

Covad Comments on Liberty Audit

Summary

Covad Communications greatly appreciates the evident time and effort that went into the Liberty audit. However, the process Liberty employed to review the PIDs and the actual documentation for the audit of the PIDs has created some questions regarding the scope of the audit, the process for selecting sample data sets, and the criteria established for validation.

Scope of the Audit: The scope of Liberty's audit focused on Qwest's data and reporting processes, while the performance measurement definitions were left to the ROC TAG. While the restriction on scope may have been necessary due to time constraints, it resulted in a missed, yet critical, opportunity to audit the link between the performance and the measurement. Consequently, it is uncertain whether issues arising out of the measurements will ever be fully resolved, which likely will result in ongoing questions by CLECs regarding Qwest's data and performance measurement processes. For instance, as long as customers perceive sub-standard performance, and that performance is not reflected in the measurement, the numbers will be questioned. It is only when Qwest's PID results improve and customers perceive the improvement that the measurements will be trusted. For this more positive scenario to occur, the link between the metric and the business process must be audited. It is unfair to place Qwest in a position where its must improve customer service, but not reap the benefit because such improvements will either not be reflected in the metrics or customers will not believe in the results reported under the metrics.

Sample Data Sets: Liberty selected states as sample data sources for Qwest data. In the metrics reviewed by Covad (see *below*), the states selected are small volume states such as Montana, Idaho, and New Mexico. Almost none of the audit samples or recalculations we reviewed were for states such as Arizona, Washington, or Colorado. Statistically, the smaller the sample size, the less likely the conclusions made from that sample will be reflected in the overall data environment. Additionally, by avoiding states with known performance issues, it would be impossible to compare perceived performance issues with measurements, denying Liberty and Qwest an opportunity for meaningful performance analysis.

Criteria Established for Validation: While Liberty stated they are satisfied with the validity of the measurements, the standards for validation are not evident in the audit documentation. Metric systems should be validated at the data, production, and business levels. Liberty documentation describes the audit in each of these key areas, but fails to fully identify the standards applied to determine a valid versus an invalid measurement. Without validation standards, the acceptance of the measurement thus becomes the opinion of Liberty Consulting. This renders Liberty and Qwest open to further debate regarding the validity of the PIDs.

Specific Issues – Measurements:

PO-5

Exclusions: The exclusions incorporated into this metric resulted in a greater than 30% difference in the denominators between Covad and Qwest numbers. While this difference will be addressed in the reconciliation process, the possibility exists that the 30% exclusion is part of a process – in other words, the exclusions are the rule rather than the exception. If this percentage were applied to a quality metric of the Qwest process, the third standard deviation would calculate to 90% of the process. If the measurement is accurately linked to the process, it reflects a process that is non-standard and out of control.

Rather than being accurately linked to the process, we suspect, in fact, that the metric and process are not accurately linked. Consequently, the long-term impact on Qwest will be the inability to improve performance reported under the measurement by improving their FOC process, a result that likely will be unacceptable to Qwest.

Sample Data Set: In the audit of the PO-5 measurement, Liberty selected Idaho as the sample data environment. From Covad's perspective, Idaho is effectively a 0% sample size. Additionally, the expansive rural areas in Idaho result in a substantially smaller data sample than would be possible by selecting Washington, Colorado, or Arizona. In fact, it has been past practice at US West / Qwest to use "The Big Six" (Washington, Oregon, Colorado, Arizona, Minnesota, and Utah) when collecting sample data for internal measures. This practice was even evident in former US West attempts to categorize markets by volume and value (Gold, Silver, and Bronze). It is therefore questionable to use the smaller states for data samples, particularly considering the several different impacts on the overall study, such as:

1. A smaller sample has less likelihood of capturing all of the issues in the overall data environment.
2. The nature of the data sample (Idaho) may not address all of the issues around broadband technologies (i.e., advanced telecommunications services) and other non-POTs services.
3. The smaller data sample does not reflect the strains that may occur in the OSS from larger volume states like Washington

OP-4

The small sample size used in evaluating each sub-metric again is an issue with this measurement. While both New Mexico and Montana were audited, the states were never combined on a single metric. The effective result is a sample size that may be statistically insignificant, and certainly does not reflect the volumes of orders in other states specifically or the Qwest region more generally.

OP-5

This measurement, while in the same master-set of metrics as OP-4, uses a completely different method of development. Averages are used in the derivation of the denominator, and the reason for this is not identified in the audit documentation. While it is understood that multiple trouble tickets could appear on a single order, thus skewing the results, Qwest already has compensated for this issue in the calculation by setting limits on the numerator.

The end result of averaging will be the false appearance of stable performance. Additionally, using a different denominator than used in other metrics in the same suite of performance metrics creates issues in managing the process, such as confusion in process area impacted by changes, or the inability to identify process errors. This points again to the restricted scope of the audit that excludes the link between process and measurement. It would be difficult to effectively use this measurement in conjunction with other metrics in the OP performance measure suite to complete valuable process measurement.

MR-3, MR-5, MR-6

As an initial matter, it should be noted again that a different master data set is used for the calculation of related metrics. In this case, MR-6 (MTTR) is the master set for all the other MR measurements. The Liberty audit does not make the link between these measurements, thus pointing again to the issue previously identified regarding the scope of the audit.

The sample size for the data tracking portion of the audit of these measurements is identified as 170 trouble tickets for retail and wholesale. Additionally, Liberty recalculated the measurements using Iowa, New Mexico, and Washington. While Washington has a substantial order volume, combining this with Iowa and New Mexico again raises the issue of audit sample size. In fact, the sample size selected for data tracking is only 6.7% of the data recalculated in only three states for one month.

The audit describes a process of collecting raw data from a detail data file created as "...the result of the initial query where Qwest's programming rules are applied. Most exclusions occur at this point in the calculation process..." It is later in the process that business rules are applied. The definition of the raw data is the source data. From the description of the process, it seems the business rules are applied at two different points. This calls into question the validity of the application of the business rules as part of the process. Though this may be an error in the description of the process, it again identifies the concern around the application of the business rules, and the accuracy of the metrics in reflecting the business process.

Conclusion:

Liberty has done an excellent job of reviewing the metrics production process utilized by Qwest in creating the PID reports. However, three key issues identified by Covad demonstrate conclusively the need for a more detailed audit.

First, it is necessary to expand the scope of the audit to determine the effectiveness of the alignment between business process, and performance measure. Auditing this link will benefit Qwest, as the result will be the ability to effectively track performance success, and identify areas for improvement. By auditing and ensuring an effective link between process and measurements, Qwest will have a set of tools it can use now and in the future to effectively manage its wholesale customer support.

Second, a re-evaluation of the existing metrics should be conducted, using "The Big Six" states as sample environments. This will more effectively identify issues in the metrics production and validation process, and help identify possible issues in the OSS environment.

Lastly, Liberty should recommend, and Qwest should consider, exception tracking as a method of validation, i.e., separately tracking the orders and issues that are excluded from the calculations, and identifying each item through a separate report. This will provide a data source for validation, and will help expedite any further reconciliation efforts now and in the future. In addition, it will help ensure that internal calculations constitute an accurate reflection of the business process, reducing the need for further audits and reconciliation efforts.