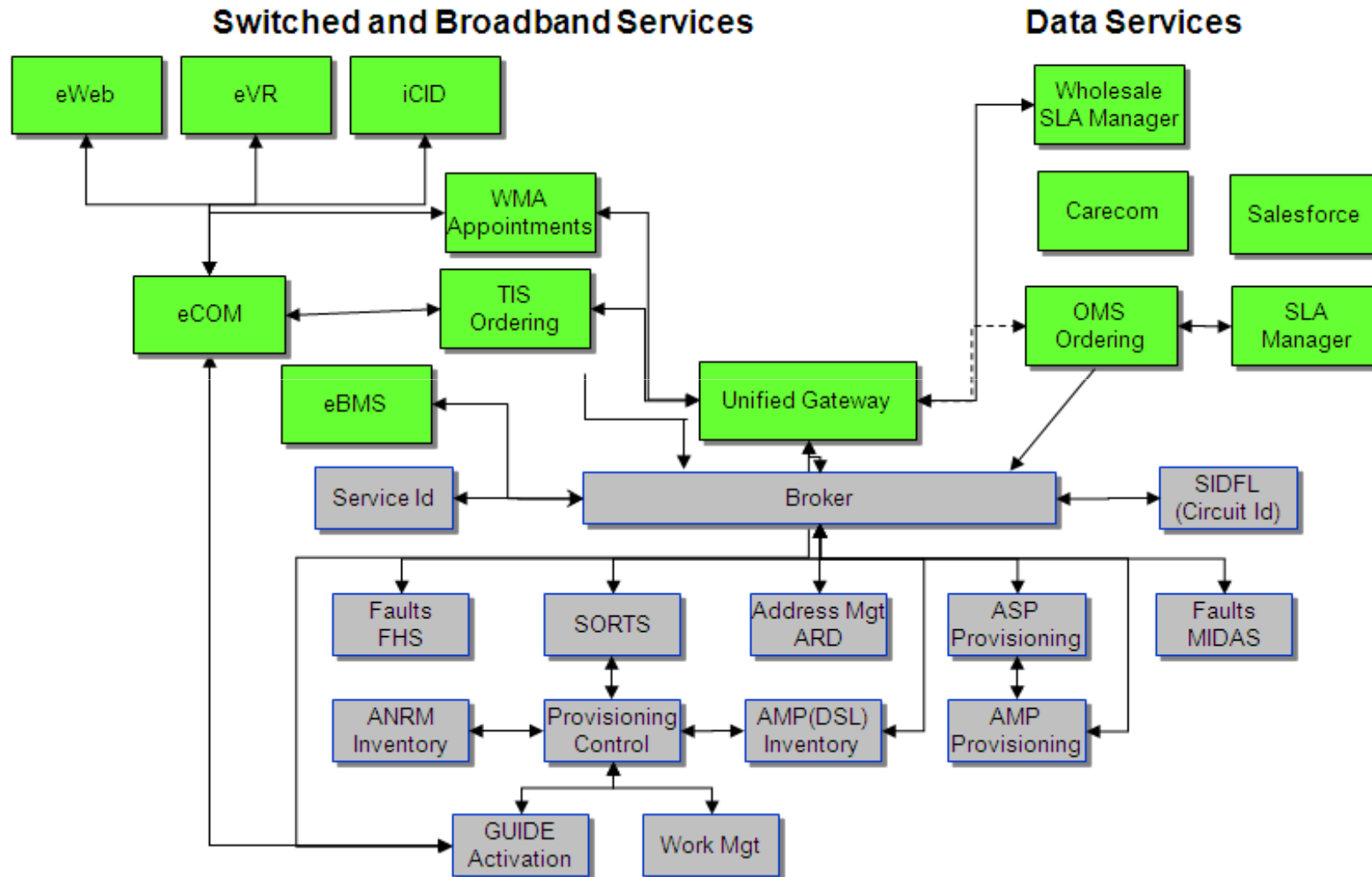
- The Unified Gateway (UG) is the primary access point for Wholesale customers to eircom systems for Ordering and Assurance.
- We are undertaking significant enhancements to UG as well as a re-positioning of it within our IT architecture to enable better integration by our customers
 - Upgrade the UG so that over 100 transaction types are now accessible via web services - for products including SB-WLR, Bitstream, LLU and GNP
 - Extend availability to 24/7 for order types associated with Fault Management and Line Test
- Systems assessment to identify further differences in information or systems access that may exist between eircom's retail businesses and other Wholesale customers
- Equivalence of inputs systems solution for the provision of NGA services: interconnecting through the UG in the same way as other operators

