

# Linkedin & Lynda.com

**Signal Consulting**

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# Agenda

- ▶ Mandate Kate
- ▶ Key Issues
- ▶ Objectives
- ▶ Recommendation
- ▶ Analysis Nick
- ▶ Alternative Evaluation Greg
- ▶ Implementation Stephanie
- ▶ Risks and Mitigations Kate
- ▶ Questions

## Key Issues & Opportunities

Shareholder expectations

Competition

Changing education landscape

Job market; skills shortage

# Objectives

Revenue growth

Increased user base

Increase time on site / engagement

Enhancing the LinkedIn experience

## Recommendation

Leverage the  
Lynda.com  
acquisition to grow  
paid subscriptions

Analysis

Signal

# LinkedIn's competencies

Connecting users to powerful network

History of successful acquisition

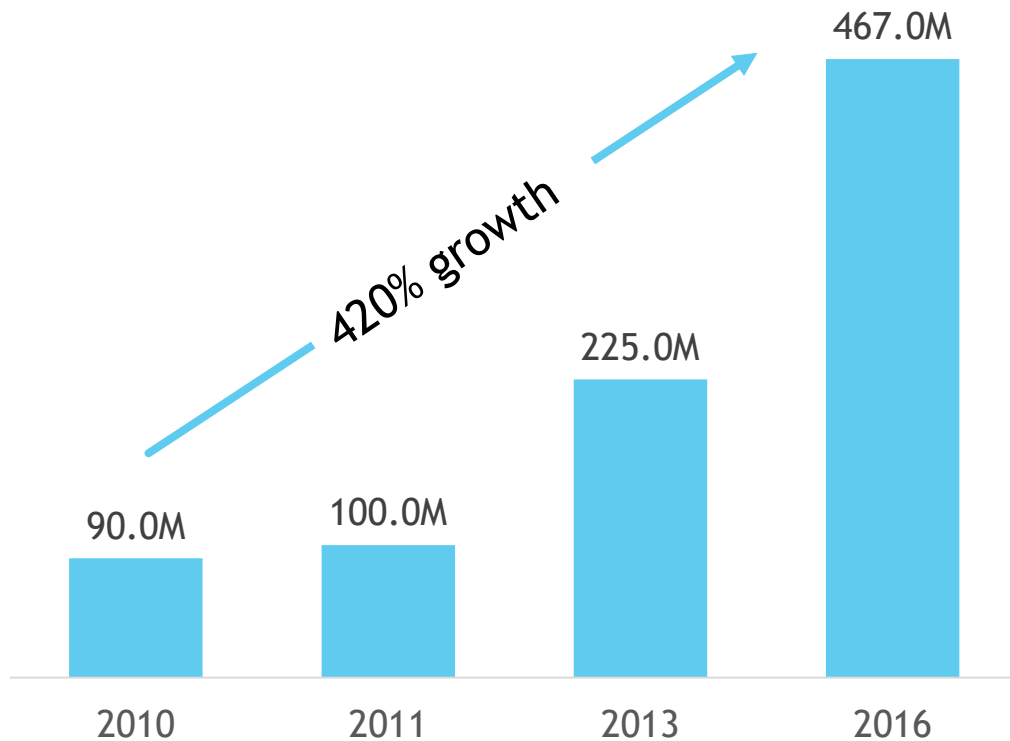
“Big-Data” and analytics to target offerings

User-friendly design

Innovative culture developing features

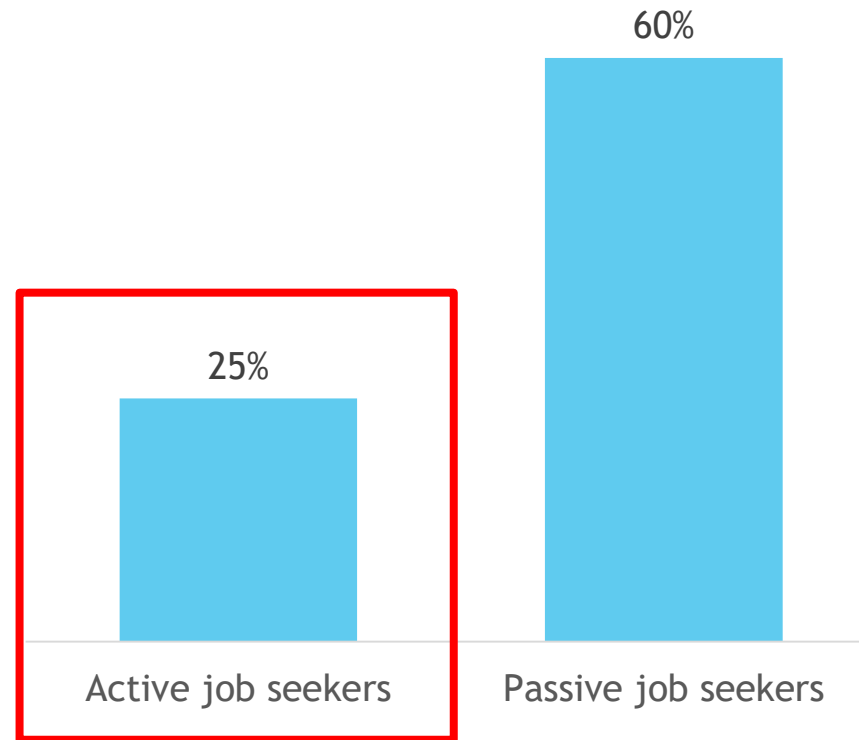
# “The LinkedIn member”

