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# Hearst to Buy iCrossing

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Hearst Corp. finalized Wednesday the purchase of digital-marketing firm iCrossing Inc. for about \$325 million, according to people familiar with the matter, the latest traditional media company to bulk up on its digital-marketing expertise.

The owner of magazines including *Cosmopolitan* and *Esquire* for months has been chasing iCrossing, one of largest remaining independent businesses that specialize in advising marketers on buying Web-search keywords, crafting their websites, and tracking what people are saying about their brands online. Media companies have sought to buy or build such digital-marketing services as a way of offsetting pressures on their traditional business of selling print ads or TV commercials.

The deal includes financial targets for iCrossing that could push the purchase price above \$400 million, according to other people familiar with the matter.

Hearst is following a blueprint set by Meredith Corp., the publisher of *Better Homes and Gardens* and *Ladies' Home Journal*, which set a magazine-industry trend by buying up small technology and digital-advertising firms. Hearst hired a former Meredith executive, Matthew Petersen, to run the newly created Hearst Marketing Services, which will house iCrossing and future marketing-services investments.

The iCrossing deal is the latest signpost of change under Hearst Chief Executive Frank Bennack Jr., who two years ago started his second stint at the company's helm. Mr. Bennack has further spread beyond Hearst's print media roots.

"This move today is further diversification of our lines of business," Mr. Bennack said in an interview, confirming the deal had been finalized. "We know that our marketing partners will welcome this, and already ask us on occasion for services we haven't been able to deliver."

Mr. Bennack said iCrossing would operate as a separate business, but he said Hearst also believes iCrossing can provide "tutoring" for Hearst's magazines, newspapers, television and other businesses to better offer digital marketing services to advertisers.

The iCrossing purchase has had some skeptics even within Hearst's ranks, according to people familiar with the matter. The firm traditionally has specialized in search advertising and only in recent years has it delved into other marketing areas.

Hearst approached iCrossing late last year with an offer to buy the company. The firm, backed by investors including Goldman Sachs Group Inc. and venture-capital firm Oak Investment Partners, turned down the offer and began canvassing for buyers.

The deal is expected to close in coming weeks, both sides said. Don Scales will remain as iCrossing CEO but the iCrossing board, including Chairman Richard Rosenblatt, a former MySpace chairman, will depart, the companies said.