



Series B

August 2004

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LinkedIn Is Professional People Search 2.0



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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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

Professional People Search 2.0 Leverages Networks



Internet 1.0 = Search and transact via flat directories



Internet 2.0 = Search and transact via networks



Goods Listings 1.0: Online Classifieds

The Philadelphia Inquirer

Assess seller's reputation by looking at
each individual seller's claims

Goods Listings 2.0: eBay



Assess seller's reputation by looking at
network of transactions between users

Online Payments 1.0:
Citibank et al



Detect fraud by looking at
each individual's behavior in isolation

Online Payments 2.0:
PayPal



Detect fraud by looking at
network of transactions between users

Search for Things 1.0:
Altavista

altavista:

Rank search results by looking at
each individual page in isolation

Search for Things 2.0:
Google

Google

Rank search results by looking at
network of links between pages

LinkedIn: Professional People Search 2.0



**Professional People Search 1.0:
Monster, Lexis Nexis, et al**



Assess professionals by looking at
each individual's claims

**Professional People Search 2.0:
LinkedIn**



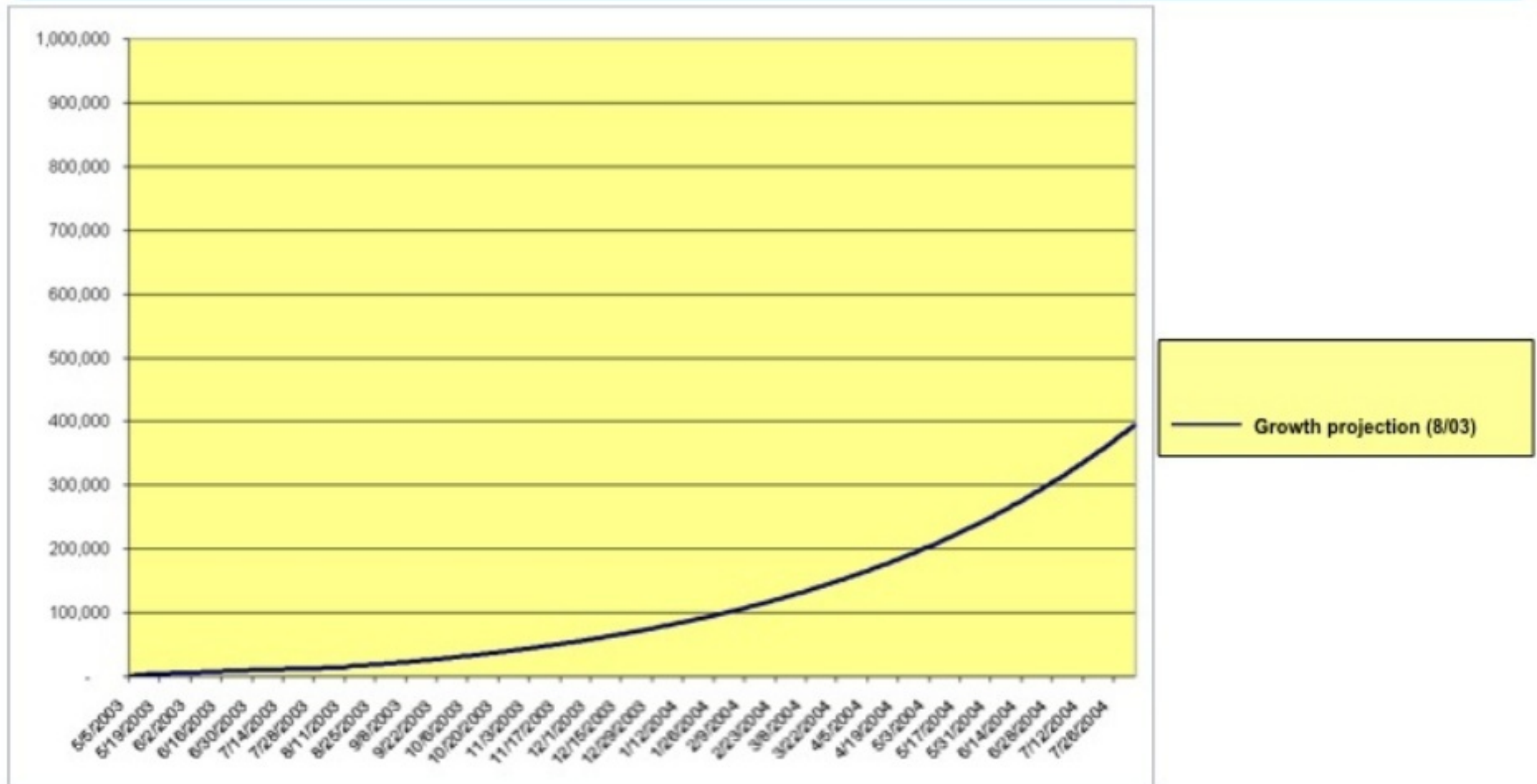
Assess professionals by looking at
network of relationships between users

