

An overview of the top five industries for AI software

Brought to you by Informa Tech

VICIA

Global AI software market set to rise six-fold to reach nearly \$100 billion in 2025.

These top 5 industries for AI software account for 53% of overall revenues in 2020:

- Consumer
- Retail
- Business Services
- Financial Services
- Automotive



Ready, Set, Grow...

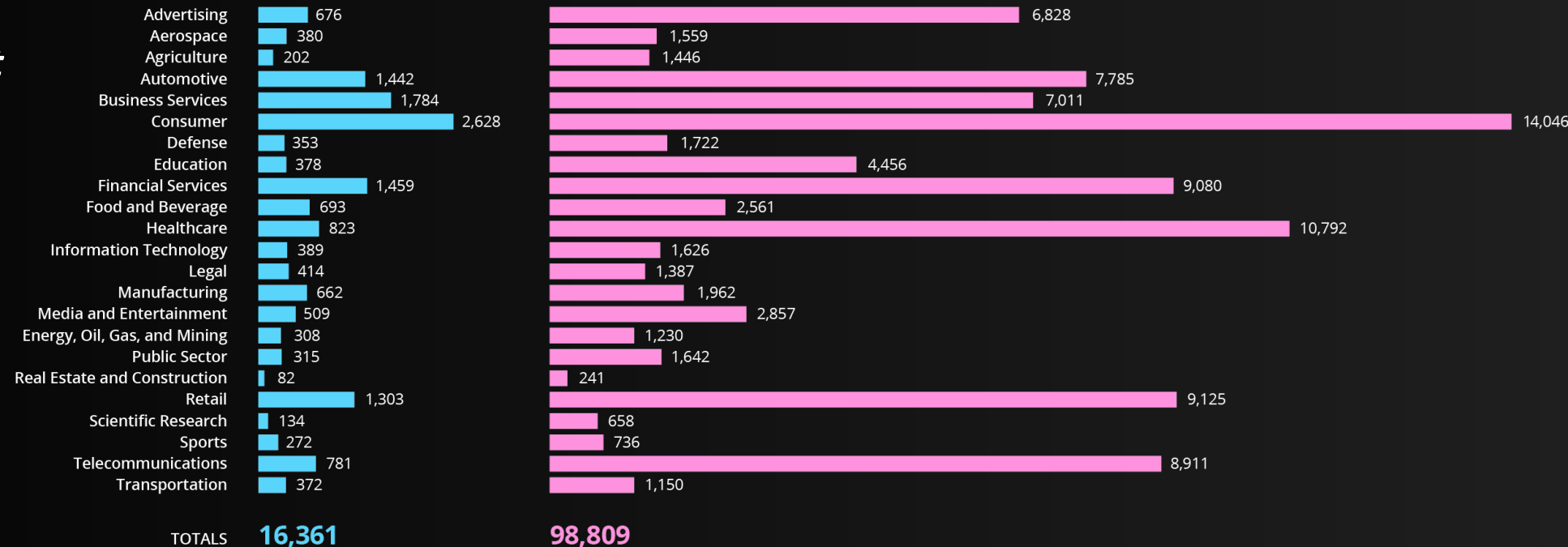
The worldwide market for artificial intelligence software will expand to \$98.8 billion by 2025, rising by a factor of six from \$16.4 billion in 2019 - despite the varying effects of the COVID-19 pandemic across different industries, according to Omdia.

Annual AI software revenue by industry, world markets (in \$ Millions)

2019 2025

Source: Omdia.

“Omdia foresees continued double-digit growth ahead, although the market size for 2019-2025 will be reduced by 22 percent compared to pre-COVID.”



