- **Banking & Financial Services**
- **Insurance**
- **Retail & CPG**
- **Life Sciences & Healthcare**
- **Manufacturing**

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GLOBAL AI ADOPTION REPORT 2021

Accelerate | Accentuate | Augment

Abridged version

Almost 96% executives agree that AI represents opportunity, but only around 20% have tried using it to generate revenue.

INDUSTRY SEGMENTS

- Banking & Financial Services
- Insurance
- Retail & CPG
- Life Sciences & Healthcare
- Manufacturing

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Global AI Adoption Report 2021

Adopting and scaling artificial intelligence would create immense competitive advantage for organizations but investing only on cutting-edge technologies and algorithms is not going to be enough. Businesses should re-engineer decision making and operations and invest in embracing new cultural and organizational shifts, strategic talent management, changing processes and implementing new technologies. AI refers to sophistication of image, voice, text & video analytics for problem solving at scale and amplified decision making. Initially conceived just as an emerging technology that could mimic human intelligence, AI has evolved in ways that far exceed its original conception. With incredible advances made in data aggregation from non-obvious sources, data engineering and quantum computational power, intelligent systems can now be deployed to take over an array of tasks, enable connectivity and enhance productivity. Businesses that have successfully scaled AI and achieved desired value from it have a discipline where they have invested most into people & processes followed by technologies and algorithms.

Pandemic has propelled the adoption of digital and AI across industries and is fast changing to out pace the changing consumer behaviours and demands.

AIQRATE has undertaken extensive research across a spectrum of global knowledge areas to curate a report on AI Global Adoption across five industry segments. Through this report, we have attempted to stitch Global Industry wide AI Adoption scenarios and tried to unravel multiple insights and analysis.

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Global Artificial Intelligence market is expected to reach $300.26 billion by 2026 growing at a CAGR of 38.8% during the period 2020-2026.
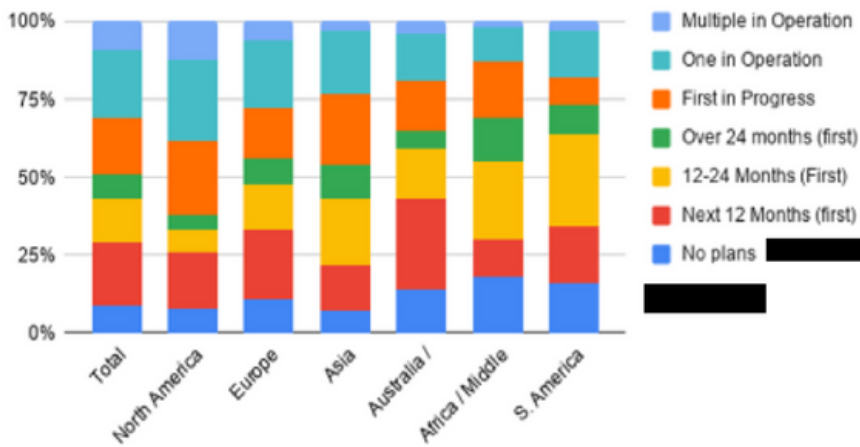
Some of the factors accelerating the AI market growth:

- Rising demand for intelligent virtual assistants

- Growing availability of low-cost AI related technologies

- Enhanced operational efficiency in manufacturing industry

- Increase in implementation of cloud-based applications and services

- Growing investment in AI technologies

- Growing need for analysing and interpreting large amounts of data

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Plan & Status of AI Adoption by Region

Legend:
- Multiple in Operation
- One in Operation
- First in Progress
- Over 24 months (first)
- 12-24 Months (First)
- Next 12 Months (first)
- No plans

AI advances have the potential to increase global GDP by up to 14% between now and 2030, the equivalent of an additional $14 to 15 trillion contribution to the world's economy, and an annual average contribution to productivity growth of about 1.2 percent. The time seems ripe for companies to capitalize on AI. Indeed, it is projected that AI will add $13 trillion to the global economy over the next decade.

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> **If deployed to its fullest, AI will benefit the bottom line of banking & financial services companies around the globe by around $140 billion in revenue by 2025.**

Banking & Financial Services

AI is moving beyond experimentation to become a competitive diff-erentiator in banking & financial services — delivering a hyper-personalized customer experience, improving decision making and boosting operational efficiency. Decision makers believe that the AI is the business advantage of the future.

