

## TELEPHONE SERVICE

The wide range of facilities available to all kinds of customers illustrates the major service quality enhancement

During 1993 there were 1,136,148 telephone line applications, representing a rise of 6.3% over the previous year. The number of cancelled applications was 210,975, making the net number of applications 925,173.

It is significant that at year-end there were only 24,766 applications pending, implying that the waiting list has finally been eliminated, with average waiting time for the installation of a new line reduced to 8 days.

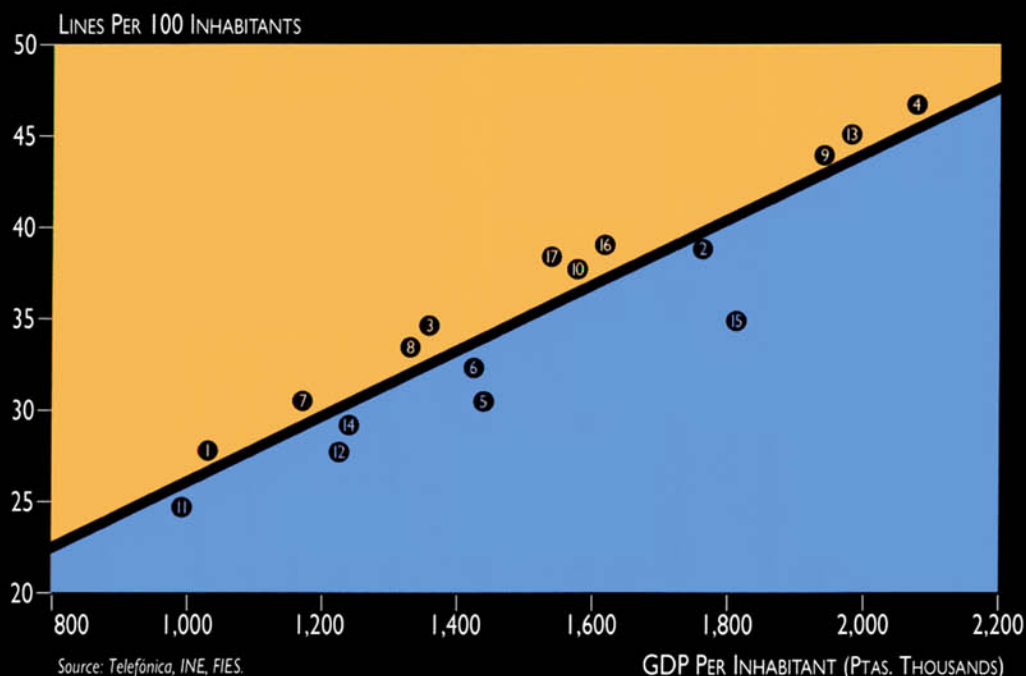
Average usage per line fell by 3.5% in 1993 over the year before. This drop was due to both the recessive trend in the economy and the fall in consumption of certain intelligent network services.

