



twenty
years

AMS-IX: Connecting the World Since 1994
ANNUAL REPORT 2013

1. Introduction

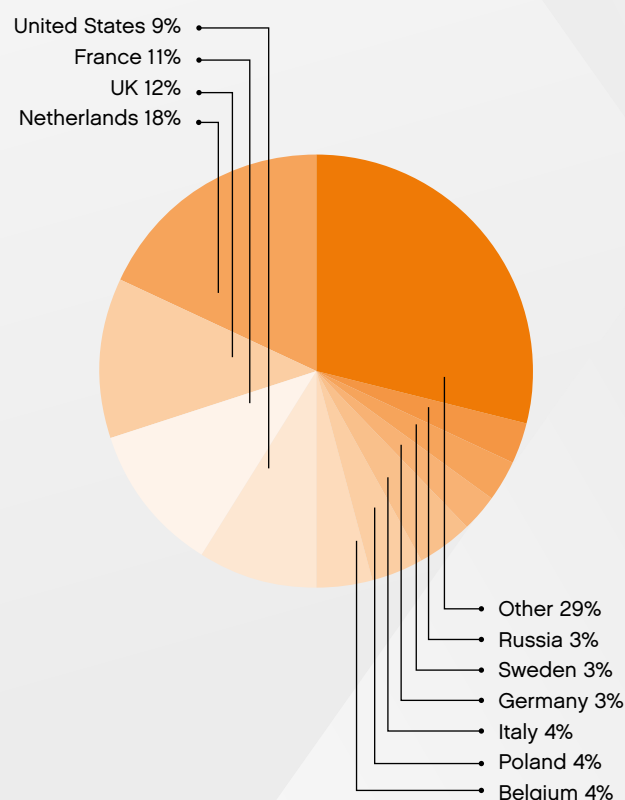
As publication of the 2013 annual report coincides with our 20th anniversary we have chosen to condense it. While the book reflects on past developments and highlights of AMS-IX and the Internet in general, the annual report focuses on AMS-IX's key activities and developments throughout 2013.

2. General

Growth

In 2013, AMS-IX added 110 new IP networks. 24 of these customers were members and 86 were non-members. Although customers are not allowed to vote during the General Meeting, they are offered services based on the same terms and conditions as members. For the second year running, the number of new customers surpassed the number of new members, from 40% in 2011 and 72% in 2012 to 78% in 2013. The total number of connected parties at the end of the year was 629.

Most new IP networks originated from the Netherlands (18%) followed by the United Kingdom (12%), France (11%) and the United States (9%).



Origin of new members & customers in 2013

The Board

Members of the Association appointed Ian Cleary, Director Product Marketing at Level3 Communications, and Ryan Donnelly, Director Systems & Network Architecture at Verisign, as board members during the Community Meeting on November 13 in Amsterdam. They succeeded Christian Kaufmann of Akamai who had served his maximum of two terms, and Remco Frijling who had started working for a non-member company during his board membership and could therefore not be reelected.

Board up to 13 November 2013

Board Member	Organisation	Exec member since
Christian Kaufmann	Akamai	21 Nov 2007 (Chairman)
Sylvie LaPerrière	Google	21 Nov 2012 (Vice chair/Secretary)
Remco Frijling	Level3 Communications	24 Nov 2010 (Treasurer)
Arif Polat	Türk Telekom	24 Nov 2010
Alex Bik	BIT	24 Nov 2010

Board after 13 November 2013

Board Member	Organisation	Exec member since
Sylvie LaPerrière	Google	21 Nov 2012 (Chairwoman)
Alex Bik	BIT	24 Nov 2010 (Secretary)
Ian Cleary	Level3 Communications	13 Nov 2013 (Treasurer)
Ryan Donnelly	Verisign	13 Nov 2013
Arif Polat	Türk Telekom	24 Nov 2010

General Meeting

On September 27, AMS-IX organised an extraordinary meeting (GM38) for its members, in addition to the two main general meetings. For the duration of 24 hours, members were given the opportunity to cast their vote regarding the opening of an AMS-IX US-based legal entity. The majority approved of this setup.

