

**Network Operations Workforce Optimization  
Local Field Operations**

**Executive Overview**

**June 2006**

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## 2. Executive Summary

A Network Operations Planning initiative to help facilitate the Local Field Operations' (LFO) three year plan is described in the following Executive Summary. This initiative establishes criteria for workforce restructuring, alignment of existing and future network and operational technologies, while maintaining focus on excellent Customer Service.

**PMO:** The current workforce is structured more towards title oriented work rather than function driven work. It does not take into account the advances made in mechanization, work flow, or processes. The LFO-In workforce consists of two different wage groups; Communications Technicians and Frame Attendants. The LFO-Out workforce spans over several organizations including, Special Services Installation & Maintenance (SSIM), Construction and National Data Operations. The LFO-In and LFO-Out top pay technicians comprise 98% of the workforce.

**FMO:** Create a tiered structure supporting provisioning and maintenance tasks for network infrastructure broadband/transport build reducing operational expenses while improving the overall customer experience. A new functional workgroup would manage Local Field Operations build, provisioning and maintenance tasks allowing for synergies of work, improve overall customer experience and reduce operating cost by eliminating hand-offs. Tier 1 FTE counts do not contribute to savings as 73% of that wage group would be reallocated to lower tiers. Savings are realized through the shift in workforce from higher tiers to lower tiers.

**Scope:** The results of a workforce optimization lock-up meeting held, April 24th through April 27th, 2006, with Network Operations Planning

Leadership and Local Field Operations Leadership, a workforce restructuring to a tiered workforce proposal in addition to several other cost reduction proposals were developed. Opportunities identified during this meeting and other initial data gathering efforts were grouped into two categories; LFO-In and LFO-Out then further sub-divided into labor and process cost reduction proposals.

Teams were charted from Network Operations and Network Operations Planning leadership to create the comprehensive plan for the workforce optimization initiative. The goal will be to create the strategy that will remove a significant portion of the operational expenses by the end of 2008, while maintaining or improving Customer Service levels.

The teams developed high-level architectural visions that produced guiding assumptions, operational requirements, and enablers that resulted in workforce restructuring and process improvement recommendations.

**FTE & Savings:** The expected total amount of FTE and annual savings is 801 FTE and \$66.1M by EOY 2008, an additional 425 FTE headcount and \$35.1M by EOY 2010 upon the implementation of the process proposals, for a total of 1226 FTE and \$101.2M. The Tiered Workforce proposals would provide for an additional potential annual expense or capital savings of \$154.9M, which would not be achievable until after the 2009 CWA and IBEW negotiations. 186.1M.

### 3. Proposed Workforce Restructuring

The workforce restructuring consists of tiered workgroups that allows the Corporation to drive further organizational, technological and

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process standardization which would result in additional operating savings. Synergies within each tiered workgroup will facilitate better alignment by customer segment and drive an improved customer experience while reducing annual expense savings related to Full Time Equivalent (FTE).

Tier 1 will include highly skilled technicians that qualify by passing the Technical Knowledge Test (TKT). The training path for tier 1 technicians would consist of but not limited to 100+ days of training, pass/fail courses and skilled based certification. The unloaded hourly rate ranges from \$27 to \$30. Tier 1 workgroup would be responsible for all on-site infrastructure/transport network element installation testing, turn-up certification, service provisioning and maintenance associated with broadband/transport network elements, associated AC/DC Power located in central offices, remote sites and customer locations. This work group would be responsible to meet critical date requirements for infrastructure build as well as customer initiated order activity supporting the enterprise customer segment.

\* Job Functions - Loop Electronics; CO Technicians (transport, power and switching); DS1 (Specials) Technician, High End CPE; High End OCS

\* PMO - 98% of wage group 1 falls under Tier 1.

\* FMO - 25% of wage group 1 falls under Tier 1 who will be considered highly skilled and trained technicians. Tier 1 FTE counts do not contribute to savings. Savings are realized through the shift in workforce from higher tiers to lower tiers.

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Tier 2 includes moderately skilled technicians that are not required to pass the TKT test. The training path for tier 2 technicians would include 10 - 100 days of training. The unloaded hourly rate ranges from \$19 to \$20. Tier 2 workgroup would be primarily responsible for provisioning and maintenance.

