

Registering at 35.9% CAGR | The AI as a Service Market Share Reach USD 178.9 Billion by 2032

Business needs changing, technology breakthroughs, and rising demand for affordable and scalable AI solutions are factors influenced market's growth.

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/EINPresswire.com/ -- Allied Market Research published a new report, titled, " Registering at 35.9% CAGR | The [AI as a Service Market Share](#) Reach USD 178.9 Billion by 2032 ." The report offers an extensive analysis of key growth strategies, drivers, opportunities, key segment, Porter's Five Forces analysis, and competitive landscape. This study is a helpful source of information for market players, investors, VPs, stakeholders, and new entrants to gain thorough understanding of the industry and determine steps to be taken to gain competitive advantage.

The global AI as a service market was valued at USD 11.7 billion in 2023, and is projected to reach USD 178.9 billion by 2032, growing at a CAGR of 35.9% from 2024 to 2032.

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The global AI as a service market is experiencing growth due to several factors such as growth in importance of data driven decision making in business and increase in demand for machine learning services in the form of application programming interfaces (API) and software development kits (SDK) . However, lack of skilled employees hinders market growth to some extent. Moreover, increase in need for intelligent business applications offers remunerative opportunities for the expansion of the global AI as a service market.

The AI as a Service market is segmented into technology, enterprise size, deployment mode, offering, end user, and region. On the basis of technology, the market is divided into machine

Report Insights



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AI as a Service Market
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AI as a Service Market Share

learning, natural language processing, context awareness, and computer vision. On the basis of enterprise size, the market is divided into large enterprises and small and medium-sized enterprises. On the basis of deployment mode, the market is divided into public cloud, hybrid cloud, and private cloud. On the basis of offering, the market is divided into infrastructure as a service, platform as a service, and software as a service. As per end user, the market is segregated into BFSI, IT and telecom, retail and e-commerce, healthcare and life science, government and defense, manufacturing, energy and utilities, and others. Region-wise, the market is analyzed across North America, Europe, Asia-Pacific, Latin America, and Middle East and Africa.

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By technology, the natural language processing segment held the highest market share in 2023, accounting for more than half of the global AI as a service market revenue and is expected to retain its dominance during the forecast period, owing to rise in focus on improving the accuracy and efficiency of NLP models, driven by advancements in deep learning architectures, such as transformer models like BERT and GPT. These models are continually being fine-tuned and optimized to better understand and generate human-like text. However, the natural language processing segment is projected to attain the highest CAGR of 39.8% from 2024 to 2032, as federated learning is gaining traction as a privacy-preserving approach to ML in distributed environments. This technique enables model training across multiple decentralized devices or servers while keeping data localized, thus addressing privacy concerns associated with centralized data aggregation.

By enterprise size, the large enterprise segment held the highest market share in 2023, accounting for nearly one-third of the global AI as a service market revenue and is expected to retain its dominance during the forecast period, owing to increasing AI services for tasks such as data processing, customer service, and supply chain management, driving efficiency and cost savings. However, the small and medium-sized enterprise segment is projected to attain the highest CAGR of 40.1% from 2024 to 2032, owing to the growing adoption of AI-powered tools and platforms that cater specifically to the needs and constraints of SMEs. These solutions often feature user-friendly interfaces, affordable pricing models, and scalability to accommodate the evolving needs of smaller businesses.

By deployment mode, the public cloud segment held the highest market share in 2023, accounting for nearly two-fifth of the global AI as a service market revenue, and is expected to retain its dominance during the forecast period, owing to growing emphasis on the integration of AI services directly into public cloud platforms, making it easier for organizations to access and deploy advanced AI capabilities without the need for extensive infrastructure or expertise. However, the hybrid cloud segment is projected to attain the highest CAGR of 40.3% from 2024 to 2032, owing to the increasing focus on edge AI within hybrid cloud environments, enabling organizations to deploy AI models directly on edge devices such as IoT sensors, smartphones,

and edge servers. Edge AI facilitates real-time processing of data and decision-making at the edge of the network, reducing latency, conserving bandwidth, and enhancing privacy and security.

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By offering, the infrastructure as a service segment held the highest market share in 2023, accounting for nearly two-fifth of the global AI as a service market revenue and is expected to retain its dominance during the forecast period, owing to growing demand for specialized AI infrastructure optimized for machine learning and deep learning workloads. Cloud providers and hardware vendors are offering AI-optimized computer instances, GPUs, and TPUs with enhanced performance, memory, and interconnectivity to accelerate model training and inference tasks. However, the software as a service segment is projected to attain the highest CAGR of 42.3% from 2024 to 2032, owing to the increasing trend towards AI-driven automation and augmentation of SaaS applications to enhance productivity, efficiency, and user experience. SaaS providers are embedding AI capabilities such as virtual assistants, chatbots, and intelligent automation features into their applications to streamline workflows, automate repetitive tasks, and deliver proactive insights and recommendations to users, driving user engagement and satisfaction.

By end user, the IT and telecom segment held the highest market share in 2023, accounting for two-fifths of the global AI as a service market revenue and is likely to retain its dominance during the forecast period, owing to growing interest in AI-driven analytics and insights to derive actionable intelligence from vast amounts of data generated by IT and telecom networks, devices, and applications. Companies are deploying AI-powered analytics platforms and tools to analyze data in real-time, uncover trends, patterns, and anomalies, and derive actionable insights to inform strategic decision-making, optimize operations, and drive business growth. However, the healthcare and life science segment is projected to attain the highest CAGR of 47.1% from 2024 to 2032, owing to the growing adoption of AI-driven diagnostic and predictive analytics solutions to enhance patient care and outcomes. Healthcare providers are leveraging AI-powered imaging and diagnostic tools to improve the accuracy and efficiency of medical imaging interpretation, enabling early detection and diagnosis of diseases such as cancer, cardiovascular diseases, and neurological disorders.

Region-wise, Asia-Pacific held the highest market share in terms of revenue in 2023, accounting for three-fourths of the global AI as a service market revenue and is expected to rule the roost in terms of revenue during the forecast timeframe, owing to the growing demand for AI-driven solutions tailored to the unique needs and challenges of the Asia-Pacific region. Companies are developing AI applications and services that address specific cultural, linguistic, and regulatory requirements, enabling organizations to leverage AI technologies effectively in diverse markets and environments. The major players operating in the AI as a Service market include IBM Corporation, Microsoft Corporation, Google LLC, Amazon Web Services, Inc., FICO, SAS Institute Inc., SAP SE, Salesforce, Inc., Oracle Corporation, and H2O.ai. These players have adopted various

strategies to increase their market penetration and strengthen their position in the AI as a service industry.

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Lastly, this report provides market intelligence most comprehensively. The report structure has been kept such that it offers maximum business value. It provides critical insights into the market dynamics and will enable strategic decision-making for the existing market players as well as those willing to enter the market.

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