The 37th General Meeting took place during the third MORE-IP event in Pakhuis de Zwijger in Amsterdam on May 22 and 23. The Annual Accounts of the Association and the Long Term Commercial Strategy, Outlook 2013-2016, were presented and approved by the members. The LTCS-document describes in detail the plans for the direction of the company, especially in commercial terms.

The 39th General Meeting was held on November 13 at the Beurs van Berlage in Amsterdam. On the agenda were the Annual Operating Plan and Budget for 2014 (AOPB2014), the election results and the US entity update.

AMS-IX Corporation

The AMS-IX Company employee base increased by 12% (to 47 in total) in 2013. One of the most important job developments is Mark Cooper's appointment as Chief Commercial Officer (CCO). He has taken over this position from Cara Mascini, who fulfilled this role as Chief Marketing Officer (CMO) for ten years. Moreover, Onno Bos was appointed Sales Director and Petra Wensing Marketing Communications & Events Manager.

Job Witteman
CEO

3. Technical Developments

The focus of the technical team in 2013 was on upgrading the core of the network to 100GE. By using a combination of uniquely developed optical amplifiers for 100GE LR4 optics and ADVA's 100GE metro solution, the team was able to grow AMS-IX's backbone capacity, ensuring that it meets future bandwidth demand.

AMS-IX also expanded abroad. Following member approval of the US-based legal entity, the AMS-IX USA Inc., the technical team started to build an Internet exchange platform in the New York/New Jersey area, branded "AMS-IX New York". Deployment started in Digital Realty's 111 8th data centre. Other points of presence, in Manhattan's Sabey's Intergate and 325 Hudson, as well as in DuPont Fabros Technology's NJ1 data centre in New Jersey, were scheduled to become operational early 2014.

During the Autumn of 2013, the engineering team integrated the CAR-IX (Caribbean Internet Exchange) into the AMS-IX environment. The existing CAR-IX equipment was replaced by new equipment, based on the latest standards and innovative AMS-IX design, and CAR-IX customers were moved to this new platform, which was named AMS-IX Caribbean. The new setup of AMS-IX Caribbean allows for customer expansion at higher speeds in the coming years.

Last but not least, AMS-IX experienced a high take-up of 100GE customer ports. More and more parties have selected this type of connection, including Netflix, Ziggo, Riot Games and IP Transit, amounting to a total of twenty 100GE customer ports at the end of 2013.

Volume & Traffic Rates

Volume Rate

- Annual traffic volume bilaterally exchanged between connected networks on the exchange: 5.6 Exabyte (EB).
- Average daily traffic volume in December 2013: 16 Petabyte (PB)
- On a monthly basis, the volume grew from 429 to 544 Petabyte (PB).
- Growth rate in total traffic volume for 2013 compared to 2012: 35%.

Traffic rate

- Peak traffic rate on the ISP VLAN, an industry standard 5-minute average, grew from 2035 Gbps to 2547 Gbps, a growth of 25%.
- Growth of IPv6 peak traffic rate: from 7.5 Gbps in 2012 to 11 Gbps in 2013.
- Growth of mobile interconnect traffic rates: from 1.2 Gbps to 2.5 Gbps.

Ports & Connections

- Growth of total connected customer capacity: from 7.3 Tbps in 2012 to 9,6 Tbps in 2013
- Growth of 10GE ports: from 622 in 2012 to 730 in 2013
- Growth of 100GE ports: from 3 in 2012 to 20 in 2013

Access locations

Telecity AMS2 data centre remains the densest AMS-IX colocation, followed by NIKHEF and Vancis. Telecity AMS5 has done very well in 2013. The number of ports increased to 34, nearly triple the number in 2012. It is worth pointing out that the number of ports decreased at five out of twelve data centres while the total capacity at AMS-IX increased from 7,3 Tbps at the end of 2012 to 9,6 Tbps at the end of 2013. An important reason for this development is the take-up of the 100GE customer ports. A number of existing customers transferred from multiple 10GE customer ports to one 100GE customer port.