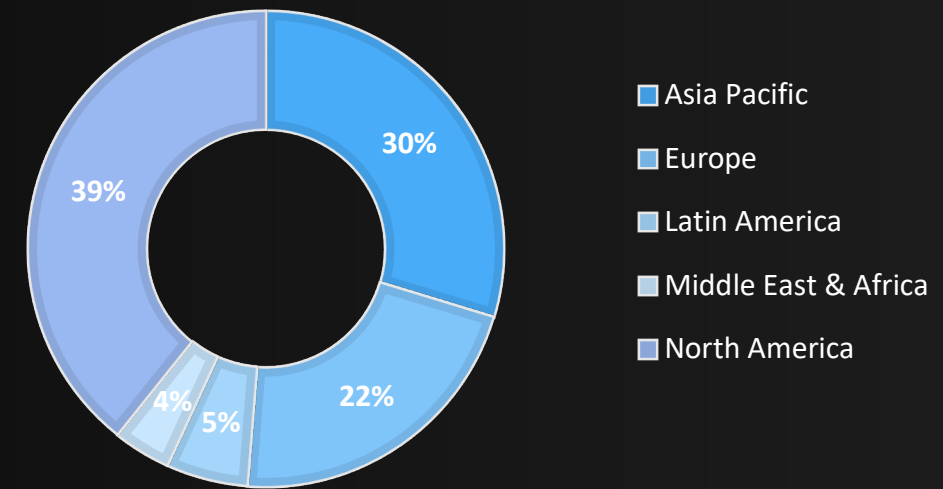
CONSUMER INDUSTRY

CONSUMER USE CASES CONTINUE TO BE IN HIGHEST DEMAND

- The consumer industry focuses on the use of AI in products or services that are directly marketed at and used by consumers. One consumer use case is music transcription. The audio is transformed into images, and image recognition is used to recognize the notes, which are transcribed into music notation.
- While the consumer market made up 18% of the global AI software market in 2019, its share is expected to decline slightly to 14% of the market (\$14bn) by 2025 as the other sectors ramp up.

Consumer services will remain the largest sector by 2025, as most of the hyperscale AI activity today is concentrated in that sector and likely will continue to be in the future.

Omdia estimates AI software revenue will increase at a 21.1% CAGR from 2019 to 2025.

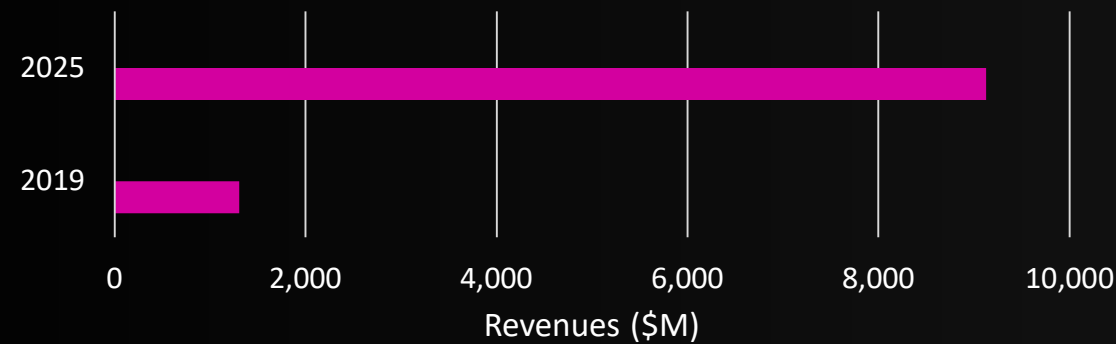


RETAIL INDUSTRY

OVERCOMING SIGNIFICANT CHALLENGES IN ADOPTING AI

- Omdia projects spend on AI software by retailers will grow from \$1.3bn in 2019 to nearly \$10 bn in 2025. Omdia’s near-term forecast for retail AI spend in 2020 will likely drop a small percentage, about 4% but these losses should be limited.
- The retail vertical now also includes fashion. The fashion industry is increasingly turning to AI-based technology to connect browsing and shopping history data and sales figures to ensure future products meet the ever-changing desires of its customers.
- Pantheon Macroeconomics reported on March 16, 2020 that retail sales in China have dropped by 20.5% this year compared to the same time period last year. In the US, retail sales dropped 8.7% in March as opposed to February, according to the US Department of Commerce.

