

Cognitive Services - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2025 - 2030)

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Report description:

The Cognitive Services Market is expected to register a CAGR of 36.45% during the forecast period.

Key Highlights

- Growth in the demand for conversational AI solutions, such as chatbots and virtual assistants, can help organizations improve customer engagement and support. These solutions use NLP and machine learning algorithms to understand customer inquiries and provide relevant responses.
- The cognitive services market is driven by the increasing demand for natural language processing, computer vision, speech recognition, and machine learning algorithms that allow organizations to improve the accuracy of decision-making and automate complex tasks.
- Furthermore, the growing need for automation in various industries and the increasing data availability for training machine learning algorithms. Automation is becoming increasingly important as organizations look for ways to streamline processes, reduce costs, and improve efficiency. The expectations of the companies from adopting automation are shifting towards getting value at a higher speed. Hence, with the increasing automation across industries, cognitive service providers are gaining traction for developing more APIs to build smarter applications.
- However, the ongoing concern over data privacy and security is challenging market growth. As organizations increasingly rely on AI and machine learning algorithms to make decisions, there is a growing need to ensure that these algorithms are secure and that the data they use is protected. This is particularly important in industries such as healthcare and finance, where sensitive information is frequently processed.
- The impact of the COVID-19 pandemic was significant, with many organizations looking to accelerate their digital transformation efforts in response to the changes brought on by the pandemic. This led to an increase in demand for cognitive services solutions that helped organizations automate tasks, improve customer engagement, and enhance decision-making.

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Cognitive Services Market Trends

IT and Telecommunication Segment to Grow Significantly

- The information technology (IT) and telecommunications industries significantly contribute to the growth of cognitive services globally. These industries provide the necessary infrastructure and platforms for developing, deploying, and disseminating cognitive services.
- IT companies are involved in the deployment of various software and hardware solutions that support cognitive services. They are developing advanced artificial intelligence and machine learning algorithms that can analyze vast amounts of data and provide meaningful insights. For example, IT companies like IBM, Microsoft, Google, and Amazon are investing heavily in cognitive services, offering cloud-based platforms for natural language processing, image and speech recognition, and decision-making algorithms.
- Moreover, the volume of big data in data storage centers is rapidly increasing in addition to its complexity leading to the adoption of cognitive services, as it helps optimize data storage, enhanced security, and accelerate business decision-making. According to Cisco Systems, this volume reached 124 Exabytes in 2018 and is estimated to reach 403 Exabytes by 2021.
- Many IT and telecommunication companies are adopting cognitive services to improve customer engagement, optimize operations, develop network infrastructure, and gain a competitive edge over others. For instance, in October 2022, Ericsson and Vodafone in Oman partnered to empower the telecom company's network infrastructure development across multiple domains. With this partnership, Ericsson would provide AI-based Cognitive Software solutions for network optimization to simplify data-driven decisions and support Vodafone in implementing zero-touch operations (ZTO).

Europe is Expected to Grow Significantly

- The adoption and usage of cognitive services are growing rapidly across the region. Currently, North America holds the major market share in cognitive services. The region's growth is attributed to increased investment in research and development, the adoption of cloud-based services, and the growing popularity of smart devices and IoT-enabled technologies.
- The dominance of North America in cognitive services is primarily due to the high adoption of new and emerging technologies such as artificial intelligence, machine learning, and natural language processing. The region is also home to several major technology companies that are heavily investing in cognitive services, driving innovation and growth in the market.
- For instance, in May 2022, Microsoft Corporation launched a service for Azure Cognitive Services, expanding its long-running relationship with the artificial intelligence (AI) research outfit OpenAI Inc. The service will enable developers to gain limited access to a range of OpenAI's AI models, including the GPT-3 base series, Codex series, and embedding models.
- Furthermore, the presence of a large number of small and medium-sized enterprises, startups, and research organizations in the region has created a fertile ground for innovation and experimentation with cognitive services.

Cognitive Services Industry Overview

The cognitive service market is inclined towards concentration with the presence of a few key players in the market, including Microsoft, Google, and AWS. These companies are highly investing in research and developments towards improving cognitive services for varied industries and continuing their market dominance.

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In January 2023, AI healthcare software company VinBrain, a company backed by Vingroup, collaborated with Microsoft Corporation. As per the press release, the collaboration would work on three areas of AI healthcare: data sharing, cross-product validation, and R&D. As part of the collaboration, VinBrain would use Azure Cognitive Services for Computer Vision to validate new deep-learning models, including Microsoft's latest computer vision model called Florence.

In November 2022, Microsoft Corporation introduced a new User Interface (UI) for developers called Vision Studio to try its Computer Vision API. It is a part of Microsoft's Cognitive Services offering in Azure. The API provides access to advanced algorithms for processing media and returning information. Azure's Computer Vision algorithms can analyze visual content differently based on inputs and user choices by uploading a media asset or specifying a media asset's URL.

Additional Benefits:

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

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