EQUINIX INC
Form 10-K
February 22, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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FORM 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2018
OR
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
Commission file number 000-31293

_____

EQUINIX, INC.
(Exact name of registrant as specified in its charter)

Delaware	77-0487526
(State of incorporation)	(IRS Employer Identification No.)

One Lagoon Drive, Redwood City, California 94065
(Address of principal executive offices, including ZIP code)
(650) 598-6000
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $0.001	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None
Indicate by check mark if the registrant is a well-known seasoned issuer as defined in Rule 405 of the Act. Yes x No ¨
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x	Accelerated filer o	Non-accelerated filer o	Smaller reporting company o
			Emerging growth company ¨

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

The aggregate market value of the voting and non-voting common stock held by non-affiliates computed by reference to the price at which the common stock was last sold as of the last business day of the registrant's most recently completed second fiscal quarter was approximately $34.2 billion. As of February 21, 2019, a total of 80,865,431 shares of the registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III – Portions of the registrant's definitive proxy statement to be issued in conjunction with the registrant's 2019 Annual Meeting of Stockholders, which is expected to be filed not later than 120 days after the registrant's fiscal year ended December 31, 2018. Except as expressly incorporated by reference, the registrant's proxy statement shall not be deemed to be a part of this report on Form 10-K.

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DECEMBER 31, 2018
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PART I

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ITEM 1. BUSINESS

The words "Equinix", "we", "our", "ours", "us" and the "Company" refer to Equinix, Inc. All statements in this discussion that are not historical are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding Equinix's "expectations", "beliefs", "intentions", "strategies", "forecasts", "predictions", "plans" or the like. Such statements are based on management's current expectations and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Equinix cautions investors that there can be no assurance that actual results or business conditions will not differ materially from those projected or suggested in such forward-looking statements as a result of various factors, including, but not limited to, the risk factors discussed in this Annual Report on Form 10-K. Equinix expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained herein to reflect any change in Equinix's expectations with regard thereto or any change in events, conditions, or circumstances on which any such statements are based.

Overview

Equinix, Inc. connects more than 9,800 companies directly to their customers and partners across the world's most interconnected data center and interconnection platform. Platform Equinix® combines a global footprint of state-of-the-art International Business Exchange™ (IBX®) data centers, a variety of interconnection solutions, unique business and digital ecosystems and expert support. Today, businesses leverage the Equinix interconnection platform in 52 strategic markets across the Americas, Asia-Pacific, and Europe, the Middle East and Africa ("EMEA"). Equinix operates as a real estate investment trust for federal income tax purposes ("REIT").

We elected to be taxed as a REIT for federal income tax purposes beginning with our 2015 taxable year. As of December 31, 2018, our REIT structure included all of our data center operations in the United States ("U.S."), Canada, Japan, and the data center operations in EMEA with the exception of Bulgaria, United Arab Emirates and a portion of Turkey. Our data center operations in other jurisdictions are operated as taxable REIT subsidiaries ("TRSs").

Careful, steady expansion has been key to Equinix's growth strategy since our founding, as we seek to offer our customers interconnection opportunities ahead of demand. In April 2018, Equinix purchased the 1.6 million-square foot Infomart Building™ in Dallas, including its operations and tenants, where we had already been operating four Equinix data centers. In the same month, we closed our acquisition of Australian data center provider Metronode and its 10 data centers.

In September 2018, Equinix named Charles Meyers President and Chief Executive Officer of the Company. Meyers also joined Equinix's Board of Directors. Meyers succeeded Peter Van Camp, who had served as interim CEO since January 2018. Upon Meyers' appointment as CEO, Van Camp resumed his role as Executive Chairman of the Equinix Board of Directors, a position he has held since 2005. Meyers joined Equinix in 2010 as President, Equinix Americas, leading our most profitable region through a time of significant growth and strong operating performance. Meyers then served as the Chief Operating Officer at Equinix, where he led the Global Sales, Marketing, Operations and Customer Success teams. For the past year, he was President, Strategy, Services and Innovation (SSI) leading Equinix's strategic business teams including Corporate Strategy, Technology Innovation, Product Management and Engineering. Under Meyers' leadership, SSI worked to optimize our position as a cloud enabler, identify key growth areas, and evolve our offerings in response to market, competitive and technology trends.

