

LinkedIn & Lynda.com

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After spending \$1.5 billion...

How to create an integrated product between LinkedIn and Lynda that successfully connects jobs and skills?

How to generate returns for shareholders?

Agenda



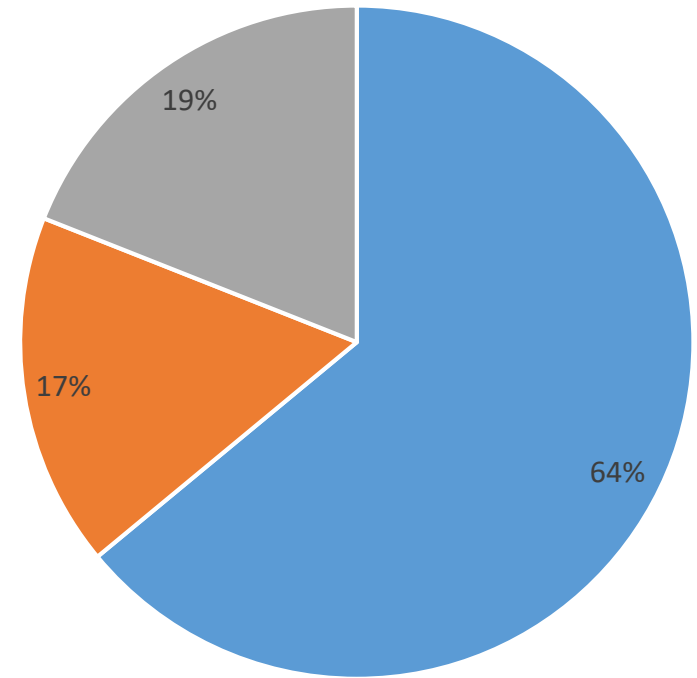
LinkedIn Overview

467m registered members globally

\$2.9 billion in net revenue 2015

B2B products account for 83% of revenue

LinkedIn Revenue

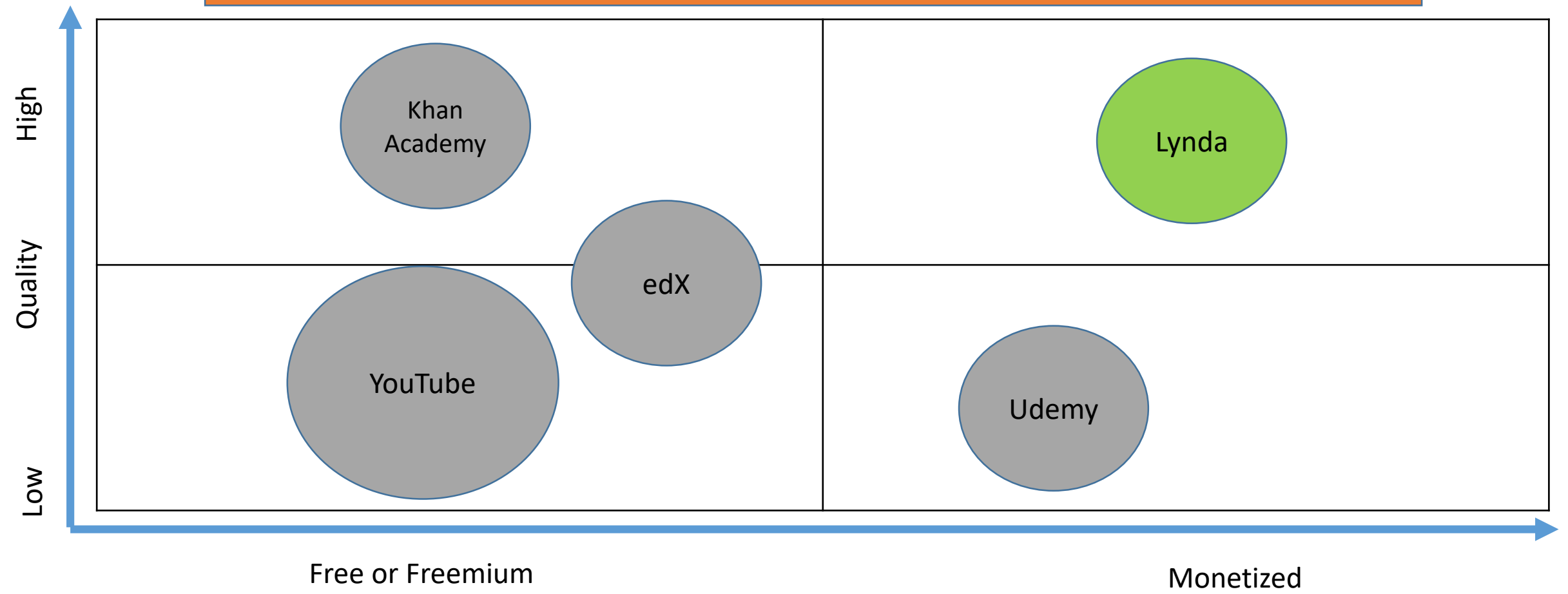


