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INDUSTRY OVERVIEW

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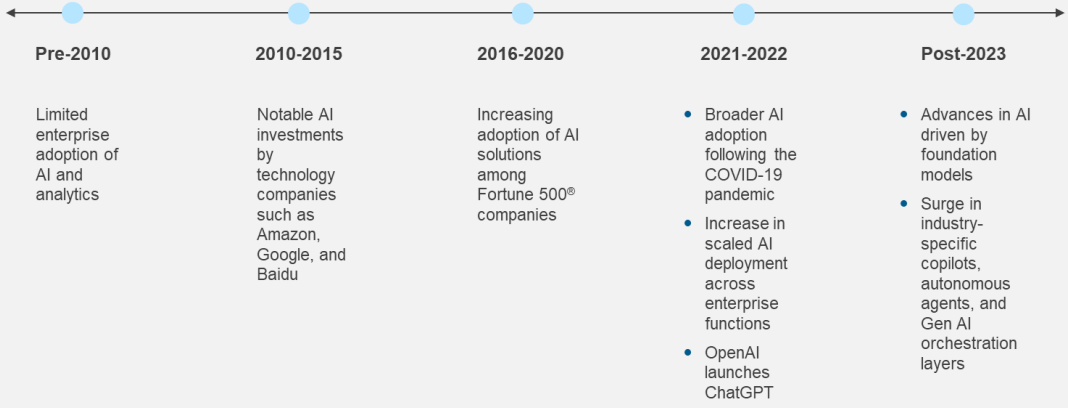
DATA, ANALYTICS, AND AI (DAAI) MARKET OVERVIEW

Since its conceptualization in 1956, Artificial Intelligence (AI) has been a remarkable technology that has helped reshape industries, optimize processes, and redefine human-machine interactions. Over the last two decades, there have been significant advances in data (big data and non-relational database management systems), compute (public cloud offerings and hardware), and AI and Machine Learning (ML) techniques (deep learning, reinforcement learning, General Adversarial Network (GAN), and transformers), among others. In recent times, AI has been showing promise of exceeded human performance in as per 2024 benchmarks, performance of AI systems has significantly improved on various benchmarks such as MMMU and GPQA[1]. These advances have built the foundation for AI adoption across verticals, geographies, and enterprises of various sizes.

Customer-ready commercial products – such as motion-sensing gaming devices and voice assistants that use Natural Language Processing (NLP) to answer questions, make recommendations, personalize advertisements, enable smart search, and perform actions – have democratized access to AI in recent years. Additionally, the emergence of robust AI software and tooling ecosystems, as well as growth in open source, has driven experimentation with and adoption of AI applications.

Exhibit 1 highlights a few key milestones in enterprise AI adoption

Exhibit 1 – Evolution of AI



Source: Everest Group (2025)

Traditionally, AI has excelled in performing repetitive tasks, such as recognizing patterns and identifying objects. ChatGPT's introduction in late 2022 and its unprecedented adoption has propelled Generative AI (Gen AI), a form of AI that can generate and synthesize new content across text, videos, images, and codes, along with higher accuracy on conventional AI tasks, such as personalization, sentiment analysis, and document processing. As of early 2025, ChatGPT has over 400 million weekly active users[2] and

1 Based on Stanford's AI Index Report 2025, available at https://hai.stanford.edu/assets/files/hai_ai_index_report_2025.pdf
2 Based on the article "ChatGPT sets record for fastest-growing user base - analyst note" published by Reuters in February 2025, available at https://www.reuters.com/technology/artificial-intelligence/openais-weekly-active-users-surpass-400-million-2025-02-20/

Google Gemini reports 400 million monthly active users[3], while Google AI Overview serves over 1.5 billion users monthly[3]. Google has almost doubled its monthly processed token count from 480 trillion in May 2025 to 980 trillion by July 2025[4]. Similarly, Microsoft has also reported to have processed over 100 trillion tokens in Q3 FY2025[5], underscoring the scale of Gen AI adoption.

Exhibit 2 compares the time it took different consumer applications to gain 1 million users.

Exhibit 2 – Time taken by different online/technology services to reach 1 million users[1]

1 Based on an article published by Reuters in February 2023
Source: Everest Group (2025)

Gen AI employs large-scale ML models, called foundation models, trained on massive unlabeled datasets. This training allows them to adapt to various tasks through fine-tuning, making them useful and versatile tools across diverse AI applications. Notably, according to Everest Group's Gen AI Chief Information Officer (CIO) survey[6], nearly 83% of the surveyed enterprises are either actively testing Gen AI's capabilities through pilot programs or have already adopted Gen AI for one or more production-grade use cases.

Exhibit 3 illustrates the key differences between traditional and Gen AI.

3 Based on Google I/O keynote available at https://io.google/2025/explore/google-keynote-1
4 Based on Alphabet's Q2 earnings call transcript available at https://abc.xyz/assets/bc/0f/01ca2b344c3b8a4efaa3783f9fdf/2025-q2-earnings-transcript.pdf
5 Based on Microsoft earnings call transcript Q3 FY2025 available at https://www.microsoft.com/en-us/investor/events/fy-2025/earnings-fy-2025-q3
6 Based on survey responses from the CIOs of 50+ global enterprises conducted in November 2023

Exhibit 3 – Traditional vs. Gen AI

Parameter	Traditional AI	Gen AI
Training parameters	Can be trained on smaller datasets with fewer parameters	Needs large datasets with an exponentially high number of training parameters
Training time and cost	• Relatively cheap to train and deploy • Relatively quick to train	• High training and deployment costs • Significant costs of acquiring high-quality datasets • Much longer training time
Compute and infrastructure	Can be trained and inferenced on standard computing infrastructure	Needs specialized hardware, such as GPUs and TPUs
Capability	• Provides predictions or classifications based on existing data • Performs specific AI applications on which the technology is trained	• Generative capability – image and video synthesis, text generation, speech synthesis, code generation, etc. • General-purpose models capable of performing multiple AI tasks
Key enabling technologies	ML and cognitive computing: NLP, computer vision, speech recognition, etc.	Generative models such as GANs, Recurrent Neural Networks (RNNs), Variational Autoencoders (VAE), and transformers

Source: Everest Group (2025)

Today, AI's applications can be found in weather forecasting, driverless cars, drug discovery, diagnosis, predictive maintenance to reduce machinery downtime, demand forecasting, and image recognition, among others. For example, Waymo, Alphabet's autonomous driving technology company, has operated a fully driverless ride-hailing service since October 2020, has logged more than 10 million autonomous trips as of May 2025[7].

Advances in Gen AI and foundation models have resulted in more immersive user experiences, enhanced automation, and the emergence of entirely new application categories, such as knowledge management, report summarization, code generation, and video or image creation. For example, chatbots and conversational AI systems powered by NLP and Large Language Models (LLMs) that can understand human context better and service a range of queries, enabling enterprises to handle the surge in online customer interactions, resulting in faster issue resolution and higher customer satisfaction.

As AI continues to evolve, its ability to match or exceed human performance is becoming more apparent. However, achieving superior results requires algorithms that are not only powerful but also explainable and fair. Ensuring transparency in AI decision-making and eliminating human biases are critical to building trust and driving widespread adoption. Additionally, to further integrate AI for effective adoption, thoughtful design and intuitive UI/UX components, such as multimodal interactions and self-service configuration panels, are important factors that enable ease of access and interpretation of AI systems.

Factors driving this adoption and growth include:

- Enterprises embedding AI and Gen AI as a key enabling layer into their products, services, and processes to increase operational efficiencies, improve employee productivity, aid decision-making, and deliver enhanced stakeholder experience, including customer experience.

7 Based on CNBC article available at https://www.cnbc.com/2025/05/20/waymo-ceo-tekedra-mawakana-10-million.html

- Expansion of use cases across industries and business functions due to growth in AI/ML techniques and algorithms.
- Increasing adoption of low-code/no-code tools and user-friendly interfaces to address the talent gap and AI literacy issues, helping enterprises democratize AI across their organizations.
- Progress on building blocks, such as specialized hardware, data foundation, cloud computing, and foundation models (closed and open source), making scaled AI feasible; increased enterprise spending on cloud and SaaS further adds an infrastructure layer for enterprise AI adoption.

Further, AI is a general-purpose technology with business benefits across industries and, consequently, the potential to impact global outcomes. According to Everest Group's Key Issues 2024 study[8], 67% of enterprises expect Gen AI to improve existing workflows by enhancing operational efficiencies and employee productivity.

AI has become a key building block to enabling data-driven decision-making and enhancing stakeholder experience, while ensuring operational resilience. It helps businesses and government bodies understand customer behaviors to launch new products, optimize costs by automating processes, ensure operational efficiencies by reducing manual work, provide recommendations to business users or employees, and reimagine core business functions. For example, Amazon has developed a new foundational model for its robotic fleet and has deployed 1 million robots in its operations[9].
Agentic AI represents an emerging direction in the evolution of AI. It is an advanced form of AI that creates autonomous agents with a focus on intelligence, adaptability, and decision-making. These agents can perform tasks based on natural language inputs, including goal setting, planning, and taking actions in dynamic environments, with limited human intervention. Agentic AI frameworks integrate technologies such as LLMs and NLP to orchestrate more autonomous and context-aware behaviors. By emphasizing autonomy, task delegation, and continuous interaction, agentic AI is reshaping the DAAI landscape. It enables AI systems to act more independently within defined boundaries, optimize data-driven processes, and support business operations with greater flexibility and efficiency.

Global enterprise digital services spend

Enterprises have a diverse range of technology requirements, which vary by industry, local market dynamics, regulatory environment, and technology maturity, among other factors. Most of these technology requirements pertain to services that leverage next-generation technologies to improve business growth, operational efficiencies, and stakeholder experience. In Everest Group's Key Issues 2024 study, 61% of enterprises expect an increase in their technology spend, with analytics and AI, including Gen AI being high priorities.

Exhibit 4 highlights enterprises' top digital/next-generation investment priorities.

8 Based on Everest Group's Key Issues 2024 study of 170+ enterprises
9 Based on Amazon's press release from June 2025 available at https://www.aboutamazon.com/news/operations/amazon-million-robots-ai-foundation-model
Note: Currency conversions are based on an average exchange rate of US$1 = INR83.67 for calendar year 2024
Source: Everest Group (2025)

Exhibit 4 – Enterprises' top digital/next-generation investments for 6-12 months[1]
Ranking based on expected percentage increase in IT spend

	Generative AI	Cybersecurity	Cloud solutions	Advanced automation, cognitive	Analytics
2025 rank	1	2	3	4	5
2024 rank	3	2	1	5	4

1 Everest Group Mapping the Next: Key Priorities for 2025 and Key Issues for 2024
Source: Everest Group (2025)

The COVID-19 pandemic accelerated digitalization as enterprises worked to manage disruptions, build safeguards for the future, improve operational resilience, enhance stakeholder health and safety, and strengthen cybersecurity.
In 2025, enterprises continue to drive digital adoption by leveraging advances in AI, particularly Gen AI, to enable intuitive business-technology interaction through conversational interfaces. These capabilities help increase operational efficiency by augmenting workflows, speeding up turnaround times, and automating content generation, data enrichment, and complex decision-making. As a result, Gen AI has become a key focus of Information Technology (IT) investments, signaling its growing role in shaping enterprise transformation agendas.

Enterprises are meeting their digital services requirements in two ways – either through in-house teams or by relying on third-party service providers – and the choice typically depends on the following considerations.

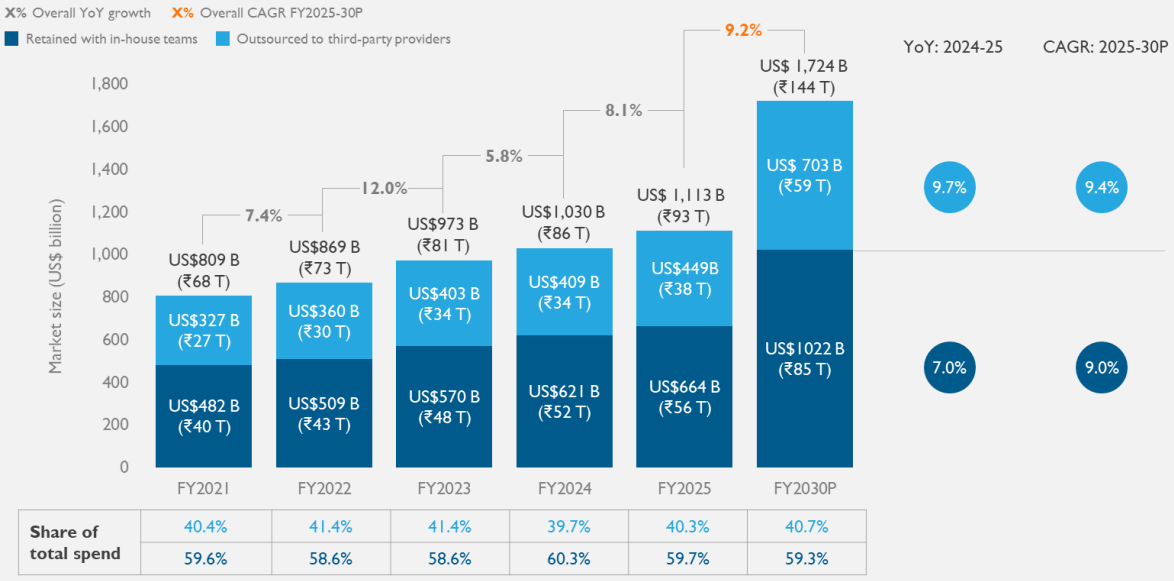
- Retained with in-house teams: The business' core services, including those that require domain contextualization and those that may pose risks around governance, quality, and security, are typically retained internally.
- Third-party service providers: Enterprises typically offload services to access superior talent, scale quickly and on demand, access pre-built solutions/Intellectual Property (IP)/tools/accelerators, deepen ecosystem relationships, learn best practices, acquire domain expertise, and achieve cost efficiencies.

Certain enterprises may choose to keep all processes in-house to maintain tight control, ensure greater alignment with enterprise priorities, and protect their key technologies, while others may opt to keep only core IP-related processes in-house, outsourcing non-core functions to third-party providers for efficiency and cost-effectiveness. An emerging factor influencing these sourcing decisions is the growing emphasis on digital sovereignty, the ability of an organization to retain control over its data, digital infrastructure, and technology decisions, free from external jurisdiction or dependency. As regulatory environments evolve, enterprises are placing increased importance on ownership, accountability, and strategic control over digital assets.

Exhibit 5 illustrates enterprises' distribution of digital services spend over FY2021-30 (projected).

Exhibit 5

Breakdown of enterprises' global digital services spend (FY2021-30P)
US$ billion (₹ trillion); P = Projected



	FY2021	FY2022	FY2023	FY2024	FY2025	FY2030P
Share of total spend	40.4%	41.4%	41.4%	39.7%	40.3%	40.7%
	59.6%	58.6%	58.6%	60.3%	59.7%	59.3%

Note: All values are based on an average exchange rate of calendar year 2024: US$1 = ₹83.67
Source: Everest Group (2025)

In FY2025, enterprises allocated an estimated 40.3% of their total global digital services spend, estimated at US$449 billion (₹38 trillion), to third-party services. While recent macroeconomic conditions may have pushed enterprises to develop more in-house capabilities, the share of third-party spend is expected to continue to increase at an estimated 9.4% CAGR by FY2030, due to the following reasons:

- Strategic partnerships: Enterprises can leverage service providers as strategic partners for digital services. In such partnerships, service providers tend to leverage their domain expertise and understanding of enterprises' tech stacks to customize solutions, identify use cases, support enterprise teams, and gain first-mover advantage in evolving areas.
- Shortage of niche talent: As technology advances, the demand-supply gap for niche skills and specialized technical experts, such as ML model architects, AI engineers, and prompt engineers, is anticipated to increase and will be difficult for enterprises to fill internally.
- Ecosystem orchestration: Enterprises are finding it difficult to navigate the digital landscape with an increase in the number of technology companies, especially within the data and AI ecosystem. Enterprises can leverage providers' strategic partnerships with technology vendors instead of maintaining talent with diverse skill sets and multiple tools and platforms.

FY2030 refers to the financial year beginning April 1, 2029, through March 31, 2030
Source: Everest Group (2025)

- Access to pre-built technology: Third-party providers deliver pre-built solutions, tools, and accelerators, allowing enterprises to leverage advanced technologies and use cases without the time and cost required for in-house development.
- Scale and global presence: Enterprises are increasingly looking to leverage third-party providers' on-demand scalability and delivery footprints across geographies.

According to Everest Group's Mapping the Next: Key Priorities[10] survey, nearly 54% of the surveyed enterprises are looking for providers that can integrate Gen AI into their overall solutions.

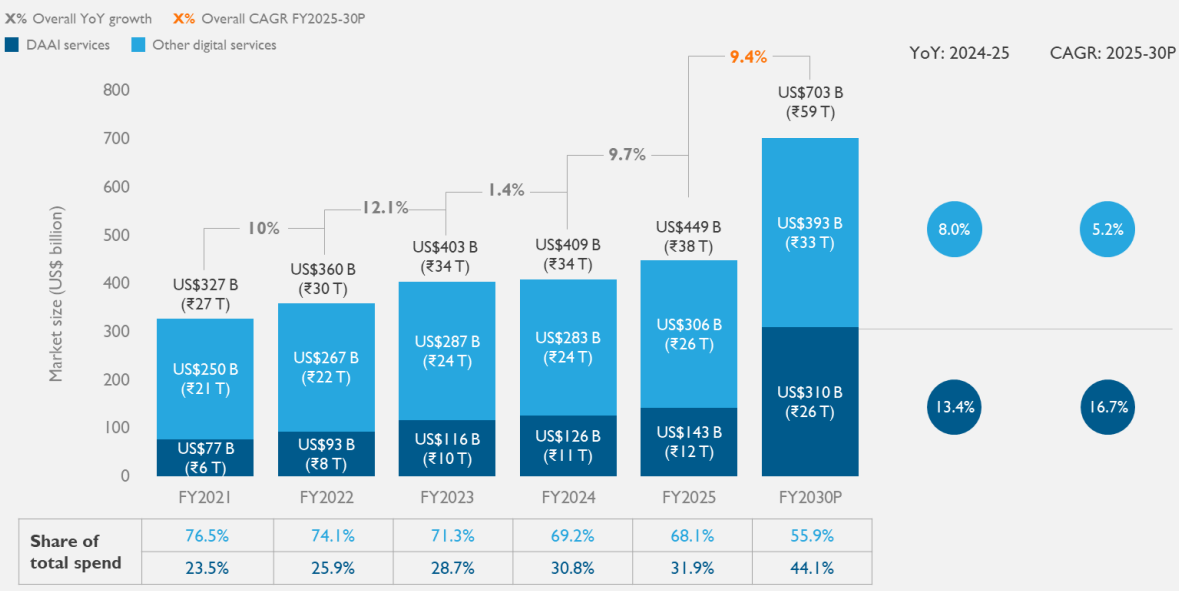
The enterprise DAAI services market

To drive enterprise-wide digital transformation, augment decision making, and maximize value from their data, enterprises are investing in DAAI capabilities at various levels, including data collection, storage, modernization, analysis, AI/ML model development, and deployment. Further, enterprises are increasingly engaging with third-party providers for DAAI services, as they find it difficult to navigate the rapidly evolving DAAI market and access the right talent and technologies, while managing internal costs and core competencies.