Industry Background

The internet is a collection of numerous independent networks interconnected to form a network of networks. Users on different networks communicate with each other through interconnection between these networks. For example, when a person sends an email to someone who uses a different provider for his or her connectivity (e.g. Comcast versus AT&T), the email must pass from one network to the other to get to its final destination. A data center provides a physical point at which that interconnection can occur.

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To accommodate the rapid growth of internet traffic that was occurring in the early years of the internet, an organized approach for network interconnection was needed. This was the start of the network era, when networks gained mutual advantage by exchanging data traffic on interoperable platforms. The exchange of traffic between these networks became known as peering, which is when networks agree to trade traffic at relatively equal amounts, often at no charge to the other party. At first, government and nonprofit organizations established places where these networks could peer with each other. These points were known as network access points, or NAPs. Over time, many NAPs became a natural extension of carrier services and were run by companies such as MFS (now a part of Verizon Business), Sprint, Ameritech and Pacific Bell (the latter two now part of AT&T).

Ultimately, these NAPs were unable to scale with the growth of the internet, and the lack of "neutrality" by the carrier owners of these NAPs created a conflict of interest with the participants. This created a market need for network-neutral interconnection points that could accommodate the rapidly growing demand to increase performance for enterprise and consumer users of the internet, especially with the rise of important content providers such as AOL, Microsoft, Yahoo! and others. In addition, the providers, as well as a growing number of enterprises, required a more secure and reliable solution for direct connection to a variety of telecommunications networks, as the importance of their internet operations continued to grow. These were the seeds of the connected era, when peering expanded exponentially among new players, and access to information anytime and anywhere became the norm.

To accommodate internet traffic growth, the largest networks left the NAPs and began connecting and trading traffic by placing private circuits between each other. Peering, which once occurred at the NAP locations, was moved to these private circuits. Over the years, these circuits became expensive to expand and could not be built quickly enough to accommodate traffic growth. This led to a need by the large carriers to find a more efficient way to peer. The multi-tenant or colocation data center was introduced to meet this need. Today, many customers satisfy their requirements for peering through data center providers like Equinix because this strategy permits them to peer with the networks within one location, using simple, direct and secure connections. Their ability to peer within a data center or across a data center campus, instead of across a metro area, has increased the scalability of their operations while decreasing network costs.

The interconnection model has further evolved over the years to include new offerings, as the collaborative landscape of the interconnected era imposes new demands for connectivity that facilitates more scalable interactive and real-time digital interconnections. Enterprises are becoming increasingly interdependent and cloud- and digital-enabled, and to compete they need real-time data exchange and reliable, instant connections between and across any given digital ecosystem. Starting with the peering and network communities, interconnection has been used for new network solutions, including carrier Ethernet, multiprotocol label switching (MPLS), virtual private networks (VPNs), and mobile services, in addition to traditional international private line and voice services. The data center industry is working to keep up with the rapid digital transformation of today's businesses, and it continues to evolve with a set of new network offerings (such as SDN, blockchain and 5G) where interconnection is often used to solve any challenge using both physical and virtual networks, across geographic boundaries.

In addition, the enterprise customer segment is also evolving. In the past, most enterprises opted to keep their data center requirements in-house. However, current trends are leading more enterprise chief information officers (CIOs) to either outsource their data center requirements, and/or extend their corporate wide area networks (WANs) into carrier-neutral colocation facilities where there are dense ecosystems of network, cloud and IT service providers, and business partners that enterprises can directly and securely interact with in real-time.

The following are macro, technology and regulatory trends that are forcing enterprises and service providers across all industries to rethink their IT architectures to decrease complexity and cost, and seize new opportunities to compete successfully as digital businesses:

- Digital business transformation is becoming a global phenomenon. According to IDC, by 2021 at least 50% of global GDP will be digitized, and growth in every industry will be driven by digitally enhanced offerings, operations and relationships. Interconnection becomes a key building block for digital business along that journey because real-time interactions between people, things, locations, clouds and data are critical in a digital age.