LinkedIn Member Growth (2010 - 2016)



Growth to over 1 billion within the next five years

LinkedIn's user base profile



Significant potential to “activate” passive job-seekers

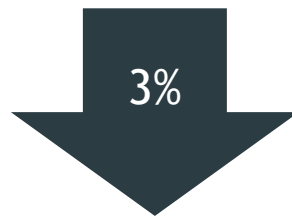


# The power of the LinkedIn Network

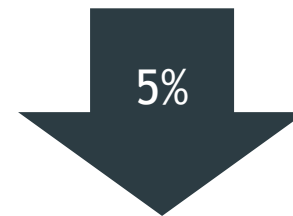
467M LinkedIn members



7M members

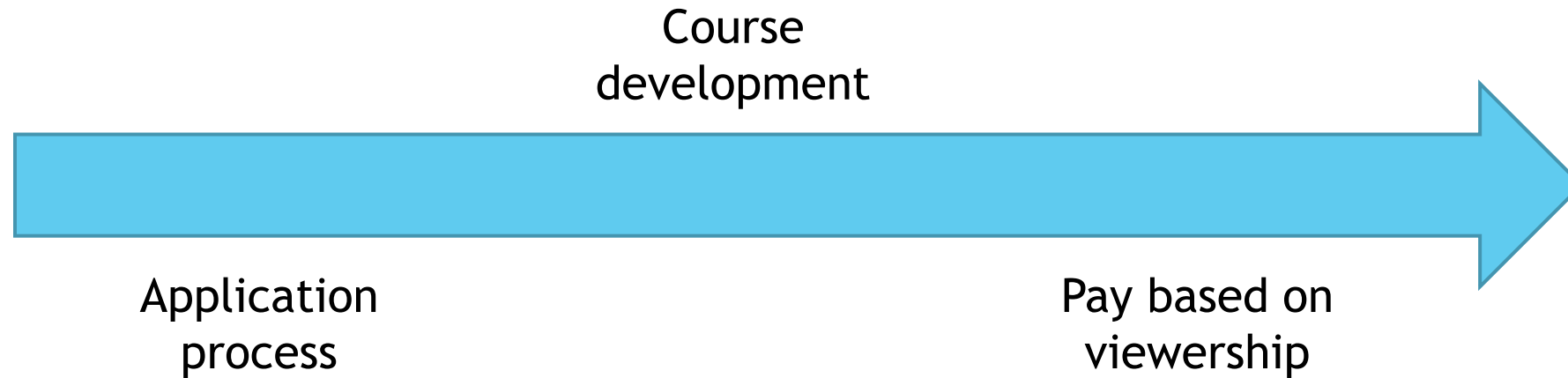


14M members



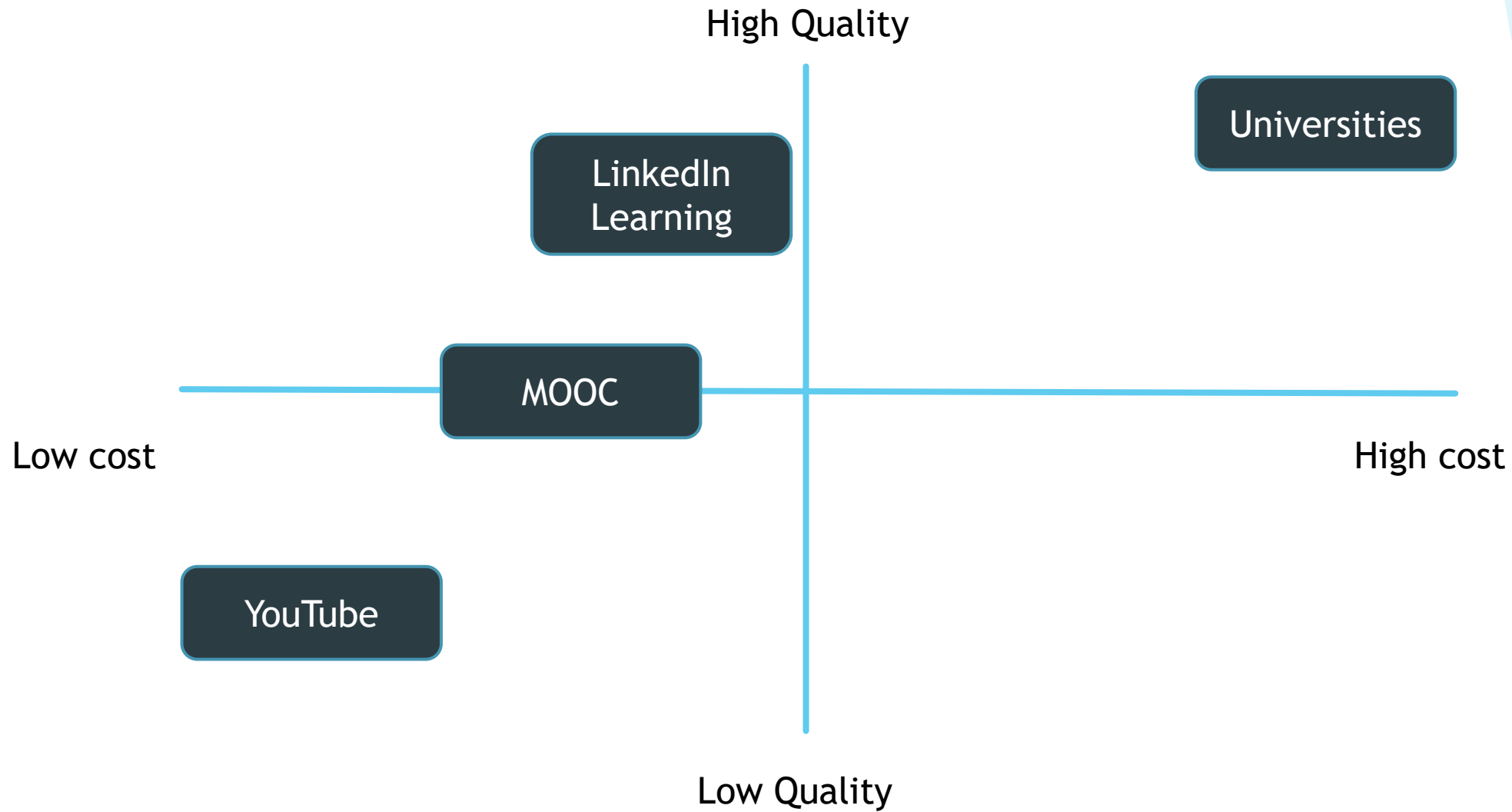
23M members

# LinkedIn Learning business model



- Minimizes financial risk
- Minimizes quality risk
- Reputation benefit for authors

# The competition for LinkedIn Learning



# Synergies - LinkedIn and Lynda

More potential learners

More potential instructors

Additional user data for “Economic Graph”

More targeted suggestions (courses and jobs)

