AI in EMEA 2025

Beyond the hype: taming complexity

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About this eBook

Welcome to this third edition of IDC's "AI in EMEA" ebook.

In our first edition (in 2023), we focused on laying out an early-stage analysis of how Generative AI was evolving, how organizations across the region would explore and adopt the technology, and where the biggest commercial opportunities lay for providers. In our 2024 edition, we looked at how organizations across EMEA were positioned regarding readiness and adoption – and how providers from across the technology industry were pushing forward with AI innovations everywhere.

In 2025 it's clear that some aspects of the AI story have advanced significantly: the new hot topic is AI Agents, and governments have largely woken up to the potential economic opportunities associated with AI. At the same time, some things haven't really shifted: many organizations are still dealing with the challenges of a "FOMO mindset" and struggling to identify and realize business value.

2025 is the year when new AI investments must start demonstrating real value – or else organizations will start losing interest.

This 2025 edition of our EMEA ebook is based on recent EMEA- and Europe-wide enterprise surveys, as well as the expertise of 23 IDC analysts. The first part of the ebook provides an up-to-date overview of AI activity across EMEA, and related opportunities, risks and challenges. The second part of the ebook provides deeper dives into the evolving implications and impacts of AI on six specific technology market segments.

AI in EMEA in 2025: an overview

In the 2.5 years since the introduction of ChatGPT, much has changed in terms of AI innovation and adoption in business; but at the same time, some things have changed little. Here's a high-level summary of the state of play in EMEA in 2025.

Business Value and ROI

Organizations across EMEA are increasingly focused on identifying and implementing AI use cases with measurable business value. C-Suite Leaders are keen for results that go beyond personal productivity.

Readiness

AI use cases that have measurable business value tend to require integration with business data and content, business processes and ways of working. Organizational readiness across these dimensions in EMEA is mixed.

AI Agents

It seems that every business technology vendor now has a story to tell that involves AI Agents. Many organizations are confused about what's real and what's not.

Sentiment & Change Management

Individual employees across EMEA are forging ahead with AI adoption, regardless of whether their employers provide approved tools or education. Coordinating efforts in line with governance needs is a challenge.

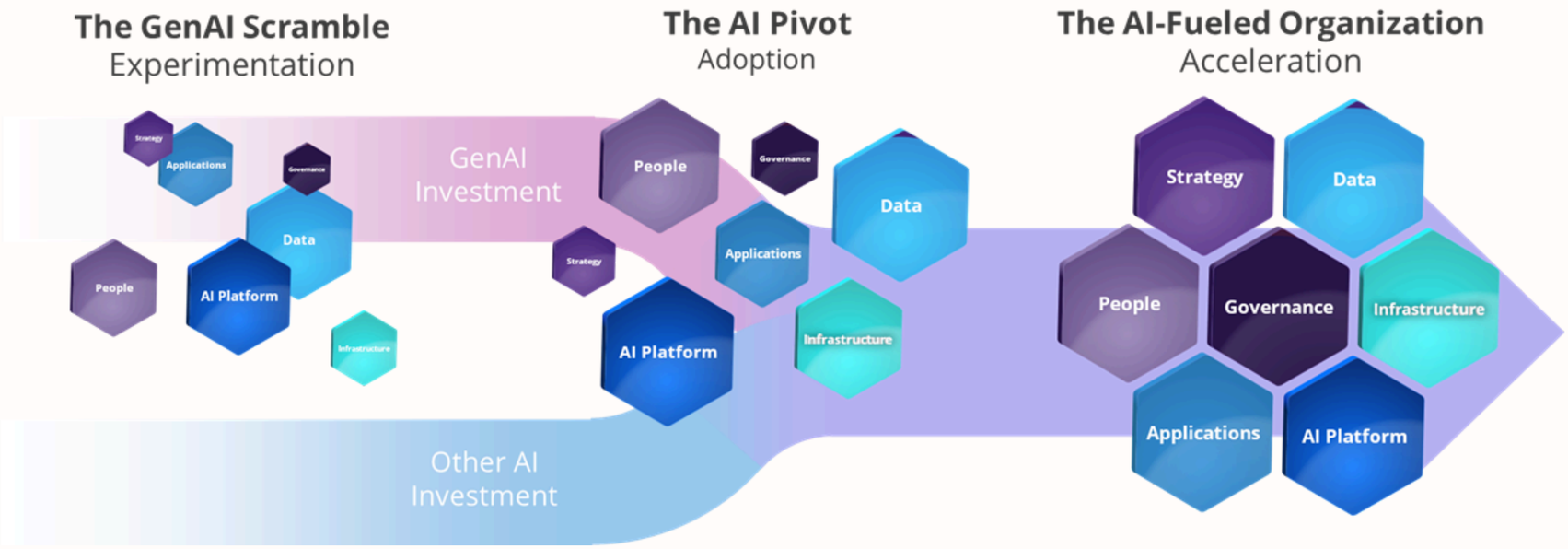
Sovereignty

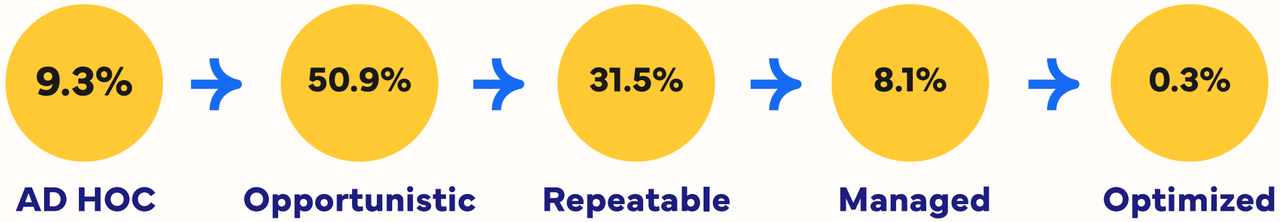
Interest in AI sovereignty was already ignited by awareness of AI's economic potential – and recent geopolitical upheavals and uncertainties are only extending interest across EMEA.

Shifting Tech Industry Boundaries

The emergence of AI Agents casts the new wave of AI as an automation technology, and providers across the technology supply chain (systems integrators, enterprise application vendors, enterprise platform vendors, cloud providers, and more) are racing to try to capture new value.

AI in EMEA: a pivot towards structure, strategy, scale





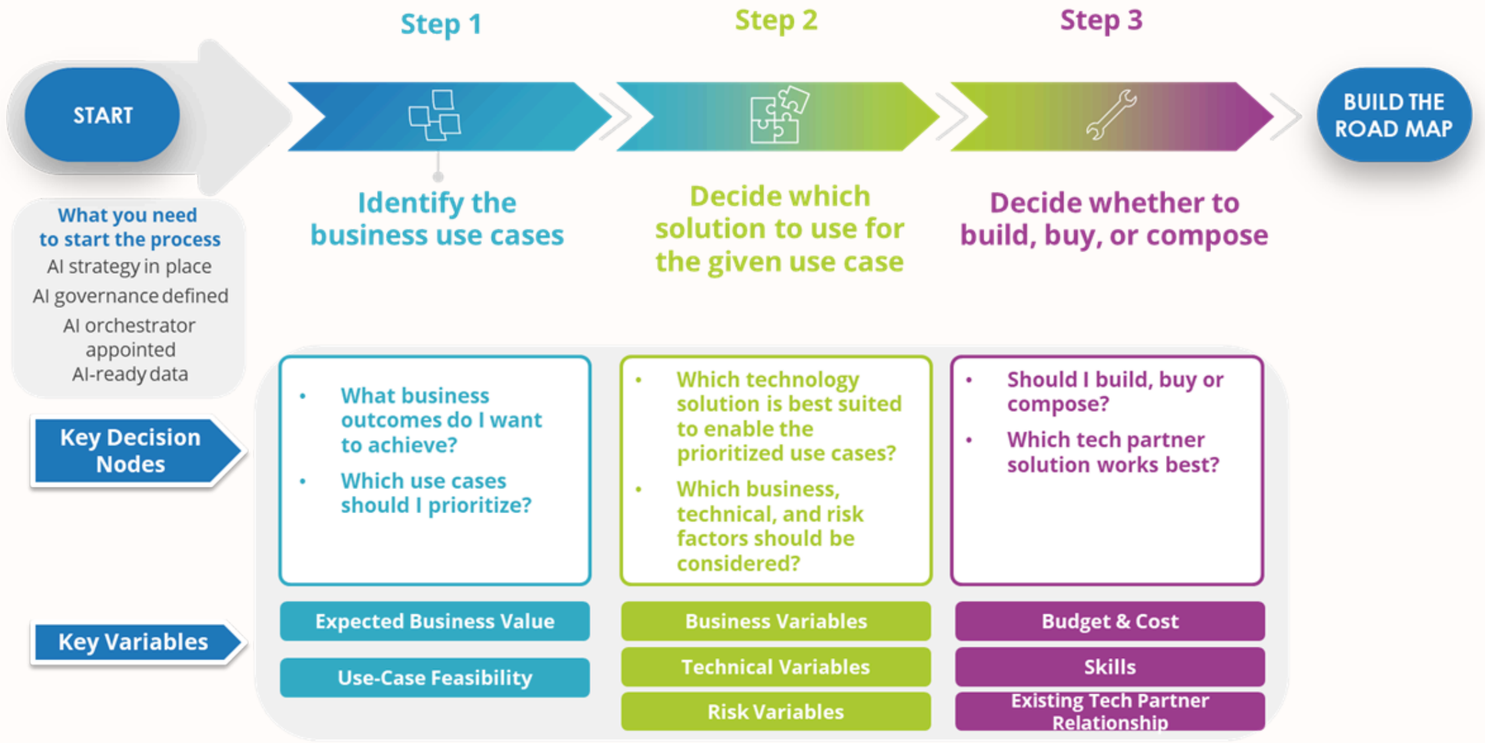
Source: IDC MaturityScape Benchmark: AI-Fueled Organization 2025, EMEA N=377

After two years of energetic experimentation with GenAI, organizations in EMEA are starting to pivot.

Organizations in EMEA on average carried out 40 GenAI pilots and PoCs in 2023-24. Faced with often modest productivity gains, those organizations are now shifting away beyond broad experimentation, towards a more structured, directed and scalable approach to uncovering, prioritizing, implementing and governing AI use cases that deliver measurable business value.

Organizations are shifting to a use-case first approach

CIO, EMEA Manufacturer: "If you don't understand what's truly bringing value to the business, AI will just be another fluke."



Before deciding on which technology to invest in, organizations must understand the business outcomes they aim to achieve and prioritize use cases based on their expected impact and feasibility. Once a prioritized list of use cases is established, organizations should evaluate key requirements — business, technical, and risk-related — that will determine the best technology match for each use case.

Source: AI Agents, RPA, or Both? Choosing the Right Technology for Your Use Case (IDC, Document number:# EUR153267525, March 2025)

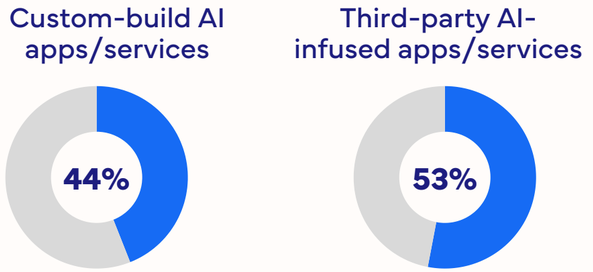
Main business benefits C-Suites expect to achieve from AI

While many organizations initially approach AI with goals like improving operational efficiency, enhancing employee productivity, and reducing costs, C-suite leaders are increasingly recognizing that AI is more than just a tool. It's a catalyst for deeper business transformation—reshaping models, reimagining processes, and unlocking new revenue streams and competitive advantage.