■ Talent Solutions ■ User Subscriptions ■ Marketing Solutions



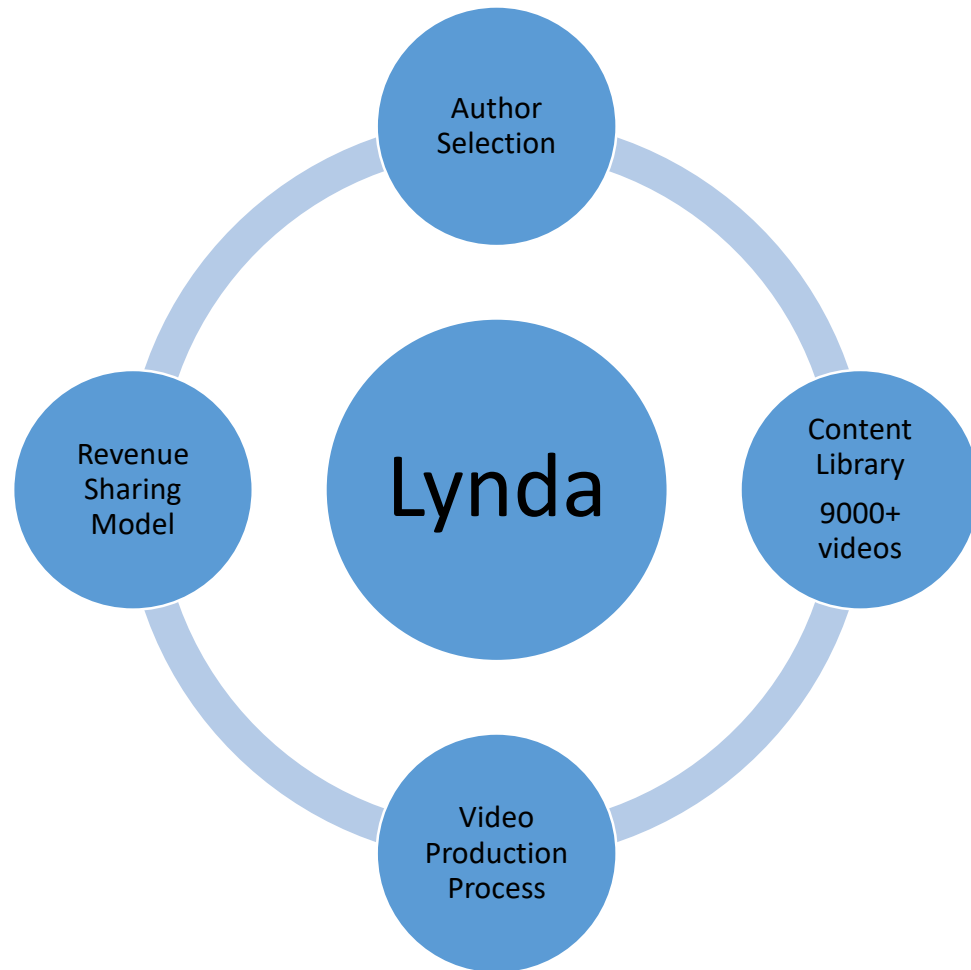
Lynda Competitive Position

Lynda's UVP: Subscription-based Quality Content



LinkedIn + Lynda

Core Competencies



How to leverage LinkedIn's network and Lynda's core competencies to further the mission of **connecting people to opportunity**?



Strategic Alternatives

Disrupt Conventional Educational Systems

- Target students to monetize Lynda offerings
- Coordinate with local test centers to validate certificates (similar to SAT, GMAT, GRE, etc...)