By 2022, banks will be spending as much as $12.3 billion on AI and cognitive technologies with the race underway to integrate the latest capabilities into financial services.

The AI in fintech market is expected to reach USD 35.40 billion by 2025. The market is expected to witness a CAGR of 31.5% over the forecast period 2020-2025.

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The pace of AI application in Financial Services has accelerated as organizations begin to leverage AI to increase profitability and achieve scale. While AI is currently perceived to have reached a higher strategic relevance and competitive advantage to Fintechs, Incumbents are rushing to catch up as fast as they can.
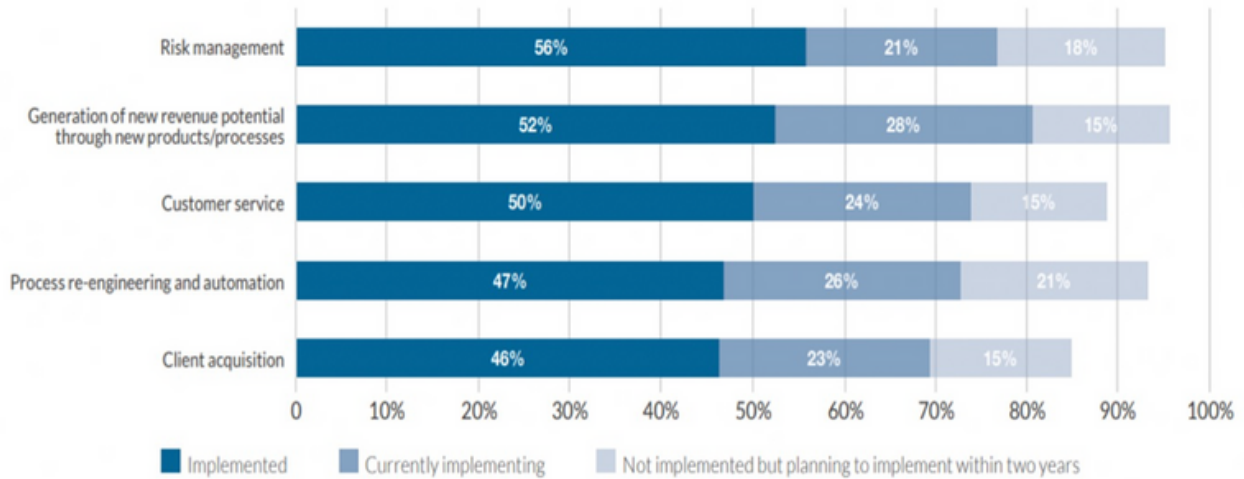
Risk is the domain with highest AI adoption rate currently, followed by the new revenue generation potential through new AI-enabled products and processes.This trend is expected to reverse in next two years with AI driving maximum aspects of revenue growth.

The aggregate potential cost savings for banks from AI applications is estimated at $447 billion by 2023, with the front and middle office accounting for $416 billion of that total.
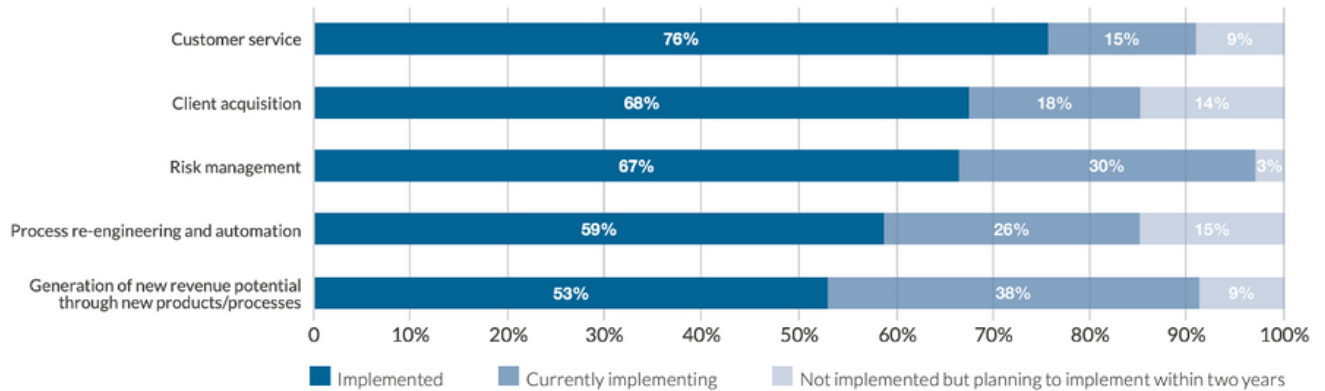
The AI in Banking & Financial Services Ecosystem is expected to grow at a CAGR of 23.5% by 2027.