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

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

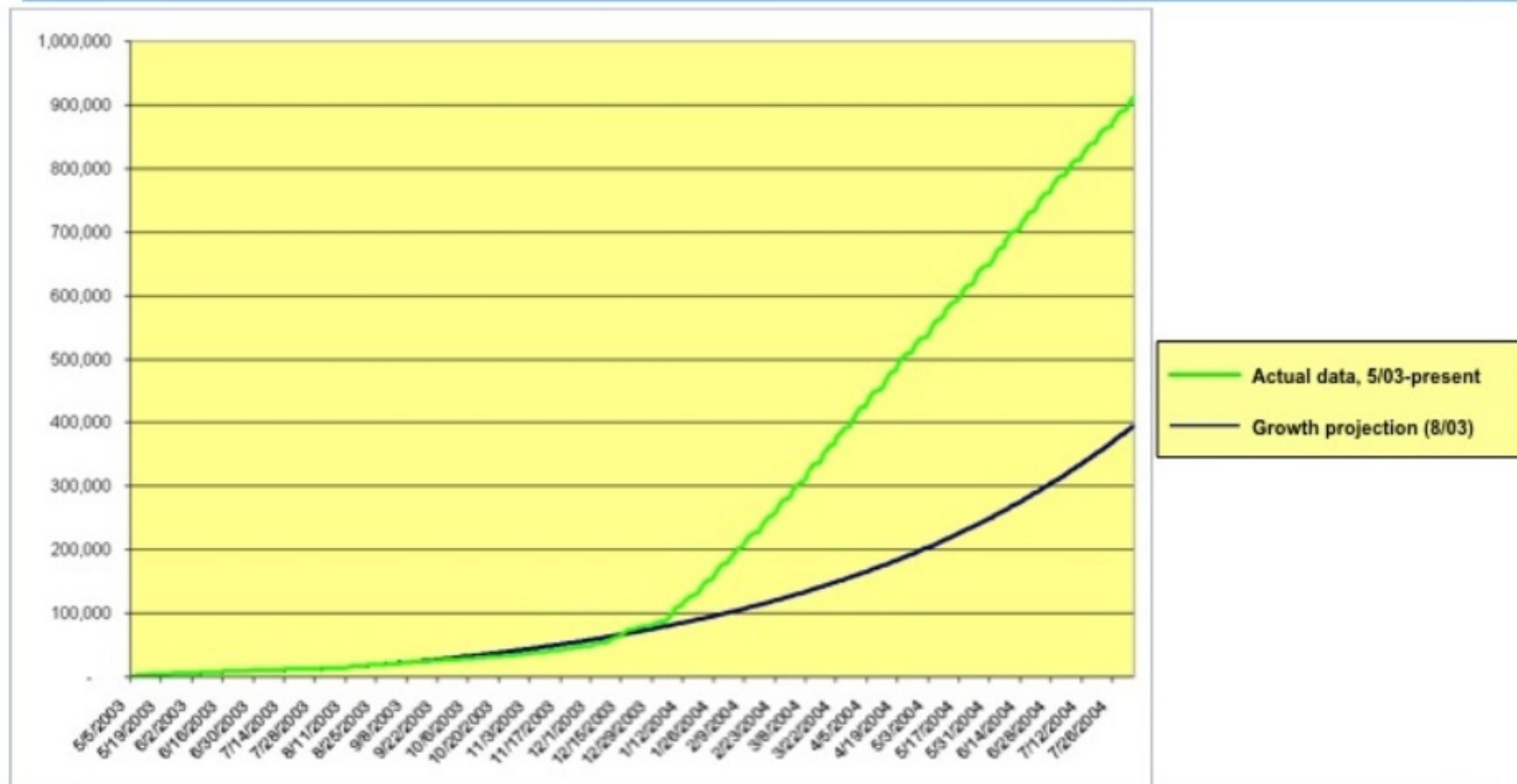
PayPal waited until 4 million registered users before turning on revenue – today, revenue is \$400MM+

