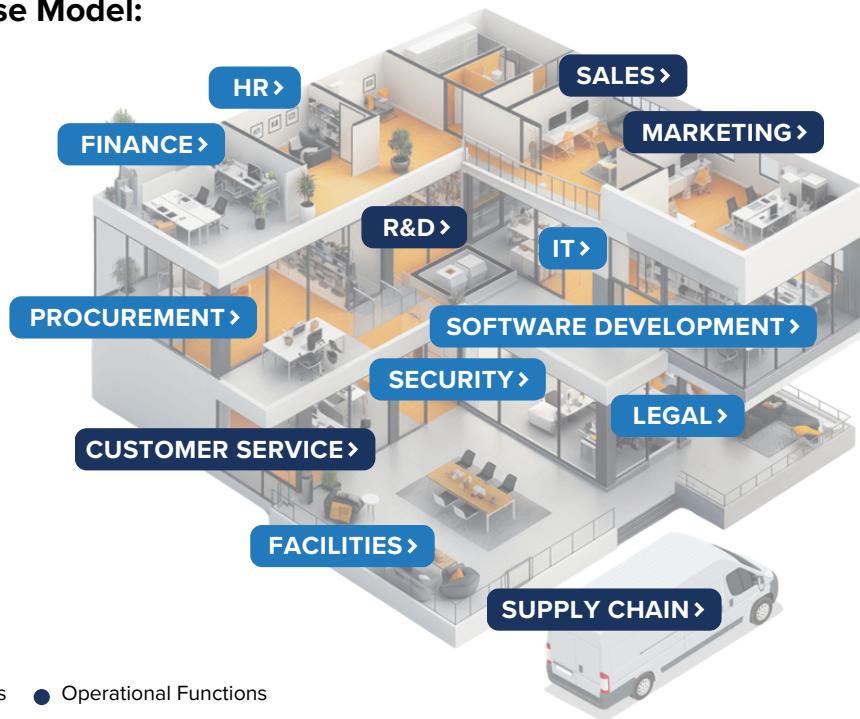


Insight to Maximize AI and GenAI Market Opportunities—Powered by IDC Data

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:



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

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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 on 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.”



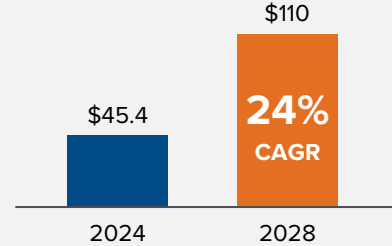
RITU JYOTI
Global VP and General Manager
AI and Data Research

Looking Forward, The Future of AI is Bright

In 2024, APJ organizations are projected to spend \$45.4 billion on AI, a figure that is expected to more than double, reaching over \$110 billion by 2028. This is a projected compound annual growth rate (CAGR) of 24%. 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.

APJ AI Spending Forecast (in Billions of \$USD)

