

Modem Media Reborn As Publicis Modem; Reidy Named CEO

by Gavin O'Malley, Friday, May 4, 2007 6:00 AM ET

MODEM MEDIA, UNDER THE NEW name Publicis Modem, has become the digital arm "to add juice" to the Publicis Worldwide network, says Martin Reidy, former president of Modem Media and new CEO of Publicis Modem.

Reidy, reporting to Publicis CEO Richard Pinder, was also named CEO of Publicis Dialog, the firm's global digital marketing services agency.

"Publicis Modem has the reach, scope and depth to set a new standard in integrated, global, digital initiatives," Reidy said. "Paired with Publicis Dialog, we can additionally lead our clients in innovative CRM and promotions."

Colin Hearn, worldwide CEO of Publicis Dialog, will leave the company after more than three years. The shakeup does not, however, affect Digitas CEO David Kenny, who will still lead digital strategy for all of Publicis.

Publicis Modem will expand internationally by aligning with Publicis Dialog operations and offices in North America, Europe, the Middle East, Asia, and Australia. Reidy will oversee a single team, consisting of some 2,000 employees, for Publicis Modem and Publicis Dialog.

Additional details on the new organization will be released over the next month, a Publicis spokesman said.

Until Thursday's development, Modem Media was primarily based in San Francisco and Norwalk, CT, stateside, and in London overseas.

Now, San Francisco will become Publicis Modem's global headquarters. Publicis Modem in London will continue to manage the unit's global relationship with Hewlett-Packard, while other London clients will transition to Digitas. Clients moving to Digitas, which combined its London operations with Modem in 2005, include Barilla, the BBC, and Shell.

The move comes just four months after Digitas--which acquired Modem Media for \$200 million in 2004--was sold to Publicis for \$1.3 billion. Reidy now calls the sale "brilliant" because Publicis got two global agencies in one by buying Digitas.

"In bringing Modem's skills to bear on Dialog, we will be both expanding geographically as well as increasing our range of service capabilities," said Pinder.

News of the reorganization came the same day Publicis released first-quarter earnings. The French holding company reported organic growth of just 3%, yet net new business gains of \$3.4 billion. Digitas, meanwhile, turned in 16.8% revenue growth during the first quarter.

Publicis Chairman-CEO Maurice Levy projected an organic growth rate of 5% for all of 2007.

Publicis is the parent of media services networks such as Starcom MediaVest Group, ZenithOptimedia Group and Denuo.

Thanks largely to new business wins from MediaVest, Starcom MediaVest Group has had an exceptional year so far--on top of a very strong 2006. According to revised estimates issued Wednesday by RECMA, Starcom MediaVest Group turned in the best performance of any media network last year and now is the world's largest, with global billings up 17.4% to \$25.58 billion. That moved Omnicom's OMD unit to second place with a 2006 growth rate of 7.6% and billings of \$24.88 billion.

Publicis' ZenithOptimedia unit also had a strong 2006, with a growth rate of 8.3% and annual billings of \$19.29 billion, ranking it as the fifth-largest media network in the world, just behind Aegis Group's Carat.

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