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Akamai Technologies Plc.

Strategic management (LCMB 7003)

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Executive summary

Business strategy is an ongoing process. With the increasing nature of business competition, global organizations are adopting different strategic solutions for sustainable profitability and growth. Thus they need to consider macro and micro environmental factors with situational factors while developing effective business strategies.

Akamai Technology plc. is the American as well as the global leading Content Delivery Network (CND) service provider. However, currently, it is facing intense competition from some global competitors as well as from some niche/local firms. CEO of Akamai has introduced it as a localization challenge.

To provide appropriate and effective solutions to this localization challenge, this report has explored different strategic aspects and issues using different models, concepts, and theories of strategic analysis including PEST analysis, porter's five forces analysis, strategic group analysis, critical success factors analysis, etc. It has also analyzed business and corporate strategies of Akamai to explore a clearing understanding of it.

Considering the overall findings of strategic analysis, this report has explored that joint venturing with local/niche firms with a profit-sharing strategy can be the best strategic solution for Akamai in response to localization challenges.

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1. Introduction

Akamai is the global leading content delivery network (CDN) service, provider. Apple, Amazon, Netflix, and Samsung are their key clients. It offers CDN service and cloud infringement services to accelerate and improve the delivery of content over the internet. Its innovative and dynamic technologies have ensured The delivery of live and on-demand streaming video capabilities, static and dynamic website content and tools to help people conduct business and reach current and new customers. Akamai was responsible for moving up to 30% of all internet traffic and 75% of people who viewed something on the internet (Akamai, 2019). However, the company is currently facing a localization challenge. In response to this challenge, this report aims at exploring different strategic aspects, issues, and content for developing strategic solutions. For this, the report is also going to analyze and evaluate different macro and microeconomic factors, business-level strategies, and corporate level strategies of Akamai to develop effective strategies for sustainable development.

2. Strategic management in the different organizational context

According to Thompson, (2017) strategic management refers to an ongoing process for planning, organizing, monitoring, analyzing, and assessing all the necessary resources to explore sustainable organizational growth and profitability. Different internal and external environmental factors are changing constantly and business organizations are required to develop sustainable and flexible strategies to meet the challenges. In this regard, small businesses, multinational corporations, and manufacturing organizations mainly focus on exploring sustainable profitability. However, public sector organizations and services organizations mainly focus on offering welfare services instead of profit-making. But all the organizations must need to focus on business-level strategies and corporate-level strategies. For this, they need to consider internal and external environmental factors and situational factors to meet the changing and challenging business environment.

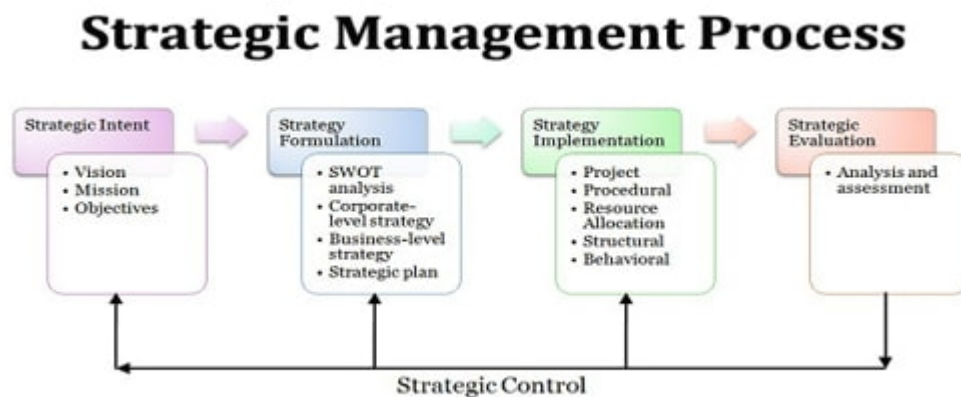


Figure: Strategic management process (David, 2016)

3. Strategic management practice Akamai

Akamai Technologies Inc. is an American Content Delivery Network (CDN), cybersecurity, and cloud service, provider. It was founded in 1998 in the USA. Currently, it has more than \$2.71 billion in revenue and is leading the global CDN industry (Akamai, 2019).

The business model of Akamai is different from the traditional CDN service providers. Generally, traditional service providers offer services through a centralized network. However, Akamai is operating through decentralized systems that are placed as close as possible to the end-users. As a result, this decentralized approach has enabled Akamai to transfer locally-cached data efficiently. Akamai referred to it as the edge of the internet. Below figure shows its content delivery network:



Figure: Content Delivery Network of Akamai (Akamai, 2019)

Core solutions offered by Akamai

Being a service provider Akamai mainly offers six types of core solutions to its clients.

- Akamai web performance solution
- Akamai media delivery solution
- Akamai cloud security solution Including Akamai intelligent platform and distributed Denial-of-service
- Akamai cloud networking solutions
- Akamai service and support solutions (Akamai, 2019)

4. Strategic analysis

According to David, (2016) strategic analysis enables a firm to explore different levels of business and corporate strategies. In this section different types of strategic analysis tools including pest analysis porters five forces framework strategy group analyses and critical success factor analysis of Akamai will enable us to explore the impact of different internal and external factors on business models. The analysis is as follows:

4.1 PEST analysis

According to Thompson, (2017) PEST analysis refers to a systematic approach to explore the impact of political, economic, social, and technological factors on different levels of strategies of a business. Pest analysis of Akamai is as follows:

