



LINX Pricing Strategy

LINX114

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Strategy

LINX strategy development

Three year strategic plan developed by board + staff

- Reviewed annually against feedback and market development

Drives priorities for annual road-maps and objectives

- Supported by features and initiatives in each PI / Quarter

Observations

~880 members from 84 countries – a diverse mix of members with very diverse expectations and interconnection needs

Large traffic flows have moved off public peering

- (Large/Medium) Eyeballs <-> Content

Growth in interconnection

- “Long-tail” <-> Content

- Private Interconnects – VLANs, cross-connects, closed user groups

- Cloud interconnects

- Interconnection needs in new segments



Observations

Competition - directly or substitutes

- Is increasing across all markets
- Is strong (and potentially well funded)
- Offers "complete" interconnection solutions

Implications for LINX

There is no one size fits all strategy

- Needs or solutions required vary between small / large, content / access and geographical base.

A successful strategy needs to take into account and optimise for a diverse set of “customer jobs”

- LINX's strength is the size of the diverse membership

Strategy 2020



Economics of scale

- Automation
- Mergers & Acquisitions
- Profitable geographical expansion
- Cost management
- Leading architecture



Regional IXP Strategy

- Enable more localised interconnects
- Tiered deployment
- IXP Partnerships



Broaden interconnect offerings

- Private VLAN
- Marketplace
- Cloud access



Long-tail and growth market opportunities

- Support the new members from the enterprise
- Support overseas membership needs as well as UK
- Pricing

Economics of scale

Increased use of automation allows for better operational scaling

- Even so some fixed costs are quite static

Increased partnerships such as JEDIX, ManxIX contributes to the economics of scale by building on existing resources

- Partnerships are also not cross subsidies

Products that have a low degree of automation and relatively high costs must be **more** standalone

- Such as cabling products

There are still network effects and benefits from a product set which also needs to be taken into account

STRATEGIC PLAN

MISSION

To provide world-leading internet exchange points for the mutual benefit of members; To provide increasing performance and value for members; To represent the interests of its members in matters of public interest; and to promote the interests of its members

STRATEGY

To create value for existing members, we need to offer services across the interconnect spectrum and industry segments at an attractive price point

KEY OBJECTIVES

Market development

Process Improvement

People Development

Product Development

INITIATIVES

- Targeting enterprise segment
- Emerging markets segment
- IXP Partnerships

- SAFe framework
- Provisioning
- Stricter follow-up on non-payments
- Reporting dashboards

- Continue the work on culture
- 360s and appraisals
- Clearer rewards structure
- Clear development plans

- Marketplace
- Cloud services

A New Pricing Model

A New Pricing Model

Objectives for the new pricing model was

- Allow an easy and clear upgrade path for members
- Support new interconnection offering such as private VLANs and Cloud services
- Allow for flexible pricing models for future products

A new pricing model

LINX prices are not cost plus – and never have been

- I.e. The CAPEX cost of a port has no **direct** relation to the price charged
- Total cost of producing services at scale are quite static and covers 24/7 NOC, admin / support, TSRs / ISO27000, Portal development, legal, network capacity, rents, training etc.
- Scaling / Pricing is a judgement to cover the fix costs vs expect unit volumes and success of products

A New Pricing model

After a number of workshops with staff and board, we agreed that

- Separate service fees from port fees
- Introduce several new bandwidth options for peering services

Would provide for the objectives we had set out

The starting point for pricing is that full bandwidth service + port access fee should be the same as 2021 Pricing

