

PR NEWS MEASUREMENT CONFERENCE
NOVEMBER 18, 2015

CASE STUDY III: PR MEASUREMENT AT WORK IN THE REAL WORLD

FERNANDO VIVANCO
SENIOR DIRECTOR
CORPORATE COMMUNICATIONS @MEDTRONIC

Medtronic
Further, Together

BACKGROUND

MEDTRONIC ACQUIRES COVIDIEN

- June 2014, Medtronic announced plans to acquire Dublin-based Covidien for \$42.9 billion
- Medtronic structured the acquisition as a so-called inversion, moving the company's principal executive offices from Minneapolis to Ireland.
- Inversion structure generated substantial challenges and public criticism
- Continually measured stakeholder sentiment—from announcement of acquisition through close and integration
- Qualitative and quantitative data critical to shaping a strategy of ongoing engagement
- Focused with a clear message about the benefits both of the transaction itself and the corporate strategy it supported.
- Among the high-profile life sciences companies that sought inversion transactions in 2014, only Medtronic carried such a transaction through to closing.

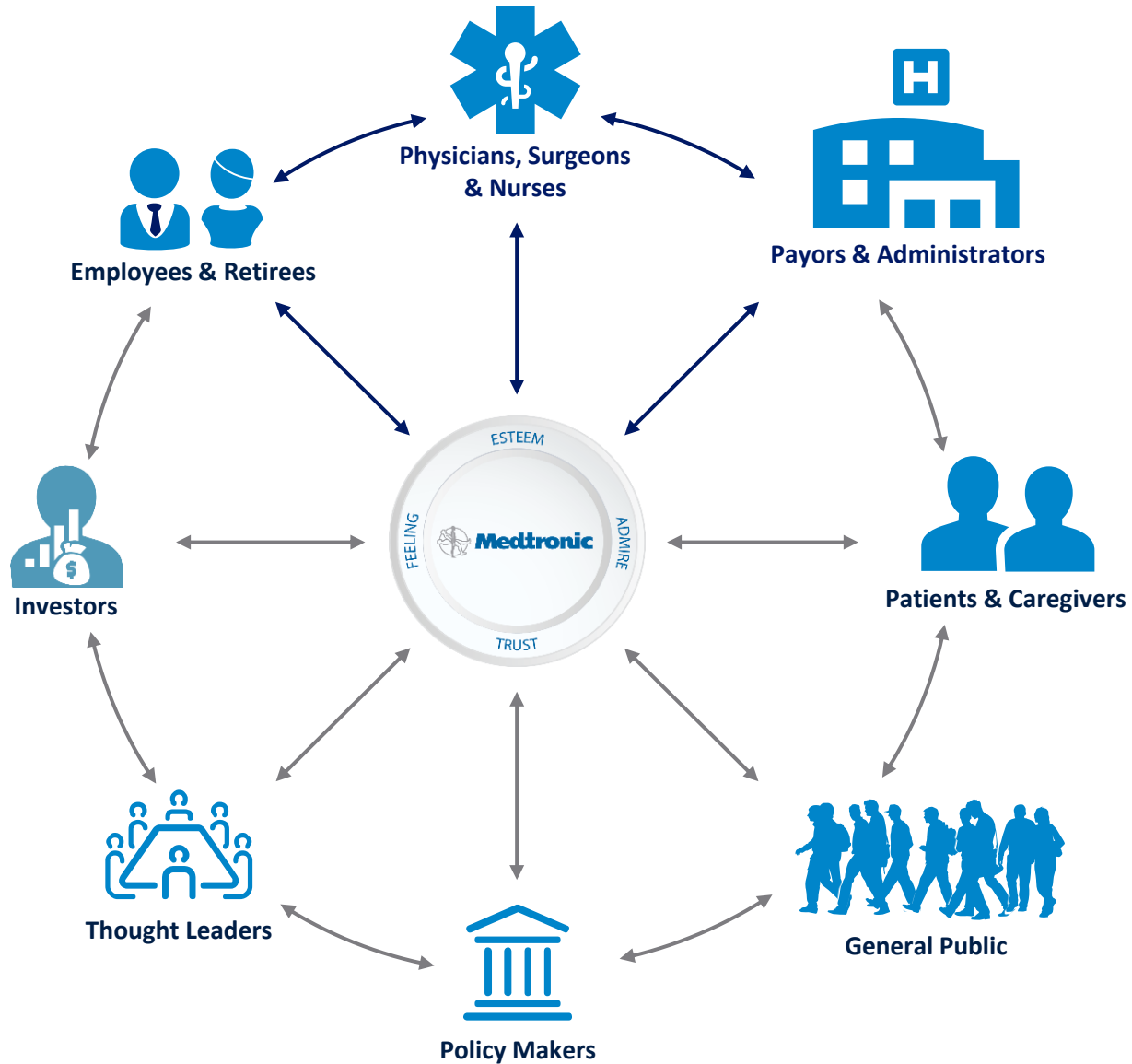
COMMUNICATIONS OBJECTIVES

- Reinforce the strategic rationale for the deal and why it is beneficial to key stakeholders
- Maintain confidence that normal business operations will continue uninterrupted
- Set a positive impression for the company going forward among key audiences