Network Growth: Commitment from Series A



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Network Growth: Success



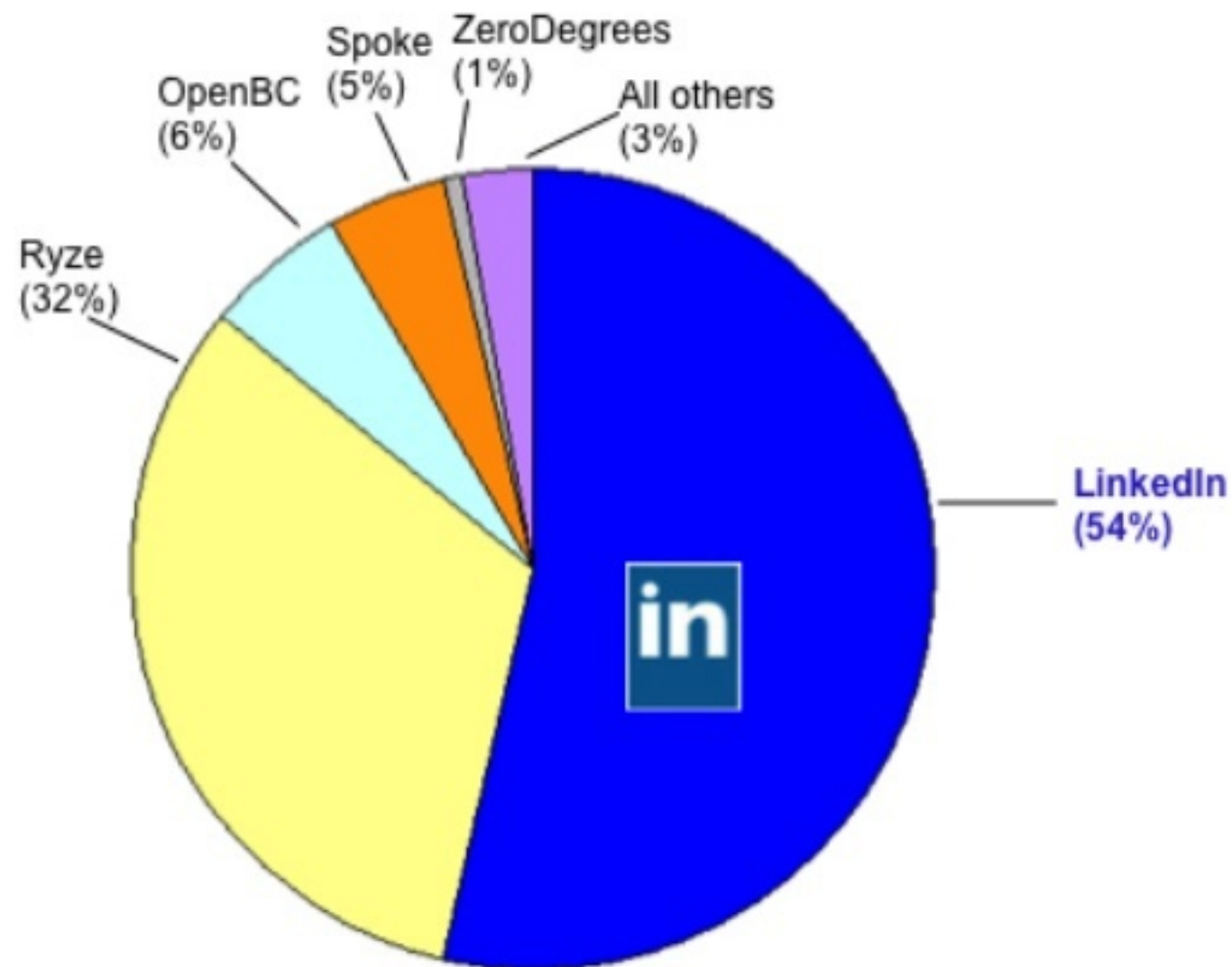
"LinkedIn has quickly become **the Internet's largest online business network.**"

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

Forbes
March 2004

LinkedIn Leads this Market

Registered users of online professional network tools
February 2004
(Total = 0.3 Million)