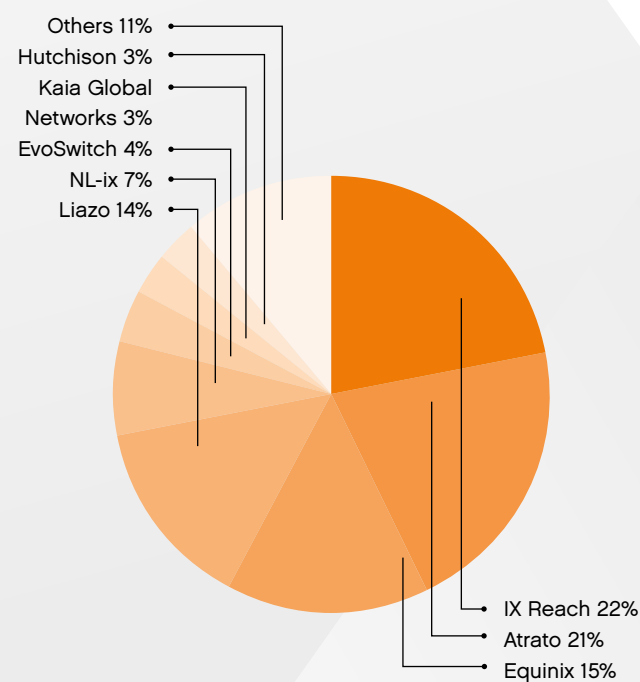
	2013	2012	2011	2010
Telecity AMS2	287	280	265	204
NIKHEF	214	224	216	200
Vancis	172	166	161	157
Global Switch	100	101	88	75
Equinix AM1/2	77	81	59	30
Telecity AMS5	34	12		
Equinix AM3	28	7		
Telecity AMS4	27	18	12	2
Interxion	24	27	12	5
EvoSwitch	23	19		
euNetworks	19	23	22	21
Terremark	2	0		

4. Commercial Developments

Sales and Business Development

2013 was another successful year for the Sales and Business Development team, with the total number of new applications reaching record levels for the fourth consecutive year. This went from 115 new applications in 2012 to 132 in 2013. The success of our Partner Program contributed to this number. 73% of the new applications came through a partner, compared to 75% in 2012.

IX Reach, Atrato, Equinix and Liazio were our top performing partners of 2013.



Applications through partner 2013

Member Relations and Customer Service

As of 2013, the Member Relations and Customer Service teams, who are responsible for contract administration, order processing and existing non-technical requests from members, customers and partners, are supporting five exchanges. Besides AMS-IX in Amsterdam and AMS-IX Hong Kong, the teams also deal with AMS-IX Caribbean and AMS-IX East Africa Exchange Point. Moreover, they are under contract at AMS-IX USA Inc. to assist with AMS-IX New York.

The teams operate under service level, aiming to answer 95% of requests (by email) within one working day. The number of transactions under the service level increased substantially by 42% in 2013 compared to 26% in 2012. The average delivery time for new applications decreased substantially:

2013	14 days
2012	20 days
2011	32 days

Service Management

Service Management deals with the Service Level Agreement (SLA). It is a carrier-grade SLA with service credits up to 100% of the monthly fees upon underperformance. At the end of 2013 a total of 80 ports included an SLA, which is a 90% increase compared to 2012.

Pricing and Promotion

Due to economies of scale, AMS-IX decreased the prices of the 10GE and 100GE customer ports by 33% and 44% respectively. The 100GE port prices were lowered to 5,000 euros per month, while prices of 10GE ports reached an all-time low of 1,000 euros per month.

5. Summary of Accounts

2013 Developments

2013 was a year of further growth and geographic expansion. AMS-IX took the first steps in establishing an Internet Exchange in North America. This decision led to many new developments and insights for the company, which will be useful in the years to come.

On October 31st AMS-IX USA Inc., a Delaware company, was incorporated after approval from the members during the extraordinary general meeting held on September 27th 2013. This company is a 100% subsidiary of AMS-IX B.V. and is therefore included in the overall financial consolidated statements of 2013.