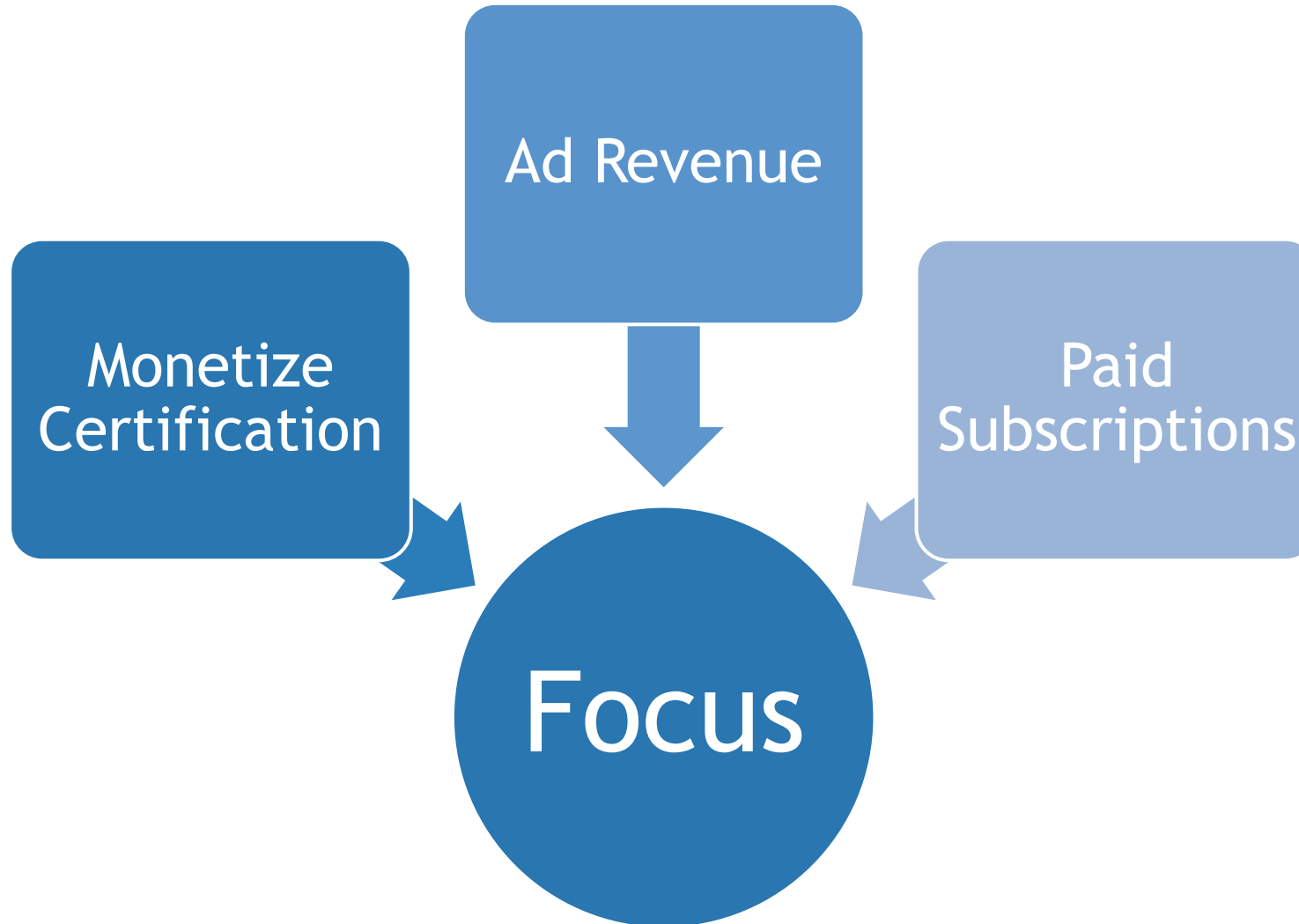
Higher value for subscription customers

# The growth of the subscription model

- ▶ People are becoming more familiar with subscription model:
  - ▶ Office 365
  - ▶ Photoshop
- ▶ Benefit to company: consistent revenue stream
- ▶ Benefit to user: smaller cost (opex vs. capex)

# Alternative Evaluation

# Alternative Generation



# Evaluation Criteria

Revenue  
growth

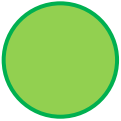
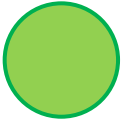

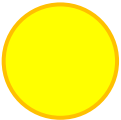
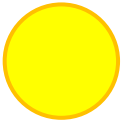