Measurement objectives

- Understand Medtronic and Covidien reputation landscape
- Gauge impact of acquisition news on stakeholder perceptions
- Identify emerging issues or concerns related to the acquisition

MEDTRONIC'S STAKEHOLDER ECOSYSTEM



EMPLOYEE/RETIREE INSIGHTS METHODOLOGY

IMPACT OF ACQUISITION ON BUSINESS & REPUTATION

- Monthly pulse surveys from announce through close
- Dedicated email for employees to submit comments and questions
- Employee town hall meetings -- questions captured, surveys deployed
- Monitor tone of internal social media channels and identify trending topics.
- Tabulated employees' preferences for receiving information and updates
- Pulse focus groups
- Special events and special interest groups
- Culture assessment surveys and focus groups

POLICY & GENERAL PUBLIC INSIGHTS METHODOLOGY

IMPACT OF ACQUISITION ON BUSINESS & REPUTATION

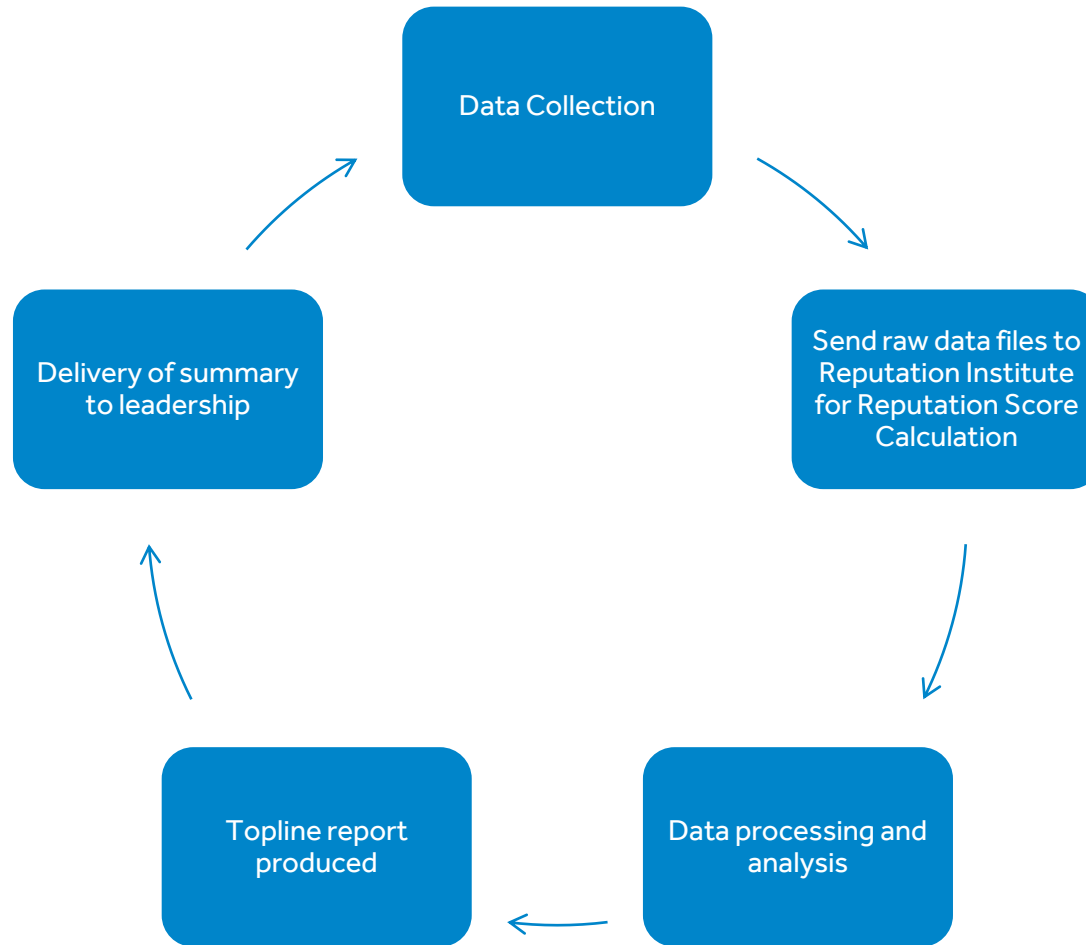
- Daily media monitoring
- Social media monitoring
- Issue polling
- Monitored influential audiences in the policy space

PHYSICIANS, PAYERS INSIGHTS METHODOLOGY

IMPACT OF ACQUISITION ON BUSINESS & REPUTATION

- Reputation tracker
- Customer tracker (field sales, customer service)
- Face-to-face interviews at major conferences
- Customer service centers

SYNTHESIZE DATA GATHERED ACROSS STAKEHOLDERS



IMPORTANT TO OUR PROCESS

- Core Reputation metrics incorporated into key surveys.
- Monthly call by core team leads and partners (as needed) to review draft aggregate report.
- Monthly aggregate report that synthesizes insights across all workstreams (including a “dashboard”) produced by Reputation Institute.
- Global Comms Integration Team assesses monthly report and recalibrates various integration communications or strategies to align with evolving needs/issues.