Urbanization is increasing in the majority of metros worldwide. Today, about 55% of the world's population lives in urban areas, and that will grow to 68% by 2050, according to the United Nations. With so many people so close together, digital services must be increasingly concentrated and close to users, so companies can deliver the connectivity their users expect. Interconnection brings applications, data, content and networking into proximity in these densely populated areas. It allows companies to deliver on their service promises, even as demand keeps growing.

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- Cybersecurity has increased in frequency, scope and complexity in our more closely connected world. In fact, a large-scale cybersecurity breach is one of the most serious risks facing companies today. Ernst & Young projects the global cost of cybersecurity breaches will reach $6.0 trillion by 2021. Companies need to strengthen their defenses, even as they increase their vulnerability by distributing their data across a variety of sources and users. To do that, businesses need their security controls to be distributed as well, leveraging interconnection out at the edge where most traffic exchange is happening. The direct, private nature of interconnection also increases data protection and lowers the risk of being compromised.

- Data Compliance has become a mandate among businesses around the world. The digital economy may be global, but more countries are regulating the data at the heart of the digital economy and prescribing enhanced rules around personal data protections (e.g., GDPR). But remaining compliant is about more than following the rules. In a Thompson Reuters survey, 69% of respondents said successful compliance efforts can drive up business efficiency and effectiveness by enabling greater focus on value-added activities. The need to address compliance drives interconnection because it enables companies to link their data storage, analytics and clouds in the same business region. That data can stay proximate, and local if required by regulations, but still be accessed globally to meet business requirements.

- Business Ecosystems are becoming the life-blood of digital business. Gartner predicts that by 2021, the number of organizations using a mix of intermediaries will more than double, and that active engagement by these organizations with industries in ecosystems outside their native industry will nearly triple. The reason is that digital trade flows are creating global business and data processes that involve an increasing variety of customers, partners and employees. Interconnection securely and efficiently connects all the players in all these business ecosystems, as those ecosystems expand in depth and number.

Other trends that we see impacting our customers' IT strategies include:

- The need for businesses and organizations to create a "digital edge" - where commerce, population centers and digital ecosystems meet. A more geographically distributed IT infrastructure is needed to support the digital operations that now cover every global region and every aspect of today's global businesses.

- The growth of "proximity communities" that rely on immediate physical colocation and interconnection with strategic partners and customers. Examples include financial exchange ecosystems for electronic trading and settlement, media and content provider ecosystems, and ecosystems for real-time bidding and fulfillment of internet advertising.

- The Internet of Things (IoT), big data infrastructures, artificial intelligence (AI) and the emergence of 5G high-speed mobile and wireless networks, which are creating unprecedented quantities of data that fuel digital business.

- The accelerating adoption and ubiquitous nature of cloud computing technology services, in particular hybrid/multiclouds, along with enterprise cloud service offerings such as Software-as-a-Service (SaaS), Infrastructure-as-a-Service (IaaS) and Platform-as-a-Service (PaaS) and security and disaster recovery services.

- The continuing growth of consumer internet traffic from new bandwidth-intensive services (e.g., video, voice over IP, social media, mobile data, gaming, data-rich media), Ethernet and wireless services, as well as new devices (e.g., wearables, home assistances, AR/VR headsets). These devices and services also increase the requirements for anytime, anywhere and any device interconnection out at the edge to improve the performance, security, scalability and reliability of interconnecting people, locations, clouds, data and things.

- Significant increases in power and cooling requirements for today's data center equipment. New generations of servers and storage devices continue to concentrate processing capability and the associated power consumption and cooling load into smaller footprints; and many legacy-built data centers are unable to accommodate these new power and cooling demands. The high capital costs associated with building and maintaining "in-sourced" data centers creates an

opportunity for capital savings by leveraging an outsourced colocation model.