\* Job Functions - Splicers, OSP Technicians (OPT), Cable Maintenance, Low End CPE; Low End OCS

Tier 3 will include skilled technicians with a training path of a safety course and less than 2 weeks of training. The unloaded hourly rate ranges from \$12 to \$15. Frame Attendants are responsible for provisioning and maintaining jumpers on the Main Distributing Frame for POTS and DSL circuits.

\* Job Functions - Frame Attendants; MA/CSR

The tiered workgroups being incorporated in Network Operations organizations depend heavily on Labor Agreements and the 2009 CWA and IBEW contracts. Tiers two and three will have a reduced annual pay of \$15K based on the proposed hourly rates.

Table 1:

The below table depicts the proposed tiered workforce with FTE and total annual savings opportunities based on current FTE and 2006 budget.

**Workforce Optimization**

**Tiered Force Opportunities**

Tier 1	East		MW		SW		West		Total	
	FTE	Savings	FTE	Savings	FTE	Savings	FTE	Savings	FTE	Savings
<b>Loop Electronics</b>										
	30	NA	330	NA	395	NA	321	NA	1076	NA
<b>CO Techs</b>										
	240	NA	NA	NA	NA	NA	NA	NA	240	NA
<b>DS1+ Techs (includes DS1, DS3, OCN and Ethernet)</b>										
	31	NA	710	NA	702	NA	539	NA	1982	NA
<b>High End CPE (East Ntwk/Others ASI)</b>										
	35	NA	178	NA	68	NA	23	NA	304	NA

High End OCS/E911

15 NA 16 NA 47 NA 33 NA 111 NA

Tier 2

Splicers

335 5,025,000 1878 28,170,000 1875 28,125,000 1370 20,550,000 5458 81,870,000

DSP Tech

151 2,265,000 1273 19,095,000 28 420,000 472 7,080,000 1924 28,860,000

Cable Maintenance

0 0 0 0 0 0 85 1,275,000 85 1,275,000

Low End CPE (East Ntwk/Others ASI)

20 300,000 370 5,550,000 166 2,490,000 34 510,000 590 8,850,000

DSO Techs

35 525,000 208 3,120,000 272 4,080,000 59 885,000 574 8,610,000

Low End OCS

5 75,000 61 915,000 48 720,000 111 1,665,000 225 3,375,000

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ier 3  
ame Attendant

68 1,020,000 218 3,270,000 354 5,310,000 829 12,435,000 1469 22,035,000

Alternate Sourcing

nside Wire

0 10

Tier 2 and 3 Total

10,325 \$154,875,000

Tier 1 FTE count does not contribute to savings.

#### 4. LFO-In Proposals:

The following proposals, based on observations of work functions, were developed to remove a significant portion of the operational expenses while maintaining or improving Customer Service.

##### 1. Implement Ruby in Legacy S.

Description: Implement Ruby interface to Legacy S systems, such as, Network Monitoring and Analysis (NMA), Work Force Administrator (WFA), and Trunk Integrated Record Keeping System (TIRKS). Ruby is a web-based GUI interface that allows for performance monitoring, troubleshooting, and change capability. Ruby is an Expert Rules System that provides the

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ability to dynamically create and deploy rules to respond automatically to alarms and conditions. Utilizing Ruby in the Network Operations organization would potentially improve dispatch quality, decrease ticket volume and increase efficiency for ticket flows in the Network Dispatch Center-Inside (NDCI).

**FTE & Savings:** Projected savings start date is 4th quarter 2007. The start date is dependant on completion of the interfaces identified above by IT services. The FTE savings is 30 and the annual savings based against 2006 budget is \$2,474,338. A more precise measure of savings will require an analysis of process changes that Ruby will enable, and the resulting impacts on the LFO-In work flows. Cross teaming between the centers and Central Office (CO) organization to determine savings is essential.

**Assumptions:**

- Amount saved is based on weekly wage rate of \$1103 for 52 weeks plus a loaded benefits rate of 43.8%.
- Tickets generated for both Transport and Switching.

**Cost Associated:** IT Services costs for system enhancements will need to be calculated once proposal is approved.

**Potential Obstacles:** Ruby implementation is based on IT Services' agreement to perform system coding and programming. This initiative is not the only driver for this development. The Center of Excellence team is also requesting Ruby implementation within Legacy S. That team has identified savings in AT&T's surveillance centers that is higher than the savings for this initiative.

