

Driving Our Business Faster Forward

The world has changed significantly since Akamai set out to solve the challenges of doing business on the Internet more than a decade ago. Looking back to 1998, fewer than 150 million people, or only 4% of the world's population, were connected to the Internet.¹

At that time, an online presence for most of our customers consisted of little more than a text-based, brochure-like Web site with few graphics. Today, the number of people connected to the Internet has skyrocketed to more than two billion individuals, with exponential increases in connection speeds.² As the number of people connected to the Internet has increased dramatically, so has the complexity of our customers' Web sites, which have evolved to become highly dynamic online properties full of rich media. Improved accessibility and increasing speeds have fostered an incredible evolution of our customers' online businesses. We believe this trend will continue. Our own predictions for 2020 put the number of people connected to the Internet at more than five billion, with more than half of those connections at fast broadband speeds.

In this rapidly changing landscape, our customers are faced not only with exciting opportunities, but also new hurdles to operating successful online businesses. From those early days of brochure-like sites, to today's world of highly complex online properties, our customers have come to rely on innovation from Akamai for competitive advantage and the ability to stay ahead of the next wave of change.

It is clear that we are no longer living in a world where people are simply connected – to work, to friends, to family, to content and applications – but rather we are all hyperconnected. Our customers operate in a world where consumers and workers no longer “go online” but simply are online. Sometimes, it seems the pause button has all but ceased to exist.

Consumers are using every kind of device imaginable from computers, to smart phones, to tablets, to IP-connected TVs, and they are connecting them from their homes, their offices, their cars, and even from up in the air. Our industry certainly has not finished coming up with new and exciting ways to keep us connected, and Akamai plans to be in lockstep with these advances.

¹ Computer Industry Almanac

² ICT Data and Statistics Division, Telecommunication Development Bureau, International Telecommunication Union 2001

We provide critical cloud infrastructure and content delivery services that are designed to help our customers across many different industries accelerate innovation and capture the incredible business opportunities ahead of them. And our approach addresses the demands of enterprises for consistent, safe and secure user experiences, optimized across all the devices used on a daily basis.

We are very excited about Akamai's future and have set an audacious goal to grow our business five-fold to approximately \$5 billion in annual revenue in this decade. We are committed to addressing this evolution through ongoing innovation in the development of the Akamai Intelligent Platform, an expanding partner ecosystem, and even important changes in the way we operate our own business. This is a big challenge, but given the markets we serve, the solid foundation we have established over the past decade, and the growth opportunities across the industry segments where we operate, we believe this is possible.

For example, Gartner forecasts that spending in the application acceleration market will grow 13% compounded annually through 2013. They also predict that the market for public cloud services, which grew 27% from 2009 to 2010, will be worth more than \$177 billion by 2015³. This represents a five-year compound annual growth rate from 2010 of nearly 20%. Because our services are designed to alleviate issues that can arise from the inherent risks and bottlenecks of the Internet, we believe the shift to cloud computing represents a significant growth opportunity for Akamai's business.

In addition, IDC forecasts global consumer spending on eCommerce will increase from \$700 billion last year to nearly \$1.3 trillion in 2015⁴. That is a compound annual growth rate of nearly 13%. We have a unique ability to accelerate Web content for eCommerce companies by providing instant access to our global network of servers. We believe this can help drive our business forward as we enable our customers' growth.

Finally, IDC forecasts that the monetization of online video, whether it is from advertising, subscriptions, pay per view or other models, could grow at a 40% compound annual growth rate over the next few years.⁵ Industry estimates indicate that today, still only 1–2% of all media consumed in the home is being done so over the Internet.⁶ We believe that will expand dramatically, with data loads caused by online video spiking by as much as 100 fold in the next ten years. In this video delivery market, we believe there is opportunity to capture rapidly rising volumes and grow our media business for a second straight decade.

³ Gartner, Forecast: Public Cloud Services, Worldwide and Regions, Industry Sectors, 2010-2015, Jun 2011

⁴ IDC, Worldwide New Media Market Model, Sep 2011

⁵ IDC, Worldwide Online Video Platform 2011–2015 Forecast, Sep 2011

⁶ Nielsen, Feb 2012