AKAMAI TECHNOLOGIES | NASDAQ: AKAM

Akamai Five-Pillar Analysis

A strict test of sector runway, leadership, moat, balance-sheet strength, and free cash flow. Evidence through September 24, 2026, including the $11.6 billion Anthropic cloud agreement.

75/100

DALALBYTES VERDICT: POSITIVE

3 of 5 pillars pass; both partials carry contracted-revenue paths. The Anthropic deal is the market's first large-scale validation of the distributed-inference thesis, landing on a stock priced as a melting CDN ice cube.

Reference: $110.40 (September 24, 2026 close); ~$129 after hours (+17%).

The scorecard

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PILLAR	GRADE	ONE-LINE READ
1. Sunrise sector	PASS	Distributed inference for agentic AI is sunrise; Security ($2.24B, +10%) is durable growth. Legacy Delivery (~30% of revenue) still shrinking.
2. Leadership	PASS	Leighton: co-founder, CEO since 2013, three reinventions delivered. Watch: age 69, no named successor.
3. Real moat	PASS	4,300+ PoPs in 130+ countries, 25 years of edge operations; Forrester Leader in WAF and DDoS. Watch: Cloudflare.
4. Iron-fortress balance sheet	PARTIAL	Net debt ~$2.95B (~1.7x EBITDA), investment-grade, but $1.7B converts current and a $5.5B capex program. Path: contracted backlog.
5. Free cash flow	PARTIAL	$834M → $699M → ~$440M annualized; margins compressing on the buildout. Path: backlog converts to cash from 2027.

The configuration that matters

Both non-negotiables (sunrise, leadership) pass. The two partials sit on the negotiable pillars and both have the same cure: contracted, take-or-pay-style revenue converting to cash as capacity goes live.

Key metrics

$11.6B

Anthropic commitment over 7 years (to ~$20B with expansion); ~2.75x FY2025 revenue

+39%

Cloud Infrastructure Services growth, H1 2026 ($193.9M); >$2.8B in multi-year CIS deals signed in 2026

$4.21B

FY2025 revenue (+5.4%); Security $2.24B (+9.8%), Delivery $1.26B (−4.7%)

~19x

Forward non-GAAP P/E at ~$129 on $6.73 midpoint guidance; ~12x EV/adj. EBITDA

Pillar 1: Sunrise sector PASS

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The sunrise is not "cloud" generically. It is **distributed inference for agentic AI**: CPU-heavy orchestration workloads running at the edge, where latency and per-token economics beat centralized AI factories. Anthropic's $11.6 billion commitment is explicitly for **CPU workloads** on Akamai's distributed cloud. That single contract term is the thesis in one line.

Cloud Infrastructure Services is the growth engine proving it: $174M (2023) → $230M (2024, +32%) → $314M (2025, +36%) → H1 2026 +39% year over year. Before Anthropic, Akamai had already signed more than **$2.8 billion** in multi-year CIS commitments in 2026 alone: $200M for a Blackwell GPU cluster (March), $1.8B from a frontier-model provider (May), and over $600M for robotics development (August). The cadence, $200M → $1.8B → $600M → $11.6B, is the template replicating. Frontier labs are assembling portfolios of compute rather than renting from one cloud, and more customers will come.

Security ($2.24B, +9.8%, the majority of revenue since 2024) is the third leg and it is durable growth, not legacy: enterprise AI inference has to be secured at the point of contact (DDoS, WAF, API security, Zero Trust). Forrester names Akamai a Leader in both Web Application Firewall and DDoS Mitigation.

> **Honest asterisk**
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> Legacy Delivery is still roughly a third of revenue and shrinking 5 to 15% a year on price erosion. The sunrise engine is real; the mix is mid-transition. Every quarter, CIS plus Security has to outrun the melting ice cube.

Downgrade triggers: CIS growth ex-Anthropic stalling below 20%; frontier labs consolidating spend back onto hyperscalers; enterprise edge-inference adoption stalling.

Pillar 2: Leadership PASS

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Tom Leighton is a co-founder (1998) and CEO since January 2013: a founder-scaler, the strongest leadership archetype in the engine. He has now led Akamai through three reinventions, delivery to security to cloud, scaling revenue from under $1.4B at his appointment to $4.2B.

Did what he said: the $900M Linode acquisition (2022) was bought to accelerate cloud, and CIS growth accelerated (+32%, +36%, +39%). 2024 compute revenue grew 25% against 21–23% guidance: a beat. The near-miss on record is phrasing, not substance: his "well over half a billion" 2023 cloud call landed at $504M. His current forward line, growth accelerating from single digits to **low-teens in 2027** on take-or-pay contracts, is the next prove-it.

Watch: age 69, no named successor disclosed. **Downgrade triggers:** a 2027 growth guide cut; succession handled opaquely.

Pillar 3: Real moat PASS

4,300 to 4,400 points of presence in 130+ countries, 175+ Tbps of capacity: twenty-five years of operating the world's largest edge network. That footprint cannot be built on a venture timeline, and Anthropic's choice is revealed preference: for SLA-bound CPU inference at global scale, the distributed footprint beat building with hyperscalers.

