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Akamai Technologies Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). Your first question comes from the line of Mark Mahaney with Citi.

Mark Mahaney - Citi

Good afternoon, two questions please. One, any more color on the international strength that you saw, any particular regions you could call out as relatively strong or weak? And then secondly, a detailed question on churn, I guess we calculated different churn number then you have that 5% seems to be higher than your historical average. Any particular read into that? Is there something that you see is that all economically or cyclically sensitive? To what extent do you feel confidence that there is...

Paul Sagan

Why don't you take the churn piece, I'll talk about the international market.

J.D. Sherman

Yeah, sure. Mark, we saw the churn. Yes, it's close to 5%. And really, the uptick was in our smaller customer base. The average, not unusual for the kind of churn we see, but the average ARPU of the churning customers was less than \$3,000 this quarter. So we did see an uptick at the low-end of our customer base in terms of churn.

Not surprising given the economic situation and the situations where I'm familiar with what's going on there. It's generally the economic difficulties or the financial difficulties that are cited in those situations.

Paul Sagan

And on the international streak, we certainly saw both in Europe and AsiaPac, I spent a lot of time in Asia on the road myself in the quarter. And I think what we're seeing is that they are just strong growth and investment in Internet businesses. They tend to be market specific. People are addressing the opportunities in their market based on where their consumers are, where credit cards are, where delivery infrastructure for Internet goods might be. But, very strong pickup, particularly in dynamic sites and the same is true across Europe.

Frankly, we're also seeing strong media pick up in a lot of those regions. One of the reasons is that broadband is available at greater speeds, at lower prices more easily installed and provision for

consumers than it is in the United States. You can get a 20-megabit connection to the home in the Paris suburbs for about the equivalent of \$10 with a simple phone call to your provider, very different than what you can get as an upgrade easily in most parts of the United States.

And I think that it's worth underlying that the international were so strong even with the headwinds on foreign currencies you would have seen on an apples-to-apples basis and even stronger performance from our business outside of North America. So I think the investment that we've been making there over the last couple of years is really paying off.

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