Cloud Ai Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The Cloud AI Market was valued at USD 5.2 billion in 2020 and is expected to reach USD 13.1 billion by 2026, registering a CAGR of 20.3%, during the period of 2021-2026. The global cloud AI market is expected to grow significantly over the forecast period, owing to an increasing adoption rate of cloud-based services and a growing demand for virtual assistants in these cloud platforms. The rising adoption of hybrid cloud is also developing opportunities for the cloud AI market.

Key Highlights
Governments in countries, like the United Kingdom and Australia, are insisting on the higher usage of hybrid cloud solutions to improve the existing IT infrastructure. The governments also insist on simultaneously providing significant cost-benefit. The trend is expected to continue during the forecast period.
Critical sectors, like banking, are expected to adopt cloud-based deployment of these services increasingly. This is due to the IT sector's continuing quest for optimized infrastructure, and the ability of solution builders to source application and infrastructure components from multiple providers to construct a hybrid cloud-based solution.
The growing investment in Infrastructure-as-a-Service (IaaS) market, especially by the SMEs, is also a significant factor for studied market growth. The companies are also increasing their investment in IaaS due to technological advancements, increasing digitalization, and the growing demand for Virtualization, storage, and analytics. Hence, the cloud AI vendors have a great opportunity to penetrate.
The rapid adoption of AI in industries, such as retail, automotive, and manufacturing, is projected to increase at a fast pace. As the cloud is also playing a significant role in all these sectors, cloud AI is also expected to penetrate exponentially in these areas.
In August 2020, Wiserfunding, a UK-based fintech company, announced its plan to introduce cloud-based AI-enhanced credit risk assessment tools in India. The company is planning to invest about USD 3- USD 5 million to develop customized and accurate credit risk models to determine the creditworthiness of potential borrowers with accuracy levels of above 80%.
The growing 5G adoption and mobile penetration are further expected to increase cloud computing and traffic. Hence, this factor is developing the scope for cloud AI services.
Amid the COVID-19 pandemic, Google Cloud AI partnered with the Harvard Global Health Institute. The partnership aims to

develop a dashboard for the public forecasts of COVID-19. The dashboard is expected to provide 13-day projections for hospitalizations and death rates across all 50 states. Hence, the market is likely to grow.

Cloud AI Market Trends

Government to Hold Significant Share

Governments and large NGOs worldwide have been significantly spending their time and budget on pilot programs for various AI applications and investing in the same. Discussions with the experts in the field, on the future implications of the technology, have become routine.
INTERPOL World 2019, conducted in Singapore, concluded that to understand how AI could help improve healthcare in developing nations, the National Defense University in Washington DC spoke with generals and colonels to arrive at the same.
As of October 2019, Amazon Web Services has been training relevant government employees in India to create a cloud-first approach towards digital transformation and enhanced skill sets as a part of the initiatives by the Indian government to deploy AI and Machine Learning-driven Cloud models to make sense of the humongous sets of data.
The National Association of Software and Services Companies (NASSCOM) titled 'Cloud - Next Wave of Growth in India' as cloud providers as a compelling proposition for the Indian SMEs, enterprises, and government for their application in analytics, Artificial Intelligence, big data, IoT, etc.
Similarly, in February 2019, the US government launched the AI.gov., an American AI Initiative with applications, such as cloud and big data, smart robotics smart cars, and strategic technologies, to focus on the resources of the Federal government with an aim to develop AI to increase nation's prosperity, improve quality of life for the American people and enhance national and economic security.
Governments across the world have been cautious in moving to new technologies. However, the potential benefits that the AI could unlock for their citizens could create a compelling platform to run at a brisk pace. The technical foundations of AI, such as low-cost cloud services, connected and sensing devices (the Internet of Things), machine-learning algorithms, and data analytics could create exciting opportunities for deploying these services in the governmental agencies.

North America Holds Major Share

North America is expected to dominate the global cloud AI market, owing to its status as one of the early adopters of the technology. The other factor is that most of the major players in the market are US-based. The cloud adoption among the regional end-user is also quite high. Hence, the investment in the studied market is too high. The region is also a key region dominating the global hybrid cloud and IaaS market.
Market players operating in the region are investing in innovating additional and unique features to their offering, mainly to gain a competitive advantage and expand their customer target base. This is also expected to bring advancement in the regional and global markets. This factor expands the market scope further.
For instance, US-based SoundHound Inc. offers Houndify, an independent AI platform that enables developers and business owners to deploy a conversational interface anywhere to retain control of their brand and users, while differentiating and innovating. The company recently added SoundHound music recognition technology to its Houndify voice AI platform. It also made a strategic partnership with Honda Motor Co. Ltd to accelerate development.
As organizations in the region increasingly migrate their processes and applications to the cloud, vendors operating in the market may have to offer next-level customer experience (CX) and performance and productivity to gain a competitive edge. Using a broadened set of analytics tools that incorporate technologies, such as AI, machine learning (ML), augmented reality (AR), and big

data, companies, add intelligence to the available data.
In March 2019, US-based 8x8 Inc. integrated its 8x8 contact center with Google Cloud's new contact center AI. This solution combines multiple AI products to enhance the customer service experience, as well as the productivity of contact centers.
Also, the Government of Canada has a "cloud-first" strategy, whereby cloud services are identified and evaluated as the principal delivery option when initiating information technology investments, initiatives, strategies, and projects. The cloud is also expected to allow the Government of Canada to harness private-sector providers' innovation to make its information technology more agile.

Cloud AI Market Competitor Analysis

The cloud AI market is fragmented. The rapid adoption of AI in industries, such as retail, automotive, and manufacturing, is projected to increase fast. Overall, the competitive rivalry among existing competitors is high. The acquisitions and collaboration of large companies with startups are expected, which are focused on innovation. Some of the key developments in the market are:

In August 2020 - Google Cloud announced the expansion of its partnership with Best Buy in a multi-year agreement for Best Buy's Enterprise Data Platform. The partnership is expected to deliver enhanced technological experience, by using AI, analytics to create more personalized shopping experiences for customers of the latter.
In July 2020 - the Global Health Drug Discovery Institute (GHDDI) launched a Free AI Virtual Screening Service for COVID-19. The service is powered by Alibaba Cloud and enables the facilitation of COVID-19 drug discovery effort by combining the capabilities of Alibaba Cloud's high-performance computing (HPC) resources and GHDDI's artificial intelligence (AI), thereby accelerating the computation process exponentially.
In April 2020 - Siemens announced the availability of its MindSphere on Alibaba Cloud. The successful deployment and operation are expected to foster the industrial Internet of Things (IoT) in China.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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