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## **. DIP DSL and Designed Services**

**Description:** Develop a process to create and reuse Dedicated Inside Plant (DIP) for DSL and Designed Services to improve central office efficiency for redundant disconnect and inward work.

**FTE & Savings:** Projected savings start date is 4th quarter 2007. The FTE savings is 300 and the annual savings is based against 2006 budgets \$24,743,378.

### **Assumptions:**

FTE saved is based on standard estimated times on orders completed in the first quarter 2006 volumes.

Savings per order based on:

o Reusing all CO wiring except for final connection between tie pair and cable pair.

o Percent reuse is 60% on DSL and 30% on Designed Services.

**Cost Associated:** Telcordia and/or IT Services costs for system enhancements will need to be calculated once the proposal is approved. Costs for stranded investment will be needed to be calculated and will off set some of the savings

**Potential Obstacles:** Dedicating inside plant for both DSL and Designed Services depends on agreements between AT&T with Telcordia and/or IT Services for system changes to LFACS, SWITCH and TIRKS. Also additional

work groups could be impacted, such as Inventory (Engineering), LFACS and CPC. Title 1 relief is needed for DSL

#### **. Skill Based Certification**

Description: Implement training and skilled-based certification for Tier I work group (top pay) technicians.

FTE & Savings: Projected savings start date is 2010, due to CWA and IBEW contracts. The FTE savings is 200 and the annual savings is based against 2006 budget is \$16,495,586.

#### **Assumptions:**

Amount saved is based on weekly wage rate of \$1103 for 52 weeks plus a loaded benefits rate of 43.8%.

5% would not be replaced.

Cost Associated: Potential cost for additional technicians' training needs.

Potential Obstacles: Labor issue, negotiation between CWA and IBEW are required and changes would not take effect until the next contract.

#### **4. Variable Work Force**

Description: Variable workforce involves the use of vendors and/or contractors to provide an efficient model for optimizing headcount to meet dynamic work cycles. Potential contractors for central office work are retired communication technicians who held the same title prior to

retirement. Contractors would be hired through the CWA and used for a portion of each year.

**FTE & Savings:** Projected savings start date is 1st quarter 2007. The FTE savings is 225 and the annual savings is based against 2006 budget is \$18,557,534.

**Assumptions:**

- Amount saved is based on weekly wage rate of \$1103 for 52 weeks plus a loaded benefits rate of 43.8%.
- Net FTE savings is  $225 = 300 \text{ FTE} * 75\%$  (39 weeks of calendar year). Replaced 300 permanent workers with 300 temporary to cover peak periods (3 months).
- Retired technicians pay is based on last pay scale prior to retirement.
- Retired technicians would be used during peak load times, approximately 12 - 16 weeks per year.

**Cost Associated:** Associated vendor and/or contractor costs will need to be calculated once proposal is approved.

**Potential Obstacles:** Labor issue, negotiation between CWA and IBEW are required. Changes would not take effect until negotiations are complete. Contractors must be treated as contractors not as employees. There may be issues getting enough retired AT&T technicians to participate, plus in later years there will be added costs to keep these contractors trained in current technologies.

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## **5. Combine Legacy T and S CO Workforce**

**Description:** Combining the inside network operations, provides the opportunity for savings reduction and pooling of assets related to tools, test sets, vehicles, plug-ins and employees.

**FTE & Savings:** Projected savings start date is 4th quarter 2007. The FTE savings is 150 and the annual savings is based against 2006 budget is \$12,371,689.

### **Assumptions:**

- Amount saved is based on weekly wage rate of \$1103 for 52 weeks plus a loaded benefits rate of 43.8%.
- Savings is based upon a 30% reduction on the Legacy T FTE count in central offices in the Legacy S territory. Basis for savings is improved economies of scale and common force management.

**Cost Associated:** Potential cost for additional technicians' training needs. Training requirements necessary for unique/not in common network equipment and would be required for both Legacy T and Legacy S employees. Similar requirement for systems training for Legacy T employees (TIRKS, WFA, PICS, etc...)