Exhibit 6 depicts the breakdown of enterprises' third-party digital services spend over FY2021-30 (projected).

Exhibit 6

Breakdown of enterprises' global digital services spend on third parties (FY2021-30P)
US$ billion (₹ trillion); P = Projected



	FY2021	FY2022	FY2023	FY2024	FY2025	FY2030P
Share of total spend	76.5%	74.1%	71.3%	69.2%	68.1%	55.9%
	23.5%	25.9%	28.7%	30.8%	31.9%	44.1%

Note: All values are based on an average exchange rate of calendar year 2024: US$1 = ₹83.67
Source: Everest Group (2025)

The DAAI services market accounted for an estimated 31.9% (US$143 billion or ₹12 trillion) of the

10 Based on Everest Group's Key Priorities 2025 study of 200+ major enterprises worldwide
Source: Everest Group (2025)

overall third-party digital services spend in FY2025 and is expected to reach an estimated 44.1% (US$310 billion or ₹26 trillion) of the spend by FY2030.

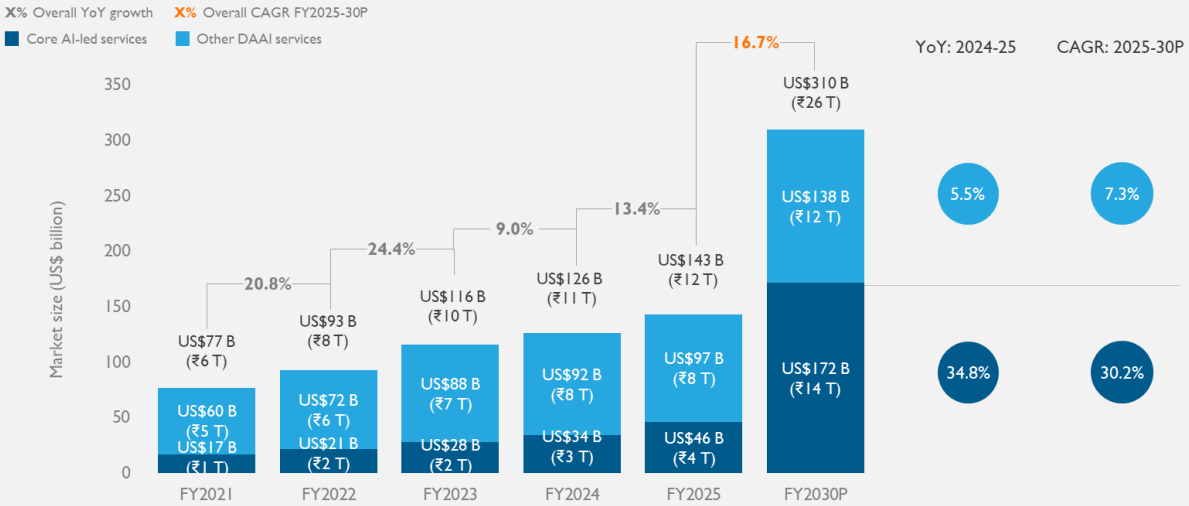
The surge in demand for DAAI services during the COVID-19 pandemic highlighted the importance of services such as data management, modernization, governance, AI-assisted forecasting and productivity tools in driving business resilience and agility. In recent years, this growth has stabilized as enterprises exercise caution due to significant cost pressures and focus on maintaining profitability. However, despite a recessionary macroenvironment, uncertain international tariffs, and evolving enterprise priorities, DAAI remains one of the key investment areas for organizations.

AI has been an integral component in DAAI since its inception. Increasing advances in AI, bolstered by recent developments in Gen AI, are pushing enterprises to actively invest in a strong AI strategy to achieve business-oriented outcomes and improve stakeholder experience.

Exhibit 7 depicts the breakdown of global third-party DAAI services spend over FY2021-2030 (projected).

Exhibit 7

Breakdown of third-party DAAI services spend (FY2021-30P)
US$ billion (₹ trillion); P = Projected



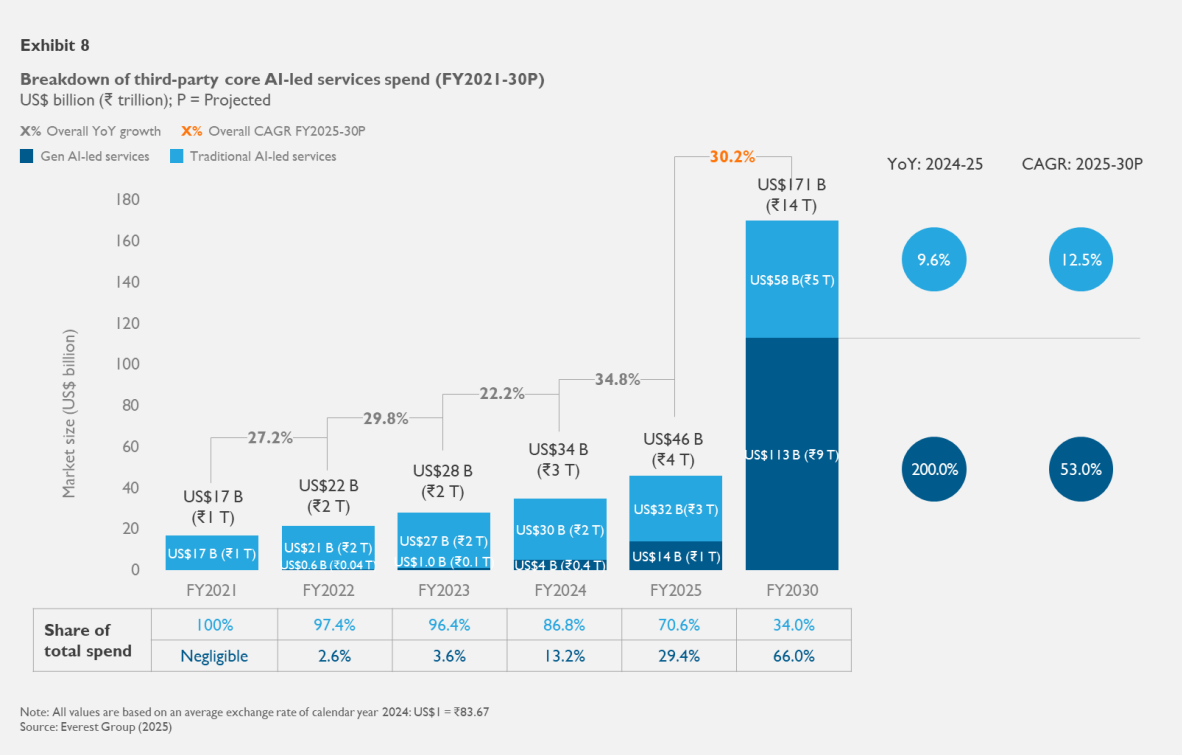
	FY2021	FY2022	FY2023	FY2024	FY2025	FY2030P
Share of total spend	78.0%	76.9%	75.9%	73.0%	67.9%	44.6%
	22.0%	23.1%	24.1%	27.0%	32.1%	55.4%

Note: All values are based on an average exchange rate of calendar year 2024: US$1 = ₹83.67
Source: Everest Group (2025)

Core AI-led services focus on the application of AI, ML, and Gen AI for advanced analytics, predictive modeling, conversational interface development to generate text, voice, and video outputs, data augmentation with synthetic data and record generation, among others. These services include AI and Gen AI consulting, maturity assessment, model development, fine-tuning and deployment, and maintenance and monitoring of solutions after deployment, while ensuring governance and responsible AI. The core AI-led services market accounted for an estimated 32.1% (US$46 billion or ₹4 trillion) of

the overall third-party DAAI services spend in FY2025 and is expected to reach 55.4% (US$172 billion or ₹14 trillion) by FY2030.

Exhibit 8 illustrates the breakdown of global third-party core AI-led services spend over FY2021-2030 (projected).



Note: All values are based on an average exchange rate of calendar year 2024: US$1 = ₹83.67
Source: Everest Group (2025)

Traditional AI focuses on recognizing patterns and automating repetitive tasks such as enabling predictive analytics, prescriptive recommendations, demand forecasting, and rule-based process automation. In contrast, Gen AI creates entirely new content by learning from existing data. Enterprises can leverage this capability to automate business report generation, accelerate application development through code generation, generate synthetic datasets to improve model performance and compliance, simulate business scenarios for better planning, and personalize customer interactions at scale across channels. The Gen AI-led services spend for FY2025 was estimated to be US$14 billion (₹1 trillion) and is expected to grow at approximately 53.0% CAGR by FY2030.

The DAAI services value chain

To unlock the full potential of data-driven decision-making, enterprises are investing in various DAAI services, including end-to-end capabilities such as strategy formulation, data management, AI and Gen AI development, deployment, monitoring, and AI adoption.

The DAAI services value chain includes four key elements:

- DAAI strategy: This involves activities related to planning and strategy formulation, including identifying, analyzing, and translating an enterprise's core business processes into technical requirements before an enterprise embarks on implementing core DAAI services. For example,

enterprises are utilizing DAAI strategy services to assess the maturity of their infrastructure and prioritize use-cases based factors such as revenue generation, cost savings, RoI, profitability, and scalability.

- Data foundation: The data layer acts as the core foundation on which analytics and AI (traditional and Gen AI) use cases are developed, and this part of the value chain pertains to setting up, modernizing, or modifying the data architecture to access, store, integrate, and improve data.
- Analytics and AI (AAI) foundation: This refers to activities related to the development, deployment, and enablement of AI/ML, Gen AI, and analytics use cases. This can include working with technologies such as NLP / Natural Language Generation (NLG), LLMs, computer vision, and reinforced learning to build use cases such as predictive maintenance, knowledge management, and personalized recommendations.
- AAI adoption: This refers to the consumption layer within the value chain and refers to the end products typically consumed by end users across enterprises through conversational interfaces and interactive virtual assistants, AI agents, Internet of Things (IoT) enabled devices, Augmented Reality (AR) / Virtual Reality (VR), Robotic Process Automation (RPA), Intelligent Document Processing (IDP), amongst others.

Effective implementation of AI and analytics use cases requires more than just model development. Enterprises must invest significantly in supporting infrastructure, particularly in data management, integration, and user-facing interfaces—to ensure scalability, reliability, and business impact. These foundational components are essential to operationalize AI and drive measurable outcomes.

Exhibit 9 outlines the components of the DAAI services value chain.

Exhibit 9 – DAAI services value chain

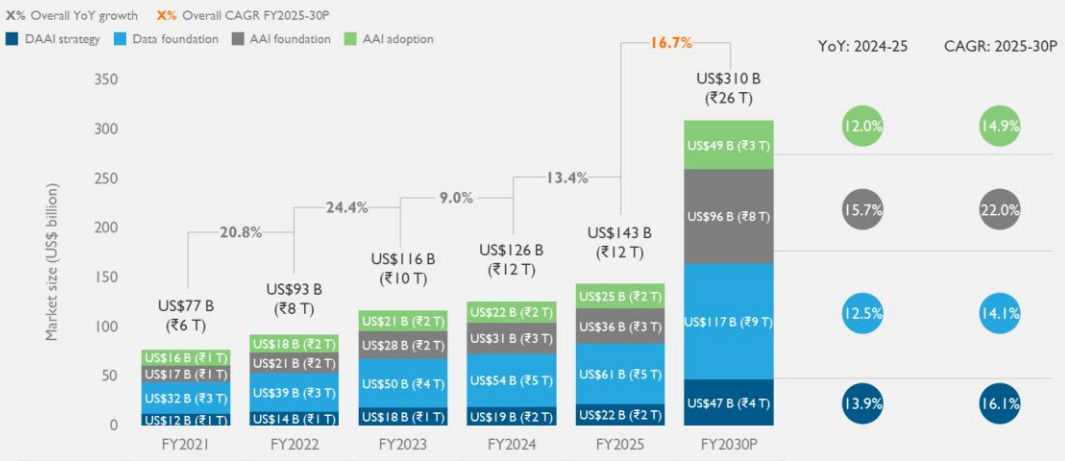
DAAI strategy	Data foundation	AAI foundation	AAI adoption
• Business case and use case development • Vision and strategy for Business Intelligence (BI), analytics, and AI • Analytics and AI maturity assessment • AI, analytics, BI, and Gen AI consulting, roadmapping, and tool selection advisory • AI and Gen AI discovery and pilot development • Vision and strategy for data initiatives • Data architecture and infrastructure assessment and consulting • Data management consulting, roadmapping, and tool selection advisory • Design research and behavioral architecture advisory	• Data architecture and design • Data modernization and migration • Data ingestion • Data engineering (data pipelining, ETL, etc.) • Data quality (data profiling, cleansing, enhancement, etc.) • Data warehousing, data marts, etc. • Vector and graph databases • Data fabric and mesh • Master and reference data management • Data storage and administration • Metadata management (data observability, lineage, data catalog, etc.) • Data governance and security (data stewardship, compliance, validation, auditing, AI governance, etc.) • Data exchange and marketplaces	• Cognitive services – NLP/NLG (conversational AI, voice recognition, document analytics, text analytics, etc.) – Computer vision (image analytics, video analytics, etc.) • Model development and deployment – Model integration, fine-tuning, and Retrieval Augmented Generation (RAG) – Model testing and validation – MLOps and LLMOps • Responsible AI (model explainability, traceability, bias detection, compliance, auditing, sustainability, etc.) • AI-driven advanced analytics – Predictive and prescriptive analytics – Recommendation engines	• Interaction design • Information design • Implementation of analytical and BI tools • Descriptive modeling • KPI monitoring/reporting • Canned reports • Persona-based dashboards • Data visualization and storytelling • Interactive and mobile BI • Self-serve analytics and insights • Post-deployment maintenance and support (model monitoring and retraining) • Domain-specific analytics use cases • End-to-end studios • Pre-built AI assets and applications • AI copilots and workplace agents

Source: Everest Group (2025)

Exhibit 10 shows the breakdown of the DAAI services market by value chain element over FY2021-30 (projected).

Exhibit 10

Breakdown of DAAI services market by value chain element (FY2021-30P)
US$ billion (₹ trillion); P = Projected



	FY2021	FY2022	FY2023	FY2024	FY2025	FY2030P
Share of total spend	21.2%	19.4%	17.7%	17.5%	17.3%	14.4%
	21.7%	22.8%	24.0%	24.4%	24.9%	30.5%
	41.3%	42.3%	43.1%	42.7%	42.3%	39.8%
	15.8%	15.5%	15.2%	15.4%	15.4%	15.2%

Note: All values are based on an average exchange rate of calendar year 2024: US$1 = ₹83.67
Source: Everest Group (2025)

DAAI strategy, data foundation, AAI foundation, and AAI adoption shares were estimated as 15.4%, 42.3%, 24.9%, and 17.3%, respectively, in FY2025 and are expected to reach 15.2%, 39.8%, 30.5%, and 14.4%, respectively, in FY2030.

A DAAI service engagement is distributed across the value chain depending on the enterprise's requirements and its level of technical maturity. However, in the early stages of adopting next-gen technologies, the focus is heavier on the DAAI strategy and foundational components. For example, a Gen AI-led services engagement may include larger components of DAAI strategy, data foundation, AAI foundation (such as model development and fine-tuning), among others.
Several factors are driving the growth of the DAAI services market across its value chain.

Exhibit 11 outlines the key growth drivers for DAAI services.

Exhibit 11 – Key growth drivers of DAAI services [NOT EXHAUSTIVE]




DAAI strategy	Data foundation	AAI foundation	AAI adoption
• Increase in AI investments and the need for a tailored vision and roadmap • Rising executive leadership interest in identifying Gen AI use cases and running pilots • Expansion of partnerships and the technology provider ecosystem • The need for domain expertise to apply analytics and AI across verticals • Change management concerns that enterprises face when investing in DAAI initiatives	• Explosion of data volumes and data types requiring robust management • Increase in real-time data access and large-scale applications • Focus on data quality and governance for accurate analytics, AI, and Gen AI • Focus on data security due to rising data breaches and privacy regulations • Advances in data storage technologies	• The need to develop custom AI and Gen AI solutions tailored to business needs • Rapid evolution of AI and Gen AI technologies and frameworks • Rise of open-source AI models, tools, and collaborative development • The need for engineering capabilities due to the emergence of complex foundation models and LLMs • Demand for scalable AI models and architectures • Rising concerns around AI security and regulatory compliance	• Demand for integrating AI with existing IT infrastructure • The need to operationalize and scale AI solutions for business impact • Faster time-to-insights to improve decision-making • User adoption of AI solutions and change management • The need for clear RoI estimation from DAAI initiatives • Growing interest in autonomous AI agents for business automation

Source: Everest Group (2025)

It has generally been observed that a strong data foundation plays an important role in enabling an enterprise to create the foundation for and scale AAI adoption. Further, the need to effectively capture and manage complex data for Gen AI and agentic AI implementation within enterprises is pushing the growth of data foundation services such as data modernization and processing, managed vector databases and graph databases, and data governance. Additionally, Gen AI will result in the emergence of new services such as Gen AI consulting, LLMOps, and synthetic data-as-a-service across the value chain. However, there is also the potential for increasing automation in certain DAAI services, such as traditional BI and reporting, due to the standardization and productization facilitated by Gen AI. With the advancement of agentic AI, the scope of processes that can be automated or augmented is expected to expand further, increasing efficiency across a broader range of enterprise functions.