Own Global Talent Pipeline

- Expand the economic graph through “LinkedIn Learning”
- Monetize Lynda offerings for both institutional development and recruitment

Promote Personal Development

- Target individuals aiming at widening their knowledge and skillset to monetize Lynda
- Focus on courses related to users’ hobbies and other areas of interest

Analysis

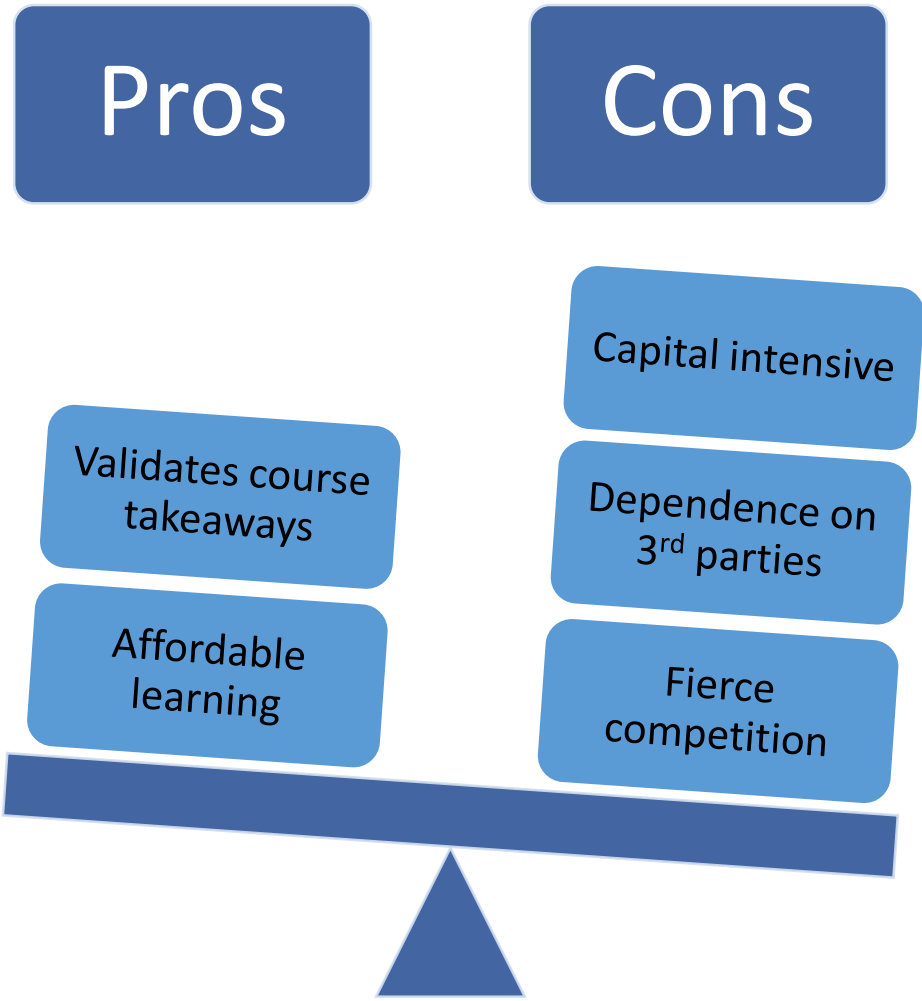
Challenge

Alternatives

Implementation

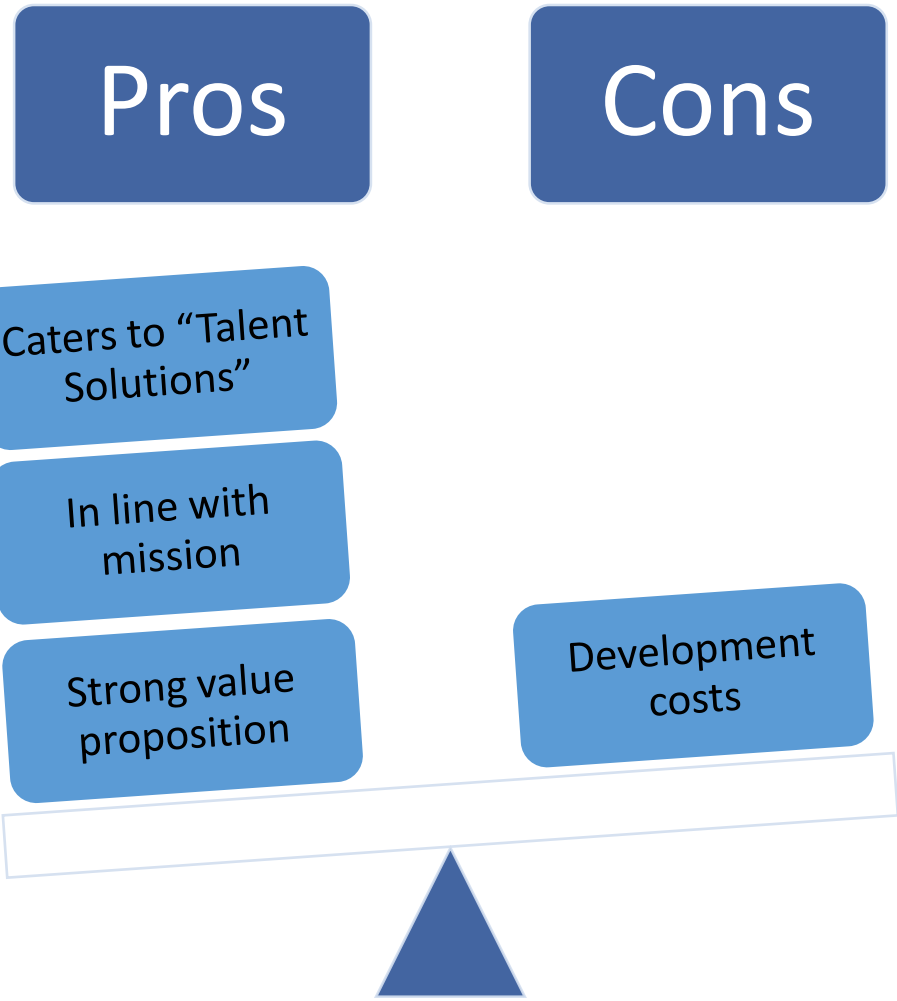
Risks & Mitigation

Alternative 1 - Disrupt Conventional Educational Systems



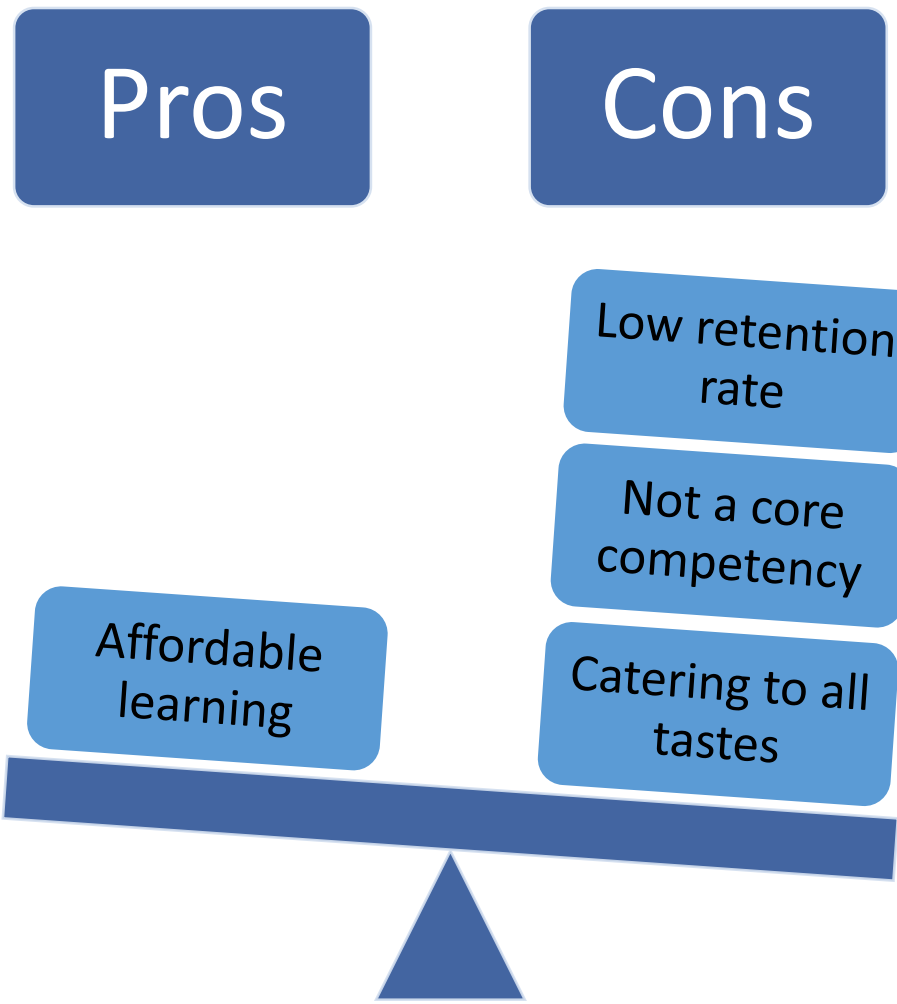
Unfavorable option

Alternative 2 - Own global talent pipeline



Favorable option

Alternative 3 - Promote personal development



Unfavorable option

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Alternatives – Decision Matrix

	Disrupt Conventional Educational System	Own Global Talent Pipeline	Promote Personal Development
Alignment with LinkedIn Mission and Vision	+	++	-
Capital Intensity	--	-	++
Retention Rate	+	++	-
Total	Neutral	+++	Neutral

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Implementation – Marketing Mix

Product

- Job posts linked to Lynda courses