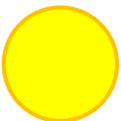
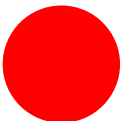

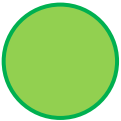
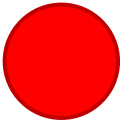

Increased  
user base

Increase time  
on site /  
engagement

Enhancing  
the LinkedIn  
experience



# Alternative Comparison

	Certification	Ad Revenue	Paid Subscriptions
Revenue Growth			
User Base			
Time / Engagement			
Experience			

# Implementation

# Key Milestones

Short (Year 1)

Lower  
subscription  
price

Promotion

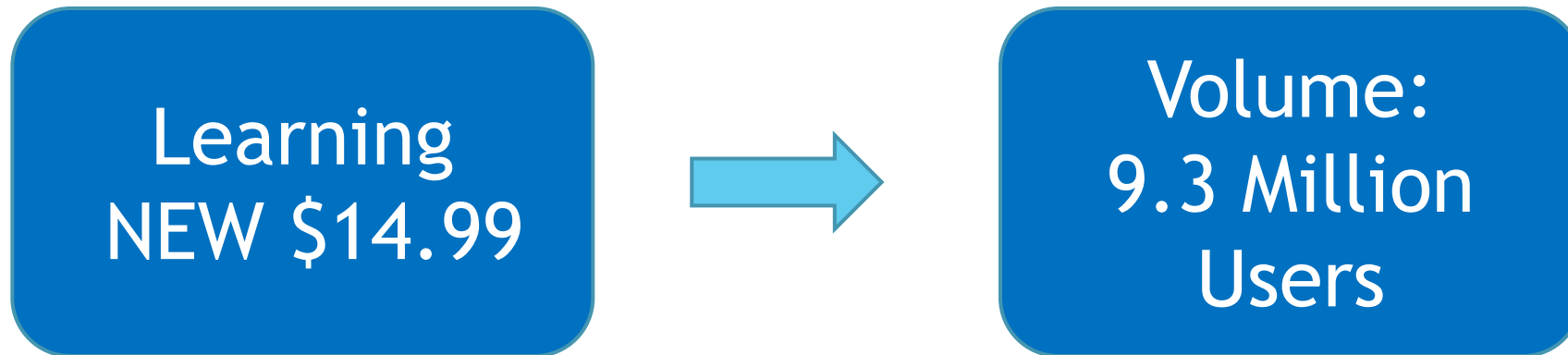
Medium (Year 2)

Introduce  
Learning for  
Business

Long (Year 3)