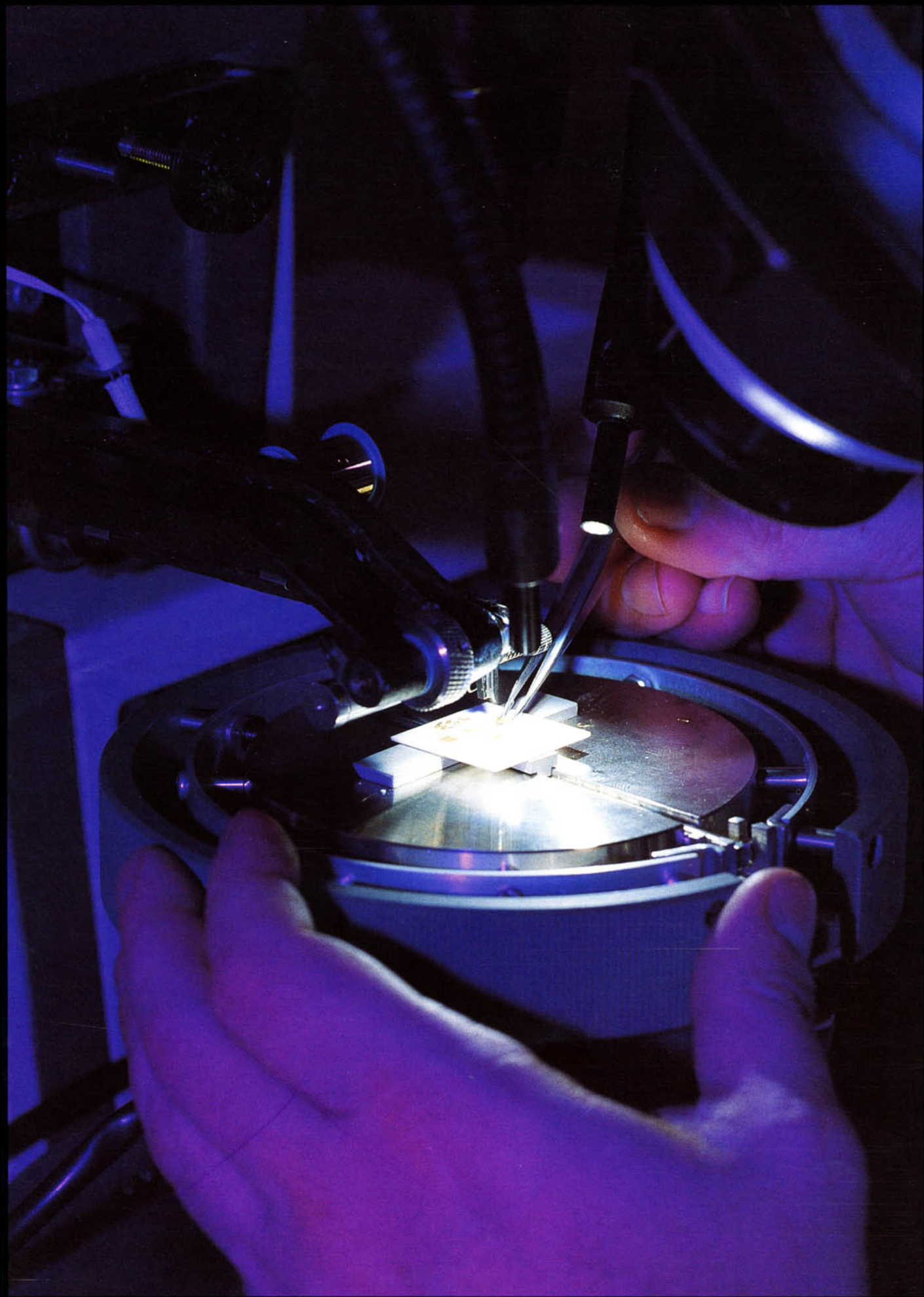
At year-end, the basic telephone network had 14,253,470 local lines in service, representing a rise of 3.3% over 1992 and a telephone density of 36.4 local lines per 100 inhabitants. A proportion of these lines in service (65,591 at December 1993) are carried by cellular access technology. In addition to all this, there were the 572,460 advanced telephony lines (Ibercom) in service at the end of 1993, 18.9% up on the previous year.

During 1993, international service coverage was extended to 11 new countries or territories to reach a total of 217. Of these, 206 have automatic access from Spain. The outbound automatic service reached a figure of 801.8 million minutes, a growth of 4.8% over 1992. A significant milestone in 1993 was the automation of the maritime shipping service via the INMARSAT satellite system.

### BASIC TELEPHONY DENSITY - GDP PER INHABITANT (1992)

- 1 ANDALUCIA
- 2 ARAGON
- 3 ASTURIAS
- 4 BALEARIC ISLANDS
- 5 CANARY ISLANDS
- 6 CANTABRIA
- 7 CASTILLA LA MANCHA
- 8 CASTILLA LEON
- 9 CATALONIA
- 10 C. VALENCIANA
- 11 EXTREMADURA
- 12 GALICIA
- 13 MADRID
- 14 MURCIA
- 15 NAVARRE
- 16 BASQUE COUNTRY
- 17 RIOJA





**SERVICE EXPANSION IN THE RURAL COMMUNITY.** In 1993 we stepped up our efforts and activity to expand the basic telephone service to the rural community, aiming to meet the full demand for service in the shortest time possible. The great progress made was a result of the common interests and joint efforts of not only Telefónica but also of the large number of Local Authorities and private individuals. This ended in the approval by the Cabinet, in March 1993, of the Operational Plan for Telephone Service Expansion in the Rural Community, which in turn led to the signing of agreements with local authorities in nearly all the Spanish provinces during the year. Thanks to these efforts and to cellular access mobile technology we have made both a qualitative and a quantitative leap forward in service expansion, adapting for the rural community mobile communications technology as an alternative to conventional techniques.

During 1993, 1,911 new local zones were created, 57 public telephones installed and 8,885 lines outside local zones were put into service. In total we met the demand of 87,028 new rural subscribers, 57,884 of them applying the cellular access technology mentioned above.

Compared to the year before, there was a 73.1% increase in local subscribers through the creation of local zones. Moreover, all requests for public service telephones were met, although the number was significantly less than in 1992. This is due to the fact that access to the private telephone service is now readily available making demand for public phones less urgent. Similar subscriber trends were also recorded in areas outside local zones.