**Potential Obstacles:** Combining the workforces depends on Post 272.

### **5a. Tools/Test Sets/Vehicles**

**Description:** Combining the inside network operations, leverages existing

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Network Operations efficiencies by providing opportunities for savings with the reduction and pooling of assets related to tools, test sets and motor vehicles.

**FTE & Savings:** The total one time savings is based against 2006 budget is approximately \$1M for test sets and tools (the bulk of this is capital). There would also be annual expense savings (to be determined) due to redeployed motor vehicles from the pooled motor vehicle fleets in common central offices

**Assumptions:** In shared offices with common network equipment, common test sets and tools could be pooled and surplus redeployed in other offices to avoid future expense.

**Cost Associated:** None.

**Potential Obstacles:** Combining the workforces depends on Post 272.

### **5b. Plug-In Management**

**Description:** Roll Legacy T plug-in management into existing and future Legacy S plug-in management operations. Moving all plug-in management operations into a single plug-in management standard will eliminate redundant and ineffective plug-in management, producing capital and expense savings.

**FTE & Savings:** Plug-In Management is a capital expense. Moving to a common inventory would allow reduced maintenance spare plug in levels for common network technologies. Estimated capital avoidance savings are \$20M.

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**Assumptions:** Legacy T and S share some of the same types of plugs (e.g. 3ONET, DACS, 4E, DMS, etc.)

**Cost Associated:** There would be cost associated with moving to a common inventory database (Legacy S uses PICS, Legacy T uses ?). That cost is TBD and is being work in another merger team.

**Potential Obstacles:** Combining the workforces depends on Post 272.

### **3c. Cable Locate**

**Description:** Combine Legacy T & S Outside Plant Workforce in overlapping territories.

**Calculations/Savings:** Projected savings start date is 4th quarter 2007. The FTE savings is 53 employees, plus 34 Contractors (need to price savings). Projected annual operating expense savings: \$4.9M

#### **Assumptions:**

- Savings is based on a 50% reduction of the Legacy T OSP FTE & Contractor work force in the Legacy S territory. Basis for savings is improved economies of scale and common force management.
  - Technical Support, Tools, test equipment and vehicles will transition with the work.
  - Application of Legacy T operational standards
  - Surveillance of the T cables and control of restoration activities will remain in the Conyers Center of Excellence.
-

Work in regenerator or optical amplifier huts is included in the inside plant estimate

Amount saved is based on weekly wage rate of \$1103 for 52 weeks plus a loaded benefits rate of 43.8%.

Must utilize GFI to generate savings.

Cost Associated: Dependent on determination of operational support system architecture and database base augments: digitizing cable maps, defining buffer zones cost. Potential work force training (WMS, GFI, etc.).

Potential Obstacles: Combining the workforces depends on Post 272.

### **1. Management Span of Control**

Description: Continue Span of Control at 15:1 for management to non-management.

FTE & Savings: Projected savings start date is 4th quarter 2007. The FTE savings is 60 and the annual savings is based against 2006 budget is \$6,073,153.

#### **Assumptions:**

- Based upon total number of FTE occupational reduction, divided by 15.
  - Based upon \$70K salary with 1.438 for benefits.
-

Cost Associated: None.

Potential Obstacles: Savings based on achieving the desired on-management employee reductions outlined in Recommendations 1 through

#### **1. Frame Attendant to Lower Tier**

Description: Establish annual salary of lower tier work group, Frame Attendant at \$15K below current rate.

TE & Savings: Projected savings start date is 2010, due to the contract date. The annual savings based against 2006 budget is \$18M.

#### **Assumptions:**

- Savings is based on 1200 Frame Attendants reducing wages by \$15K in 2010.

- Savings is based on technology evolution, such as VOIP and Lightspeed.

- Immediate downgrade Frame Attendants pay on a set date.

Cost Associated: None.

Potential Obstacles: Labor issue, negotiations are needed between AT&T and CWA and IBEW to reduce pay by \$15K. Use Actuary to determine age and service associated with savings for Business Case.

Table 2:

The below table depicts the LFO-In proposals with the total annual savings opportunities based on current FTE and 2006 budget.