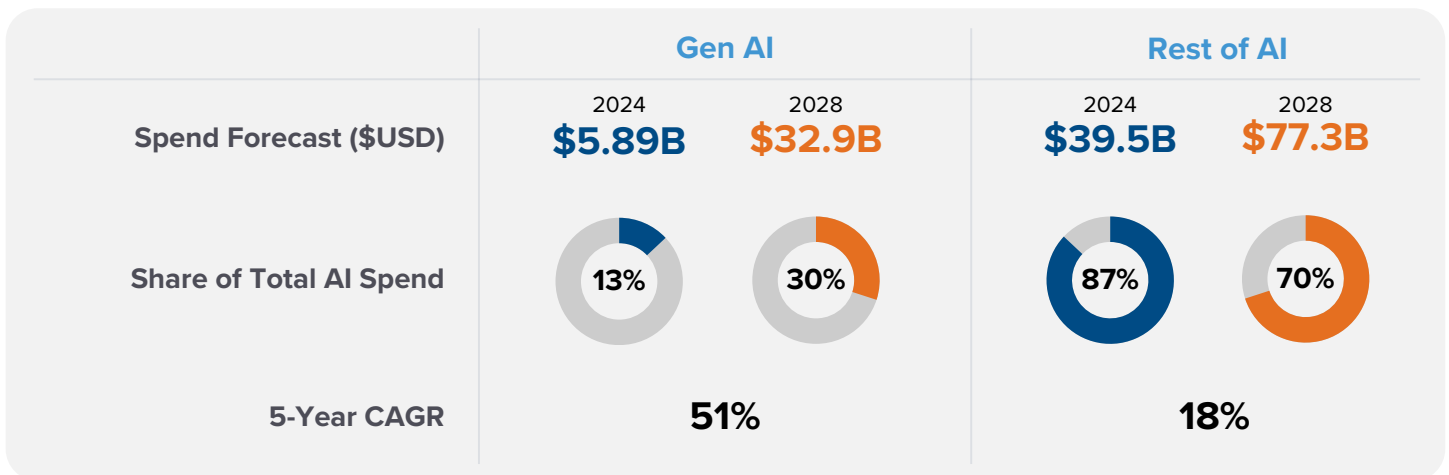


Source: IDC Worldwide AI and Generative AI Spending Guide - Forecast 2024 | Aug.(V2 2024).

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 13% of APJ’s AI spending today. Its growth is particularly remarkable, with projections indicating it will make up 30% of AI investments by 2028, driven by a staggering 51% five-year CAGR.

APJ AI Spending Forecast - GenAI vs. Rest of AI



Source: IDC Worldwide AI and Generative AI Spending Guide - Forecast 2024 | Aug.(V2 2024).

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.

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Technology Outlook: Software Solutions Drive AI Spending

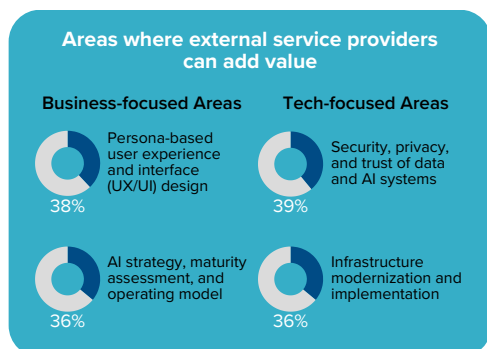
Software will make up 41% of AI spending by 2028, while hardware will account for 37%, and services 22%. Service providers are heavily investing in server and storage hardware to enhance their Infrastructure-as-a-Service (IaaS) offerings, highlighting the essential role of robust infrastructure in supporting AI demands.

Software will make up 41% of AI spending by 2028

	2024	2028
Top 3 Use Cases	<ol style="list-style-type: none"> AI Infrastructure Provisioning AI-enabled Customer Service and Self Service Augmented Fraud Analysis and Investigation 	<ol style="list-style-type: none"> AI Infrastructure Provisioning AI-enabled Customer Service and Self Service Augmented Fraud Analysis and Investigation
Spend Share: Tech Group	<p>● Hardware ● Services ● Software</p>	
Spend Share: H/W Deploy	<p>● All Deployment Types ● Public Cloud Services</p>	
Spend Share: S/W Deploy	<p>● On-Premise/Other ● Public Cloud Services</p>	

Source: IDC Worldwide AI and Generative AI Spending Guide - Forecast 2024 | Aug. (V2 2024)

The Essential Role of Partnerships in the AP Tech Ecosystem:



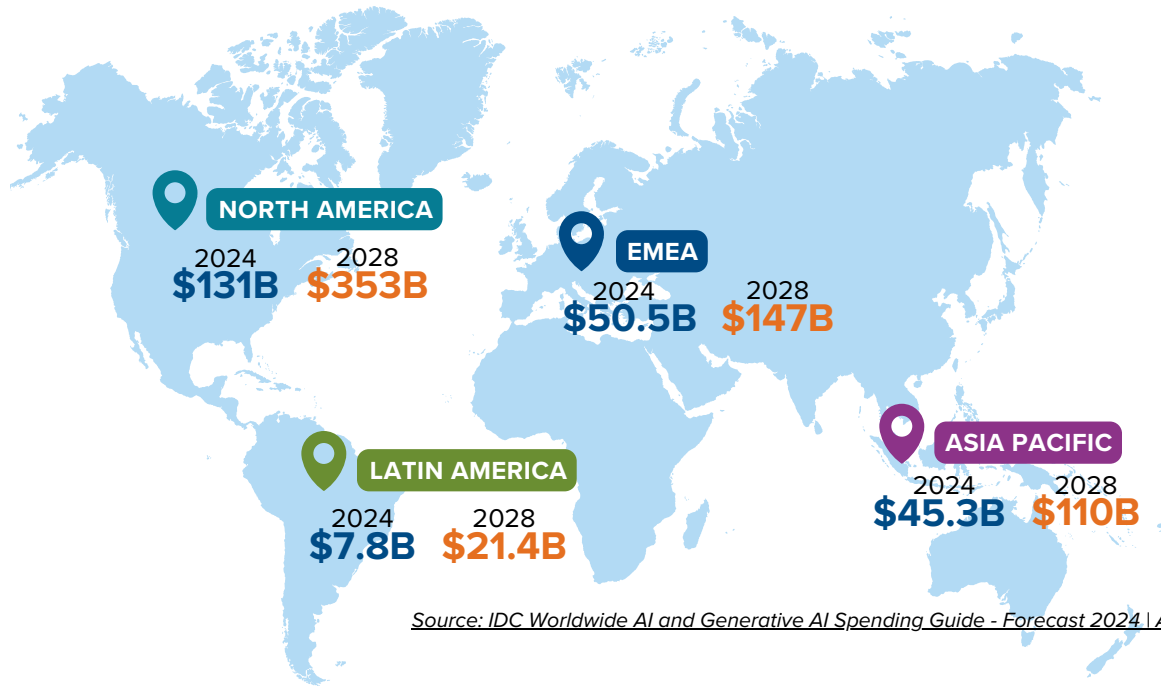
In the Asia/Pacific region, a robust partner ecosystem is vital for driving strategic discussions. Early engagement fosters synergy between vendors and Global Systems Integration partners, enabling tailored solutions focused on outcomes. As C-suite leaders in Asia/Pacific explore GenAI applications, these partnerships become essential for addressing tech buyers' evolving needs. Collaborations with system integrators and industry partners are crucial for developing custom models and scaling Proof of Concepts in response to rising demand.

Source: Partnership Opportunities for Technology Vendors and SPs in GenAI

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)



Source: IDC Worldwide AI and Generative AI Spending Guide - Forecast 2024 | Aug. (V2 2024)