**BASIC TELEPHONE  
LINES IN SERVICE  
PER AUTONOMOUS  
REGION  
(AT 31/12/93)**

Looking at the year globally, 193,038 citizens became new local subscribers and public telephony was made available to a total of 3,898 people who had no previous access to this service. By 1993 year-end, 97.09% of Spain's total population had a telephone service in their home, while 98.75% had access to some type of telephone service.

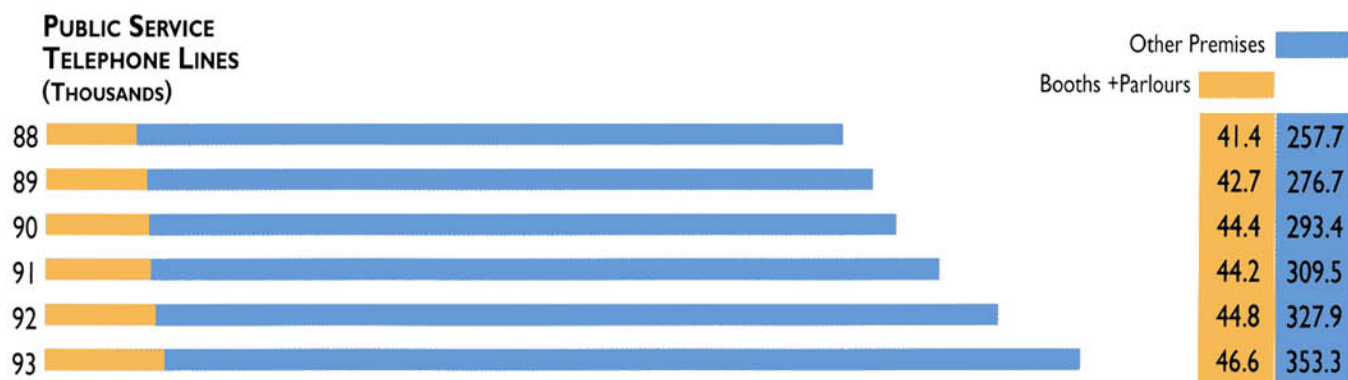
**ITEMIZED BILL SERVICE.** In 1993 the itemized bill service was launched. This service, which is offered to Telefónica customers free of charge, provides a breakdown of all calls made, apart from local and free calls. Information includes the number called, date, time of call commencement, duration, number of units and call charge. Throughout the year, over 2,400,000 customers received this information. Telefónica is committed to providing this free service to all our customers by 1997.

**TELEPHONE SERVICE QUALITY.** Call efficiency levels continued to improve during 1993. December's figures show the following efficiency rates for the different types of calls:

Local: .....	99.65%
Provincial: .....	99.08%
Interprovincial: .....	98.89%
International: .....	97.74%

Service quality enhancement was clearly evident from the fall in repair call rate (to the Network Connection Point) per 100 lines and month, which reached a figure of 2.24. Likewise there was an improvement in repair rate. The average duration of service fault was 12.6 hours, with 86.8% of repairs carried out in under 24 hours. As a result, in December 1993, 92% of our customers claimed to be satisfied or very satisfied with the repair service.

One of Telefónica firm objectives is to develop a Total Quality System to ensure excellence in customer service. In relation to this objective, the ARCO system was designed as an innovative integrated solution with advanced functionality, covering the whole marketing management cycle. Development of The ARCO system is going ahead in conjunction with the organization and marketing strategy projects, thus guaranteeing the necessary convergence to ensure that global objectives are achieved. The system will be gradually introduced over the next four years, bringing greater efficiency and productivity for the benefit of our clients.



**PUBLIC TELEPHONY.** During 1993 the number of public telephone booths continued to rise to reach a total of 44,801 by year-end. We also continued to implement our plant modernization policy through the installation of Modular Telephones. By the end of the year, the number of modular phones stood at 32,297, almost double that of the previous year.

Cabitel, a Telefónica subsidiary, also expanded its activity in the installation of Cash Phones by 46%, recording a total of 7,498 phones by the end of 1993.

During the year, almost 2,900,000 Telefónica prepaid phone cards were sold for use in modular telephones. This figure represents more than a 200% rise over the number sold the previous year.

For the celebration of the Jacobite year in Santiago de Compostela, we installed a public telephone centre in the city with 25 booths. We also installed over 900 modular phone booths along the Pilgrim Route, which accepted cash, prepaid phone cards or credit cards.