**Workforce Optimization CO Cost Savings Opportunities**

Issue #	Description	Savings Start Date	FTE Savings	Annual Savings*	Capital Savings
1	Implement RUBY in Legacy S	4Q2007	30	\$2,474,338	
2	DIP DSL and Designed Services	4Q2007	300	\$24,743,378	
3	Skill Based Certification	2010	200	\$16,495,586	
4	Variable Work Force	1Q2007	225	\$18,557,534	
5	Combine Legacy T and S CO Workforce	4Q2007	150	\$12,371,689	
5a	Tools/Test Sets/Vehicles	4Q2007		\$1,000,000	
5b	Share plugs across Classic T and Classic S	4Q2007			\$20,000,000
5c	Cable Locate	4Q2007	87	\$4,900,000	
6	Management Span of Control	4Q2007	60	\$6,039,600	
7	Frame Attendant to Lower Tier	2010		\$4,500,000	

Total

\$91,082

5. LFO-Out Proposals:

The following proposals, based on observations of work functions, were developed to remove a significant portion of the operational expenses while maintaining or improving Customer Service.

**1. Home Base Technicians**

Description: Implement home base return and dispatch. Home base return and dispatch is the process of allowing field technicians to take a Company vehicle home at the end of the tour and then be dispatched from home for the initial dispatch of the day.

Savings: Projected savings start date is 2008. The annual savings based against 2006 budget is \$2,147,000.

Assumptions:

- Assume 1.25 hours savings per day per employee
- Assume 15% of employees take advantage of home base opportunity
- Assume 1111 technician 13 state in PG maintenance.
- Assume 208.31 hours per day, 260 days/year.

Cost Associated: Potential cost for additional mileage incurred, increased wear and tear on vehicle, potential liability associated with vandalism and increased drive time, as well as delta from increased gas

prices..

**Potential Obstacles:** Labor issue. Negotiation between CWA and IBEW are required. Changes would not take effect until negotiations are complete.

## **2.Tier 1 Certification**

**Description:** Implement training and skilled-based certification for Tier 1 work group (top pay).

**FTE & Savings:** Projected savings start date is 2010, due to CWA and IBEW contracts. The FTE savings is 174 and the annual savings is based against 2006 budget is \$14,351,159.

### **Assumptions:**

- Amount saved is based on weekly wage rate of \$1103 for 52 weeks plus a loaded benefits rate of 43.8%.

- 5% of total LFO-Out Tier 1 Technician count of 3473 would not be replaced.

**Cost Associated:** Potential cost for additional technicians' training needs.

**Potential Obstacles:** Labor issue, negotiation between CWA and IBEW are required and changes would not take effect until the next contract.

## **3.Routine Maintenance Standards**

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**Description:** Implement variable workforce (contract labor) to optimize routine maintenance process for remote terminal (RT) and customer premise equipment (CPE).

**Savings:** Projected savings start date is 2008. The annual savings based against 2006 budget is \$1,320,000.

**Assumptions:**

- Assume 10% savings on outsource cost over in-source (today's cost = \$13.2M)
- Assume that included projected demand maintenance for VRAD

**Cost Associated:** Associated vendor and/or contractor costs will need to be calculated once proposal is approved.

**Potential Obstacles:** Labor issue. Negotiation between CWA and IBEW are required. Changes would not take effect until negotiations are complete.

#### **4. Low End CPE to Lower Tier**

**Description:** Establish annual salary of lower tier work group CPE technician at \$15K below current rate.

**Savings:** Projected savings start date is 2010, due to the contract date. The annual savings based against 2006 budget is \$8.9M.

**Assumptions:**

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Savings is based on 590 technicians performing Low End CPE work, reducing wages by \$15K in 2010.

- Savings is based on low end CPE work functions shifting to inclusion with POTS type services
- Immediate downgrade Low End CPE Technicians pay on a set date.

Cost Associated: None.

Potential Obstacles: Labor issue, negotiations are needed between AT&T and CWA and IBEW to reduce pay by \$15K. Use Actuary to determine age and service associated with savings for Business Case.

### **5. Splicers to Lower Tier**

Description: Establish annual salary of lower tier work group Splicer at \$15K below current rate.

Savings: Projected savings start date is 2010, due to the contract date. The annual savings based against 2006 budget is \$81.9M.

#### **Assumptions:**

Savings is based on 5458 technicians performing Splicing work, reducing wages by \$15K in 2010.