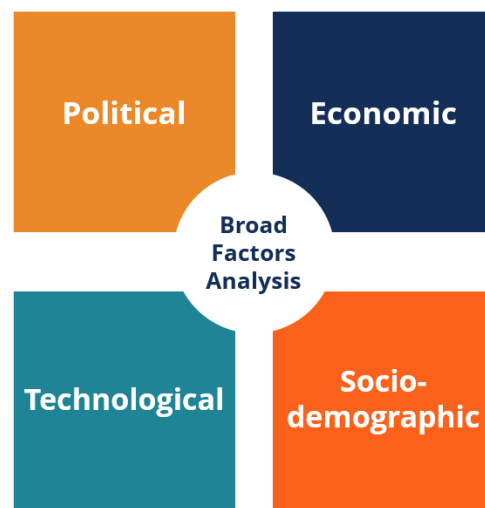


Figure: PEST analysis (Hitt, 2018)

Political factors

Akamai is a global CDN service provider. As a result, its business strategy might be affected by global political factors. Akamai is considering the entry in stages in local areas. The government of the United States is always favorable for their business organizations. However political instability in the United Kingdom and European Union might hurt Akamai. Besides global rivalry of the USA like China and other Middle East countries might offer further threats to Akamai. The risk of military evasion, operation barriers to different countries, tax policies, contact laws, intellectual property acts, etc. are the potential areas that might hurt Akamai. However, Akamai has positive political environmental forces while expanding globally.

Economic factors

The global economy is expanding at a stable rate. The USA has the best and dominated economy all over the world. It has superior control over the inflation rate, exchange rate, interest-rate, domestic production, per capita income, disposable income, and other economic factors. Besides, global technology involvement and the use of CDN technology is increasing very rapidly. The global economy is also facing a stable growth. Major clients of Akamai are Amazon, eBay, Microsoft, Samsung, Apple, Netflix, Akamai, and other global giant companies (Belham, 2019). The economic conditions of these companies are strengthening day by day. So the overall economic conditions of the Global environment might be favorable for Akamai.

Social factors

Akamai is a global company and social factors like culture, beliefs, attitudes, values, perception, religion, race, etc. have a direct impact on the performance and expansion strategy. demographics of the population, mainly the respective age of the target customers can be a bigger area to focus on. Thus its overall business strategies might consider the level of health standard, social awareness, social rules, norms, standards, environmental awareness, social and market interest, and the interest of stakeholders. Thus they should also consider the social issues of their giant clients and the targeted customers of their clients as the ultimate users of its services are the ultimate customers of its clients.

Technological factors

Global technology is changing very rapidly. While we are considering the technological changes in China it might be the biggest threat to Akamai. Akamai is specialized in advanced routing, data balancing, data management, cloud services, monitoring, on-demand streaming services, cloud-based storage, data analytics, etc. These technologies are getting more sophisticated day by day. Global business giants like Apple, Amazon, and Microsoft are also increasing their capabilities in these technological areas. Besides, global technologies are changing 360° in two years. So, Akamai must need to adopt new policies regarding the innovation of new services and make an effective strategic alliance to face the challenges of global giants.

4.2 Porter's five forces framework

According to David, (2016) Porter's five forces model is a systematic tool used to explore the overall market competitiveness. Thus the analyses of porter's five forces framework on the CDN industry is as follows:

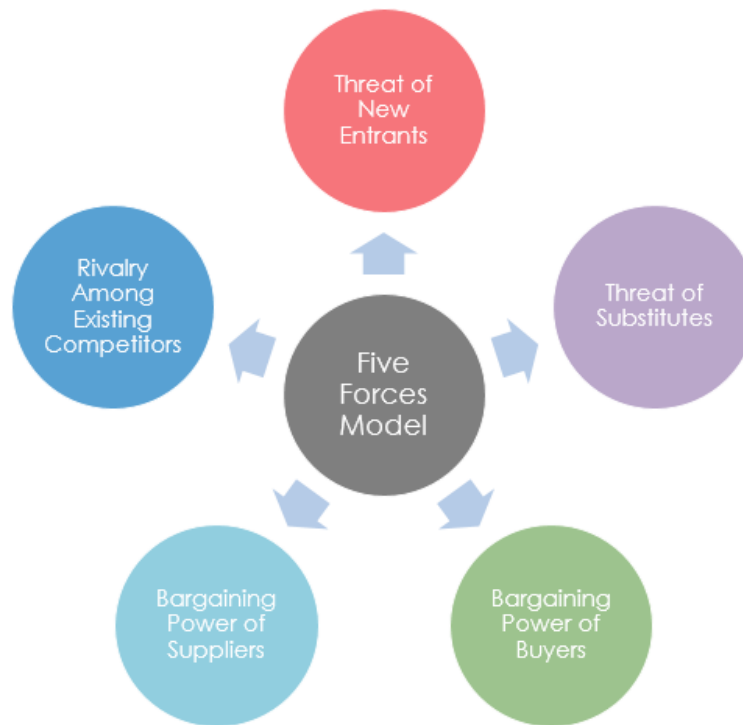


Figure: porter's five forces model (David, 2016)