Key growth drivers of the DAAI services market

The factors driving the growth of the DAAI services market can be categorized into the following key areas: business growth drivers, technology developments, and macroeconomic influences.

Business growth drivers

The strategic adoption of DAAI and expansion of its deployment across functions, geographies, and the workforce, helps companies strengthen its competitive advantage. AI's ability to glean insights from vast datasets fosters a deeper understanding of customer behavior and market trends. This empowers businesses to proactively anticipate customer needs, optimize internal processes, and make data-driven choices that propel them forward. Furthermore, AI automates repetitive tasks, enabling human capital to focus on higher-value strategic endeavors. From personalized marketing campaigns to streamlined production lines, AI empowers businesses to accelerate time-to-market and lower operational costs to assist in achieving market leadership.

Several business outcomes drive the adoption of DAAI services across enterprises:

- New product development: Enterprises are leveraging predictive analytics and Gen AI to identify whitespace opportunities – unmet or underserved customer needs and market gaps. They also

leverage it to develop customized products and target relevant market segments. Gen AI enhances concept testing, idea generation, and user research by creating realistic personas and usage scenarios, translating customer needs into relevant features. Additionally, Gen AI facilitates rapid prototyping, allowing businesses to test and refine designs quickly and cost-effectively.

- Cost and operational optimization: In response to challenging macroeconomic conditions, enterprises are increasingly focusing on cutting costs and reducing time-to-deployment. According to Everest Group's Key Priorities 2025 study, enterprises remain optimistic about Gen AI's potential and are investing significantly to scale their use cases by 2025, with Gen AI seeing the highest percentage increase in IT spend across priorities, reflecting its importance in driving efficiency. Gen AI's ability to produce high-quality content and handle complex tasks (for example, call center automation) at scale is instrumental in reducing manual effort and resources.
- Revenue/business growth: To gain revenue-oriented outcomes from sales, marketing, and customer analytics use cases, enterprises are focusing on AI and Gen AI-driven initiatives. Gen AI can analyze vast amounts of customer data to create highly personalized marketing campaigns, product recommendations, and NLP-based virtual assistants, enhancing customer engagement and conversion rates.
- Risk and compliance: The growing frequency of data breaches and the tightening of regulatory frameworks are prompting enterprises to adopt DAAI services to strengthen cybersecurity resilience and ensure compliance. Organizations are leveraging AI and Gen AI to enhance threat detection, monitor data access patterns, automate compliance reporting, and improve response times to potential security incidents, particularly in highly regulated industries such as Banking, Financial Services, and Insurance (BFSI) and Healthcare and Life Sciences (HLS).

Technology developments

The development of AI foundation models, domain-specific Gen AI algorithms, and knowledge graphs is driving more accurate and efficient AI applications across industries. Self-supervised learning techniques enable ML models to learn from vast amounts of unlabeled data while multi-modal AI/ML models integrate and process multiple types of data (e.g., text, images, audio) simultaneously, maximizing the utilization of enterprise data.

In addition to the rapid advances in DAAI technology, there are multiple technology-related developments that enable the adoption of DAAI services among enterprises, such as:

- Rising data volumes and enhanced utilization: Connected cars, smart homes, and wearables are generating massive real-time data streams, while advances in genomics and bioinformatics contribute vast datasets for scientific discovery. This evolving data ecosystem is a key enabling factor for the adoption of advanced analytics, AI, and Gen AI, which can harness this data.
- Evolving compute capabilities: Advances in chip technology and parallel computing have enabled scalable data storage and server hardware. The development of high-performance computing resources, such as Graphics Processing Units (GPUs), Tensor Processing Units (TPUs), and AI-specialized compute, has enabled faster and more efficient data processing, facilitating the creation and deployment of sophisticated AI solutions. The recent launch of xAI's AI training system, Colossus, is claimed by xAI to have over 200,000 GPUs. With its high compute power and throughput, it can help develop AI models at scale[11]. Additionally, techniques such as distillation,

quantization, and test-time compute optimization have the potential to reduce computational cost and latency.

- Decrease in marginal cost of intelligence: As advanced models have been launched over time, there has been an observed reduction in inference costs. For example, in 2025, OpenAI's O3 reasoning model is priced over 80 percent lower per token than its 2024 O1 predecessor[12], while Google's Gemini 2.0 Flash Lite costs less than US$1 per million tokens[13]; together, these per token cost reductions should assist enterprises to embed intelligence in more workflows, reducing the strain of compute budgets, accelerating DAAI adoption across functions.
- Increasing cloud adoption: The widespread adoption of cloud infrastructure enables the processing of large datasets and the deployment of complex AI models at scale. High-performance computing resources and enhanced storage capabilities support the development of sophisticated AI solutions, offering flexibility, scalability, reduced downtime, and cost-effectiveness. The availability of cloud-based DAAI-related Platform-as-a-Service (PaaS) solutions further simplifies analytics and AI adoption. With the rise in demand for cloud technologies and AI services, technology providers are increasing their expenditure. For example, Google has increased its capital expenditure in 2025 to approximately US$85 billion[14].
- Self-service low-code/no-code and conversational tools: The availability of affordable and user-friendly low-code/no-code tools help enterprises scale AI/ML use cases by simplifying the development process with pre-trained algorithms and step-by-step guidelines. Gen AI further enables data and AI democratization by providing natural language-based support to business users that have no prior experience in AI/ML development.
- Advances in training architecture: Innovations such as transformers, Reinforcement Learning from Human Feedback (RLHF), Reinforcement Learning from AI Feedback (RLAF), and Supervised Fine-Tuning (SFT) enhance model accuracy, efficiency, and adaptability. These advancements enable enterprises to deploy lighter, more capable models that can be fine-tuned with limited data, expanding the scope and scalability of AI solutions across industries.
- Quantum computing and quantum processors: Quantum processors offer unprecedented computational speed, enabling breakthroughs in areas such as network optimization, cryptography, and drug discovery. As quantum computing matures, it is expected to unlock new analytics and AI capabilities to address complex enterprise challenges.
- Neuromorphic computing: Advances in this approach can lead to more efficient and powerful AI models capable of handling complex tasks with significantly lower power consumption. This can drive adoption for applications requiring real-time data processing and autonomous systems, thereby enabling faster, more responsive AI-driven solutions, as enterprises seek to harness the benefits of high computational efficiency.
- Expanding open-source ecosystem: The proliferation of open-source frameworks and tools (Meta's Llama, Hugging Face) in the DAAI market is expected to drive future trends by fostering innovation, accelerating the development and deployment of AI solutions, and enabling privacy and security. This growth in open-source contributions enables enterprises to leverage advanced analytics and AI technologies more cost-effectively and collaboratively.

11 Based on XAI website for Colossus available at https://x.ai/colossus
12 Based on API pricing of OpenAI models available at https://openai.com/api/pricing/
13 Based on pricing of models under Google Vertex AI available at https://cloud.google.com/vertex-ai/generative-ai/pricing
14 Based on Alphabet's Form 8-K filed with the SEC available at https://abc.xyz/assets/53/aa/c8121b9b5900f38838f4cfe6b7b6/fdab9de6a195d67ce5861b525627ac73.pdf

The impact of Gen AI

The increasing availability of enterprise-ready Gen AI tools and technologies is prompting enterprises to sharpen their focus on AI. Gen AI, which gained traction after ChatGPT's release, offers advanced capabilities in NLP, image generation, and automated decision-making. Industry experts recognize technology's transformative potential and strategic implications for business operations and are increasingly emphasizing AI and Gen AI adoption across business functions, in meetings and earnings calls. This top-down interest will ensure substantial investment in AI technologies and necessary resources and attention to AI initiatives.

Subsequently, rising interest and the need for Gen AI services are accelerating the adoption of various DAAI services due to factors such as:

- Improved data augmentation and efficiency: Gen AI algorithms are trained on complex foundation models that require large volumes of data for training and fine-tuning. Enterprises are investing in robust digital foundations and augmented data management that build high-quality and accurate Gen AI models.
- Shift in focus from data collection to data generation: Gen AI's ability to create accurate synthetic data addresses challenges associated with data privacy, security, and limited access to real-world data in specific domains. For instance, synthetic data can be used to train AI models for healthcare applications without compromising patient confidentiality. By creating realistic and usable datasets, Gen AI enables the development of robust AI applications and model training, while ensuring compliance with stringent privacy regulations.
- Increase in vertical-specific use cases: Gen AI drives highly specialized applications. For example, in marketing, it can craft personalized advertising content. In pharmaceuticals, it can accelerate drug discovery by simulating molecular interactions. These diverse applications broaden the applicability of AI solutions, making them indispensable across industries and business functions. The emergence of domain-specific foundation models that are trained on proprietary enterprise data to incorporate private, organization-specific knowledge into AI solutions, further drives DAAI adoption for tailored use cases.

The impact of agentic AI

The emergence of agentic AI marks another step forward in enterprise AI maturity, enabling systems to autonomously interpret objectives, make decisions, and act in real time with limited human oversight. Agentic AI extends the impact of Gen AI by introducing self-directed, continuously learning agents that adapt to changing data and environments. Agentic AI development is reshaping the DAAI services landscape in several ways:

- Redefining traditional DAAI services: Agentic AI is increasingly automating complex tasks across traditional data and analytics workflows with the potential to pave the way for new services. For example, with limited human oversight, AI agents can handle real-time data processing, data ingestion, transformation, and quality enhancement, which human teams managed previously. Model monitoring and drift detection are also being streamlined, with agents performing continuous assessments and adjustments. Additionally, with the help of agentic AI, decision-making processes such as AI roadmap planning may shift toward adaptive, AI-driven strategy recommendations.

- Expanding autonomous decision-making across industries: Agentic AI reduces the need for continuous human oversight by making autonomous decisions, adapting dynamically, and optimizing workflows in real time. Large Reasoning Models (LRMs), Model Context Protocols (MCPs), and agent operations platforms are enabling this shift by helping autonomous agents orchestrate complex decisions, coordinate across functions, and scale real-time responsiveness. In the BFSI industry, AI agents can potentially act as autonomous financial advisors, fraud sentinels, and claims processors by learning from real-time data to detect anomalies, personalize investment strategies, and optimize risk responses. In the HLS sector, agentic systems may enhance drug discovery, early diagnosis, and virtual health support by learning from interactions to refine recommendations and improve patient engagement. In the Consumer-Packaged Goods (CPG) and manufacturing sectors, likely areas of impact include adaptive warehouse operations, real-time routing, and responsive demand planning.
- Driving function-level transformation: Across business functions, agentic AI transforms traditional workflows by enabling context-aware automation. In finance and accounting, systems are automating financial reporting, compliance, and analytics; reducing manual review; and improving reporting accuracy. In sales and marketing, agentic tools are managing lead qualifications, generating personalized campaigns, and automating social media engagement. In Human Resources (HR), use cases include automated screening, onboarding support, and interactive training assistants that adjust to employee learning styles.
- Introducing new governance and ethical challenges: As agentic AI systems gain autonomy, they raise new concerns regarding accountability, transparency, and ethical decision-making. Some systems incorporate operational guardrails to ensure that agent behavior remains within defined safety bounds. However, as agents take on greater responsibilities, questions emerge about the ownership of outcomes, bias in adaptive learning, and compliance with regulatory standards, highlighting the need for robust governance frameworks and responsible AI practices.
- Transforming workforce roles and skill requirements: By automating routine tasks and learning from human feedback, agentic AI enables employees to focus on higher-value work requiring creativity, strategy, and interpersonal skills. For instance, AI-powered assistants in HR can reduce repetitive training tasks by capturing and reusing effective onboarding approaches. As these systems continue to evolve, businesses will need to invest in reskilling programs that align workforce capabilities with new AI-driven workflows, facilitating greater human-AI collaboration and productivity.

The impact of DeepSeek

DeepSeek, a China-based AI start-up founded in 2023, gained prominence by enhancing reasoning capabilities in AI through Reinforcement Learning (RL). Its initial breakthrough, DeepSeek-R1-Zero, was trained entirely via RL, bypassing traditional supervised fine-tuning. This was followed by DeepSeek-R1, which further demonstrated how AI systems could develop advanced reasoning autonomously. By achieving high performance with reduced computational requirements, DeepSeek introduced a shift in model development, offering more efficient and adaptable AI systems that can be deployed at scale.

These innovations are expected to impact the DAAI services market in the following ways:

- Enhanced deployment flexibility across industries: Unlike proprietary models from OpenAI, Google, and Anthropic. DeepSeek models are released under an open-source license, enabling developers to customize and deploy them based on specific business needs. This allows organizations to implement the models on premises, in private clouds, or within secure data centers, enhancing data privacy and reducing dependency on third-party platforms. The result is greater customization, lower operational costs, and broader AI accessibility AI across industry segments.
- Improved decision-making and advanced reasoning: Reasoning models, first introduced with OpenAI's o1 model, address complex problems through structured, step-by-step analysis. DeepSeek-R1 enhances this approach by integrating chain-of-thought reasoning with RL, allowing models to refine their logic through trial and error. This training approach incorporates feedback to iteratively improve model performance, supporting the development of specialized capabilities by allowing models to adapt to the specific decision-making patterns and complexities of workloads across different sectors. The rise of LRMs has impacted industries such as BFSI, HLS, and manufacturing increasingly demand domain-specific reasoning capabilities. For instance, Tiger Brokers integrated DeepSeek-R1 into its AI assistant, TigerGPT, to help users evaluate stock valuations and identify trading opportunities, demonstrating the model's practical application in enhancing decision support[15]. With the introduction of hybrid reasoning models such as Anthropic Claude 3.7 Sonnet, which can switch between rapid responses and deeper chain-of-thought analysis within a single system, users can achieve both speed and enhanced reasoning depth, further improving complex workflows.
- Driving cost-effective and scalable AI solutions: DeepSeek's models use techniques such as Mixture of Experts (MoE) and multi-head attention, activating only relevant model parameters for each task. This architecture enables smaller, high-performing models with lower computational overheads, reducing infrastructure demands. Consequently, businesses, including smaller enterprises, can access advanced AI capabilities, promoting wider adoption of DAAI services even in cost-sensitive or infrastructure-limited environments.
- Enhanced real-time data processing: By combining RL with reasoning frameworks, DeepSeek models are optimized for dynamic data environments, including streaming data and real-time analytics. Their architecture supports fast, autonomous data interpretation, which is useful in scenarios such as fraud detection, real-time audits, and rapid healthcare diagnostics. Decentralized deployment can further enable localized data processing, minimizing latency and enhancing responsiveness across use cases.
- Fragmentation risks in the AI ecosystem: While DeepSeek's open-source approach encourages innovation, it also introduces risks related to ecosystem fragmentation. With multiple organizations customizing the model, inconsistencies in performance, compatibility, and interoperability may arise. These challenges highlight the need for standardized deployment frameworks and best practices to ensure reliability and coherence across enterprise implementations.
- Concerns over ethical AI and data sovereignty: DeepSeek has faced scrutiny over its data sourcing practices, including allegations of unauthorized use of training data from platforms such as OpenAI. These concerns raise broader questions about data ownership, bias, and transparency, particularly in regulated sectors such as finance and healthcare. The open-access nature of DeepSeek also increases the risk of malicious misuse, including cyberattacks or unauthorized surveillance.

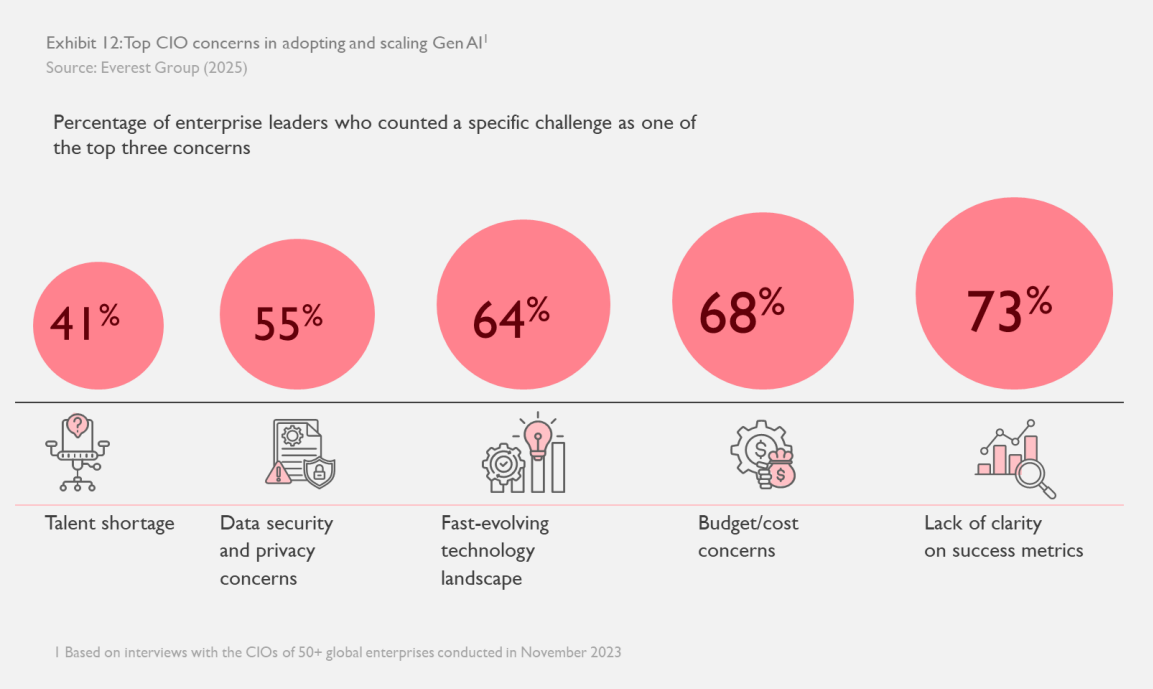
15 Based on the article 'Tiger Broker adopts DeepSeek model as Chinese brokerages, funds rush to embrace AI' published by Reuters in February 2025, available at https://www.reuters.com/technology/artificial-intelligence/tiger-brokers-adopts-deepseek-model-chinese-brokerages-funds-rush-embrace-ai-2025-02-18/

Cybersecurity risks such as exposed endpoints or model-serving vulnerabilities underscore the need for robust safeguards.

Key challenges hindering enterprise adoption of DAAI services

AI is one of the biggest technological waves to date and is being leveraged by enterprises to guide their business strategies and optimize routine business operations. However, the paucity of high-quality data for AI and advanced analytics, low RoI for AI solutions given how they are designed and built, and governance and data privacy concerns continue to hinder broader enterprise adoption.

