



PUBLIC RELATIONS | WINNER | OGILVY PUBLIC RELATIONS
MERCURY INTERACTIVE | MERCURY IN CRISIS

SITUATION ANALYSIS

Caught up in what has become the Wall Street crisis of the year—the stock options backdating scandal—business software company Mercury Interactive of Mountain View, California, turned to Ogilvy Public Relations Worldwide (Ogilvy PR) for help. Mercury was one of the first companies to announce a Securities and Exchange Commission (SEC) investigation into backdated stock options. Subsequently, the company's CEO and CFO resigned after the probe, which set off a chain of events leading to Mercury's NASDAQ delisting, a \$567 million writeoff and announcement of an acquisition by Hewlett-Packard Co.

The Ogilvy PR campaign set out to restore the company's reputation, emphasizing its cooperation with regulators and efforts to straighten out the options problems while highlighting Mercury's continued strong business performance. The team's work went a step further to secure coverage in top-tier trade publications of Mercury's industry-leading product portfolio as well as positive management profiles about the company, lauding it for its great efforts in addressing the scandal. Our goal was to emphasize the company's new management and its successful efforts managing through and rebuilding after a crisis. Without proper communications management, the scandal could have caused lasting damage to the corporate brand, abandonment by customers, shattered employee morale and loss of key employees.

OBJECTIVES

Campaign objectives included:

- Ensuring the stock options backdating issues did not interfere with Mercury's ongoing business plans, product announcements, market leadership and sales;
- Mitigating long-term damage to the corporate brand caused by the restatement and the company's move from NASDAQ to Pink Sheets, despite an often hostile media environment; and
- Positioning the new Mercury CEO Tony Zingale as a strong leader during one of the most challenging business crises of 2006, thereby reassuring customers, partners and employees of Mercury's continued market leadership.

AUDIENCE ANALYSIS

- The audience for the campaign included:
- Employees, who were disillusioned and apprehensive;
- Customers, who needed reassurance that there would be no disruption or degradation of service;
- Industry analysts, who needed to be engaged to help tell the product leadership story;
- Financial analysts, who would be speaking to press about Mercury's outlook in the wake of the scandal; and
- Trade and business press, who would be responsible for portraying the Mercury story to the public.

The logo features a small brown icon of a cream can with a handle at the top. Below it, the text "WPPED CREAM 2007" is displayed in a serif font, with "WPPED" and "CREAM" on separate lines and "2007" centered below them.

WPPED CREAM 2007

It would be crucial to launch a successful communications campaign that portrayed Mercury as a company with strong products, earnings and customers to quell the concern and skepticism of each of these groups.

STRATEGY

To achieve these objectives, Ogilvy PR developed communications plans to execute the following strategies:

- Defend and promote Mercury while avoiding statements that cause trouble with the SEC, Department of Justice or shareholder plaintiffs. Combine an aggressive product PR campaign with corporate communications emphasizing accuracy, transparency and a good-faith effort to resolve the problems;
- Position Mercury as a “moving forward” success story as opposed to a “comeback” story;
- Pursue an aggressive B2B media relations campaign to top-tier trade outlets focusing on the strength of Mercury’s enterprise software solutions and extensive customer base to minimize attention to the financial crisis and maintain a stay-the-course message during this critical period; and
- Reinforce Mercury’s continued market leadership by actively promoting Mercury’s series of technology acquisitions through proactive media outreach and executive visibility.

RESEARCH/PLANNING

To determine the best strategies for handling the crisis, Ogilvy PR researched other technology companies that have gone through financial crises, including Computer Associates, Brocade and Oracle. The research was critical in convincing Mercury executives to use “moving forward” messaging, overcoming their initial plans to promote a “comeback” story.

We examined press coverage of the other technology companies from the first announcements of the problems through the end of the probes. The purpose was to answer questions including:

- During the time of the crisis, what did the company do? What messaging did it use? Who carried the message, and how was it delivered?
- Which positive messages carried into media coverage? Which undesired messages came through?
- How did specific outlets cover the crises?
- What are the lessons learned that could help us shape our own PR strategy?

Through the information gained in our research, Ogilvy PR was able to give confident counsel on the importance of strong customer references, build the strategy for the CEO to handle top-tier press, and create a strong moving forward story consisting of continued product promotion via top trade reporters.



WPPED
CREAM
2007

EXECUTION

The campaign's execution tactics included:

Message Development:

- Developed consistent, factual messages that resonated a strong, focused and confident tone (without appearing arrogant), when speaking about restatement, financial and corporate information.
- Developed core messages: "We are moving forward and executing on our strategy" and "We are keeping focused on our customers, our partners and our people."

Product/Acquisition Announcements:

- Launched an aggressive media campaign surrounding Mercury's acquisition of Systinet, securing more than 10 media briefings on announcement day, as proof of Mercury's continued growth.
- Assisted in two very successful product launches in the months following the delisting, including launching the industry's first ever change control management offering, furthering Mercury's market leadership role.

Media and Customer Relations:

- Implemented an entirely new customer relations program at Mercury to help speed up the process of vetting customers for media opportunities.
- Aggressively pitched Mercury customer success stories to media, securing customer features in major industry publications such as Computerworld.
- Pitched, organized and oversaw an InfoWorld editors' day on the Mercury campus, during which five of InfoWorld's top editors received a half-day tutorial on Mercury's entire line of applications. These briefings led to a request from InfoWorld to use Mercury LoadRunner®, Mercury's primary software testing solution, in the InfoWorld labs to test products under review from other companies.

Crisis Management:

- Segregated options backdating issue from the rest of Mercury's business. Centralized all reporter contact on this issue through a single Ogilvy PR staffer.
- Worked within strict limits (no on-the-record interviews prior to restatement, no non-public information provided) to ensure accuracy in coverage of Mercury's options situation. Helped reporters understand dense financial disclosures and avoid errors. Aggressively pursued corrections to stamp out inaccurate information, getting corrections from Associated Press, Dow Jones, San Jose Mercury News and two others within a single 24-hour news cycle after the restatement was announced.



WPPED
CREAM
2007

EVALUATION

- Mercury delivered the two strongest quarters in its history in Q4 2005 and Q1 2006, despite the overhang of the stock options issue.
- The company achieved 16 sales deals valued at greater than \$1 million in the first quarter of 2006-proof that customer fears had been quelled.
- Mercury increased Ogilvy PR's monthly budget threefold during the crisis, as testament to Ogilvy PR's great results.
- Robust product-focused outreach in the trade press helped the company maintain momentum in its core business.
- More than 50 positive media hits were secured surrounding Mercury's acquisition of Systinet, a mere six days after the NASDAQ delisting announcement.
- Intense April preparation by Ogilvy PR for a major new product announcement led to media results deemed "legendary" by Mercury CEO Tony Zingale.
- The work by Ogilvy PR eventually led to back-to-back executive Q&A's and features on Mercury's success in handling the scandal in publications including The Wall Street Journal, Business Week, The San Jose Mercury News, Forbes and Computerworld.
- The outstanding results of Ogilvy PR's work led Mercury's VP of Marketing to comment, "Ogilvy PR is the best agency I have ever worked with."