Factors	Description	Level of competition	Overall rivalry
Entry and exit barriers	Technology is creating the biggest barriers to entry in this industry. It requires a higher level of investment in Innovative technology. It might be very difficult for new entrants to produce similar products and services offered by Akamai. Economies of scale and economies of scope are further creating barriers as well. However there are no systematic barriers to entry and global	Moderate	

	giants like Amazon, Apple, and Microsoft have the required resources to get an entry into this industry. Considering the overall entry-exit barriers this industry has a moderate rate of entry.		Moderate
Bargaining power of the suppliers	The nature of products and services offered by the content delivery network is intangible. There are no such strong suppliers in this industry. However skilled and experienced human resources are the core source of competitive advantage in this industry. They are independent of producing different software content and services within their own. Since the sources of suppliers are mainly the human resources within the organization we can consider a lower bargaining power of the suppliers in this industry.	Moderate	
Bargaining power of the buyers	Akamai has some monster clients like Apple, Amazon, Samsung, Microsoft, Netflix, etc. These giant global organizations have a higher level of bargaining power. Besides it also offers services to numerous local clients all over the world. Almost 60 CDN service providers are operating in the global market. So clients have the choice to select the service provider (Belham, 2019). However, the switching costs of the clients might be very high and levels of service differentiation offered by Akamai are sophisticated. though the target customers have a choice, they are systematically attached to Akamai. So the bargaining powers of the target customers are moderate in this industry.	Moderate	

Threat of substitutes	There are more than 60 companies are offering similar services. however, the level of effectiveness, security, and differentiation offered by Akamai are different from the competitors. But some local competitors are using a focus differentiation strategy and targeting the niche market to offer their services. So the threat of substitutes is also moderate in this industry.	Moderate	
Competitive rivalry	Currently, the CDN industry is led by some global giants like Akamai, Amazon, BitGravity, Broadpeak, CacheFly, CDNetwork, CDN77, etc. Akamai is the market leader in terms of market share and service areas. However, Amazon is growing very fast. Besides some local competitors are also adding further competition in this industry (Belham, 2019). As a result, this industry is no more moderately competitive. So the overall competitive rivalry among the existing competitors is high.	High	

Figure: Porter's five forces model

From the above findings of porter's five forces model, we can conclude that the CDN industry is moderately competitive. However, the intensity of competition is increasing very rapidly. Amazon along with the local competitors are adding further competition to this industry. Some global technology giants like Apple, Microsoft, Samsung are also considering to get entry to this industry. So it is expected that the competitive rivalry in this industry will be very higher in the upcoming future.

4.3 Strategic Group analysis

According to Lynch, R. (2018) strategic group analysis refers to a systematic strategic management approach that classifies the Companies within an industry having similar Business models or similar combinations of strategies. The strategic group can be classified based on the depth of market share and performance. Thus strategy group analyses in the CDN industry is as follows:

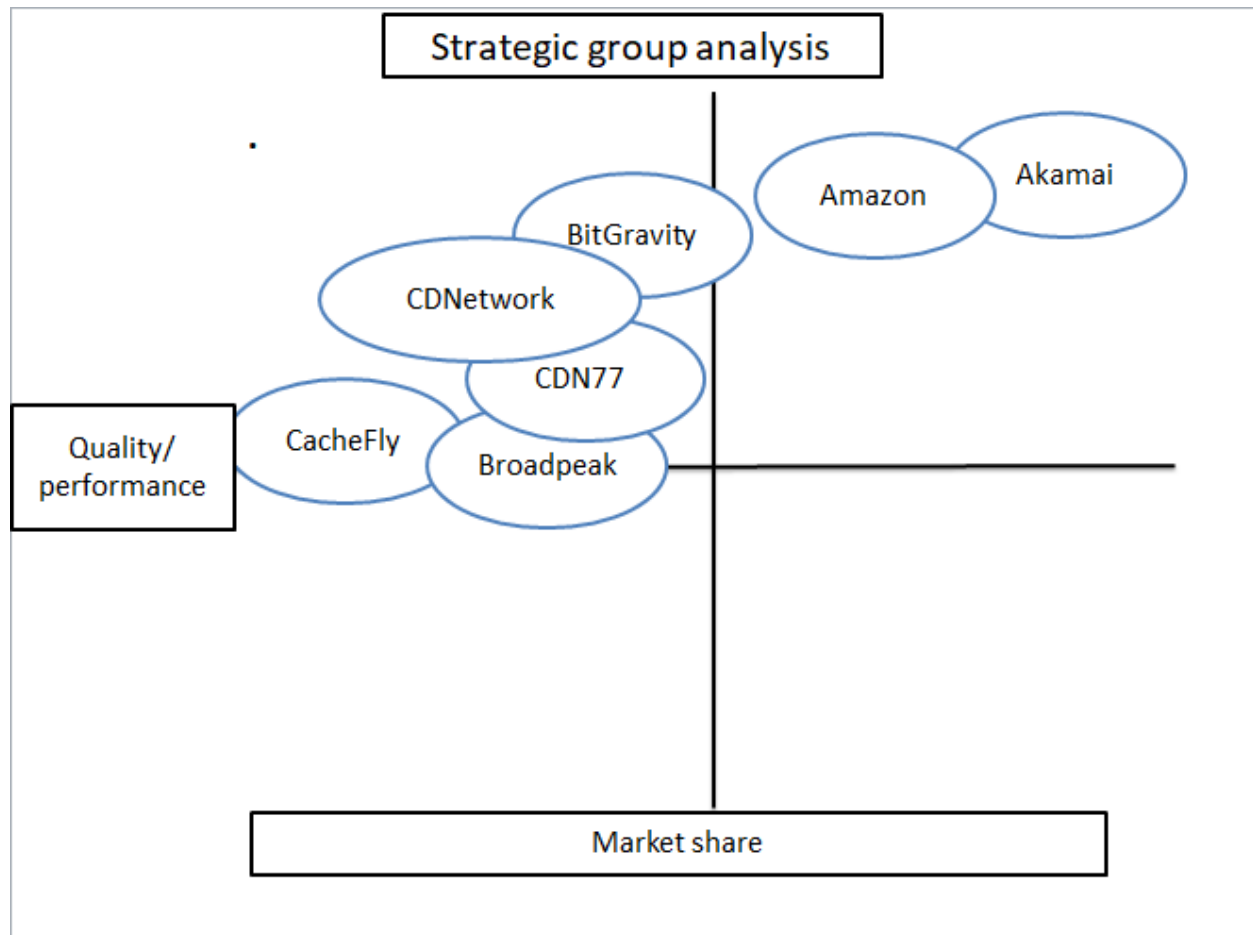


Figure: Strategic group analysis (Self-created)

