BT Compliance Committee Bulletin

Issue 11

December 2020

Introduction

Welcome to Issue 11 of the BT Compliance Committee Bulletin, in which we provide an update on the BT Compliance Committee's (BTCC) November 2020 meeting.
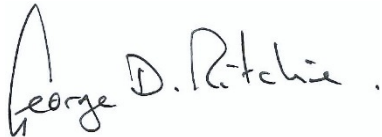
Our guest speaker at the November meeting was Richard Tang, the Founder and Chairman of Zen Internet Limited, who shared with the Committee his perspectives on Openreach and BT.

In addition, the BTCC heard about, and discussed, the following topics:

- Gaucho Rasmussen (Ofcom) attended and provided an update on Ofcom's monitoring of the Commitments over the last year.
- A paper about the evolution of the sector and the marketplace, the role the Commitments play within that and likely future developments.
- An update on the progress of a number of items related to the DCR outcomes of fibre investment and the right to broadband, in particular broadband USO and PIA, and,
- Monitoring reports on: the Strategy Development Process; Commercial Processes – Pricing, Products and Projects; BT's Delegations of Authority review; procurement process; and, ISDN2 and ISDN30 systems separation.

The BTCC was also provided with updates on Quick Checks conducted by the CAO, and considered and decided two cases (one serious breach of systems separation with a consequential trivial information sharing breach and one trivial non-conformance with policy), the BTCC also received an update on remedial actions in previously decided cases.

The BTCC's next meeting will be in early February 2021. If you would like to get in touch in the meantime, please contact us via cao@bt.com.

George Ritchie
Commitments Assurance Director
11 December 2020

1. BTCC focus areas

1.1. Views from Zen Internet Limited

The guest speaker at the July 2020 meeting was Richard Tang, the Founder and Chairman of Zen Internet Limited. He gave his perspectives on the functioning of the Commitments through the lens of the service that Zen receives as a customer of Openreach (and BT).

1.2. BT Update

Cathryn Ross, Group Director Regulatory Affairs updated the Committee on developments since the July meeting, including:

- BT has notified Ofcom of a number of its intent to make an Exemption and a Variation of the Commitments to keep them relevant and up to date. The Exemption will enable Openreach to have a small BT Group-wide element in the Openreach Scorecard to support BT's environmental goals to be carbon neutral by 2045. The Variation is to support finance migration to a new system. The proposed track changes to the Commitments to support the finance migration are set out in Annex 1 of this bulletin, below. When in effect, the updated version of the Commitments, together with the Exemption (and two Undertakings Exemptions which have been carried over) will be published on the [BTCC's website](#).

- Increased focus by Group Regulatory Affairs on ensuring that Openreach independence is appropriately respected and that the Commitments are kept front of mind by parent company people.

- Progress on several initiatives based on the findings on culture and behaviours following the 'hearts and minds' cultural assessment, including: launch of 'Dear Wendy, the Commitments agony aunt' and trialling a new ethics and compliance induction programme for senior leaders.

- Input was provided to Ofcom in advance of the OMU's annual monitoring report (BT Group, BT Downstream and Openreach each made submissions).

- Recent developments on broadband universal service obligation.

1.3.   Embedding of the Commitments in BT Group

The Committee heard that the CAO continues to monitor the matters raised by the OBARCC and considered at the July meeting. It is now the key priority area for the CAO to ensure that the Commitments are sufficiently embedded in day-to-day ways of working so that they are kept front of mind as part of business as usual. The CAO has increased its focus on how BT engages its senior leaders to ensure they understand the intent of the Commitments.

1.4.   Broadband USO programme assurance

The Committee heard that due to Covid-19, targeted communications to eligible households were paused but these have now been re-established. Delivery is, however, progressing. The Committee also heard that Consumer and Openreach each have good programme governance and ownership for the USO programme. BT's has been reviewed by Group Internal Audit (GIA) with no significant issues raised. Openreach's governance and operating model is being reviewed by Openreach Internal Audit, which was due to report in late November. The CAO will review further the efficacy of the governance on an end to end basis.