- Savings is based on Splicers' work functions shifting to inclusion with POTS type services
  - Immediate downgrade Splicers' pay on a set date.
-

**Cost Associated: None.**

**Potential Obstacles: Labor issue, negotiations are needed between AT&T and CWA and IBEW to reduce pay by \$15K. Use Actuary to determine age and service associated with savings for Business Case.**

### **6. OSP to Lower Tier**

**Description: Establish annual salary of lower tier work group Outside Plant (OSP) technician at \$15K below current rate.**

**Savings: Projected savings start date is 2010, due to the contract date. The annual savings based against 2006 budget is \$28.9M.**

#### **Assumptions:**

**Savings is based on 1924 technicians performing OSP work, reducing wages by \$15K in 2010.**

**- Savings is based on OSP work functions shifting to inclusion with POTS type services**

**- Immediate downgrade OSP Technicians' pay on a set date.**

**Cost Associated: None.**

**Potential Obstacles: Labor issue, negotiations are needed between AT&T and CWA and IBEW to reduce pay by \$15K. Use Actuary to determine age and service associated with savings for Business Case.**

### **7. Cable Maintenance to Lower Tier**

**Description:** Establish annual salary of lower tier work group Cable Maintenance at \$15K below current rate.

**Savings:** Projected savings start date is 2010, due to the contract date. The annual savings based against 2006 budget is \$1.3M.

**Assumptions:**

Savings is based on 85 technicians performing Cable Maintenance work, reducing wages by \$15K in 2010.

- Savings is based on Cable Maintenance work functions shifting to inclusion with POTS type services

- Immediate downgrade Cable Maintenance Technicians' pay on a set date.

**Cost Associated:** None.

**Potential Obstacles:** Labor issue, negotiations are needed between AT&T and CWA and IBEW to reduce pay by \$15K. Use Actuary to determine age and service associated with savings for Business Case.

### **8. DS0 to Lower Tier**

**Description:** Establish annual salary of lower tier work group DS0 technician at \$15K below current rate.

**Savings:** Projected savings start date is 2010, due to the contract date.

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The annual savings based against 2006 budget is \$8.6M.

**Assumptions:**

Savings is based on 574 technicians performing Low End CPE work, reducing wages by \$15K in 2010.

- Savings is based on DS0 work functions shifting to inclusion with POTS type services

- Immediate downgrade Low End CPE Technicians pay on a set date.

Cost Associated: None.

Potential Obstacles: Labor issue, negotiations are needed between AT&T and CWA and IBEW to reduce pay by \$15K. Use Actuary to determine age and service associated with savings for Business Case.

**9.Low End OCS to Lower Tier**

Description: Establish annual salary of lower tier work group OCS technician at \$15K below current rate.

Savings: Projected savings start date is 2010, due to the contract date. The annual savings based against 2006 budget is \$3.4M.

**Assumptions:**

Savings is based on 225 technicians performing Low End CPE work, reducing wages by \$15K in 2010.

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- Savings is based on Low End OCS work functions shifting to inclusion with POTS type services

- Immediate downgrade Low End CPE Technicians pay on a set date.

Cost Associated: None.

Potential Obstacles: Labor issue, negotiations are needed between AT&T and CWA and IBEW to reduce pay by \$15K. Use Actuary to determine age and service associated with savings for Business Case.

Table 3:

The below table depicts the LFO-Out proposals with the total annual savings opportunities based on current FTE and 2006 budget.

Workforce Optimization: LFO-Out Cost Savings Opportunities

Issue #	Description	Savings Start Date	FTE Savings	Annual Savings	Capital Savings
1	Home Base Tech	2008	NA	\$2,147,000	
2	Tier 1 Certification	2010	174	\$14,351,159	
3	Routine Maintenance Standards	2008	NA	\$1,320,000	
4	Low End CPE (Tier 2)	2010	NA	\$8,850,000	
5	Splicers (Tier 2)	2010	NA	\$32,748,000	\$49,122,000

6	OSP Tech (Tier 2)	2010	NA	\$11,544,000	\$17,316,000
7	Cable Maintenance (Tier 2)	2010	NA	\$1,275,000	
8	DSO Techs (Tier 2)	2010	NA	\$8,610,000	
9	Low End OCS (Tier 2)	2010	NA	\$3,375,000	
	Total			\$84,220,159	\$66,438,000