Systems: Provisioning & Fulfillment

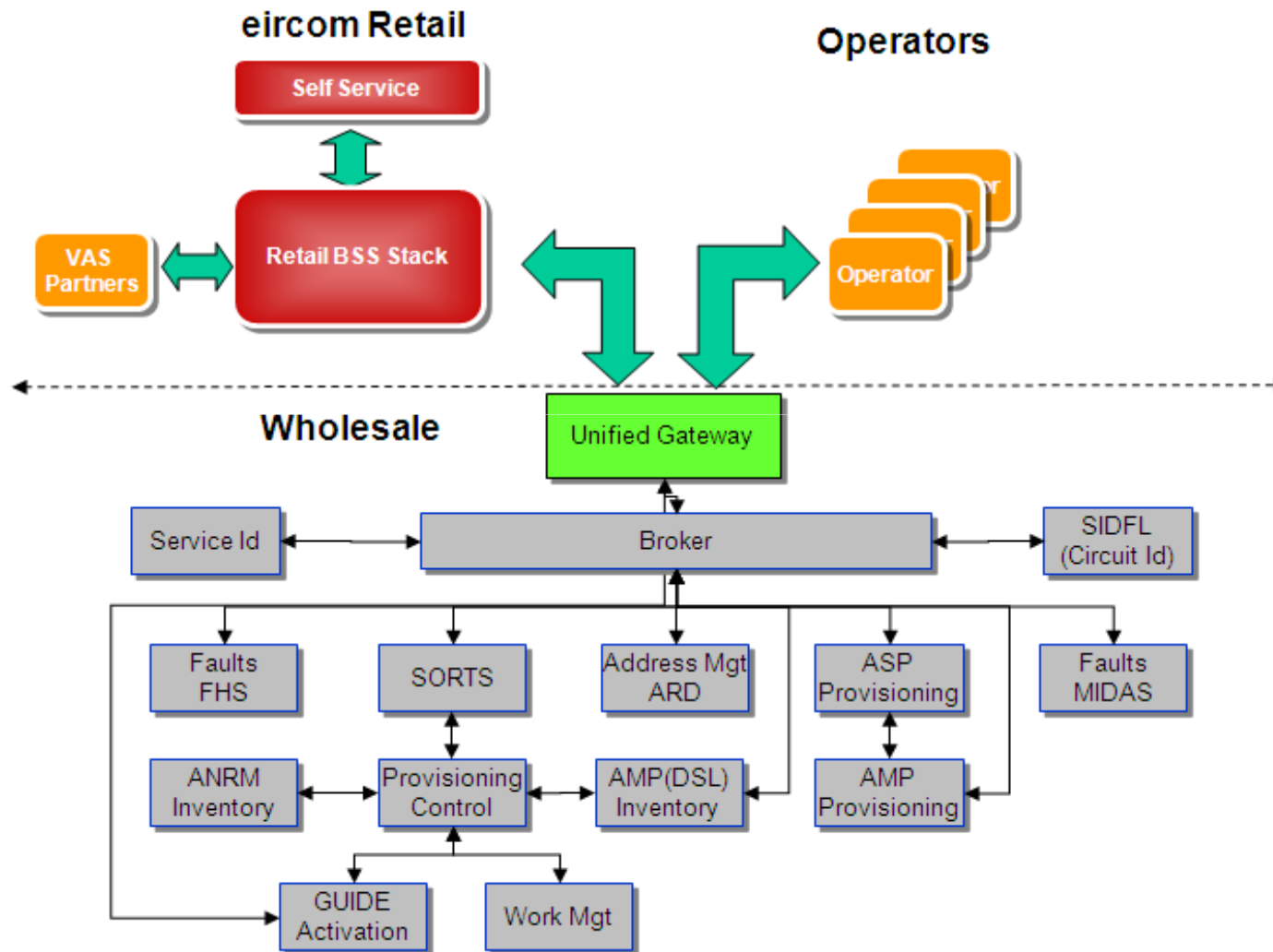
- Manage service provisioning tasks
- Activate / de-active services
- Manage dispatch of field work
- Provide status and completion updates
- Manage address and network inventory data



Systems: Transition to future from...



