

Pierre Aubé, Jr. (Chief Operating Officer)	Janet Lo (VP, Privacy & Consumer Legal Affairs)	Andy Kaplan-Myrth (VP, Regulatory & Carrier Affairs)
Chair, Vice-Chairs, Commissioners		

Introductions

[Janet Lo]

1. Good morning, Mr. Chair, Vice-Chairs, Commissioners, staff. My name is Janet Lo. I am VP, Privacy & Consumer Legal Affairs at TekSavvy. I work to translate the regulatory obligations and consumer policy objectives that you set out, into TekSavvy's consumer policies and processes.

[Andy Kaplan-Myrth]

2. My name is Andy Kaplan-Myrth. I am VP, Regulatory & Carrier Affairs. I am TekSavvy's point of contact for regulated agreements – like agreements related to tariffed wholesale broadband services.

[Pierre Aubé, Jr.]

3. My name is Pierre Aubé, Jr. I act as Chief Operating Officer for TekSavvy. I oversee our call center operations in Chatham and Gatineau. We have over 400 front-line agents serving over 300,000 customers across Canada.

TekSavvy Sales Approach

4. TekSavvy is an independent Internet and voice provider. We sell by inbound methods, like phone, website orders, or online chat. To give you an idea of the volume of customer interactions we deal with, we answer over 1.5 million calls a year.
5. We're really proud of how our team serves our customers – and we want to invite you, the Commission, to visit our Chatham or Gatineau call centres. We'd love to show you how our call centres work, and you're welcome to listen in on calls between our agents and customers.
6. TekSavvy's slogan is "Different. In a good way." We hear from our customers time and time again that they are looking for a competitive option that is not "one of the big guys". We believe in doing what's right for our customers and treating customers as we ourselves expect to be treated – fairly and honestly. These values are built into TekSavvy's culture, and they underpin our sales approach. There are three key things that differentiate us from others you'll hear about over the coming days.
7. First, what you see is what you get – our service offerings, price structure, and best available prices are advertised on our website, transparent to both the competitive market and all consumers.

8. We believe in fair pricing for consumers. Many of TekSavvy's costs are fixed, which dictates customer pricing. For example, incumbents set activation, monthly access and capacity rates in their wholesale tariffs. TekSavvy also pays for shipping and hardware. When our costs change, we might change retail pricing. For example, when the CRTC lowered wholesale rates in October 2016, TekSavvy then lowered retail prices for our existing customers in January 2017. The wholesale rate reduction allowed us to offer more competitive pricing for consumers. Even though these wholesale rates were established (and remain) on an interim basis, we lowered prices for hundreds of thousands of TekSavvy customers because it was the right thing to do.
9. Second, we put consumers first. Our agents listen to a consumer's request, and then ask probing questions to fully understand what the consumer needs and what's most important to that person. With that understanding, our agent can then explain the available service options to the consumer. Our goal is to help the consumer make an informed choice about what service best meets their needs.
10. To be clear, TekSavvy does not pressure our employees to complete sales. We don't use any sales incentives or track sales targets, and we actively discourage aggressive and misleading sales practices. We believe our customer service and fair prices will sell our services, and our agents should focus on meeting the customer's demand and providing the best possible service during each interaction.
11. The third thing that makes us different is that all of our consumer services are sold on a pre-paid basis with no fixed-term contract. If a customer is dissatisfied for any reason, or wishes to switch service providers, they can cancel without paying further charges, and we don't charge a cancellation penalty.
12. We'll be happy to further discuss the in's and out's of our sales practices with you in questions.