- Then the annual price discount was deducted from the prices

The membership fee will continue to provide a 1Gbps peering service

Services for 2022

> Unbundle port fee from peering fee

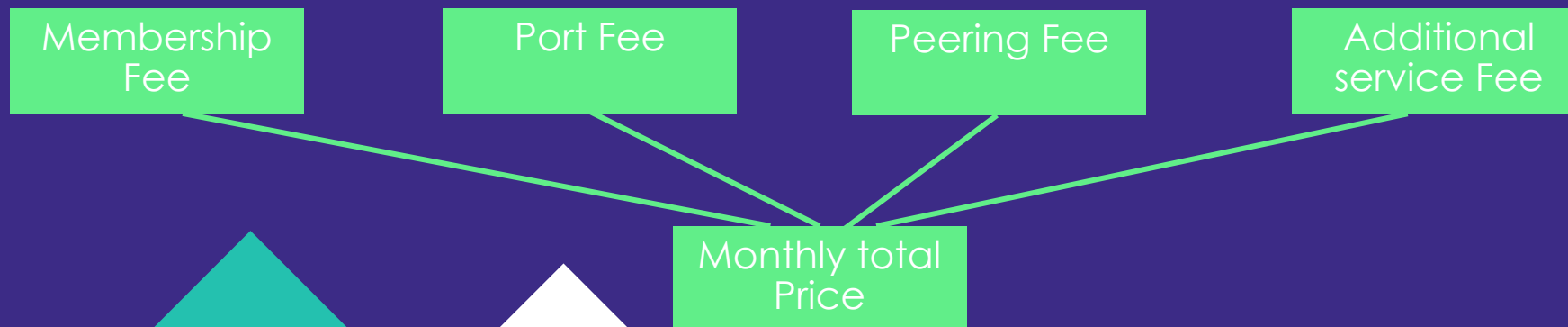
A member will need to purchase a port, and then choose a peering service to be delivered on this port

> Peering options available

- > 1Gbps (delivered over a 10GE port)
- > 2Gbps (delivered over a 10GE port)
- > 5Gbps (delivered over a 10GE port)
- > 10Gbps (delivered over a 10GE port)
- > 30Gbps (delivered over a 100GE port)
- > 100Gbps (delivered over a 100GE port)
- > 400Gbps (delivered over a 400GE port)

Port Services for 2022

- Port fees to be consistent across all LANs (eg same 100GE port fee for LON1 and NoVA)
- New 1GE, 2GE and 5GE direct ports delivered over a 10GE optic
- New 30GE delivered over a 100GE optic



1GE Ports

- Discontinue new sales of the 1GE over 1GE fabric product
 - Existing members will be allowed to order if needed for a short time
- Allow members to maintain their old single 1GE ports and upgrade to 10GE fabric over time
 - Deadline for upgrade January 2024

2022 Price cuts

LON1 services "equivalent" to today

- There is a 5% price cut for 2022 from January 1st

All other LANs with "equivalent" services

- There is a 10% price cut for 2022 from January 1st

With the new model there is a lot of change

- We want to see what the actual impact on revenue is to ensure financial stability

Pricing – Membership fee

Membership Fee

£100 per month

Includes:

the first 10GE port access fee on each LAN
the first 1GE peering service on each LAN

Pricing – Port Access Fees

| Size Port | Monthly Fee |
|-----------|-------------|
| 10GE* | £80 |
| 100GE | £320 |
| 400GE | £640 |

* The first 10GE port access fee on all LANs is included in the £100 membership fee

Pricing – Peering Fees

| Peering Service | LON1 | LON2 | MAN | NoVA | SCOT | WALES |
|-----------------|-------|-------|------|--------|------|-------|
| 1GE* | £40 | £20 | £20 | \$28 | FREE | FREE |
| 2GE | £40 | £20 | £20 | \$28 | FREE | FREE |
| 5GE | £269 | £116 | £74 | \$147 | FREE | FREE |
| 10GE | £384 | £166 | £106 | \$209 | FREE | FREE |
| 30GE | £1146 | £624 | £305 | \$803 | FREE | FREE |
| 100GE | £2293 | £1247 | £610 | \$1607 | £610 | £610 |
| 400GE | £4760 | £3680 | N/A | N/A | N/A | N/A |

*First 1GE on all LANs included in membership fee, price is for additional 1GE on same LAN



Thank you



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