In 2012, AMS-IX took over responsibility for the management and operations of CAR-IX and rebranded it to AMS-IX Caribbean. In April 2013 new equipment, based on the latest standards and technologies, was placed and customers of CAR-IX were moved to the new infrastructure of AMS-IX Caribbean. The previous equipment was owned by CAR-IX but AMS-IX designed and operated this on their behalf.

In July 2013, AMS-IX decreased the prices of the 10GE and 100GE customer ports substantially by 33% and 44% respectively. Due to financial lease, AMS-IX was able to facilitate this price reduction. By offering lower port prices we stay attractive for (future) customers and help customers and members to save costs.

Consolidated financial statements

Above developments had their impact on our financial statements. Even with the substantial price decrease the total gross revenues increased by 640 thousand euro (+5%) to some 13.6 million euro.

To cope with the growth of the company, the number of employees increased from 42 to 47 persons (37.2 to 43.5 FTE). Compared to 2012, the personnel cost increased by 17.8% to 3.7 million euro.

The total 2013 investments increased by 26.9% to 8.3 million euro. The depreciation cost increased by 10.2% to a total of some 5.5 million euro.

Other operational cost increased by 28.7%, from 897 thousand euro in 2012 to some 1.2 million euro.

As presented in the Long Term Commercial Strategy (LTCS) 2013-2016 and agreed upon by our members in the General Meeting 37, held in May 2013, the price decrease also implied that the net financial result would reach break-even point. The actual net result is close to the predicted outcome. However, as the USA developments were not originally foreseen in 2013, the consolidated net result is a loss of 51 thousand euro.

Cash generated by operating activities (6.4 million euro) was sufficient enough to cover the net investment needs, excluding leased equipment, of 4 million euro.

AMS-IX made use of a temporary fiscal facility applicable in the Netherlands, offering companies the opportunity to shorten the term of depreciation of fixed assets acquired and paid in full during the years 2009, 2010 and 2011 from five to two years. This facility was intended to support companies against the global financial crisis. It decreased corporate income tax payments on a short-term basis and offered companies more liquidity. The differences are of a temporary nature (timing difference), the cash flow will be equal over a five years' period. The impact of this facility is that in 2013 an amount of 788 thousand of corporate income tax payment was paid additionally (2012: 220 thousand euro). As the annual accounts in this report are based on the economical depreciation, the difference between economical and tax reporting is shown in the balance sheet as a provision for deferred taxes and not as part of the net result.

Result appropriation

The net negative result of 51 thousand euro for the year 2013 is taken entirely from the general reserve, which is included in the financial statements.

Expected future developments

To facilitate further personnel expansion it is decided that AMS IX BV will move from its current office at Westeinde 12, Amsterdam to Frederiksplein 42, Amsterdam in 2014.

Moreover, all four points-of-presence of AMS-IX New York will be finalised, and available for customers and members to connect.

In April/May 2014 the AMS-IX East Africa exchange point, in co-operation with SEACOM and KIXP, is expected to be completed and available for customer connections.

The total hardware investments are expected to be approximately 8 million euros.

Key Figures AMS-IX (x EURO)

	2013	2012	2011	2010	2009
Net revenues	11.091.056	10.800.990	10.497.298	8.545.670	8.842.102
Income before depreciation and taxes	5.398.247	6.199.944	6.431.365	4.964.798	5.932.072
Depreciation of fixed assets	5.473.587	4.965.290	4.100.478	3.317.504	2.379.812
Income before taxes	-75.340	1.234.654	2.330.887	1.647.294	3.552.260
Net result	-51.058	933.723	1.756.219	1.236.473	2.655.837
Cash generated by operating activities	6.418.143	6.752.811	6.097.134	5.440.844	5.475.442
Investments in tangible fixed assets	8.339.311	6.573.029	4.980.161	5.736.431	5.807.069
Capital and reserves (equity)	13.745.095	13.796.153	12.862.430	11.106.211	9.869.739
Cash and cash equivalents (31/12)	4.043.436	2.307.053	2.116.590	990.986	1.282.372
Full time equivalents (average)	39	34	29	24	22
Members (31/12)	444	443	437	388	349
Customers (31/12)	173	101	32	-	-
Physical ports (31/12)	1.007	958	835	694	609
Virtual links (31/12)	235	165	73	-	-