Industry analysts project the compound annual growth rate of the global carrier neutral colocation market to be approximately 8.4% between 2018 and 2022.

Equinix Value Proposition

Equinix's global platform for digital business offers these unique value propositions to customers:

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- Reach Everywhere

With Platform Equinix, enterprises and service providers can deploy digital infrastructure anywhere they need to be. Customers are quickly and easily able to place applications, data, security and networking controls next to users, clouds and networks in major metros globally. With one global partner, our customers are able to reduce complexity and accelerate time to market while relying on the consistency of a proven worldwide interconnection and data center leader.

- Interconnect Everyone

Businesses operating on Platform Equinix will be able to discover and reach anyone on demand, through one connection to the world, by directly connecting physically or virtually to customers, partners, providers and between their points of presence. This gives our customers the capabilities to reach everyone they need to from one place and to simplify, scale and dynamically adapt their digital infrastructures to keep pace with rapidly changing business demands.

- Integrate Everything

On Platform Equinix, our customers are able to activate their digital edge through leading technology tools, partners and services. By leveraging software controls and expert advisors, service providers and enterprises can dynamically design, implement and manage their digital edge. They can also secure, view, control and manage hybrid IT environments to seamlessly scale digital integration across their business.

More than 9,800 companies, including a diversified mix of cloud and IT service providers, content providers, enterprises, financial companies, and network and mobile service providers, currently operate within Equinix IBX data centers. These companies derive specific value from the following elements of the Equinix platform offering:

- Interconnection leadership: The global digital economy's demands for fast, secure business collaboration creates a need for interconnection across Equinix's global platform. As this digital journey intensifies, businesses are creating new commerce and collaboration models to compete. Success in this fast-moving world can be facilitated by a single interconnection platform for digital business that is connected physically and virtually around the world. Companies that can deploy an interconnected digital infrastructure can connect broadly and securely scale the integration of their business at the digital edge.
- Cloud access and expertise: Equinix is home to more than 2,900 cloud and IT service providers and a variety of secure routes to the efficiencies, performance and cost-savings of the cloud. The Equinix Cloud Exchange Fabric™ ("ECX Fabric") offers on-demand access to multiple cloud providers from multiple networks, enabling customers to design scalable cloud services tailored to their needs at a given moment. In 2018, Equinix undertook the next phase in the evolution of Platform Equinix to achieve the direct physical and virtual connection of its IBX data centers around the world. This advance enables our customers to connect on demand to any other customer from any Equinix location, equipping digital businesses to scale their operations rapidly across the largest markets globally. On the ECX Fabric, customers do not have to be in the same IBX data center as their cloud provider(s); they can remotely access cloud services as if they were physically close to the provider. Equinix Professional Services for Cloud experts enable our customers to successfully deploy a mix of private, public, hybrid and multicloud environments over a global interconnected cloud fabric to best fit their business and customer requirements.
- Comprehensive global solution: With 200 IBX data centers in 52 markets in the Americas, EMEA and Asia-Pacific, Equinix offers a consistent, interconnected global solution.
- Premium data centers and expertise: Equinix IBX data centers feature advanced design, security, power and cooling, and data center infrastructure management (DCIM) elements to provide customers with industry-leading visibility and reliability, including average uptime of 99.9999% globally in 2018. Equinix Professional Services offers practical guidance and proven solutions to help customers optimize their data center architecture.
- Dynamic interconnected business ecosystems: Equinix's network- and cloud-neutral model has enabled us to attract a critical mass of networks and cloud and IT services providers, and that, in turn, attracts other businesses seeking to interconnect within a single location or across metros. This local ecosystem model leverages lower networking costs and optimizes the performance of data exchange. At the same time, the ECX Fabric enables private access to remote business ecosystems in regionally distributed IBX data centers to further reduce long-distance networking costs and deliver high performance. As Equinix grows and attracts an ever-more diversified base of customers, the value of

Equinix's IBX interconnected data center offering increases.

