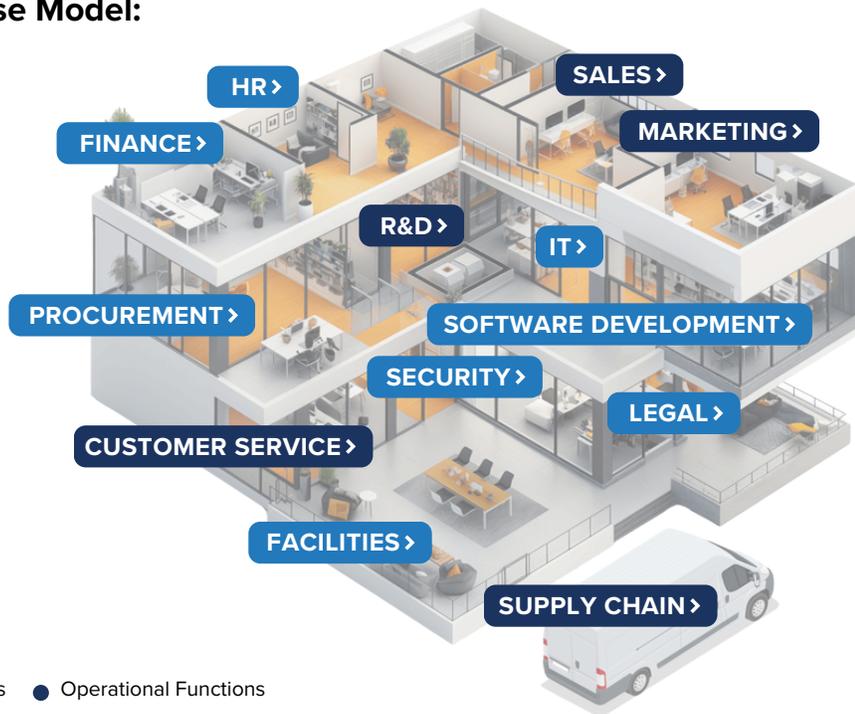# Insight to Maximize AI and GenAI Market Opportunities—Powered by IDC Data

In 2024, the Story of AI is Still Only Getting Started

In the 60 years that IDC has covered tech markets, few innovations have been as exciting for organizations as Artificial Intelligence (AI). While any new tech promises some combination of efficiency gains, cost reductions, enhanced employee productivity, and improved customer experiences, the degree to which these benefits are expected of AI are particularly pronounced, and apparent use cases abound.

IDC AI Use Case Model:

HR › | SALES › | FINANCE › | MARKETING › | R&D › | IT › | PROCUREMENT › | SOFTWARE DEVELOPMENT › | SECURITY › | LEGAL › | CUSTOMER SERVICE › | FACILITIES › | SUPPLY CHAIN ›

● Commercial Functions   ● Operational Functions

For a more detailed view of AI use case proliferation check out our microsite

LEARN MORE ›

Economic Context will be Very Important to How AI Events Unfold

However, organizations also exist in a hyperactive global economy currently—one beset by a patchwork of uncertainties. 2024 is a year of continuing wars, rising geopolitical tensions, recessionary risk, and other destabilizing factors. As a result, predicting the extent to which optimism for AI will translate into results requires a rigorous, data-driven approach and expert analysis based in the right historic context.

Analysts on AI—Is AI Just Another Dot-Com Bubble?

"While volatility in AI markets is reminiscent of the dot-com era, with many start-ups and unproven business models, AI's integration into business and practical applications across industries prove it's more than a passing fad. That said, realizing meaningful returns at scale may take years."

RITU JYOTI
Global VP and General Manager AI and Data Research

Looking Forward, The Future of AI is Bright

In 2024, organizations are projected to spend $235 billion on AI, a figure that is expected to nearly triple, reaching over $630 billion by 2028. This is a projected compound annual growth rate (CAGR) of nearly 30%. Driven by use cases such as AI infrastructure provisioning, AI-enabled customer service and self-service, and augmented fraud analysis and investigation, the AI era is in full swing.

