

LinkedIn might provide first social-network IPO

January 6 2011, By Jessica Guynn

LinkedIn may be the first company to quench investor thirst for the red-hot social networking market.

Despite months of headlines from [Facebook](#), Groupon and Twitter, the Mountain View, Calif., company which connects more than 85 million professionals could be first out of the gate. It has been quietly preparing an [initial public offering](#) for as early as the first quarter.

[LinkedIn](#) has hired Bank of America Merrill Lynch, Morgan Stanley and JPMorgan Chase to advise it after a round of interviews in November. The size of the offering is not known, but it's expected to be small relative to the company's valuation. LinkedIn's implied valuation on the private trading marketplace SharesPost is \$2.2 billion.

Tapping the public markets could be a smart play for LinkedIn, which could benefit from heightened investor interest in social media and get out in front of a blockbuster Facebook IPO expected in 2012.

"LinkedIn has its own story to tell, and this gives them a window to get out there and tell that story," said BGC Partners analyst Colin Gillis.

"Even though the [business models](#) are different, it's wise for LinkedIn to get out there and avoid getting lost in the Facebook noise."

A LinkedIn spokesman declined to comment on the speculation. "An IPO is one of many tactics that we could choose to pursue," he said in an e-mailed statement. "We are focused on building our business and doing

what is in the best long-term interest of LinkedIn members and shareholders."

The IPO plans were earlier reported by Reuters.

LinkedIn, which has more than 1,000 employees, may not have the explosive growth of Facebook, but it is one of the first social media websites to become profitable, making money from premium services and advertising. LinkedIn does not disclose financial results, but estimates of 2010 revenue are \$200 million.

LinkedIn is the brainchild of former PayPal executive and early Facebook backer Reid Hoffman, a successful [Silicon Valley](#) entrepreneur and investor who helped usher in the [social networking](#) boom. LinkedIn's investors include Sequoia Capital, the famous venture capital firm that backed Apple, Google and Oracle; Greylock Partners, where Hoffman now works; Bessemer Venture Partners; and Goldman Sachs. LinkedIn has raised more than \$100 million in venture capital.

It's no secret that LinkedIn has been planning an IPO, although LinkedIn Chief Executive Jeff Weiner ducked the issue in a November interview. Weiner, a former Yahoo executive, joined LinkedIn in December 2008 and became chief executive officer in June 2009.

"You don't necessarily have to go public to get to the next level," he said.

But an IPO could be a springboard to accelerate the site's growth in the United States and overseas. LinkedIn has added 30 million users in the past 12 months alone.

"We believe LinkedIn is growing rapidly, in terms of membership, engagement, and revenue, and the market would be very accommodating," Wedbush Securities analyst Lou Kerner said.

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Distributed by McClatchy-Tribune Information Services.

Citation: LinkedIn might provide first social-network IPO (2011, January 6) retrieved 26 April 2024 from <https://phys.org/news/2011-01-linkedin-social-network-ipo.html>

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