Source: WW C-Suite Survey, October 2024, (EMEA n=320)

Exploring the business value and ROI of AI

Proof of Concept (POC) to Production: Rate of Conversion for



Clarity of business objectives and use cases Is the most important factor for the success of AI deployments and companies are often far from achieving them

This is derived from the n-years sum of direct and indirect indicators (each year) across the AI Business Value parameters

Value from 0 to 1, estimating the success probability (i.e., risk) of the specific use case and associated business value in the given timeframe

$$AI^{*}\ ROI = \left\{ \frac{AI\ Business\ Value\ Income}{Initial\ Cost\ of\ Investment + Annual\ costs} \right\} x\ Success\ Probability$$

Initial investment and other one-time project, development, or change management costs of the Investment, as explained in the previous section

This is given by the n-years sum of recurring annual subscription, cloud, or other annual maintenance costs

Why Is AI ROI More Complex?

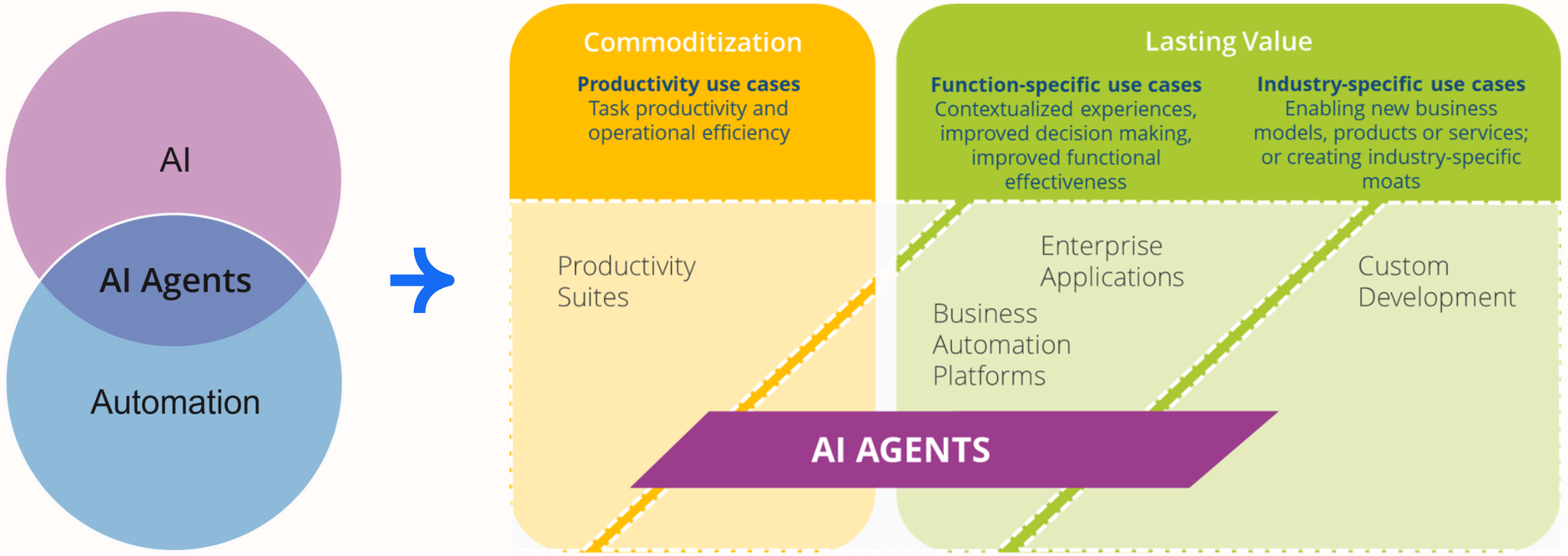
- **Technology volatility.** Rapid technological changes, new entrants, and vendor uncertainty make calculating ROI more challenging.
- **Demand.** Influx and velocity of AI demand hinders organizations' ability to analyze ROI.
- **Data reliance.** ROI is even more dependent on data quality, which in many organizations is poor and poorly understood
- **Continuous maintenance.** AI models degrade over time and require continuous retraining.
- **Parsing reality.** Speed of technology change and unknown/unrealistic benefit expectations must be parsed.

There Are Unique Challenges in AI ROI Calculation

- **Indirect benefits.** AI often aims at delivering value beyond financial outcomes (e.g., enhanced customer experience, innovation).
- **Defining outcomes.** AI benefits often cluster in operational enablement rather than IT/development, meaning organizations must proactively determine what to measure. Traditional ROI metrics may not capture the full impact.
- **Less linear ROI growth.** AI-driven value may not scale in a predictable, incremental way. Benefits can emerge in nonlinear patterns, making long-term ROI harder to forecast.
- **Evolving cost structure.** Costs fluctuate (cloud, retraining, integration, and auditing).
- **Cross-team involvement.** ROI is influenced by data teams, business units, and IT. Data is disproportionately influential.

Sources: IDC's Future Enterprise Resiliency and Spending Surveys, wave 4 (April 2024) and wave 1 (January 2025); IDC's CIO Quick Poll for C-Suite Program Survey, February 2025

AI agents bring potential to address more valuable use cases

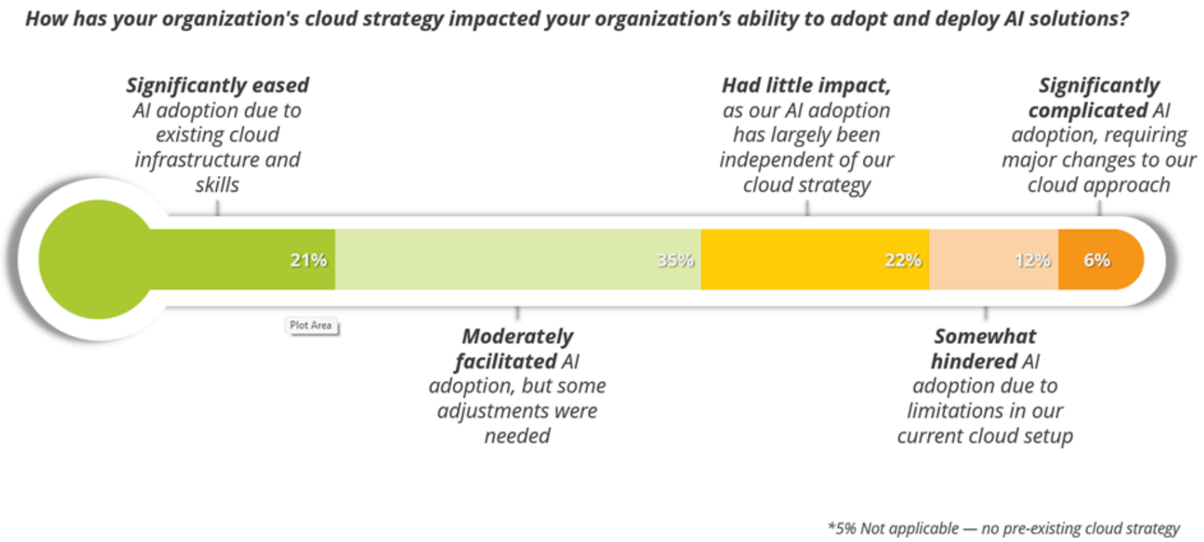


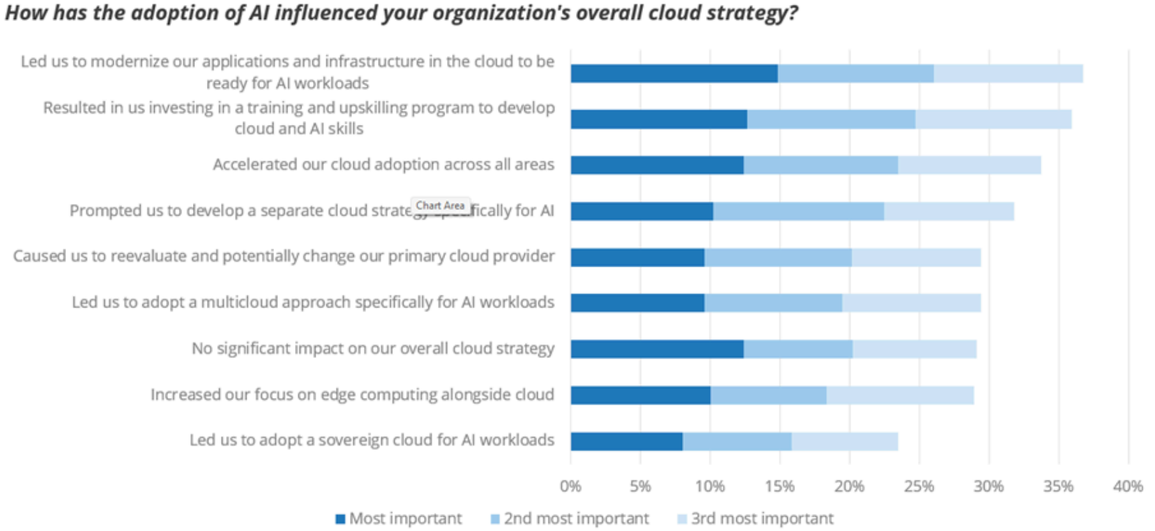
Since the beginning of 2024, a new term has entered industry vocabulary: **AI Agents.** AI Agents combine GenAI technologies with complementary tools that enable Large Language Models (LLMs) to be prompted with goals, create plans to meet those goals, and then take appropriate actions (including actions on external IT systems). In the context of business use cases and business value, AI Agents are appealing because in principle they enable GenAI to address use cases that can transform business operations.

The industry rush to launch AI Agents and Agent-building tools has created market confusion. There is no commonly-accepted standard definition of AI Agents, and so we find that although what IDC considers true agentic AI technology is still emerging, 47% of EMEA organizations state they are already deploying AI Agents at scale. The reality is that the technology underpinning AI Agents is still immature. Issues of reliability, transparency, security and quality still need to be resolved by vendors, and these currently limit AI Agents' applicability to activities and workflows where there is little to no existing automation, and few systems of record.

