

The next Facebook is **LinkedIn**

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This post is part of my series featuring established companies and the smaller, more aggressive or innovative rivals that may eventually succeed them.

I remember way, way back to November 2006 when Wall Street was stunned that Google (NASDAQ:GOOG) was paying the ungodly sum of \$1.65 billion for privately held YouTube. How were they to monetize this goofy, home video web site? Since November 2006, it appears that Google got a bargain when compared to other social networking web sites.

Facebook has over 80 million users including a new Facebook profile for Democratic presidential nominee Barack Obama. Facebook attained Wall Street relevancy last year when Microsoft (NASDAQ: MSFT) agreed to pay the unheard of \$246 million **for a 1.6% ownership stake**. That October 24, 2007, Microsoft investment valued Facebook at nearly \$10 billion in the private equity world. As of yet, there is no filed Facebook IPO, but investors bet the company will file an IPO before the end of 2009.



AP | ZUMA Press

The new player capturing headlines in the social networking world is LinkedIn. The company is designed for the business and **professional world**. The more than 23 million registered users represent over 150 different industries. **It's a place to swap ideas, best practices and other opportunities.**

LinkedIn was founded in 2002 specifically for the business community. LinkedIn just received a \$53 million venture capital investment led by Sequoia Partners. The \$53 million represents a 5% stake in the company, therefore valuing LinkedIn at \$1.06 billion.

The simple **business model of social networking** web sites allows for an instant global presence, thus enhancing the underlying values of these companies. In the case of Google, the monetizing of YouTube will begin shortly as Google strategically places quick 15 second ads on the bottom of the requested video. Google will be watched closely by other industry insiders as no one wants to cheapen the freedom and ease of use of the social networks by cluttering them with countless ads.

With fresh growth capital, LinkedIn will expand its marketing efforts globally and grow its user list. The user list is the most valuable asset and Sequoia Partners valued each member at over \$50.

The next couple of Google-type IPOs may come from this sector of the Internet ... stay tuned.