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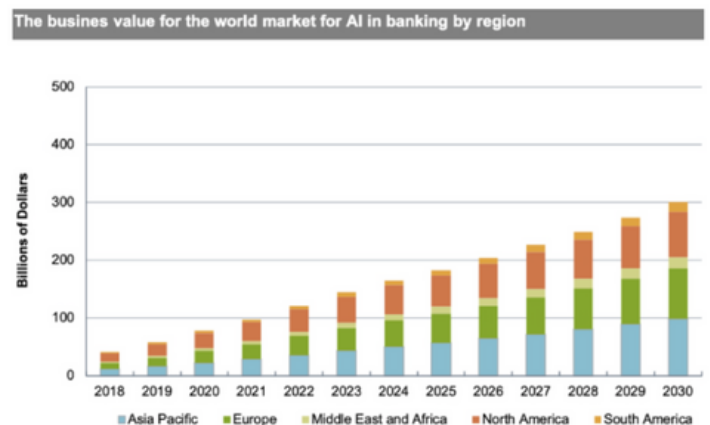
75% of banks with over $100 billion in assets are currently implementing AI strategies, compared with 46% banks with less than$100 billion in assets.

AI is rapidly transforming Banking & Financial Services as we know it. Banks that will move quickly to embed AI throughout their value chain will be positioned to prosper in the new world that is disruptive. Artificial intelligence will become the sole determinant of the competitive position of banks and a key element enhancing their competitive advantage.

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> **The investment in AI applications is projected to increase to $89.8 billion by 2025.**

Insurance

Despite insurance companies' substantial investments in digitizing customer onboarding and policy binding, huge challenges are currently being faced in underwriting due to changed pandemic protocols especially the aspects involving touchpoints. Risk assessment is shifting toward more remote, data-driven & AI enabled models, while distribution must shift from in-person interactions to more online interactions. So underwriting transformation is going to be on top of the AI adoption agenda for next two years.

COVID-19 has impacted AI adoption plans by significantly accelerating digitization for insurers. Insurance organizations started to accommodate remote workforces, expand their digital capabilities to support distribution, and upgrade online channels. While most organizations likely didn't invest heavily in AI during the pandemic, the increased emphasis on digital technologies and a greater willingness to embrace change will put them in a better position to incorporate AI into their operations.

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Insurers around the world are turning to AI to cut costs, boost sales and improve service efficiency. From helping predict customer needs to detecting fraud in real-time and predicting claims values, AI is powering insurers all along the insurance value chain. Advanced technologies and data are already affecting distribution and underwriting, with policies being priced, purchased, and bound in near real time.

According to the International Data Corporation, spending on cognitive and AI systems will reach US$77.6 billion in 2022 with a significant amount of that investment directed to conversational AI applications such as chatbots and deep learning and machine learning applications. These investments are expected to save auto, property, life and health insurers almost US$1.3 billion while also reducing the time to settle claims and improving customer loyalty.

Artificial Intelligence in Insurance Market, By Region (USD Billion)