Start  
development of  
Certification

# LinkedIn Pricing



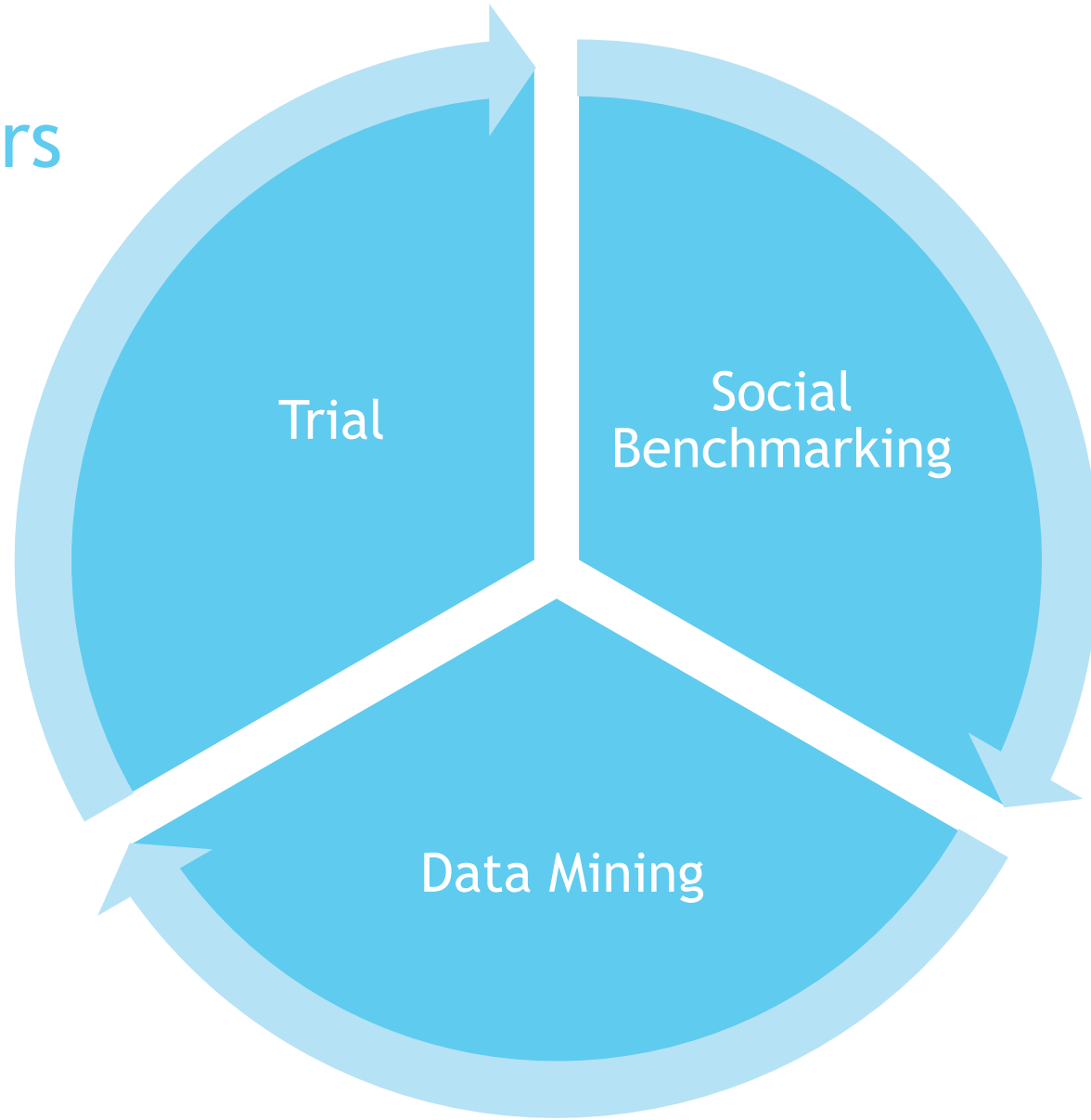
## Target Users

- ▶ Passive job seekers - 60%
  - ▶ Not interested - 10%
- }
- ▶ Active job seekers - 25%
  - ▶ Current Premium Members (15%)

# Linkedin Learning Value Proposition

Target Market	Benefits
Passive Job Seekers	<ul style="list-style-type: none"><li>• Advance in company</li><li>• New opportunity</li><li>• Proficiency in current role</li></ul>
Not in Job Market	<ul style="list-style-type: none"><li>• Passion</li><li>• Proficiency in current role</li></ul>

# Promotion: Current Users



# Trial

- ▶ Increase Learning users:
  - ▶ Free one month trial
- ▶ Increase LinkedIn + Learning
  - ▶ Free four month trial for students



# Social Benchmarking

Jobs you may be interested in:

Management Consultant with E&Y

- People in this field have completed training in

Excel

Strategy

M&A

People in your field have completed training in...

# Data Mining

**Interests  
(Branding)**

**Actions  
(Job Application)**

# Promotion: New Users

- ▶ Online Advertising:
  - ▶ Google Ad words
  - ▶ Sponsored content
  - ▶ Online advertising

## Celebrity Content

- ▶ Malcom Gladwell
- ▶ Michael Lewis
- ▶ Jack Welsh

# Marketing Revenue

Repeat  
traffic

The diagram consists of two large, light blue arrows pointing towards each other, forming a central diamond shape. The left arrow points right and contains the text 'Repeat traffic'. The right arrow points left and contains the text 'Ad revenue'. The background features abstract geometric shapes in various shades of blue on the right side.