Artificial Intelligence Software Revenue in the Retail Industry, World Markets 2019-2025



KEY CHALLENGES



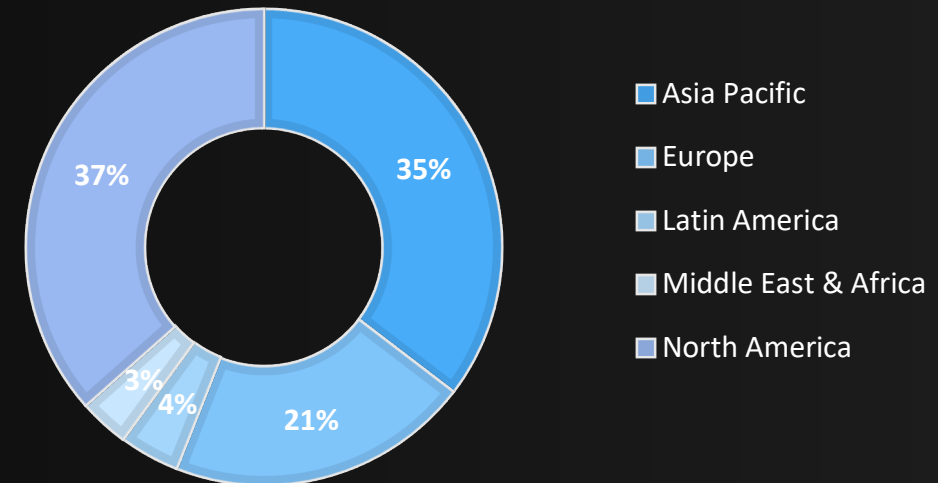
BUSINESS SERVICES

GROWTH SLOWS AS INDUSTRY MOVES BEYOND EARLY ADOPTER STAGE

- Business services, which contains several horizontal use cases, was an early adopter and the second largest industry by revenue in 2019. The industry is moving lower in the rankings as other industries move ahead on the adoption curve.
- Industry verticals feature a wide range of AI utilization. Business services is one which sees a wide range of use cases and adoption across companies of many sizes.
- The use case for product recommendations for consumers has been replicated in the business services sector to reflect the huge volume of B2B e-commerce transactions. Distributors and manufacturers are using product recommendations on their own sales websites or on third-party platforms to leverage new sales.

Global AI software revenue for business services is expected to increase from \$2bn in 2020 to \$7bn in 2025.

Most of the B2B e-commerce transactions are currently focused in the Asia-Pacific region