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- Improved economics: Customers seeking to outsource their data center operations rather than build their own capital-intensive data centers enjoy significant capital cost savings. Customers also benefit from improved economics because of the broad access to networks and clouds that Equinix provides. Rather than purchasing often costly local loops from multiple transit providers, customers can connect directly to more than 1,800 networks and 2,900 cloud and IT service providers inside Equinix's IBX data centers.
- Leading interconnection insight: After more than 20 years in the industry, Equinix has a specialized staff of industry experts, professional services specialists and solutions architects who helped build and shape the interconnection infrastructure of the internet, and who are now positioned to do the same for digital businesses. This specialization and industry knowledge base offers customers unique expertise and the competitive advantage needed to compete in the global digital economy.
- Lasting sustainability: Energy efficiency and environmental sustainability are a part of everything we do, whether we're building new data centers or upgrading existing facilities. We have committed to design, build and operate our data centers with high energy efficiency standards, and we have a long-term goal of using 100% clean and renewable energy across our global platform.

Our Strategy

Our objective is to expand our global leadership position as the premier network and cloud-neutral data center and interconnection platform for enterprises, cloud and IT services providers, media and content companies, financial services firms, IoT and big data providers, and network and mobile services providers. These are the key components of our strategy:

Improve customer performance through global interconnection. To best succeed in today's digital economy, enterprises around the world must adopt globally interconnected, on-demand digital IT architectures. The business connections forged in Equinix data centers through the power of interconnection are vital to accelerating our customers' businesses. To help companies understand, deploy and benefit from global interconnection, Equinix has created a blueprint for becoming an interconnected enterprise - the Interconnection Oriented Architecture® (IOA®) strategy. Based on work with many Fortune 500 customers, our IOA framework is an engagement model that both enterprises and solution providers can leverage to directly and securely connect people, locations, clouds and data. An IOA strategy shifts the fundamental IT delivery architecture from siloed and centralized to interconnected and distributed. Since the introduction of its IOA strategy, Equinix has created the "IOA Playbook" and "IOA Knowledge Base™," which were developed from our aggregated learnings across more than 600 Equinix customer (enterprise and service provider) deployments. These tools are offered online at no charge to any organization and provide fundamental, repeatable steps that organizations can take to deploy an IOA strategy across common digital workloads. They offer application blueprints for networks, security, data and applications, as well as for various use cases including ecosystems, analytics, content delivery, collaboration, hybrid multicloud and the IoT.

When combined with Equinix's critical mass of network and cloud providers and content companies, the increasing rate of adoption of an IOA strategy by the world's enterprise companies enables Equinix to extend its leadership as one of the core interconnection hubs of the information-driven, digital world. The density of providers inside Equinix is a key selling point for companies looking to connect with a diverse set of networks and deliver the best connectivity to their end customers at the digital edge, as well as to network companies that want to sell bandwidth to companies and efficiently interconnect with other networks. Equinix currently houses more than 1,800 unique networks, including the top-tier networks, which allow customers to directly interconnect with providers that best meet their unique price and performance needs. We have a growing mass of key players in cloud and IT services (Amazon Web Services, AT&T, Google Cloud Platform, Microsoft Azure and Office 365, Oracle Cloud Infrastructure, SAP HANA Enterprise Cloud and SAP Cloud Platform, Salesforce.com, IBM Cloud and VMware Cloud), and in the enterprise and financial/insurance sectors (Anheuser-Busch, Aon, Bloomberg, Deloitte, Ericsson, Ford Motors, NASDAQ, PayPal, Sysco Foods and The Society of Lloyd's) as customers. We expect these customer segments will continue to grow as customers seek to leverage our density of network providers and interconnect directly with each other to improve performance.

Streamline ease of doing business globally. Customers say data center reliability, power availability and network choice are the most important attributes they consider when choosing a data center provider in a particular location.

We have long been recognized as a leader in these areas.

In 2018, more than half of our revenue came from customers with deployments in all three of our global regions, and we expect global solutions to become an increasingly important data center selection criteria as the need for globally interconnected, on-demand digital IT architectures continues to grow. We continue to focus on strategic acquisitions to expand our market coverage and on global product standardization, pricing and contracts harmonization initiatives to meet these global demands.

