

Barclays Global Technology, Media and Telecommunications Conference

Company Participants

- Ryan Roslansky, Chief Executive Officer

Other Participants

- Raimo Lenschow, Analyst, Barclays

Presentation

Raimo Lenschow {BIO 4664646 <GO>}

Okay, let's start. Hey, welcome to our next session. I'm really happy. I feel like now a Internet guy, because like now we're talking about LinkedIn and proper good kind of assets that are kind of dealing in the social world. And so, if some of my questions feel like this is a software guy asking me silly questions, I apologize in advance.

Ryan Roslansky {BIO 20074897 <GO>}

I just wont answer.

Raimo Lenschow {BIO 4664646 <GO>}

Yes. Ryan, like some since it's the first time. No, it's been a while since we are out on the conference circuit. A lot of things have changed, you became CEO during the pandemic. Like maybe introduce yourself a little bit first and then kind of we go deeper into questions.

Ryan Roslansky {BIO 20074897 <GO>}

Yes. Thanks again for having me. My name is Ryan Roslansky. I'm the CEO of LinkedIn. I've been the CEO for the last since February 2000, which was a great time to -- 2020, which was a great time to become a CEO of any Company, obviously. I've been in LinkedIn before that for about 14 total years now. Worked across the product org and literally every single part of LinkedIn business. We run a social network in the core. And we have five distinct business lines across, around that social network. And I've had the pleasure of working on or starting every single one of them. So, it's an honor to be here today with you.

Raimo Lenschow {BIO 4664646 <GO>}

Okay, perfect. So, if you think about the last few years were like very fascinating and kind of positive and negative in terms of how the world has changed and how work has changed as well. Kind of from a LinkedIn perspective like what stood out for you in terms of the changes that are kind of happening like happened and while now, let's start with that very open question.

Ryan Roslansky {BIO 20074897 <GO>}

Yes. I mean one of the really unique things about LinkedIn is at the core, I mean we're -- we're kind of a massive social graph. And the graph has a variety of components. Nearly 900 million professionals, roughly 50 million companies that have an active presence on the platform. At any given time, those companies are posting between 14 million to 16 million job openings. There's north of 100,000 schools that have an active presence on LinkedIn. We're the only Western network that operates in China. So, we have a real global view on what's happening. And the connections between all those entities we just talked about, the graph updates roughly 5 million times per minute in terms of the connections between those entities and what's going on.

So, it's a really unique view, real-time view into what's happening across the global labor market. It can tell you which industry is going to be hot three months from now. What company is about to go out of business. Where skill gaps truly exist across the world. So, it's just a really unique view kind of into real-time labor market. We actually work now with a lot of the governments across the world to help provide them with more, what I'll call real-time and accurate data about what's happening in their labor markets, because we just have that view.

So, I mean there has been -- there's been a lot of tremendous insights over the past couple of years. One that we paid a lot of attention to, which I think everyone felt and talked about was, there is a staff that I look at pretty frequently, which is we call position changes if basically someone changes their profile from going in a position at one company to a position in another company, it's that simple. And historically the year-over-year like DBMs in that metric is you know literally, like negative one to like plus 1%, it stays pretty constant in terms of the percentage of the narrow base that's changing jobs.

When COVID hit, that number dropped, it dropped to like negative 20%, which makes sense. People were sheltering in places, trying to figure out what they want to do with their life or ride out the uncertainty and that number skyrocketed. And this is what people have called the great reshuffle or the great resignation, but my goodness, like the number of people that were changing jobs on LinkedIn back a year, year and a half ago was, it was unreal to watch. I mean north of 100% year-over-year on the movement. It was crazy to watch kind of the movement in general. But what was really interesting is if you break-down the kind of that reshuffled data by generation, baby boomers, they really weren't moving at all, to be honest.

And then as you kind of keep going up the kind of generational spectrum, people are moving more frequently. And then you get to like Gen X and I mean this is a

group that's moving like north of 300% like through the great reshuffling. In fact it's still, right now it's all kind of elevated back down into that like negative 1% range again. It feels back to normal, but Gen Z is still moving it north of 30% and I think this is a generation it just feels like you're supposed to move jobs frequently because that's how the world works. And it's all right I think looking at it's really a generation that's going to need to be heavily inspired and motivated and probably just going to have to figure that out. So, I think that's one thing we pay attention to.

On the job side has something fascinating right now that I look a lot at is, pre-pandemic, about 1% of all jobs posted on LinkedIn were remote. As of today, that number is about 14%. So, we've seen a huge jump in the number of jobs that are remote. But that's not the fascinating part. What's fascinating is, north of 50% of all job applications on a daily basis on LinkedIn go to that 14% of remote jobs. So, there's huge demand still at least on the labor side for remote work.

