

# AI as a Service Market to Reach \$178.9 Billion by 2032 | CAGR 35.9%

WILMINGTON, NEW CASTLE, DE, UNITED STATES, August 29, 2025 /EINPresswire.com/ -- Allied Market Research published a report, titled, "[AI as a Service Market](#)" by Technology (Machine Learning, Natural Language Processing, Context Awareness and Computer Vision), Enterprise Size (Large Enterprise and Small and Medium-sized Enterprise), Deployment Mode (Public Cloud, Private Cloud and Hybrid Cloud), Offering (Infrastructure as a Service, Platform as a Service and Software as a Service), and End User (BFSI, IT and Telecom, Retail and E-Commerce, Healthcare and Life Science, Government and Defense, Manufacturing, Energy and Utilities and Others): Global Opportunity Analysis and Industry Forecast, 2024-2032". According to the report, the AI as a service market was valued at \$11.7 billion in 2023, and is estimated to reach \$178.9 billion by 2032, growing at a CAGR of 35.9% from 2024 to 2032.



## Prime determinants of growth

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.

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The natural language processing segment is expected to grow faster during the forecast period.

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.

The small and medium-sized enterprise segment is expected to grow faster during the forecast period.

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.

The public cloud segment is expected to lead during the forecast period.

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.

The software as a service segment is expected to lead during the forecast period.

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.

The healthcare and life science segment are expected to grow faster during the forecast period.

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.

Asia-Pacific to maintain its dominance by 2032.

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.

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Major Industry Players: -

IBM Corporation  
Microsoft Corporation  
Google LLC  
Amazon Web Services, Inc.  
FICO  
SAS Institute Inc.  
SAP SE  
Salesforce, Inc.  
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The report provides a detailed analysis of these key players in the global AI as a service market. These players have adopted different strategies such as new product launches, collaborations, expansion, joint ventures, agreements, and others to increase their market share and maintain dominant shares in different regions. The report is valuable in highlighting business performance, operating segments, product portfolio, and strategic moves of market players to showcase the competitive scenario.

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