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Deepen existing ecosystems and develop new ones. As various enterprises and service and content providers locate in our IBX data centers, their suppliers and business partners benefit by doing the same, and they gain the full economic and performance benefits of direct, global interconnection for their business ecosystems. These partners, in turn, pull in their business partners, creating a "network effect" of customer adoption. Our interconnection offerings enable scalable, secure, reliable and cost-effective interconnectivity and optimized traffic exchange, which lowers overall costs and increases flexibility. The ability to directly and globally interconnect with a wide variety of companies is a key differentiator for us and enables companies to create new opportunities within unique ecosystems by working together. We also have efficient and innovative internet and cloud exchange platforms in our IBX sites to accelerate commercial growth within the ecosystems via the network effect.

Expand our product and service portfolio. Our customers' needs for new solutions to help them scale and adopt new technologies inspire us to create new products and services. We recently introduced our Equinix Cloud Exchange Fabric™ to connect our data centers around the world and enable customers to connect on demand to clouds, networks and any other customer from any Equinix location. We also recently introduced Equinix SmartKey™, a global key management and encryption as a service offering to help our customers manage the security requirements of disbursing data across multiple clouds and third-party providers. We will continue to work with our customers to innovate and introduce new solutions to meet their evolving needs.

Expand vertical go-to-market plan. We plan to continue to focus our go-to-market efforts on customer segments and business applications that appreciate the Equinix value proposition of interconnection, reliability, global reach and prime collaboration opportunities within and across ecosystems. We have identified these segments today as cloud and IT services, content and digital media, financial services, enterprises, and network and mobile service providers. As digital business evolves, we will continue to identify and focus our go-to-market efforts on industry segments that need our value proposition.

Accelerate global reach and scale. We continue to evaluate expansion opportunities in select markets based on customer demand. In April 2018, we purchased the 1.6 million-square foot Infomart Building™ in Dallas, including its operations and tenants, where we had already been operating four data centers. Also, in April 2018, we completed our acquisition of Australian data center provider Metronode and its 10 data centers, which expanded our operations into Adelaide, Brisbane, Canberra and Perth, and added scale in Melbourne and Sydney. This acquisition tripled our Australian data center footprint to 15 sites. Careful, steady expansion has been key to our growth strategy since our founding, as we seek to offer our customers interconnection opportunities ahead of demand. As of the end of 2018, Equinix's total global footprint had expanded to 200 data centers in 52 markets in the Americas, EMEA and Asia-Pacific.

We expect to continue to execute our global expansion strategy in a cost-effective and disciplined manner through a combination of acquiring existing data centers through lease or purchase, acquiring or investing in local data center operators, and building new IBX data centers based on key criteria, such as demand and potential financial return in each market.

Our Customers and Partners

Our customers include carriers, mobile and other bandwidth providers, cloud and IT services providers, content providers, financial companies and global enterprises. We provide each company access to a choice of business partners and solutions based on their colocation, interconnection and managed IT service needs. As of December 31, 2018, we had more than 9,800 customers worldwide.

Customers in our five key customer and partner categories include the following:

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Cloud and IT Services	Content Providers	Enterprise	FinServ/Insurance	Network and Mobile Services
Amazon Web Services		Anheuser-Busch		
Box Inc.		Aetna	Allianz	
Cisco Systems Inc.		BMC Software	Technology	
Google Cloud Platform	Criteo	Ericsson	of America	AT&T
Datapipe	DirectTV	CDM Smith	Aon	British Telecom
IBM Cloud	Discovery, Inc.	Colony Brands	Bloomberg	China Mobile
Microsoft Azure	Index Exchange	Deloitte	Chicago Board	Lycamobile
NetApp	Movile	DocuSign	Options Exchange	NTT Communications Siemens
Oracle Cloud	Netflix	Ford Motors	Lincoln Financial	Mobility Services
Infrastructure	Priceline.com	Ingram Micro	NASDAQ	T-Systems
Salesforce.com	Thomson	Mazda Motor	Options Exchange	TATA Communications Verizon
SAP HANA Enterprise	Reuters	Corp.	PayPal	Vodafone
Cloud and SAP Cloud		Smithfield Foods	The Society of	
Platform		Sysco Foods	Lloyd's	
VMware Cloud		Weyerhaueser	TIAA	
Workday, Inc.		Wing On		