New versions of the Modular Telephone Operating System (SETM) and of the Validation and Billing Centre were incorporated into the plant. These systems facilitate the work of the maintenance staff both in the repair of faults and in the detection and elimination of fraud.

**SUPPLEMENTARY TELEPHONE SERVICES.** During 1993 promotion campaigns continued for Call Waiting, Conference Calls and Selective Call Diversion services with the number of net contracts reaching 364,000. The Remote Call Charge Meter and Line Hunting services achieved the growth levels forecast.

**INTELLIGENT NETWORK SERVICES.** During 1993 Intelligent Network Services were boosted and restructured into the following four groups:

- Flexible Billing services: Automatic Reverse Charge (Line 900) and Call Sharing services (Lines 901 and 902)
- Additional Billing services (Line 906)
- Personal services: Personal Telephony (Line 904) and Credit Call service
- Chat lines and Televoting services (Line 905)

With regard to these services, of particular note was the launch of the 906 prefix within the Additional Billing services.

On the technical front, extension of the Intelligent Network infrastructure continued, with the addition of two new Intelligent Network Agencies (AIR) and two Intelligent Network Centres (CIR). Likewise, there was an increase of over 100% in the number of lines. As a result of all this, there has been a notable rise in call treatment capacity through this network.

Installation proceeded of the Control and Management System and of the Intelligent Network Centres, which will facilitate the provision of Virtual Private Network services.

On the international front, special mention should be made of the increase in usage of the Direct

Spain Service. During 1993, the service was extended to 44 countries, registering a total of 750,000 calls, with around 5 million minutes of conversation, representing a growth of more than 75% over the previous year.

The International 900 Service was also in great demand.

The inbound service registered 78,000 calls with 150,000 minutes of conversation, while in out-bound traffic there were 3.7 million calls with a total of 10 million minutes. These figures represent an increase of 144% and 123%, respectively, over 1992.

**VOICE SERVERS.** During 1993, Telefónica promoted the use of Voice Servers among companies and institutions which use extensively the Telephone network for business and service activities. The new product, Manager Vox, has opened up the possibilities of voice technology to traditional professional activities (Finance, Administration, Services, Education, etc) beyond those linked exclusively to the intelligent network services.

Among the most significant sites where installations entered into service in 1993 were the Ministry of Economy and Finance, the Catalan Government headquarters, the University of Distance Learning (UNED), the Spanish Railway Company (RENFE), Seville and Huelva Savings Banks, Microsoft Spain, Sanitas, the VISA pilot project and the contracting of an application for the Madrid Stock Exchange.

**PABX DIGITAL ACCESS SERVICES.** Since February 1993, Telefónica has offered Digital Access Service to the Public Telephone Network for PABX and other multiline equipment, consisting in the supply of 30 digital channel systems, both for access to public exchanges and for interconnection between PABX's or PABX modules and numbering of the said Telephone Network for direct addressing.

**OPERATION AND INFORMATION SERVICES.** Management of the Technical Assistance Service (002) during 1993 led to improvements in customer call answering time, which stood at 4.1 seconds. An important new feature is the possibility available to the customer of contracting special maintenance services, such as "Fonoexpress" for immediate service and "By Appointment" to comply with the client's requirements.

In 1993 the Information Service (003) attended to 2% more calls than in the previous year. Implementation of the Espatel System was completed with the installation of the last 24 centres. Regarding service quality, average answering times improved by 1.6 seconds over 1992.

Domestic connections via the Operator (009) registered a rise of 9.5%, compared to the previous year, in the number of calls made, and average answering time improved by 21.4%. The range of facilities was expanded to include Bill to Third Party, with pre-designated hour.

There was also a positive trend in the General Information Service (098), which registered an increase of 13% in the number of calls. This healthy performance extended to the other 09X services: Speaking Clock (093), Weather Report (094), Radio News (095), Alarm Call (096) and Sports Information (097).

**DIRECTORIES.** During 1993 we published 21 Phone Directories and the Fax Directory, with an edition of over 7.5 million volumes. There were over 115,000 sales of complementary insertions and sales campaigns were carried out in 23 publications.

**TERMINALS.** 1993 confirmed the success of the FORMA telephone terminal and also customer preference for renting over purchasing. FORMA obtained a high market share of new connections, which clearly demonstrates clients' confidence in the equipment marketed by Telefónica.

During the year a new range of small and medium capacity advanced digital PABX was approved. This range, which spans from 6 to 200 extensions, includes modular and cordless equipment and covers the whole market spectrum with state-of-the-art technology. At the same time, a tripartite agreement was reached with the Galician Government, the Jacobite Committee and Telefónica to update Galicia's hotel plant with one of the latest systems in this new range.