e: estimated; p: projected
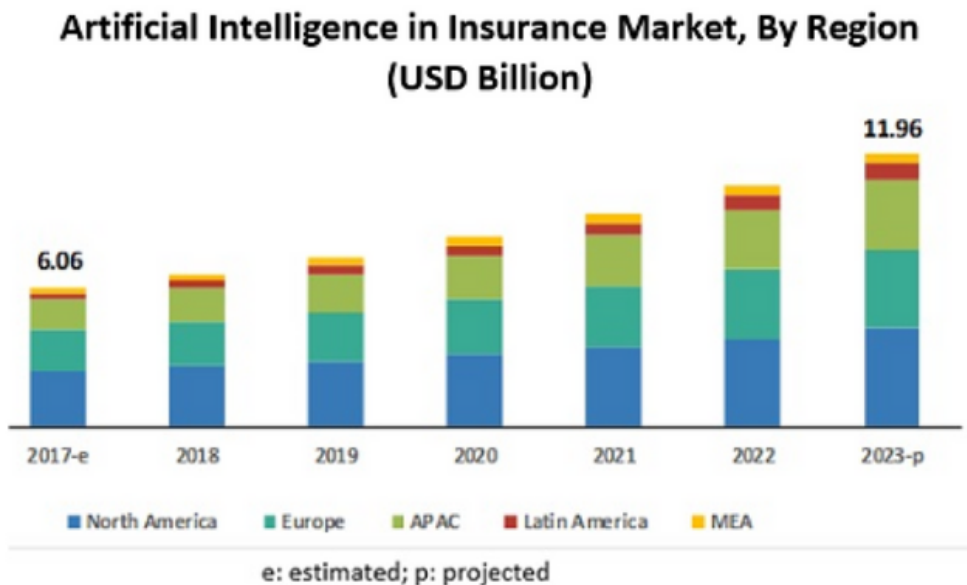
Artificial Intelligence (AI) spending in insurance industry in United States increased at 83.3% during 2018 to reach US$ 258.7 million. Spending on AI in insurance industry is expected to record a CAGR of 30.3% to reach US$ 2,628 million by 2025.

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- Insurance industry cost savings from AI will grow from $340 million in 2019 to $2.3 billion by 2024, as insurers exploit efficiencies achieved through the automation of resource-intensive tasks.

- The value of global insurance premiums underwritten by artificial intelligence will exceed $20 billion by 2024, up from an estimated $1.3 billion in 2019. This growth will be driven by streamlined underwriting processes, faster customer on-boarding and reductions in operational costs enabled by AI, according to the forecast.

- Global revenues from telematics will grow from $1.2 billion in 2019 to $5.4 billion by 2024. This growth will be driven by increasing support from automotive OEMs, as part of wider connected car strategies. Increasing vehicle numbers in Far East and China will drive telematics growth, increasing its revenue share from 15% in 2019 to 33% in 2024.

- The motor insurance industry will have the largest cost savings; accounting for over 60% of total savings globally by 2024, enabled by the significant uptake of AI-based insurtech premiums and several insurtech vendors applying AI to great effect.

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Retail & CPG

Retail and consumer products organizations are entering a new phase of innovation with AI at its core. The results are profound, offering a host of previously unimaginable capabilities – from automatically rerouting shipments to bypass bad weather, to personalizing in-store services based on analysis of a customer's facial expressions.
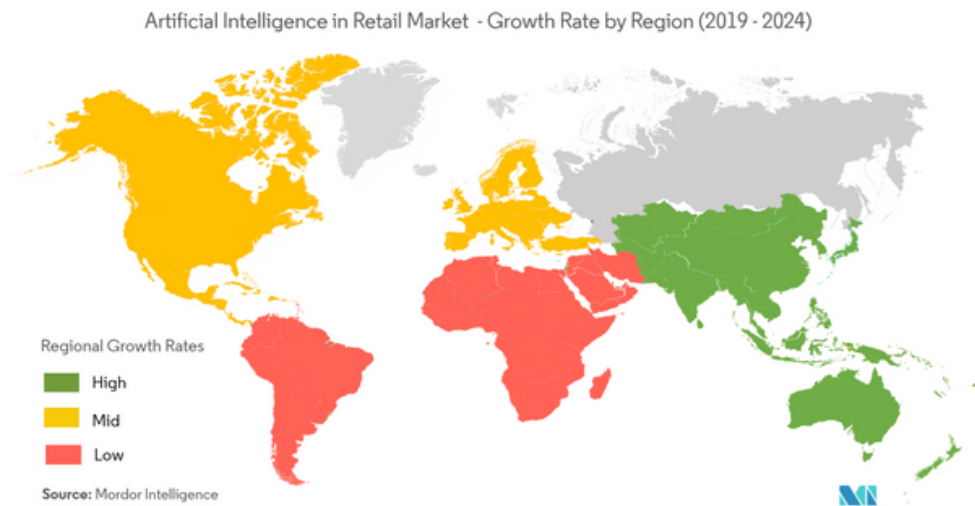
COVID-19 has not only accelerated the pace of digital transformation but has also presented a compelling scenario for CPGs to invest in AI and a data-driven strategy to offset uncertainties and build resilience for the future. Intelligent technologies such as AI and machine learning are providing companies with new capabilities to harness the power of data-led insights to make timely and informed decisions – both strategic and tactical.

