



Linden Lab / Second Life

www.lindenlab.com



At A Glance:

• Company:

Linden Lab is the creator of Second Life, a three-dimensional online world with a rapidly growing population from 200+ countries around the globe in which the residents themselves create and build their world.

• Location:

San Francisco, CA

• Industry:

Entertainment; Computer Software

• Challenges:

- Developing and scaling the systems to manage an extremely rapidly growing company
- Containing costs to conserve cash and keep in-house engineers concentrating on the product
- Migrate to a new system in record time because of the fast growth of the company

• Software previously used:

QuickBooks

• Other software considered:

Microsoft Dynamics GP (Great Plains)

• Results with NetSuite:

- With the help of Skytek Worldwide, Linden Labs rebuilt its chart of accounts; migrated its accounting; and implemented a paperless accounts payable process, all within 60 days.
- Staff engineers can devote their efforts to product development rather than back-office support as NetSuite handles the back-office
- NetSuite easily scales as Linden Lab expands

• NetSuite Partner:

- Skytek Worldwide (www.skytek.com)

“NetSuite is so powerful and scalable — the earlier you choose it, the more you're going to get out of it.”

— John Zdanowski, Chief Financial Officer

Linden Lab

The Results:

Linden Lab®, creator of Second Life®, the increasingly popular 3D virtual world and global phenomenon, needed business software that could be installed quickly — and just as swiftly scale up to keep pace with the frenetic growth of one of the hottest companies on the Internet.

Now with millions and millions of registered users and companies such as Toyota, Circuit City, Dell, Sears, and Adidas setting up shop in Second Life's virtual world, Linden Lab is using NetSuite to manage its ERP and CRM in a single, integrated business application.

Specifically, Linden Lab chose NetSuite for its proven speed-to-implementation, its ability to replace separate ERP and CRM applications with a single, integrated business management application, and its track record in scaling with growing companies. With the help of NetSuite partner Skytek Worldwide, Linden Labs rebuilt its chart of accounts; migrated accounting operations; integrated NetSuite with its back-end systems; and implemented a paperless accounts payable process, all within 60 days.

The Challenges:

There was nothing "virtual" about the challenges faced by Linden Lab as citizens of its popular virtual world, Second Life, pioneered everything from a currency exchange (Linden Dollars), property buying and selling and more. In fact, the pioneering took on a whole new phase when the company and product turned into a movement sweeping the globe. The challenges that surfaced from the unbelievable growth were very real.

For example, accounting was needed not just for the regular real world financial requirements of any company but also for the buying and selling of assets and monetary conversions and other actions by the Second Life citizens, called "Residents."

"We set up ownership rights for all of the virtual goods in the world," says John Zdanowski, Chief Financial Officer of Linden Lab. And just like the real world, those goods can be sold and bought and traded — and eventually converted from Linden Dollars into real money. "I don't know of any other business model that works that way."

Zdanowski had using traditional business applications, including Microsoft Dynamics GP (Great Plains) at previous companies, and QuickBooks at the current one, but as Linden Lab

 Find out more: contact NetSuite, Inc. at 1 877 NETSUITE or visit www.netsuite.com



“Second Life has grown nearly seven-fold in the last twelve months. We needed a system that could support our growth as we take our financial and accounting infrastructure to the next level.”

— John Zdanowski
Chief Financial Officer
Linden Lab

grew to having thousands of servers worldwide and hundreds of thousands of players, a real world problem began to interfere with the virtual world.

"It got to the point where we reached a number of scaling issues in being able to do the number of transactions and write the number of checks," Zdanowski says.

The Solution:

Though Zdanowski and his team had prior experience with various accounting and general ledger software programs, it was NetSuite that they saw as the future for Linden Lab.

"I was very impressed with the flexibility and capability of NetSuite," he says. "It was an obvious choice. We wanted a hosted application to support remote locations easily. And all of our engineers want to be working on building the much more exciting virtual world. Because our revenue is growing so fast, I knew the only way I was going to be able to build the back-end infrastructure for this thing was to do it with as few internal resources as possible and as quickly as possible."

Installing NetSuite, with the help of third-party NetSuite Solution Provider Skyytek Inc., based in Miami, Fla., was fast.

"Second Life has grown nearly seven-fold in the last twelve months," says Zdanowski. "We needed a system that could support our growth as we take our financial and accounting infrastructure to the next level."

With Skyytek's help, Linden Lab also set up its general ledger on NetSuite.

"Skyytek helped us with our implementation and with our integration efforts as well," he says. "Having a third party focused on our specific business needs and understanding our business processes ensured that we implemented the system properly. And it was a way to extend our own internal resources quickly with people who had a lot of experience with NetSuite."

"We analyzed Linden Lab's business needs and realized that we could do this in 60 days because of our extensive NetSuite expertise," says Ray Tetlow, CEO of Skyytek Worldwide. "Using our best practices, the NetSuite service is easy to implement, and we have done this successfully many times with other customers. It was an exciting opportunity to help a company as hot as Linden Lab and Second Life prepare itself for the next level." (For more information about the Skyytek-Linden Lab implementation, visit <http://www.skyytek.com/Info/Newsletters/February-07>.)

And Zdanowski says it took only two more weeks to implement the payout system for users as they cash in their virtual dollars to real-world currencies. The exchange rate is about 270 Linden Dollars to one U.S. dollar.

Second Life Residents convert their Linden Dollars into U.S. dollars, with NetSuite operating invisibly in the background handling the work of cutting the checks.

Using NetSuite has meant the company has avoided having to hire some back-office support, Zdanowski says.

"Cost savings really wasn't our focus when we chose NetSuite. It was more about choosing an infrastructure that we could scale from 100 people to 1,000 people."

 Find out more: contact NetSuite, Inc. at 1 877 NETSUITE or visit www.netsuite.com

