

Artificial Intelligence (AI) Services – State of the Market Report 2021 | Scale the AI Summit Through Democratization

January 2021: Complimentary Abstract / Table of Contents



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Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

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Background of the research

- Artificial Intelligence (AI), the buzz phrase of the decade, is now delivering on its promise in the form of enhanced experiences, improved productivities, higher efficiencies, and greater autonomy. Fueled by the pandemic, the technology is increasingly moving from a Proof-of-Concept (POC) to production stage. AI has become synonymous with digital transformation as it is increasingly being embedded in the broader transformation agenda instead of point solutions and stand-alone constructs
- As enterprises look to scale their AI implementations, lack of skilled AI talent, lack of proven ROI, and explainability issues act as impediments in their journey. As talent gap emerges as the primary obstacle, firms are focusing on making AI accessible for all through AI democratization. As enterprises seek to strengthen their democratization efforts, they must also focus on contextualization, change management, and governance to ensure responsible and successful democratization
- In this report, we explore the state of AI adoption among enterprises, the impact of the pandemic on the adoption of this technology, challenges faced by enterprises in scaling their AI initiatives, and the role of democratization in solving some of the challenges

Scope of this report:



Geography
Global



Industry
All industries witnessing AI implementations have been covered in this report



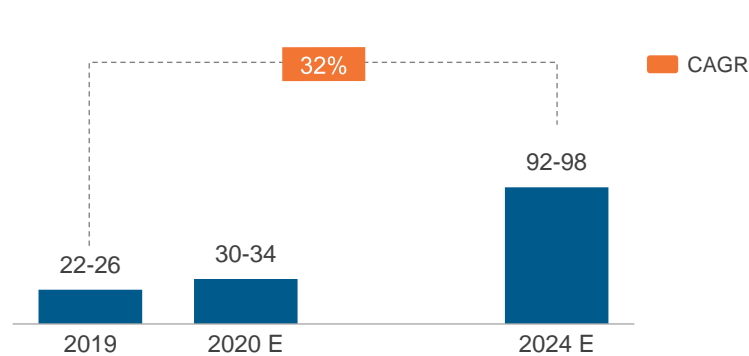
Services
AI services

Summary of key messages

AI services landscape

- While AI adoption by enterprises has been experiencing good growth over the years, the pandemic has further fueled this. Enterprises now look to overcome the unprecedented challenges caused by the pandemic through their AI initiatives across different functions of the organization
- BFSI, retail & Consumer Packaged Goods (CPG), and healthcare & life sciences enterprises lead the AI adoption, followed by manufacturing
- North American enterprises contribute nearly 51% of the revenue for AI services followed by European firms. APAC enterprise spend on AI has been increasing in recent years, led largely by Chinese and Japanese firms, owing to significant government push for adoption
- Enterprise AI spend is the highest amongst customer service as well as sales and marketing front-office functions, followed by human resources and finance & accounting in the back office

Global enterprise spend on AI services (US\$ billion)



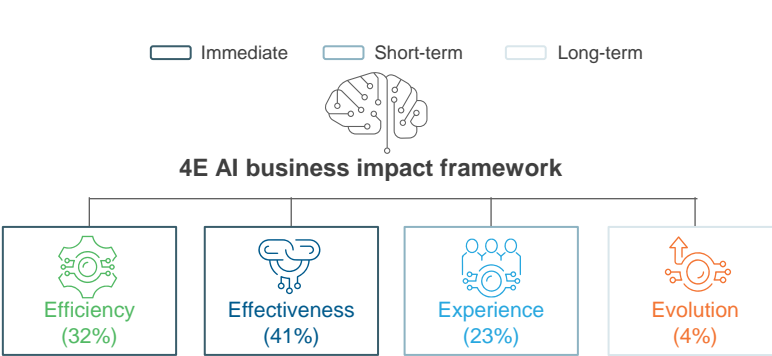
State of AI adoption

- Enterprise AI adoption is on the rise with more than 72% enterprises having embarked on their AI journeys. Most enterprises are adopting AI to increase productivity, improve customer experiences, and reduce operating costs
- While the focus earlier was on improving the efficiency and effectiveness of enterprise operations, there has been a visible shift towards leveraging AI to improve stakeholder experience owing to the pandemic
- The current situation has given rise to a new set of use cases, aimed at aiding the enterprise overcome the challenges caused due to the pandemic

