**IN THE MATTER OF UNDERTAKINGS DATED
23 DECEMBER 2005 LODGED BY TELSTRA
CORPORATION LIMITED WITH THE
AUSTRALIAN COMPETITION AND
CONSUMER COMMISSION IN RESPECT OF
UNCONDITIONED LOCAL LOOP SERVICE
("the Access Undertakings")**

STATEMENT OF C-I-C

On 24 August 2006, I, **C-I-C** of Level 16, West Tower, 60 City Road Southgate in the State of Victoria, Delivery Project Executive, state as follows:

1   The information in this statement is confidential to Telstra Corporation Limited ("**Telstra**"). I have prepared this statement on the basis that the information in it and in the documents attached to it will remain confidential and that the information and documents will only be disclosed to a person:

     (a)   who has executed a confidentiality undertaking in terms that are satisfactory to Telstra; and

     (b)   who may only use the documents and the information for the following purposes:

          (i)   making submissions to the Australian Competition and Consumer Commission ("**Commission**") in respect of the Access Undertakings and the public consultation under s 152AQB(5); or

          (ii)   any application made to the Australian Competition Tribunal under s 152E of the *Trade Practices Act 1974* (Cth) for review of a decision made by the Commission in respect of any of the Access Undertakings; or

          (iii)   any other purpose approved by Telstra in writing.

A   BACKGROUND

2   I am a Delivery Project Executive for a group of Telstra wholesale applications with IBM Global Services Australia ("**IBMGSA"**).

3   In my role I am responsible for the formulation, development, implementation, and delivery of applications, technical, and business solutions in respect of a number of

Telstra's wholesale applications, including Unconditioned Local Loop Carrier Interface System ("**ULLCIS**") to meet requirements as specified by Telstra. I am also responsible for managing contractual cost, schedule, and service or product deliverables as they relate to the delivery of those applications.

4   Attached as Annexure A to this statement is a copy of my Curriculum Vitae.

5   I have been asked to comment on the software development services provided by IBMGSA to Telstra in relation to the development and implementation of ULLCIS**.**

6   For the purposes of preparing this statement, I have made enquiries of **C-I-C** and **C-I-C** who have first hand knowledge in relation to the development of ULLCIS. **C-I-C** is currently the IBM application manager responsible for ULLCIS and was the acting manager for ULLCIS at the time of the initial development. **C-I-C** is the current application team leader for any enhancements that may be required to the system .

7   I have prepared this statement on the basis of my own knowledge (in particular my first hand knowledge of the continuing development of ULLCIS, which is still continuing today) and on the basis of responses my enquiries of **C-I-C** and **C-I-C**. To the extent that I have relied on matters of which I was advised by **C-I-C** and **C-I-C**, I believe those matters to be correct.

B   **BACKGROUND - IBM GLOBAL SERVICES**

8   Globally, IBM is currently one of the world's largest information technology and consulting service providers. IBM assists clients with any matters relating to information technology. IBMGSA, who was the contracting party with Telstra for the ULLCIS project, is a subsidiary of IBM Australia Limited.

9   IBMGSA Telstra Account is accredited as a Capability Maturity Model ("**CMM**") Level 5 provider. CMM is the standard set of recommended development processes and practices developed by the Software Engineering Institute ("**SEI**"). The different levels of CMM reflect a company's software development maturity. SEI is an international body located at the Carnegie Mellon University in Pittsburgh, United States of America.

10   Level 5 accreditation is the highest possible CMM ranking able to be achieved by a provider such as IBMGSA Telstra Account. IBMGSA achieved this level of accreditation in 2003.

C   TELSTRA'S ENGAGEMENT OF IBM

11   IBMGSA was engaged by Telstra in or about **C-I-C** to develop software to meet Telstra's business requirements in relation to ULLS.

12   The major aspect of the development and implementation of systems and procedures for the provision of ULLS in which IBMGSA was involved was the development and implementation of ULLCIS.

D   THE ULLCIS PROJECT

13   I have made enquiries of **C-I-C** and **C-I-C** regarding the ULLCIS project. On the basis of the responses to those enquiries, I am informed as follows.

Scoping of the project

(a)   Telstra's system specifications were set out by Telstra's internal System Architect in consultation with the internal Telstra business units and included compliance with the ACIF Specification C559:2006 Unconditioned Local Loop Service (ULLS) Network Deployment ("**ACIF Code**").

(b)   Once the system requirements were firmly established and understood by IBMGSA, IBMGSA prepared a requirements document which converted Telstra's requirements into a technical design. The requirements document prepared by IBMGSA was then checked and approved by Telstra. IBMGSA was then given a commitment to proceed with the build.

(c)   **C-I-C**

Cost management

(d)   The way that the ULLCIS project was approached by IBMGSA is the same approach that IBMGSA would take with any project of this nature.

(e)   IBMGSA was engaged on a time and materials basis, meaning that it charged an hourly rate for the services of contractors engaged on the project, plus an amount for materials and other consumables used during the project.

(f)   **C-I-C**

(g)   **C-I-C**

       (h)   **C-I-C**

14   **C-I-C**

15   In providing services to Telstra, IBMGSA performed only the required amount of work necessary in order to upgrade existing systems and develop software to achieve the required functionality for ULLCIS.

E   QUALITY ASSURANCE

16   Quality review is built into nearly every step of IBMGSA's design procedure. I am informed by **C-I-C** and **C-I-C** that the ULLCIS development and implementation underwent the same rigorous design and development quality assurance testing as other IBMGSA projects and as required by IBMGSA's CMM 5 rating.

17   **C-I-C**

F   ULLCIS FUNCTIONALITY AND EFFICIENCY

18   ULLCIS is a complex ordering and provisioning system for ULLS.

19   **C-I-C**

20   The substantial part of ULLCIS's complexity lies in the fact that it:

       (a)   is required to have a substantial degree of functionality; and

       (b)   is required to inter-relate to Telstra's other core systems.

21   Set out in Annexure B is a diagram showing an architectural overview of ULLCIS, extracted from the document prepared by IBM titled **C-I-C**.

22   Set out in Annexure C is a diagram showing how ULLCIS inter-relates to other internal systems, extracted from the document prepared by IBM titled **C-I-C**.

23   Set out in Annexure D is a list of definitions and acronyms used in the other Annexures, extracted from the document prepared by IBM titled **C-I-C**.

G   CONCLUSION

24   The quality assurance and cost management procedures identified above enable IBMGSA to achieve cost efficient and high quality outcomes for the projects in which it is involved.

Dated: 24 August 2006

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                                                          C-I-C

ANNEXURE A TO THE STATEMENT OF C-I-C - CURRICULUM VITAE OF C-I-C

C-I-C

ANNEXURE B TO THE STATEMENT OF C-I-C - ULLCIS ARCHITECTURAL OVERVIEW

C-I-C

ANNEXURE C TO THE STATEMENT OF C-I-C - ULLCIS CONTEXT DIAGRAM

C-I-C

ANNEXURE D TO THE STATEMENT OF C-I-C - 7
C-I-C