

**The problem:** There is no effective, trusted way for professionals to find and transact with each other online

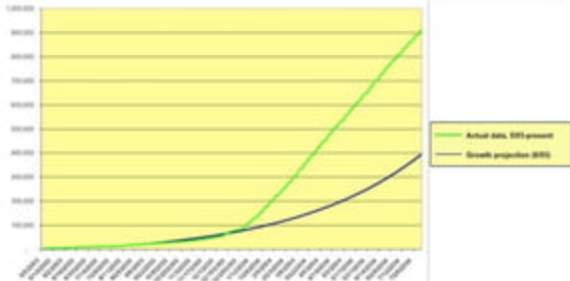
- Selecting service providers from yellow pages **fails**
- Selecting employees from resume databases **fails**
- Reaching professionals through directories **fails**

For eBay, PayPal, Google, and LinkedIn, the key is the network

Where the network is the key, the first mover is critical to revenue

*PayPal waited until 4 million registered users before turning on revenue – today, revenue is \$400MM+*

## Network Growth: Success



"LinkedIn has quickly become the Internet's largest online business network."

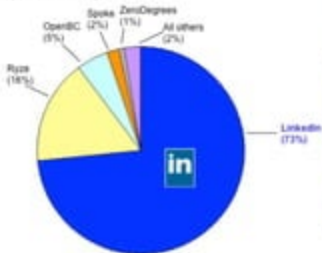
"LinkedIn is the most strict about keeping its site solely for professional, business purposes."

**Forbes**

March 2004

## LinkedIn Has Grown Its Lead

Registered users of online professional network tools  
August 2004  
(Total = 1.2 Million)



LinkedIn has highest rate of adoption

LinkedIn's share has increased from 54% 6 months ago to 73% today

Tipping point effects mean LinkedIn's share will continue to increase

Non-LinkedIn numbers are estimates based on best available intelligence

August 2004  
CONFIDENTIAL

# LinkedIn is the Market Leader

Numbers as of Q3 08. Non-LinkedIn numbers are estimates based on best available intelligence.



## Growth Includes Major Groups Providing Strong Brand Endorsement



### Leading MBA programs and MBA alumni



### Major conferences



### Top-tier professional organizations



"Red Herring chose LinkedIn for Groups as the professional network best for our conference to allow attendees to create lasting relationships and to promote Red Herring to LinkedIn's hundreds of thousands of high-quality professional users."

Florian Brody, Director of Business Development,  
Red Herring

### Additional Groups live since launch in April 2004

#### Additional Conferences

- SuperNova
- BlogOn

#### Additional Alumni Groups (mostly class-level)

- Haas School of Business
- MIT TechLink
- Mayfield Fellows
- Carnegie Mellon
- University of Washington

#### Additional Professional Groups

- Chinese Software Professionals Association
- InterFrench
- Industry Standard Internet Executive Group
- Press Club of California
- PDMA NorCal
- Association of International Product Marketing and Management

#### Additional Corporate Alumni Groups

- Sun Microsystems Alumni Association
- HP Alumni Association

Plus more than 50 other similar Groups  
15-20 new Groups added per month

## Strong Results With Less Than \$4 Million Spent



### Large user base

830K+ white-collar registered users  
29K+ weekly user growth rate  
23M+ unique email addresses uploaded

### Groups

50+ Groups live  
20+ new Groups launch per month  
300+ Groups in pipeline

### High-quality users

22% of users are CxO/senior execs  
100+ countries  
130+ industries

### Desktop (not promoted)

8K+ IE toolbar installs  
18K+ Outlook toolbar installs  
2.5M email addresses uploaded via toolbar

### Increasing usage levels

20% of old users log in per month  
18M+ user searches per month  
20M+ total member page views per month

### Business development

DirectEmployers Association  
American Express OPEN (at contract)  
10+ new inbound opportunities per week


 A screenshot of the LinkedIn search page. At the top, it says "Search 245,000+ Jobs...". Below this is a search bar with fields for "Keywords", "Location", and "Date Posted". The "Date Posted" dropdown is set to "All Time". Below the search bar, it says "And use your network to land one." At the bottom, there are logos for "Over 100,000+ Employers" and "LinkedIn".


 A screenshot of the LinkedIn OPEN program page. The header says "OPEN at LinkedIn". Below the header, there is a section titled "OPEN at LinkedIn" with a paragraph of text. To the right of the text is a small "OPEN" logo. Below the text is a list of bullet points:
 

- Finding talent
- Hiring and onboarding
- Quality of hire and retention
- Reducing time to hire

- Dominant non-profit consortium of Fortune 500 HR departments and university career centers
- Fourth-largest job database online
- Two-year exclusive agreement launched

- Exposure of LinkedIn to 2 million American Express small business cardholders
- Strong brand endorsement of LinkedIn
- Currently at contract