Source: Future Enterprise Resiliency & Spending Survey Wave 3, IDC, April 2025 Europe N=220

AI experimentation and adoption drives new IT infrastructure choices



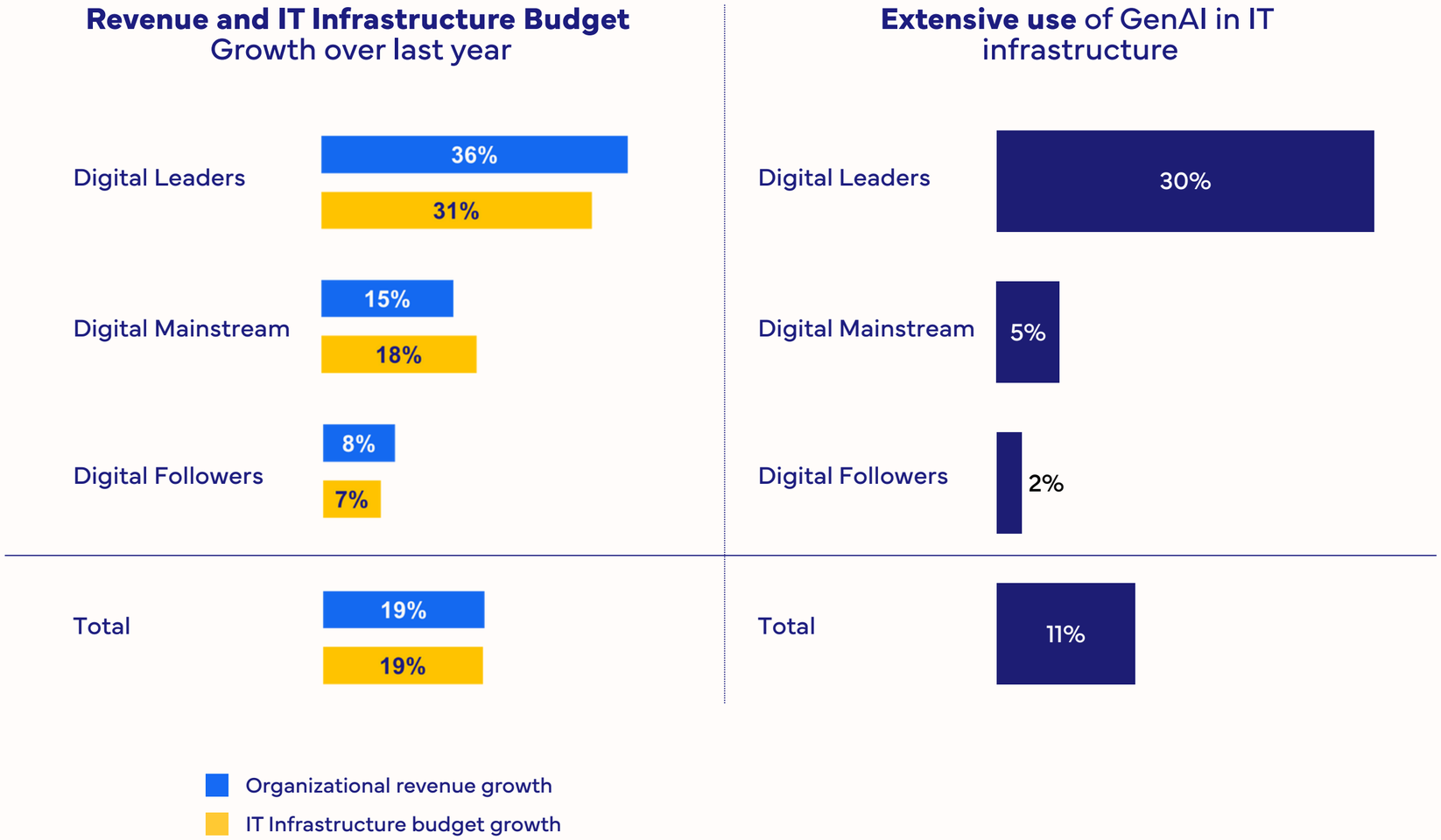


European organizations are re-evaluating their IT infrastructure architecture to be ready for AI workloads. The key question is: where is the best place to run training or inference workloads, chatbots or LLMs? Public Cloud is one of the infrastructure choices that is currently evaluated. 56% of customers who are already mature on their public cloud journey find that their existing public cloud strategy provides a good foundation for executing their AI strategy. But private IT infrastructure will also play an important role in the build-out of AI solutions in Europe.

The adoption of AI is also shaping the latest public cloud strategies and emphasizes a need to modernize applications and infrastructure to be AI-ready. There is also a need to invest in AI and cloud skills. One third of European customers also feel compelled to accelerate their public cloud adoption to ensure access to the latest AI applications, tools and data. However, public cloud is only part of a hybrid cloud architecture, and private IT plays still a key role when European customers think about their IT infrastructure strategy for AI.

Source: IDC, EMEA Cloud Survey, September 2024, N(Total)=1325

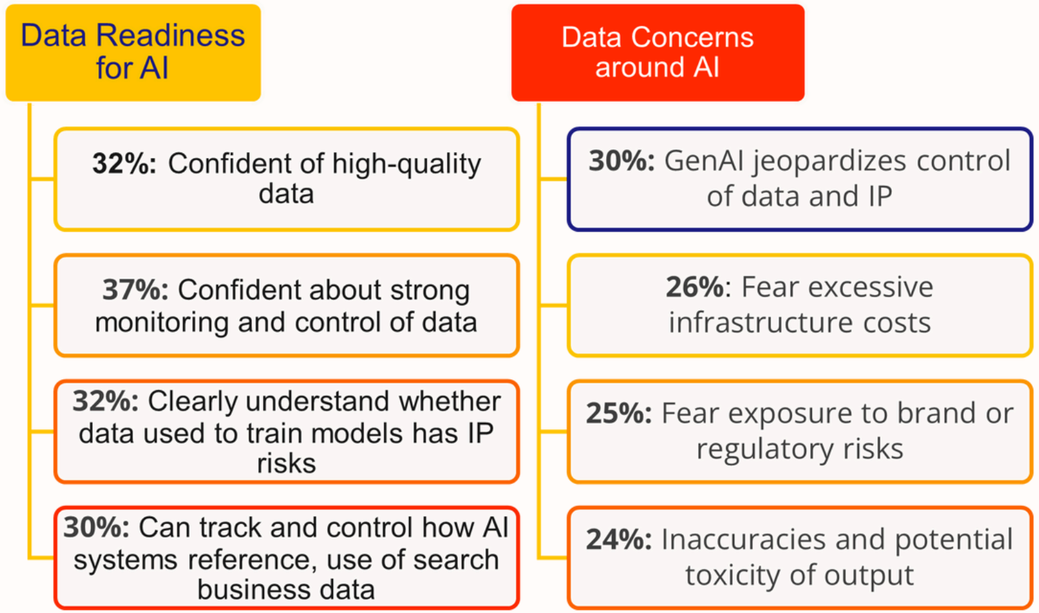
Digital leaders, pioneers of using GenAI to drive business growth, also lead on IT infrastructure



- Organizations with strongest revenue growth are also those with strongest IT infrastructure budget growth.
- Those more digitally advanced tend to invest more in IT infrastructure and get the best results of that investment.
- Unsurprisingly, these are also the organizations that are extensively using GenAI, as they are the most aware of the impact that investment in IT has.
- For the most advanced companies - the extensive use of GenAI, revenue and IT infrastructure budget are neck and neck, while less mature organizations lag in use of GenAI even compared to revenue and IT infrastructure budget growth.

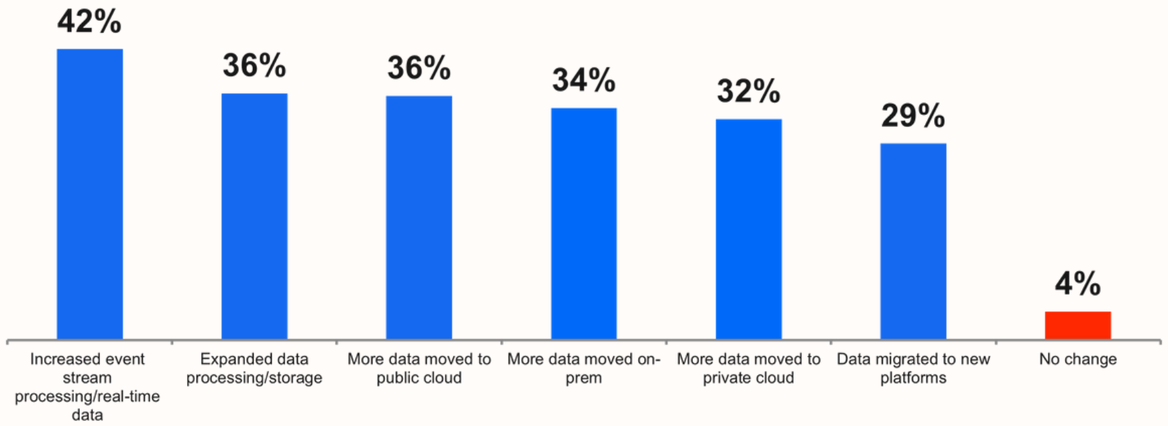
AI forces reappraisals of data architecture

GenAI and AI Agents feed on unstructured data – but organizations' traditional data architectural principles are commonly built for structured data. As a result, less than 4 out of every 10 organizations are confident about their data-readiness for current AI priorities.



But the good news is that almost all EMEA organizations understand that data architecture transformation is an imperative for AI-readiness.
This transformation involves adopting a holistic approach to data architecture on one hand, and focusing on strategic aspects such as data quality, integration, and governance. Building a modern data stack starts with the architectural elements: to ensure seamless data flow, real-time analytics, and intelligent decision-making processes.
Organizations are prioritizing storage and stream processing of real-time data. Although public cloud platforms remain important for AI experimentation and development, many European organizations continue to gravitate towards on-premise data storage, for security, sovereignty, compliance and privacy reasons.

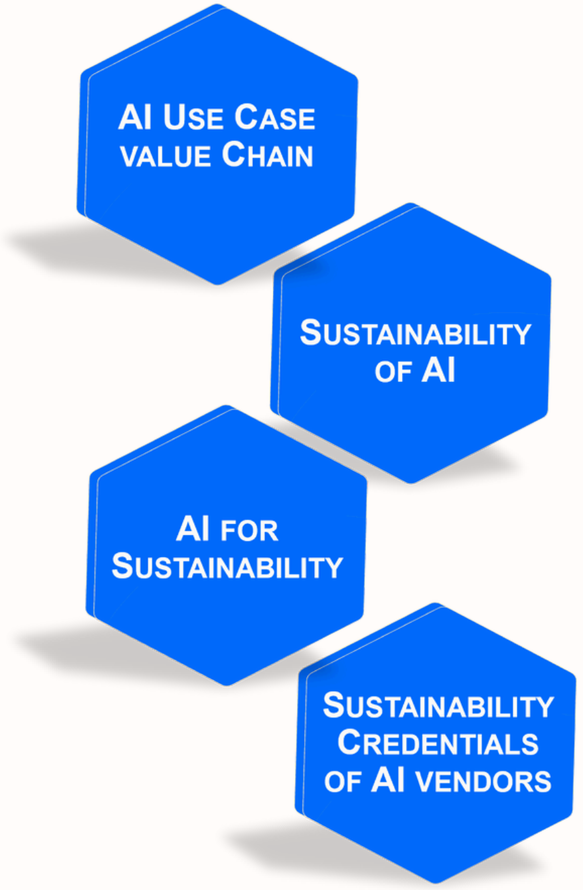
How has your organization's data architecture changed, or will it change, to support your current or planned AI initiatives?



Source: IDC's EMEA AI, Data, and Analytics Survey, September 2024 (n = 560); IDC FERS Survey, Wave 1, January 2024, n=881

The sustainability connection is closely watched

The life cycle of an AI/GenAI use case must be evaluated end-to-end to understand its net impact on people, society, environment and business. It requires measuring the net positive impact of an AI use case along the entire value chain.



