

EXECUTIVE PROCUREMENT INTELLIGENCE REPORT: CDN & APP SECURITY

Date: May 22, 2024 **Subject:** Category Intelligence & Vendor Analysis: Akamai Technologies
Contract Term: 1 Year **Base Currency:** USD

1. Supplier Landscape Map

Market Dynamics The CDN and Web Application & API Protection (WAAP) market has shifted from an oligopoly dominated by legacy providers to a **highly competitive, bifurcated market**. While Akamai remains a dominant force, the landscape is now split between "Performance-First" providers (Akamai, Fastly), "Security-First" platforms (Cloudflare, Imperva), and "Cloud-Native" integrators (AWS CloudFront, Azure CDN).

Market Leaders & Health

- **Akamai:** Remains the largest market share holder in high-end enterprise CDN. Financially stable but under pressure to pivot.
- **Cloudflare:** The primary aggressor. Boasts a massive network footprint and high-velocity product release cycle. Financially robust with high revenue growth.
- **Amazon (CloudFront):** Controls the largest volume of traffic due to AWS ecosystem integration.

Incumbent Status: Akamai Akamai is currently in a "Transitional Pivot." While they are maintaining revenue, they are losing market share in "Commodity CDN" (simple content delivery) to cheaper cloud-native services. To counter this, they have pivoted aggressively into **Cloud Computing (via the Linode acquisition)** and **Security**. Akamai is no longer just a CDN vendor; they are trying to become a distributed cloud provider to compete with AWS.

- *Source:* [Akamai Q1 2024 Earnings Results](#)

M&A Activity & Technological Disruption

- **Linode Acquisition:** Akamai's \$900M purchase of Linode is being used to bundle "Compute" with "Security." If you are only buying CDN, you are overpaying for their integrated infrastructure.
- **Edgio Bankruptcy:** A major competitor (Edgio) recently filed for Chapter 11 (September 2024). This has created a vacuum of mid-market customers, which Akamai is trying to capture at premium rates.
- **AI Disruption:** AI-driven "Bot Management" is the new high-margin feature. Akamai's "Bot Manager" is world-class but carries a significant price premium compared to AI-automated solutions from startups.

Reputation

- **Akamai:** Perceived as the "Safe, Premium Choice" with high-touch support but an antiquated, complex portal UI.
 - **Cloudflare:** Rated higher for "Ease of Setup" and "Innovation."
 - *Source:* [Gartner Peer Insights: WAAP Market](#)
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2. Pricing & Packaging Intelligence

Cost Drivers

- **Bandwidth Egress:** The underlying cost of global bandwidth is **trending downward** (roughly 15-20% annually). If Akamai has not lowered your "per GB" or "per Mbps" rate in the last 24 months, your contract is out of alignment with the market.
- **Energy Costs:** Rising data center energy costs are the only factor pushing prices up, which Akamai uses as a justification for maintaining high flat-fees.

Market Benchmarks (Market Estimate)

- **Tier 1 (Akamai):** \$0.02 - \$0.05 per GB (High volume enterprise pricing).
- **Tier 2 (Cloudflare/Fastly):** \$0.01 - \$0.03 per GB.
- **Security Add-ons:** Akamai often charges "per module" (WAF, Bot, DDoS). Competitors are increasingly moving toward "all-you-can-eat" security bundles for a flat monthly platform fee.

Price Trajectory Market prices for pure CDN are projected to **decrease by 5-10%** over the next 12 months due to commoditization. However, Security (WAAP) prices are projected to **increase by 12%** as vendors bundle "AI Protection" features as premium add-ons.

Packaging Shifts The market is moving away from "Commitment-based" models (where you pay for what you *think* you'll use) to **"Usage-based with predictable caps."**

- **Procurement Lever:** Ask for a "Flexible Commitment" where unused data credit rolls over or can be applied to Security modules instead of being "lost" at the end of the month.