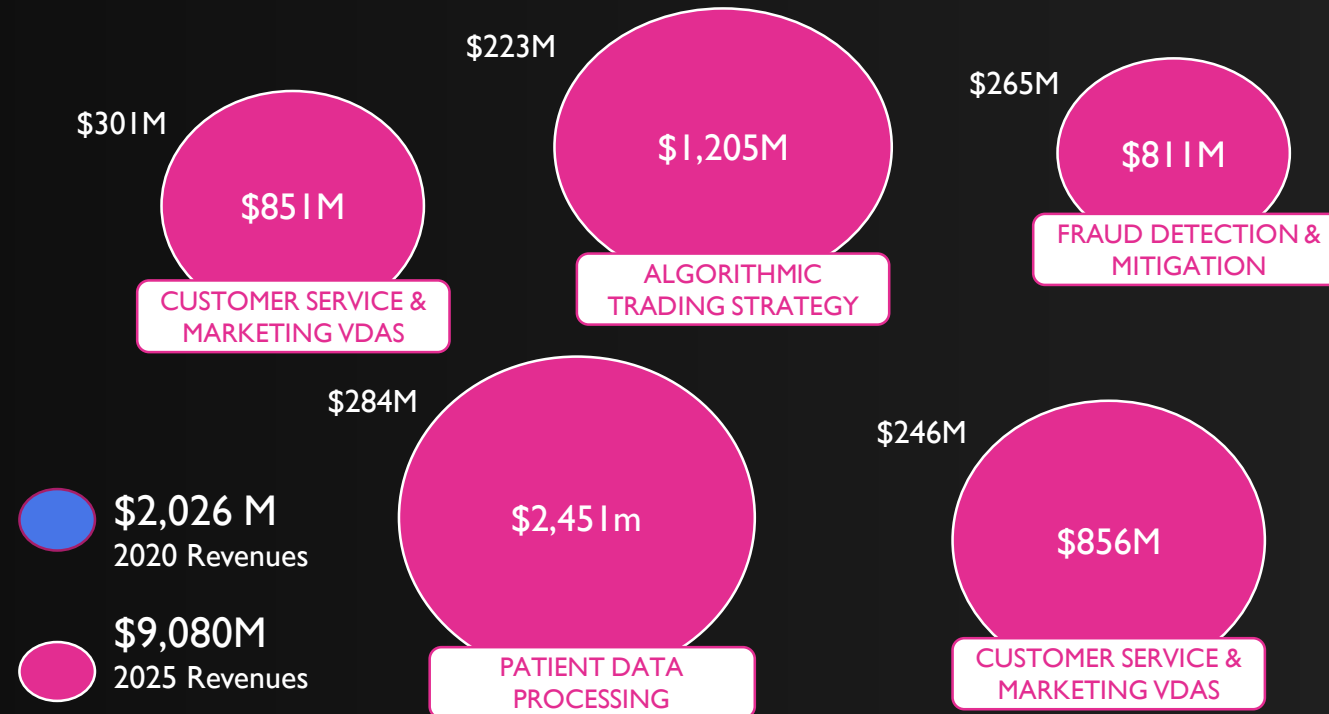
FINANCIAL SERVICES INDUSTRY

INDUSTRY ACCELERATES DATA DEPENDENCIES

- Global AI software revenue in financial services is expected to grow from nearly \$2bn in 2019 to \$9bn in 2025.
- The financial services vertical includes three interrelated market sectors, each of which revolves around money and how AI can be used to make transactions faster, more efficient, or more accurate.
- Customer service & marketing VDAs, third largest over the forecast, and video surveillance, sixth, also show the importance of customer-focused use cases in the industry.
- Video surveillance has emerged as the second largest use case for AI, driven by both private enterprise and government use of the technology and accelerated demand due to the COVID-19 pandemic.
- While China has led this market, largely due to the government expanding surveillance infrastructure to keep watch over its citizens, North American and European governments are also deploying AI-based surveillance to aid in counterterrorism and overall crime deterrence.

TOP 5 USE CASES FOR AI SOFTWARE IN FINANCIAL SERVICES REVENUE (\$M)

Most of the top use cases in financial services are analytics-based, reflecting the data-driven nature of the industry.