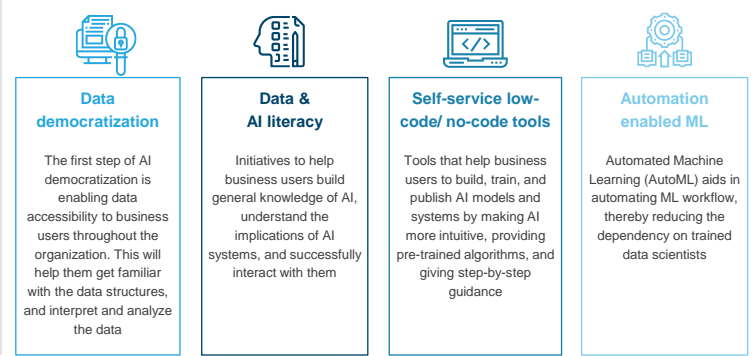
Building an AI empowered enterprise

- As enterprises look to further their AI adoption, lack of skilled AI talent acts as an impediment to rapid scaling of AI initiatives
- To overcome the expanding talent gap, firms need to invest in democratizing AI
- Enterprises need to make investments in the four key elements of data democratization, data & AI literacy, self-service no-code/low-code tools, and automation enabled ML for successfully democratizing AI
- As part of their democratization efforts, enterprises must also focus on contextualization, change management, and governance to ensure responsible and successful democratization

Future enterprise priorities



Elements of AI democratization



This study offers a deep dive into key aspects of AI market; the exhibits below illustrate the depth of the report

EVEREST GROUP ESTIMATES

North America is the largest market for AI services

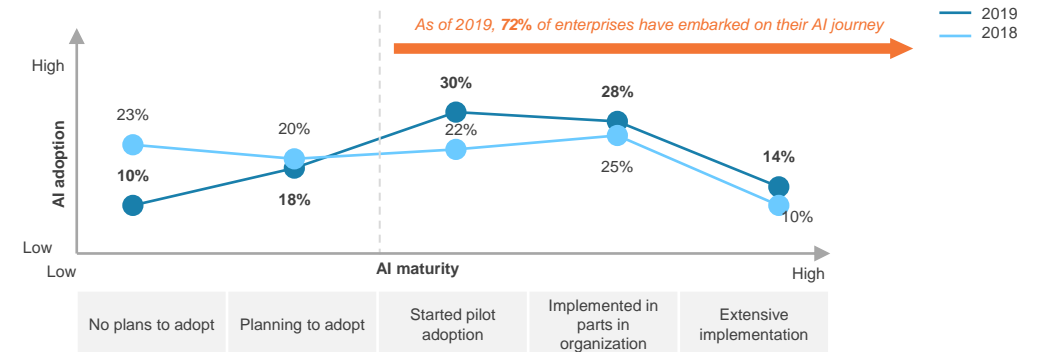
Global enterprise spend on AI services – by geography
2019; Annual revenue in US\$ billion

	North America	Europe	APAC	LATAM ¹ / Rest of the world
CAGR	51%	31%	14%	4%
Driver for AI adoption	30%	25%	40%	20%
Inhibitor to AI adoption	North American enterprises are at the forefront of leveraging AI for diagnosis and treatment during the pandemic	Technology vendor and government partnerships to drive AI adoption among enterprises	Governments actively pushing for AI research and adoption	Higher enterprise demand for digital transformation and cost reduction
	Enterprise concerns about loss of proprietary or sensitive data	Strong regulatory environment	Lack of right AI talent in most of the countries	Political instability across the region hampering AI policy continuity

¹ Latin America
² Australia and New Zealand
Source: Everest Group (2020)

Rise in AI adoption leading to an era of industrialization of intelligence

Enterprise AI adoption

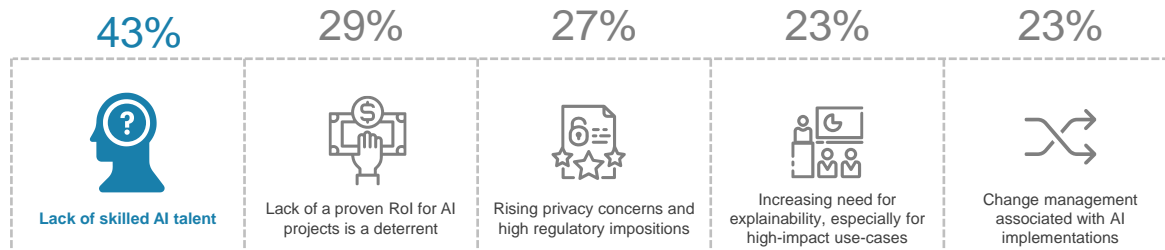


Source: Everest Group (2020)