Akamai is also simply unavoidable internet plumbing: the platform is integrated with roughly **1,200 network partners** worldwide, and its stated cloud pitch leads with **generous egress allowances**, a direct attack on the egress-fee economics of hyperscalers and GPU neo-clouds. For inference workloads that move data constantly, that pricing edge compounds.

The moat compounds further with the security portfolio (Guardicore $600M, Noname $450M), which deepens enterprise stickiness exactly where AI workloads need hardening.

Watch: Cloudflare (Workers plus edge-security mindshare) is the credible well-funded competitor; hyperscalers and GPU neo-clouds flank from both sides. **Downgrade triggers:** sustained share loss to Cloudflare in enterprise edge; a second frontier lab choosing a hyperscaler for the same workload Anthropic gave Akamai.

Pillar 4: Iron-fortress balance sheet

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PARTIAL

Net debt of roughly **$2.95B** (~1.7x adjusted EBITDA) with $4.6B of cash and marketable securities and an investment-grade rating: manageable, but this is not a fortress today. **$1.7B of converts come current** within twelve months, the Anthropic build needs an estimated **$5.5B of capex** (+$1.7B in 2026 alone, including a $1.7B Jabil memory authorization), and the buyback was suspended to fund the growth. Management is deliberately spending the fortress on the largest buildout in company history.

The path: the spend is de-risked by contract. Multi-year committed revenue, with payments tied to delivery milestones, converts the capex into contracted cash flow. If delivery hits, the fortress rebuilds itself.

Downgrade triggers: a debt-funded cost overrun; a rating cut; leverage sustained above 2.5x without backlog conversion.

Pillar 5: Free cash flow

PARTIAL

Free cash flow is compressing through the buildout: **$834M (FY24) → $699M (FY25) → ~$440M annualized in H1 2026**, with GAAP operating margin down to 9.0% on depreciation, colocation, and headcount for the CIS expansion. Accrual capex ran at 25% of revenue in H1 (32% in Q2 alone).

The path: the company guided **no 2026 revenue impact** from Anthropic, which means 2027 onward is the proving ground. Contracted revenue against already-spent capex is the classic FCF inflection setup. Credible path, not current proof.

Upgrade triggers: FCF inflecting by mid-2027 with CIS at scale. **Downgrade triggers:** FCF negative for a full year; capex rising without the contracted revenue following.

The "first inference cloud" angle

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"First cloud player": directionally true. Akamai (1998) built the first globally distributed edge-compute platform; EdgeWorkers ran code at the edge before "serverless" was a word. Honest dating: utility cloud as we know it starts with AWS in 2006. Akamai invented the *distributed* half of the cloud.

"First inference cloud before the word inference was born": the poetic version of a real technical point. Twenty-five years optimizing time-to-first-byte for billions of concurrent personalized responses is exactly the skill inference needs. Now it is **time-to-first-token**. As one analyst put it: *training is centralized, inference is distributed by nature, and the network that already moved YouTube and Netflix to billions of users is suddenly the network that moves Claude.*

The intersection is the sharpest part of the thesis. Agentic AI workloads are CPU-heavy orchestration: tool calls, routing, batching, and memory management around the models. Anthropic paying $11.6B specifically for **CPU workloads** confirms where the money goes. Agents need three things: low latency (**edge**), cheap massive concurrency (**distributed CPU**, not scarce GPUs), and hardened enterprise surfaces (**security**, Akamai's $2.24B business). All three legs are Akamai strengths.

> **The lane**
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> Not training (neo-clouds, hyperscalers). Not centralized inference.
> **Enterprise distributed inference**
>
> : SLA-bound, CPU-heavy, at the point of contact. The Anthropic deal is the first proof it is a $10B+ lane, and the 2026 deal cadence says more customers will come.

Valuation and scenarios

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At the $110.40 close, Akamai traded at roughly **40x trailing earnings, ~10.7x EV/adjusted EBITDA, and a ~4.0% free-cash-flow yield**: the market priced a melting CDN ice cube. At ~$129 after hours, that becomes **~19x forward non-GAAP EPS** ($6.73 midpoint of $6.40–$7.05 guidance) and ~12x EV/adj. EBITDA. The deal reprices the growth engine; the multiple is no longer distressed, but it is not demanding if 2027 low-teens growth lands.

> **Real revenue, real profits.**
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> Unlike the GPU neo-clouds building on leverage and losses, Akamai brings $4.21B of revenue, $452M of GAAP net income, and $699M of free cash flow to the AI infrastructure fight. The buildout is funded by a profitable business, not by hope.