1.5.   Physical Infrastructure Access review

The Committee heard that in the face of rising demand for PIA, and notwithstanding the challenges of the pandemic, Openreach has been able to maintain strong operational performance. As PIA moves out of the implementation phase, Ofcom and the OTA have articulated the product development, operational processes and IT priorities that will now need to be addressed to ensure Openreach can deliver at scale. Openreach is already working on many of these items and will be reporting further to the BTCC in April.

1.6.   Monitoring Reports

1.6.1. Strategy Development Process

The Committee received a report from the CAO on its monitoring of the Strategy Development process. As reported previously, the Strategy Development process timescales this year were adjusted across BT Group and in Openreach to enable prioritisation of response to Covid-19. The CAO is satisfied these adjustments have not had a detrimental effect on Openreach's greater independence in setting its strategy. The CAO's meetings have demonstrated that there has been ongoing, constructive engagement between Group Strategy and the Openreach Strategy team.

The strategic priorities that emerge from the Strategy Development process will flow into the Financial Planning process for MTP21. The CAO has started engagement to monitor how that process operates. As MTP21 is the fourth cycle operated under the Commitments, the CAO expects to see this operating smoothly.

1.6.2. Commercial Processes: Pricing, Products and Projects

The Committee received a report from the CAO on its monitoring of the Commercial Processes process detailed in guidance note 7. This includes five tests which Openreach apply to decide whether it needs to seek BT Group plc approval for a commercial decision. None of the matters considered by Openreach in the period had triggered the GN7 tests. Whilst the processes are working well, a recent review by BT Group

Internal Audit has recommendations enhancements to reporting and record keeping on the operation of the GN7 process. BT and Openreach will work to implement these recommendations.

1.6.3. Delegations of Authority (DoA) review

In March 2020, the BT Chief Executive delegated authority to the DoA Steering Group to manage the DoA Governance Framework on a day-to-day basis. The DoA Steering Group conducts a bi-annual DoA review to obtain assurance that each DoA is up-to-date and to manage requests for changes. The CAO considers that managing changes to DoAs through the bi-annual review process will provide a helpful new opportunity to ensure that any changes to DoAs will appropriately balance parent company oversight and Openreach's greater independence. We will monitor this process on an ongoing basis.

The first bi-annual review took place in June / July 2020. The CAO reviewed this and noted that consideration of the Commitments is given in respect of any Group-wide DoA changes which could have Openreach impact and, where that appears to be the case, they will liaise with the Openreach Director Board Governance & Assurance. The next bi-annual review is due to commence in November 2020.

1.6.4. ISDN2 and ISDN30 System Separation

BT's legal obligation to progress system separation ended in October 2018 when BT was released from the Undertakings. However, BT confirmed it would follow through on its previous commitment to complete separation of all ISDN2 lines by April 2017 and progress with migration of ISDN30e lines to separate systems.

The CAO reviewed Enterprise's annual update. The CAO reported that it has confidence Enterprise Customer Services have a good handle on this with clear ownership in the service control team. In relation to ISDN2, the very small outstanding residual base of non EOI accounts is steadily being addressed. Between September 2019 and October 2020, the number has reduced to the "low 10s" of accounts. The very small number of new non-compliant accounts which were created in the last monitoring period were all set up that way for justifiable operational reasons. Any such new non-compliant accounts are managed and monitored so that they when the technical issues have been resolved, they can be transferred onto the separated (EOI) system expeditiously. The number of ISDN30e lines and channels still to be addressed has also reduced steadily.

The BTCC has agreed that the CAO to continue with light touch monitoring every 6 months, and only report to the BTCC further if it sees a material increase in the number of non-compliant accounts.

2. Compliance update

2.1. Quick Checks

The BTCC was provided with updates on the following past "quick checks" at its November meeting:

2.1.1. **Colleague Board – Quick Check 6**

The CAO's Quick Check in January 2020 found that the Colleague Board had been set up in line with the spirit of the Commitments and Governance Protocol and recommended reviewing the in-life operation of Colleague Board once it had become established. The CAO observed the September 2020 meeting, during which it saw the special status of Openreach nominees was respected and, consistent with recognising Openreach's distinct culture and concerns of Openreach people, discussions referred to both BT and Openreach employees. Neither materials nor the discussions observed by the CAO involved Openreach CI

or CCI. The CAO did not have any concerns following its observance of the meeting around how the Colleague Board body is now operating in-life. We have therefore closed this Quick Check.