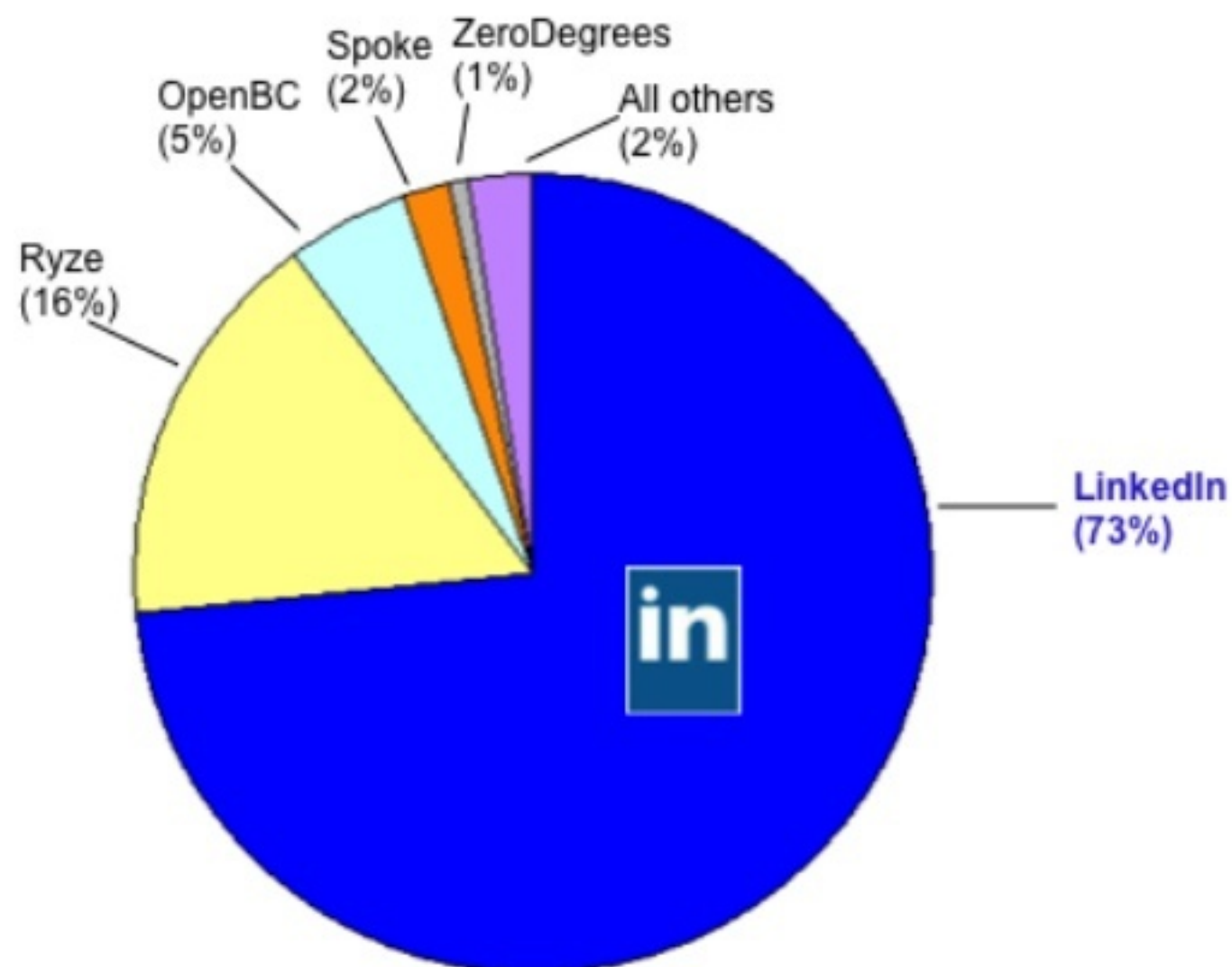


Non-LinkedIn numbers are estimates based on best available intelligence

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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

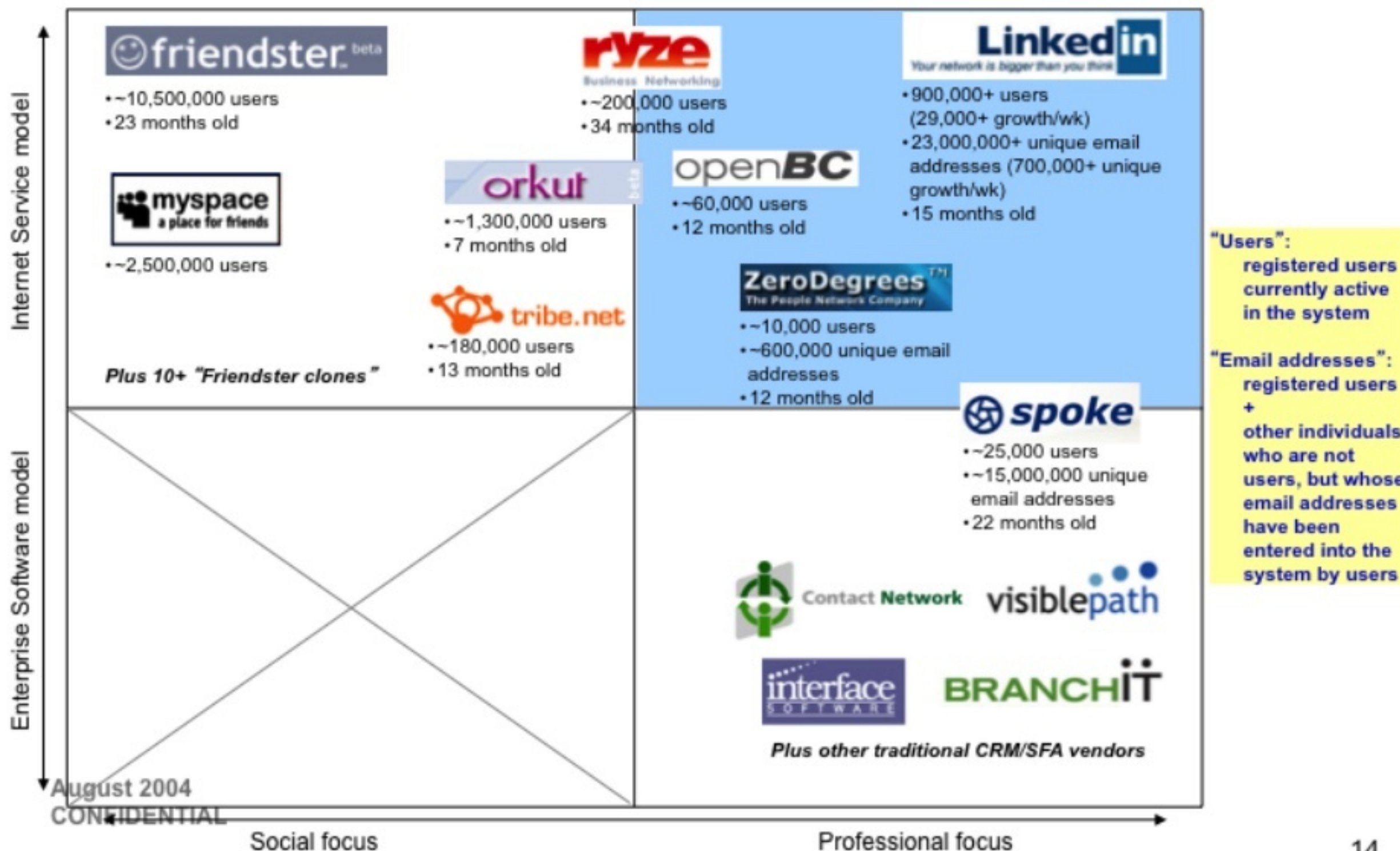
Non-LinkedIn numbers are estimates based on best available intelligence