### Value of the network

### Revenue model (high-level)



- Network-based reputation system creates trust: key to high transaction volume

- eBay takes % of transaction
- Reputation system is not directly monetized



- Network-based fraud detection system makes the business economically viable

- PayPal takes % of transaction
- Fraud detection is not directly monetized



- Network-based page rank system produces best search results

- AdWords are shown in search results
- Page rank system is not directly monetized

...and of course, user-based network effects are key to making the business valuable

### Value of the network



- Network-based reputation system creates trust: key to high transaction volume and utility

### Revenue model (in detail)

- **1. InLeads:** contextual search text ads
- **2. Opportunities:** network-filtered job listings
- **3. Network Plus:** network-extending subscription
- Reputation system is not directly monetized (Universal service stays free for all users)

*Building the network is the challenge, and LinkedIn has the foundation*

"Executives should try LinkedIn. At best, it could be incredibly useful. At worst, the site **guards your privacy and doesn't waste your time.**"

"LinkedIn could change the way executive recruiting is conducted."



January 2004

# 1. LinkedIn InLeads Does for Professionals What Google AdWords Does for Products



The screenshot shows the LinkedIn search results interface. At the top, there's a navigation bar with 'Home', 'Search', 'Profile', 'Network', 'Groups', 'Jobs', and 'Messages'. Below this is a 'Search Results' section. On the left, there are three profile cards:

- Andy Brand** (2 hours from now): Creative consultant & entrepreneur in the Information, Technology and Services industry. Formerly at AT&T, Oracle, Tealium, Citigroup, United Air, and Intel. Software. Education: Stanford University, Dept. of Media and CS, MFA. Post-graduate work: *if you're looking for a manager with experience in a business, media, software, or consulting at United, or a software engineer at Air, Intel, or a software architect at the General...*
- Robert Dy** (2 hours from now): Senior Sales Consulting and Computer Software Consultant in the Computer Software industry. San Francisco Bay Area. Currently: Owner at Dyco consulting. Companies: Dyco consulting. Owner at Dyco consulting.
- Andrea Di** (2 hours from now): Writing and Editing Consultant and Professional in the Writing and Editing industry. San Francisco Bay Area. *Coordinated coverage of hardware, software and internet industries, while covering breaking news and writing a weekly column that attracted the \$100,000 boom and subsequent bust...*
- Scott Ballard** (2 hours from now):

On the right side of the search results, there is a yellow 'Sponsored profiles' section:

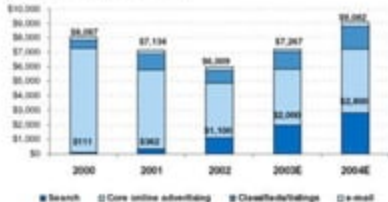
- Jeffrey Leonard**: Chairman, Strategist & Developer in the Tech & Social Space.
- Scott Powell**: Head of Sales for our organization? I will have an M.A. of our M.T. requirements.

25K+ daily professional searches  
450K+ daily member page views

"I've closed over \$100K worth of business so far, and currently have \$400K of deals in the pipeline, thanks to LinkedIn."  
- Todd Deffen, SMOFT Communications

## 1. Market for InLeads: Search Advertising Is Large and Growing Fast

Online advertising markets (\$ Millions)



### LinkedIn InLeads improves on Google AdWords model

- Info on searcher
- Focused white-collar demographic (\$2-\$50 CPC vs. \$0.35 CPC for unfocused demographic)
- Ability to monetize CPM, CPC, and leads

## 2. LinkedIn Opportunities Lets Users Leverage Their Network to Hire

### Network-filtered job postings



The screenshot shows a LinkedIn job posting for a "Senior Java Engineer" in a "Full-time" position. The job description includes details about the role, location, and application process. A yellow "Apply Now" button is visible at the bottom of the job listing.

### Network-filtered backdoor reference checking



The screenshot shows LinkedIn search results for a "Senior Java Engineer" position. The results are filtered by network connections, showing profiles of individuals who have worked with the user at the same company (IBM) or at other companies (e.g., Oracle, Sun Microsystems). Each profile includes the user's name, current title, and a "View Profile" button.

## 2. Reputation-Based Prioritization of Candidates Saves Time and Money



"I used LinkedIn to search for a Marketing VP and saved \$30,000 I would have otherwise paid a headhunter."

– Anonymous CEO  
(quoted in Forrester report, July 2004)

"LinkedIn helped me to easily find and contact 18 product managers, one of whom I ended up hiring. LinkedIn saved me a significant amount of time and effort."

– Jeremy Liew, GM, Netscape  
(hire placed in Columbus, OH)

"Through LinkedIn I was able to find the perfect match for a sales manager opening, and it saved us over \$20,000 in search costs."

– Adam Horng, CEO, Akiba  
(New York, NY)

## 2. Market for Opportunities: Existing Online Job Markets Are Large But Inefficient

	Revenue (2004E, \$M)	Average Unique Monthly Visitors (M)
Monster	515	18.2
Careerbuilder	175	14.5 (across Careerbuilder network)
Yahoo! HotJobs	94	12.8
LinkedIn	n/a	0.3 (up from 0.1 8 months ago)
<b>Total Market</b>	<b>\$27</b>	<b>&gt;20</b>

20K+ contact requests per month

- Online job market is already large
- LinkedIn is not only about jobs: enables *lifetime user relationship* and better results for users

"Employers will increasingly tap LinkedIn's rich profiles to find passive job candidates rather than pay Monster to access its resume database."