- Training programs and videos in collaboration with Lynda

Price

- 0-50 licenses: USD 24/license
- 51-150 licenses: USD 22/license
- 151-500 licenses: USD 20/license
- 501-1000 licenses: USD 18/license
- 1000+ licenses: USD 15/license

Place

- Within LinkedIn platform

Promotion

- Revenue sharing for public courses by recruiters
- Free trial periods for key accounts

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Solving Customer Needs

Enterprise Need 1: Hiring the Right People

- 35% of employers can't find the right talent
- Online recruiting products don't evaluate skills
- Processes: Recruiting, Onboarding, Executive Search

Enterprise Need 2: Training People

- New technologies require specific skills
- Employers must manage continuous learning for workers
- Processes: Talent Development, Succession Planning, Systems Implementation

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Product Enhancement

Problem: How to find the right candidates?

Enhancement to LinkedIn Talent Solutions

LinkedIn Job Posts + Lynda Courses

Assess Candidates' Qualifications from Anywhere

Benefit: Faster & Smarter Hiring

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Job Posts + Lynda Mockup

New LinkedIn Posting

Procurement Manager

The Innovative Company

Job Description

- Lead all purchasing activities
- Manage team of 5 employees
- Attend regional leadership meetings & report key metrics
- Expertise in procurement information systems

Test your Qualifications on Lynda

Apply with LinkedIn

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Challenge 2: Managing Talent Development

Problem: How to continuously train employees?

Licenses to full Lynda course catalog for employees
Ability to create custom learning paths for specific jobs

Lynda video production facilities can support custom courses
Make courses public or restrict access only to your personnel

Evaluate performance and assign Badges for completion →
Gamification

Benefit: effectively manage talent planning

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Lynda Enterprise Learning Mockup

Employee Talent Profile

Sarah Turner

Procurement Manager (Time in Role: 1 year, 3 months)

Hire Date: March 15, 2012

[Click to see additional HR data...](#)

Badges Earned:

**Procurement
System Cert.**
8/12/2016

**Business Process
Leadership**
4/8/2015

Team Leadership
7/15/2012

Qualified Job Vacancies:

**Finance Manager,
Northeast Region**

Analysis

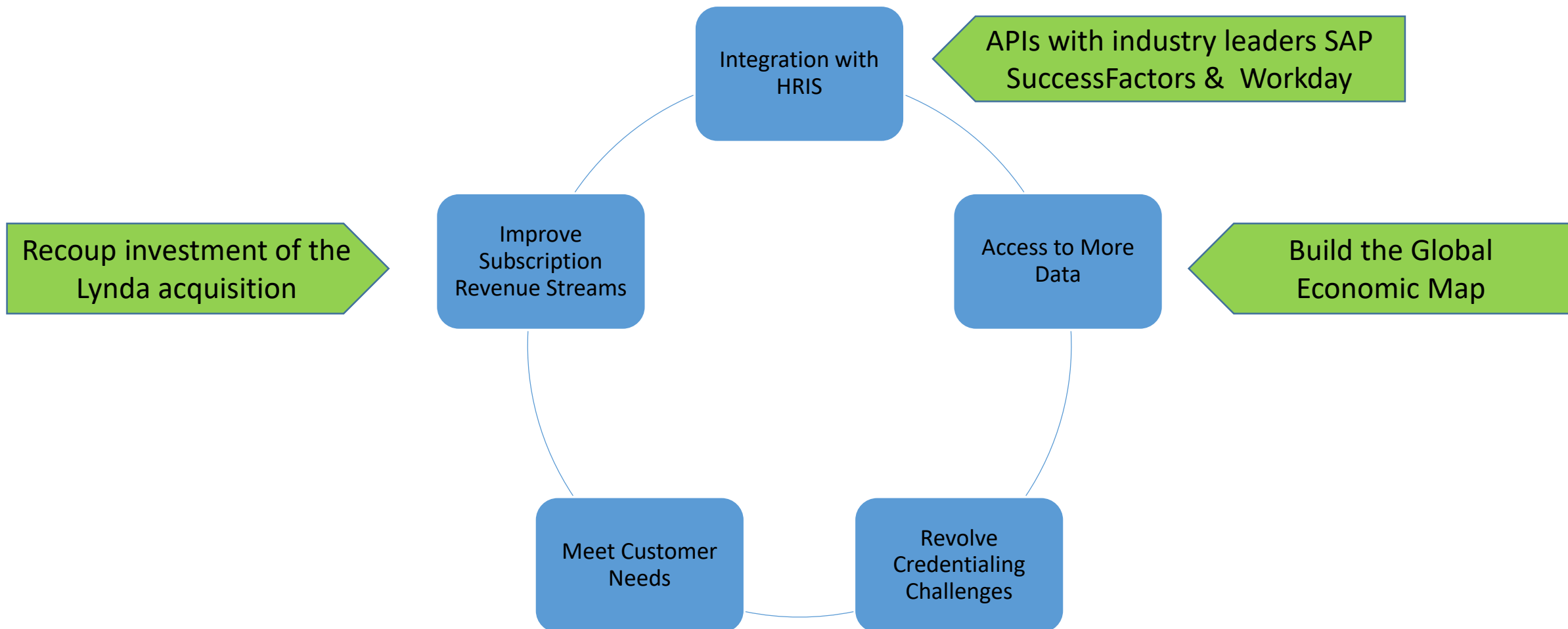
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Additional Network Synergies



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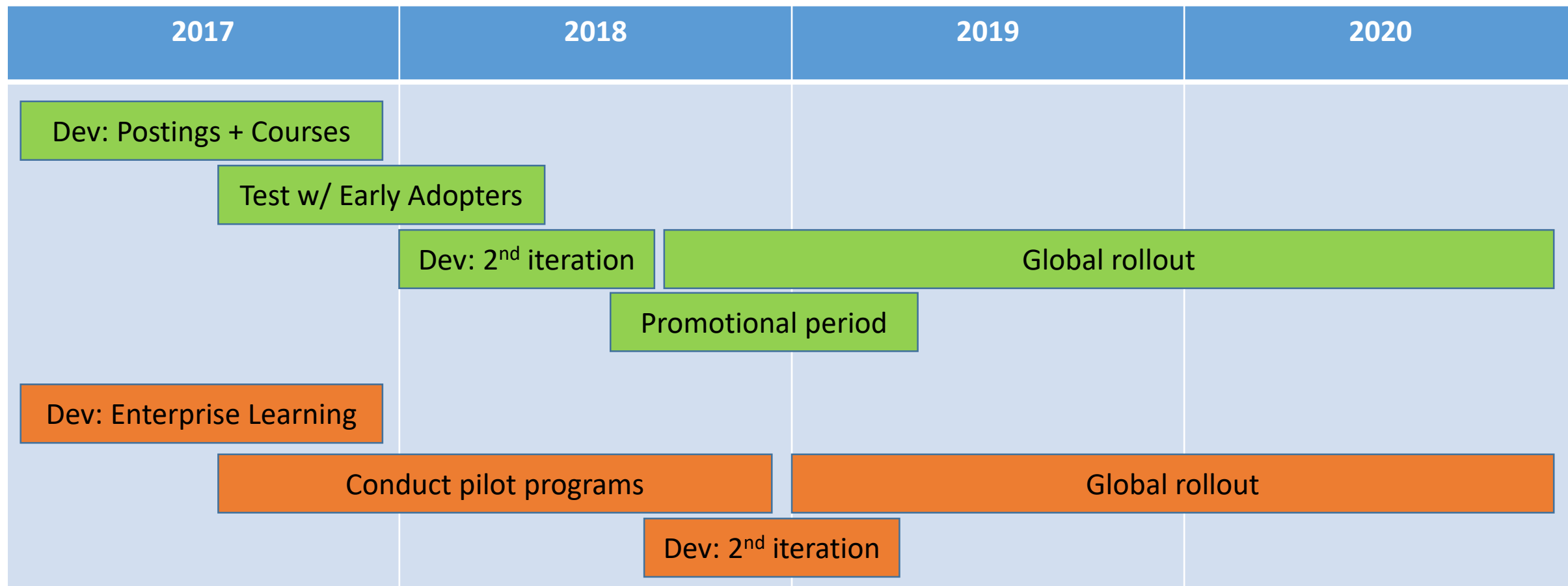
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Timeline