According to the above strategic group analyses, Amazon and BitGravity are the close competitors of Akamai. Rivalry with Amazon in terms of quality of performance and market share is increasing very rapidly. However, several local competitors are adding competition in this industry. But they are not included in this strategic group analysis. So while developing corporate strategies Akamai should consider the local niche firms very carefully.

4.4 Critical success factors

According to Belham, (2019), there might have five critical success factors that are responsible for the success of Akamai. These success factors are:

A skilled, experienced, and highly motivated workforce

More than 25000 employees are currently working in Akamai. They are highly skilled, innovative, and experienced in offering different types of solutions (Akamai, 2019).

Use of the decentralized system

Akamai is different from traditional CDN service providers. Generally, traditional service providers offer services through a centralized network. However, Akamai is operating through a decentralized system that is placed as close as possible to the end-users. As a result, this decentralized approach has enabled Akamai to transfer locally-cached data efficiently. Akamai referred to it as the edge of the internet (Akamai, 2019).

Economies of scope

Akamai enjoys the advantages of economies of scope as it offers products through the localized system.

Economies of scale

Akamai focuses on producing and offering more products and services to the mass customer group from all around the world. As a result, it enjoys the advantages of economies of scale as well. This strategy has enabled Akamai to explore more than \$2.7 billion in revenue in 2018 (Akamai, 2019).

Networking

Akamai forms collective entrepreneurship between the company and thousands of merchants. It offers services for fees and commissions. As a result, it has been able to build a strong global network (Belham, 2019).

5. Resource, competence and strategic capability of Akamai

5.1 SWOT analysis of Akamai

According to Lynch, R. (2018) SWOT analysis refers to a situational analysis tool that is used to explore the impact of situational factors by analyzing strengths, weaknesses, opportunities, and threats. SWOT analysis of Akamai is as follows:

Strength

- It is the market leader of the CDN industry and has the highest market share.
- It has a very high level of operating cash flows and free cash flows that refers to its ability to invest in new projects
- It also has an integrated, innovative, skilled, and experienced workforce of more than 25,000 employees.
- It has a successful track record of developing innovative products and services
- It has an automated Service system. It helps the company to bring consistent quality and secured services
- It has a strong dealer community and superior performance record in a new market
- It also has a successful track record of integrating complimentary firms through mergers and acquisition and it has a very good return on capital expenditure as well (Rikishi, 2017).

Weakness

- It has a higher level of attrition rate in the workforce in comparison to the competitors. . as a result there is a high chance of transferring human skills to the rivals.
- Though it has successfully integration record, it has not been able to overcome the threat of small niche firms and localization challenges.
- Current asset ratios and liquid asset Ratios of Akamai suggests that it might not have an effective and efficient financial management body.
- Its aggressive pricing strategy is sometimes considered as the weakness of its marketing Department
- Its current level of the organizational structure might be capable of the current level of success only. To compete with the global competitors it might need to increase adaptability and flexibility in their organizational structure to promote innovation and creativity (Rikishi, 2017).
- In recent years investment in new technologies is decreasing. So there might have a chance of losing market share due to lack of innovation and creativity.

Opportunities

- It has stable free cash flows that refer to its investment opportunities in new technologies.
- Newmarket development strategy can lead to dilution of competitors' advantage and increase the competitive advantage of Akamai
- Government green drive also opens opportunities for Akamai
- Akamai has intensive environmental policies and the recent increase in environmental awareness might increase the appeal of Akamai's products
- Increasing security issues might increase the demand for Akamai's products and services.
- Stable economic growth and lower inflation rate might bring more stability in the market and promote the expansion strategies of Akamai (Su, A., 2016).

Threats

- Local and niche firms are capturing a large market share and their dominance is increasing in recent years
- The entry of Amazon has already taken away a large market share of Akamai and the potential entry threat of Apple and Microsoft can be very threatening for Akamai
- New environmental regulations in Paris agreement (2016) can be a threat to some of the existing products of Akamai.
- A higher level of employee turnover can be a silent flow of valuable information to the competitors (Su, A., 2016).

6. Stakeholder expectation and organizational purposes

6.1 A critical assessment of ethical issues on strategic development

The core objective of the business organization is to maximize the value of the shareholders and ensure social development. Business organizations use numerous resources from the environment and society, as a result, it becomes their obligation to ensure social and environmental development. Considering the business ethics, it deals with appropriate business policies and practices regarding potentially controversial subjects like corporate governance discrimination corporate social responsibilities, bribery, insider trading, fiduciary responsibilities, etc. While developing a strategic plan for localization challenges, Akamai should develop ethical guidance considering these controversial issues. Akamai should focus on protecting the interests of the stakeholders as business ethics is something more than business laws. Proper assessment, evaluation, and fair judgment should be ensured while evaluating each strategy. Some strategies can be beneficial to Akamai but can affect the interest of other firms. Thus they should ensure the compliance of global ethical standards in their operations and administration. Trustworthiness, respect, fairness, corporate citizenship, responsibility, and caring should be the core-focused area of Akamai (Belham, 2019). In addition to honesty, integrity, loyalty, legal obligation, moral accountability, commitment, and mutual respect should be the focused areas as well. Complaints of these requirements might ensure the sustainable development of a strategic plan.

