

IBD FREE TRIAL!

## [Managing for Success](#)

# When Analysts Look Over Their Shoulders

By [BRIAN DEAGON](#), INVESTOR'S BUSINESS DAILY Posted 12/23/2010 06:15 PM ET

Scott Cleland is one tough Google ([GOOG](#)) critic.

From his office in McLean, Va., as founder and president of research firm Precursor, Cleland routinely fires off pages of analysis whenever news on Google's market dominance hits the media.

Cleland's words have irked Google, which is engaging in an unusual behind-the-scenes effort to counter Cleland's views. The case is spotlighting the issue of how companies should deal with critics on the public stage.



Precursor President Scott Cleland throws a pensive glance outside his office building in McLean, Va. AP [View Enlarged Image](#)

Like in all confrontations, there are two sides to this face-off.

Cleland's testified several times before Congress on the issue of Google's market dominance. He says he helped get the Department of Justice to oppose a proposed online advertising deal between Google and Yahoo ([YHOO](#)) in 2008, among other achievements.

"I was influential in getting many to see why Google was on a path to become a monopoly ... and why Yahoo and Microsoft were weak, part-time competitors," Cleland said.

## Google's Side

Google sees it from another view. It says Cleland is a hired gun paid by Microsoft ([MSFT](#)), AT&T ([I](#)), Time Warner Cable ([TWC](#)) and others "for the express purpose of slinging dirt against Google, so they don't have to do it themselves," wrote Adam Kovacevich, Google's senior manager for global communications and public affairs, in an e-mail to IBD.

"We get criticism every day," Kovacevich wrote, "and while we might disagree with our critics, most of them are independent and thoughtful. But I think everyone understands that Scott is paid by Microsoft and AT&T to criticize us so those companies don't have to do it themselves. It does a disservice to pretend otherwise."

To get its point across about Cleland, Google for over two years has routinely sent out e-mails to journalists who quote him.

"I have been told by multiple news organizations of the bullying and intimidation they receive to not quote me," said Cleland.

Experts in public relations offer all kinds of advice on how to deal with harsh critics. One tactic is to engage journalists with abundant information that presents an alternate point of view.

## Bunker Mentality?

David Silver, president of Silver Public Relations, says a common error is for companies to retreat into a "bunker mentality" and attack the source of a story rather than devise a potent response.

"When companies get in a distressed situation they often get into group think," and start attacking in a counterproductive way, said Silver, who provides counsel on crisis PR, M&As, restructurings and bankruptcy.

Striking at the source of information, as Google does by encouraging reporters to avoid quoting Cleland, is not an effective strategy in this case, Silver said.

"They should be challenging him on the facts," said Silver. "If he is wrong, refute him in a public debate."

On the other hand, it's no secret that nonprofits and issue-oriented groups can be proxies for larger interests. The Brussels-based Initiative for a Competitive Online Marketplace, which is funded by Microsoft, recently used its influence to get the European Commission to launch an antitrust probe against Google.

"It's pretty common for interest groups to find or create third-party advocates and advocacy groups to carry their messages," said Andrew Gilman, CEO at CommCore Consulting Group.

Kovacevich sent an e-mail to this reporter after an IBD article on Nov. 30 about the EU decision to investigate Google for search engine discrimination. The article quoted Cleland who said, "The EU antitrust authorities have concluded informally that Google is a monopoly," among other things.

Kovacevich responded, "I'm pretty surprised that you bothered to quote Scott Cleland. Scott is no longer an independent analyst," adding that "most reporters here in D.C. have stopped quoting him, or when they do, they are clear about his Microsoft and AT&T affiliation."

Cleland responded, "They have done this many, many times (when) I am quoted."

An article by PC World on Sept. 13 that covered a Cleland report about how Google is monopolizing markets was prefaced by an author's note saying, "It has been brought to my attention that the source of this report, Scott Cleland, may not be a credible source of information — at least not as it relates to Google."

"I am not the only person whom they try to use their power to censor," Cleland said.

For example, in February 2009, Bob Boorstin, Google's director of corporate policy, issued a statement apologizing for an e-mail he sent that urged a donor to reconsider its funding of Consumer Watchdog, a Google critic.

"We're interested in the monopolistic power that Google has, how they are using it and whether it has disadvantaged consumers," said John Simpson, a director at Consumer Watchdog.

Google has since backed off criticizing the group, says Simpson. When informed of the criticisms Cleland has received, he said it seemed typical.

"At some point if you raise questions they don't like, Google does attempt to undercut your credibility," said Simpson, who was formerly executive editor of Tribune Media Services International .

### **Cleland's Many Hats**

Cleland wears multiple hats and says he has never tried to hide his affiliations. He's chairman of NetCompetition.org, whose members include major telecom and cable players. NetCompetition.org is on the opposite side of the debate from Google on how the Internet should be regulated by Washington.

Cleland also runs GoogleMonitor.com, a wholly owned Precursor subsidiary "dedicated to making Google more transparent and accountable." Cleland also runs Googleopoly.net, also part of Precursor, where he posts much of his research and testimony.

Asked to respond to charges that AT&T and Microsoft fund his research, Cleland replied, "Like most companies, my specific client list at any given point in time is confidential and proprietary."

In testimony before congressional hearings in the last few years, Cleland once said he "has done consulting for Microsoft." Several times he also said, "My testimony today reflects my own personal views and not the views of any of my clients."

"Three different congressional committees did not view the fact that I work for major companies that may compete with Google as disqualifying me from having an expert opinion on Google," Cleland said.

Gary Reback, a prominent Silicon Valley antitrust attorney best known for spearheading efforts in the U.S. antitrust case against Microsoft, says Cleland is widely followed.

"A lot of his analysis is widely read," said Reback. "I read it."

For now, at least, the war between Google and Cleland will continue. Google keeps a list of stories on hand that have called Cleland "a payola pundit," a "telco cheerleader" and "a paid sock puppet."

"Google seeks to censor my analysis because they can't refute the message so they seek to shoot the messenger by attacking my reputation and impugning my motives," said Cleland.

[« Previous Article in Managing for Success](#)

© 2000-2010 Investor's Business Daily, Inc. All rights reserved. Investor's Business Daily, IBD, CAN SLIM and corresponding logos are registered trademarks of Investor's Business Daily, Inc. [Copyright and Trademark Notice](#) | [Privacy Statement](#) | [Terms and Conditions of Use](#)

© 2010 [William O'Neil + Co. Incorporated](#). All Rights Reserved. The William O'Neil + Co. Database and all data contained herein are provided by William O'Neil + Co. Incorporated and are used by IBD under license agreement. Daily Graphs and Daily Graphs Online are trademarks of William O'Neil + Co. Incorporated or its subsidiaries.

© 2010 [MarketSmith, Incorporated](#). Charts provided by MarketSmith are used by IBD under license agreement. MarketSmith is a registered trademark of MarketSmith, Incorporated. This site is powered by Interactive Data Corp. Real Time Services market data. Price and Volume data is delayed 20 minutes unless otherwise noted, is believed accurate but is not warranted or guaranteed by Interactive Data Corp. Real Time Services and is subject to Interactive Data Corp. Real Time Services terms. All times are Eastern United States.