Systems: Future Architecture



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Core Deliverables:

- Interim guidance
- Enhanced Wholesale customer engagement programme
- Code of Practice
- Revised incentive and compliance arrangements

Existing Compliance Framework and Procedures:

- Strengthened over time – lessons learnt
- Components of Framework
 - Monitoring of self-certification and investigations of non-compliance
 - Regulatory handbook issued to all staff
 - Ongoing training updates delivered
 - eircom Legal and Regulatory departments provide ongoing support
 - Programmes in place to monitor internal controls and compliance requirements

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- Transitional measures to guide practice and behaviour
 - eircom's retail businesses are already participating in the NGA Industry forum
 - Trained monitors will attend if eircom's retail businesses need to engage with Group Technology on NGA RAP
 - Monitors will ensure no inappropriate release of NGA RAP information
 - eircom's retail businesses will only receive information on NGA RAP when communicated in a similar timeframe to other wholesale customers

Three core principles:

1. Comparable Channels of Communications
 2. Adequate Safeguards for Wholesale Customers Data
 3. Comparable Disclosure of NGA Development
- Full training for all NGA impacted staff
 - Trained Monitors to attend internal meetings
 - Frequently Asked Questions provided on intranet
 - If in doubt ask the manager or email the Helpline
 - Whistle blowing line set up

Enhanced Wholesale Customer Engagement Programme



- Customers told us:
 - More from Account Managers
 - Requiring collaborative, long-term trusted partnerships
- Improvements:
 - Jointly clearly created Account plans
 - New Service Managers to ensure service levels are delivered
 - An enhanced account management capability and process

How will we implement Culture Change?



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- Building bespoke learning and development programme
 - Blend of workshops for every Wholesale employee
 - Full learning management system
 - Complete audit of time spent learning
 - Continual on-line assessments
 - Senior management will be trained first and will jointly run the workshops for all staff
 - Ultimately measured by customer satisfaction

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- Enhancing the existing Compliance framework
 - Code of Practice
 - Core principles to support enhanced non-discrimination
 - Practical examples to illustrate behaviours
 - Frequently Asked Questions
 - eircom expect staff to understand and honour the CoP
 - Including annexes for specific role profiles
 - Target to launch Code of Practice June 2012
 - Helpline and whistle-blowing process already in place
 - Material breaches investigated and compliance enforced

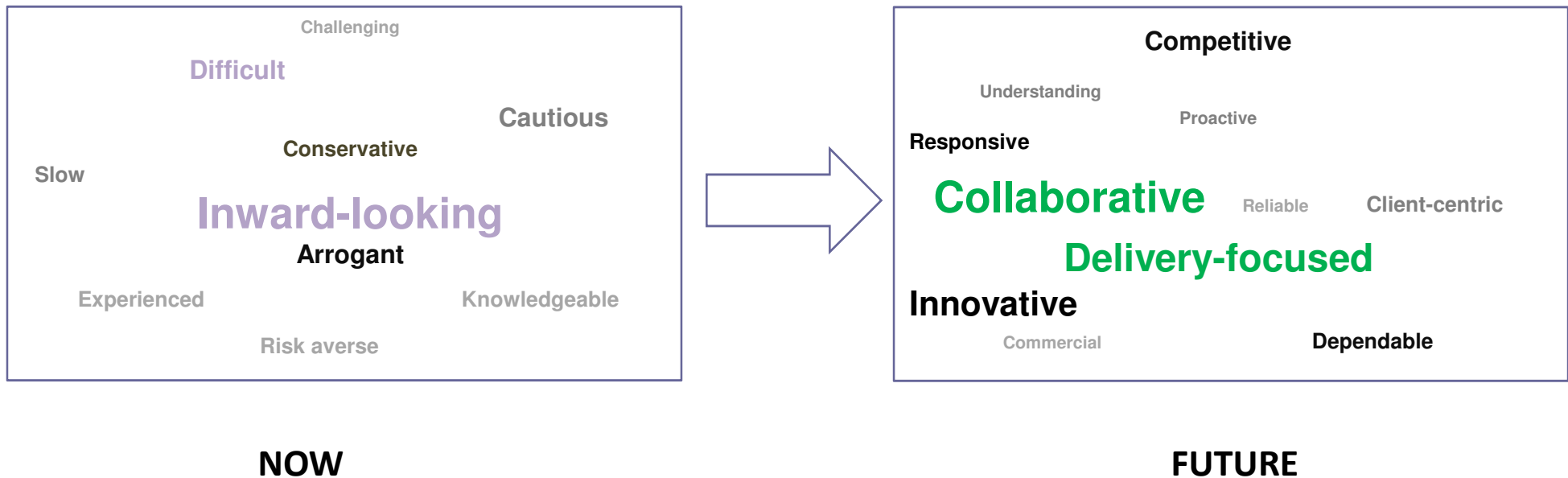
Revised Incentives and Compliance Arrangements

The new Wholesale organisation and Code of Practice will entail significant changes:

- Incentives to reinforce appropriate behaviours:
 - e.g. improving customer satisfaction
- Compliance arrangements:
 - External professional advice and support to develop engagement
 - Strong central message and leadership from all Senior Management Team
 - Launch programme for CoP
 - On-line training and on-going maintenance of awareness
 - Briefings on changes at a practical level
 - Intentional and material non-compliance will not be tolerated

What did you tell us?