6.2 Impact of Sustainability and corporate social responsibility on strategic development

Akamai has responsibilities to societies including economic, legal, ethical, environmental, and discretionary issues. Thus Akamai should carefully consider labor rights, human rights, environmental conditions, poverty alleviation, etc. in response to corporate social responsibilities. In response to corporate social responsibility Akamai take a leadership role in helping and enabling an open secure, environmentally friendly network, to maintain diversity in hiring, partnering and procurement practices, and promoting mathematics education and excellence among the next generation of technology innovators. Akamai ensures corporate responsibilities through the Akamai Foundation, Akamai sustainability, and suppliers' and partners' policies (Su, A., 2016).

6.3 The analysis of Mendelow's stakeholder

According to Godet, M. (2018) this analysis tool suggests evaluating stockholder groups considering interest and power. All stakeholders have power and interest within the firm. It is an interesting tool to assess the stakeholders' influence in Akamai. This analysis should be completed

to evaluate the assisting group and threatening areas within Akamai. Power can be defined as the ability and wisdom to influence the firm and interest is the awareness of project success. It can be helpful to formulate a new corporate strategy to operate the business properly.



Figure: Mendelow's stakeholder analysis

(Source: Hitt, 2018)

- **Less Interest, High Power**

This stakeholder group is very crucial for the firm because it can transfer to high power and high-interest group. So, the management should keep this group satisfied to operate the business smoothly. Stakeholders keep their interest low to practice their power effectively.

- **More Interest, High Power**

This stakeholder group is the key player of Akamai and needs active engagement of this stakeholders' group. This group has significant influence with strong interest and power. The management of Akamai considers this group to formulate and implement new business and

corporate strategy because these groups can stop the implemented strategies by holding power (Su, A., 2016).

- **Less Interest, Low Power**

This important group does not want to practice power and direction as well as keep interest low. Sometimes, they cannot exercise more interest for the lacking of power and influence. The management of Akamai should provide minimal effort to these groups. They can accept their position by showing little resistance and restriction.

- **More Interest, low Power**

This is the concerning group in Akamai by following what is happening within the organization or the success and failure factors but they do not exercise their power to change the implemented strategies. This group wants to be up to date informed with some little power. The management of this firm can apply any type of strategy.

Akamai considers all stakeholders groups to make strategies and implementation within the organization for the development of internal factors and the external environment. The influence and power of stakeholders can be treated as a threat as well as an opportunity for the business firm because they can play a positive part to gain profitable capital and investment. Thus its overall performance over the last few years is as follows:

in '000s	2011	2010	2009	2008	2007
Revenues	1,158,538	1,023,586	859,773	790,924	636,406
Cost and operating expenses					
Cost of revenues	374,543	303,403	249,938	222,610	167,444
Research and development	52,333	54,766	43,658	39,243	44,141
Sales and marketing	227,331	226,704	179,421	164,365	147,556
General and administrative	191,726	167,779	146,100	136,028	121,101
Amortization of other intangible assets	17,070	16,657	16,772	13,905	11,414
Restructuring charge (benefit)	4,886	—	454	2,509	(178)
Total cost and operating expenses	867,889	769,309	636,293	578,660	491,478
Income from operations	290,649	254,277	223,480	212,264	144,928
Interest income	10,670	12,163	15,643	24,792	25,815
Interest expense	—	(1,697)	(2,839)	(2,825)	(3,086)
Other income, net	6,125	(2,468)	163	461	527
Gain (loss) on investments, net	(249)	396	785	(157)	24
Loss on early extinguishment of debt	—	(299)	—	—	(3)
Income before provision for income taxes	307,195	262,372	237,232	234,535	168,205
Provision for income taxes	106,291	91,152	91,319	89,397	67,238
Net income	200,904	171,220	145,913	145,138	100,967
Net income per weighted average share:					
Basic	\$1.09	\$0.97	\$0.85	\$0.87	\$0.62
Diluted	\$1.07	\$0.90	\$0.78	\$0.79	\$0.56

Figure: income statement of Akamai (Akamai, 2019)

6.3.1 Ethical issues and CSR for sustainable development

The directors and managers belief in sustainability and long-term success and have ensured all social and environmental issues. This firm promotes CSR activities in several ways. Such as, it provides a donation to charitable start-up and ecosystem business activities. The management

follows some models and approaches to keep a vital role in society. The strategic decisions mostly depend on social responsibility by following rules and regulations of established CSR practices.

7. Assessment of organizational culture, structure, and leadership

7.1 Culture

Akamai has a separate and unique culture within the organization to maintain and control all business operations and workers effectively. This firm focuses on the ecosystem where all business-related parties have a great opportunity to participate in the improvement of organizational efficiency and effectiveness. The related parties of Akamai are merchants, suppliers, consumers, and other stakeholders. The top management of Akamai provides more priority to customers' demands and the market supply of products. Akamai believes in offering innovative and creative products and services to global customers. It believes in making trust. Thus it has a very innovative and supportive organizational culture that enables it to explore value from the global customer (Su, A., 2016).