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LinkedIn is the Market Leader



Numbers as of 8/04. 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 tool 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**

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Strong Results With Less Than \$4 Million Spent



Large user base

930K+ 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 CxOs/senior execs
100+ countries
130+ industries

Desktop (not promoted)

6K+ 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
1M+ 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

Great Inbound Business Development



- 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




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LinkedIn's Market-Leading Position Creates Strong Barriers to Entry



- Inherently viral product design with tipping point effects
Promotes ongoing market leadership
- Reputation system and network of relationships between users
Enables very strong network effects and user trust
- 2 key patents in viral marketing and “social networking”
1 granted, 1 pending with 1999 priority date

The Network Enables Revenue

	Value of the network	Revenue model (high-level)
	<ul style="list-style-type: none">• Network-based reputation system creates trust: key to high transaction volume	<ul style="list-style-type: none">• eBay takes % of transaction• Reputation system is not directly monetized
	<ul style="list-style-type: none">• Network-based fraud detection system makes the business economically viable	<ul style="list-style-type: none">• PayPal takes % of transaction• Fraud detection is not directly monetized
	<ul style="list-style-type: none">• Network-based page rank system produces best search results	<ul style="list-style-type: none">• 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

The Network Enables Revenue



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

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The Network Enables Revenue



LinkedIn's Market Opportunity Is Large



1. InLeads (Targeted ads)

Comparables

- Google AdWords for people
- Lexis-Nexis for services
- Yellow pages/directories

Comparable market sizes (2004)

- Search ads: \$2.8B
- Lexis-Nexis: \$2.3B
- Offline yellow pages, directories, and local ads \$10B+

2. Opportunities (Listings)

- Monster et al
- Classifieds

- Job sites: \$0.8B (excluding classifieds)

3. Network Plus (Subscriptions)

- Match.com et al

- Personals sites: \$0.6B

Sources: SEC filings, Searchenginewatch.com, Kelsey Group, iMediaconnection, Goldman Sachs, Marketdata Enterprises, CBS Marketwatch

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



LinkedIn

Your network is bigger than you think

Welcome, Allen | [Sign Out](#)

Home

Search

Profile

Address Book

Network

Requests

Search Results

Andy Brandt a fellow SVASE member

Creative **consultant** & entrepreneur
In the Information Technology and Services Industry; Poland
Currently: Owner at ITTC
Companies: ITTC; Polska Telefonia Cyfrowa; Unisys; 4pi Analyst; **Software**; Edusoft; Warsaw University, Dept. of Maths and CS; IPPT PAN
... IT **consultant**/project manager with experience in e-business, mobile solutions ... **Consultant** at Unisys ... **Consultant**/analyst at 4pi Analyst ... as a **consultant**-advisor to the General ...

connections: 20
endorsers: 1

Robert Dy 2 degrees away

Owner, Dyco 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

connections: 2

Andrea Orr 2 degrees away

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 chronicled the dot-com boom and subsequent bust. ...