Open and honest feedback from staff and customers said:



- We will re-brand in early 2012
- eircom Wholesale brand proposition:

At eircom Wholesale, we provide open access to eircom's nationwide network, products, and technical expertise.

Our people collaborate with our customers to grow their businesses by leveraging eircom's capabilities, experience and assets to deliver differentiating products and services they can depend upon.

- eircom Wholesale new attributes will drive behaviours
- To be used in everything we do

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- A key objective of our Wholesale Reforms Programme is to build trust and credibility
- Governance will be a key element of Wholesale Reforms
- Under consideration is a package of enhanced internal compliance measures, and external controls
 - including the possibility of independent audits of actual performance against key KPIs and product development milestones during an initial trial period
 - also under consideration is the establishment of an external governance body that would be chaired by an independent expert

- External governance body would be a key component of the overall governance structure
- Would act as a senior Industry forum charged with developing:
 - Cross-Industry view of eircom's progress in delivery RAP products on a non-discriminatory basis
 - Cross-Industry view of forward evolution of RAP services
- The independent chair would serve as an expert mediator for resolving differences of views relating to the prioritisation of RAP services and similar issues

- We have discussed the creation of an external governance body in meetings and workshops with Industry stakeholders
- There is a range of views on its structure, funding and functions
- We recognise the complexity of the issues associated with the establishment and successful implementation of such a body in the Irish context
- We welcome Industry's views and concrete proposals in this regard
- We intend to publish a more detailed set of governance proposals following our review of Industry comments on the substantive elements of our Proposal

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December 2011:

- LLU enhancements on track

Feb 2012:

- B2B Web Services on the UG is a key component of our Equivalence of Outcomes strategy
- Extension of UG operational hours to 24/7 for order types such as line tests, across ordering and fault management
- We are happy to offer additional support to customers integrating to the UG for the first time

March 2012:

- Customer service enhancements for Data and PRA jeopardy management and other automations
 - More efficient transfer for SB-WLR and Bitstream
 - Introduction of Bitstream Plus

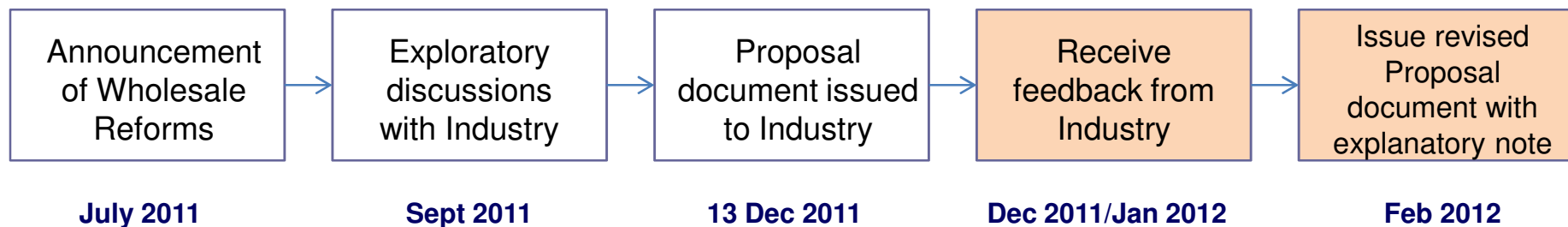
- The NGA Deployment Programme is underway with a challenging timeline to launch commercial services at the end of the Summer 2012.
- Our initial presentation to Industry in September was followed up with well received workshops.
- Industry participation is central to success and Operators are engaging in the NGA Industry Forum.
- We have defined a Project Plan to define NGA products, update OSS systems and deploy infrastructure to support launch to over 100,000 premises.
- Network design for the first 10 exchanges in Phase 1 is underway with initial network build to begin early in 2012.
- We will request Industry feedback on the next phase of exchanges

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- Period of engagement and feedback to end January 2012
- Workshop w/c 23rd January to address issues, questions and concerns
- Revised Proposal document to be issued in February 2012
- Send comments to wholesalereforms@eircom.ie

eircom engagement process:



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