And then actually there was something we were just looking at this morning walking over is, kind of tracking where people are -- people who are moving, physically moving locations for jobs and I don't know if you would have called it, I probably would have called it a few years ago. But right now, the three biggest market people are moving to -- physically moving to New York, San Francisco and Seattle, there's like this move back to the cities. I mean there's real movement right now. So I know there's a couple of things that I'm paying attention to.

Raimo Lenschow {BIO 4664646 <GO>}

Yes. Yes. That's interesting. Do you think that Gen Z or like didn't, let's call it the younger generation. If you think that's a permanent thing or is it like the discussion we have it as well this is like, because they were younger, there's a whole new world of feeling differently about work, etc. Do you think they will eventually get old and settle down like the rest of us, or do you think that's a permanent change to work from (multiple speakers)

Ryan Roslansky {BIO 20074897 <GO>}

I haven't seen anything in the data that would suggest slowing down. In fact, it's starting to -- the frequency with which they are changing jobs is actually increasing and it's starting to really deviate even from millennials. So, I think it's -- who knows. I wish I had a crystal ball on that, but at least that's kind of the new way of work. It's not just moving jobs, but it's kind of having the side gig, maintain actually a couple of side gigs along with your core job so, we'll see.

Raimo Lenschow {BIO 4664646 <GO>}

Yes. Is that something that is heavily US? Like, is it -- is that global?

Ryan Roslansky {BIO 20074897 <GO>}

Yes, it's a great question. It's a global phenomenon. I mean it indexes higher in the US, but it's happening globally.

Raimo Lenschow {BIO 4664646 <GO>}

Yes. Okay. Okay. Germans don't stay in their job anymore. What's going on? Like, another thing that's interesting is, it's kind of if you think about skills and degrees and pedigrees where people are coming in, like what do you see there in terms of the future of talent or do you see any trends playing out there? And like -- and also like how does LinkedIn learn and train them to help them bridge the gap there for some?

Ryan Roslansky {BIO 20074897 <GO>}

Yes. I mean, I think be it due to COVID or digital transformation or I mean the fourth industrial evolution, jobs are being created in this place right now at a record rate. And historically what we -- I mean, all of us in this room in the world has used to assess talent are things like where did this person go to school or what was their previous company or do they know someone that I now. And I think that's fine when the market is moving slower, but at the pace it's moving now, that's actually the world needs more flexible and alternative and always-on mechanisms to assess talent. And my perspective is, that's going to come through kind of a skills based approach, it's those other things are actually really valuable, but it's most importantly like what does this person know how to do or what can he be trained on what to do, kind of skills being the center currency.

And if you think about it, what we're doing LinkedIn, I mean every minute we're just basically trying to -- we're trying to match like this person over here with this job over here. Like, do these two things match-up, because ultimately how we drive value back to LinkedIn is if someone hires someone else. And when you look at skills, it's kind of the centerpiece of that matching algorithm. You're able to find much better wider talent pool. It's a much more efficient and a much more equitable talent market. We've been pushing a lot on technologies there. I think it's a mindset shift a lot of folks like to go through. But here's it really -- here is like a -- here's a like one of the best recent examples to showcase how this can be done better.

So, through the pandemic, then endemic starts and on LinkedIn, you'll see all these food service workers like become unemployed, which makes sense. People aren't going to restaurants, like they don't have a job. Now, on the flip side, the highest most in-demand job being posted on LinkedIn early pandemic was digital like customer service agent. Which makes sense. So everything is moving online, you need people to help service all this. And you look at the group of the food service workers and on average, they have 70% of the skills that you need for these entry-level digital customer service jobs. Literally 70%, like pretty much almost there.

But the folks doing the hiring aren't looking at that talent pool. The folks in that talent pool have no idea that like there is real opportunity here. So, these two things go like an inefficient way not been matched. And again, like we drive value by matching these two things together. So, I mean we see this happening all over the world right

now, but I think that the more that we can start to focus on skills to be the currency, it's kind of helped to make that a more efficient labor market, which is great for our business, but also great for the world as well.

Raimo Lenschow {BIO 4664646 <GO>}

Yes, okay, perfect. And then the -- for a lot of us like more on the software world, we kind of we know LinkedIn as a great platform to kind of connect people like business people with your job. Like can you talk a little bit about like you talked about your five pillars of work there, like how do we evolve from that, like what are you using that kind of base information towards kind of to work with people and to give them special offering?