7.2 Structure

The business structure of Akamai is quite separate from other rivals within the industry. The structure is the process where all business decisions are taken considering all customer demands and product trends. The structure of Akamai can be explained as a matrix structure. However, some characteristics of the structure can be explained by the hierarchical organizational structure. There are some partners in the firms to select the majority of Akamai's directors (Garshnek, 2016). The management and directors panel controls the entire firm and makes some effective decisions to operate the business productively. The organizational structure of Akamai is as follows:

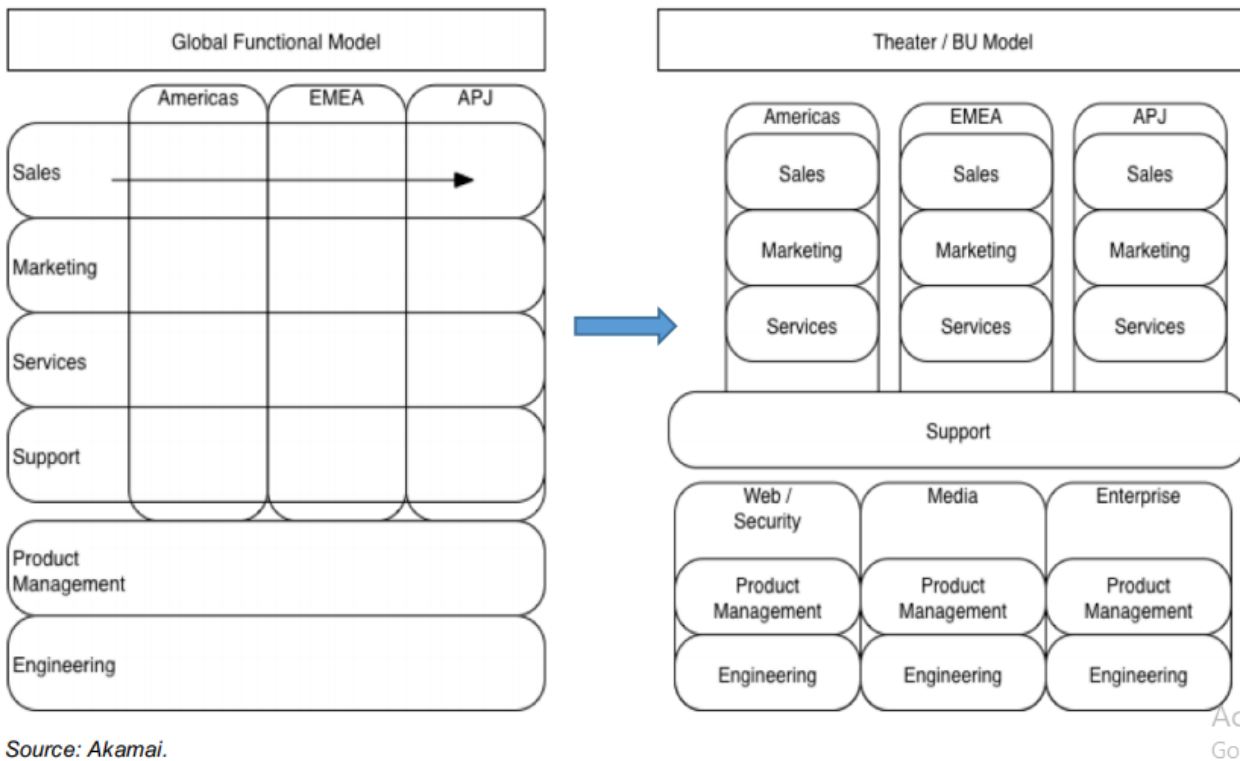


Figure: structure of Akamai

7.3 Leadership

Dr. Leighton's leadership, Akamai has evolved from its origins as a Content Delivery Network (CDN) into one of the most essential and trusted cloud delivery and cybersecurity platforms, upon which many of the world's best brands and enterprises build and secure their digital experiences. Leadership principles of Akamai are as follows:

- Management is not leadership
- Compete with yourself
- Study the future, not the past
- Know when to go all-in, and don't be afraid to do it
- Buy, don't bet
- Find people who truly see the big picture
- Hire adventurers, not employees

These leadership principles have ensured an innovative and supportive leadership at Akamai (Akamai, 2019)

7.4 Strategy under resource-based evaluation

According to Lynch, R. (2018) resource-based view concept for strategic management is a framework to evaluate the important input for the achievement of sustainability and competitive advantage. It helps Akamai to gain market leaders through an effective combination of resources and return. The firm Akamai needs heterogeneous resources for sustainability. The prime resources of Akamai are management and leadership styles which are guided and provided by Dr. Tom Leighton. The firm can reach the highest position in the CDN industry through these crucial resources. Akamai utilizes its resources properly to form new business-like Akamai. Akamai achieves its competitive advantages like a simple website structure and easily utilize the feature of the website (Yanlo, 2019). The decisions and strategy should be formulated and applied within Akamai by considering a resource-based view strategy. These strategies are helpful to become a market leader and a successful one.