As we look ahead, AI spending is expected to continue its robust growth, driven by new applications and innovations.
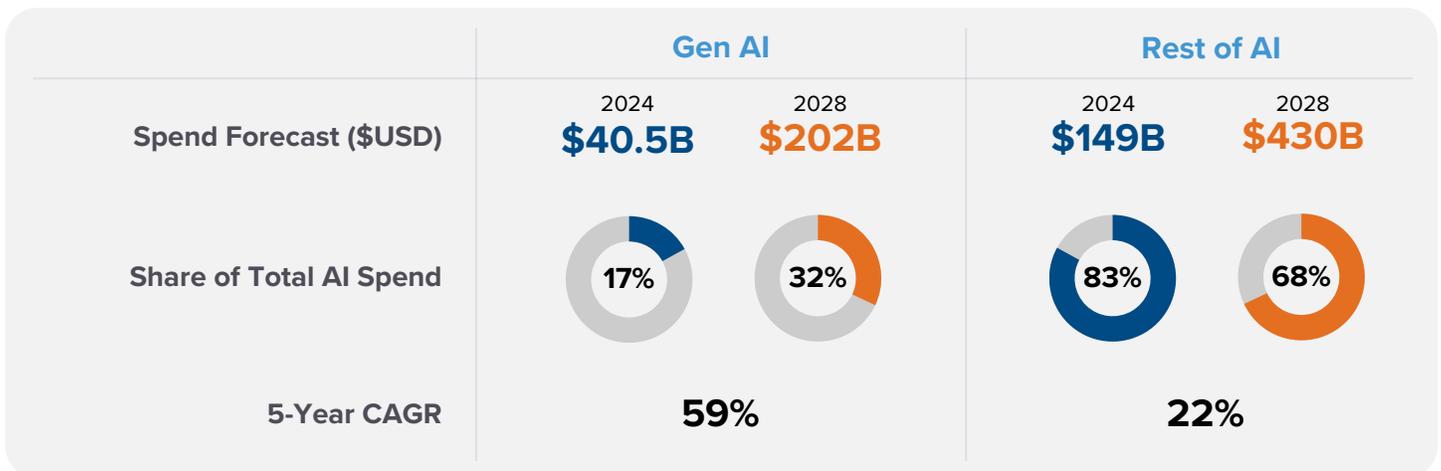
Worldwide AI Spending Forecast (in Billions of $USD)

$235	$632
	29% CAGR
2024	2028
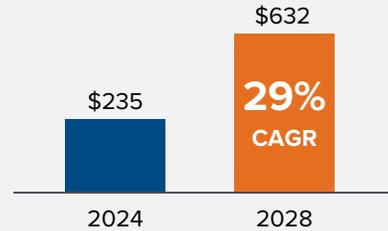
GenAI is—and will continue to be—a Growth Engine for the AI Market

Generative AI (GenAI), a subset of this broader AI ecosystem, accounts for 17.2% of global AI spending today. Its growth is particularly remarkable, with projections indicating it will make up 32% of AI investments by 2028, driven by a staggering 59% five-year CAGR.

Worldwide AI Spending Forecast - GenAI vs. Rest of AI

	Gen AI		Rest of AI	
	2024	**2028**	**2024**	**2028**
Spend Forecast ($USD)	**$40.5B**	**$202B**	**$149B**	**$430B**
Share of Total AI Spend	17%	32%	83%	68%
5-Year CAGR	59%		22%	

This asset is powered by data in:

IDC Spending Guide

Do you like the data you see? Want to go deeper into the analysis? You can get IDC's insightful AI and GenAI coverage as part of an annual subscription or with a no commitment purchase.

LEARN MORE AT THE END OF THE REPORT ›

Technology Outlook: Software Solutions Drive AI Spending

Software will make up 57% of AI spending by 2028, while hardware will account for 25%. And services 18%. Service providers are heavily investing in server and storage hardware to enhance their Infrastructure-as-a-Service (IaaS) offerings, highlighting the essential role of robust infrastructure in supporting AI demands

> *Software will make up 57% of AI spending by 2028*

	2024	**2028**
Top 3 Use Cases	① AI Infrastructure Provisioning ② Augmented Fraud Analysis and Investigation ③ AI-enabled Customer Service and Self Service	① Augmented Fraud Analysis and Investigation ② AI Infrastructure Provisioning ③ AI-enabled Customer Service and Self Service
Spend Share: Tech Group	31% / 20% / 49% ● Hardware ● Services ● Software	25% / 18% / 57% ● Hardware ● Services ● Software
Spend Share: H/W Deploy	74% / 26% ● All Deployment Types ● Public Cloud Services	57% / 43% ● All Deployment Types ● Public Cloud Services
Spend Share: S/W Deploy	37% / 63% ● On-Premise/Other ● Public Cloud Services	24% / 76% ● On-Premise/Other ● Public Cloud Services

