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 28 July 2006, I, **[c-i-c]** of Level 25, 300 Latrobe Street, in the State of Victoria, Manager, state as follows:

1   **[removed]**

EXPERIENCE

2   I am the **[c-i-c]** for Telstra Wholesale in the **[c-i-c]** department.

3   In my position, I am responsible **[c-i-c]**. I have held this position for **[c-i-c]**.

THE HISTORY OF ULLCIS

4   The history regarding the introduction of ULLCIS as the ordering and provisioning system for ULLS can be summarised as follows:

   (a)   prior to the declaration of ULLS in July 1999, Telstra was engaged in industry negotiations with several other parties regarding the requirements for a ULLS provisioning system;

   (b)   broadly, the objective of the industry discussions was to reach agreement on:

      (i)   the service specification for ULLS;

      (ii)   the provisioning process for ULLS; and

      (iii)   the IT specifications to support (i) and (ii);

   (c)   industry agreement was necessary to ensure that the relevant providers had common processes;

(d)   the agreement reached was a multilateral arrangement, that is, it was an arrangement which was to apply to Telstra and any other ULLS provider; and

(e)   the multi lateral arrangement formed the basis for the Australian Communications Industry Forum (**"ACIF"**) specification for ULLS, ACIF Code C559 ("**the ACIF code**").

5   Telstra then had the task of developing and implementing, by September 2000, a provisioning system which would satisfy the ACIF specifications. The September 2000 time frame was the target date set by the industry as part of the round table discussions to align with Australian Communications Authority ("**ACA**") directions for the introduction of ULLS.

6   I was not directly involved in the industry negotiations referred to at paragraph 4(a) above. However, given my expertise in Information Technology and my previous involvement in the development of other ACIF codes (Preselection and Local Number Portability), I had an advisory role to those Telstra representatives who did participate in the negotiations.

7   **[c-i-c]**

8   **[c-i-c]**

9   **[c-i-c]**

ORDERING AND PROVISIONING SYSTEMS

10   At the time of designing ULLCIS, there were essentially two types of ordering and provisioning systems which could be implemented. The first is a system that operated separate from the core systems. The second is one that was integrated into the core systems. ULLCIS falls within the former category, that is, it is a system which operates separate from Telstra's core systems. Once it was decided that the system was to be separate from the core systems then a decision had to be made as to the level of integration which was to be implemented. A tightly integrated system reduces the ability to match individual customers capabilities thus requiring a small customer to perform as much work in order to interact with the system as a large customer. A less integrated system allows more flexibility in

integrating with the system and thus allows for the capabilities of various customers. ULLCIS falls into the flexible category.

11   Following the decision as to the style of application, two choices of technologies exists. The first is a batch application. In this application transactions are stored and distributed on a time or volume basis. The second is a message capable application. In this application individual transactions are forwarded as they are processed. ULLCIS is a batch based application. LinxOnLine Ordering ("**LOLO**") is a message capable application.

INTEGRATION WITH TELSTRA'S EXISTING CORE SYSTEMS

12   ULLCIS is a separate system from Telstra's core systems.

13   I refer to paragraph 5.7 of the Optus submission titled, "*Optus Submission to Australian Competition and Consumer Commission on Telstra's ULLS Undertakings, Public Version, March 2006*". At paragraph 5.7 Optus asks "*whether it was necessary for Telstra to build a stand alone system or whether in fact it could more efficiently have modified its existing systems*". Optus goes on to say that it considers that the latter approach could have and should have been adopted by Telstra. Optus also suggests that such an approach should cost no more than around $300,000.

14   The above comments by Optus indicate a lack of understanding of the approach adopted by Telstra. The introduction of ULLCIS did involve significant modification of Telstra's existing systems. For example, Telstra's existing systems were modified to:

(a)   accommodate ULLS service qualification and ordering and provisioning including Telstra's front of house, PSTN provisioning, network design, customer plant record, service assurance, product management, workforce management and billing applications;

(b)   ensure compliance with the ACIF specification; and

(c)   accommodate the creation of service assurance records to enable faults to be reported post cut-over of ULLS.

15   It appears that Optus is suggesting that the ULLS ordering and provisioning system should have been integrated into Telstra's existing core systems. There are a number of reasons why this approach was not adopted by Telstra, and would not be adopted by an efficient ULLS provider today. These factors include:

(a)   this approach would involve providing access seekers with a link to Telstra's core systems. As such, not only would Telstra Wholesale data need to be segregated from Telstra Retail data but individual Access Seeker's data would also need to be segregated. This would increase the implementation costs substantially. Further, not only would access seekers be provided with a link to Telstra's systems, they would be tied to Telstra's ongoing development schedules. It would also expose the access seekers to any system failures or slow-downs experienced by Telstra applications;

(b)   any changes to Telstra's core systems would require the access seeker to re-test its provisioning system. As Telstra's core systems frequently undergo change, the re-testing process would be a time consuming and costly matter for the access seeker. This problem is avoided with ULLCIS which acts as a buffer between Telstra's systems and the access seekers' systems;

(c)   the factor identified above at paragraph (b) would also have the consequence that access seekers would be aware of any new product initiatives launched by Telstra before the launch of such products; and

(d)   the cost of integrating ULLS ordering and provisioning into Telstra's core systems would be in the vicinity of tens of millions of dollars more expensive.