Exhibit 12 depicts key enterprise concerns for adopting Gen AI.



Key challenges hindering enterprise adoption of DAAI services:

- RoI issues for AI: AI solutions are often built on the data readily available within an organization rather than being focused on solving specific domain or business problems. In some cases, enterprises try to implement AI solutions without investing enough in designing and customizing them for their specific needs or users. This one-size-fits-all approach leads to lower RoI realization for enterprises. According to Everest Group's Gen AI CIO survey, 73% of surveyed enterprises considered the lack of clarity on success metrics as a key concern in scaling Gen AI.
- The lack of a multi-disciplinary approach to problem solving: For successful deployment and scaling of DAAI services across enterprises, possessing technology capabilities is not the only success factor. Enterprises also need to consider certain business aspects, including:
  - Change management: Limited organizational readiness and cultural issues act as deterrents to the success of analytics and AI implementations.

  - Project failure due to complex systems and low adoption: In many scenarios, enterprises end up developing AI systems that are very complex and difficult to interpret, which might lead to resistance from end users to adopt them, leading to project failure.
  - Lack of transparency: Black-box AI systems are leading to lower enterprise trust, hindering AI adoption. Hence, enterprises are increasingly prioritizing transparency and explainability in AI solutions.
- Governance concerns: Data-related concerns, such as data privacy concerns, data security threats, lack of data quality, and data silos within enterprises, remain the biggest challenges that enterprises face when adopting DAAI. The adoption of Gen AI has increased hallucinatory responses, deep fakes, and bias in AI algorithms. The use of AI-generated content also raises copyright and ownership concerns. In Everest Group's Gen AI CIO survey, 55% of enterprise leaders surveyed emphasized data security and privacy concerns associated with Gen AI.
- Talent availability: Enterprises have been struggling to keep up with the demand for niche and advanced skills. Rapid changes in AI technologies have further compounded the challenges for enterprises to acquire and retain the right talent and scale their initiatives, limiting the effective deployment and management of AI systems. Gen AI has further impacted this with the rise of new roles, such as Gen AI engineers, architects, and prompt engineers.
- Fast-evolving technologies: The rapid pace of innovation, particularly in Gen AI methods, techniques, and models, is shortening the shelf life of tools and frameworks. As a result, enterprises struggle to keep up with frequent advancements and face challenges in selecting solutions that remain effective and competitive over time.
- Legacy data and infrastructure: Text, voice, and video data inferenced and/or generated by Gen AI models requires large unstructured training data and significant engineering effort to serve users at low latency and scale. Many enterprises have legacy systems that are not easily compatible with modern AI solutions. Integrating AI with these existing systems can be challenging, requiring significant time and resources to ensure seamless operations.
- Geopolitical uncertainty: Frequent shifts in global trade and policy are impacting enterprise investment decisions. These disruptions are delaying discretionary tech investments, slowing project approvals, and increasing pricing pressure in the DAAI services market. In the near term, new incremental tariffs on the export of technology components as well as reciprocal tariffs by counterparts are expected to dampen service demand due to tighter spending and broader economic strain, limiting access to AI-enabling infrastructure such as semiconductors and compute, with effects varying across industries.

Enterprises are taking several steps to overcome these challenges, including developing internal processes, skill training, and strategic technology partnerships, and working with third-party service providers, which may better understand the evolving domain.

Regulatory policies impacting the DAAI services market

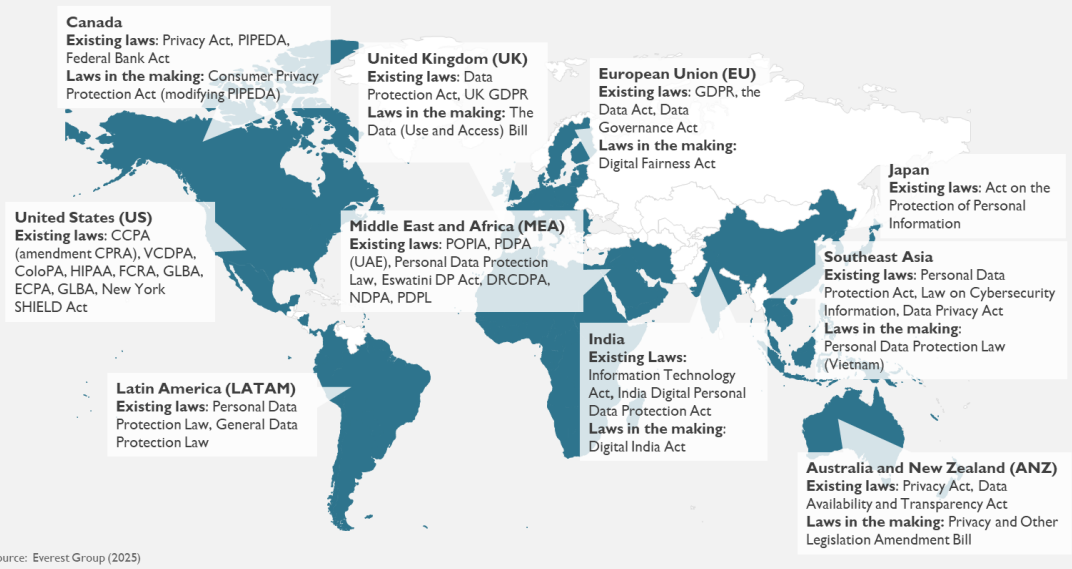
Despite its considerable potential, DAAI has several legal, financial, and reputational implications for businesses, including concerns around data security and privacy, hallucinations and explainability, accountability and ownership, and bias and ethics.

Key data privacy regulations

Data sovereignty is becoming a key challenge in the market. Data privacy and security regulations and AI-related frameworks are proliferating across geographies, as concerns around data protection rise. Europe is leading the regulatory landscape with its push to sovereign data through the General Data Protection Regulation (GDPR) and other regulations, such as the EU AI Act 2024. India's Digital Personal Data Protection (DPDP) Act 2023, California Privacy Rights Act (CPRA), and US Executive Order 14028 also demonstrate the focus on data governance in the digital age.

Exhibit 13 highlights key data security and privacy regulations in major geographies.

Exhibit 13 – Key data privacy regulations worldwide



Source: Everest Group (2025)

Stringent regulations pose substantial challenges for enterprises, including reputational damage and costly penalties resulting from legal actions. Notable cases include:

- In March 2025, a popular social media platform was fined US$600 million under an EU data privacy law by the Irish Data Protection Commission for improperly transferring users' personal data to China[16].
- In August 2024, a leading ride-hailing platform was fined US$324 million by the Dutch Data Protection Authority for violating EU data protection laws by unlawfully transferring drivers' personal data to the US[17].

Vertical-specific data-related regulations

While data regulations are generally applicable across industries, compliance requirements are increasingly rising in regulated industries such as BFS, insurance, and HLS.

16 Based on the article 'TikTok Fined $600 Million for Sending European User Data to China' published by The New York Times in May 2025, available at https://www.nytimes.com/2025/05/02/business/tiktok-eu-data-china.html
17 Based on the article 'Uber fined in Netherlands for sending drivers' data to the US' published by Reuters in August 2024, available at https://www.reuters.com/technology/cybersecurity/dutch-privacy-watchdog-fines-uber-sending-drivers-data-us-2024-08-26/
Source: Everest Group (2025)

Exhibit 14 lists a few industry-specific regulations across geographies.

Exhibit 14 – Key industry-specific regulations across geographies

1. BFS	2. HLS	3. Insurance
• US regulations such as the **Fair Credit Reporting Act (FCRA)** and the **Gramm-Leach-Bliley Act (GLBA)** protect consumers' credit reports and non-public financial data • **Australia's Consumer Data Right (CDR)** is focused on the banking sector • The **Payment Card Industry Data Security Standard (PCI DSS)** includes a global set of security guidelines against data theft and fraud for enterprises and payment solution providers dealing in card transactions	• The US has regulations such as the **Health Insurance Portability and Accountability Act (HIPAA)** that protects the privacy of sensitive patient health information that health insurers, healthcare providers, or healthcare clearinghouses may have access to • The **Big Beautiful Bill (BBB)** has proposed federal changes to Medicaid funding, eliminated ACA subsidies and tightened eligibility requirements to impact 41 states in the US • Canada has provincial laws, such as **Ontario's Personal Health Information Protection Act (PHIPA)** and **Alberta's Health Information Act** • Australia has provincial regulations, such as the **Health Records and Information Privacy Act (New South Wales)** and the **Health Records Act 2001 (Victoria)**	• **The NAIC Insurance Data Security Model Law** (#668), adopted in 2017, is a U.S. state-level framework enacted by over 20 states that mandates insurers and licensed entities to implement information security programs and report cybersecurity incidents to protect consumer data

Source: Everest Group (2025)

AI regulations and frameworks

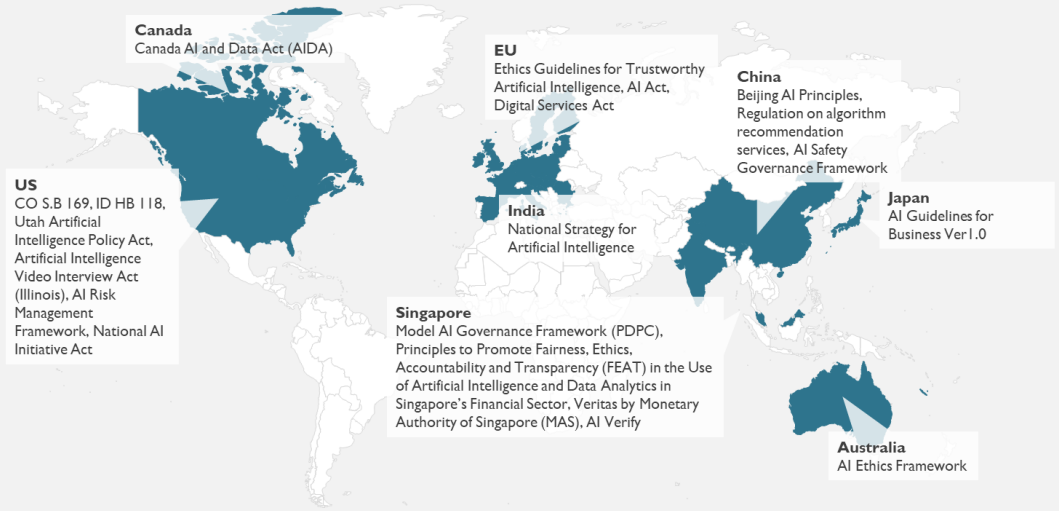
With increasing AI adoption, countries across the globe are coming up with AI-related regulations and frameworks. While some countries are amending existing copyright and privacy laws, some have started formulating best practices for AI-related initiatives to help enterprises and government entities ensure that bias does not creep into AI models. This trend is particularly relevant for Gen AI, as its ability to create new content heightens concerns about potential misuse.

The EU AI Act, effective from August 2024, sets a global precedent by establishing a comprehensive legal framework for AI and classifies AI applications into different risk categories, with stricter requirements for high-risk systems, such as facial recognition. The regulation mandates transparency, human oversight, and rigorous testing for high-risk AI, while prohibiting certain applications, such as social scoring and real-time biometric surveillance, which are deemed incompatible with fundamental rights. By adopting a risk-based approach, the EU aims to foster innovation responsibly, protect citizens from potential harm, and establish a trusted environment for AI deployment across sectors.

South Korea is also actively shaping its AI landscape with a proposed AI Act, which promotes responsible AI development and use, including measures for data protection, transparency, and accountability.

Exhibit 15 depicts key AI-related regulations and frameworks across geographies.

Exhibit 15 – AI-regulated frameworks and guidelines worldwide



Source: Everest Group (2025)

The high regulatory impositions pose risks related to enterprise branding and hefty fines due to lawsuits, or in some cases lengthy litigation processes even when the outcome is favorable. Some notable examples are:

- In December 2023, a leading newspaper company, claiming damages in billions, sued a major Gen AI company for copyright infringement[18].
- In September 2024, the Dutch Data Protection Authority fined a facial recognition company for building an illegal facial recognition database[19].
- In June 2025, a copyright lawsuit was filed against a major Gen-AI company; a U.S. judge later ruled in the company's favor, deeming the use of lawfully purchased copyrighted material for model training to be fair use[20].

Third-party service providers specializing in DAAI services are strategically developing talent pools equipped with the requisite skill sets at scale, alongside robust frameworks to ensure meticulous data and AI governance. Amid escalating talent shortages and mounting regulatory concerns, numerous enterprises find themselves grappling with these challenges. This presents an opportunity for third-party service providers to be adept at offering comprehensive digital services, particularly effectively and responsibly deploying advanced AI technologies while maintaining trust and cost efficiencies.

A DEEP DIVE INTO THE DAAI SERVICES MARKET

Vertical deep dive

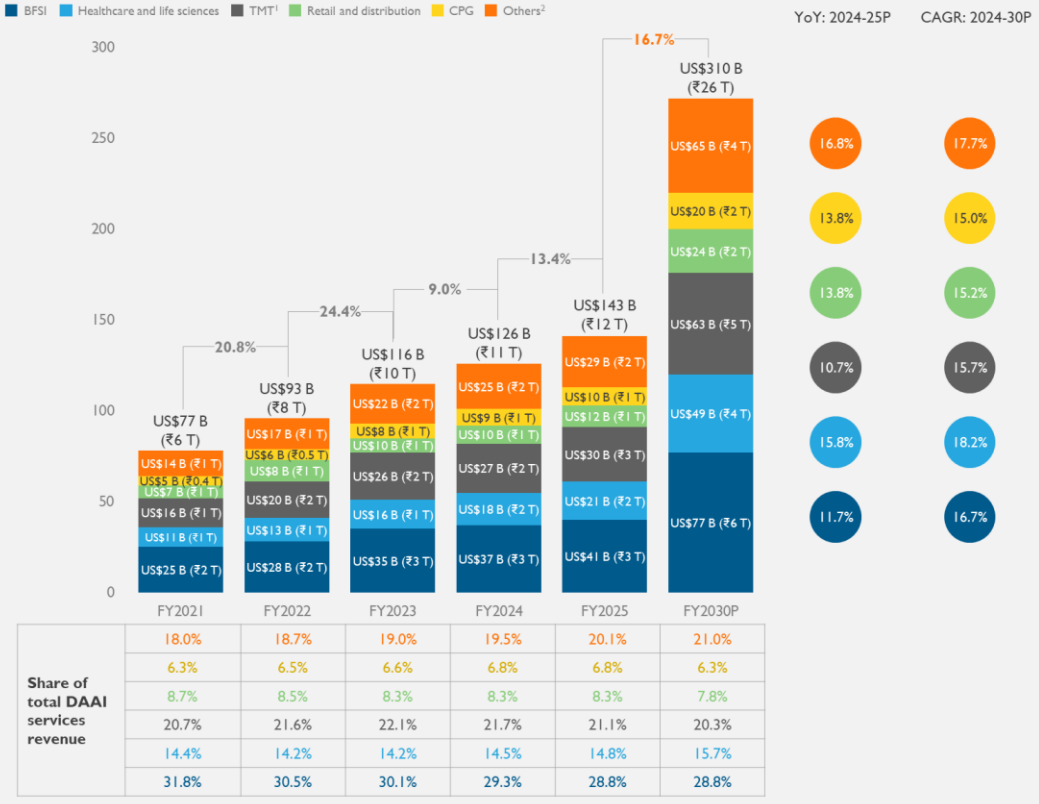
18 Based on the article 'The Times Sues OpenAI and Microsoft Over A.I. Use of Copyrighted Work' published by The New York Times in December 2023, available at https://www.nytimes.com/2023/12/27/business/media/new-york-times-open-ai-microsoft-lawsuit.html/
19 Based on the article 'Clearview AI fined by Dutch agency for facial recognition database' published by Reuters in September 2024, available at https://www.reuters.com/technology/artificial-intelligence/clearview-ai-fined-by-dutch-agency-facial-recognition-database-2024-09-03/
20 Based on the article 'Anthropic wins key US ruling on AI training in authors' copyright lawsuit' published by Reuters in June 2025, available at https://www.reuters.com/legal/litigation/anthropic-wins-key-ruling-ai-authors-copyright-lawsuit-2025-06-24/
Source: Everest Group (2025)

BFSI, HLS, retail and distribution, CPG, and TMT were estimated to account for 80% of the global DAAI services market in FY2025. Increased Gen AI adoption is likely to drive the CAGRs for BFSI (at 16.7%), HLS (18.2%), retail and distribution at (15.2%), CPG at (15.0%), and Technology, Media, and Telecommunications (TMT) (15.7%) over FY2025-30. While different industries have diverse business operating models, they may share certain value chain elements and face similar problems. For example, CPG and retail and distribution have common supply chain elements, such as sourcing and procurement and logistics and distribution, while HLS has elements of manufacturing, supply chain, and distribution.

Exhibit 16 illustrates the breakdown of DAAI services revenue by industry over FY2021-30 (projected).

Exhibit 16

DAAI services revenue breakdown by industry (FY2021-30P)
US$ billion (₹ trillion); P = Projected



	FY2021	FY2022	FY2023	FY2024	FY2025	FY2030P
Share of total DAAI services revenue	18.0%	18.7%	19.0%	19.5%	20.1%	21.0%
	6.3%	6.5%	6.6%	6.8%	6.8%	6.3%
	8.7%	8.5%	8.3%	8.3%	8.3%	7.8%
	20.7%	21.6%	22.1%	21.7%	21.1%	20.3%
	14.4%	14.2%	14.2%	14.5%	14.8%	15.7%
	31.8%	30.5%	30.1%	29.3%	28.8%	28.8%

1 TMT refers to telecom, media and entertainment, and technology
2 Others includes industries such as manufacturing, energy and utilities, public sector, travel and transport, real estate, education, agriculture, hospitality, and professional services
Note: All values are based on an average exchange rate of calendar year 2024, US$1 = ₹83.67
Source: Everest Group (2025)

Key vertical-specific developments and growth drivers

BFSI

Recent developments in the BFSI vertical driving the adoption of DAAI services are:

- Macroeconomic conditions and recessionary pressures: BFSI enterprises globally are facing cost pressures and diminishing profitability, driving the importance of analytics, AI, and Gen AI capabilities to streamline operations, enhance decision-making processes, and drive business growth.
- Rise in transaction volume and rapid digitization of customer information: Digital banking has led to a surge in datasets across multiple payment channels that drives AI and Gen AI use to predict credit scores, manage risks, identify stock price movement trends, deploy virtual agents for wealth management, utilize conversational bots for customer support, and build synthetic datasets.
- Proliferation of advanced technology: Enterprises are adopting blockchain with analytics and AI to automate decision-making, streamline processes, and respond to security threats in real-time. Coupled with technologies such as image recognition and Gen AI, blockchain can reduce costs, automate transactions, facilitate Know Your Customer (KYC) processes and payment workflows, and address copyright and security challenges.
- Tightening of regulatory and security norms: BFS firms must follow risk and fraud management mandates and compliance norms, such as the PCI DSS and ISO 20022, driving the adoption of structured and unstructured data analytics and AI for regulatory reporting, fraud detection, and risk assessment. Recent advances in Gen AI can further personalize financial products and generate synthetic credit risk models.