Partner Perspective: Clarity is Required in the Channel

20%
80%
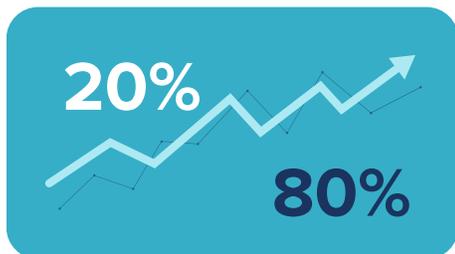
In 2024, 80% of channel partners will miss AI growth and development potential due to difficulty identifying relevant opportunities. For vendors looking to achieve channel success this year, the AI gap is a major one. Addressing the gap means finding, managing, and retaining partners who align with your AI vision, and this can require difficult to find information.

Source: IDC March 2024 - Market Perspective #US50885824

Regional Outlook: North America Drives Over Half of Global AI Spend

The Americas dominate AI investment, commanding nearly 60% of global spending with a 30% five-year CAGR. EMEA follows, capturing 23% of global spending with similar growth rates. In contrast, Asia-Pacific and Japan (APJ) may see their global share decrease slightly.

Regional AI Spending Forecast (in Billions of $USD)

NORTH AMERICA
2024 — $131B
2028 — $353B

EMEA
2024 — $50.5B
2028 — $147B

LATIN AMERICA
2024 — $7.8B
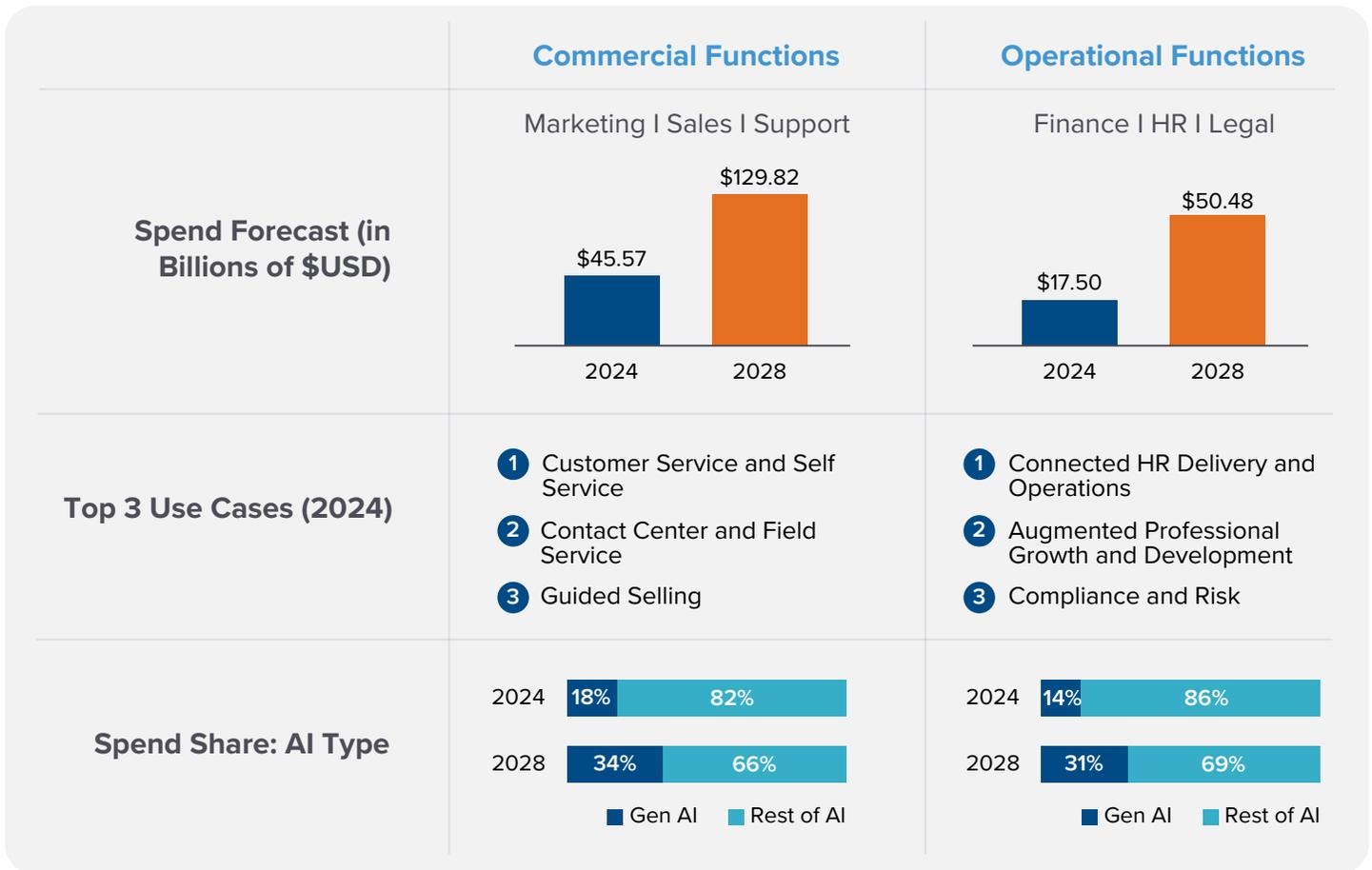2028 — $21.4B

ASIA PACIFIC
2024 — $45.3B
2028 — $110B

Industry Outlook: AI Spending Will Concentrate in Key Industries

The top three industries in AI spending—Software and Information Services, Banking, and Retail—are expected to allocate $89.6 billion to AI in 2024, representing 38% of the global market. With a five-year CAGR of 27%, their investment is projected to nearly triple to $222 billion by 2028. Notably, GenAI accounts for over 19% of this.

	Banking	Software and IT Services	Retail
Spend Forecast ($USD)	2024 **$31.3B** — 2028 **$87.5B**	2024 **$33.1B** — 2028 **$66B**	2024 **$25.1B** — 2028 **$68.4B**
Top 3 Use Cases (2024)	1 Fraud Analysis and Investigation 2 Threat Intelligence and Prevention 3 Contact Center and Field Service	1 AI Infrastructure Provisioning 2 Customer Service and Self Service 3 Software Development	1 Digital Commerce 2 AI Infrastructure Provisioning 3 Customer Service and Self Service