8. Evaluation of business level strategy

Sustainability is one of the significant goals of all business ventures in the current competitive business world. Evaluation of business-level strategies will help to develop a clearing understanding of the overall business operations (Jeyarathmm, 2018). There are some models and approaches that are used to analyze the business-level strategies. Using relevant models business level strategies of Akamai are evaluated below:

8.1 Value chain analysis

According to Jeyarathmm, M. (2018) value chain analysis refers to a systematic approach that is used to explore the most value-creating activities of an organization. Considering this, Michael Porter has developed a value chain analysis model also known as Porter's value chain model. The model mainly focuses on primary activities and supporting activities that are responsible to explore value. Application of the value chain analysis is as follows:

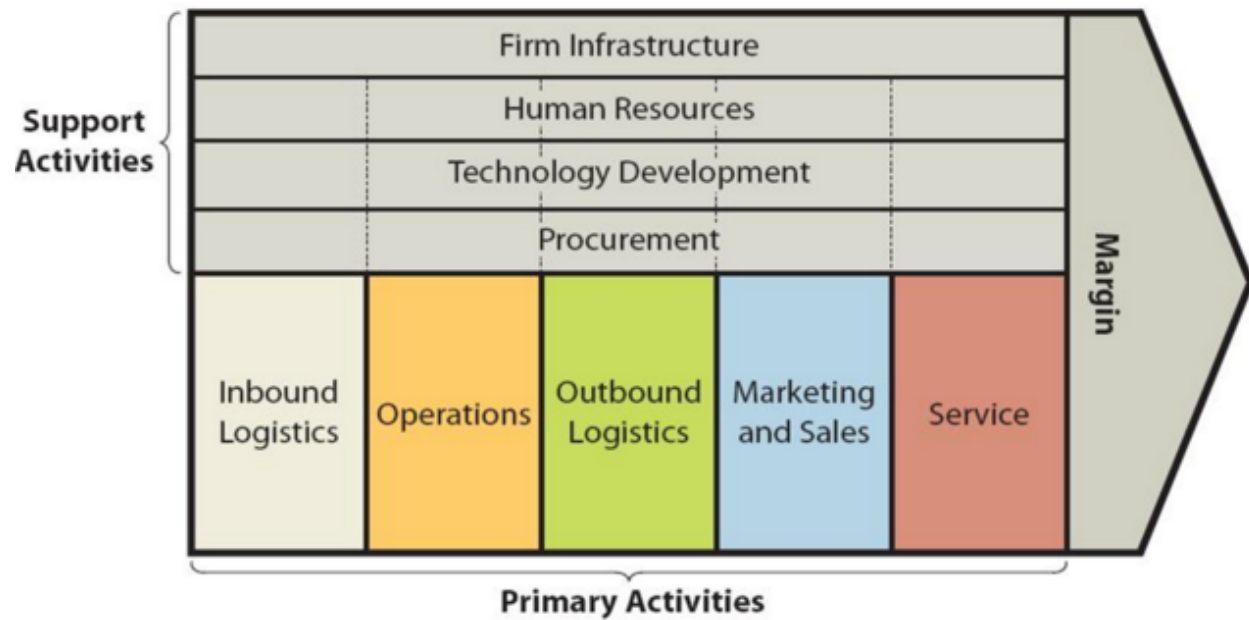


Figure: Porters value chain analysis (Hitt, 2018)

Primary activities

Primary activities mainly include inbound logistics, operations, outbound logistics, marketing and sales, and services. According to the given income statement, cost of revenues, sales and marketing costs, and administrative costs have the highest level of contribution to the profit. It was expected that research and development costs would be higher for Akamai. However, it was only 4%. However, its primary activities are roughly responsible for creating 45-50% of its total value (Yanlo, 2019).

Supporting activities

According to Rodríguez-Ponce, (2018) supporting activities mainly include firms' infrastructure, human resources, procurement, and technology. Supporting activities are very crucial for Akamai as it has included human resources and technology. While we are considering the overall contribution of supporting activities to the value chain analysis it might be equally weighted as primary activities of Akamai. However, it is very difficult to provide an accurate number as we don't have access to detail operating information. But considering its nature of service and nature of supporting activities We can say that the supporting activities of Akamai are also responsible for almost 40% of its overall value creation (Yanlo, 2019).

8.2 The Generic Strategies of Porter

Porter's generic strategy model can be used to explore the business level strategy of Akamai. Application of the model is as follows:



Figure: Porter's generic strategy

(Source: Rodríguez-Ponce, 2018)

- **Cost leadership**

Cost leadership of porter's generic strategy is applied to produce more goods and services at the lowest cost. Akamai is going to the international market. There are some low economic countries with more population like the third world. Akamai is currently applying this cost leadership strategy in those business market to attract potential customers (Belham, 2019).

- **Differentiation**

Differentiation is the process to give uniqueness in the manufactured products in a broad competitive industry. The product uniqueness can give extra features and more perceived value to attract existing and potential active customers of Akamai. This strategy has enabled Akamai to gain more profit margins than rivals (Yanlo, 2019).

- **Focuses strategy**

It is a very useful strategy for niche markets. Akamai applies this strategy for the low production cost in a particular market segment with little market competition. The management focuses on a particular market segment to serve a specific product to generate more profitability (Garshnek, 2016).

9. The corporate level strategy of Akamai

9.1 Product and service diversity

Being a service provider Akamai mainly offers six types of core solutions to its clients. Akamai web performance solution, Akamai media delivery solution, Akamai cloud security solution Including Akamai intelligent platform and distributed Denial-of-service, Akamai cloud networking solutions, and Akamai service and support solutions are major products and services offered by Akamai (Akamai, 2019).

9.2 International diversity

Akamai offers its products and services in more than 70 countries globally. Its international diversity is as follows:

Year	Location
2000	United Kingdom; Germany; France
2003	Japan
2004	India; China
2005	Netherlands
2006	Spain; Singapore
2008	Sweden; South Korea; Italy
2009	Switzerland
2010	Hong Kong
2011	Poland; Czech Republic; Brazil

Figure: Global expansion of Akamai



Figure: International diversity of Akamai (Akamai, 2019)



Figure: International diversity of Akamai (Akamai, 2019)

9.3 Corporate partnering

To ensure global expansion, Akamai Has the NetAlliance program. It is specially designed to encourage corporate partners to align and grow profitably with Akamai. It offers an array of benefits to its partners. Akamai rewards deeper participation with further investment and growth. The annual awards honor and excellence are related to sales marketing enablement growth and innovation. Thus they have thousands of global partners under NetAlliance (Yanlo, 2019).