Top DAAI services use cases that BFSI enterprises demand are outlined in Exhibit 17.

Exhibit 17 – DAAI adoption use cases | BFSI

VALUE CHAIN ELEMENTS	Operations	Risk	Sales and marketing	Performance management/planning	Customer relationship management
USE CASES	• AI-driven debt recovery process/collections analytics • ATM cash analytics and forecasting • AI / Gen AI-enabled underwriting automation • AI-driven policy administration • Analytics-enabled claims management	• AI-enabled fraud detection and prediction • Customer-centric risk analytics and Gen AI-driven report generation • KYC analytics and compliance • Operational risk modeling • Gen AI-based simulated risk management and synthetic data for fraud analytics	• AI-driven customer targeting and dynamic cross-sell/upsell • Marketing spend analytics and report synthesis • Automated customer onboarding • AI-enabled insurance product personalization • Risk-adjusted sales pipeline management • Gen AI-based smart search on bank websites • AI based sales support agents	• Dashboarding and Gen AI-based insight summarization of banks' performance • Demand forecasting for BFSI products and services • AI-powered branch performance analysis	• Analytics-enabled communication management/channel analytics • Gen-AI enabled sentiment analysis of customer text • Predictive analytics for next-best offer • Gen AI-based chatbots for customer service and agent assistance • Personalized financial advice and investment proposal generation • AI based insight for customer support teams

Source: Everest Group (2025)

Retail and distribution

Key developments in the retail and distribution sector driving the development of enterprise technology solutions and the adoption of DAAI services across enterprises are:

- Experiential retail for hyper-personalized customer experience: Retailers are adopting AI and Gen AI to boost online and in-store experience through digital installations, interactive displays, AR-based virtual try-ons, visual search, metaverse-based stores, and generated catalogs and descriptions.

- Rise of social and mobile commerce: Social media and mobile commerce channels present retailers with new opportunities for customer engagement. Data from these platforms can be used to personalize marketing campaigns, optimize product recommendations, and develop marketing creatives, ads, and social media posts, driving analytics, Gen AI, and other AI adoptions.
- Behavior-driven optimization: Retailers use advanced analytics and AI to forecast demand, understand consumer behavior, capture buying trends, and carry out feedback analysis to optimize product assortment and categorization. Metaverse simulations and Gen AI-generated product layouts can help retailers to optimize their merchandizing strategies by understanding consumer preferences and demographics.

Key DAAI services use cases in retail and distribution are listed in Exhibit 18.

Exhibit 18 – DAAI adoption use cases | retail and distribution

VALUE CHAIN ELEMENTS	Sourcing and procurement	Logistics and distribution	Assortment and in-store operations	Sales and marketing
USE CASES	• AI-driven supplier management and performance tracking • AI- and analytics-driven demand forecasting for finished products • AI-enabled supplier discovery, selection, and attrition prediction • Computer vision-enabled finished products stock levels and quality monitoring • ML-enabled invoice compliance and payment processing • AI agents for supplier negotiations	• Advanced algorithm-based delivery time prediction • AI-/ML-enabled last-mile problem identification and alternate delivery planning • AI-enabled delivery channels optimization • ML-enabled shipment route optimization • AI-powered self-learning delivery route planning for drones and autonomous robots	• AI-enabled portfolio and category management • AI-driven shelf space and store planogram optimization • Analytics-driven staffing levels prediction • AI-/computer vision-enabled self-checkouts • Analytics-enabled stock-outs prediction • AI-driven surveillance systems to check pilferage • AI-based simulation for product and market testing	• AI-driven marketing allocation and promotions/campaign management • Data-driven dynamic pricing • Data-driven CRM state identification for marketing strategy • AI-driven customer analytics-based product recommendations and hyper-personalization • Market sentiment analysis at SKU level • Data-driven loyal customers and churn prospects identification • Website analytics for touchpoint optimization • Virtual try-ons and Gen AI-enabled shopping assistants • Product description generation

Source: Everest Group (2025)

CPG

Key developments in the CPG sector driving the adoption of DAAI services across enterprises are:

- Increased focus on Direct-to-customer (D2C) selling: CPG brands are investing in D2C channels to save channel margins, increase control, and drive sales operations visibility. Many emerging digitally native brands sell exclusively through online channels. This shift demands a strong DAAI strategy, with enhanced data, analytics, AI, and Gen AI, to identify customer needs and design personalized campaigns.
- Emerging small and midsize brands: Competition from rising agile brands has made it imperative for enterprises to achieve high utilization, minimize wastage, expedite delivery times, and ensure product innovation and quality using real-time data-driven decision-making. CPG enterprises are also experimenting with Gen AI-driven product and packaging design to increase customer mindshare.

- Growing demand for hyper-personalized consumer experience: Consumers expect tailored products, messaging, and engagement across digital and physical channels. Gen AI enables real-time analysis of behavioral and transactional data to deliver customized recommendations, dynamic pricing, and individualized product innovation at scale.

Exhibit 19 lists key DAAI services use cases in CPG.

Exhibit 19 – DAAI adoption use cases | CPG

VALUE CHAIN ELEMENTS	Sourcing and procurement	Logistics and distribution	Production	Sales and marketing
USE CASES	• AI-driven demand forecasting for raw materials • AI-driven raw materials supplier management and performance tracking • Analytics-driven raw material supplier attrition prediction • Dynamic contract negotiation and management with Gen AI • Dynamic price negotiation for volatile commodities • Computer vision-enabled raw material stock levels and quality monitoring • AI-/ML-enabled fraudulent or collusive transaction detection	• Data-driven capacity planning for fleets • Fleet network optimization with Gen AI-based simulations • Data-driven supply chain diagnostics for cycle-time optimization • AI-driven distributor and retailer management • AI-driven transportation and route optimization • AI-enabled warehouse inspection and inventory optimization • Visual-aided product picking at warehouse	• Gen AI-driven new product/package development • AI-enabled plant layout design • Simulation analytics- and AI-enabled product testing • AI-driven production schedule optimization • IoT and AI-driven machine monitoring and failure prediction	• AI-driven pricing optimization for finished goods • Data-driven new user segment identification • AI-based competitor intelligence and value proposition optimization • Data-driven loyal customers management • Predictive customer churn analysis • Gen AI-driven marketing content generation • AI-/ML-enabled A/B multivariate testing • Data-driven e-commerce platform insights

Source: Everest Group (2025)

HLS

Several recent developments in HLS are driving the adoption of DAAI services:

- Rising importance of connected Value-based Care (VBC): Increasing healthcare expenditures have brought VBC and connected care ecosystems into prominence. Gen AI, along with population health analytics, health information exchange, and claims analytics, helps identify care gaps, optimize resource allocation, and proactively engage patients in preventive treatments.
- High focus on proactive healthcare: Wearables and IoT medical devices enable access to health data with real-time vital collection, remote patient monitoring, medication adherence, and lifestyle tracking, driving DAAI adoption for data-driven treatment and early prognosis. Precision medicine benefits from understanding data patterns to predict diseases and individual treatment outcomes.
- Need for faster clinical trials and pharmacovigilance: Rising health concerns push for faster drug discovery and effective vaccines, driving the adoption of AI and Gen AI to speed up trial design, patient recruitment, drug efficacy studies, and risk monitoring.
- Evolving regulatory landscape in AI-led medical writing: With no unified global mandate, agencies like the Food and Drug Administration (FDA) are tightening region-specific norms. AI-enabled regulatory writing aids in adapting to varying compliance standards, accelerating submissions, and ensuring audit readiness through intelligent automation.

Key DAAI services use cases in HLS are depicted in Exhibit 20.

Exhibit 20 – DAAI adoption use cases | HLS

INDUSTRY VERTICAL	Healthcare			Life sciences					
VALUE CHAIN ELEMENTS	Patient engagement	Care/Case management	Diagnostics, treatment, and monitoring	Drug discovery, research, and pre-clinical trials	Clinical trials	Manufacturing, supply chain, and distribution	Pharmaco-vigilance	Regulatory and medical affairs	Medical devices
USE CASES	• Gen AI-driven patient sentiment analysis • AI-based customer segmentation • Analytics-driven omnichannel engagement • Gen AI-powered chatbots for appointment scheduling	• Clinical care/quality analytics • Population health analytics • Data-driven care gap identification and closure • AI-based recovery tracking and management	• AI-enabled prescription and medication adherence • AI-enabled disease onset prediction • Data-driven remote monitoring and care • Precise medical imaging with Gen AI • Gen AI-based knowledge assistants for doctors • Robotic- and AI-assisted surgeries	• AI-enabled drug assessment • Gen AI-driven drug discovery and design • Synthetic medical data generation for R&D • AI-driven pre-clinical analysis • AI-enabled management of research-related data	• Data-driven patient recruitment and scheduling • AI-based protocol development and trial design • Analytics-driven diagnostic process optimization • Clinical trial design and efficacy simulation with Gen AI • Gen AI-powered document-ation • Synthetic data creation to mask PII	• Analytics-driven resource, demand, and supply planning • AI-/ML-enabled quality assurance • AI-driven procurement and vendor management • IoT analytics-based real-time distribution and logistics support	• AI-driven Adverse Drug Reaction (ADR) intake/compla ints capture • AI-enabled complaints processing and reporting • Analytics-driven risk management and FDA-compliance execution • Predictive counterfeit drug detection	• Predictive post-marketing regulatory compliance • AI-enabled regulatory writing and approval automation • ML-enabled regulatory information management	• Smart wearables • IoT sensor-based patient vitals monitoring • IoT-based device inspection, maintenance, and support • Synthetic data generation for medical device testing

Source: Everest Group (2025)

TMT

Key developments in the TMT vertical that are driving the adoption of DAAI services are:

- Rising global telecom traffic and the need to self-optimize networks: Manually configuring growing networks and traffic volumes can be time consuming and prone to errors. Self-optimizing networks use AI and Gen AI to proactively fix anomalies, reduce congestion, optimize energy consumption, monitor equipment, and offer personalized network slicing for stable connectivity across devices and applications.
- Focus on 6G development: AI and Gen AI facilitate the development of radio access technologies, antennas, chipsets, and base stations, enabling equipment providers to advance 6G technologies.
- High consumption of content: Enterprises are using analytics and Gen AI tools to understand consumption patterns and preferences, ensuring relevant recommendations and content creation,

such as subtitle generation, script writing, storyboarding, personalized narratives, and special effects in audio and visual production. This further helps reduce content creation costs.

- Proliferation of AR/VR: Growing investments in AR/VR and metaverse technology present vast opportunities for the TMT industry. By using data and Gen AI, TMT companies can build immersive virtual environments and avatars that drive user engagement and content consumption.
- Improvements in IT operations: Expectations of immediate customer support and faster software delivery have driven technology companies to invest in AI-enabled IT operations and software development. AI and Gen AI help gather deeper insights across an application's life cycle, generate code, automate testing, drive NLP-enabled customer support, and streamline processes and resources for faster value delivery.

Exhibit 21 highlights key DAAI services use cases in TMT.

Exhibit 21 – DAAI adoption use cases | TMT

INDUSTRY VERTICAL	Telecom		Media and entertainment				Technology	
VALUE CHAIN ELEMENTS	Network operations	Customer operations	Content discovery, creation, and acquisition	Media preparation	Content distribution	Content consumption and user management	Product design	Operations
USE CASES	• Network line and equipment problem detection with Gen AI for root cause simulations • Predictive maintenance for network quality and optimization • Automated field force mapping and field services management	• AI-enabled customer order form verification • AI-driven network bandwidth allocation • Gen AI-enabled chatbots for user support • Customer usage analytics and dynamic service plan optimization • Gen AI-based invoice generation and anomaly detection • AI based optimization of contact center workflows	• Data-driven content discovery and acquisition • Gen AI-enabled content creation (marketing copy, blogs, videos, game design, trailers, etc.) • Gen AI-based multi-language subtitles and personalized dialect audio generation	• AI-enabled image/video/audio processing • AI-based metadata tagging • NLP-enabled subtitle synchronization automation	• Data-driven channel recommend-ations/ analytics • AI-enabled video assets positioning for high streaming quality	• ML-enabled movie categorization and search optimization • Performance analytics for monitoring platforms and usage • AI-enabled content moderation • AI-/ML-based predictive recommend-ations • NLP-enabled sentiment analysis of social media posts and others • Automated user database management	• Gen AI-driven product/software ideation and innovation • Personalized User Experience (UX) research with sentiment analysis • Integration compatibility analysis of new products/ software • AI-enabled digital prototyping • Proof-testing of electronic products using digital twins • AI-driven competitor monitoring	• AI-/ML-enabled quality defects detection and predictive maintenance • AI-enabled asset performance optimization • Gen AI-driven code generation and developer assistance • Test-case generation and automation with Gen AI • AIOps and AI-enabled planning of manufacturing and development cycles

Source: Everest Group (2025)

Buyer size deep dive

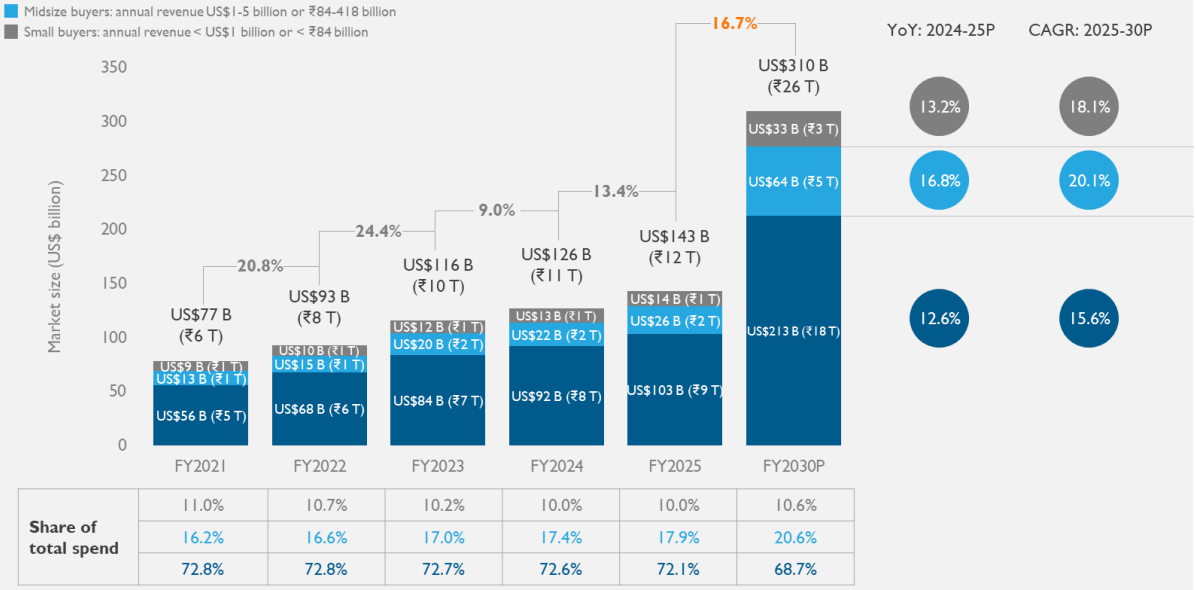
Large buyers (annual revenue > US$5 billion or > ₹418 billion) were estimated to account for more than 70% of the DAAI services market in FY2025 and are expected to grow at a 15.6% CAGR during FY2025-30. Midsize and small buyers accounted for an estimated 28% of the market in FY2025 – their investments are also expected to rise in the future.

To reduce their reliance on multiple partners across the DAAI value chain, enterprises, especially large buyers, prefer to engage with a single partner for AI solutions.

Exhibit 22 depicts the breakdown of DAAI services revenue by buyer size over FY2021-30 (projected)

Exhibit 22

DAAI services revenue breakdown by buyer size (FY2021-30P)
US$ billion (₹ trillion); P = Projected



	FY2021	FY2022	FY2023	FY2024	FY2025	FY2030P
Share of total spend	11.0%	10.7%	10.2%	10.0%	10.0%	10.6%
	16.2%	16.6%	17.0%	17.4%	17.9%	20.6%
	72.8%	72.8%	72.7%	72.6%	72.1%	68.7%

Note: All values are based on an average exchange rate of calendar year 2024: US$1 = ₹83.67
Source: Everest Group (2025)

Key imperatives for buyer size segments

- Large buyers: Typically, large enterprises (annual revenue > US$5 billion or > ₹418 billion) often have higher DAAI maturity and skilled AI talent. Data-led digital transformation, data asset rationalization, data explosion, compliance, and data monetization drive DAAI adoption in this buyer segment. Top-down pressures are pushing large enterprises to use bespoke AI and Gen AI solutions for competitive differentiation. To realize value faster, these enterprises are breaking down larger transformation deals into smaller chunks.
- Midsize buyers: The midsize buyer segment (annual revenue US$1-5 billion or ₹84-418 billion) experienced significant DAAI growth in FY2024-25, driven by investments in their data layers to enable the development of analytics and AI/ML use cases. These enterprises tend to be more agile in exploring use cases and prefer innovative and competitive pricing constructs. Cloud data migration, data warehouse modernization, and shortage of AI skills are other demand areas for this segment.
- Small buyers: Small enterprises (annual revenue < US$1 billion or < ₹84 billion), traditionally lagging in DAAI maturity, are catching up with their larger peers. Data architecture modernization and Business Intelligence (BI) application development are the key demand areas for this buyer segment.

Geography deep dive

In terms of DAAI services adoption, North America is the most mature market, closely followed by Europe. North America and Europe together accounted for approximately 80% of the overall DAAI services market in FY2025. Other prominent geographies included Japan, China, the Middle East, Australia and New Zealand (ANZ), and Singapore, and they are also expected to witness increased adoption in the future.

