Akash Network (AKT) - Investment Memo

Category: Decentralized Infrastructure
Sector: Cloud Compute
Position Type: Core Allocation (Target: 5 to 7%)
Current Price: $1.30 (June 12, 2025)
Market Cap: ~$295M | FDV: ~$296M | Circulating Supply: 248M AKT | Max Supply: 388M AKT

Overview

Akash Network is a decentralized, open-source cloud compute marketplace. It enables tenants to deploy workloads on globally distributed servers through a permissionless, reverse-auction model. This marketplace design unlocks underutilized compute infrastructure, offering 30–60% lower GPU pricing than AWS or GCP. Built on the Cosmos SDK and utilizing containerized deployments (Kubernetes + Docker), Akash is emerging as a cost-effective and censorship-resistant alternative for AI, Web3, and edge computing workloads.

Investment Thesis

Akash is emerging as the decentralized cloud infrastructure layer for AI and Web3, offering meaningful cost advantages, rising real-world usage, and a defensible architecture. We see four key pillars that support its long-term investment case:

1. Akash is the only fully permissionless, open-source GPU marketplace live today. Competing networks often gate participation, rely on curated node operators, or limit compute to specific verticals (e.g. rendering or inference only). Akash's architecture supports a wide range of containerized workloads and is credibly neutral by design; anyone can become a provider, audit the code, or deploy workloads globally.

2. Akash has demonstrated product-market fit with real revenue and rising network usage. In Q4 2024, the network generated ~$742K in lease revenue, up 144% QoQ, and crossed ~$1M in cumulative spend. Usage is increasingly tied to AI training and inference tasks, and with GPU autobidding launching in Mainnet 3.1, the protocol is further automating scale and liquidity on the supply side.

3. Akash's console and UX improvements position it to expand beyond crypto-native developers. Console 2.0 introduced a fiat on-ramp, trial credits, and a polished web UI—critical features for onboarding startups, data scientists, and AI researchers unfamiliar

with CLI tools or token flows. With Kubernetes compatibility and simplified deploy tooling, Akash is becoming accessible to any developer with cloud-native experience.

4. The network's go-to-market strategy targets a massive opportunity: permissionless cloud for the AI era. Backed by a $10M provider incentive program and with a Managed Services Marketplace (MSM) on the roadmap, Akash is evolving into a full-stack, decentralized alternative to AWS. Early enterprise traction (e.g. via NVIDIA-linked Brev.dev and partnerships with decentralized AI stacks) reinforces Akash's positioning at the intersection of DePIN and AI-native infrastructure.

Key Catalysts

- GPU autobidding unlocks automated scaling and market depth for high-demand AI workloads.
- Console 2.0 expands accessibility with fiat payments, free trials, and a modern UX.
- $10M incentive program accelerates data center onboarding and GPU supply growth.
- Managed Services Marketplace (MSM) introduces recurring services revenue and turnkey apps.

Risks

- Current GPU supply (~780) lags far behind hyperscalers; capacity must scale 10 to 100x.
- No formal SLAs or verifiable compute limits institutional adoption.
- Supply is concentrated, with DCG's Foundry providing a significant share of capacity.
- High inflation (~8-13%) and token volatility may limit usability and deter some users.
- Console is still maturing; UX remains frictional for non-technical teams.

Valuation Framework

We model Akash's long-term value based on its share of Web3 infrastructure penetration within the global streaming and compute market. This market is projected to grow from $67 billion in 2024 to $256 billion by 2030, driven by generative AI and cloud-based media workloads.

Assuming Web3 infrastructure captures 10% of this market by 2030 and Akash retains a 25% share within that segment, Akash could generate $6.4 billion in protocol revenue. If 50% of this is distributed to token stakers, that implies $3.2 billion in tokenholder-aligned fees.

Applying a conservative 2x multiple on staker-aligned cash flows, total network value could approach $6.4 billion. Based on current supply assumptions, this supports a 2030 valuation range of $13 to $41 per AKT token.

Key inputs include:

- Global streaming infra market CAGR: 25%
- Web3 market penetration: 10%
- Akash market share of Web3 cloud: 25%
- Staker take rate: 50%
- Cash flow multiple: 2x

This range reflects long-term protocol revenue and fee capture rather than speculative narratives, and offers meaningful upside from current levels.

Positioning Rationale

Akash is held as a core compute allocation (5 to 7%) in our DePIN and AI infrastructure sleeve. The protocol exhibits some of the strongest usage momentum in decentralized infrastructure, with real revenue, growing GPU supply, and traction among AI-native developers. Its permissionless architecture, full-stack roadmap, and differentiated cost structure position it as a viable decentralized alternative to AWS. With no major unlocks ahead, nearly 60% of circulating supply staked, and tangible usage driving fee growth, Akash offers asymmetric upside at current valuations. We believe it is well-positioned to become foundational infrastructure for the decentralized cloud and AI ecosystems.

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