Ryan Roslansky {BIO 20074897 <GO>}

Yes. I mean we're called a job site. We're called a social network. Fundamentally the vision for what we're trying to create is that we're a platform that exist to create economic opportunity, and right now really focused on three marketplaces. So, first and foremost, the exchange of knowledge between professionals, either in paid form through LinkedIn Learning or just through kind of our core sharing and feed products.

We, about a year ago released a newsletter product that allows professionals or publishers or companies to create a newsletter. You've heard of a lot of other companies that do this as well. A year later, we have 150 million subscribers to these newsletters. It's a really valuable way to disseminate and share professional knowledge and information. And we're just keeping kind of building features like this because of the core we believe that we can help. It's good for our business and it's valuable for the world if we can help kind of the free flowing exchange of knowledge between professionals. That's kind of the core thing that sits at the center of LinkedIn.

And there's two more marketplaces that run through and on top of that versus a talent marketplace just constantly connecting people with jobs, either through passive recruiting or through active job seeking. Roughly 10 people per minute will start a job, literally start a job that was found through LinkedIn. And we're just moving much more aggressively internationally into kind of the first-line and front-line segments as well. So, we're just trying to expand that marketplace to again help connect anyone in the world looking for opportunity with anyone looking to hire them, be it full-time, freelance gig, etc.

And then on top of that we call -- we have what we call the products and services marketplace where we're trying to ultimately connect potential buyers or active buyers with sellers or marketers, obviously in a B2B context. And probably the largest TAM actually for us is in that marketplace. We do it through a product called Sales Navigator, then our obviously our advertising products which have really kind of shown a lot of strength in the last couple of years. So that's the frame through which we look at it, but ultimately what we're trying to do across the board is to basically connect two people, like someone sharing knowledge, someone seeking

knowledge. Someone looking to hire, someone looking for a job. Someone looking to buy with someone looking to sell our market to and like that framing I think is what's been really valuable to help us grow over the last couple of years.

Raimo Lenschow {BIO 4664646 <GO>}

And then, because we have the financial guys here like the -- I'm just trying to kind of -- how does that link in, like if you think about that evolution of the platform and the opportunity that kind of platform that provides to do more stuff, like how do you think about, like oh, I want to do more on Sales Navigator, because I'm kind of making more money there or like how do you think about growing the business and where do you think you will kind of end up?

Ryan Roslansky {BIO 20074897 <GO>}

Oh, I mean the good thing about it, it is a very diversified business. So I mean, obviously we are inside of Microsoft and very grateful to be kind of inside of the Microsoft umbrella. But if you look at the past kind of the trailing four quarters, that kind of Amy Hood, the CFO of Microsoft has talked about LinkedIn. We're doing north of \$14 billion in revenue growing at 28%, and it's because of this diversified set of businesses. We -- all of it really kind of goes back to how do we effectively be connecting people against these value propositions that I just talked about. And LinkedIn has become much more mainstream as a knowledge marketplace. We've seen just engagements or over the past couple of years and that engagement with the valuable profile data that exists on LinkedIn is kind of the core thing that helps to power all of those businesses.

Raimo Lenschow {BIO 4664646 <GO>}

Yes. Okay. And then the -- I want to switch gear little bit, like if you think the consumer-driven like internet giants, they have like a different world, there is -- they're very more heavily dependent on advertising spending and stuff like that. You are more in the business world, like what are you seeing on that aspect?

Ryan Roslansky {BIO 20074897 <GO>}

Yes. I mean, when I joined LinkedIn 14 years ago, I had the pleasure of starting our advertising business and at the time we were kind of a job site and it was like, why would anyone use LinkedIn to advertise. But what's so valuable about LinkedIn for is that we're focused on B2B advertisers, like that's kind of our sweet spot literally. If you're looking to sell a high-end B2B product and you know the buying group is a CFO and someone in finance and like someone in HR, we can literally like put ads in front of those specific people on LinkedIn. Because the first-party data is so strong, people keep their LinkedIn profile up to date, their professional profile of records, their resume online. So, our ability to target ads against that first-party data on LinkedIn is this really strong.

I think the context was really helpful for us as well. People want to have their ads around professional content, especially in the B2B space. So, I think that helps us a

lot there in general. And the more that we get people using LinkedIn, the more we get them using our feed and sharing knowledge just creates great inventory for us. So, pretty bullish in long-term in general for our advertising business. And again, the connection to Sales Navigator, because a lot of these are just -- a lot of these ads are just generating leads that go into salespeople to help them understand how to better connect and sell to those people. So, there's just a really valuable B2B market there.