2.1.2. **Making finance brilliant – Quick Check 11:**

Phase 1 launch for the new SAP system is due in late November 2020 – this will involve a limited migration of some of the reporting tools. Phase 2 launch is due in March 2021 and will comprise the bulk of the migration. Group Finance individuals will have self-service access under the new SAP system from November. Self-service will not be accessible by Strategy & Transformation individuals in the November launch. The CAO has received confirmation both Openreach and BT are satisfied with the proposed compliance protections that will be in place and CRC has confirmed that the two proposed compliance modules will be in place for Phase 1 launch. The CAO intends to conduct a deeper dive review in Q1 2021/22.

2.2. Cases notified to the BTCC for consideration

The BTCC considered two cases at the November meeting. One matter was referred to it by BT's Senior Manager, CRC, the second was raised with the CAO directly by the Openreach employee involved. The Committee used the four-box framework adopted in [September 2018](#) to classify the compliance matters referred to it for consideration. The framework is set out in Issue 1 of the BTCC Bulletin.

The Committee agreed with the recommendation from BT's Senior Manager, CRC, and decided that the first matter was a serious breach of section 13 of the Commitments (systems separation) and a trivial breach of section 10 of the Commitments (information sharing).

- **Case CAO-29: STREAM.** BT introduced new system functionality across the company without properly engaging Openreach. This was the "Stream" functionality of Microsoft Office 365 which allows Microsoft Teams meetings to be recorded and made available for replay. This was introduced in a way that meant Openreach recordings could be seen by BT people. Openreach people made a number of such recordings including one that included Openreach CI that was then seen by a BT employee. The Committee concluded this was a serious breach of Commitment 13.1 (Openreach to be responsible for developing its strategy for the systems needed to manage and operate Openreach) and a consequential trivial breach of Commitment 10.1 (the information sharing restrictions). It asked that it be noted that the Commitment 13.1 breach occurred at the height of the pandemic when BT was taking rapid action to enable the vast majority of BT and Openreach employees to work from home.

The Committee agreed with the CAO's recommendation that the second case, referred by the Openreach employee, was a trivial process non-conformance:

- **Case CAO-30: Consumer contact with Openreach**. This was a trivial process non-conformance involving a Consumer contact centre agent seeking to contact Openreach via non-standard channels. The CAO was informed that the individual in question was temporarily 'laid off' due to the pandemic.

<u>**Annex 1: Annexes A-C of the Commitments as amended**</u>

<u>**Annex A:**</u>
Definitions and Interpretation – there is one definition which is being varied as follows:

OSS means operational support systems being those support systems carrying out the functions and processes which help to run a network and business, including (but not limited to) pre-ordering, taking a customer's order, configuring network components, creating a bill and managing faults. For the purposes of the Commitments, this excludes OSS which provide, manage and maintain core network and transmission layer assets and non-Equivalence of Input (EOI) products which were separated by means of user access controls;

<u>**Annex B:**</u>
List of the MIS systems

MIS system	Description
~~Amethyst Wholesale~~	~~Amethyst is a data warehousing application developed on an Oracle database. It gives users the capability to drill down and search for detailed information. Amethyst contains network product, financial and investment data.~~
Aspire	Accounting Separation, Product Integration & Reporting Environment (ASPIRE) is BT's regulatory accounting system based on ORACLE. It was a source system for BT's annual published regulatory financial statements, and is used for viewing historical data. It ensures that costs are appropriately allocated across BT's activities, and provides detailed product level cost information.
CAMERA	Campaign Management Evaluation and Reporting Application (CAMERA) is a BT wide system for creating, managing and reporting on BT Marketing Campaign spend. The system manages the financial and procurement activities associated with marketing campaigns and provides a reporting function for campaign managers.
CDS	CDS is a data warehouse which receives inputs from various systems including CAMSS, COSMOSS and CSS. Against these inputs, CDS provide various quality of service and management information reports against BT line of business provision, repair, customer contact and call centre activities.
CID	The Central Information Database is a data warehouse which collates financial and non-financial information from all Lines of Business. Information is accessible by Line of Business and is also summarised for Group-level accounting and reporting purposes.
CostPerform	CostPerform is part of BT's regulatory accounting system. It is a source system for BT's annual published regulatory financial statements. It ensures that costs are appropriately allocated across BT's activities, and provides detailed product level cost information.
~~eCAESAR~~	~~E-Caesar stands for "electronic COSMOSS Activity Extract and Summary Analysis Reports". It extracts real time order data for Private Circuits from COSMOSS and makes it available on a web page.~~