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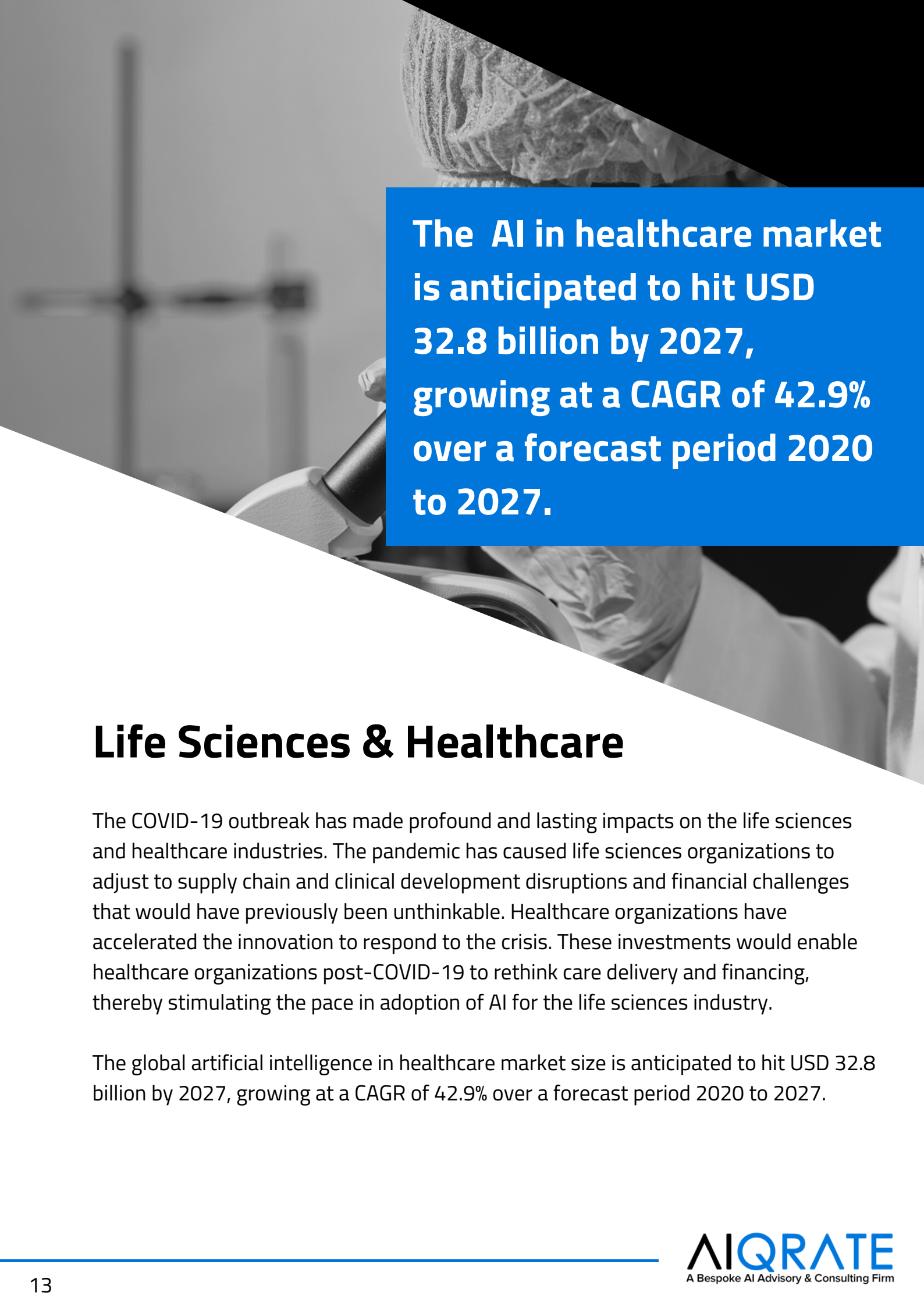
Global spending on AI by retailers is estimated to reach $12 billion by 2023, AI is offering novel ways to improve the customer experience and to optimise operational efficiency and productivity. More than 70 percent of retail and consumer products executives expect their companies to be engaging in AI across the value chain by 2021.

The Artificial Intelligence in the Retail & CPG Market was valued at USD 11.80 billion in 2019 and is expected to reach USD 30.90 billion by 2025, at a CAGR of 35% over the forecast period 2020 – 2025.

