

STATEMENT OF RASESH PATEL
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BEFORE THE
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS OF THE
SENATE COMMITTEE ON HOMELAND SECURITY AND GOVERNMENT AFFAIRS
HEARING ON
CUSTOMER SERVICE AND BILLING PRACTICES
IN THE CABLE AND SATELLITE INDUSTRY
JUNE 23, 2016

Good morning, Chairman Portman, Ranking Member McCaskill, and Members of the Subcommittee. My name is Rasesh Patel and I appreciate this opportunity to speak with you, on behalf of AT&T and DIRECTV, about our commitment to customer service. The hallmark of our brand has been to offer customers the very best entertainment experience through our cutting-edge technology, unique content offerings, and superior customer service. And, our commitment to serving customers and giving them more value and choices has never been stronger. According to data from the American Customer Satisfaction Index (ACSI), DIRECTV has ranked higher in customer satisfaction than the top 10 cable TV companies for 16 years in a row. In a highly competitive market with ever-rising programming costs, we believe customer service is an essential component of our success, and we have accordingly devoted and continue to devote significant resources towards our goal of delivering a superior customer experience.

I've been with AT&T and DIRECTV for 15 years in a number of different roles. Currently I am Senior Vice President of Product Management for the AT&T Entertainment Group, which is the group that provides consumers with our video, mobility and Internet offerings. I have responsibility for product strategy, product roadmap and product development for AT&T/DIRECTV entertainment products. From 2012 until AT&T's 2015 acquisition of DIRECTV, I was Senior Vice President of Customer Experience.

In that role, I led DIRECTV's proactive, enterprise-wide and customer-centric effort to prioritize and improve the customer experience across all customer touch points. The initiative began with a comprehensive evaluation of our policies and practices, detailed research, and an analysis of operational data to prioritize our efforts. This was a top priority for the company, CEO, and senior leadership. DIRECTV invested hundreds of millions of dollars in that customer initiative, which generated real improvements for our customers, including:

- a redesigned billing statement, created with customer input and based on customer needs,
- simpler offers at the point of sale,
- a simplified onboarding process for new customers, and
- the creation of a customer-friendly equipment upgrade program.

The initiative also produced real results in terms of DIRECTV's relationship with customers, including: improved customer satisfaction; fewer phone calls to our call centers each year; improved troubleshooting and service reliability; and increased engagement by our frontline employees who service our customers. That experience proves something AT&T/DIRECTV strongly believes in: good customer service is good business.

Today, AT&T and DIRECTV's customer satisfaction ratings remain at or near the top of the industry. As noted above, for the 16th year in a row, DIRECTV rated higher in customer satisfaction than cable, according to the 2016 American Customer Satisfaction Index (ACSI) survey. JD Power's 2015 Television Provider Satisfaction Survey ranked DIRECTV's overall customer satisfaction as "significantly higher" than average in all U.S. regions, ranking higher than all cable providers, whose customer satisfaction consistently ranked "significantly lower" than average.

While we take pride in these rankings, we know that customer satisfaction is a never-ending journey. And we are excited about what the future will bring. Since the 2015 merger, AT&T's and DIRECTV's focus on customer service has only intensified; it is central to our strategy. This goal is reflected in at least three major initiatives we have launched since the merger, including the following:

- We plan to spend more than \$1 billion to enhance the customer experience from 2016 to 2017 by simplifying our systems, streamlining frontline tools, and delivering customer-friendly digital capabilities;
- We devote significant resources to measuring customer satisfaction and identifying what matters most to our customers.
- We aim to deliver on what we call the “Power of One”:
 - *One service* that customers use across all their screens;
 - *One website* for customers to manage their accounts and services;
 - *One installation* (for both satellite TV and broadband service), saving customers the time and inconvenience of multiple installations;
 - *One service agent* to handle a customer’s billing and account questions on multiple AT&T/DIRECTV products, saving customers the trouble of dealing with multiple agents; and
 - *One bill* for customers with multiple AT&T/DIRECTV products.

AT&T/DIRECTV is also offering a number of new and innovative products, reflecting this commitment to its customers to deliver a seamless, integrated entertainment experience, including:

- *Nationwide Offerings.* Within days of the merger being finalized, AT&T/DIRECTV announced a combined nationwide offering of TV and wireless.
- *Unlimited Mobile Data Plan.* AT&T is offering an unlimited mobile data option for its Mobility and DIRECTV customers.
- *Pricing.* This past Spring AT&T began rolling out simplified TV, broadband and wireless bundled pricing.
- *New OTT Offerings:* AT&T/DIRECTV also recently announced plans to launch video programming options delivered over the Internet in the fourth quarter of 2016. These new video subscription models reflect the flexible content choices, viewing options, simple pricing and a simplified experience that consumers want. These offers will

provide a broad range of choices for our customers with freedom to watch regardless of how and where they enjoy their entertainment.