Analysis

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Financials – Givens and Assumptions

Total number of LinkedIn Users	467,000,000
Total revenues of LinkedIn (2015)	2,990,911,000
Share of revenues from Talent Solutions (64%)	1,914,183,040
Annual professional fee for recruiters under talent Solutions	100
Number of recruiters under Talent Solutions	19,141,830
Percentage of Recruiters in Current LinkedIn Community	4%
Assumed percentage of recruiters to engage in modified "LinkedIn Learning" program	20%
Number of recruiters expected to engage in modified "LinkedIn Learning" program	3,828,366

Analysis

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Financials – Incremental Revenue Stream

Incremental Revenue Stream for Modified "LinkedIn Learning"	2017	2018	2019	2020
<i>Number of recruiters engaging in modified "LinkedIn Learning" program</i>	3,828,366	4,211,203	4,632,323	5,095,555
Revenues from licenses paid by employers for private training videos <i>(Assume 15 training licenses per recruiter at USD 24 each)</i>	1,378,211,789	1,516,032,968	1,667,636,264	1,834,399,891
Revenues from increased utilization of LinkedIn Talents solutions <i>(Assume 10% followed by 5% YoY)</i>	191,418,304	200,989,219	211,038,680	221,590,614
Total Incremental Revenues	1,569,630,093	1,717,022,187	1,878,674,945	2,055,990,505

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Financials – Incremental Costs Incurred

Incremental Costs for Modified "LinkedIn Learning"	2017	2018	2019	2020
Cost of Producing new videos for recruiters under "Talent Solutions" <i>(Assume 40% of recruiters make new videos at USD 1,000 per video)</i>	1,531,346,432	153,134,643	168,448,108	185,292,918
Integration cost with HR System	100,000,000			
Maintenance cost for integrated HR system		5,000,000	5,000,000	5,000,000
Marketing costs <i>(Assume 35% of revenues growing 1% YoY)</i>	549,370,532	618,127,987	695,109,730	781,276,392
Total Incremental Costs	2,180,716,964	776,262,630	868,557,837	971,569,310

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Financials – Net Present Value of Project

Incremental Profits for Modified "LinkedIn Learning"	2017	2018	2019	2020
Total Incremental Revenues	1,569,630,093	1,717,022,187	1,878,674,945	2,055,990,505
Total Incremental Costs	2,180,716,964	776,262,630	868,557,837	971,569,310
Incremental Profit	-611,086,872	940,759,556	1,010,117,108	1,084,421,195
NPV	1,721,543,918			