Key geography-specific trends, developments, and growth drivers

North America

North America has two major markets for DAAI Services – the US and Canada – which are also major markets for many large enterprises. The US has been one of the largest advanced analytics and AI markets since the early 2000s (with an estimated 13.7% CAGR over FY2025-30). The region is also a global leader in foundation model development, venture capital funding, and advanced enterprise AI use cases. Canada, which forms a smaller portion of the North American DAAI market, is expected to witness high growth, as enterprises in the region have lower data maturity and are investing in building a strong data management layer and AI capabilities.

High adoption of DAAI services in North America is driven by the following key developments:

- Government-led strategies: The US and Canadian governments have initiated various programs to drive AI adoption. Initiatives such as the American Artificial Intelligence Initiative and the US National Science Foundation aim to promote AI research. The US has established the AI Safety Institute Consortium (AISIC) to drive responsible AI through development and usage guidelines.
- High-performance Computing (HPC) and data center infrastructure: North American institutions boast of some of the world's most powerful supercomputers and also holds one of the highest data center capacities across the world. This readily available HPC infrastructure is crucial for training complex foundation models that require massive datasets and processing power. For example, Google PaLM has 540 billion parameters[21] and Llama 4 Behemoth will have 288 billion parameters[22]. Additionally, Open AI and Oracle have entered into an agreement to develop 4.5 gigawatts of additional Stargate data center capacity in the U.S which will run over 2 million chips[23].

Europe

Europe has witnessed remarkable DAAI services growth in recent years, especially in the UK, France, and Germany (with an estimated 15.8% CAGR over FY2025-30). This surge reflects a strategic embrace of advanced analytics and AI technologies, fostering innovation and competitiveness. Regulatory support

21 Based on the blog "Pathways Language Model (PaLM): Scaling to 540 billion parameters for breakthrough performance" published by Google in April 2022, available at https://research.google/blog/pathways-language-model-palm-scaling-to-540-billion-parameters-for-breakthrough-performance/

22 Based on the blog 'The Llama 4 herd: The beginning of a new era of natively multimodal AI innovation' published by Meta in April 2025, available at https://ai.meta.com/blog/llama-4-multimodal-intelligence/?utm_source=llama-home-behemoth&utm_medium=llama-referral&utm_campaign=llama-utm&utm_offering=llama-behemoth-preview&utm_product=llama

23 Based on OpenAI's press release from July 2025, available at https://openai.com/index/stargate-advances-with-partnership-with-oracle/

Source: Everest Group (2025)

and digitalization trends underscore Europe's emergence as a hub for DAAI innovation. Adoption of DAAI services in Europe is driven by the following key developments:

- Integrated data solutions: Modern data platforms in Europe offer integrated solutions for robust data governance and security across enterprises. The increasing penetration of cloud technology is anticipated to drive the demand for these platforms, streamlining data management and analytics processes.
- Governmental investments into AI: European governments are intensifying investments in AI research and development. The establishment of European Commission's AI Office and the European Union's AI act aim to regulate and promote AI and Gen AI adoption. These initiatives, coupled with growing demand from various industries, are propelling the adoption of AI solutions and fostering an environment conducive to innovation.

Middle East and Africa (MEA)

MEA, especially the UAE and Saudi Arabia, is an emerging market for DAAI with significant potential for growth (an estimated 30.3% CAGR over FY2025-30) due to a rapidly growing tech ecosystem, an expanding AI talent pool, supportive government and corporate training initiatives, an evolving regulatory landscape, and a booming oil economy.

- Rapidly growing tech ecosystem: The MEA region is increasing investments in cloud infrastructure and digital transformation. The growing number of start-ups and technology companies are contributing to a maturing tech ecosystem that provides enterprises with relevant infrastructure and support to deploy and manage DAAI solutions effectively.
- Emerging AI talent pool: Although the current base of AI talent in MEA is relatively small, government initiatives and universities are developing specialized AI and data science programs to create a pipeline of skilled professionals that attract enterprises seeking DAAI solutions. The Saudi Data and Artificial Intelligence Authority is launching several AI research and training programs as part of Saudi Arabia's Vision 2030.

ANZ

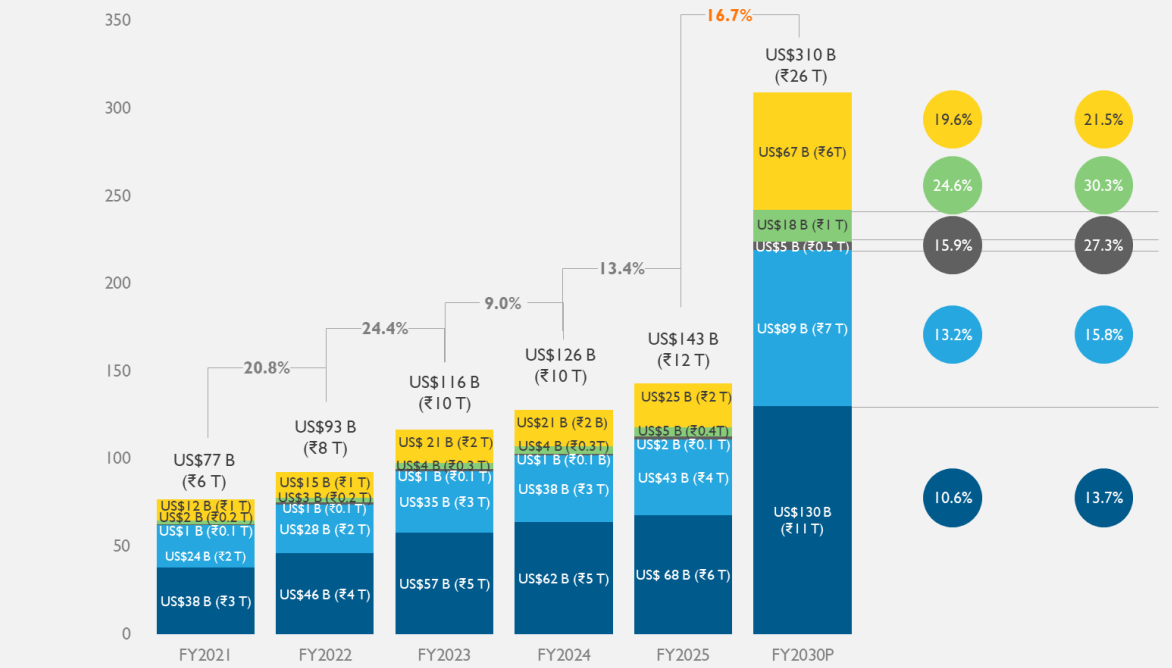
ANZ has embraced DAAI services, driving innovation and competitiveness. Regulatory support and a growing tech ecosystem underline ANZ's position as a hub for innovation (with an estimated 27.3% CAGR over FY2025-30). DAAI services adoption in the region is driven by the following key developments:

- Government strategies driving AI adoption: The governments of Australia and New Zealand are taking several initiatives to boost AI adoption within their countries, including Australia's Artificial Intelligence in Government Taskforce (AIGT) for responsible AI and the National AI Center to drive business adoption of AI, as well as New Zealand's National AI Strategy to drive economic growth and public welfare through AI.
- Growing investment in skill development: ANZ universities are developing specialized AI and data science programs, coupled with government initiatives promoting industry-academia collaboration. This proactive approach, along with a focus on skilling the existing workforce in data literacy and AI fundamentals, allows businesses to adopt and leverage DAAI solutions effectively.

Exhibit 23 illustrates the breakdown of DAAI services revenue by geography over FY2021-30 (projected).

Exhibit 23

DAAI services revenue breakdown by geography
US$ billion (₹ trillion); P= Projected



	FY2021	FY2022	FY2023	FY2024	FY2025	FY2030P
Share of total DAAI services revenue	15.8%	16.2%	16.4%	16.9%	17.8%	21.7%
	2.8%	2.8%	2.9%	3.0%	3.3%	5.7%
	1.0%	1.0%	1.1%	1.1%	1.1%	1.8%
	30.9%	30.3%	30.2%	30.0%	30.2%	28.8%
	49.6%	49.6%	49.5%	49.0%	47.8%	42.0%

1 Europe refers to the UK, Western Europe, Eastern Europe, and Russia
Note: All values are based on an average exchange rate of calendar year 2024: US$1 = ₹83.67
Source: Everest Group (2025)

Functional deep dive

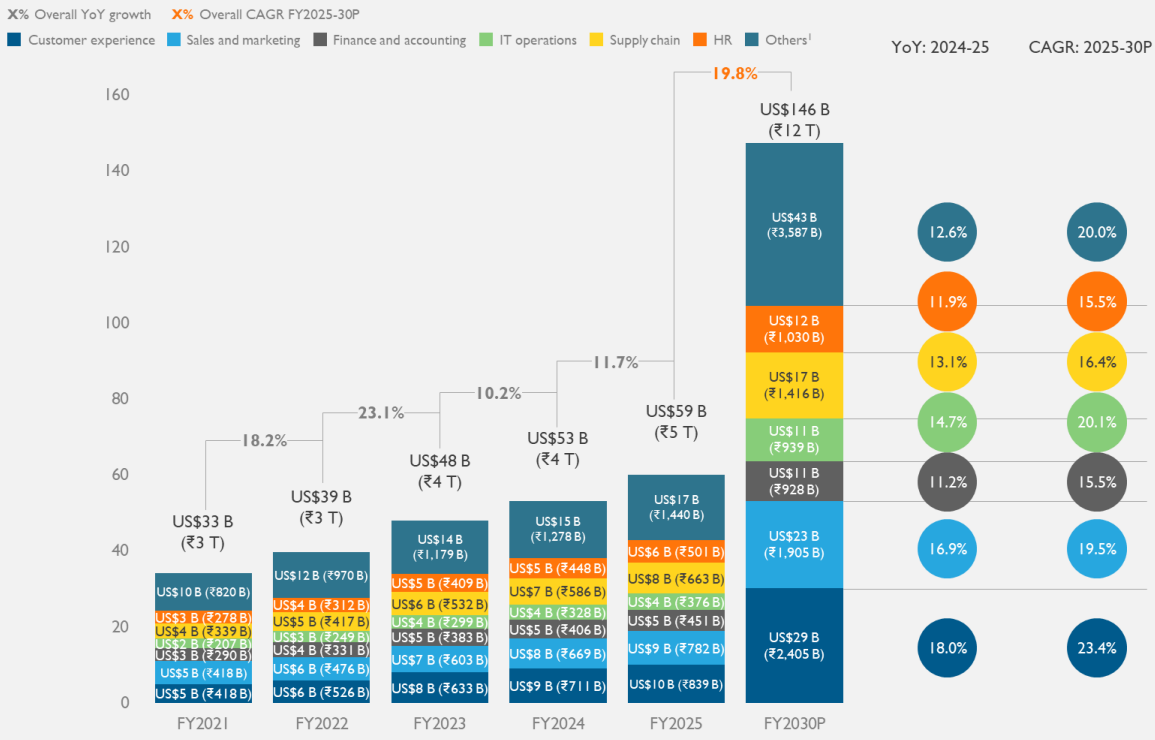
The data layer, which includes data management, consulting, road mapping, data modernization, data migration, data warehousing, governance, and security, pervades all functional areas across an enterprise. Therefore, AAI foundation and AAI adoption have been considered to calculate the revenue breakdown by functional area because these segments comprise functional area-specific use cases, such as sales forecasting, sentiment analysis, campaign management, and expense management.

Customer experience, sales and marketing, HR, and supply chain together accounted for more than 55% of the AAI foundation and AAI adoption services market in FY2025. Further, customer experience, sales and marketing, and IT operations are expected to grow at a faster pace during FY2025-30 due to high Gen AI penetration.

Exhibit 24 depicts the breakdown of DAAI services revenue by functional area over FY2021-30 (projected).

Exhibit 24

DAAI services revenue breakdown by functional area
US$ billion (₹ billion); P = Projected



	FY2021	FY2022	FY2023	FY2024	FY2025	FY2030P
Share of total AAI foundation and AAI adoption services revenue	29.5%	29.5%	29.2%	28.9%	28.4%	29.4%
	10.0%	9.5%	10.1%	10.1%	9.9%	8.4%
	12.2%	12.7%	13.2%	13.2%	13.5%	11.6%
	7.4%	7.6%	7.4%	7.4%	7.4%	7.7%
	10.4%	10.1%	9.5%	9.2%	8.9%	7.6%
	14.4%	14.5%	14.9%	15.1%	15.5%	15.6%
	16.2%	16.0%	15.7%	16.1%	16.6%	19.7%

1 Others includes procurement, order management, risk, fraud, fundraising, travel, consulting and advisory, and industry-specific services, among others
Note: All values are based on an average exchange rate of calendar year 2024: US$1 = ₹83.67
Source: Everest Group (2025)

Key function-specific developments and growth drivers

Customer experience

Key developments that drive DAAI adoption in customer experience are as follows:

- Rise of Gen AI virtual assistants for immediate support: Unlike traditional chatbots, Gen AI-powered chatbots can handle complex conversations, understand nuances, and generate personalized responses. They enable a more natural and engaging customer service experience and generate cost savings, with limited involvement of human agents.
- Proactive customer interactions: AI can proactively anticipate customer needs by analyzing past interactions, purchase history, and real-time data. It allows for proactive support, such as suggesting

solutions before problems arise, anticipating inquiries based on browsing behavior, or offering targeted discounts.

- Gen AI for agent assistance: Gen AI can further enhance customer experience by providing real-time support and knowledge management, drafting responses, transcribing customer calls, and summarizing notes, among others, allowing human agents to focus on more complex issues and enhancing productivity.

Sales and marketing

Recent developments driving DAAI adoption in sales and marketing are:

- Rising importance of social media marketing: Gen AI can streamline creative content production by generating original marketing materials, such as product descriptions, social media posts, and personalized video ads. By analyzing brand guidelines, Gen AI can create consistent content that fits brand identity.
- Increased emphasis on relationship building and customer retention: The adoption of analytics and AI helps enterprises improve customer delight, identify disengaged customers, and provide personalized experiences by analyzing customer journey data, including demographics, lifestyles, past experiences, buying habits, and preferred communication channels.
- Greater lead conversion: In an uncertain market, ML algorithms can support automated lead scoring by leveraging customer data, past sales interactions, and market trends, enabling sales teams to prioritize their efforts and close deals faster. Gen AI-powered consultative sales agents can also autonomously engage with leads, preventing leads from going cold, keeping the sales funnel relatively active.

Supply chain

Key developments driving DAAI adoption in the supply chain are:

- The need for disruption-proof supply chains: AI can help businesses design efficient logistics networks, such as transportation routes, warehouse layouts, and inventory allocation strategies, by simulating various scenarios, which allow for testing and optimization before implementation.
- Changing customer demand: With increasing emphasis on customer experience, enterprises want to improve demand forecasting, manage product assortment and inventory, and design products that rapidly respond to changing customer preferences, driving the adoption of analytics and AI.
- The need to strengthen supplier relations: With NLP, Gen AI can analyze supplier data, past purchase history, and market trends to identify cost-saving opportunities, negotiate more favorable terms with suppliers, optimize raw material purchases, and manage inventory storage costs.

Finance and accounting

Key developments driving DAAI adoption in finance and accounting are:

- Increasing accounting regulations: Regulatory and compliance requirements, such as International Financial Reporting Standards (IFRS), Generally Accepted Accounting Principles (US GAAP), and Indian Accounting Standards (Ind AS) impose stringent reporting and audit requirement, emphasizing the need to adopt AI-enabled systems that monitor documents, identify gaps, and flag issues.
- The need for better portfolio management and financial planning: Enterprises are adopting financial analytics and AI services that support asset management, investment planning, product portfolio

planning, capital deployment, and market forecasting. The use of AI-driven predictive modeling techniques enables precise financial forecasting, fortifying risk management and decision-making.

- Automation of repetitive tasks: Gen AI can automate many tedious and error-prone tasks in accounting, such as data entry, reconciliation, report summarization, and invoice processing, which allows accountants to focus on more strategic analysis and decision-making.

IT operations

Key developments driving DAAI adoption in IT operations are:

- Rising complexity in IT infrastructure: The increasing complexity of IT infrastructure has led to the adoption of AIOps, which helps reduce resolution time and accurately monitor any unexpected changes in services or infrastructure. Data analytics platforms equipped with AI capabilities can automate anomaly detection and generate real-time alerts, proactively preventing system outages.
- Protection from cybersecurity threats: AI copilots can serve as virtual cybersecurity partners for IT professionals by predicting vulnerabilities, detecting anomalies, offering instant access to security knowledge, and even helping draft security-focused responses.
- Remote device management: The shift to a hybrid workplace has pushed IT operations teams to manage remote assets centrally. Enterprises are adopting IoT solutions, along with analytics and AI, to monitor device performance, firmware updates, and battery condition, among others, through asset tracking and management systems.

HR

Key developments driving DAAI adoption in HR are:

- High number of job applications: A high number of job applications is pushing enterprises to adopt AI and Gen AI to screen applicants, maintain databases, arrange interviews, write job descriptions, and address candidate queries, thereby significantly reducing hiring effort and time.
- Increased focus on employee training and development: Enterprises are investing in analytics and AI to map personalized learning journeys and recommend relevant content based on job roles, employee skill sets, learning styles, and future goals. Gen AI-based virtual coaches can assist trainers in offering real-time responses to frequently asked questions.
- The need for workforce management: AI-powered sentiment analysis can help identify factors that contribute to employee satisfaction and dissatisfaction, which can then be used to create targeted initiatives to improve employee engagement and reduce turnover. Gen AI-powered chatbots can provide 24/7 support by answering questions, directing employees to resources, and scheduling appointments with HR professionals.

DAAI talent footprint by geography

In 2025, the overall DAAI services headcount has grown significantly worldwide. Asia Pacific (APAC), accounting for about 60% of the global DAAI talent market, is estimated to grow at the rate of 10-15% annually from 2025-26. India leads the region with its extensive talent pool, lower operational costs, and favorable economic conditions, accounting for more than 40% of global DAAI professionals. According

24 Based on live data published by OECD.AI on their website, available at https://oecd.ai/en/data?selectedArea=ai-research&selectedVisualization=top-countries-in-ai-publications-in-time
Source: Everest Group (2025)

to OECD.AI, India is ranked among the top 3 countries, with the highest number of AI research publications[24]. However, there is a growing demand-supply gap in India, particularly for skilled professionals in ML and Gen AI. In March 2024, the government of India launched AI India mission, to build strong AI computing and semiconductor infrastructure and upskill professionals in AI capabilities.

