

GSOE9758 Midterm test

(a) LinkedIn allows a user (namely a working professional) to build new contacts, relationships, and their own "brand". Explain in simple words (with an example) how a user does this.

Each user needs to register their own account on the platform. And they need to fill in the personal information related to them like name, education and work experience, skill, contact detail and organization. All these information is used to attract other users that are potentially interested in them. To build a relationship and contact, users can simply follow others. After following, they can send message to other users and get noticed of their new activities.

One can also use the posting functionality to show his interest and value. He can post ideas about edge artificial intelligence topics publicly and add relevant tags. Other user may follow him because his thoughts are novel and valuable. Recruiters may notice him and start to communicate with him for potential working opportunity. Also he can write his project experience and rewards on the profile page to show his value.

(b) Explain in simple words how LinkedIn makes it convenient for recruiters to find and evaluate potential candidates for a job.

They can directly search for the key words that they are interested in on the platform. Using the platform, they can reach every registered user.

Also, their want ads can be automatically recommended to relevant users, what they need to do is to post them.

User profiles are arranged in the same format, this makes it easier for recruiters to evaluate a candidate.

(c) LinkedIn's "Customer Relationship" relies on the "network effect" – briefly explain what this means.

Network effects means that the experience, quality, and customer relationship of using this platform is affected by the number of users. The more users they have, the better the relationship will be.

Direct network effect refers to the effect of total user base. While Indirect effect refers to the effect of increase of certain user group for example: The experience of job seekers will be better if there are more recruiters using LinkedIn.

(d) LinkedIn is free for users, yet it made over 8 billion US dollars in 2020. What are some of the sources of revenue for LinkedIn? Justify your answer.

In the revenue streams sector, there are three main source of revenue which are: Talent solutions, Market solutions and Premium subscriptions. Thus we can infer that LinkedIn is

earning revenue by providing value-added services. They can charge commission fees from providing better recruiting tools and advertisements to recruiters. Also, they can also earn lots of subscription fees from Premium subscriptions. A premium user can enjoy prioritized job news and they can also watch exclusive training courses.

The basic service is free, but some users are willing to pay more for a better service.

(e) LinkedIn's channel is largely "self-serve" – explain in simple words how this works.

Users can freely register by themselves, and they can also determine what service/function they want to use. Also, they can determine whether and when to pay for charged services.

(f) LinkedIn's key resource is their platform – briefly explain two technology elements of their platform.

High throughput: They can manage and utilize the enormous amount of data saved. And they can make sure that each user can access to all the public information efficiently. It is the

Recommendation system: This technology is used both for recruiting and advertising. The accuracy of the recommendation system determines the overall service quality of LinkedIn. This system can also guarantee that LinkedIn can take advantage from the network effects.

(g) Briefly explain how companies and Universities are key partners of LinkedIn.

Companies are the main demander of human resource. What's more, their recruiting needs and recruiting modes may also affect the service LinkedIn provides.

Universities are the main providers of fresh labor force. High quality means that they are educated, trained but haven't been employed yet.

(h) What are LinkedIn's biggest costs? Explain in brief.

From the cost structure and business model, it can be deduced that the biggest costs are product development, marketing, and cost of revenue.

LinkedIn is a technology driven company; its core competitiveness is determined by the product. As the technology is evolving and the needs are changing, LinkedIn needs to adopt to changes and keep developing their product.

To ensure the platform can take advantage from network effect, LinkedIn needs to attract more users by marketing.

Costs directly related to daily operation like internet cost, maintenance cost, infrastructure cost is also necessary to guarantee the throughput.

(i) Briefly describe (with examples if possible) how LinkedIn uses data analytics to improve its business.

They can use data analytics to improve the recommendation system. They can help both job seekers and employers to find each other. And it also helps to improve the efficiency of its marketing program.

(j) LinkedIn was acquired by Microsoft in 2016 for US\$27 billion – how do you think Microsoft benefits from this acquisition?

Microsoft can therefore control a social media platform; this helps them to expand their popularity and information distribution channel.

They can also use this platform to hire talented employees.

They can utilize their computing and human resources to reduce the cost of running LinkedIn, this can help them to maximize profit.

With the integration of other Microsoft services, they can benefit from their userbase.