What the $11.6B means in scale

~$1.66B

Implied annual revenue on an even 7-year spread: ~37% of current annualized revenue

2.75x

The commitment as a multiple of FY2025 total revenue, in one customer's hands

$5.5B

Estimated total capex to support the build, vs $4.6B of cash and securities on hand

5%

Warrant coverage (7.7M shares at $111.33), vesting as Anthropic's purchases scale

Scenarios (2028)

CASE	PRICE	WHAT HAPPENS
Bear	**~$95**	Execution stumbles or SLA penalties; legacy Delivery erosion accelerates; CIS ex-Anthropic disappoints; multiple compresses back toward the ice-cube price.
Base	**~$150–165**	$11.6B delivers on schedule; 2027 low-teens growth lands; CIS ex-Anthropic keeps 30%+ growth; contracted cash flow rebuilds the fortress.
Bull	**~$200+**	The $9B expansion vests; two or more additional frontier-scale customers sign; edge inference standardizes as the enterprise pattern and CIS heads toward a revenue majority.

Key risks

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1. **Concentration.** Anthropic is ~2.75x FY2025 revenue in one customer's hands. Payments are SLA-gated; Anthropic can terminate a project plan on material outage and the agreement on a competitor change of control. This is the single largest risk in the report.
2. **Execution.** The largest buildout in company history, gated on memory and GPU supply chains (Jabil authorized ~$1.7B of memory; RTX PRO 6000 Blackwell rollout ongoing). Delivery milestones are the stock's heartbeat now.
3. **Legacy erosion.** Delivery shrank 15% in FY2024 and 5% in FY2025; H1 2026 "Delivery and other" fell 6%. CIS plus Security must outrun it every quarter.
4. **Cloudflare** in enterprise edge and Workers mindshare; hyperscalers and GPU neo-clouds flanking.
5. **Warrant dilution:** up to ~5% of shares at $111.33, vesting with purchase tranches.
6. **Succession:** Leighton is 69 with no named successor.

What changes the verdict

Up → 80+
2027 revenue growth hits low-teens with CIS ex-Anthropic still above 30%: both partials become passes.

Down → thesis breaks
SLA failure with penalties, or Anthropic concentration without customer diversification by end-2027.

The two numbers that decide it: **quarterly CIS revenue ex-Anthropic** (is the engine real beyond one customer?) and **capex as a share of revenue** (is the build converting to cash?).

Sources and methodology

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Method. Each pillar is graded on evidence through September 24, 2026; financials come from company releases and SEC filings; computed figures are labeled as computed. The September 24, 2026 Form 8-K could not be fetched directly from EDGAR in this pass; its terms rely on a detailed filing summary cross-checked against the press release furnished as an 8-K exhibit, with full agreement texts expected as exhibits to the Q3 10-Q.

CLAIM	SOURCE
Anthropic $11.6B/7yr commitment, +$9B expansion (~$20B total); 7.7M-share warrant (~5%) at $111.33 vesting 40% on first payment then 20% per $3B; $5.5B capex, +$1.7B in 2026; no 2026 revenue impact; SLA-conditional payments; termination rights	Akamai press release via GlobeNewswire, Sept 24, 2026; corroborated by Reuters, WSJ, Barron's
FY2025: revenue $4.208B; Security $2.243B (+9.8%); Delivery $1.257B (−4.7%); Cloud computing $708M (+12.3%); CIS $313.9M (+36%); GAAP op margin 13.5%; net income $452M; OCF $1.519B; FCF $699M (computed)	Akamai FY2025 10-K, filed Feb 20, 2026
H1 2026: revenue $2.173B (+6%); Security $1.194B (+10%); CIS $193.9M (+39%); GAAP op margin 9.0%; net income $185.7M; cash + securities $4.616B; converts $7.563B ($1.706B current)	Akamai Q2 2026 10-Q
FY2026 guidance: revenue $4.445–$4.53B; non-GAAP EPS $6.40–$7.05; margin 25–26% (unchanged by the deal)	Akamai Q2 2026 press release, Aug 6, 2026
4,300+ PoPs in 130+ countries (10-K); 4,400+ locations (Mar 2026); 175+ Tbps capacity; first global-scale NVIDIA AI Grid implementation with thousands of RTX PRO 6000 Blackwell GPUs	Akamai FY2025 10-K; Akamai/NVIDIA PR, Mar 16, 2026 (GTC 2026)
>$2.8B multi-year CIS commitments in 2026: $200M Mar (GPU cluster), $1.8B May (frontier-model provider), >$600M Aug (robotics)	Akamai 2026 releases; customer names withheld
Leighton co-founder 1998, CEO since Jan 2013, age 69; Linode $900M Feb 2022; "well over half a billion" 2023 call vs $504M actual; 2024 compute +25% vs +21–23% guide	Akamai proxy and releases; 10-K segment figures
Forrester Wave Leader: WAF (Q1 2025) and DDoS Mitigation; Guardicore ~$600M (2021); Noname ~$450M (2024)	Forrester; Akamai releases; TechCrunch
Close $110.40 (−6.8%) Sept 24; after-hours ~$129 (+16–17%); 144M shares outstanding (June 30, 2026)	WSJ, Reuters, Barron's; Akamai Q2 2026 release
"Training is centralized. Inference is distributed by nature..."	Janakiram MSV, Forbes/LinkedIn, May 2026

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