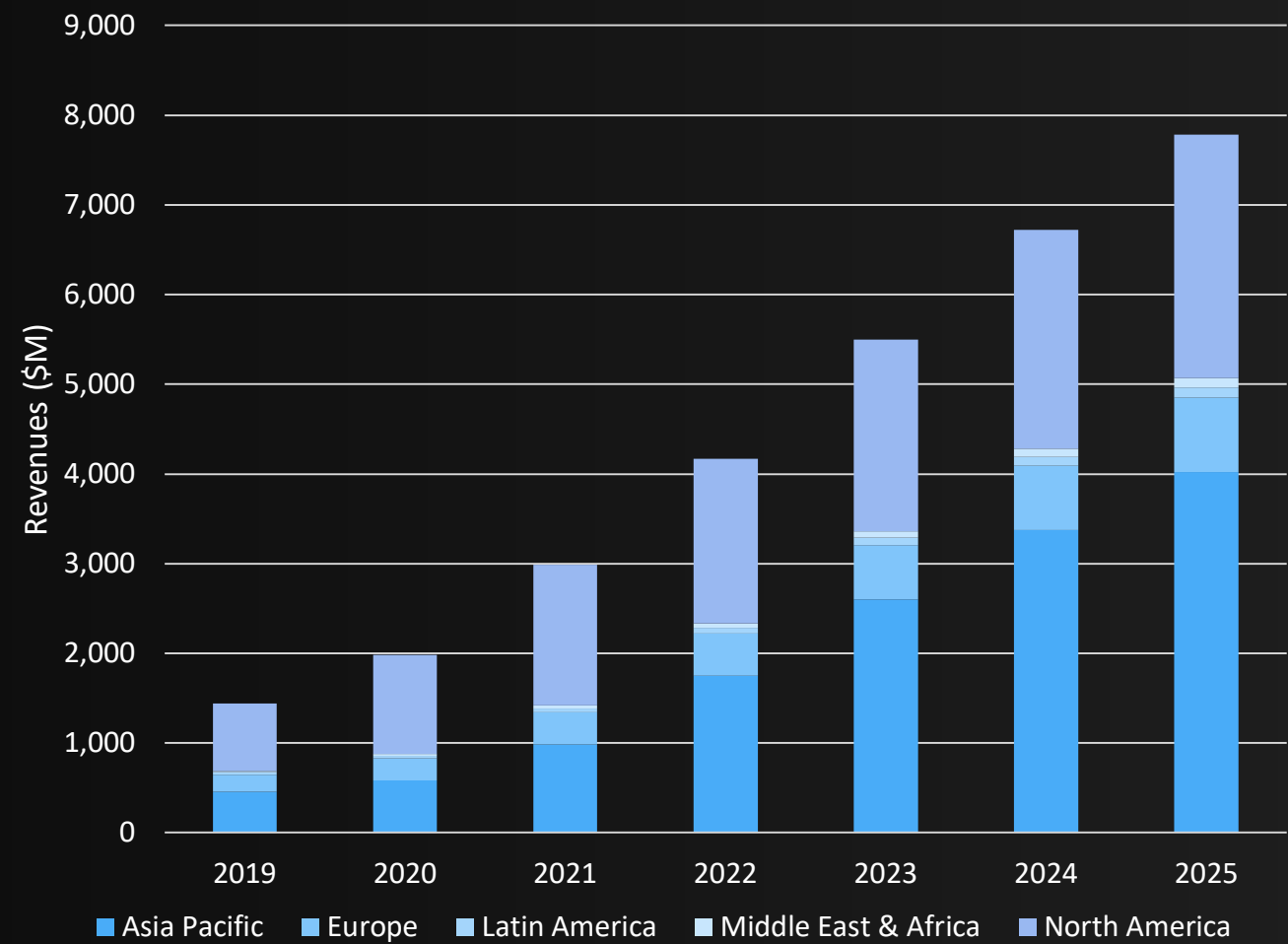
AUTOMOTIVE INDUSTRY

GROWTH DRIVEN FROM NEW
IMPLEMENTATIONS OF TOP USE CASES

Omdia estimates global AI software revenue in the automotive industry will increase from \$1bn in 2019 to \$8bn in 2025.

- The automotive industry remains a strong growth engine in the global marketplace. It is making large investments in object detection, localization, and mapping technology to enable self-driving automobiles and provide advanced assistance features in today's vehicles.
- Voice/speech recognition (\$753m in global 2019 annual revenue growing to \$5bn in 2025) remains the top use case within automotive in this iteration of the report due to the increasing deployment of automotive voice assistants.

Artificial Intelligence Software Revenue
in the Automotive Industry,
World Markets 2019-2025



Available in the AI portfolio

Artificial Intelligence Applications Intelligence Service

Advanced Computing Intelligence Service (including AI hardware)

Robotics & Autonomous Machines Intelligence Service (Robotics & Vehicles)

Analytics & Data Management Intelligence Service

Artificial Intelligence Business Toolkit

AI & Intelligent Automation End User Research Spotlight Service

Contact us for more information



Connect the dots across the entire tech ecosystem to better predict and shape business outcomes

Omdia is the new global technology research powerhouse, established in 2019 with the combination of the Informa Tech's research brands (Ovum, Heavy Reading, and Tractica) and the acquired IHS Markit technology research portfolio.

Omdia combines the expertise of more than 400 analysts covering 200 markets and thousands of technology, media, and telecommunications companies, publishing over 3,000 research reports a year, reaching over 14,000 subscribers.

Omdia helps businesses make better technology choices: saving money, saving time and managing their technology risk.