connections: 1

Kevin Babcock 2 degrees away

Sponsored profiles

Geoffrey Leonard
Databases Designed & Developed On Time & Under Budget
 Connections: 128
Endorsers: 16
Connected to: Reid Hoffman, Konstantin Guericke and 2 more

Sarah Powell
Need more than just programming? I will deliver on all of your .NET requirements..
 Connections: 119
Endorsers: 15
3 degrees away

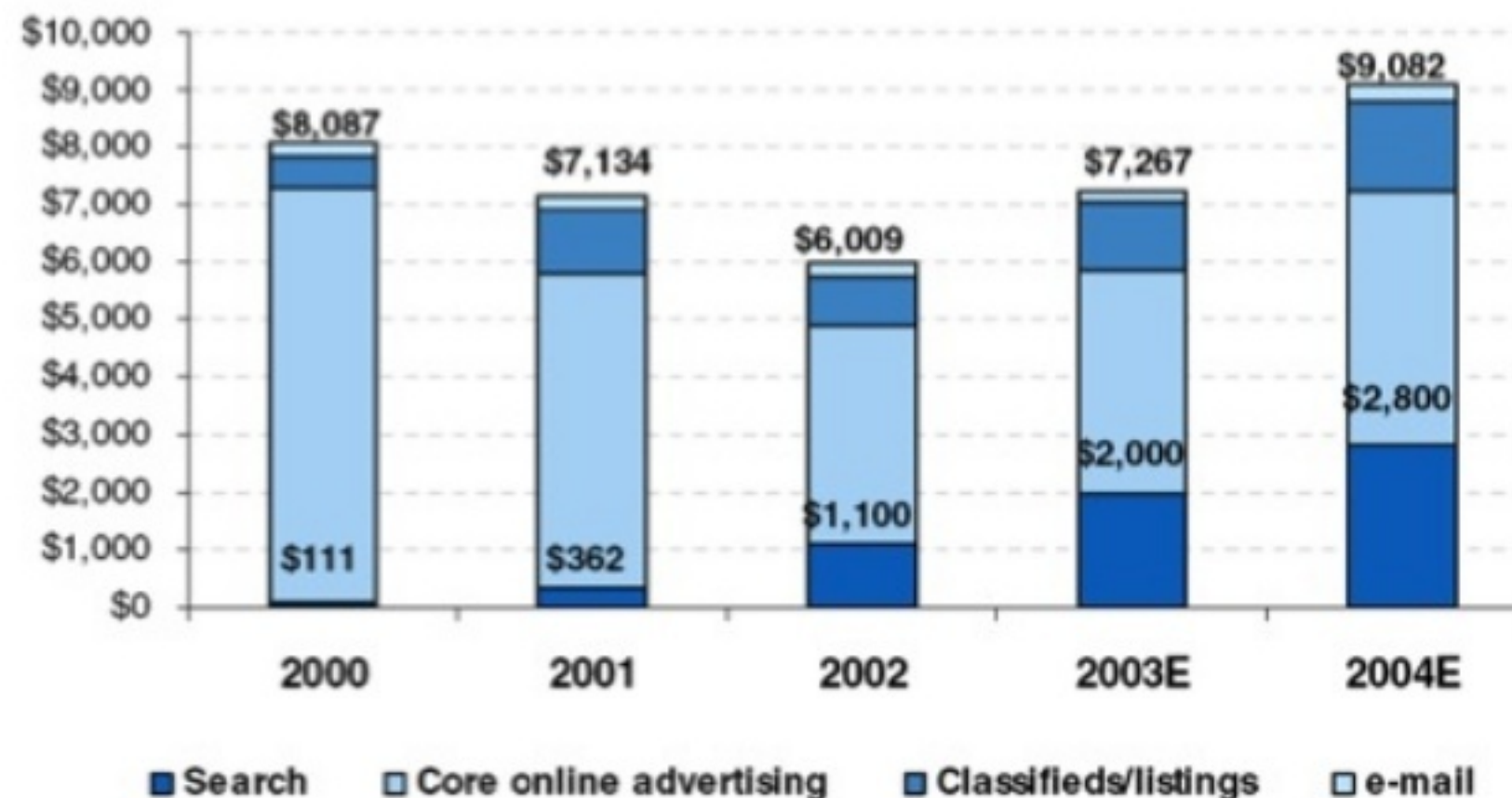
35K+ daily professional searches
450K+ daily member page views

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

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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

Sources: PriceWaterhouseCoopers, Goldman Sachs
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2. LinkedIn Opportunities Lets Users Leverage Their Network to Hire