Analysis

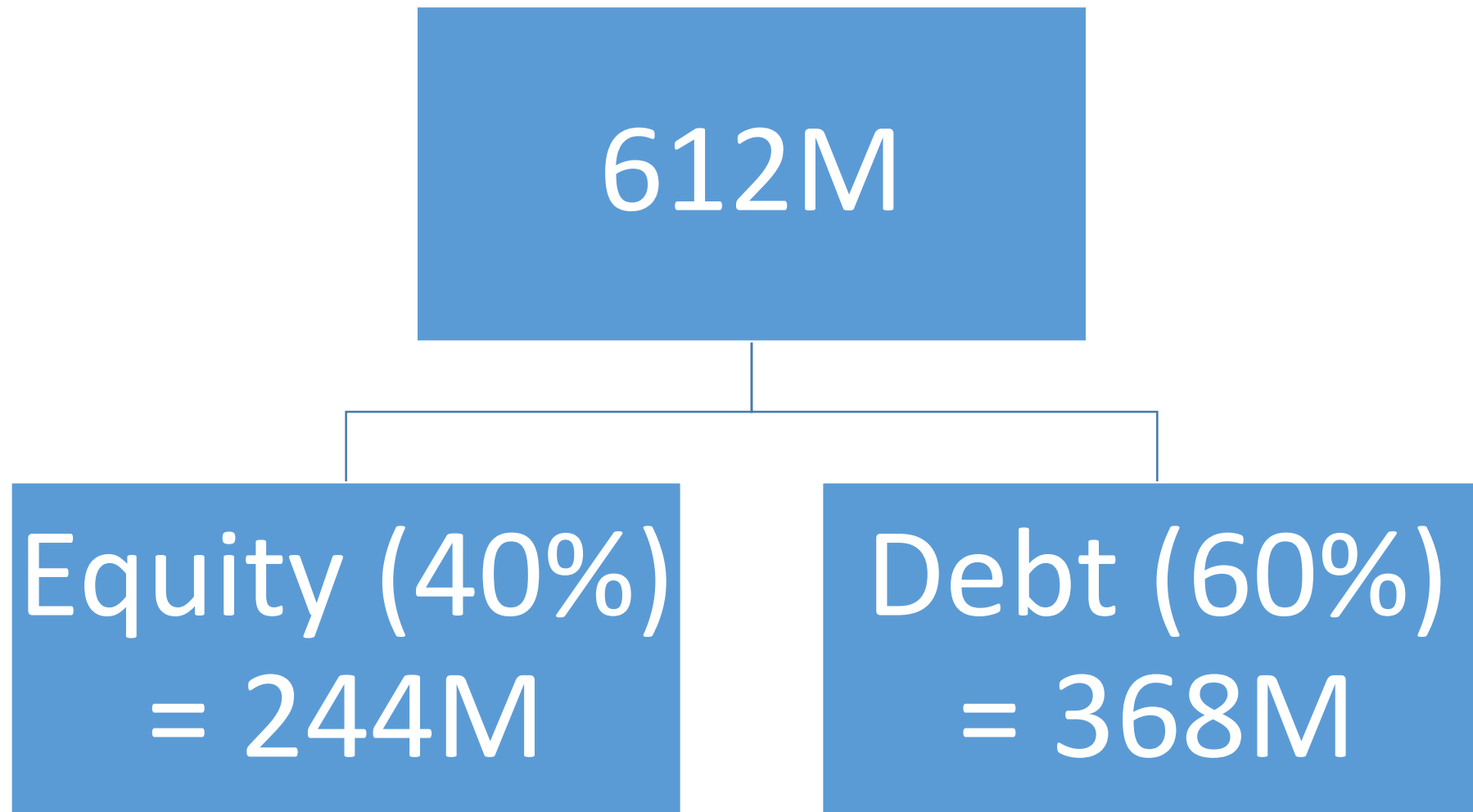
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Financials – Financing Sources



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Financials – Payback Period

Incremental Profit in 3 years	1,339,789,792
Incremental Profit in 4 years	2,424,210,987
Incremental Profit in 3 years and 2 months	1,520,526,658

Lynda Acquisition
Cost = UDS 1.5
Billion

Payback expected within 3 years and 2 months ignoring the time value of money.

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Risk	Probability	Impact	Mitigation
Data Privacy Concerns	High	High	Embed transparency into application → inform & empower users to make decisions about their data
Slow Adoption of New Products	High	Medium	Pilot new products with early adopters to create success stories → secure additional partnerships with HR information systems
Competition from current recruiting and talent management firms	Medium	Medium	Use LinkedIn's scale to enhance unique value proposition & differentiate product → pursue M&A for competitors with appropriate synergies

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Wrap Up

We recommend that LinkedIn leverage their network scale and Lynda's core competencies to by helping B2B enterprise customers:

**Make the right hire, and
Train their people**

Thus, furthering the mission of *connecting people to opportunity* and generating *significant returns for shareholders*.

Thank You!

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