LEVEL OF INTEGRATION

16   At the time when ULLCIS was being implemented, I considered that given:

(a)   the time constraints on delivering a solution by a fixed date;

(b)   the various capabilities of the industry participants; and

(c)   the availability of skilled resources from outside organisations such as IBM, Accenture or EDS;

a flexible architecture based on previous industry solutions was best suited to implementing an ordering and provisioning system for ULLS.

17   ULLCIS uses flexible integration methodology. This means that it requires periodic updates to provide added functionality. It also means that testing and re-testing as changes are implemented is minimal and sporadic rather than regular and intensive.

TECHNOLOGY CHOSEN

18   ULLCIS is a batch interface to the access seekers based upon the ACIF specification. This solution was most appropriate because:

(a)   the batch technology was well established and had proved to be a suitable technology for a service like ULLS;

(b)   the batch technology provided a flexible solution enabling customers with various capabilities to interact with it; and

(c)   the batch methodology was a technology familiar to the industry at large.

19   LOLO is a transactional application based on hyper-text transfer protocol (**"HTTP"**) which is a browser based solution. LOLO is an online solution developed solely by Telstra Wholesale and initially deployed to its customer base to support Rebill products. Over time its product coverage has expanded to include DSL, data and complex PSTN products. LOLO in its initial deployments required no development activities by the users until the introduction of LinxOnLine Interaction gateway.

20   Telstra launched LOLO as a pilot system for two industry participants in October 2000. This was in relation to certain simple PSTN services including:

(a)   the provision of Easycall facilities on existing services;

(b)   the temporary disconnection of services for non payment and the re-connection after payment had been made; and

(c)   the cancellation of existing services.

At this time LOLO was suitable technology for these types of services but not for ULLS because the relevant processes were simple short running ones with little

decision making or variation (that is, processes requiring only a 'yes or no' response and not involving multiple possible choices and responses).

21   From that time on, LOLO was upgraded to address the needs of the more complex products and services, providing additional reporting, extending the hours of operation and reducing the cycle timeframes for end to end activation. Telstra received considerable push back by the industry, in the year leading up to the deployment of LOLO in October 2000 and subsequent to its trial and production implementation in the ACIF Electronic Information Exchange ("**EIE**") inter-operator reference panel. I had personal experiences of this through a meeting I attended with various access seekers.

22   Most recently, LOLO has been developed to cater for the DSL range of Layer 2 and Layer 3 products including spectrum sharing as well as the pre-sales service qualification facility.

23   At the time of the industry negotiations, referred to above at paragraph 8:

(a)   a HTTP browser solution (and hence LOLO) was in its infancy;

(b)   the industry participants involved in the negotiations were not familiar with HTTP browser developments for complex business solutions and could not agree on the usage or application of this technology. The Telecommunications OnLine Initiative ("**TOLI**") which was later superseded by the ACIF EIE inter-operator reference panel had been discussing this technology for a number of years and had not been able to reach agreement;

(c)   the introduction of a LOLO type application for ordering and provisioning of ULLS would have had a high risk of failure due to a number of factors including:

(i)   at the time there were no world standards for developing such applications. These have since evolved into mature and agreed standards;

(ii)   the software required to support such a solution was evolving at that time and was in its infancy;

(iii) that software would have required extensive customization to support ULLS transactions;

(iv) there were no available skilled resources to design, build and implement the solution in the Australian market;

(v) it would have been the first time that this technology was implemented for this type of service.

24 If Telstra had introduced LOLO from the outset this would have been a lot more expensive than implementing ULLCIS, in the vicinity of two to three times the cost of ULLCIS. This is because, as noted at paragraph 23(c), the technology had not been developed at the time.

25 I consider that the methodology employed by Telstra and the methodology used to build ULLCIS was the appropriate methodology at the time ULLCIS was deployed. In that respect Telstra did the minimum that was necessary in order to meet the ACIF code requirements.

26 ULLCIS was developed at the time by IBM on behalf of Telstra. **[c-i-c]**.

FUNCTIONALITY OF ULLCIS

27 **[c-i-c]**

28 **[c-i-c]**

ULLS IN SINGAPORE

29 **[c-i-c]**

30 **[c-i-c]**

OPTUS' BIGFOOT ROLLOUT

31 **[c-i-c]**

32 **[c-i-c]**

33 **[c-i-c]**

ULLCIS COMPARED WITH THE INDUSTRY NUMBER MANAGEMENT SERVICE

34   **[c-i-c]**

TYPES OF COMPUTERS USED

35   **[c-i-c]**

36   **[c-i-c]**

37   **[c-i-c]**

38   **[c-i-c]**

MAINTENANCE COSTS

39   ULLCIS is an IBM developed system. Telstra incurs costs to maintain it, for example, when it goes down. Telstra does not have internal resources that are able to maintain and repair ULLCIS, and consequently, Telstra outsources the maintenance or repair work and incurs the costs of doing so.

DATED: 28 July 2006.

[c-i-c]