I think in general, the drivers of an advertising business, you obviously have, you need engagement on one side and then your advertiser is on the other side, and we're seeing both of those still relatively strong. I mean, the engagement side is really strong. And we're seeing advertisers still come to LinkedIn. I just think, like the rest of the world we're seeing their budgets pulled back a little bit, so willing to be spending less on a kind of a per click or per lead basis right now. So, still bullish about that business. I think we're going through a cycle right now, I think the B2B context and differentiation helps us a little bit, but we're not immune to what's happening currently.

Raimo Lenschow {BIO 4664646 <GO>}

I mean, from your experience from previous cycles or when you saw a -- once saw a pandemic '08, '09, etc., or '08, '09 was maybe too early, like the -- are you kind of in a way with that than cyclical, but like less in terms of magnitude cyclical compared to like the consumer guys, so how would you kind of characterize it?

Ryan Roslansky {BIO 20074897 <GO>}

It's interesting because what happens on LinkedIn to just your earlier point about the diverse business lines, what happens to LinkedIn in a cycle, we see just a huge wave of engagement through job seeking. A lot of people are looking for jobs. We see a lot of engagement in our kind of our paid learning products because people who are looking for jobs or kind of backing my skill point or trying to upskill themselves to the jobs that exist and trying to pickup and learn new skills and so again, kind of the dynamics of an ad market are engagement and then advertiser demand and both of these things can kind of go in different ways. Right now we engagement side just really kind of pickup and the advertising side is still there, it's just a little bit muted to where it was probably a year-ago which I think is probably right.

Raimo Lenschow {BIO 4664646 <GO>}

Okay. And then I wanted to switch gears a little bit, like you have now what 875 million members. If you think about the growth opportunity there, I mean it's already like a very, very big number. How should we think about that number going-forward? And where do you see opportunities? I'm thinking maybe international more, etc., like but I'll let you speak to it.

Ryan Roslansky {BIO 20074897 <GO>}

There is 875 million members on LinkedIn. We're growing right now. There are three members that joined LinkedIn every second. 35% of those members are kind of frontline right now which is different, two-thirds of those members are outside of the US. A lot of strength right now in Asia-Pacific, a ton of strength right now in India. We're nearing 100 million members right now in India. These members are over-indexing on everything that you need for economy to move forward. So, networking and job seeking and learning something really unique and special right now, I feel like that's happening in India.

And LinkedIn grows, we don't spend money to acquire our users, it grows, it's a network. So, people join LinkedIn. They upload their address book and whoever is in those address book gets invited to join LinkedIn along with them. So, the network kind of grows in these organic ways along with kind of where the pockets of growth are happening right now. So, my -- the vision of the Company is to help everyone in the world find economic opportunity. So, I think that ultimately that's where we aspire to be. But, I think we're seeing accelerated member growth right now and it's especially coming internationally, India, Southeast Asia, Brazil and more than we have ever seen before kind of in the frontline sectors.

Raimo Lenschow {BIO 4664646 <GO>}

Yes. That was actually my next question. On the frontline doesn't strike me from the outset as like a LinkedIn, like initially -- at least initially, you know thinks like, it's a world like the office workers kind of networking, etc. Like, how does that fit-in there, but and the question is actually, why -- why did the frontline workers not kind of -- why are they only discovering it now?

Ryan Roslansky {BIO 20074897 <GO>}

I think they are discovering it now because of what I just explained, which is again people discover LinkedIn because someone in their address book or that they know connects or asks them to join LinkedIn. So, you get these pockets and then that growth kind of happens, which is one of the beautiful things about kind of these social growth products is how they grow on their own. But we never really -- we never really had on the recruiting side a lot of companies who were coming and posting kind of frontline jobs on LinkedIn. So, there was no reason for people to kind of join in the first place. Now that's starting to change. Companies are posting all their jobs on LinkedIn.

A company like Amazon will just literally post every single one of their jobs, no matter where it is in the company on LinkedIn. When that happens, that brings those people on to LinkedIn, because maybe they'll find the job through a CEO, etc. They join LinkedIn, they invite their people that they know and their connection to join LinkedIn and that just kind of starts the cycle there. So, that's where a lot of that growth right now is coming from. And the great thing for us is that when you start to see a lot of these folks joining LinkedIn, it allows our sales team to go out and find new customers saying, hey these folks are on LinkedIn, the folks you're trying to target and for us to kind of open up that level of business. So, as we kind of balance the marketplace.

Raimo Lenschow {BIO 4664646 <GO>}

Yes, okay. Next question I wanted to ask is like, so you mentioned earlier the Microsoft relationship and how much you are enjoying it, like what's the -- how do you have to think about that what Microsoft brings to the table, like you were in LinkedIn before you were part of Microsoft, like talk us through like how they are helping or what's different.