China has made significant efforts to hire AI talent but faces economic headwinds and tighter regulations. AI chip export restrictions and new data-privacy rules are constraining digital investment. However, at the same time, firms like DeepSeek are actively expanding China's footprint in the AI sector.

North America holds 19-25% of the DAAI talent and is projected to grow at 5-10% over from 2024 to 2025. This growth is driven by a mature talent market and robust infrastructure, although higher costs are a consideration. The US leads in developing LLM models, while Canada follows US footsteps, aiming to strengthen its existing AI framework, introduce new laws, and invest in AI skill development. Recent tariff reports on imported semiconductors and AI hardware and regulatory alignment have introduced cost uncertainties, prompting organizations to diversify their talent procurement strategies.

Europe, which contributes 15-20% to the global DAAI talent market, includes the UK, which accounts for about half of the total European delivery footprint. Europe is making significant strides in AI, having recently introduced the EU AI Act to encourage the responsible use of AI and is estimated to grow at 5-10% over the year 2024-2025. Despite the Russia-Ukraine conflict constraining growth in Central and Eastern Europe (CEE), the Czech Republic, Hungary, and Poland remain important for DAAI services delivery.

South America accounts for 3-4% of the market. While the region is expanding its footprint, growth has slowed due to economic challenges and political uncertainties. Despite this, South America remains a growing market for DAAI services.

Similarly, MEA, which holds 3–5% of the market, is a strategic focus area projected to grow by 40% in 2024–2025, driven by rising investments in its AI talent pool—currently smaller than in most mature markets. Despite this high growth rate, political instability, language barriers, and a relatively small base limit its ability to capture a larger market share.

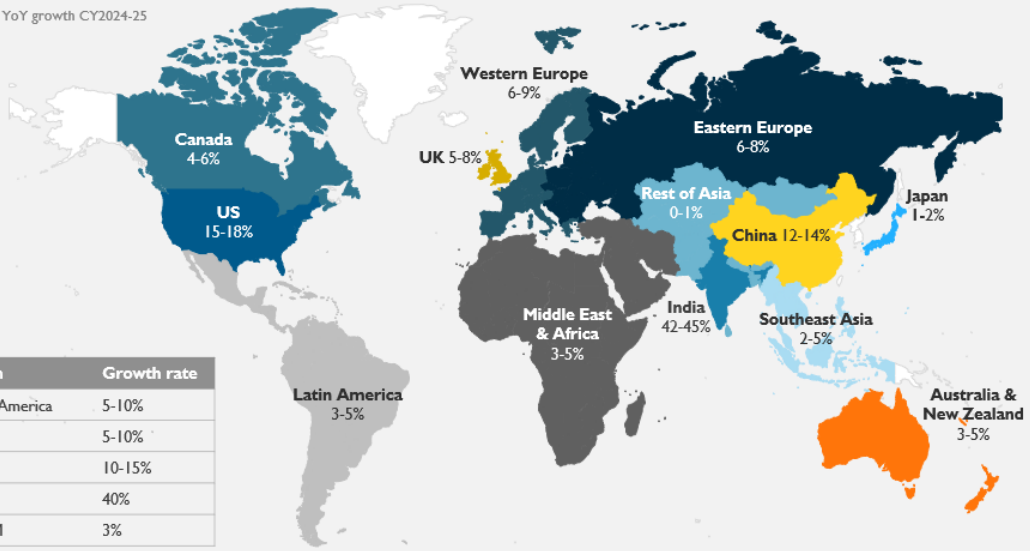
Despite these regional variations, the global demand for DAAI services continues to rise, with enterprises increasingly investing in AI and analytics to drive innovation and operational efficiency.

Exhibit 25 depicts the distribution of DAAI service professionals by geography.

Exhibit 25

DAAI professionals' distribution by geography
Percentage; 100% = 1.4 Million

X% Overall YoY growth CY2024-25



Region	Growth rate
North America	5-10%
Europe	5-10%
APAC	10-15%
MEA	40%
LATAM	3%

Source: Everest Group (2025)

TOTAL AND SERVICEABLE ADDRESSABLE MARKET FOR FRACTAL

As Fractal offers services across the DAAI value chain, the overall DAAI market size can be interpreted as Fractal's Total Addressable Market (TAM), valued at an estimated US$143 billion (₹12 trillion) in FY2025 and expected to grow at a CAGR of 16.7% to US$310 billion (₹23 trillion) by FY2030 (Refer to Exhibit 7).
The Serviceable Addressable Market (SAM) for Fractal has been calculated by considering Fractal's focus areas in terms of geographic spread (focus geographies are North America, Europe, MEA, and ANZ), vertical spread (focus industries are BFSI, retail and distribution, manufacturing, CPG, HLS, and TMT), and buyer size spread (focus on enterprises with annual revenue > US$5 billion or > ₹418 billion). The DAAI services SAM for Fractal is also expected to grow in double digits, as enterprise focus on digital transformation further drives data, AI, and cloud adoption.

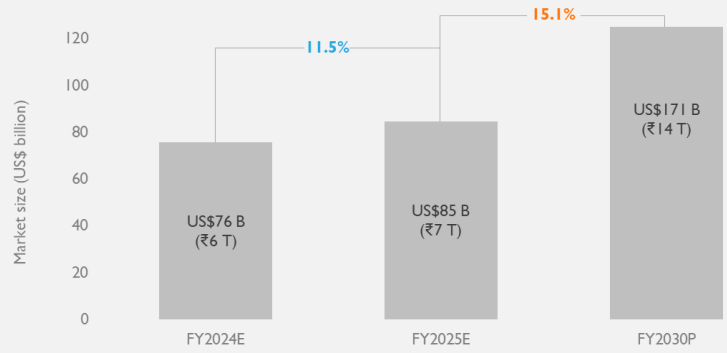
Fractal's SAM in DAAI services was estimated to be US$76 billion (₹6 trillion) in FY2024, US$85 billion (₹7 trillion) in FY2025, and is likely to grow to US$171 billion (₹14 trillion) by FY2030 at an estimated CAGR of 15.1%.

Exhibit 26 depicts Fractal's SAM in DAAI services over FY2024-30 (projected).

Exhibit 26

SAM for Fractal within DAAI services[1,2]
US$ billion (₹ trillion); P = Projected; E = Estimated

X% Growth from FY2024-25E
Y% Overall CAGR FY2025-30P



1 The projected SAM for FY 2024E, FY 2025E, and FY 2030P is based on Fractal's FY2025 strategy
2 These estimates are forward-looking and subject to material uncertainties
Note: All values are based on an average exchange rate of calendar year 2024: US$1 = ₹83.67
Source: Everest Group (2025)

THE AI SOFTWARE MARKET

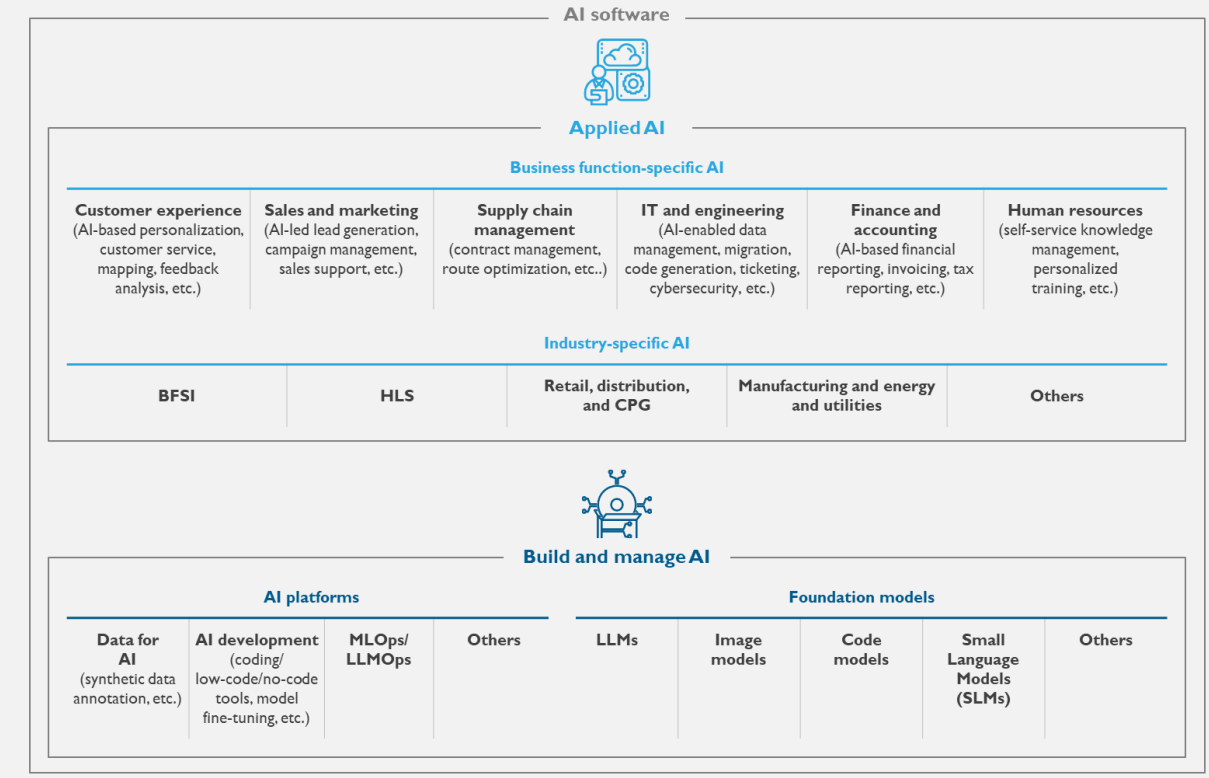
The AI software market is poised for significant growth in the coming years as enterprises increase their digital maturity and scale their AI and Gen AI investments. Advances in computing power, AI algorithms, and the growing demand for automation and personalization will further drive this market's growth. Additionally, as Gen AI and agentic AI technologies evolve, enterprises will further move from a phase of exploration to experimentation and production. Based on Everest Group's Gen AI CIO survey, the percentage of enterprises at the experimentation stage increased from 28% in H1 2023 to 61% in H2 2023. This has further introduced a plethora of applications built on the intelligent model layer, addressing impactful use cases across industries.

AI software providers are AI-first companies that develop and integrate AI as a central component in their products and solutions to the extent that – without it – their offerings would be incomplete. These providers offer AI solutions for B2B purposes and do not include pure-play hardware and service-based AI providers.

Definitional framework of the AI software market

The key segments that constitute the AI software market are depicted in Exhibit 27.

Exhibit 27 – Components of the AI software market



Source: Everest Group (2025)

Build and manage AI

The build and manage AI layer includes tools and technologies required for developing, deploying, and maintaining AI solutions. It serves as the foundation upon which applied AI applications are built.

Key components of build and manage AI include:

- AI platforms: This software integrates libraries, frameworks, and pre-built models to streamline AI application development, deployment, and management. Vendors in this segment offer software tools, such as Google Cloud Vertex AI, AWS Bedrock, and Fractal's Cogentiq, for the entire AI lifecycle, including data generation, preparation, annotation, model training, fine-tuning, and development. These platforms may also offer MLOps/LLMOps frameworks, which facilitate model deployment, AI orchestration tools to ensure efficient workflow integration, AI governance frameworks to ensure ethical and responsible use of AI models, pipeline monitoring, and regulatory compliance. These AI platforms may be coding based, no-code/low-code, or workflow based.
- Foundation models: These include large deep learning neural networks that have been pre-trained on massive datasets of text, code, images, or other forms of generalized and unlabeled data and can understand language, generate text and images, and converse in natural language. These can be further fine-tuned on enterprise data for contextualization. The most widely recognized AI models

driving the segment's growth include LLMs that generate and understand human language (such as OpenAI's GPT-4, Anthropic's Claude 3, Fractal Vaidya); reasoning models (such as OpenAI's O3, DeepSeek's R1, Anthropic's Claude Sonnet 4, and Fractal's Fathom-R1-14B) that tackle complex, multi-step thinking; diffusion models (such as Google's Imagen and Fractal's Kalaido.ai), which generate high-quality images; and multimodal models that handle multiple data types, such as text, images, and audio.

Small Language Models (SLMs) and domain-specific models are gaining traction due to the larger size and resource-intensive nature of general-purpose foundation models. These emerging models are tailored to specific industries and use cases, allowing for more precise and relevant applications.

While a few enterprises are developing their own private foundation models, most are fine-tuning third-party models due to constraints around cost, talent, resources, regulatory compliance, technology infrastructure, and privacy and security requirements. These third-party models may be proprietary (such as GPT4 and Gemini) or publicly available open-source foundation models (such as Llama and Gemma). Facilitating community collaboration, rapid innovation cycles, and ongoing adaptation due to massive pre-training, open-source models are increasingly gaining traction and strongly competing with other types of foundation models.

Applied AI

Applied AI software leverages AI and Gen AI techniques, such as ML, NLP, and computer vision, to solve specific problems across industries or business functions. By using the capabilities of build and manage AI, applied AI solutions translate AI advances into practical applications and can be consumed directly by enterprises and end users to achieve targeted objectives.

The applied AI layer includes business function- and industry-specific AI segments:

- Business function-specific AI: This includes AI software that can be applied across multiple or all industries to enable common business functions, such as customer service, sales and marketing, and human resources. Illustrative examples include chatbots for customer-service automation and sentiment-analysis tools for marketing campaigns; Jasper and Writer, which help sales and marketing teams create content; Cogentiq Campaign Assist, campaign building tool for content and outreach; Cogentiq Migration, which assists IT teams with cloud migration; and Cogentiq Business Insights, which delivers personalized query-resolution experiences.
- Industry-specific AI: It includes AI software tailored to address the unique needs of banking, healthcare, and retail sectors, among others. These solutions leverage domain-specific data and expertise to serve vertical-specific use cases, such as AI-driven fraud detection and risk management in banking or predictive equipment maintenance in manufacturing. Examples include software such as Arterys and Viz.ai, which analyze Computed Tomography (CT) scans and Magnetic Resonance Imaging (MRIs) to improve cardiovascular disease diagnosis. Fractal's Asper.ai offers AI-driven dynamic demand planning to CPG enterprises. Fractal's Trial run offers business experimentation for aspects such as store remodeling and shelf tactics in the retail and distribution space. Qure.ai provides AI solutions for HLS enterprises to interpret radiology reports such as X-rays and CT scans.

Growth drivers and challenges

Key growth drivers of the AI software market are:

- Rising enterprise preference for pre-built AI products: Enterprises are increasingly choosing AI software over building in-house AI capabilities that require significant Research & Development (R&D) investments, AI talent sourcing, and talent development. Pre-configured third-party software helps enterprises to focus on their core business activities, reduce time-to-market, and avoid operational overheads related to maintenance, feature updates, and navigating the technology landscape.
- Expansion of cloud marketplaces and cloud computing: Cloud marketplaces make AI software more accessible through the Software-as-a-Service (SaaS) model and scalable deployment capabilities. Cloud providers are continuously investing in expanding their infrastructures to support the growing demand for high AI computing power.
- Democratization of AI with foundation models: Pre-trained foundational models, such as LLMs, image models, and video models, are making AI more accessible. These models require minimal data and expertise to fine-tune, enabling a wider range of companies to leverage AI capabilities. The rapid adoption of user-friendly tools for text, image, and video creation, software engineering, and customer interaction tools are also gaining traction.
- Productization of mature and repeatable use cases: Productization of AI use cases refer to the process of converting proven, high-impact AI solutions into standardized, scalable, and commercially viable software or modular offerings. This trend is witnessing an uptick as AI technologies mature and enterprises identify repeatable use cases. Gen AI has accelerated the development of newer use cases across industries and business functions. For example, as Gen AI algorithms evolve, there is a rise in the availability of conversation-based search platforms for enterprise knowledge management.

Key challenges hindering the growth of the AI software market are:

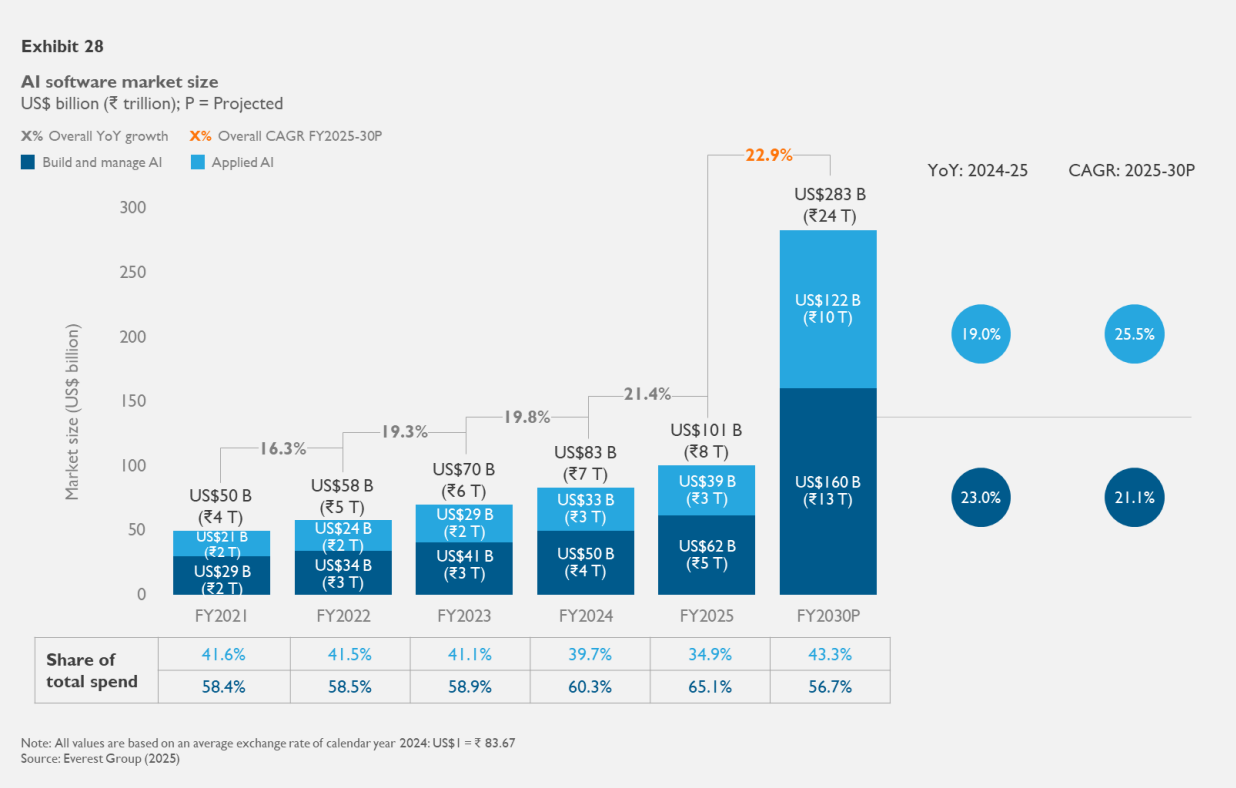
- Limited customization: Off-the-shelf AI products usually serve generic use cases and require higher customization to meet enterprise needs or integrate them into existing systems. There is also limited availability of AI software with strong domain/business contextualization and support services.
- Data quality, security, and privacy concerns: High-quality data is critical to ensuring the accuracy and reliability of AI and Gen AI outcomes. Inaccurate predictions, biases, unexpected outcomes, and model hallucinations, often caused by limitations in training data, can push enterprises to limit their investments. Data breaches are also causing consumer dissent and discouraging organizations from using Gen AI technology that transfers confidential data outside enterprise premises.
- A rapidly evolving tech landscape: The rapid evolution of AI tools has shortened product lifespans and made it difficult for businesses to integrate software with existing platforms and infrastructure. Constant changes create a challenging environment for businesses to keep their AI systems up to date, relevant, and valuable in competitive environments.
- Change management concerns: Stakeholder resistance due to legacy technology investments, limited business user experience with AI tools, high switching costs, and high implementation efforts can act

as barriers. Furthermore, the traditional black-box nature of AI, exacerbated by Gen AI's complexity, limits explainability and reduces users' ability to comprehend and trust AI outputs.