10. Potential solutions and recommendations for Akamai in response to the localization challenges

10.1 Application of the Ansoff matrix

According to Jeyarathmm, M. (2018) the Ansoff planning matrix is applied to analysis the business market planning to perform the business activities properly for the proper market and business growth and the implementation of an effective strategy. This model is classified with two categories like market and products and again, these categories are divided into new and existing subsections. There are some elements of this approach. Such as market development, product development, market penetration, and diversification. Some discussions of these elements are described in the following.

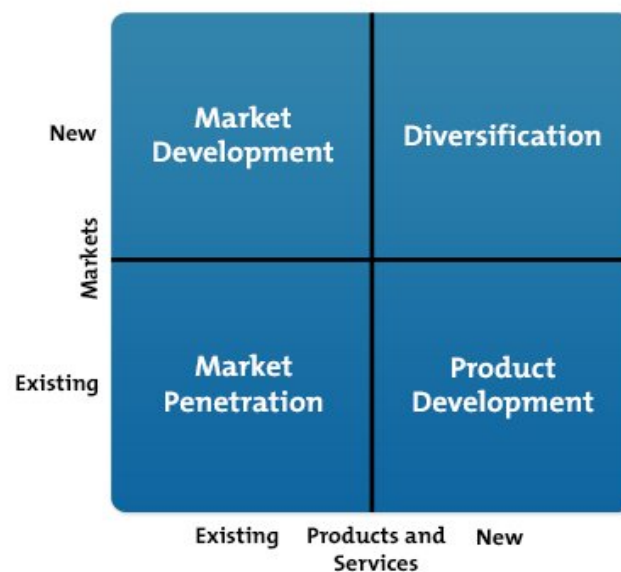


Figure 6: Ansoff Matrix (Source: Hood, 2018)

- **Product development**

Product development is the process to offer new products and services of Akamai to the existing market. Sometimes the firm provides a new and innovated product in the current market, then it can be called product development to the existing market. This stage needs more creativity as well as innovation, more product specification according to customer demands, and faster delivery process.

- **Diversification**

Diversification is a system for the expansion of business where Akamai can offer a new product to a new business market. For example, the Bangladeshi business market is new for Akamai's management. If it provides new products to the consumers in this market, it will be a diversification step. This stage is very risky for Akamai because of the lacking of new market and customers' experience and expectations. In the previous history of Akamai, there is a huge gap for successful diversification (Su, A., 2016).

- **Market penetration**

This element is completed and considered when the sales managers of Akamai provide existing services to the existing customer market. The motto of this firm is to maintain the superior market share for the existing services. This high level of business success can be gained through proper pricing strategy, promotions, and personal selling system. This level can reduce rivalry in the industry by securing market dominance. Akamai should design its advertising campaign and proper pricing strategy effectively (Su, A., 2016).

- **Market development**

This level of Ansoff matrix focuses on delivering the current products in the new market to increase the market share of the company. Akamai can focus on global trade and the market to enhance the revenue level. The management of Akamai should develop the distribution channel for faster delivery at a cheaper rate. For the market development of this model, the managers can give more offers to new and possible customers and expand the business and corporate environment (Garshnek, 2016).

10.2 Integrated strategies

There are different types of strategies that can be used by business organizations in response to localization challenge including direct investment, licensing, franchising, merger and acquisition, partnering, takeover, joint venture, etc. There are several records of integrating by Akamai. However, joint venturing (corporate partnering) can be an effective strategy for Akamai. Someone may think of acquiring or buying niche firms. But historically it was founded that there was the existence of the winner curse because target firms are often asking for a higher price than the actual one. Besides, the threat of the new entrance is also present there. In this regard, a joint venture refers to creating new firms in the form of partnership. Since there is shared ownership, local firms might be encouraged to make a joint venture with the global giant. It may offer them synergy benefits by working together in a particular market (Grow, 2013). It will help to share the risks and return among the parties. There will be the presence of new expertise and combined experience, more resources, and faster business growth. It can be temporary and amicable as well.

However, there will be the presence of some additional challenges as well. Since Akamai has the most differentiated business model in the industry, there will be the presence of different working methods and management styles as well. Besides, there may present a lack of commitment, misunderstanding, and conflict as well. Unclear business objectives and difficulty to exit will further add challenges to Akamai.

Akamai should develop guiding principles for suppliers and partners to communicate its values and expectations, and emphasizes the importance of responsible workplace policies and practices that comply, at a minimum, with applicable laws and regulations. They might expect its suppliers and partners to follow the spirit and intent of these guiding principles to ensure respect for all human rights and the environment and to comply with all laws and regulations as well as the specific guidelines related to these core principles (Grow, 2013).

11. Conclusion

Akamai has a huge opportunity to expand in the local as well as the global business market. The business model of Akamai should be developed more to gain sustainability. The board and management can analyze the major strategic issues by applying porter's five forces approach, SWOT analysis, and value chain and so on. The strategic decisions should be taken by the management considering competitive advantages and sustainability. The efficiency and effectiveness in strategic management can be increased through focusing on long term development, product quality, growing and retaining active and big consumers, etc. the managers solve all strategic issues developing some contemporary theories and approaches.

12. References

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