MIS system	Description
~~Netview~~	~~Netview stores Quality of Service data for orders that have been provided to customers. The system calculates and reports measures for Productivity, Quality, Finance and Volumes.~~
NIMS MIS	NIMS MIS is a data warehousing system which measures and reports on the performance of field force activities. The system also reports on costs for engineering jobs.
~~POWERHOUSE~~	~~The Powerhouse is a BT Group Level data warehouse which collates Product Volumes information from all Lines of Business. Information is summarised for Group-level accounting and reporting purposes.~~
REFINE	Regulatory Finance Information Environment (REFINE) is BT's bespoke regulatory accounting system, succeeding ASPIRE. It is a source system for BT's annual published regulatory financial statements. It ensures that costs are appropriately allocated across BT's activities, and provides detailed product level cost information.
~~Retail Amethyst~~	~~Provides reports to support the debt management processes by integrating "Aged Debt" reports/feeds from the separate billing systems into unified reports for the Lines of Business.~~
~~RM Datamart~~	~~The RM Datamart is a Resource Management system providing web-based reports. Its prime function is to match and supply appropriately skilled resources based on demand.~~
SAP – BPC Consolidation	SAP BPC Consolidation is used as the statutory consolation tool for BT's statutory accounting obligations.
~~Hyperion Strategic Finance~~ SAP – BPC Planning	~~Hyperion Strategic Finance~~ SAP BPC Planning is a tool that is used by BT within its annual strategic planning process. It forecasts the financial data for any predefined account based upon the driver of that account.
SAP – BW	SAP BW provides management reporting for BT and variance analysis against budgets.
~~Web MIS~~	~~Web MIS provides reports that are used by teams across BT Lines of Business to identify and act against the causes of customer dissatisfaction and business process performance issues.~~

Annex C List of Shared OSS

OSS	Description
Common Infrastructure System (CIS)	CIS is a web based tool which provides reports based solely on CCMS information. These may include eg the core cables in a particular manhole or duct.
Core Cable Management System (CCMS)	CCMS holds fibre Core Cable records for the whole of the UK, it provides data into systems like NETRISK to support separacy checks.
Exchange Records in BT (BerT)	BerT is used to record the physical inventory of Transmission and 21CN related equipment in BT exchange buildings.
~~Fibre Repair Analysis Centre (FRAC)~~	~~FRAC is a fault report database that tracks information pertaining to fibre optic faults.~~
Integrated Network System (INS)	INS supports planning, assignment and maintenance of the Analogue and PDH network. Used for the planning and routing of Wideband provisions and BT's PSTN Core Network. This includes the SDH Physical Bearer Network, WDM Bearer Network, and 21CN Networks. Provides facilities to design, repair and route circuits, record transmission equipment and fibre information and check separacy/diversity requirements.
Mobile Infrastructure Planning Tool (MIPT)	MIPT is a planning tool used for 3rd Generation Mobile networks. It overlays information about BTs network onto UK maps to support shared infrastructure planning decisions.
~~The~~ National Cable Database (NCD)	NCD holds all data relating to the design, planning and provision of network cables.
NETRISK	NETRISK records inter-exchange fibre cable routes down to duct level (ie box to box records), and reports the results of physical separacy checks as risk ids between specific routings or cable ids passing through a given duct structure.
~~The~~ Network Decision Support Database (NDS)	NDS provides scheduled and ad-hoc operational management information reports and data extracts relating to the network and switches. It is widely used for provision, problem management, network management, and resource management purposes.
Physical Inventory Planning E-Records (PIPeR	PIPeR will in time hold all BT's internal and external physical inventory in support of the planning process.
~~Planning And Recording Modernisation (PRM)~~	~~PRM is used by BT's planners to plan network changes. It contains scanned raster images of BTs external network overlaid on a geographic map base of UK.~~

Or such successor or replacement OSS, or such additional OSS.

Offices worldwide