**BASIC TELEPHONE SERVICE IN THE SPANISH PROVINCES (at 31.12.93)**

	Lines in Service	Population (Nº Inhab)	Extension (KM. <sup>2</sup> )	Density (Inhab./Km. <sup>2</sup> )	Lines per 100 Inhab.	Lines per Km. <sup>2</sup>
ALAVA	106,548	274,443	3,047	90.07	38.8	35.0
ALBACETE	101,436	343,277	14,862	23.10	29.5	6.8
ALICANTE	496,788	1,313,157	5,863	223.97	37.8	84.7
ALMERIA	130,428	459,924	8,774	52.42	28.4	14.9
ASTURIAS	397,647	1,094,481	10,565	103.59	36.3	37.6
AVILA	63,485	173,568	8,048	21.57	36.6	7.9
BADAJOS	164,155	649,768	21,657	30.00	25.3	7.6
BALEARES	335,700	717,644	5,014	143.13	46.8	67.0
BARCELONA	2,085,752	4,680,234	7,733	605.23	44.6	269.7
BURGOS	127,503	352,833	14,309	24.66	36.1	8.9
CACERES	114,776	411,268	19,945	20.62	27.9	5.8
CADIZ	295,518	1,171,931	7,385	158.69	25.2	40.0
CANTABRIA	180,436	530,277	5,289	100.26	34.0	34.1
CASTELLON	174,055	450,515	6,679	67.45	38.6	26.1
CIUDAD REAL	137,907	475,618	19,749	24.08	29.0	7.0
CORDOBA	196,684	758,731	13,718	55.31	25.9	14.3
LA CORUÑA	351,526	1,098,592	7,876	139.49	32.0	44.6
CUENCA	64,912	204,380	17,061	11.98	31.8	3.8
GERONA	244,473	515,955	5,886	87.66	47.4	41.5
GRANADA	228,747	794,992	12,531	63.44	28.8	18.3
GUADALAJARA	60,551	146,005	12,190	11.98	41.5	5.0
GUIPUZCOA	268,159	676,539	1,997	338.78	39.6	134.3
HUELVA	113,177	447,095	10,085	44.33	25.3	11.2
HUESCA	80,693	208,146	15,613	13.33	38.8	5.2
JAEN	157,167	638,230	13,498	47.28	24.6	11.6
LEON	173,282	526,886	15,468	34.06	32.9	11.2
LERIDA	136,904	355,086	12,028	29.52	38.6	11.4
LUGO	101,970	381,838	9,803	38.95	26.7	10.4
MADRID	2,235,423	5,000,639	7,995	625.47	44.7	279.6
MALAGA	391,850	1,236,001	7,276	169.87	31.7	53.9
MURCIA	320,801	1,057,558	11,317	93.45	30.3	28.3
NAVARRA	193,048	521,937	10,421	50.09	37.0	18.5
ORENSE	106,922	341,302	7,278	46.90	31.3	14.7
PALENCIA	60,387	185,403	8,035	23.07	32.6	7.5
LAS PALMAS	246,548	774,294	4,072	190.15	31.8	60.5
PONTEVEDRA	273,993	899,552	4,477	200.93	30.5	61.2
LA RIOJA	102,077	265,128	5,034	52.67	38.5	20.3
SALAMANCA	118,719	358,868	12,336	29.09	33.1	9.6
SEGOVIA	57,259	147,067	6,949	21.16	38.9	8.2
SEVILLA	477,838	1,642,177	14,001	117.29	29.1	34.1
SORIA	33,415	94,269	10,287	9.16	35.4	3.2
TARRAGONA	232,593	547,783	6,283	87.18	42.5	37.0
TENERIFE	238,533	730,720	3,170	230.51	32.6	75.2
TERUEL	49,767	143,102	14,785	9.68	34.8	3.4
TOLEDO	169,305	492,085	15,368	32.02	34.4	11.0
VALENICA	811,380	2,133,942	10,763	198.27	38.0	75.4
VALLADOLIZ	174,434	496,719	8,202	60.56	35.1	21.3
VIZCAYA	453,977	1,154,742	2,217	520.86	39.3	204.8
ZAMORA	70,830	212,847	10,559	20.16	33.3	6.7
ZARAGOZA	343,992	843,062	17,252	48.87	40.8	19.9
<b>NATIONAL TOTAL</b>	<b>14,253,470</b>	<b>39,130,610</b>	<b>504,750</b>	<b>77.52</b>	<b>36.4</b>	<b>28.2</b>

Source: Population estimates based on the 1991 census; Area, Instituto Geográfico Nacional.