LinkedIn: The Content Exchange



By Chris Howells, Deputy Editor

Since going public in 2011, the professionals' social network has gone from a networking site to a must-have tool for recruiters. Will adding content and big data enhance its professional value?

Hari Krishnan, managing director for Asia Pacific and Japan at LinkedIn, embodies the Silicon Valley start-up spirit. Wearing jeans and a shirt, telephone headset on, he paces restlessly back and forth in his rectangular Singapore office overlooking a cluster of buildings, while taking part in a conference call.

"He's on fire today," says his PR rep, watching him through the floor-to-ceiling glass, before joking that he should have a Japanese rock garden installed in his room to help him de-stress.

But Krishnan, an INSEAD MBA '05D, doesn't seem stressed. He's excited. He's a fast talker and for good reason: like LinkedIn he's moving quickly to capture an audience. The first LinkedIn employee in Asia, he started with the company in his native India in 2009 as a country manager, based in Mumbai.

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In an interview with INSEAD Knowledge, the tall and youthful Krishnan starts by laying out the immense task that lies before him. “By some estimates, 40 percent of all professionals live in the Asia Pacific region and we’ve only just gotten started in terms of connecting them,” he says.

Things are moving rapidly. LinkedIn, which just celebrated its 10-year anniversary, has 225 million members around the world, 40 million in Asia. In Singapore, there are now over 1 million, which represents 7 out of 10 professionals and students in the city-state. India just connected its 20 millionth user, making it the second biggest market behind the United States. The company set up a Hong Kong office last year.

“We’ve now grown to have over 400 employees in this part of the world alone, 10 offices in Asia, and I think that growth and the maturation that the company has gone through in this period has been really exciting,” he says.

Content hub

But there’s more to LinkedIn than there used to be. The company started out in the living room of founder and now chairman, Reid Hoffman in 2002. It went from strength to strength as it received a US$4.7 million investment from venture capital and start-up investment firm Sequoia Capital in 2003 and US$10 million from Greylock Partners in 2004, which turbocharged its growth and international expansion. Later came a US$53 million investment from Bain Capital in 2008, along with a US$22.7 million tranche from Goldman Sachs, The McGraw Hill Companies, SAP Ventures and Bessemer Venture Partners. The company went public in 2011 on a wave of interest from investors.

A discretionary social network in its early days, where users built professional networks, mostly among colleagues or contacts they’d done business with, the platform is now aiming to become a centre of discovery.

Last year, the company acquired professional content sharing platform SlideShare for US$119 million. In early April this year it acquired Pulse, a popular newsreading application. The two acquisitions together speak to the strategy. “What we’ve found over time is that a lot of our membership was coming to LinkedIn to be better at their job today, to get insights to give them a competitive edge in the workspace,” says Krishnan. “Pulse and SlideShare play to that consumer value proposition, which is insights.”

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“When you look at SlideShare, it’s very consistent with our value proposition. You can either follow individuals to discover content or you can follow certain lines of content to discover thought leaders who are influential in that space,” he adds.

The introduction of “LinkedIn Influencers” in late 2012 was an important feather in LinkedIn’s cap when it came to discovery. Influencers essentially provided tools to make it easier for users to access and follow the social network’s 250 “thought leaders”. LinkedIn enlisted well-known business leaders such as Richard Branson, prominent venture capitalist Kai Fu Lee in China and Hiroshi Mikitani the founder and CEO of Japanese online shopping giant, Rakuten to contribute original content to the site.

Big data and search

Part of the content push is also aimed at generating LinkedIn’s own insights. The company has become a major user of data in order to channel relevant content to its customers. It uses data on trending articles and customer interests to overlay their profiles with ‘LinkedIn Today’, a popular news panel users can access when they log in.

“LinkedIn was the first place where we thought that your professional network being overlaid on business news could bring more relevant news to each of our members so for instance my network of professionals, people whom I’ve chosen to connect with start sharing certain pieces of information, it’s highly likely that it’s [more] relevant to me than just a piece of news and so that’s one way we’ve used the data and interactions that we know, [that] we’re aware of to the benefit of our membership,” said Krishnan.

Monetising growth

This strategy is shielding LinkedIn from a wave of uncertainty that has struck other social networks such as Facebook. Without the whims of fickle users, LinkedIn has kept itself relevant and agile, giving users more reasons to stay connected. On top of keeping users engaged, the company has also found ways to successfully monetise its offerings.

Its three lines of business are split into talent solutions, which is its largest and fastest growing, used by recruiters and headhunters; marketing solutions, which helps marketers connect with the particular audiences within the network; and premium accounts for users who want extra features.

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This has shone through in its stock price, which recently broke US$185 on the New York Stock Exchange, an all-time high. The company also crushed Wall Street expectations in its first quarter results with revenue rising 72 percent on year to US$324.7 million and net income at US$22.6 million. LinkedIn has beaten earnings estimates every quarter that it has been a public company.

The company was less bullish looking forward, however, and revised down its Q2 guidance noting that advertising revenue growth would be more moderate than anticipated due to continued testing with its mobile platform.

LinkedIn, however, remains optimistic that mobile will make its mark, but will sit among its other offerings, again separating it from the volatile fluctuations of its competitors. “Mobile has a play definitely, but given that we have three lines of business… it’s not as much an existential crisis as it is at other companies where at least all their money is made using advertising. Today roughly 30 percent of our members use our mobile product, versus a year ago, when that number was about 19 percent. So we’ve seen significant growth, it’s our fastest consumer service.”

Capturing the 700 million

There are indications that LinkedIn’s growth still has room to run. By some estimates, there are 700-750 million potential professional members that LinkedIn could capture but the company is not going after them directly.

True to its new content and discovery-driven approach, it’s looking to start with its existing members. “If we are truly driving value to them, they will do the rest for us,” says Krishnan. “As long as we maintain that focus, I’m optimistic about our future.”

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