Ad  
revenue

# Year 2 Growth: Introduce Business Learning

## New customer group

- ▶ Employee learning
  - ▶ Social media
  - ▶ Purchasing
- ▶ Ability to create playlists
- ▶ Free one month trial

# Year 3 Growth: Develop Certification

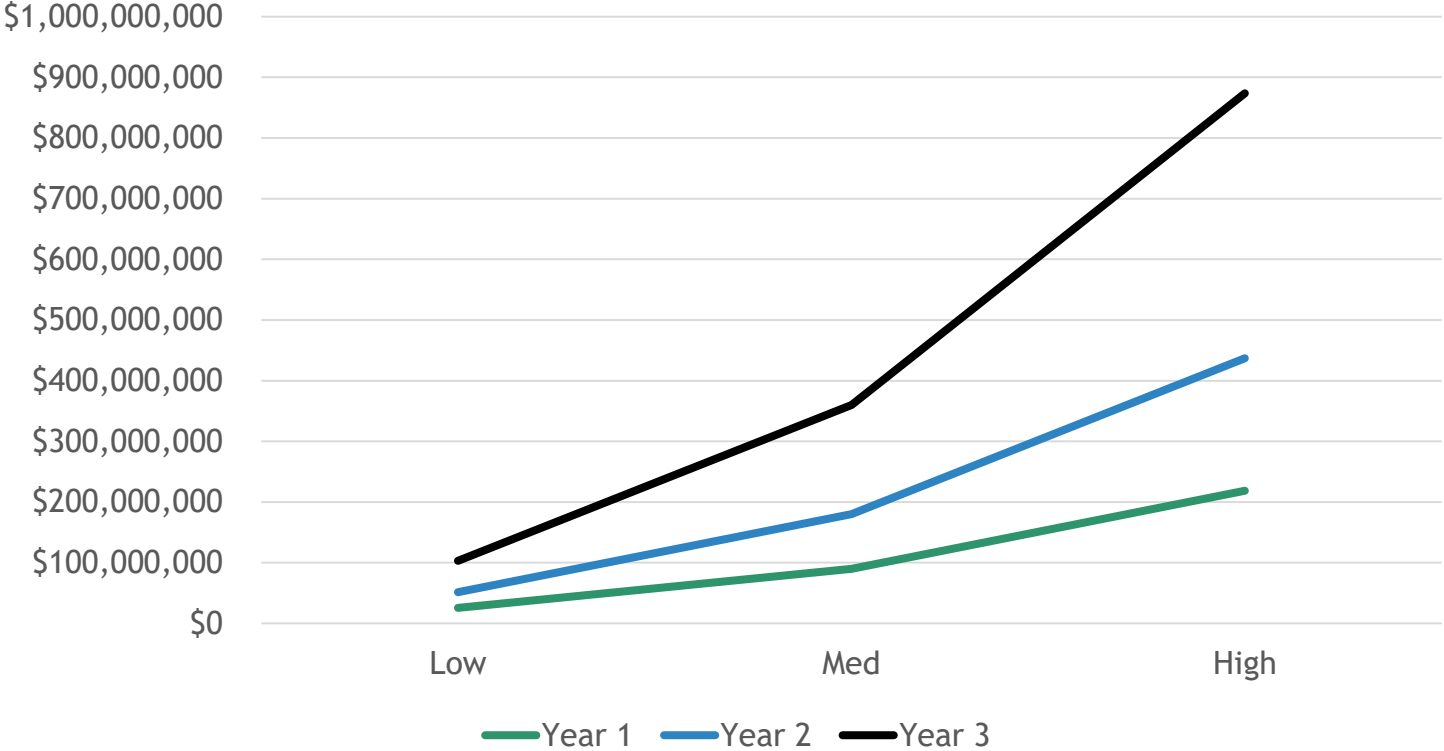
- ▶ Understand Learning interests
- ▶ Strong Learning brand
- ▶ Pay for certification
- ▶ Including grading

# Budget

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Influencers</b>	\$5.0M	\$5.0M	\$5.0M
<b>Product integration</b>	\$30.0M	\$20.0M	\$20.0M
<b>Business development</b>	\$10.0M	\$10.0M	\$5.0M
<b>Total Cost</b>	<b>\$45.0M</b>	<b>\$35.0M</b>	<b>\$30.0M</b>