Network-filtered job postings

The screenshot shows a LinkedIn job posting interface. At the top, the LinkedIn logo and navigation bar are visible. Below the navigation bar, there's a section for "1 of 61 Jobs" with links to "View List" and "Search Jobs". The main content area is divided into two columns. The left column contains the job title "Senior Java Engineer" at "Robert Half International", location "Eugene, Oregon", type "Contract to Hire", and HR contact "June Higgins". The right column contains the posting date "June 29, 2004 (12 days ago)", company data "Robert Half International" with "29 in your network", and a list of "Best connections to this company" including "Reid Hoffman" and "Konstantin Guericke". Below this, there's a section for "Applying for this job" with the HR manager "June Higgins" and a route "direct or through Reid Hoffman". The job description on the left mentions seeking a Sr. Java Software Engineer for a team of talented professionals. The bottom right of the job card has an "Apply Now" button.

Network-filtered backdoor reference checking

The screenshot shows LinkedIn search results for a candidate. The top navigation bar includes the LinkedIn logo and a "Welcome, Allen | Sign Out" message. Below the navigation bar, there's a "Search Results" section. The first section is "Works with candidate at BMI:", listing four contacts: "Jeannine Athas" (General Manager at BMI, 2 degrees from you), "Jeff August" (VP Acquisitions at BMI, 2 degrees from you), "Peter Fagen" (Senior Marketing Director at BMI, 2 degrees from you), and "Wyatt Leung" (General Counsel at BMI, 3 degrees from you). A "View all 36" button is next to this list. The second section is "Worked with candidate at Disney, 2001-2003:", listing four contacts: "Joseph N. Fournier" (Producer at Disney, 2 degrees from you), "Alan Fry" (Director of Promotions at Disney, 2 degrees from you), "Lena Phillips" (Marketing VP at Disney, 2 degrees from you), and "Jack Levant" (Animations Manager at Disney, 2 degrees from you). A "View all 29" button is next to this list. At the bottom, there's a link to "Add more past positions" and a search bar for "Search for candidate by Name".

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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 10 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 Honig, 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	12.6
LinkedIn	n/a	0.3 (up from 0.1 6 months ago)
Total Market	827	>20

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

20K+ contact requests per month

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

FORRESTER

July 2004

Sources: Goldman Sachs, Forrester

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3. LinkedIn Network Plus Gives Power Users Extended Reach



User without Network Plus: Visibility limited to 3 degrees

Search Results

Last Search:
We found 25 users matching these criteria:
• users with keywords: "mobile telephone"
Sorted by number of endorses.

Tony Sumpster 3 degrees away
Managing Director EMEA at Tower Software
In the Computer Software industry; United Kingdom
Currently: Managing Director EMEA at Tower Software
COO & co-founder at CabinCell Limited
Companies: Tower Software; CabinCell Limited; Datawatch International Limited; Moai Technologies Limited
... A start-up project to enable mobile telephone use onboard cruise ships and airplanes. ...

James Page 3 degrees away
CEO at On2go and Owner, Entrepreneur and Visionary
In the Telecommunications industry; United Kingdom
Currently: CEO at On2go
Companies: Soft Ghana; PervasiveEdge; Deckchair.com; On2go
... CEO of On2go. On2go is developing software systems to provide live content to mobile telephone users. on2go aims to help people in ...

Fourth-degree contact
Network Plus™ members can reach twice as many professionals.
[Try LinkedIn Network Plus™ today.](#)

Guy Blakeney 3 degrees away
Associate, Greenhill & Co.
In the Investment Banking industry; United Kingdom
Currently: Associate at Greenhill & Co
Companies: Greenhill & Co; Rutland Group Ltd; Initiators; Cambridge University

User with Network Plus: Visibility out to 4 degrees

Search Results

Last Search:
We found 25 users matching these criteria:
• users with keywords: "mobile telephone"
Sorted by number of endorses.

Tony Sumpster 3 degrees away
Managing Director EMEA at Tower Software
In the Computer Software industry; United Kingdom
Currently: Managing Director EMEA at Tower Software
COO & co-founder at CabinCell Limited
Companies: Tower Software; CabinCell Limited; Datawatch International Limited; Moai Technologies Limited
... A start-up project to enable mobile telephone use onboard cruise ships and airplanes. ...

James Page 3 degrees away
CEO at On2go and Owner, Entrepreneur and Visionary
In the Telecommunications industry; United Kingdom
Currently: CEO at On2go
Companies: Soft Ghana; PervasiveEdge; Deckchair.com; On2go
... CEO of On2go. On2go is developing software systems to provide live content to mobile telephone users. on2go aims to help people in ...

Joseph Amorin 4 degrees away
Logistics and Supply Chain Professional
In the Logistics and Supply Chain industry; Germany
Companies: Tower Automotive GmbH; Sando Ltd; Joe Amorin
... Purchasing and Supply Chain for a leading mobile telephone manufacturer in the Netherlands. Involvement in sourcing ...