The negative impact of AI deployment (i.e. resource consumption) need be assessed in context of use cases. For example, deploying a resource-hungry GenAI model to improve the efficiency of fossil fuel exploration will have a highly negative environmental impact. However, where AI/GenAI is deployed to support climate change adaptation in cities, the resource consumption associated with AI tech development is most likely offset by the much greater positive impact achieved from the energy efficiency improvements. Being able to showcase that an end-to-end AI/GenAI life cycle has a net positive impact in sustainability as well as commercial terms will become a differentiator for AI providers.

Sustainable AI

The concept of the "sustainability of AI" or sustainable AI, refers to the safe and responsible deployment and use of AI systems. It focuses on the guardrails that AI vendors and organizations put in place to ensure the responsible and ethical use of AI technology (social/governance angle) and on the environmental impact (resource consumption) of the underlying IT infrastructure.

AI for Sustainability

AI for sustainability focuses on use cases for AI-enabled IT solutions that accelerate sustainable transformation. For example, AI can be used to ensure sustainable sourcing and to monitor human rights across value chains, quality and safety assurance or to assess the environmental impact of production processes or suppliers. AI for Good involve deployments for charitable causes.

97% of EMEA businesses monitor negative social and governance impact of AI implementations.

91% of EMEA businesses are currently investing in AI for sustainability initiatives.

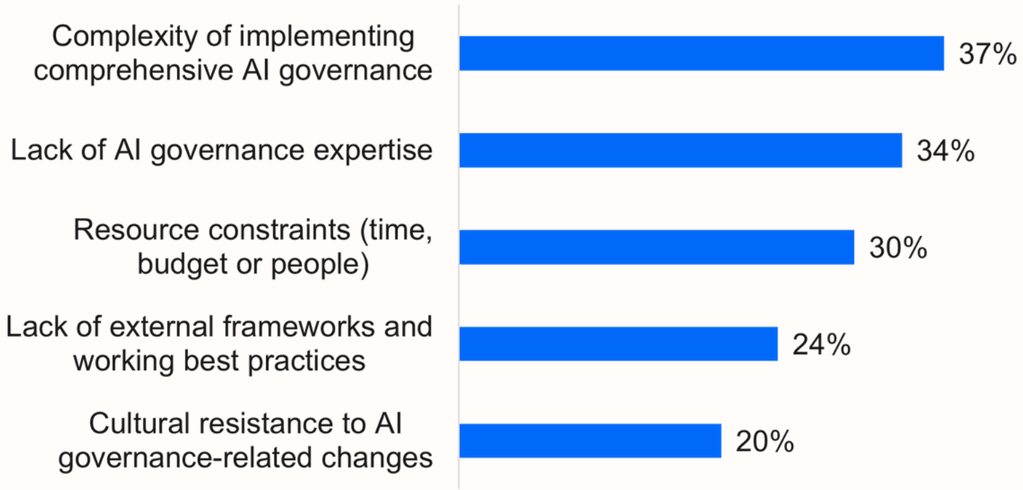
Source: IDC's EMEA Sustainability Survey, October 2024 (N=700),

AI governance: challenging but a strategic necessity for AI success

Key Considerations: AI governance remains incomplete without embedding employee readiness for responsible AI use, adherence to digital sovereignty principles to ensure control over data and infrastructure, and the integration of sustainability as a core design principle.

AI governance is overwhelming, fragmented and reactive, compounded by limited inhouse expertise and resource constraints.

What are the key barriers to AI Governance implementation?



- ☐ AI governance, by its nature, is fragmented. A unified AI governance model can help bridge these disparate components by integrating seven key activities: regulatory compliance, privacy, security, transparency, explainability, fairness, and accountability.

- ☐ Align Governance with strategy: Neither is complete without the other. Do not forget culture — align values and practices with external AI ethics commitments.

- ☐ Prioritization is key. Lead with strategy, prioritize the important elements in line with your risk appetite, and expand your governance approach to eventually encompass all responsible AI outcomes. To avoid duplication and unnecessary complexity, adapt and build upon existing governance frameworks within the organization.

Source: IDC Future Enterprise Resilience Survey (FERS) 2025 - Wave 1 Europe N=235

AI: resetting the digital sovereignty narrative

AI in cloud

Organizations have become increasingly concerned by the need to protect against extra-territorial data requests. Reducing risks from data, technical and operational dependency on a few global communications services providers (CSPs) is also key.

All this is compounded by policymakers' aspirations to boost national leadership in global AI economy.

What's the problem?

A combined 47% of organizations globally are either already using sovereign cloud to build AI solutions, or else plan to do so in 12 months.

While geopolitical risks have typically been the lowest drivers for sovereign cloud, the economic and geopolitical unrest so far seen in 2025 has led to worries around relying on extra-territorial tech vendors.

Vendor responses

AWS and e& have launched the "UAE Sovereign Launchpad" to accelerate the adoption of cloud and AI services for regulated industries.

In Europe, the EC is boosting its support of sovereign AI with the creation of "AI Gigafactories" and other initiatives backed by €200bn of private funding.

Now what?

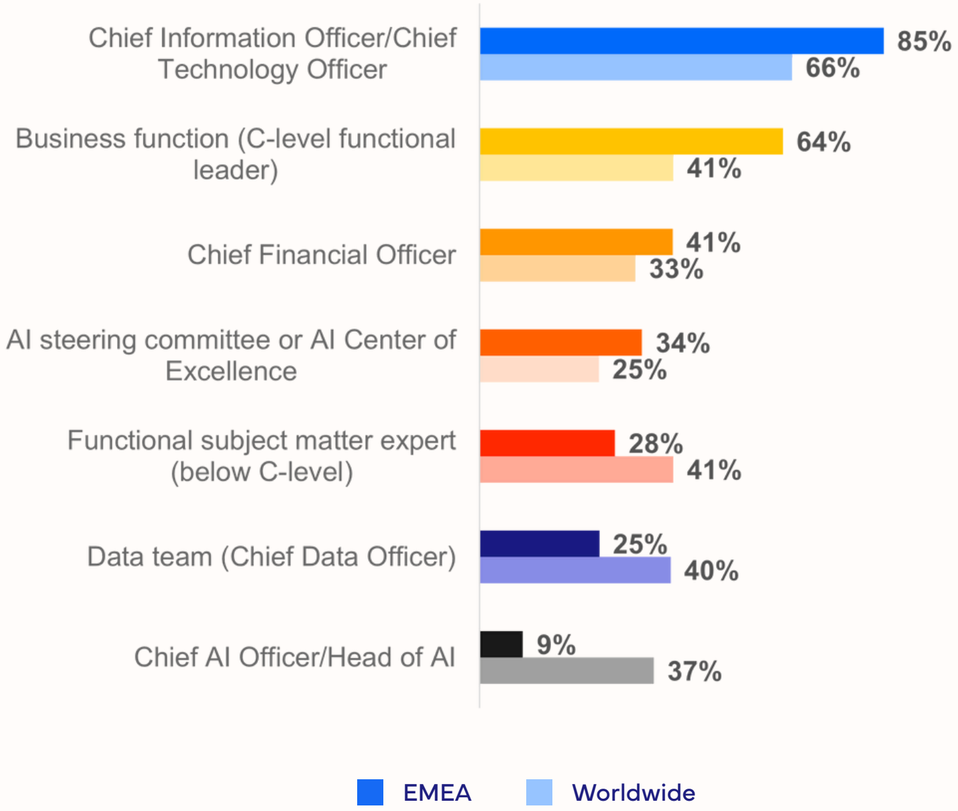
A reset in the digital sovereignty narrative is needed, with greater stress on 'risk management', as opposed to the emotionally- and politically-charged subject of 'sovereignty'.

The vendor focus should be on helping customers to overcome the challenges of high costs, complexity, and protections against unauthorised data access..

Sources: EMEA Cloud Survey, September 2024. Europe N = 1,325. IDC Europe, Worldwide Digital Sovereignty Survey 2024. Europe N = 250. Total N = 675.

CIOs and CTOs dominate as AI decision-makers

Who are the key stakeholders in AI purchase decisions?



Top final decision-makers

Fund AI investments and sign offs decisions

- CIO/CTO
- CISO/Head of Risk
- CFO

Top influencers

Influence and make recommendations on AI investments

- CRO
- CMO
- Head of CX

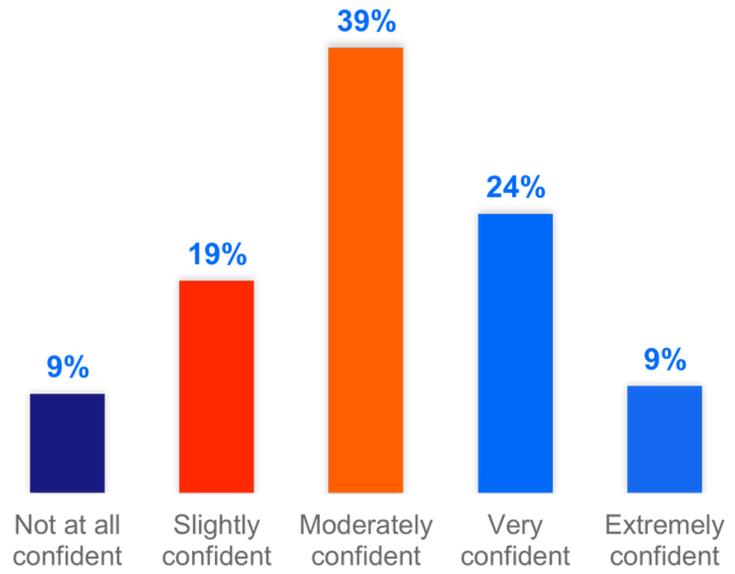
- **AI is reshaping C-Suite decision-making across EMEA:** Chief Information Officers and Chief Technology Officers, as key technology leaders, are the primary approvers of AI contracts. Chief Information Security Officers ensure AI solutions meet security and compliance standards, while Chief Financial Officers focus on funding and aligning AI investments with business outcomes.
- **Business executives in EMEA have stronger functional influence than the global average:** Roles like CRO, CMO, and Head of Customer Experience are among the top influencers, reflecting the high interest in GenAI use cases and PoCs within sales, marketing, and customer-facing functions.
- **The rise of AI committees:** Co-chaired by tech and business leaders, these committees are designed to drive a unified AI strategy, governance model, and execution framework across the organization.
- **The Chief AI Officer enigma:** Globally, the Chief AI Officer is a growing presence, but in EMEA, the role is less common—often filled by CIOs, CTOs, or CISOs—or it doesn't hold ultimate authority in AI decisions.

Source: IDC's Worldwide C-Suite Survey, October 2024 (n=121 respondents from EMEA with functional budget allocated to AI)

Employee sentiment and the change management challenge

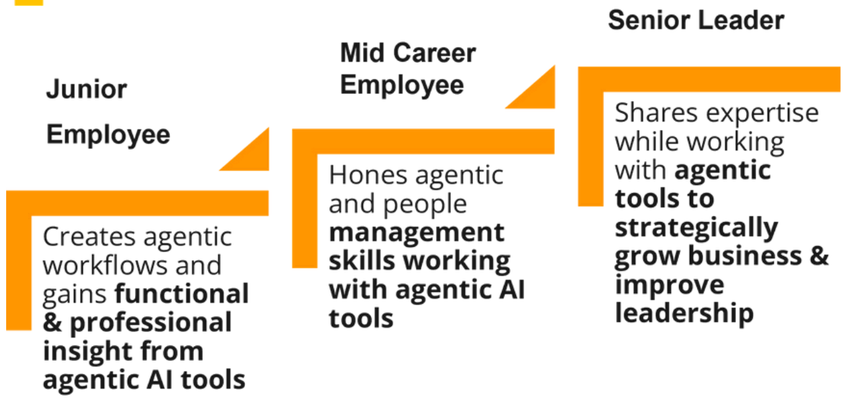
Most workers are acknowledging AI's impact on their roles, with 75% believing their roles will change. To succeed long-term, organizations must integrate change management into their AI strategy, as agentic workflows will significantly transform traditional employee lifecycles, but many workers feel unprepared

How confident are you in your ability to learn how to use AI at work?



