

The Hottest Digital Agencies Around

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iCROSSING

TOP EXEC(S)	Jeffrey Herzog
EMPLOYEES	550
ANNUAL REVENUE	\$110 million
HEADQUARTERS	Scottsdale, Ariz.; 12 other U.S. and U.K. offices
WHAT IT DOES	Search marketing, social media and web development for clients like Toyota, Coca-Cola, General Motors, Office Depot and Travelocity.
WHY IT'S HOT	iCrossing has been on a tear in recent years, snapping up digital assets such as web-development shop Proxicom to expand its digital offerings, à la aQuantive, which was acquired by Microsoft for \$6 billion.

Could These Indy Shops Be the Next Acquisition Targets?

Meet the digital indies.

Despite waves of consolidation across the ad-agency business, there remains a healthy bunch of independent digital shops doing everything from search optimization to building web interfaces to simply doing damn good creative. Some of these shops are near-acquisitions for digital-hungry giants; others are adamantly opposed to becoming part of something larger, hanging onto the romantic notion of David vs. Goliath.

But there lies the challenge: While many of these agencies are accustomed to scrapping with others that don't have a lot of resources and scale, today they're increasingly up against deeper-pocketed shops, thanks to holding companies and private-equity firms that are snapping up once-small rivals.

"There is still enough market demand that most [independent digital shops] are still doing well, but they're competing against firms that have the creativity of an independent agency but the resources of a holding company or private-equity firm," said Michael Seidler, CEO of Madison Alley Ventures, a newly formed investment-banking firm focused on helping independent shops.

Buying a digital indie can offer a holding company or traditional shop an instant injection of skilled interactive -- and ensure it won't miss out on that next digital project it might not be able to handle otherwise.

But independence can also be a boon. "We have not been beholden to our P&L," said AgencyNet founder Richard Lent. "That allows us the freedom to select the best clients and innovate."

So here's a look at some of the lesser-known digital independents. (We didn't include agencies such as AKQA, for example, that, while digital powerhouses and not part of a larger holding company, are relatively well-known). So while this is by no means a comprehensive list — talk to any of the shops on these pages and they'll be able to rattle off five or six more competitors they admire — it's intended as a valuable snapshot of some shops that generally fly under the radar.