Industry Outlook: AI Spending Will Concentrate in Key Industries

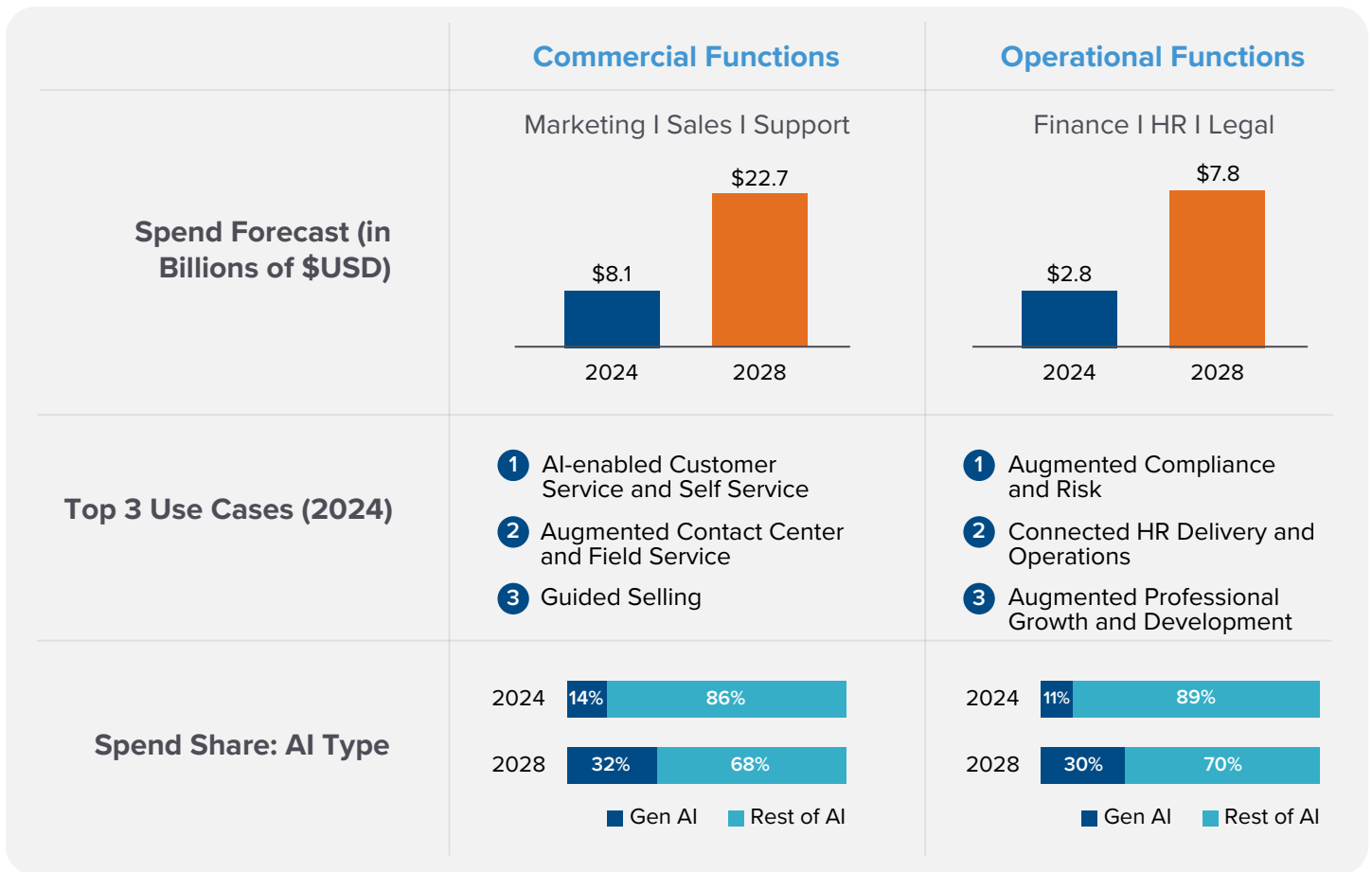
The top three industries in AI spending—Software and Information Services, Banking, and Retail—are expected to allocate \$18.4 billion to AI in 2024, representing 41% of the APJ market. With a five-year CAGR of 19.4%, their investment is projected to more than double to \$39 billion by 2028. Notably, GenAI accounts for over 12.7% of this.

	Banking	Software and IT Services	Retail
Spend Forecast (\$USD)	2024 \$4.6B 2028 \$12.6B	2024 \$10.8B 2028 \$17.8B	2024 \$3B 2028 \$8.5B
Top 3 Use Cases (2024)	<ol style="list-style-type: none"> 1 Augmented Fraud Analysis and Investigation 2 Augmented Threat Intelligence and Prevention 3 AI-enabled Customer Service and Self Service 	<ol style="list-style-type: none"> 1 AI Infrastructure Provisioning 2 AI-enabled Customer Service and Self Service 3 Guided Selling 	<ol style="list-style-type: none"> 1 Digital Commerce 2 Augmented Planning and Logistics 3 AI-enabled Customer Service and Self Service

Source: IDC Worldwide AI and Generative AI Spending Guide - Forecast 2024 | Aug. (V2 2024)

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.



Source: IDC Worldwide AI and Generative AI Spending Guide - Forecast 2024 | Aug. (V2 2024).

Advice for AI Suppliers:

Tech providers should adopt a human-centric AI approach with user-friendly interfaces, ethical frameworks, bias mitigation, transparency, and a focus on security and sustainability to build trust and drive innovation. Security and trust in AI and GenAI adoption ecosystem are critical, as risks to personal privacy and data security are prominent. CIOs face challenges in talent and governance, while IT teams vary in readiness and investment needs. External providers are expected to ensure robust security, offer customized AI models, and modernize infrastructure.

Establish ethical frameworks, tackle biases, ensure transparency, and emphasize security to cultivate market trust

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Detailed Five-Year Spending Forecasts covering:

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AI Technologies and Services

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AI Use Cases

27

Industries

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Business Functions

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Countries and Geographic Regions

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