Organizational Outlook:
AI and GenAI Are Permeating All Sides of the Business

The rapid evolution of AI technologies worldwide highlights a strong and growing commitment from both the public and private sectors to leverage AI for innovation, competitive advantage, and tackling complex challenges.

	Commercial Functions	**Operational Functions**
	Marketing I Sales I Support	Finance I HR I Legal
Spend Forecast (in Billions of $USD)	2024: $45.57 — 2028: $129.82	2024: $17.50 — 2028: $50.48
Top 3 Use Cases (2024)	① Customer Service and Self Service ② Contact Center and Field Service ③ Guided Selling	① Connected HR Delivery and Operations ② Augmented Professional Growth and Development ③ Compliance and Risk
Spend Share: AI Type	2024: 18% Gen AI / 82% Rest of AI; 2028: 34% Gen AI / 66% Rest of AI	2024: 14% Gen AI / 86% Rest of AI; 2028: 31% Gen AI / 69% Rest of AI

Advice for AI Suppliers:

To boost brand reputation and win market opportunities, tech providers should adopt a human-centric AI approach, focusing on user-friendly interfaces that complement human skills. Build ethical frameworks, address biases, and ensure transparency to earn market trust. Embrace open ecosystems, prioritize AI security, and leverage AI for sustainability to drive innovation, safeguard systems, and address global challenges.

> *Build ethical frameworks, address biases, and ensure transparency to earn market trust*

Stay on Top of Evolving AI Narratives with IDC Spending Guide (Worldwide AI and Generative AI Spending)

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16	**42**	**27**	**17**	**32**
AI Technologies and Services	AI Use Cases	Industries	Business Functions	Countries and Geographic Regions

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Unless otherwise indicated, the data in this report is from:
Source: IDC Worldwide AI and Generative AI Spending Guide - Forecast 2024 | Aug (V2 2024)