Traditional Employee Lifecycle

Agentic Enabled Employee Lifecycle



Source: IDC's Global Employee Experience Survey, April 2025 (n = 4,100 respondents from EMEA)

The regional picture: an overview

Western Europe	Activity in major Western European countries is on par with activity in North America and parts of Asia-Pacific – but there is a strong focus on responsible, trustworthy AI and a growing desire to create sovereign AI capabilities to support diverse business interests.	**Business readiness:** Medium **Employee readiness:** Medium **Government focus:** Medium
Central & Eastern Europe	CEE is approaching AI as both a strategic priority and a sovereignty issue driven by ambition, EU support, and geopolitical pressure, but constrained by uneven organizational readiness and talent retention challenges.	**Business readiness:** Medium **Employee readiness:** Low **Government focus:** High
Middle East, Türkiye & Africa	In MENA in particular, government strategies are turbocharging local technology industry capabilities and driving inward investment.	**Business readiness:** Low **Employee readiness:** High **Government focus:** High

Key regional insights: Western Europe

Across major Western European countries, governments have begun to make and shape significant commitments to help develop local AI capabilities - with the aim of positioning countries as counterweights and alternatives to US- and China-centered ecosystems. These commitments typically span skills and education, technology industry support, and public sector commitments to embed AI.

For example:
France's national AI strategy continues to be implemented through ongoing investments in research institutions, encouragement of adoption. French AI foundation model provider Mistral, supported by this strategy, has continued to forge strategic infrastructure, finance and services partnerships to create a "sovereign AI stack" and drive broader inward investment.

The UK government published an AI Opportunities Action Plan, focused on investment in enabling infrastructure, AI implementation within the private sector, and the creation of a sovereign capability in "frontier AI". The Plan focuses heavily on how the government can support UK tech industry innovators and research groups.

In Germany, like France, a national strategy has been shaping research investments for some time. Now, key focuses include developing AI standards and regulations for industrial and critical applications – continuing Germany's strong focus on the importance of responsible, trustworthy AI – and the creation of new AI quality and innovation centers.

Organizational AI maturity is still modest in Western Europe, especially in relation to GenAI and Agentic AI. Although over three-quarters of organizations are now significantly investing in GenAI or have already implemented use cases in production, most of this activity has revolved around improving personal productivity, rather than around use cases that make an impact on business metrics.

AI Usage by individuals at work in Western Europe is progressing to a moderate degree:

- 34% of WE employees interviewed by IDC report that they use free AI tools as part of their daily work.
- 15% of the respondents indicate they personally purchased AI tools
- 21% say they are using the tools provided by their employers (IDC, Global Employee Experience Survey, 2025)

Key regional insights: Central & Eastern Europe

Governments in CEE are increasingly positioning AI as both an economic opportunity and a strategic necessity. Public-sector strategies, which are often supported by EU digital funds, combine national AI roadmaps with initiatives in data infrastructure, education, and public sector modernization. Poland, Czechia, and the Baltic States are aligning AI development with broader goals of digital sovereignty, particularly considering the war in Ukraine. The need to reduce technological reliance on external providers is also crucial for these strategies development.

The region wants to see itself not just as a fast adopter, but as an emerging contributor to Europe's AI capacity. There are lots of aspirations to localize more of the value chain, from data centers (e.g. EU AI Factories) to local language models.

Organizational readiness varies widely across the region. In sectors like manufacturing, logistics, and energy, larger firms are exploring use cases such as predictive maintenance, planning automation, and supply chain optimization. However, many local organizations, especially mid-sized and public-sector institutions, remain in early stages of adoption.

Common blockers include fragmented data environments, low trust in foreign platforms, and concerns around long-term control and compliance.

Concerns holding back AI adoption in CEE include the unpredictable cost of AI (44%), lack of internal skills to build and deploy it quickly (31%), and privacy or security risks (38%), followed by doubts about the quality of AI output, such as hallucinations, bias, and unreliability (24%). These figures illustrate a region where interest in AI might be rising, but confidence in its practical readiness and trustworthiness remains limited. It highlights the need for stronger local ecosystems, clearer governance, and targeted upskilling.

Governments are investing in national computing capacity, open data platforms, and AI skills programs. There's growing support for applied AI research and centers of excellence. However, talent availability remains a challenge. AI-skilled professionals are in high demand, and many are being drawn into global tech companies R&D centres localized in CEE, creating the risk of a brain drain.

In CEE, many employees feel that new technologies are introduced without enough focus on their needs or experience - with low employer support for AI tools and growing concern that AI could replace some jobs. At the same time, a large share turn to free AI tools on their own, highlighting a gap between individual interest and organizational readiness. Adoption by individuals at work in the CEE region is progressing strongly given all the government-led initiatives and due to competitive pressure.

- 41% of CEE claim company does not pay enough attention to employees' needs when introducing new technologies.
- 46% says employer focuses more on productivity/usage rates than on employee experience with new technologies.
- 35%, the largest share, use free AI tools, 11% use personally purchased AI tools, the smallest share compared with other regions, 19% use employer-provided AI tools, again this share is lower than in WE and META regions.
- 44% of CEE employees believe that some tasks/parts of their work will be affected by AI, 6%, higher than in both WE and META, see that AI may eliminate their role completely. Yet, 23% of CEE employees notices no AI impact on their job.

Key regional insights: Middle East, Türkiye & Africa

Major government led technology initiatives in the MENA region are driving AI transformation across public and private sectors, whereas in Africa, AI investments are more driven by the private sector.

For example:
Saudi Arabia recently announced a $100 billion initiative aimed at positioning itself as a key player in AI, data analytics, and advanced technology. Saudi Arabia has launched HUMAIN, a PIF (Public Investment Fund) owned company, which will invest across the AI value chain, offering next-gen data centers, AI infrastructure, cloud capabilities, and advanced AI models.

Stargate UAE is OpenAI's first international AI infrastructure deployment, launched with the UAE government, G42, Oracle, NVIDIA, Cisco, and SoftBank. This initiative is part of the U.S.-UAE AI Acceleration Partnership.

Qatar and US signed a deal with that would generate an economic exchange worth at least $1.2 trillion. AI will at the frontier of the investment initiatives.

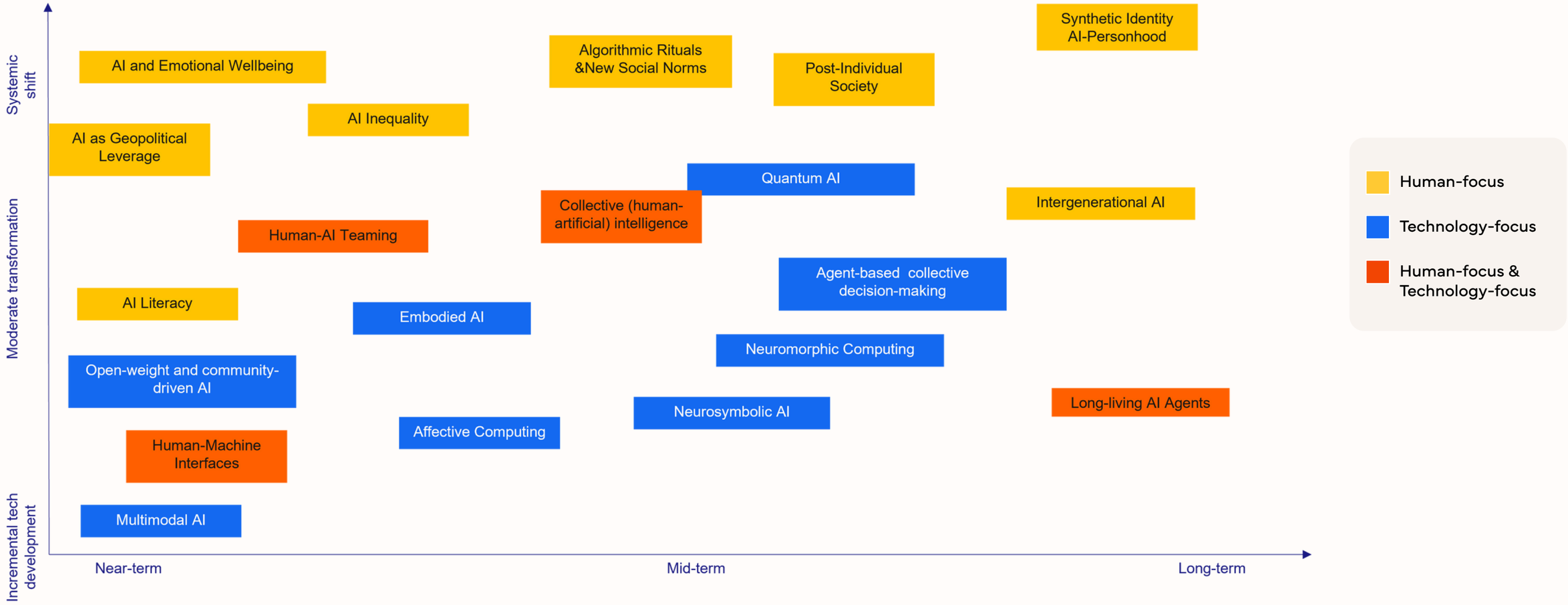
Organizational AI maturity is widely recognized as being in its early stages in META. Despite this, there is a strong and growing awareness of the need to invest strategically across the AI value chain to scale their existing initiatives and build long-term readiness.

Major investments are underway across META in infrastructure, data maturity, and AI platforms. Notably, in the GCC, many organizations are also working closely with consultants to develop comprehensive AI governance frameworks. However, on the African continent, progress in AI governance is unfolding at a more measured pace.

AI Usage by individuals at work in the META region is progressing strongly given all the government-led initiatives and due to competitive pressure.

- 60% of META employees interviewed by IDC report they use free AI tools as part of their daily work.
- 28% of the respondents indicate they personally purchased AI tools
- 34% say they are using the tools provided by their employers (IDC, Global Employee Experience Survey, 2025)

What's next? AI's impact beyond technology



This matrix illustrates how already present and emerging AI trends may evolve over time and they may differ in their transformative impact: from huge but still incremental technical enhancements to deep societal change. It is becoming clear that the human perspective: mental and economic wellbeing, values, or agency must be central to shaping AI's long-term role in the future of our societies and economies. While adoption paths may vary, these underlying human needs remain consistent across cultures and regions.

AI tech evolutions and impact beyond just technology

The chart on the previous slide presents a forward-looking view of emerging AI developments, structured by their expected time horizon and the scale of their impact on systems and society. It highlights areas that may shape the future beyond today's most discussed applications and focuses not only on new technologies but also on how they might alter human experience.

This is not a forecast of what is certain, but a directional map of possibilities worth monitoring. It deliberately leaves out other but ongoing forces such as AI workforce dynamics, data governance, and regulatory shifts that we discuss elsewhere in this document.