Talent is one of the major hurdles to the scaling of AI initiatives

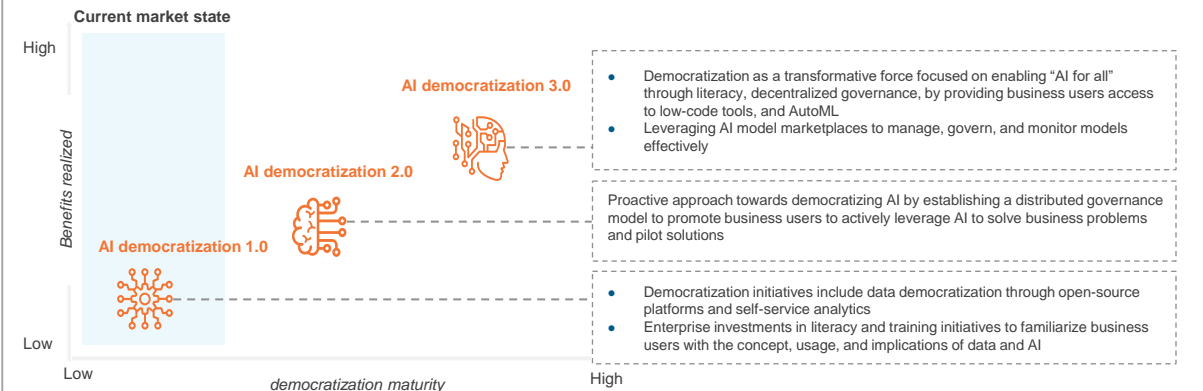
Challenges with scaling AI engagements

As enterprise AI adoption increases, limited availability of skilled, mature, and niche AI talent poses an acute challenge



Source: Everest Group's market conversations with 40 enterprises

AI democratization can help enterprises mitigate the AI talent gap



Research calendar

Digital Services

■ Published
 ■ Planned
 ■ Current release

Flagship Digital Services reports

Release date

Digital Services – Market Report 2020: Digital Transformation: Triumph Beyond Technology Adoption	May 2020
IoT Services State of the Market report 2020 Driving Impact Beyond the Horizons of Operational Efficiency	July 2020
Digital Interactive Experience (IX) Services PEAK Matrix® Assessment 2020	September 2020
Digital Interactive Experience (IX) Services PEAK Matrix® Assessment 2020 – Service Provider Compendium	October 2020
Artificial Intelligence (AI) Services PEAK Matrix® Assessment 2021	November 2020
Artificial Intelligence (AI) Services PEAK Matrix® Assessment 2021 – Service Provider Compendium	December 2020
Artificial Intelligence (AI) Services – State of the Market Report 2021 Scale the AI Summit Through Democratization	January 2021
Digital Interactive Experience (IX) Services State of the Market report 2020	Q1 2021

Thematic Digital Services reports

Customer Experience Trailblazers – Experience Spearheading the Digital Economy	February 2019
BigTech Battle: Digital Experience Platforms Assessment – Rise of the Digital Experience Platform	June 2019
AI Masterclass Recalibrate Your AI Impact – Insights from 230 AI Use Cases Across Industries	October 2019
Experience Design: Rearchitecting the Trust Equation Through a Human-centered Design Approach	June 2020
Trailblazer: Customer Data Platforms	Q1 2021
Industry report on AdTech	Q1 2021
Industry report on Intelligent edge (federated learning)	Q1 2021

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Research calendar

Data & Analytics

Published
 Planned
 Current release

Flagship Data & Analytics reports

Release date

Insurance Analytics and Insights (A&I) Third-party Services PEAK Matrix® Assessment 2020	June 2020
Data and Analytics (D&A) Services PEAK Matrix® Assessment 2020	September 2020
Data and Analytics (D&A) Service Provider Compendium 2021	October 2020
Artificial Intelligence (AI) Services – State of the Market Report 2021 Scale the AI Summit Through Democratization	January 2021
Data & Analytics (D&A) State of the Market Report 2020	Q1 2021
Advanced Analytics & Insights (AA&I) – PEAK Matrix® for Services Assessment	Q1 2021

Thematic Data & Analytics reports

Release date

The Future of Data	January 2020
Data Monetization in Healthcare	July 2020
Winning the War for Talent: An Enterprise Guide to Building a Sustainable Workforce Strategy	July 2020
Charting the Skilling Journey to Build the IT Services Talent of Tomorrow	August 2020
Winning with Analytics in CPG & Retail – The Need to Continuously Re-invent with Evolving Customer Preferences	October 2020
Banking analytics case book	Q1 2021
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