Consolidated Cash Flow Summary (x EURO)

	2013	2012
CASH FLOW OPERATING ACTIVITIES		
Net profit	-51.058	933.723
Depreciation of fixed assets	5.473.587	4.965.290
Cash flow	5.422.529	5.899.013
Changes in working capital:		
Short term receivables	690.209	155.252
Non-current liabilities	-685.599	-219.989
Short term liabilities	991.004	918.535
Total	995.614	853.798
Cash generated by operating activities	6.418.143	6.752.811
Purchase of tangible fixed assets	4.043.047	6.573.029
Disposals (book value)	-22.659	-10.681
Financial lease	-661.372	
Increase in cash and cash equivalents	1.736.383	190.463
Cash and cash equivalents at Jan 1	2.307.053	2.116.590
Cash and cash equivalents at Dec 31	4.043.436	2.307.053

Consolidated Profit And Loss Account (x EURO)

	2013	2012
Revenues	13.570.317	12.928.893
External operating costs	2.479.261	2.127.903
NET REVENUES	11.091.056	10.800.990
Other operating costs		
Personnel costs	3.732.049	3.168.249
Depreciation fixed assets	5.473.587	4.965.290
Other operational costs	1.954.133	1.519.586
Loss on disposal of fixed assets	0	-106.583
Total operating costs	11.159.769	9.546.542
NET OPERATING INCOME	-68.713	1.254.448
Financial results	-6.627	-19.794
Result before taxes	-75.340	1.234.654
Taxes	-24.282	300.931
NET RESULT	-51.058	933.723

Consolidated Balance Sheet As At December 31 (x EURO)

	2013		2012
ASSETS			
Fixed assets			
Switch Park	16.543.101		13.703.187
Computer equipment	70.211		61.685
Furniture	181.606		186.980
Subtotal		16.794.918	13.951.852
Current assets			
Debtors	150.118		227.783
Taxes	2.649		29.406
Other receivables and prepaid expenses	473.565		1.059.352
Cash and cash equivalents	4.043.436		2.307.053
Subtotal		4.669.768	3.623.594
TOTAL ASSETS		21.464.686	17.575.446
LIABILITIES			
Capital and reserves			
Issued share capital	41.500		41.500
Share premium reserve	385.779		385.779
Other reserves	13.317.816		13.368.874
Total capital and reserves		13.745.095	13.796.153
Provisions			
Deferred tax liabilities	1.139.577		1.935.711
Other provisions	110.535		
Long-term liabilities			
Lease commitments	1.947.487		
Total non-current liabilities		3.197.599	1.935.711
Current liabilities			
Creditors	621.973		421.072
Group companies	0		
Taxes and social security premiums	1.426.022		573.379
Other payables	2.473.997		849.131
Total current liabilities	4.521.992		1.843.582
TOTAL LIABILITIES		21.464.686	17.575.446

Auditor's Report on the Summary of Accounts

The accompanying summary of accounts (financial highlights 2013, key-figures, balance sheet as of December 31, 2013, profit and loss account for 2013, and cash flow summary), as presented on page 6 to page 8 of this report is taken from the financial statements for the year ending 31st of December 2013 of Amsterdam Internet Exchange B.V. in Amsterdam. We have issued an unqualified independent auditor's report dated April 23, 2014 on these financial statements.

The summary of accounts does not contain all the disclosures required for full annual accounts according to Part 9 of Book 2 of the Dutch Civil Code. Therefore, reading the summary of accounts is not a substitute for reading the audited financial statements.

Management's Responsibility

Management is responsible for the preparation and fair presentation of the summary of the accounts in accordance with the applied criteria.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary of accounts based on our audit. We conducted our audit in accordance with applicable law, including the Standard 810 on 'Engagements to report on summary financial information'.