Customers typically sign renewable contracts of one or more years in length. Our largest customer accounted for approximately 3% of our recurring revenues for the years ended December 31, 2018, 2017 and 2016. Our 50 largest customers accounted for approximately 38%, 37% and 36% of our recurring revenues for the years ended December 31, 2018, 2017 and 2016, respectively.

Our Offerings

Equinix provides a choice of data center interconnection solutions and platform services primarily comprised of colocation, interconnection solutions and platform services.

Data Center Solutions

Our IBX data centers provide our customers with secure, reliable and robust environments that are necessary to aggregate and distribute information globally. Our IBX data centers include multiple layers of physical security, scalable cabinet space availability, on-site trained staff (24x7x365), dedicated areas for customer care and equipment staging, redundant AC/DC power systems and other redundant and fault-tolerant infrastructure systems. Some specifications of offerings provided by individual IBX data centers may differ based on original facility design or market.

Within our IBX data centers, customers can deploy their equipment and interconnect with a choice of networks, cloud SaaS providers or other business partners. We also provide customized solutions for customers looking to package our IBX offerings as part of their complex solutions. Our colocation offerings include:

Cabinets. Our customers have several choices for colocating their networking, server and storage equipment. They can place the equipment in one of our shared or private cages or customize their space. In certain select markets, customers can purchase their own private "suite" which is walled off from the rest of the data center. As customers' colocation requirements increase, they can expand within their original cage (or suite) or upgrade into a cage that meets their expanded requirements. Customers buy the hardware they place in our IBX data centers directly from their chosen vendors.

Power. Power is an element of increasing importance in customers' colocation decisions. We offer both AC and DC power circuits at various amperages and phases customized to a customer's individual power requirements.

IBXflex®. IBXflex allows customers to deploy mission-critical operations personnel and equipment on-site at our IBX data centers. Because of the proximity to their infrastructure within our IBX data centers, IBXflex customers can offer a faster response and quicker troubleshooting solution than those available in traditional colocation facilities. This space can also be used as a secure disaster recovery point for customers' business and operations personnel.

IBX SmartView™. Equinix IBX SmartView™ offers application programming interface (API) -based DCIM that provides real-time access to environmental and operating information within an Equinix IBX footprint, as if those cages were

all on site with the customer. IBX SmartView helps its customers consistently maintain their IBX operations and deployments with alerts and notifications, while enhancing long-term planning with customizable reports.

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Smart Hands Services®. The Equinix Smart Hands service enables customers to use our highly trained IBX data center personnel to act as their hands (or eyes and ears) when their own staff cannot be on-site. Smart Hands technicians offer a range of services, from routine equipment inventory and labeling to more complex installations and configuring. Smart Hands technicians also provide technical assistance and troubleshooting services.

Hyperscale Data Centers. Our integration efforts with the major cloud players have provided us with insight into the evolving architecture of the cloud. Today, a large number of private interconnection nodes for the major cloud players are located in Equinix facilities. In addition, we are in discussions with a targeted set of hyperscale customers to develop capacity to serve their larger footprint needs. We are leveraging the combination of existing capacity and dedicated hyperscale builds to meet these needs in a handful of key markets.

Interconnection Solutions

Our interconnection solutions are evolving to enable high-performance, secure, scalable, reliable and cost-effective interconnection and traffic exchange between Equinix customers across our global platform. These interconnection solutions are either on a one-to-one basis with direct cross connects or on a one-to-many basis through our ECX Fabric or other exchange solutions. In the peering community, we play an important industry leadership role by acting as the relationship broker between parties who would like to interconnect within our IBX data centers or between regionally distributed IBX data centers. Our staff holds or has held significant positions in many leading industry groups, such as the North American Network Operators' Group (NANOG) and the Internet Engineering Task Force (IETF). Members of our staff have published industry-recognized white papers and strategy documents in the areas of peering and interconnection, many of which are used by other institutions worldwide in furthering the education and promotion of this important set of solutions.