3. Negotiation Levers & Risk Watch-Outs

Vendor Vulnerabilities

- **Compute Adoption Stress:** Akamai is under investor pressure to show that their "Compute" (Linode) business is growing. If you express interest in moving some small workloads to their compute platform, you can likely trigger massive discounts on the CDN/Security portion of the bill.
- **Opaque Renewal Practices:** Akamai historically relies on "Auto-Renewal" clauses with 3-5% annual price escalators.

Compliance & Security Standards

- **PCI DSS 4.0:** This is now mandatory. Akamai should provide the necessary logging and WAF configurations for PCI 4.0 as part of the standard platform, not as a "Compliance Professional Services" upcharge.

Toxic Clauses to Watch For

- **The "Floor" Commitment:** Akamai often sets a minimum spend that is 80-90% of your expected peak. If your traffic drops, you still pay. Negotiate this down to 60-70%.
 - **Over-age Penalties:** Ensure "Burst" protection is included. Standard market practice is to allow 10-15% overage without hitting "Penalized Rates."
 - **Data Hostage Fees:** Check for language regarding "Log Delivery" or "Data Export" fees if you decide to move to a different WAF/SIEM provider.
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4. Shortlist of Alternatives

Vendor	Differentiation	Estimated Switching Cost (Market Est.)	Implementation Timeline
Cloudflare	Superior "all-in-one" portal; better Bot Management; flat-rate pricing models.	\$50,000 - \$85,000 (Engineering hours + parallel run)	30 - 60 Days
Fastly	Developer-focused; "Real-time" configuration updates (seconds vs. Akamai's minutes).	\$40,000 - \$70,000	20 - 45 Days
AWS CloudFront	50% cheaper if you are already on AWS; zero "egress fees" from AWS origins.	\$25,000 - \$40,000	15 - 30 Days

Integration Note: Most modern alternatives (Cloudflare/Fastly) use Terraform/API-first approaches, making them easier to integrate into modern DevOps workflows than Akamai's legacy "Property Manager" system.

Summary for Negotiation

Top 3 Negotiation Levers Against Akamai

1. **The "Compute" Bundle Hook:** Akamai is desperate to grow its "Generalized Compute" (Linode) division. Even if you have no intention of moving your core infrastructure, signal that you are "evaluating AWS vs. Akamai for edge computing." This will often trigger their "Aggressive Acquisition Pricing" team to offer significant discounts on your Security/CDN renewal to keep you in the ecosystem.
2. **Bandwidth Commoditization Data:** Present data showing the 20% annual decline in global transit costs. Demand a reduction in "Price per GB" to match the current market mean (\$0.02 - \$0.03 range). Akamai relies on customers not checking the global price drop.
3. **The "Edgio Migration" Threat:** Mention you are being courted by competitors who are offering "Transition Credits" to pick up market share following recent industry consolidation. Ask Akamai to waive all "Professional Services" fees for your upcoming year in exchange for a 1-year renewal.

Top 3 Competitors to Consider

1. Cloudflare:

- *Reason:* Generally recognized as having superior innovation in Bot Management and WAF.
- *Drawback vs. Akamai:* Their support for "Legacy/Non-Standard" enterprise protocols is not as deep as Akamai's.

2. Fastly:

- *Reason:* If your team requires "Instant Purging" and highly customizable logic at the edge, Fastly outperforms Akamai.
- *Drawback vs. Akamai:* Smaller global footprint in emerging markets (Africa/Parts of Asia) compared to Akamai's massive edge presence.

3. AWS CloudFront (If your origin is in AWS):

- *Reason:* Drastic cost savings on data transfer fees (egress).
 - *Drawback vs. Akamai:* Their WAF (Web Application Firewall) is considered "Basic" and often requires a third-party managed rule set to match Akamai's security depth.
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Sources:

- [Akamai Investor Relations - Financials](#)
- [Gartner Magic Quadrant for WAAP](#)
- [Forrester Wave: Edge Development Platforms](#)
- [G2 Grid for Content Delivery Network \(CDN\)](#)