What this view emphasizes is the importance of looking at AI not just as a technical evolution, but as a set of changes with real societal implications. While some of the ideas may still feel speculative or 'sci-fi,' we think such horizon scanning is essential: many of today's mainstream tools started out as fringe ideas. Acknowledging this helps prepare businesses, policymakers, and societies for the long-term impact of AI.

Multimodal AI: AI that can process and generate content across multiple formats—like text, image, and sound—enabling more natural and flexible interaction.

Human–Machine Interfaces: Technologies that enhance how people interact with AI, from voice and gesture input to brain-computer interfaces.

Open-weight Models: Large AI models made available with accessible weights, allowing developers to adapt or audit them more freely than closed alternatives.

Neurosymbolic AI: A hybrid approach that combines deep learning with logic-based reasoning to make AI both more accurate and interpretable.

Neuromorphic Computing: AI hardware designed to mimic the structure and efficiency of the human brain, enabling lower energy use and faster learning and operating.

Quantum AI: The application of quantum computing to improve AI models by handling complex computations faster or more efficiently.

Long-living Agents: AI agents designed to operate over extended periods, learning and evolving through long-term interactions with users and environments.

Embodied AI: AI that controls physical systems, e.g. robots, often enhanced by software agents that allow more adaptive, goal-driven behavior.

AI Literacy: Public and professional understanding of how AI works and what it can and can't do. It is crucial for responsible, but also effective use of AI.

Algorithmic Consensus: Mechanisms by which AI systems or AI-influenced systems help shape group decisions, sometimes replacing traditional processes.

Collective Intelligence: AI systems that harness the input of many people and machines to solve problems or generate insights more effectively than individuals.

Human–AI Teaming: Collaborative systems where humans and AI agents work together, each contributing complementary strengths. These setups aim to enhance productivity, decision-making, and creativity.

Synthetic Identity / AI Personhood: The future possibility of treating advanced AI agents as entities with identity, rights, or responsibilities, either legal or ethical or both.

Post-Individual Society: A speculative idea that AI could support decision-making or memory at the group level, changing how identity and agency are defined.

Agent-based Collective Decision-Making: AI agents that help groups coordinate decisions or actions, potentially augmenting how teams, communities, or organizations function.

Intergenerational AI: AI solutions designed to support communication, care, and knowledge-sharing across age groups, especially between older and younger generations. These systems may help preserve memories, enable long-term companionship, or foster empathy through shared digital experiences.

AI Inequality: The growing gap in who benefits from AI technologies, often due to differences in access, resources, or infrastructure. It reflects risks that AI could deepen social or economic gaps unless addressed through inclusive design and policies.

Algorithmic Rituals & New Social Norms: The routines and behaviors people adopt in response to living with AI-driven systems (how we communicate, make decisions, or trust based on what algorithms suggest). These emerging patterns are going to shape new social norms in both personal and professional settings.

Advice for technology buyers

Based on the analysis in this ebook, we recommend that any EMEA organization considering adopting GenAI focuses on these six recommendations.

Prioritize use cases with measurable business value

Move beyond looking at personal productivity; find AI use cases that can "move the needle" on specific business KPIs, and then explore whether the foundations for success exist.

Look for the big picture

Although the dominant industry narrative focuses on the power of a few "frontier" GenAI models that are hosted in public clouds, the reality is that there are many more technology choices available, and different deployment options too.

Enable senior leaders to understand AI nuance

AI experimentation and investment has largely been driven by executive FOMO to this point, but many senior leaders remain blind to the complexities and challenges associated with delivering real business value from AI.

Get your AI operating model right

AI is an "umbrella" term that covers multiple technologies. Some are mature, and others are still experimental. For more mature AI technologies, implement a Center of Excellence (CoE) to help you scale project success; for more experimental technologies (like AI Agents), adopt a "lab" approach that tests the boundaries of what is possible, and that clearly measures impacts and assesses risks and shortcomings.

Don't forget people and process

Across EMEA, organizations are finding that employee readiness and eagerness to use the new wave of AI technologies is ahead of readiness around business platforms, data, and governance frameworks. Employees who are not well-supported will find ways to help themselves; regardless of policies or rules.

Find true partners

Most organizations will need help from consulting and implementation service providers. Find true partners that will transfer knowledge and collaborate, bring you choices from multiple technology sources, and help you understand and work through AI opportunities, challenges and risks.

Advice for technology suppliers

Based on the analysis in this ebook, we recommend that any technology supplier considering implementing AI as part of their product / service portfolio focuses on these six recommendations.

Resist the urge to over-promise

AI industry hype is endemic, and increasingly, buyers are skeptical. Avoid grandiose predictions about future industry transformation and focus on providing examples of how you deliver real, measurable value.

Embrace environmental complexity

Organizations are increasingly looking for technology options that align with their existing technology investment strategy. Choices beyond public cloud deployment are becoming more attractive, boosted by sovereignty concerns.

Share real customer stories

Customers are desperate for real-world examples. Develop partnerships with customers that can help you learn – and then demonstrate to others – how to deliver real business value.

Keep educating

A lack of AI skills continues to be a major inhibitor of market development. Consider educational content, certifications and partnerships that go beyond technical skills; business leaders need to understand AI reality too.

Understand country and regional differences

Perhaps more than in any other technology introduction of recent decades, individual countries and subregions across EMEA exhibit important differences that must shape your go-to-market efforts.

Build local ecosystems

Ecosystems of technology and implementation partners are evolving quickly across EMEA. Find and nurture partners that bring regional and / or industry expertise, as often they will be critical to success.

Digging deeper in EMEA

Cloud

Overview

AI in Cloud in 2025: Key Points

- Cloud providers are seen as strategic GenAI and agentic AI partners as they offer innovative AI solutions at a fast pace. This includes scalable infrastructure and specialized tools that facilitate the deployment and management of AI models and applications as well as access to LLMs and agentic AI developer environments and applications like chatbots.
- Clients recognize that GenAI and agentic AI use requires substantial computing power and access to fast-developing AI features, functionalities, applications, platforms and models, which cloud providers readily offer. For businesses progressing on their AI journey, collaborating with partners that can provide the entire technology stack required for GenAI and agentic AI deployment is a practical approach.
- Companies anticipating the impact of integrating AI into the cloud foresee several significant outcomes. Foremost among these is the emergence of new cybersecurity threats, reflecting concerns about the vulnerability of AI-driven systems to malicious exploitation. Additionally, there's an expected surge in demand for computing power to support AI applications, which aligns with the growing complexity of corporate IT environments. This complexity necessitates internal upskilling efforts to bridge knowledge gaps and adapt corporate cultures to accommodate AI technologies effectively. Alongside these adjustments, companies are bracing for potential spikes in cloud costs as they expand their AI capabilities within cloud environments, indicating a multifaceted challenge ahead.

Impact Examples

Cloud providers are increasingly playing a dual role in the AI landscape.

On one hand, they offer their own suite of AI services, which can range from machine learning platforms to specific APIs for vision, language, and speech recognition as well as coding tools. These in-house capabilities allow businesses to integrate AI functionalities directly into their applications with relative ease. On the other hand, cloud providers also act as platforms that host third-party AI offerings. This marketplace approach gives enterprises the flexibility to choose from a wide array of AI solutions and LLMs that best fit their needs.

This dual role is particularly beneficial for businesses looking to deploy AI applications. They can take advantage of the cloud provider’s AI services for certain tasks while also tapping into specialized AI capabilities from third-party vendors for others. This hybrid approach can lead to more robust and versatile AI implementations, as companies are not limited to the tools provided by a single vendor. Furthermore, it fosters a competitive environment where AI service providers, both large and small, innovate to offer the most effective and efficient solutions.

Market shaping factors

Market Drivers

European organizations are on the path to becoming AI-driven digital businesses.

- Cloud providers are seen as strategic partners to provide early access to comprehensive AI applications, models , data sets and services. They are seen as the leaders in adopting and delivering AI solutions and customers want to learn from them.
- Cloud providers also offer access to the compute infrastructure necessary to run AI applications at scale. They ensure that customers have access to the latest AI-ready infrastructure that is running in hyperscale and sustainable datacenters.
- Cloud providers also ensure that the highest regulatory and compliance standards are being met and that customers get access to a secure cloud platform to run their AI applications on.
- Cloud providers are under an enormous pressure to offer choice of AI solutions and models to their customers, while developing and promoting their own AI applications and models.

Risks and Challenges

The escalating complexity of the corporate IT landscape presents a myriad of new challenges for organizations across various fronts. From management and governance to data management and financial operations (FinOps), businesses are grappling with the intricacies of integrating AI into cloud environments seamlessly. With the proliferation of diverse technologies and platforms, managing and governing IT resources effectively becomes increasingly daunting. This complexity extends to data management, where businesses must contend with the sheer volume, velocity, and variety of data generated by AI applications.

When asked about their primary concerns regarding AI utilization in the cloud, organizations highlight several key areas. Chief among these is the importance of data privacy and security, reflecting apprehensions about safeguarding sensitive information amidst AI-driven operations. There is a strong emphasis on addressing skill and expertise gaps within organizations, suggesting a need for comprehensive training initiatives to harness AI effectively. Concerns also extend to performance and latency issues, underscoring the significance of optimizing cloud infrastructure for efficient AI deployment. Ensuring system reliability and minimizing downtime emerged as critical considerations, indicative of the need to maintain continued business operations. Companies are concerned about regulatory compliance as they feel pressured to align their AI implementations with ever changing legal frameworks.

Future Developments

Geopolitical uncertainty drives the need for hybrid cloud AI deployments, to balance the benefits of cloud computing with the need for data privacy and control. Hybrid environments allow businesses to leverage the computational power and AI capabilities of the public cloud while keeping sensitive data on-premises or in a private cloud. This approach ensures that companies can take advantage of the scalability and efficiency of cloud resources for AI processing, while also adhering to regulatory requirements and maintaining the confidentiality of critical information.

By selectively placing workloads in the public cloud and others in a more controlled environment, businesses can optimize their AI initiatives for both performance, compliance and sovereignty.

Private clouds offer a dedicated infrastructure solely used by one organization, providing a higher level of control over data and applications. This is particularly appealing for industries that handle sensitive information, such as healthcare, finance, or government.. As these organizations seek to harness the power of AI while maintaining strict data governance standards, the demand for private cloud solutions is likely to increase.

The build out of AI factories in Europe will provide an interesting alternative to public cloud-provided AI solutions.

Digging deeper in EMEA

IT Services

Overview

AI in IT Services in 2025: Key Points

- IT service providers accelerated AI activity in 2024 and into 2025, building their portfolios and capabilities, driven by investments, partnerships and M&A activity.
- While AI has impacted IT service providers externally - through product portfolios, GTM strategy and messaging - it has also been embraced internally. As a result, service providers are leveraging AI to enable accelerated and more efficient customer response. The use of internal AI tools, such as IBM Consulting Advantage, are being leveraged to orchestrate existing knowledge in the design of customer engagements.
- With the potential for AI to augment and even replace human tasks in the delivery of IT services, it is critical for service providers to focus on the additional value they can provide through the infusion of AI into their services.

