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IDC Expects Asia/Pacific* Artificial Intelligence Systems Spending to Reach USD 6.2 Billion in 2019

SINGAPORE, October 18ᵗʰ, 2019 – Asia/Pacific* spending on artificial intelligence (AI) systems will reach USD 6.2 billion in 2019, recording an increase of almost 54% when compared to 2018, according to the latest IDC Worldwide Semiannual Artificial Intelligence Systems Spending Guide. Evidently, as industries invest aggressively in projects that utilize AI software capabilities, IDC expects spending on AI systems will increase to USD 21.4 billion by 2023 with a compound annual growth rate (CAGR) of 39.6% over the 2018-23 forecast period.

"Artificial intelligence having an impact across many industries with widespread utilization but still at nascent stage in Asia/Pacific*. From providing chat bots for better customer service to improve the efficiency of operations and tasks for their business models, industries like Banking, Retail and professional services are spending in this technology at scale says," Ritika Srivastava, Associate Market Analyst at IDC Asia/Pacific.
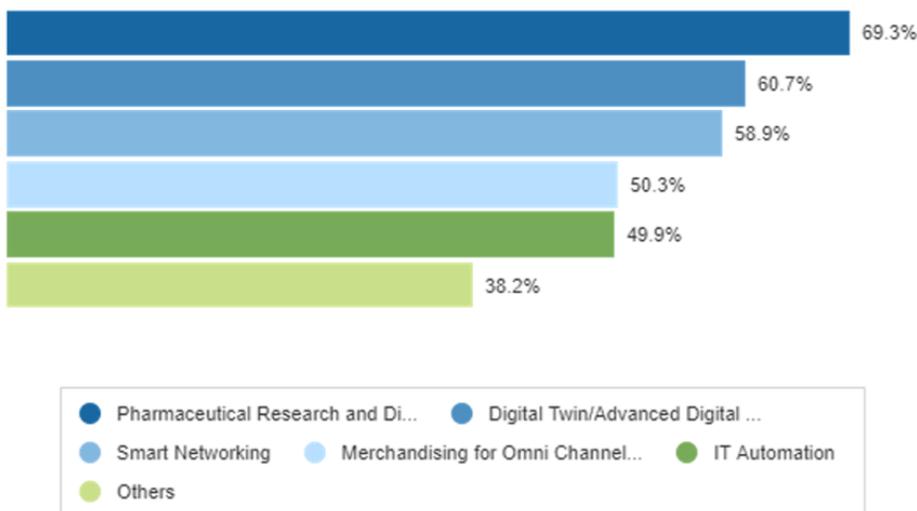
In 2019, Asia/Pacific* spending on AI systems will be led by the Banking industry with 10.7% share of the total, followed by retail with a 10.2% share. Banking will predominantly use AI/ Cognitive systems for Fraud Analysis and Investigation, as well as Automated Customer Service Agents. Close behind is retail in terms of investments in AI-enabled solutions with use cases such as Expert Shopping Advisors & Product Recommendations and Merchandising for Omni Channel Operations – shaping the industry, representing 45.1% of the overall retail industry spend in 2019. The industries that will experience the fastest growth in AI/Cognitive systems spending over the forecast (2018-23) are telecommunications (CAGR 56.6%), and process manufacturing (CAGR 47.1%) respectively.

The AI use cases that will have significant investment this year includes automated customer service agents ($758.4 million) followed by sales process recommendation and automation ($529.1 million). The fastest growth will be seen in pharmaceutical research and discovery, and digital twin/advanced digital simulation with highest CAGR's.

Figure 1

Top Use Case Based on 5 Year CAGR (2018 - 2023) (Value (Constant))

- 69.3%
- 60.7%
- 58.9%
- 50.3%
- 49.9%
- 38.2%

● Pharmaceutical Research and Di... ● Digital Twin/Advanced Digital ...
● Smart Networking ● Merchandising for Omni Channel... ● IT Automation
● Others

Source: IDC Worldwide Artificial Intelligence Systems Spending Guide, 2018 H2

Asia/Pacific* hardware spending in infrastructure largely supports AI development. Hardware will be the largest area of AI systems spending in 2019 with nearly $4 billion allocated to server and storage, while software will be the fastest growing category for regional AI spending with a five-year CAGR of 71.3%. Companies will also invest in IT services to help with the development and implementation of their AI systems and business services, such as consulting and horizontal business process outsourcing related to these systems.

China will deliver more than 71% of the Asia/Pacific* regional spending on AI systems in 2019, led by the State/Local Government and Retail industries. However, other countries in Asia/Pacific (excluding Japan & China) like Korea with 5.4% share, followed by Australia with 5.1% share, are slowly gaining momentum in adoption of AI-enabled solutions and deployment.

"Not surprisingly, China is the primary source of AI investment in Asia, as it remains a priority very much for government and state organizations as well as a small number of aggressive digital native enterprises like Tencent, Baidu and Alibaba. Elsewhere in Asia, although experimentation is common, enterprise deployment of AI is still relatively rare, and much remains to be done if Asia/Pacific companies hope to compete with major players in China and the US," says Dr. Christopher Marshall, Associate Vice President at IDC Asia/Pacific.

The IDC Worldwide Semiannual Artificial Intelligence Systems Spending Guide sizes spending for technologies that analyze, organize, access, and provide advisory services based on a range of unstructured information. The spending guide quantifies the AI opportunity by providing data for 25 use cases across 19 industries in nine regions. Data is also available for the related hardware, software, and services categories. Unlike any other research in the industry, the detailed segmentation and timely, global data is designed to help suppliers targeting the market to identify market opportunities and execute an effective strategy.

For additional information about the IDC Worldwide Semiannual Artificial Intelligence Systems Spending Guide, please contact Ritika Srivastava. rsrivastava@idc.com. For media inquiries, contact Alvin Afuang aafuang@idc.com or Charles Tamayo cjtamayo@idc.com

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Note: Asia/Pacific excluding Japan

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About IDC Spending Guides

IDC's Spending Guides provide a granular view of key technology markets from a regional, vertical industry, use case, buyer, and technology perspective. The spending guides are delivered via pivot table format or custom query tool, allowing the user to easily extract meaningful information about each market by viewing data trends and relationships.

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For more information contact:

Alvin Afuang
aafuang@idc.com
+63917 7974586
Charles Cedric Joshua V. Tamayo (cjtamayo)
cjtamayo@idc.com
+639189269072
Christopher Lee Marshall
cmarshall@idc.com
+6562260330
Ritika Srivastava
rsrivastava@idc.com
+91 124 476 2300