Our current interconnection solutions are comprised of the following:

Physical Cross Connect/Direct Interconnections. Customers needing to directly and privately connect to another IBX data center customer can do so through single or multi-mode fiber. These cross connections are the physical link between customers and can be implemented within 24 hours of request.

Equinix Internet Exchange™. Customers may choose to connect to and peer through the central switching fabric of our Equinix Internet Exchange, rather than purchase a direct physical cross connection. With a connection to this switch, a customer can aggregate multiple interconnects over one physical connection with multiple, linked 100-gigabit ports of capacity, instead of purchasing individual physical cross connects.

Equinix Metro Connect. Customers who are located in one IBX data center may need to interconnect with networks or other customers located in an adjacent or nearby IBX data center in the same metro area. Metro Connect allows customers to seamlessly interconnect between IBX data centers at capacities up to 100 Gigabits per second.

Internet Connectivity. Customers who are installing equipment in our IBX data centers generally require IP connectivity or bandwidth access. Although many large customers prefer to contract directly with carriers, we offer customers the ability to contract for IP connectivity and bandwidth access through us from any of the major bandwidth providers in that data center. This bandwidth access is targeted to customers who require a single bill and a single point of support through Equinix for the entire contract for their bandwidth needs.

Equinix Cloud Exchange Fabric™ (ECX Fabric™). The ECX Fabric directly and securely connects distributed infrastructure and digital ecosystems on Platform Equinix via global, software-defined interconnection. It enables businesses to customize their connectivity to partners, customers and suppliers through an interface that provides all the benefits companies have come to expect from "as-a-service" models. This includes real-time provisioning via a portal or API, pay-as-you-go billing increments and the removal of friction in establishing elastic connectivity between metros. The ECX Fabric is designed for scalability, agility and virtualized connectivity. Through a single port, Equinix customers can discover and reach anyone on demand, locally or across metros.

The new ECX Fabric capabilities are now available in the Americas, EMEA and APAC regions, including Amsterdam, Atlanta, Chicago, Dallas, Denver, Dublin, Düsseldorf, Frankfurt, Geneva, Helsinki, Hong Kong, London, Los Angeles, Manchester, Melbourne, Miami, Milan, Munich, New York, Osaka, Paris, São Paulo, Seattle, Silicon Valley, Singapore, Stockholm, Sydney, Tokyo, Toronto, Washington, D.C. and Zurich.

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Equinix Performance Hub®

The Equinix Performance Hub places corporate IT resources in IBX data centers connected to many networks and clouds near large user populations. Performance Hub solutions can be implemented gradually, without closing or moving out of existing data centers. Performance Hub allows companies to efficiently deploy resources at the edge, closest to their end-users, enabling an affordable, low-risk approach to improving network performance and reducing costs. This distributed, connectivity-driven approach to data center computing has been shown by Gartner, 451 Group, and many enterprise customers to provide dramatic benefits in application and network performance, as well as in business and IT agility.

Equinix Data Hub®

Equinix Data Hub is an extension of the Equinix Performance Hub framework and is a data center solution that addresses enterprise demand for real-time analytics, IoT, data collection and data protection. Data Hub empowers organizations to build a globally optimized data platform located in strategic data centers around the world and maintain full control over business-critical data for any and all security and compliance demands. Data Hub use cases include cloud integrated tiered storage, big data analytics infrastructures and data protection and replication.

Platform Services

Our platform services offer the expertise and tools to help companies create and grow as digital businesses. Our experienced professionals are supporting leading global companies in their digital transformation projects and know which strategies, systems, and IT services and architectures best support business goals in a variety of industries, leveraging existing and emerging technologies.

TRANSCONTINENTAL REALTY INVESTORS, INC.

By: /s/ Gene S. Bertcher
Gene S. Bertcher, Executive Vice President and
Chief Financial Officer