# Financial projections

## Estimated incremental revenue



Revenue at  
year 3

**High: \$873M**

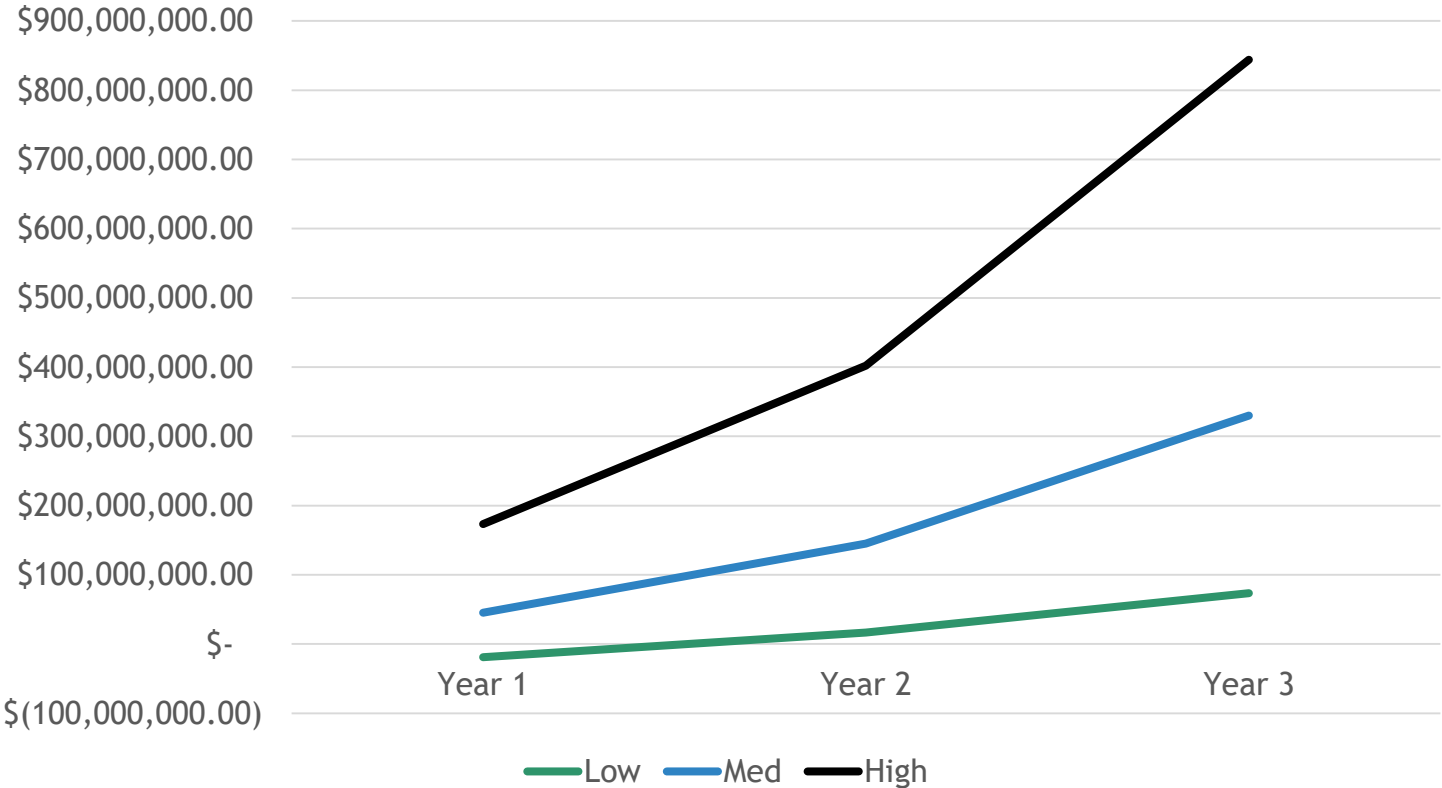
**Med: \$360M**

**Low: \$103M**



# Financial projections

Estimated incremental profit



Profit at  
year 3

**High: \$844M**

**Med: \$330M**

**Low: \$73M**

# Risks and Mitigations

# Risks and Mitigation

## Risks

Competition

Lower perceived value

Low conversion

## Probability

High

Med

Low

## Mitigation

Accelerate grading and certification

Enhance product offering

Further Promotion

## Conclusion

Revenue growth

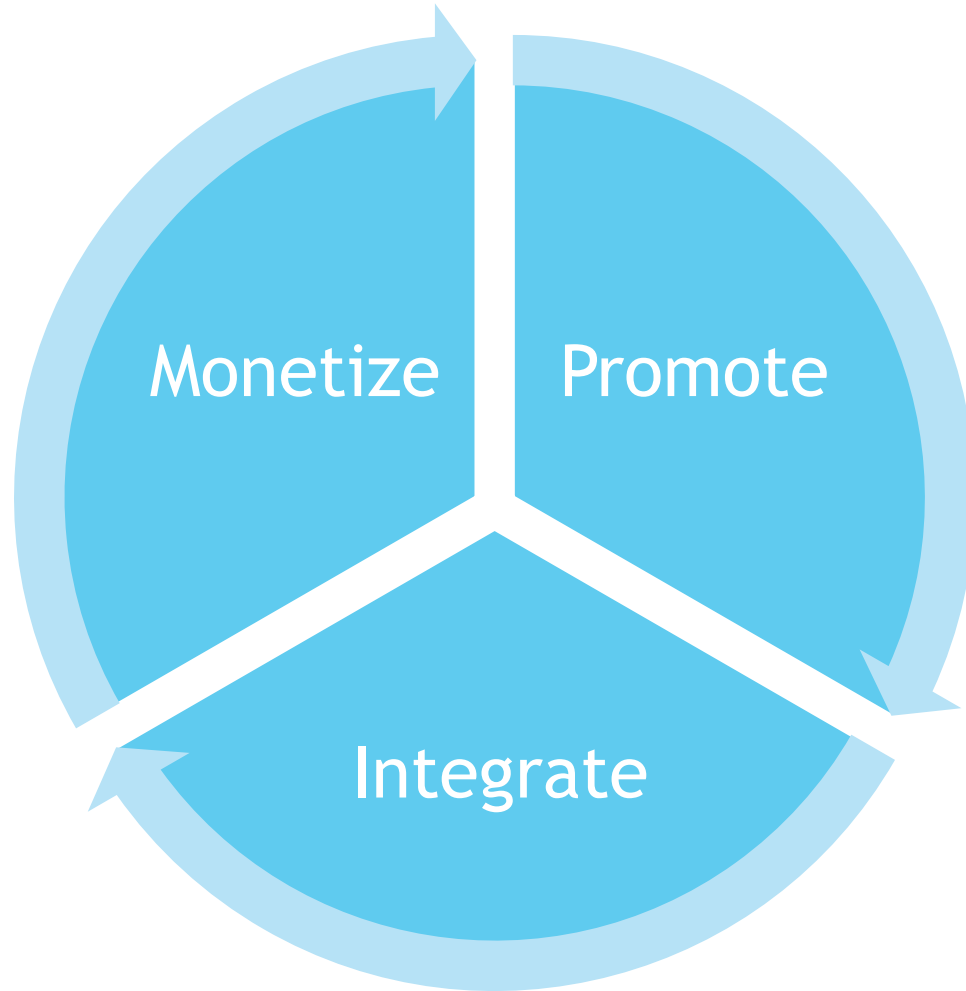
Increased user base

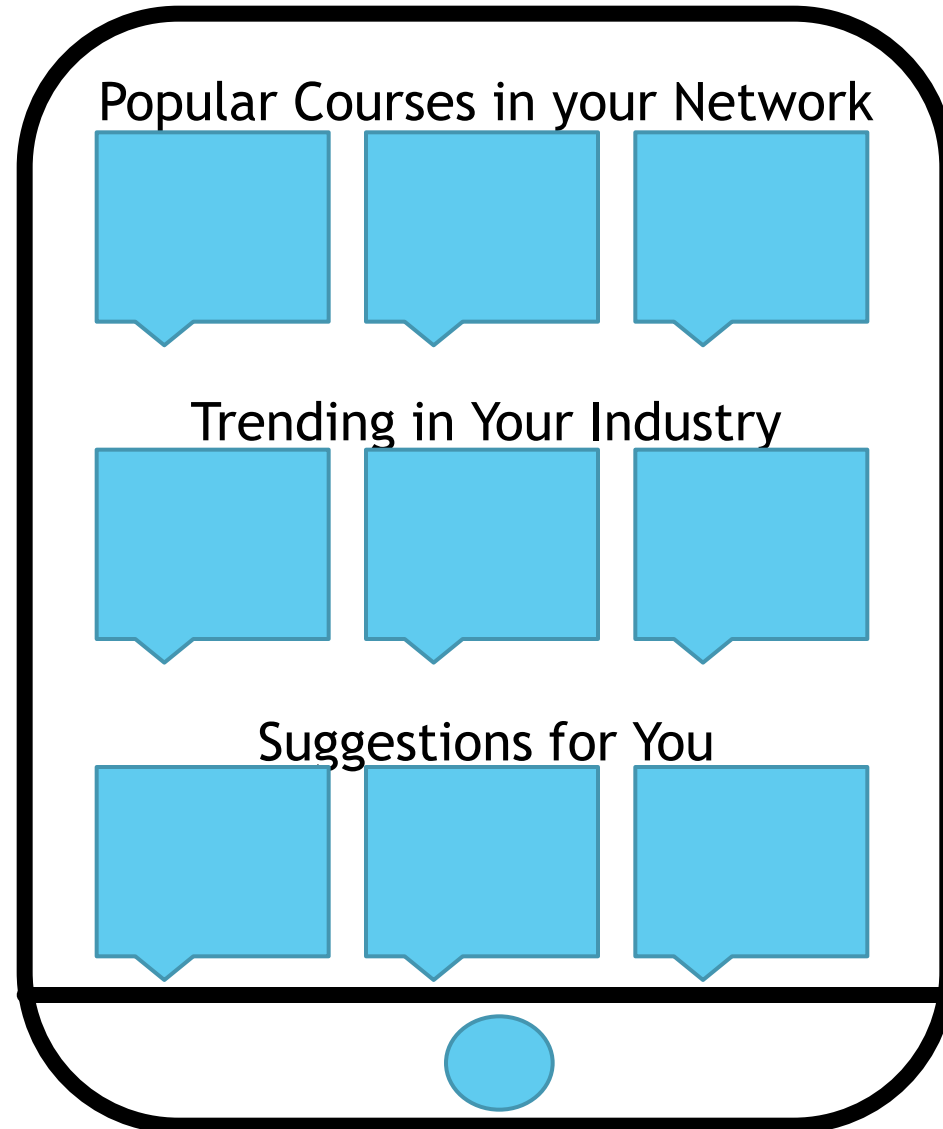
Increase time on site / engagement

Enhancing the LinkedIn experience

# Questions

# Lynda.com Integration





Mobile Interface encourages engagement in Learning courses

# Financial assumptions

## Baseline figures:

<b>LinkedIn Users</b>	467,000,000
<b>Lynda users</b>	2,000,000
<b>Passive users</b>	280,200,000

## Assumptions:

	<b>Low</b>	<b>Med</b>	<b>High</b>
<b>Conversion rate - Lynda</b>	1.00%	2.00%	3.00%
<b>Conversion rate - premium</b>	0.50%	1%	2%
<b>Converted users - Lynda</b>	4,670,000	9,340,000	14,010,000
<b>Converted users - Premium</b>	2,335,000	4,670,000	9,340,000



# Proposed plan pricing - members

	Low	Med	High
Free	\$0	\$0	\$0
Lynda only	\$9.99	\$14.99	\$19.99
Premium	\$49.99	\$59.99	\$69.99