Impact Examples

- IT service providers have invested heavily in the development of internal AI IP, manifesting in their own AI platforms which customers can build on top of. Platforms including Fujitsu's Kzuchi, Cognizant Neuro, and Lutech's BrAIn are being sold as the foundation for their customers AI ambitions.
- Partner ecosystems remain critically important in the AI era, and IT services providers have continued to evolve and develop their ecosystems accordingly. Q1'25 saw service providers deepen their relationships with NVIDIA, such as the creation of an NVIDIA business unit by Accenture, as well as partnerships with AI specialists, such as Capgemini with Mistral AI.
- Equipping and empowering staff with the necessary AI skills is a key aspect of the impact of AI on services providers, from formalized training programs, through to internal environments where staff can experiment with AI tools and applications to build proficiency and create new use cases, such as TCS's AI Experience Zone.
- Perhaps the strongest illustration of the impact of AI on IT service providers is revenue, such as the $600m in revenue Accenture generated from GenAI in its Q2 2025 financial period.

Market shaping factors

Market Drivers

In 2025, the majority of European firms consider themselves to be digital businesses, and unsurprisingly, the no.1 business priority for European CEO's is the advancement of digital business initiatives. (1) A key part of the digital business journey is reshaping the business model from traditional to digital.

Yet the European business environment is very tough, and while IT budgets are being squeezed as a result, they are really being prioritized to focus on the areas most critical to the business. In that context, IDC research finds that AI and Automation initiatives and projects is the no.1 area most immune to budget reduction in Europe. (2) All of which plays into an important underlying desire to do more with less, and as a natural extension of digital transformation, there is the opportunity for organizations to augment and potentially replace menial tasks with AI, allowing staff to focus on higher value tasks.

Therefore, market drivers and ultimately the opportunity for IT service providers is enabling European organizations to advance their maturity as digital businesses and to incorporate AI as a key mechanism to achieve this. But incorporating AI into the enterprise, big or small, is extremely challenging. In engaging with clients, IT services providers have opportunity to be the business, technical and thought leadership partners that their clients can rely on to achieve their AI ambitions.

(1) Source: IDC Worldwide CEO Survey, February, 2025

(2) Source: Future Enterprise Resiliency & Spending Survey Wave 3, IDC, April, 2025

Risks and Challenges

The AI opportunity for IT service providers is directly associated with IT spending from clients and prospects, and so any economic downturn represents a key headwind to be navigated. The rapid and continuing evolution of AI has the potential to confuse and create hesitancy in client organisations. The security of AI, and how it handles sensitive data is critical as the data often represents highly confidential customer information.

With AI being a nascent and rapidly developing technology, the skills base is critical to its continued evolution and implementation. Yet there is only a single talent pool which IT service providers and clients can hire from, and as a result, the competition for talent drives up the cost of skills, underlining the criticality of plentiful and relevant learning and development programs for service providers to bolster their skills base. With services delivery and the services themselves using AI, service providers must anticipate greater scrutiny of pricing and be prepared and able to clearly demonstrate the additional value they are able to provide to clients with AI-infused services over traditional IT services.

Future Developments

Evolving and aligning with market demand is a skill IT service providers have had to master. As the digital transformation revolution took hold, service providers had to change to become digital-first in their approach to client needs. The latest chapter in this evolution is the need to become AI-infused service providers, aligning with market demand. A key example driving this evolution is the 85% of European firms performing initial testing, running PoCs and investing significantly in Agentic AI, such that Agentic AI is clearly forming the next focus area of AI in Europe - which service providers need to meet. (3)

Therefore, IT service providers must be capable of developing AI-led value engines that seek to create customer experiences meeting innovation, modernization and foundational needs.

(3) Source: Future Enterprise Resiliency & Spending Survey Wave 3, IDC, April, 2025

Digging deeper in EMEA

Telecoms

Overview

AI in Telecoms in 2025: Key Points

AI is playing a vital role in 2025 for telcos' digital transformation journeys.

- AI has become a cornerstone of the transformation efforts within telecommunications companies, as they aim to enhance customer experience, boost operational agility, and drive profitability. By leveraging AI, Telcos are addressing critical challenges such as network instability, operational inefficiencies, and the growing demand for more personalized services. As AI continues to evolve, its impact is expected to generate deeper insights and deliver much needed stronger financial performance for the telco.s
- AI in the Telco ecosystem can be categorized into three areas: AI in Telco refers to AI used to manage and optimize network infrastructure, such as through initiatives like the AI-RAN alliance. AI for Telco encompasses the integration of AI within the OSS/BSS and cloud layers, with many documented internal use cases. AI by Telco represents the monetization of AI capabilities, including offerings like AI Factories and GPU AI-as-a-Service platforms.
- The EMEA Telco Transformation Survey 2024 reveals that 78% of EMEA telcos expect to use off-the-shelf AI models for customer service, while only 37% see themselves as AI consumers for network optimization. As AI is applied closer to the OSS and networks, telcos increasingly want to configure and adapt existing models to fit their needs, and the most progressive telcos are moving towards becoming AI creators, designing and building AI solutions for internal usage.

Impact Examples

- Most AI announcements in the telecoms industry have primarily focused on customer service as the dominant use case. However, Gen AI is increasingly being applied to enhance a broader range of telco business functions (including network operations and employee productivity) as well as service offerings to public/business customers.
- One example is “Trusted GenAI powered by Orange Business,” where Orange has launched two GenAI offers hosted in its trusted Cloud Avenue platform in France. These solutions leverage high-bandwidth servers and GPUs within Orange data centers and are co-developed with HPE, which supplies the hardware infrastructure through HPE GreenLake. This initiative enables Orange to deliver secure, enterprise-grade GenAI capabilities tailored to business needs.
- Another major initiative is the strategic collaboration between Microsoft and Vodafone, announced in 2024. Through this partnership, Vodafone is integrating Microsoft’s Azure OpenAI and Copilot technologies to deploy GenAI across its customer service, internal operations, and developer environments. The goal is to enhance customer interactions with AI-driven digital agents, streamline workflows, and empower Vodafone employees with intelligent productivity tools, all within a secure, scalable cloud framework.

Market shaping factors

Market Drivers

- C-suite executives across industries increasingly identify infrastructure, cloud and networking communications as key investment priorities for AI initiatives. This strategic focus underscores a broader, cross-industry imperative to establish the technological and networking foundations necessary for the successful deployment, integration, and scaling of GenAI solutions across their business functions as use cases continue to mature.
- In the telecommunications sector, this has prompted a reassessment of budgets, with many Telcos restructuring their investments to effectively support AI adoption both internally and externally to serve their B2B and B2C customer base and is emphasized by current spending trends. According to our IDC EMEA Telco DX Survey 2024, 44% of GenAI-related IT budgets for Telcos are allocated specifically to public cloud infrastructure. This allocation reflects the foundational role cloud platforms play in enabling scalable, flexible, and high-performance AI operations. The same survey revealed that 45% of Telcos recognize that collaboration with partners is one of the top two enablers for realizing the full potential of AI and machine learning.
- These strategic partnerships provide access to specialized expertise, cutting-edge technologies, and essential resources, factors that are crucial for driving innovation and ensuring successful AI implementation.
- As Telcos across EMEA expand their AI capabilities, a dual focus on strategic partnerships and robust cloud infrastructure is emerging as a cornerstone of their transformation strategy, empowering them to stay competitive and fully harness the benefits of AI and machine learning.

Risks and Challenges

Across EMEA, there are sub-regional differences that highlights the diverse challenges Telcos encounter as they navigate the complexities of integrating Generative AI into their operations.

- European telcos consider data privacy and security as the foremost risks when leveraging Generative AI, highlighting the critical importance of safeguarding sensitive information and adhering to stringent regulatory frameworks like GDPR. This concern reflects the region's strong focus on compliance and the need to protect customer data in an environment where privacy violations can lead to severe legal and reputational consequences. As a result, European operators are prioritizing robust security measures and transparent data handling practices to mitigate these risks while still benefiting from AI-driven innovations.
- In contrast, Telcos in the MEA region are increasingly grappling with issues related to bias and fairness in AI, as well as the potential dangers of hallucinations and misinformation. The risk that AI models might produce incorrect or misleading outputs is particularly concerning in markets where digital literacy and access to reliable information vary widely. MEA operators are especially focused on ensuring that AI-driven insights and decisions remain unbiased, particularly when processing real-world data that may reflect existing societal inequities. This concern underscores the broader ethical implications of AI deployment and the need for careful oversight to prevent unintended consequences that could undermine trust in AI technologies.

Future Developments

- IDC expects regulatory and industry bodies to consolidate the standardization of GenAI implementations in Telco environments to ensure quality and security. The AI Hardware landscape will be diversified with players developing AI Silicon capabilities focused on Telco-specific workloads. Furthermore, Telco-specific Models will be available for Operators to adopt and customize for specific tasks.
- In 2025, The focus will turn to developing more vertical specific use cases, especially around the knowledge management domain where Gen AI can be used to enhance the reporting, analysis and understanding of network operations and customer insights.
- Telcos, as trusted national technology providers will start to plan/roll-out AI factories with a focus to sell gen AI training and inference computing capacity to public sector and business as a new telco business line. These telcos will pitch to deliver sovereign AI solutions, enabling regional governments and enterprises to build, customize, and deploy generative AI applications. By evolving into "AI factories," telcos can harness accelerated computing infrastructure, software, and services within their existing data center networks to provide AI-driven intelligence at a national scale.

Digging deeper in EMEA

Enterprise applications

Overview

AI in Enterprise Applications in 2025: Key Points

- Leading application vendors are building out embedded generative AI capabilities as well as launching the first AI agent builder tools. What they are trying to do is to cover application-centric agent or automation needs. The use cases for these types of agents are likely to be related to horizontal core business processes, such as procure-to-pay, order-to-cash, record-to-report, etc.
- Another key Enterprise Applications theme is the platform. All major application vendors are investing a significant proportion of their R&D capability in building out their platforms (data management, automation, process mapping, AI, integration, etc.). The surge of generative AI after 2022 have accelerated this trend, especially in the area of data management.
- One of the key AI initiatives among the Enterprise Application vendors is the AI-powered copilot. Vendors such as SAP (with its Joule copilot) and Sage (Sage copilot) are positioning their copilots as alternative user experiences, which simplifies getting work done compared to traditional application navigation through menus and mouse clicks.
- A key controversy around AI in enterprise applications is how customers must pay for AI functionality. Oracle and Workday have pioneered approaches where AI is embedded into existing licensing, meaning that customers are not charged the use of AI-powered functions. Other vendors are selling bundles of prompts or "AI units" as well as limited AI functions to premium versions of the application.

Impact Examples

- **SAP** has focused its AI efforts on SAP Joule, which is a generative AI–powered business copilot that enables users to interact with SAP using natural language. It is designed to enhance productivity across SAP's cloud suite (e.g., Finance, HR, Procurement, Supply Chain, CRM) by embedding intelligent assistance, automation, and multi-step workflows into the user experience. Customers can build capabilities themselves using the co-code Joule Studio.
- **Oracle** has a strategy of infused AI throughout its Fusion Cloud suite (ERP, HCM, SCM, CX) delivering predictive insights, generative text support, and intelligent assistant features at no additional per-use cost beyond standard subscriptions. Oracle also offers a low-code/no-code tool called AI Agent Studio to enable customers to build capabilities themselves.
- **Workday** has branded its core AI/ML engine Illuminate, which power AI capabilities across HR, Finance, Talent, and Planning and includes role-based AI agents for key workflows including Payroll, Contracts, Financial Auditing, Recruiting, Expense Management, and Compliance. The Agent System of Record (ASR) centralizes management—governing deployment, costs, accountability, and phasing out agents across human and digital workforce. It also offers tools and APIs for customers and partners to develop AI capabilities themselves.