[Andy Kaplan-Myrth]

Sales Practices Targeting TekSavvy's Customers

13. For most of our services, TekSavvy is a wholesale-based service provider. That means that we lease access to incumbent carriers' facilities on a wholesale, tariffed basis. We invest in transport, networking, routing, caching – things necessary to build an ISP's network – in order to provide wireline broadband services to end-users on TekSavvy's network. TekSavvy solely determines how to package and price service offerings to consumers. Since we buy wholesale services from the same incumbent carriers who are party to this proceeding, they know virtually everything about TekSavvy, from our market position to our end-users' identities.
14. We'd like to focus the rest of our time on our concerns with the retail sales practices of large incumbents telecom carriers. These practices occur in touchpoints where an incumbent can take advantage of their market position – for example, by targeting our customers. And these sales practices have a real impact on competition and consumers.
15. Some parties in this proceeding characterized our concerns as wholesale issues, out of the scope of this hearing. We agree with the Order in Council: Canadians deserve a

competitive marketplace where consumers are treated fairly. The scenarios we describe are misleading or aggressive sales practices targeting retail consumers that result from the abuse of asymmetries between competitors and incumbents. These are not only information asymmetries, but also asymmetries in the structure of the regulated wholesale framework.

[Janet Lo]

16. In our written intervention, we outlined three types of misleading or aggressive sales practices that are able to arise from incumbents' conflict of interest as both a wholesale provider and a retail service provider competing against its wholesale customers like TekSavvy.
17. First, incumbent technicians who perform installs and repairs for TekSavvy may use those opportunities to sell their employer's (the incumbent) retail Internet services. The Commission's IPSOS survey reported that 4 in 10 (39%) of respondents had technical support representatives attempt to sell them products or services during the support interaction. In these situations, what ought to be a purely technical service call is leveraged into a sales opportunity. When it happens to a TekSavvy customer on a service call, it undermines TekSavvy's credibility as a service provider and it undermines competition, all while confusing customers.
18. Second, consumers have reported that incumbents make misleading statements about TekSavvy's services, in order to poach our customers to their own retail services. The Commission has heard several similar comments on the record of this proceeding and previous wholesale proceedings. Here's a recent example: last Wednesday during peak time, TekSavvy had a province-wide outage on a major cable network that primarily affected third party Internet providers. A customer told us that a salesperson from the same cable carrier knocked on his door during that outage. The salesperson claimed that the customer's service would have been restored right away if they switched providers.
19. The third type of sales practice appears to misuse information specific to TekSavvy's customers that would only be available to an incumbent through its wholesale Carrier Services Group, in order to market or sell incumbent retail services to the consumer.
20. We also raised two other general types of sales practices that concern us.
21. CBC's Go Public investigation documented misleading sales pitches about "fibre" when it is actually "fibre-to-the-node" service. This practice misleads consumers as to the technological nature of the fibre broadband service being sold.
22. Finally, consumers do not know that flanker brands, like FIDO and Virgin, are an extension of an incumbent's primary brand. Flanker brands are typically used by providers with market power to undercut and eliminate low-price competitors while protecting a company's premium price offerings. The flanker brands aren't especially transparent to consumers about their connection to the incumbent, giving consumers the illusion of more service provider choice in the marketplace. Consumer confusion is exacerbated when flanker brands position their offerings against TekSavvy. This leaves

consumers with the impression that TekSavvy ought to be able to deliver the same services or installation features at the same price – when this is not the case.

23. All of these scenarios are examples of aggressive and misleading retail sales practices that distort and confuse consumers' understanding of telecom services. These practices are also barriers that incumbents can easily erect to dampen competition. Competitors like TekSavvy are disproportionately disadvantaged when incumbents make misleading and disparaging statements about competitor services in retail sales contexts. Incumbents with market power stand to benefit most when they win a retail customer. These sales practices confuse consumers about available service provider options.

Strengthening Consumer Protection for Retail Sales

24. We believe that a Code of Conduct could help to address some of these scenarios of inappropriate sales. For example, a Code of Conduct might prohibit sales during transactions that ought to be purely service-based, like technician appointments. We have noted that Codes in other industries and jurisdictions prohibit the conclusion of sales transactions during installation visits.
25. At the same time, any obligations written into a Code of Conduct must reflect the realities of wholesale-based providers, who operate on a different economic model than incumbents.

Conclusion

26. We've focused this presentation on our own sales practices, and how incumbents' retail sales practices harm our ability to compete for consumers' trust and business. We believe that consumers deserve transparency, honesty, and fair treatment and they ought to be able to make informed choices about their service providers.
27. Thank you for the opportunity to present today, and we look forward to your questions.

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