SUMMARY: ACQUISITION TRACKING FINDINGS WRAP UP

After months of pre- and post- deal close tracking:

- Majority of US customers remain unaware of the acquisition and there was little inversion risk throughout pre- and post-close tracking
- Leverage the acquisition as a proof point when telling the Medtronic story
- Utilize top perceived benefits of the acquisition and ensure messages are tuned to key customer benefits that drive strategic and commercial impacts
- Opportunity to better leverage Medtronic-owned channels to provide information about the new company, alleviate customer concerns, and reinforce the rationale of the acquisition
- Medtronic has strong customer emotional equity to leverage after the acquisition for communications and engagement

MOST COMPELLING MESSAGES POST- CLOSE

- Medtronic and Covidien are officially one combined company, bringing these two world-class businesses under a single mission – **to alleviate pain, restore health and extend life for patients around the world.**

• We are now the premier medical technology and services company, with a comprehensive product portfolio and broad global reach.

• We are a \$27 billion healthcare leader, with more than 85,000 employees in 160 countries.

• The mission and purpose of our combined companies remains unchanged:

- **Together, we will accelerate and advance our ability to create meaningful innovations that improve health for people, in more places,** and in more ways than ever before.

- Both Covidien and Medtronic bring a rich history of innovation, collaboration and passion around serving patients.

- **Together, we have a compelling and unique set of financial and technology assets that we can combine to innovate in new ways and achieve better clinical, economic and patient outcomes for millions of people around the world.**

Partnership

We are extremely excited about our future and what our company will now be capable of doing **to better treat patients around the world,** and the opportunities we have to transform healthcare.

- Medtronic and Covidien share a culture that is centered around constant innovation and where the entrepreneurial spirit of employees is encouraged and fostered, as well as a strong commitment to corporate citizenship and sustainability.

- **Our strategy is focused on addressing, what we call, the universal healthcare needs. These are common to every healthcare system in the world – the need to improve clinical outcomes, expand global access to care and optimize costs and efficiencies across the healthcare continuum.**

- We address these **universal healthcare needs** through three core strategies around therapy innovation, globalization, and economic value.

Addressing patient outcomes, globally

Addressing universal needs

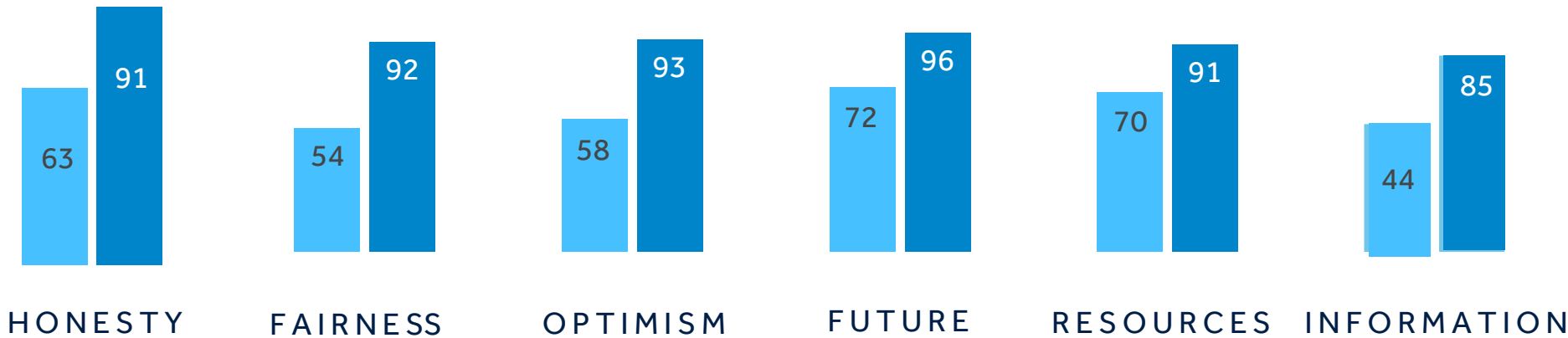
SAMPLE: MONTHLY EMPLOYEE LISTENING REPORT

	Medtronic	Covidien
Top 5 Employee Issues (new for this report)		
How We Addressed Issues		

SAMPLE: MONTHLY EMPLOYEE LISTENING REPORT (CONTINUED)

	Medtronic	Covidien
Plans to Address Issues (next 30 days)		
Listening Sources & Demographic		

PRE-CLOSE AND POST-CLOSE EMPLOYEE ATTITUDES



98%

Agree or strongly agree the combination of Medtronic and Covidien aligns with the Medtronic mission

I have been in organizations that were acquired earlier in my career, and this was by far the best orchestrated and warmest welcome I've experienced. I feel proud and inspired to be joining such an honorable organization!

I've been involved in several mergers over my career, but this is the first that had such a sense of purpose and excitement surrounding it.

THANK YOU
Q&A