Guy Blakeney 3 degrees away
Associate, Greenhill & Co.

"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	2004E	2005E	2006E	2007E
Total Personals Industry Revenue	917	1,080	1,166	1,260	1,348	1,442
Year-over-year-growth	13%	18%	8%	8%	7%	7%
Online Personals	304	480	550	645	732	810
Year-over-year-growth	-	58%	15%	17%	14%	11%
% of total personals industry	33%	44%	47%	51%	54%	56%
Singles 18+ US	87	87	87	87	87	87
Year-over-year-growth	-	0%	0%	0%	0%	0%
Personals Spend per 18+ US Single	10.5	12.4	13.4	14.5	15.5	16.6
Year-over-year-growth	-	18%	8%	8%	7%	7%
Online Personals Spend per 18+ US Single	3.5	5.5	6.3	7.4	8.4	9.3

33K+ Beta Subscribers

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

U.S. News
March 2004

Sources: Goldman Sachs, Marketdata Enterprises

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Revenue Is Near-Term

	Pricing plan (preliminary)	Launch timing
LinkedIn Universal Service	<ul style="list-style-type: none">Remains free (large user base is key revenue-generating asset)	<ul style="list-style-type: none">Already live
1. InLeads (Search ads)	<ul style="list-style-type: none">CPC pricing set by free market auctionCPM pricing \$3-\$10 depending on categoryEOI (lead generation) pricing \$25+	<ul style="list-style-type: none">1/05
2. Opportunities (Listings)	<ul style="list-style-type: none">\$79 per listing (remains open for 30 days)Price levels increase post-2005	<ul style="list-style-type: none">11/04
3. Network Plus (Subscriptions)	<ul style="list-style-type: none">\$5.95 per month or \$59.95 per yearPrice levels increase post-2005	<ul style="list-style-type: none">1/05

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Internet 2.0 Business Model: High Revenue and High Margins



- 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

Series B Brings LinkedIn to Operating Profitability in 2005



Key assumptions in LinkedIn model

Macro assumptions

- Monthly user growth of 3%-13% (below current levels)
- Monthly usage growth rate of 5%-10% (below current levels)

1. InLeads (search ads) assumptions

- CPMs priced at \$3-\$5, CPCs priced at \$1 (both well below comps)
- Clickthrough and conversion rates of 0.5%-2.75%

2. Opportunities (listings) assumptions

- Listings pricing at \$79

3. Network Plus (subscription) assumptions

- Subscription rate of 0.5%-3.0% (high end of range not until 2007)

Series B Brings LinkedIn to Operating Profitability in 2005

5-Year Financials \$ Thousands

	Historical	Conservative projections				
5-YEAR FINANCIALS	2003	2004	2005	2006	2007	
Total active users (EOY)	81,801	1,594,188	3,889,445	6,195,065	9,317,487	
Revenues	\$ -	\$ 261	\$ 7,292	\$ 22,697	\$ 54,088	
Expenses	\$ (1,271)	\$ (3,997)	\$ (6,973)	\$ (10,644)	\$ (14,119)	
Cashflow from Operations	\$ (1,271)	\$ (3,736)	\$ 319	\$ 12,053	\$ 39,969	
Cashflow from Financing	\$ 4,679	\$ 9,750	\$ -	\$ -	\$ -	
Net Cash Position (EOY)	\$ 3,408	\$ 9,422	\$ 9,741	\$ 21,794	\$ 61,763	
Headcount	11	36	69	93	112	
Operating Margin	N/A	N/A	4.4%	53.1%	73.9%	

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Business and Tech Team Has Strong Track-Record



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, Spotlife

Konstantin Guericke, 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 AsiaInfo, published in HBR

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

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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 Kvamme

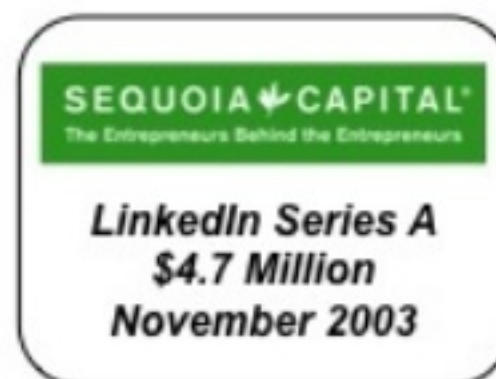
- Partner, Sequoia Capital
- Former CEO and Chairman, CKS Group

Rob DeSantis

- Former CMO and Co-Founder, Ariba

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



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LinkedIn is Well-Positioned in an Essential Market



- High-margin billion-dollar opportunity
- Clear market leader in a defensible space
- Strong team and strong execution on less than \$4M spent



Find and Contact the People You Need Through the People You Already Trust