Opinion with Respect to the Summary of Accounts

In our opinion, the summary of accounts in all material aspects is consistent with the financial statements for the year ending 31st of December 2013 of Amsterdam Internet Exchange B.V. in Amsterdam, on which we have issued an unqualified independent auditor's report dated April 23, 2014.

Zaandam, May 2013

Vork en van Prooijen B.V.

C. van Prooijen RA



List with new members and customers 2013

Uniserver Internet BV **NL** AMPATH **US** Rotterdam Internet Exchange **NL** Wachtoren-, Bijbel- en Traktaatgenootschap **NL** EMCF NV **NL** Schedom NV **BE** Openminds bvba **BE** One.com **DK** Oxilion **NL** Belcenter ISP **BE** Cellcom LTD **IL** Serverius Datacenters **NL** Ping Networks Ltd. **UK** Warwicknet Ltd. **UK** Hofnetz & IT Services **DE** Netrino UK Ltd. **UK** YISP **NL** Business & Decision Eolas **FR** Fortex **RU** Unilink **RU** Petit Telecom B.V. **NL** First Colo GmbH **DE** WDM **PL** Infomex Sp. z.o.o. **PL** Digicube SAS **FR** Luxembourg Online SA **LU** Prolocation B.V. **NL** IP-Max SA **SE** Hivane **FR** DNS Belgium vzw **BE** ASTELNET **CZ** NetIX Communications **BG** Iceland Telecom Ltd. **IS** Forthnet S.A. **GR** Amsio B.V. **NL** Dot Gold Network LLC **US** Orbit Networks Pty Ltd. **AU** Telindus SA **LU** Networked Systems Laboratory **US** Scaling Networks AB **SE** Siminn Denmark A/S **DK** WideVOIP / Chmurtz SaRL **FR** Hostnet BV **NL** Ondrea Systems SDN BHD **MY** Biznet Networks **ID** anycast.io **UK** Wargaming Interactive GmbH **AT** Zain Group **KW** Astutum Ltd. **UK** Wavenet **UK** Adamo Telecom Iberia SA **ES** Host Virtual Inc. **US** S-NET Sp. z.o.o. **PL** SG.GS **SG** Bulgarian Telecommunications Company AD **BG** Mainsoft S.p.A. **IT** Datatech UK Ltd **UK** Invitel **HU** Rethem Hosting, LLC **US** Booking.com B.V. **NL** COMBELL **BE** Enter **IT** Kwebbl B.V. **NL** Opera Software ASA **NO** PRODWARE SA **FR** Service Industriels de Lausanne **CH** Indosat Singapore Pte **SG** Adobe Systems **NL** Carrenza **GB** Pubmatic **NL** Busnesstorg Ltd **RU** RP ENGINEERING SAS **IT** Adeli **FR** Baidu (Hong Kong) Limited **CN** ColoCenter BV **NL** Gitoyen **FR** Hi3G Access AB **SE** Hostmaster Ltd. **MD** Intercloud SAS **FR** Phibee Telecom **FR** PObox Hosting Limited **GB** SDV Plurimedia **FR** Udomain Web Hosting Co. Ltd. **HK** World-ICT **NL** WorldStream C.V. **NL** Brightroll, Inc. **US** CM. **NL** Eurotel **UA** Global Transit Communications Sdn **MY** Seacom Ltd **MU** True International Gateway Co., Ltd. **TH** Xconnect24 **NL** LLC "Wnet Ukraine" **UA** OranLink S.L. **ES** Stichting Nationale Beheersorganisatie Internet Providers (NBIP) **NL** SysEleven GmbH **DE** Valve Corporation **US** Feral Hosting **UK** Thinktrade B.V. **NL** Airspeed Telecom Ltd **IE** Comhem **SE** Contingency Networks Ltd **UK** EXATEL SA **PL** FidoNet **UK** Komputerowe Studio Uslug Provector **PL** MaxiTEL Telecom B.V. **NL** Nasstar **UK** Schneider Electric SAS **FR** TECLIB **FR** WISPONE SRL **IT**

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