July 2004

Source: Goldman Sachs, Forrester

August 2004  
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### 3. LinkedIn Network Plus Gives Power Users Extended Reach



User without Network Plus: Visibility limited to 3 degrees

Search Results

LinkedIn Network Plus

User with Network Plus: Visibility out to 4 degrees

Search Results

LinkedIn Network Plus

"I was contacted by a CNET executive who referred me to a hiring manager in his group. I was offered a position. LinkedIn has been an invaluable career tool."  
— Don Marzetta, Director of Vendor Integration, CNET

"I closed business with the CEO of a major software company."  
— Raj Sardesh, Principal, ProductMilestones

"We used LinkedIn contact requests to engage and secure two great conference speakers."  
— Jeff Clavier, Managing Partner, SoftTech VC

### 3. Market for Network Plus: Large Online Personals Market Provides Comp



	2002	2003	2004	2005	2006	2007
<b>Global Personals Industry Revenue</b>	\$1.7	\$2.06	\$2.39	\$2.89	\$3.49	\$4.22
Total online personals growth	13%	18%	20%	21%	21%	21%
<b>Global Personals</b>	\$1.4	\$1.6	\$1.8	\$2.1	\$2.4	\$2.8
U.S. Online Personals Revenue	\$1.1	\$1.2	\$1.3	\$1.5	\$1.7	\$2.0
Total online personals growth	13%	18%	20%	21%	21%	21%
<b>Revenue per 100,000</b>	\$1	\$1	\$1	\$1	\$1	\$1
Total online personals growth	-	0%	0%	0%	0%	0%
<b>Personals, Second and 3rd Qtr 2007</b>	\$1.5	\$1.5	\$1.5	\$1.5	\$1.5	\$1.5
Total online personals growth	-	0%	0%	0%	0%	0%
<b>Global Personals, Second and 3rd Qtr 2007</b>	\$1.3	\$1.3	\$1.3	\$1.3	\$1.3	\$1.3
Total online personals growth	-	0%	0%	0%	0%	0%

12K+ Beta Subscribers

"LinkedIn has taken referral-based job hunting to the next level."

**U.S. News**  
March 2004

- Great revenue potential for InLeads, Opportunities, and Network Plus  
*Law of large numbers ensures high revenue*
- Very high operating margins  
*Free customer acquisition, digital goods transactions with zero incremental cost*  
*Operating margins virtually breakeven even for universal free service*
- Execution difficulty decreases as LinkedIn grows the network  
*Hardest part is building large, high-quality user base*

### **Reid Hoffman, CEO**

- Former EVP and Founding Board Member, PayPal
- Investor in Friendster, Ironport, Six Apart, Vendio et al

### **Sarah Imbach, Chief of Staff and VP**

- Former SVP Operations, PayPal

### **Allen Blue, VP of Product**

- Former Director of Product Design, Socialnet.com

### **Jean-Luc Vaillant, VP of Engineering**

- Former Director of Engineering and Software Development, Logitech, Spotify

### **Konstantin Guericks, VP of Marketing**

- Former VP of Marketing, Presenter, Blaxxun

### **Eric Ly, CTO**

- Founder and former CTO, Netmosphere (sold to Critical Path)

### **Matt Cohler, Director of Corporate Development**

- Former top-ranked analyst at McKinsey, marketing at Asainfo, published in HBR

**Technical team with experience at Apple, Cisco, Hotwire, Citigroup, Sprint, TIBCO, VERITAS, et al**

## Board and Other Investors Are Sequoia and Top-Tier Angels

### Reid Hoffman

- CEO of LinkedIn
- Former EVP and Founding Board Member, PayPal; leading angel investor

### Mark Kramme

- Partner, Sequoia Capital
- Former CEO and Chairman, CKS Group

### Rob DeSantis

- Former CMO and Co-Founder, Arba

### Additional angel investors (not on Board of Directors)

- Peter Thiel, Co-Founder and Former CEO, PayPal
- Marc Andreessen, Co-Founder and Former CTO, Netscape
- Joe Kraus, Co-Founder and Former SVP Marketing, Excite
- Andrew Anker, Former CTO, Wired and Former Partner, August Capital
- Gil Penchina, VP International, eBay



SEQUOIA CAPITAL

LinkedIn Series A  
\$4.7 Million  
November 2003

Professional people search includes 3 key components

### LinkedIn premium services

Service providers

1. **Targeted ads:**  
Contextual text ads targeted on search terms and profiles



Jobs

2. **Listings:**  
Job listings filtered through each professional's network



Deals and networking

3. **Subscriptions:**  
Service extending reach of each professional's network



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