Artificial Intelligence in Retail Market - Growth Rate by Region (2019 - 2024)

Regional Growth Rates

- High
- Mid
- Low

Source: Mordor Intelligence

The number of retailers using machine learning in demand forecasting is projected to more than triple between now and 2023, with associated service revenue reaching $3 billion by 2023. Also, smart checkouts, mostly powered by AI technologies such as computer vision, will grow in the convenience store segment, leading to annual transaction volumes of more than 1.4 billion by 2023.

The AI in healthcare market is anticipated to hit USD 32.8 billion by 2027, growing at a CAGR of 42.9% over a forecast period 2020 to 2027.

Life Sciences & Healthcare

The COVID-19 outbreak has made profound and lasting impacts on the life sciences and healthcare industries. The pandemic has caused life sciences organizations to adjust to supply chain and clinical development disruptions and financial challenges that would have previously been unthinkable. Healthcare organizations have accelerated the innovation to respond to the crisis. These investments would enable healthcare organizations post-COVID-19 to rethink care delivery and financing, thereby stimulating the pace in adoption of AI for the life sciences industry.

The global artificial intelligence in healthcare market size is anticipated to hit USD 32.8 billion by 2027, growing at a CAGR of 42.9% over a forecast period 2020 to 2027.

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Artificial Intelligence in the Life Sciences Market was valued at USD 1,255.3 million in 2020, and it is estimated to be worth USD 5,402.1 million by 2026, registering a CAGR of 29.13% during the forecast period 2021-2026.

Key clinical health AI applications can potentially create $150 billion in annual savings for the United States healthcare economy by 2026.

Artificial Intelligence in Life Sciences Market - Growth Rate by Region (2021 - 2026)

Regional Growth Rates

- High
- Mid
- Low

Source: Mordor Intelligence
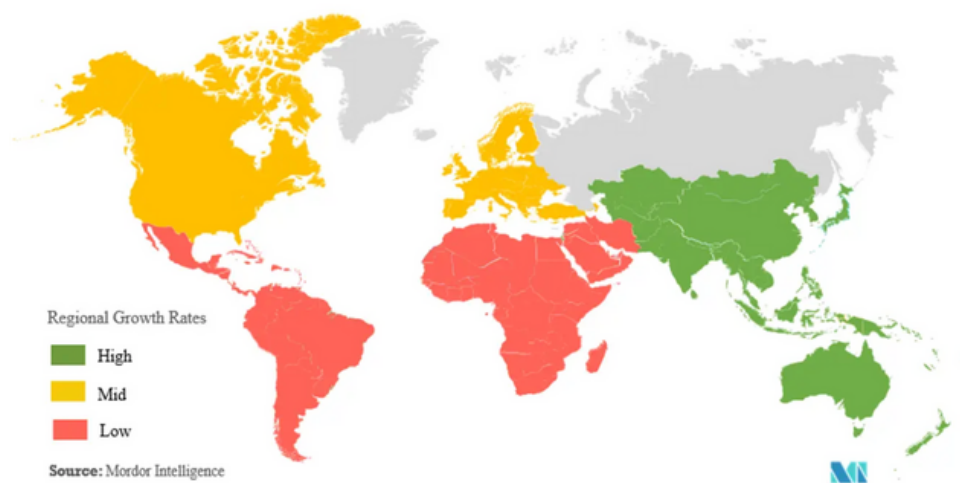
The medical technology space, which includes precision medicine, robotics and smart wearables, is expected to continue to grow at a pace of more than 5% per year, with annual sales worldwide expected to reach $800 billion by 2030.

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The AI in Manufacturing market is expected to be valued at USD 16.7 billion by 2026; is expected to grow at a CAGR of 57.2% during the forecast period

Manufacturing

AI can locate and solve pain points in manufacturing value chain and will have perceivable impacts on the entire industry over the next two to five years. The most critical pain points manufacturing companies include rising costs, inflexible design of production lines, as well as unstable quality and yield of products.

The Artificial Intelligence revenue in manufacturing market is expected to grow to USD 17.2 billion by 2025, at a CAGR of 49.5% during the period 2020-2025. AI will add $3.7 trillion dollars revenue to the manufacturing industry by 2035.

The exponential growth in digital data is driving growth of artificial intelligence (AI) in manufacturing market. Today, it is estimated that approximately 1.7 megabytes of new data is created every second. It is further estimated to grow at an annual growth rate of 40% over the next 10 years.