Let me also address five specific customer service issues that that you have indicated are of particular interest to the Subcommittee. In each of these areas, AT&T and DIRECTV are continuing to enhance the customer experience:

First, Customer Satisfaction. As I hope my prior remarks indicate, customer satisfaction has been an area of intense focus for both AT&T and DIRECTV. In 2012, DIRECTV launched its proactive, multiyear customer experience initiative, which required substantial resources, both in terms of dedicated personnel and financial investment. With the merger of AT&T and DIRECTV, the focus on providing subscribers with the best possible customer experience has intensified, as I described above. As a combined entity, we continue to listen to our customers about what they expect from their service provider. By combining our complementary services, we are providing customers a higher quality experience. They will have a single point of contact for placing orders, answering questions and solving problems. We believe that the positive changes we are making as a result of the merger will drive customer satisfaction even higher.

Second, Retention Practices. Keeping our customers happy is good business. DIRECTV's goal has long been to retain customers and build their loyalty, in a highly competitive industry, by identifying and solving their issues with solutions tailored to meet their individual needs. The training for our retention representatives is extensive and focused on the importance of identifying and resolving the "root cause" of the customer's problem. We are proud that we are able to resolve the issues raised by more than 70% of the customers who call intending to disconnect service. Our representatives are trained to respect all customers and to exercise the flexibility needed to identify the service or offer best suited to each customer's unique needs. We place specific emphasis on "getting it right the first time."

Third, Prices and Fees. DIRECTV is committed to providing our customers with simple and easy to understand communications with respect to services and fees. In 2014, as part of the Customer Experience initiative, DIRECTV introduced a new simplified bill that

identifies current fees and charges, changes from the previous month, and the number of months remaining on any promotional discounted rates. This change was a proactive, multi-year, multi-million dollar effort that involved significant resources across DIRECTV. We also work hard to ensure that prices and fees are fully disclosed at multiple points: in our advertisements, in phone conversations with our agents; on our website; in the confirmation notice that is sent to every new subscriber; in the Customer Agreement and the Equipment Lease agreement that the customer signs; and, as noted, in the customer's bill.

Our prices reflect a highly competitive and dynamic environment. Our customers have many choices on how they obtain their video content, not only from the companies appearing at this hearing, but from a multitude of others. Programmers can make their video content available directly to customers, or can provide content through services like Netflix, Hulu or Amazon. Social media and other emerging sites generate short-form and independent programming. These competitive trends are sure to continue. And, if we do not meet our customers' expectations, they will vote with their wallet.

It is also no secret that the pay TV industry is under intense pressures from rising programming costs. According to some analysts, programming costs are increasing at about 8 to 10 percent annually over the past four years, while pay TV bills are increasing by an average of 3 to 4 percent.¹

Fourth, Customer Complaints. AT&T/DIRECTV appreciates the importance of both effectively resolving customer complaints, and eliminating their causes. We have considerable resources focused on addressing, tracking, and analyzing customer complaints at various levels, including those handled by our customer service agents, supervisors, or our escalation teams. Robust processes enable us to assess customer complaints, identify and prioritize the most important issues raised by our customers, and work with management to eliminate root causes.

Fifth, Credit and Refund Policies. DIRECTV maintains a team dedicated to identifying and addressing billing errors. When analysts identify that customers have been incorrectly overcharged, DIRECTV works to proactively reimburse affected customers in full and notifies

¹ <http://www.multichannel.com/news/distribution/cable-rates-rise-3-4-average-2016/396619>

those customers through their bill or by letter. This team has also used FEMA data to identify customers living in areas affected by disasters and, in those areas, has proactively suspended non-payment cutoff timelines and late fees.

In closing, let me reiterate that the combined AT&T/DIRECTV fully understands and appreciates the importance of ensuring that customers receive the best possible customer service. We have spent substantial time and resources in the past to improve all aspects of the services we provide our customers, and we are committed to continuing to do so in the future. We are confident that the combined AT&T/DIRECTV will only further enhance our ability to provide our customers with the very best in the products and services they desire. Delivering an effortless customer experience is at the center of everything we do.

Thank you for the opportunity to appear here this morning, and I look forward to your questions.