Ryan Roslansky {BIO 20074897 <GO>}

I mean I think we're nearly six years past the date of this acquisition. We were doing roughly I think \$2 billion something in revenue at the time of the acquisition. We just crossed \$14 billion. The business has nearly quadrupled. The member base has doubled, engagement 2x or 3x what it was. I don't know, I think looking back, this will be part of as one of the much more successful acquisitions in technology a decade in. I just think Satya Nadella had this super intelligent vision and understanding of how if you can let a company think long-term, if you can let a company have access to next levels of technology, you can unleash a ton of value. And that's exactly what's happened.

LinkedIn is completely standalone. Completely standalone inside of Microsoft still. I mean six years in and look and you see that success that we're having, it makes sense. If we need access to technology, I mean a lot of the AI stuff that you're going to see coming up, my goodness. If we were a standalone company, we wouldn't have access to the same stuff we do through Microsoft, access to distribution partnerships is unique, access to some go-to-market stuff when we think it makes sense. But most importantly, when you're not a standalone smaller public company trying to make sure that every quarter you're thinking about some short-term things to eke out something that you need for to meet that quarter and you can think longer-term, it's amazing. And that's exactly what's happened with LinkedIn and Microsoft.

So, I love it. I get to sit in a weekly staff meeting with people like Satya Nadella and Amy Hood and Brad Smith and then my goodness, like learn from the greatest leaders in technology. So, it's helps me. Then I can take that back and help grow LinkedIn. So, I think it's a just I think Satya has written a book on how to do a successful acquisition like this. And it's really exciting too.

Raimo Lenschow {BIO 4664646 <GO>}

It's like and if you look at our deals in tech, usually what you do see is like the mama ship takes something over and then really understand it, and that was the fear now, like software Microsoft taking over like a more Internet-focused company. The founder leaves like within a year after the contract goes away, but you know you only now took over and you've been there for 14 years, like usually then there the cost-cutting coming in is alright, but it does look like this is all very different like it is (multiple speakers)

Ryan Roslansky {BIO 20074897 <GO>}

Yes. And look every acquisition is different in terms of what you're trying to accomplish. I think the thesis that Satya probably had was like hey, LinkedIn if put in the proper environment can accelerate growth. And LinkedIn with access to the right technology, with access to the right distributor partnerships, can accelerate growth. But LinkedIn it's not like something is broken, it's not like -- it's not even like there is this you know obvious like technology overlap, but if Microsoft owns this asset, we can absolutely accelerate the growth.

And that's a thesis. There is different thesis in some acquisitions, but I think it was -- I mean it's played out to be spot-on. I mean we decided two and half years ago to start building a much more -- we saw it through the pandemic, obviously people can't get together for events like this, so events were moving online and my goodness, like LinkedIn has got to get a place, people are having promotional events and that real-time like video technology, if we were some standalone company trying to figure that out, it would have taken us years to figure out.

But when it's like, here's an API to the Teams framework, so you can launch like an event through an Events product in like a month, I mean, it's unbelievable. It just gives us such an advantage to be able to grow LinkedIn. So, and your point, I don't think every acquisition looks like that. I think other acquisitions have different thesis, but I think this one to kind of be stand-alone and let LinkedIn grow has paid-off really well.

Raimo Lenschow {BIO 4664646 <GO>}

Yes. Okay. And then I only have time for one more question, Ryan. Like, but a comment you go without asking, the more the question that probably everyone in the room was kind of thinking. Since you have the graph, like what are you seeing at the moment in terms of like how our world is changing? Do you see any kind of early signs that this is kind of worse than what we think or like what's the graph telling you at the moment?

Ryan Roslansky {BIO 20074897 <GO>}

The only saying that it's telling me right now is that there are not one story happening. And I'm not smart enough, as all of you understand, like the nuances in that, but I mean big tech is hiring less. Healthcare I mean they can't hire enough. I mean, they'll do whatever, which is why some of the skill stuff makes sense. Because you can pull people out of other industries that have the right skills into new industries. Even inside of certain companies, you'll see like half the company hiring way less, half the company hiring way more. So, I just think that it's not one story right now, it's literally thousands of stories that are different based on geography and industry and company size and that's at least unique to me in the 14 years I've been looking at this data. So, sorry that doesn't give you some crazy insight, but I'm trying to figure out as well.

Raimo Lenschow {BIO 4664646 <GO>}

Yes. I try. Alright Ryan, thanks for joining us. That was really, really helpful. Thank you. And thanks for joining us. Thank you.

Ryan Roslansky {BIO 20074897 <GO>}

Thank you.

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