Market shaping factors

Market Drivers

- The number one market driver is that buyers expect enterprise applications to natively supply AI functionality. A recent EMEA Enterprise Applications survey clearly showed that the current AI capabilities and/or roadmap was a key decision criteria.
- Another key driver is that application vendors with their ownership of application data, user authentication and authorization, transactional context, and existing commercial relationship are very well placed to deliver application-centric AI capabilities to customers.
- Furthermore, AI opens new opportunities for application vendors to simplify the user experiences via natural language user experience, customizations via AI-driven no-code/low-code environments, and data management & analytics via AI-driven data quality and augmentation capabilities.

Risks and Challenges

A number of factors are inhibiting usage of AI-powered enterprise applications:

- Customers are risk-averse and are not switching on AI functions in SaaS applications. Eventually they will, but adoption is delayed due to risk concerns.
- AI-powered functions are typically only available in SaaS applications, which prevents usage among customers with hosted or on-premise software editions.
- Cost concerns can also prevent adoption of AI-powered enterprise applications if licensed on a usage-basis, e.g. via AI credits.

Future Developments

A key discussion relates to how customers will consume enterprise applications in the future. Microsoft CEO stated that SaaS applications will increasingly be replaced by an AI tier, meaning that most usage will eventually go around today's user interfaces.

IDC does not believe that 'traditional' SaaS applications will disappear, but – to Satya Nadella's point – conversational and agent-driven usage of enterprise applications will increase significantly in the future. Having the best platform (as opposed to the best application) will be a key competitive battleground among the application vendors over the next five years.

Digging deeper in EMEA

Security

Overview

AI in Security in 2025: Key Points

- According to IDC's 2025 European Security Technologies and Strategies survey, 43% of organizations have adopted GenAI tools such as copilots as part of their cybersecurity software suite. In most cases, customers opt for solutions that are included within their enterprise license bundles, however around a quarter of those adopters are willing to pay a premium on top of their existing license to get the capabilities they need.
- To date, the top three areas where European organizations are using GenAI tools to enhance their security capabilities are: malware analysis (29%); incident response and investigation (28%); and security testing and vulnerability assessment (28%). Looking ahead, the most frequent areas for planned adoption are attack path simulation and GRC.
- More than 80% of respondents say using GenAI tools has improved the efficiency and effectiveness of their security operations. Two fifths of those say they've seen a significant improvement, the remainder only a slight improvement. There is still some way to go before the outcomes reached are so widely compelling that mass adoption becomes inevitable.
- Enterprise adoption of AI and GenAI applications and infrastructure is not without its challenges, including those faced by the security teams tasked with protecting those systems. The biggest pain points include a lack of visibility of AI solutions employed across the organization (shadow AI), a lack of standardized frameworks and best practices for AI security and risk management, and a lack of expertise and skilled personnel in AI security. Security vendors need to help their customers address these challenges.

Impact Examples

In many cases, the low-hanging fruit of early GenAI adoption in security was natural language querying. For many vendors, providing that mechanism for security operations analysts to rapidly query a detection and response platform massively accelerated triaging and investigations, leading to faster remediation.

Over time, in combination with a substantial shift to security platforms, AI became a tool that infused almost every aspect of those platforms, adding new capabilities or extending existing ones:

- Detection and response platforms, for example, use AI to enrich alert summaries, guide investigations, or provide remediation recommendations.
- Identity vendors use AI to help admins rapidly create new identity workflows, to automate machine account discovery and classification, and to provide AI-informed access modelling.
- AI is used to automate and enhance security testing and validation activities such as penetration testing, vulnerability scanning, code analysis, and configuration auditing.
- Within DSPM and DLP solutions, AI-driven capabilities increase the efficacy of identifying and classifying sensitive data across vast unstructured datasets.
- GRC vendors are using AI to streamline security compliance by automating policy management, support audit readiness, and ensure continuous alignment with regulatory frameworks.

Market shaping factors

Market Drivers

- AI Amplifying Cyber Threats: Malicious actors are leveraging Generative AI to enhance existing tactics and techniques—such as crafting sophisticated phishing emails, conducting reconnaissance, cracking passwords, and generating deepfakes and malware. While novel attack methods have not yet emerged, experts anticipate a rise in automated cyber-attacks as Generative AI and AI Agents gains broader adoption. To stay ahead of cyber adversaries, it will be crucial for security teams to embrace AI and automaton into their security strategies.
- AI Enhancing Security Operations: The sheer volume and growth of security logs, event data, and threat intelligence now exceeds what security teams can process effectively. To address this, leading security providers are embedding AI into their product strategies—aimed at enhancing analyst productivity, automating routine tasks, and enabling security teams across the organization to derive greater value from existing technology investments.
- Security of AI: Traditional threats—such as data exfiltration, leakage, DoS attacks, and API breaches—remain significant AI-related risks. At the same time, new AI-specific threats are emerging, including model poisoning, prompt injection (direct and indirect), and LLMjacking. While traditional security measures like data loss prevention and identity controls are still essential, they may fall short against advanced adversarial attacks. As a result, specialized solutions are now emerging to protect AI applications, models, and systems. Their capabilities range from visibility of the AI estate to vulnerability scanning and automated penetration testing to prevention and detection of attacks on AI systems.

Risks and Challenges

- AI agents are the next big challenge in non-human identity (NHI) management. Sharing some characteristics with human identities (privilege, access rights) but carrying out exponentially more actions (API calls, data access), managing agent identities at scale must be a key focus for security, privacy, and compliance. Further security risks include rogue actions, sensitive data leakage (via memory poisoning or protocol flaws), and increased human and operational risks such as oversight overload, traceability and increase in attack speed and impact.
- Visibility – and shadow AI – remains a major challenge for security teams tasked with protecting GenAI assets within their organization, as well as their enterprise data. Implementing robust AI governance frameworks is crucial, along with continuous monitoring, strict access controls, and regular compliance audits. Cost management can be a knock-on issue from shadow AI and may also require dedicated tools.

Future Developments

AI Agents is emerging as the next evolution of AI in security, with early capabilities focused on task-specific autonomy—automating specific, well-defined tasks within policy-driven constraints, rather than enabling fully autonomous agents with dynamic reasoning or self-directed goals. Emerging use cases centre on:

1. Incident Response: Automates alert analysis, telemetry collection and resolution with minimal human input.
2. Security Posture & Compliance: Automates GRC tasks, policy updates, and control validation to maintain compliance.
3. Threat Intelligence & Detection: Aggregates and analyzes threat data at machine speed, tailored to organizational needs.
4. Non-Human Identity Management: Controls the lifecycle and access of machine identities to prevent misuse and enforce least privilege.
5. Exposure Management: Integration of agentic AI and digital twins to enable organizations to continuously simulate cyberattacks, validate their defenses, and mitigate risks within a virtual environment.

Digging deeper in EMEA

Software delivery

Overview

AI in Software Development and Delivery in 2025: Key Points

- The “AI Software Delivery ” space continues to be aggressively shaped by the supply side, with vendors retuning their positioning in relation to a) the “Software Delivery for AI ” market, b) the “AI for Software Delivery ” market or c) both.
- For most parts of the industry, “Software Delivery for AI” has been the most accommodating market as vendors work to reinvent their portfolio and their place within that value chain.
- Within the “AI for Software Delivery” space, strong VC investment ($0.7 billion in early funding rounds) supported the emergence of startup disruptors targeting specific areas, and especially the AI-assisted application development arena, with the ambition to create best-of-breed alternatives to large generalist GenAI platforms.
- The efforts to internalize an AI software infrastructure stack among EMEA organizations and own the AI value chain end-to-end, accelerates initiatives to streamline and modernize existing software delivery and engineering practices; EMEA organizations are adjusting agendas to operationalize AI software delivery engines and re-optimize software delivery workflows for AI.
- Within the “AI for Software Delivery” domain, end user organizations in EMEA have been driven by cautious experimentation with AI; agentic capabilities, as the latest evolution of AI, are tested with higher scrutiny due to bigger complexity emerging across workflows and nascent vendor offerings.
- Furthermore, relative to their North America counterparts, organizations in EMEA tend to be more conservative/reluctant in adoption, not least because of a recalibration of minimal sovereignty requirements in light of broader geopolitical shifts.

Impact Examples

Within the “AI for DevOps” space, a multitude of vendors are developing agentic capabilities that helps teams reduce “time through pipeline”, such as GitLab, Microsoft/GitHub, Perforce, Atlassian, Harness; agent-based software testing is an area commonly targeted by DevOps vendors, besides testing specialists, whose evolution towards Agentic AI is inevitable.

Within cloud native software deployment and infrastructure automation, vendors such as Komodor, Red Hat or Northflank incorporated capabilities that lower the management barriers and improve operator/engineer experience when dealing with complex environments such as Kubernetes.

Within the data engineering and integration space, most vendors (e.g., MongoDB, Confluent, AWS, Google, Broadcom) refocused their portfolios towards easing the coupling of data environments within LLMs and software infrastructure.

Market shaping factors

Market Drivers

- Within the "Software Delivery for AI" domain, rearchitecting the software infrastructure stack and implementing AI-centric software delivery practices (e.g. new methodologies for testing, governance/compliance) are pushing demand and, consequently, compelling vendors to act on it.
- 18-20 months into a hyper-heated arena, moving from Generative AI to Agentic AI refreshes/rebalances the interest among end user organizations in the "AI for Software Delivery" domain. Agent-led software engineering tasks present higher promises around the ability to productize use cases and demonstrate value relative to generic GenAI.
- Beyond, AI-assisted coding and documentation, which showed promising implementation with GenAI, new areas expand for bot-based automation, including agentic DevOps/pipeline automation, agentic configuration, monitoring and remediation, or agentic site reliability engineering.

Risks and Challenges

- Economic environment coupled with a dramatic shift in US-European strategic relationships creates an unfavorable economic and geopolitical context where organizations in the EMEA region seek to build AI software delivery self reliance. However, many organizations, as well as the domestic vendor/provider ecosystem will likely need time to build expertise in AI software delivery, which can result in stalled or delayed investments.
- An aggressive launch of agent-centric offerings by vendors while those offerings may not be yet market-ready is increasing scrutiny over such technologies and may diminish confidence in ability to present credible business cases.

Future Developments

- Open source communities will continue to innovate around AI software infrastructure, language models, data sets, and possibly AI development kits. In the long run, this introduces varied options for end user organizations and lowers their exposure to proprietary offerings, yet at the same time creates knowledge/expertise fragmentation (impacting skills) and complexity (impacting landscapes and their architecture).
- More industry standards and protocols (e.g. similar to MCP) are likely to emerge in the mid term to enable organizations to couple technologies together at lowered costs (e.g., at technical, FTE time, hard currency level).

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Further resources

You can read the latest AI related blogs here.

From insight to impact: Powering energy with AI eBook - download here.

An Industry View of AI, GenAI and AI Agents in EMEA eBook - download here.

Register now for IDC's EMEA Predictions webcast: **The Agentic Business Future: Driving Resilience, Sovereignty, and Innovation in EMEA** - registration link.

If you need more information, or have a question, drop that in here.

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