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The exponential growth in digital data is driving growth of artificial intelligence (AI) in manufacturing market. Today, it is estimated that approximately 1.7 megabytes of new data is created every second. It is further estimated to grow at an annual growth rate of 40% over the next 10 years.

Projected Global AI Spending by Manufacturing Companies (2018-2025)
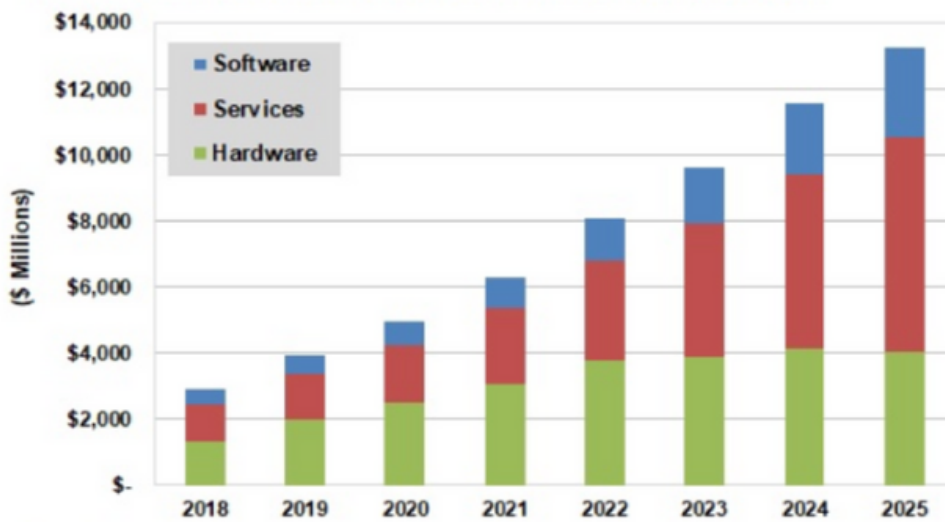
North America holds a significant share in the global artificial intelligence in manufacturing industry, and Asia-Pacific is projected to register the highest CAGR of 57.2% during the period 2020-2025, followed by North America.

Artificial Intelligence in Manufacturing Market, By Region (USD Billion)

e: estimated; p: projected
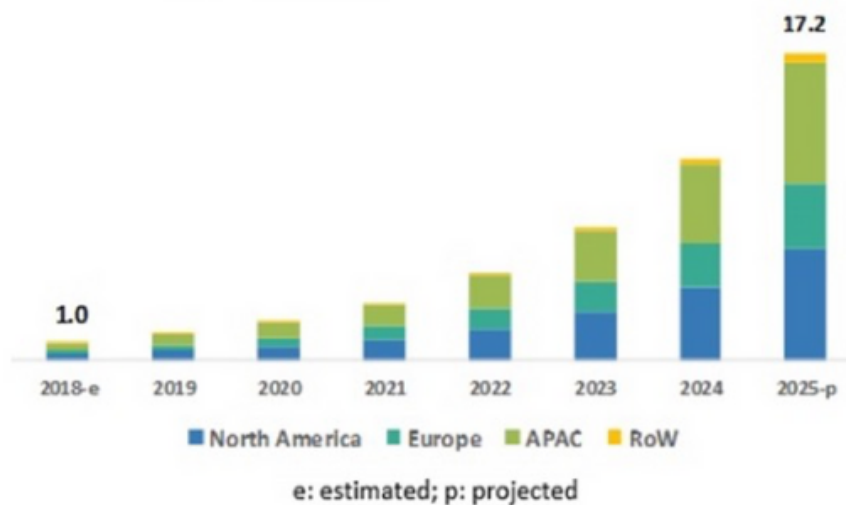
- North America possess high growth potential, due to increase in adoption of industrial robots in the manufacturing sector of the region.

- Cross-industry participation in the manufacturing domain, along with a significant increase in venture ecapital investment, has further propelled the growth of the Artificial Intelligence in manufacturing market in North America.

- APAC to account for significant share followed by North America in Artificial Intelligence in manufacturing market during the period 2020-2025.

- APAC is also considered to have the greatest number of manufacturing plants in the world. There are a few dark plants in China, where only robots work, and no human is required.

- Europe AI in manufacturing market is anticipated to grow at a CAGR of over 44% over the period2020-2025.

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