AI software market overview

The AI software market was estimated to be worth US$101 billion (₹8 trillion) in FY2025 and is expected to reach US$283 billion (₹24 trillion) in FY2030. The overall AI software market is estimated to grow at a CAGR of 22.9% over FY2025-30.

Exhibit 28 illustrates the AI software market's size over FY2021-30 (projected).



Note: All values are based on an average exchange rate of calendar year 2024: US$1 = ₹ 83.67
Source: Everest Group (2025)

Geography overview

North America leads in AI software adoption and was estimated to account for 47% of the global AI software market in FY2025. This dominance is due to high technology maturity, widespread internet penetration, and a thriving start-up ecosystem supported by venture capitalists. The region benefits from a large pool of skilled AI researchers, engineers, and data scientists, along with vast amounts of data from social media, e-commerce, and IoT devices, which are crucial for developing and training Gen AI models. Additionally, significant growth can be attributed to increased AI spending by defense and government entities on AI for national security, defense modernization, and public sector applications.

Although strict regulations have traditionally been a deterrent for AI software adoption in Europe, many EU countries are formulating national strategies and regulatory frameworks (such as AI for Humanity in France and AI Made in Germany) to drive adoption among enterprises and public sector entities. The development of a research ecosystem and government initiatives such as the European AI Alliance,

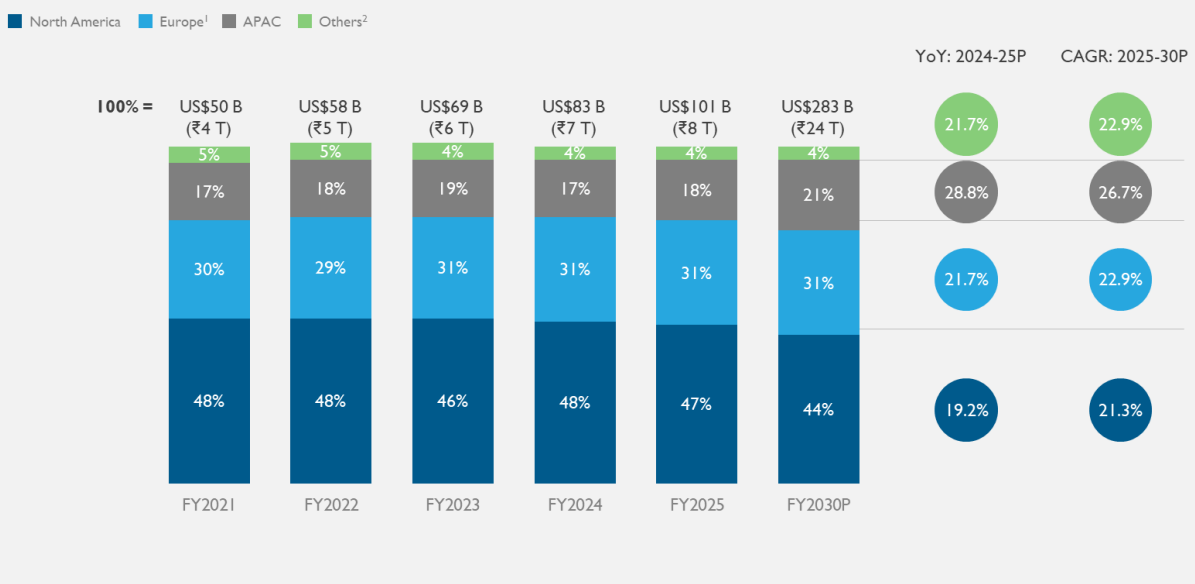
AI4EU Project, and Digital Europe Program further support these efforts, providing the infrastructure and resources for businesses to integrate AI technologies. Consequently, companies across industries are increasingly recognizing the potential of AI investments, driving growth and adoption.

APAC is poised for continued rapid growth in the AI software market due to growing investments, especially in technology infrastructure development, such as cloud computing and robust data centers. An expanding ecosystem of start-ups in APAC, increasing digital maturity of enterprises across key industries, and country-level government initiatives, such as China's Next Generation Artificial Intelligence Development Plan and India's National Program on Artificial Intelligence, are driving AI adoption in the region. China, Japan, India, and ANZ are some of the key AI software markets in APAC.

Exhibit 29 depicts the AI software market by geography over FY2021-30 (projected).

Exhibit 29

AI software market by geography (FY2021-30P)
US$ billion (₹ trillion); P = Projected



1 Europe refers to the UK, Western Europe, Eastern Europe, and Russia
2 Others includes LATAM and MEA
Note: All values are based on an average exchange rate of calendar year 2024: US$1 = ₹83.67
Source: Everest Group (2025)

Deep dive of the AI software market

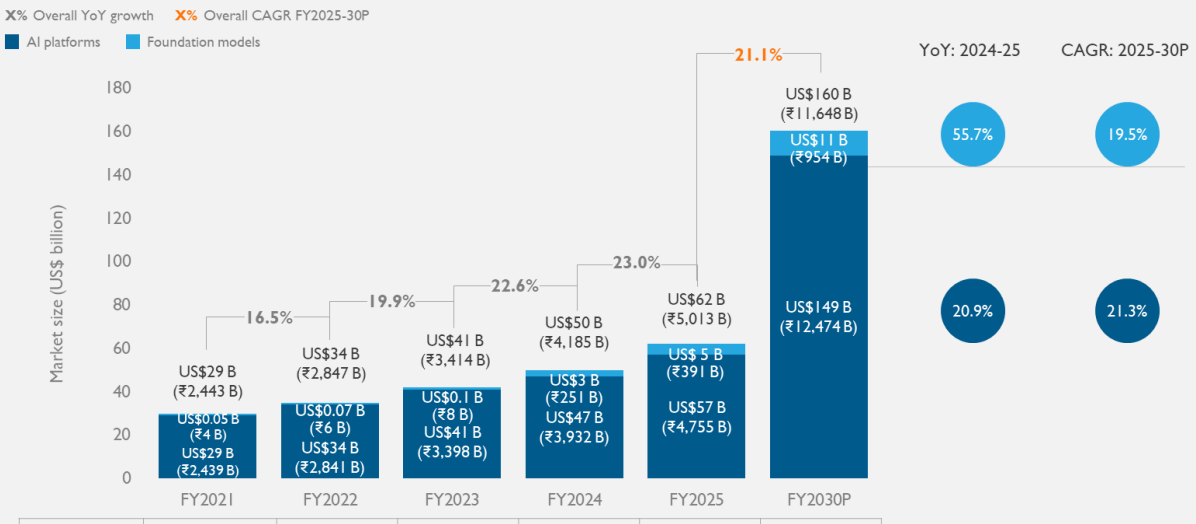
Below we discuss the key AI software segments and demand themes driving growth.

Build and manage AI

Exhibit 30 depicts the build and manage AI market size over FY2021-30 (projected).

Exhibit 30

Build and manage AI software market size
US$ billion (₹ billion); P = Projected



	FY2021	FY2022	FY2023	FY2024	FY2025	FY2030P
Share of total	Negligible	Negligible	Negligible	6.0%	7.6%	7.1%
	~100%	~100%	99.5%	94.0%	92.4%	92.9%

Note: All values are based on an average exchange rate of calendar year 2024: US$1 = ₹ 83.67
Source: Everest Group (2025)

AI platforms

The AI platforms market was estimated to be worth US$57 billion (₹4.8 trillion) in FY2025 and is expected to reach US$149 billion (₹12.5 trillion) in FY2030, growing at an estimated CAGR of 21.3%.

The key demand themes for AI platforms include:

- Use case orchestration and deployment of tailored AI use cases: AI platforms offer a flexible and scalable environment and a range of tools and libraries for customizing, developing, and deploying tailored AI solutions. For example, a retail company may use an AI platform to build a custom recommendation engine. AI platforms also enable efficient orchestration and management of AI applications and use cases across enterprises.
- Increasing access to various AI models and tools: The evolution of AI technologies has increased the accessibility of pre-trained models, specialized tools, and customizable frameworks. This enables organizations to select the most suitable models for specific use cases, accelerating AI development and deployment.
- Focus on AI operationalization: Challenges in scaling AI initiatives are driving the adoption of MLOps platforms to deploy, monitor, govern, and operationalize AI/ML models. With the rise of LLMs, the need for LLMOps, which help manage vast computational requirements, extensive training data, and the need for frequent updates is also witnessing growth.
- Low-code/No-code tools enabling AI democratization: Auto-ML capabilities empower non-technical users to build AI pipelines and solutions. Further, AI copilots and code assistants can provide real-time suggestions and automate parts of the coding process. The involvement of business users also

enables enterprises to focus on extracting more business-oriented outcomes from these AI initiatives.

Foundation models

The software market for foundation models was estimated at US$5 billion (₹391 billion) in FY2025 and is expected to reach US$11 billion (₹954 billion) in FY2030, growing at an estimated CAGR of 19.5%.

The key demand themes for foundation models include:

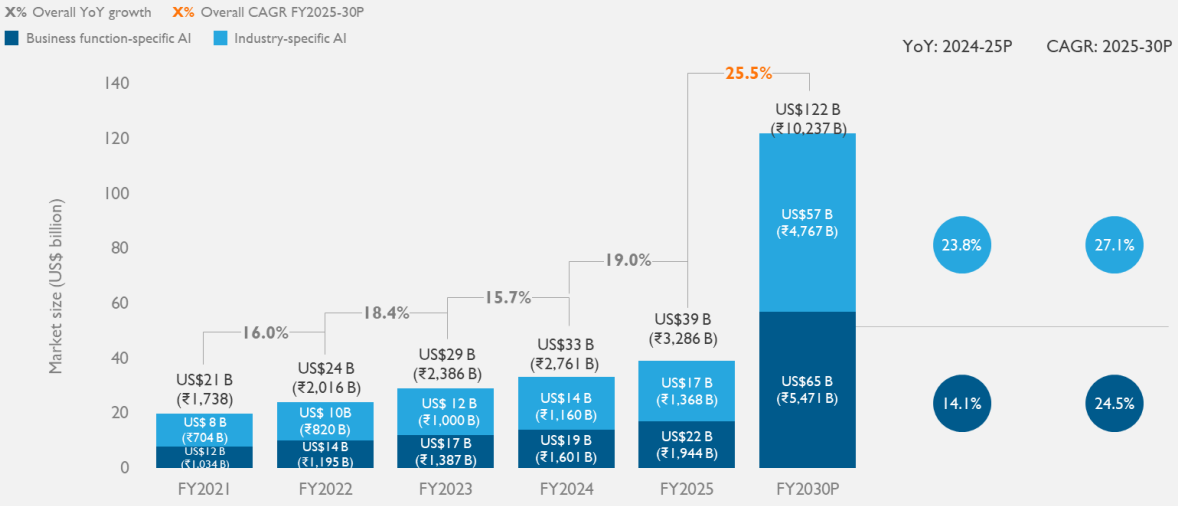
- Higher accuracy in AI development: Building accurate AI models from scratch requires substantial data, computational resources, and understanding of traditional ML architectures. Foundation models, pre-trained on extensive datasets, provide a starting point for creating specialized AI applications, such as text summarization, machine translation, and product recommendations. Furthermore, these models often achieve higher accuracy compared to off-the-shelf ML models, can be fine-tuned with domain-specific data for more precise results, and require less data and computational power than building a model from scratch.
- The need for multimodal capabilities: The demand for better contextual understanding has created the need for AI applications capable of processing and understanding information from text, images, audio and video content, and Graphics Interchange Format (GIFs). Multimodal foundation models enable the development of sophisticated AI solutions, especially where concurrent analysis of diverse data types leads to a more nuanced understanding of complex scenarios.
- Increasing relevance of SLMs: The growing need for AI solutions that can efficiently process and analyze domain-specific information is driving the demand for SLMs. These smaller, resource-efficient models are tailored to specific industries and applications, such as legal document analysis, financial forecasting, and medical diagnostics, in which specialized terminology and data patterns are prevalent.

Applied AI

Exhibit 31 depicts the applied AI software market's size over FY2021-30 (projected).

Exhibit 31

Applied AI software market size
US$ billion (₹ billion); P = Projected



	FY2021	FY2022	FY2023	FY2024	FY2025	FY2030P
Share of total	40.5%	40.7%	41.9%	42.0%	44.0%	47.0%
	59.5%	59.3%	58.1%	58.0%	56.0%	53.0%

Note: All values are based on an average exchange rate of calendar year 2024: US$1 = ₹83.67
Source: Everest Group (2025)

Business function-specific AI

The software market for business function-specific AI was estimated to be US$22 billion (₹2 trillion) in FY2025 and is expected to reach US$65 billion (₹5 trillion) in FY2030, growing at an estimated CAGR of 24.5%.

Key business function-specific developments and growth drivers

Customer experience

Key developments driving AI software adoption in customer experience are as follows:

- Self-serve customer service: Advances in NLP/NLG allow AI-powered chatbots and virtual assistants to offer 24x7 customer support, manage high volumes of customer inquiries, reduce operational costs, and improve response times, while understanding complex queries accurately and being tailored for enterprises' specific needs. With the advancements in transformer-based LLMs, Gen AI chatbots and virtual assistants can further provide context-aware support through text or voice generation.
- Agent assistance: AI tools augment customer agents by providing real-time knowledge management and customer history, automating repetitive tasks such as data entry, auditing and summarizing calls, offering real-time call transcription, suggesting responses, performing sentiment analysis, and categorizing interactions without manual intervention, thereby improving response times and customer satisfaction.

Sales and marketing

Recent developments driving AI software adoption in sales and marketing are:

- The need for autonomous sales processes: AI and intelligent automation can automate repetitive tasks, such as lead generation, qualification, email outreach, pricing optimization, and data entry, for better targeting and higher engagement rates. Gen AI-based consultative sales agents can further augment sales by providing tailored recommendations and highlighting upsell/cross-sell opportunities.
- Hyper-targeted campaigns and ad optimization: Rising competition and the demand for hyper-personalization are driving the adoption of Gen AI tools for crafting personalized promotional offers and generating targeted marketing campaigns, advertisements, logos, slogans, and marketing materials. By analyzing customer demographics and behavior, these tools can design personalized ad copies and visuals that resonate with target audience segments.

Supply chain management

Key developments driving AI software adoption in the supply chain are:

- End-to-end supply chain management: AI enables businesses to track goods in real time throughout the supply chain by analyzing data from sensors, Radio-Frequency Identification (RFID) tags, and other devices. This helps predict potential disruptions such as weather changes or port congestion, optimize inventory levels and supply routes, adjust production schedules to avoid stockouts and overstocking.
- Contract management: AI and Gen AI can streamline procurement and legal processes by autonomously reviewing and editing contracts and creating tailored clauses, while ensuring compliance with legal standards and organizational policies. Virtual procurement assistants can analyze data from historical delivery performance, audits and financial reports, past contractual agreements, and credit scores to augment negotiations.
- Automation for warehouses and return management: AI software facilitates the use of Automated Guided Vehicles (AGVs), conveyors, and robotics in warehouses for streamlined order picking, packing, and shipping. It automates return processing, minimizes manual efforts and errors, and reduces labor costs, while enabling faster product resupply.

IT and engineering

Key developments driving AI software adoption in IT and engineering include:

- AI-powered IT infrastructure management: AI tools enable cloud migration, resource optimization, system failure prediction, and automation of tasks and system configurations, along with intelligent ticket creation, escalation, and resolution. AI-powered automated testing tools autonomously execute tests, identify bugs, and validate software functionalities, minimizing the need for manual updates.
- AI-assisted code generation: IT professionals and developers leverage AI-based code generation tools that assist in generating code snippets, templates, and programs based on predefined parameters and user inputs, reducing coding errors and expediting development. Gen AI-based tools can also automate the creation of code based on user specifications in a product requirement document.

- Gen AI based code migration: Gen AI based code migration tools accelerate legacy-code migration, automatically translating codebases between languages or frameworks, refactoring outdated patterns, and surfacing compatibility issues for rapid modernization.
- AI-driven data management: AI-enabled D&A enables IT operations teams to seamlessly manage, govern, clean, or anonymize enterprise data, support migration, integration, and metadata management by automating repetitive and resource-intensive tasks to extract greater value from these assets. Gen AI-based conversational BI provides intuitive, conversational interfaces for querying and analyzing data and AI-enabled vector and graph databases to enhance data retrieval.

Finance and accounting

Key developments driving AI software adoption in finance and accounting are:

- Streamlined accounting and financial reporting: AI and Gen AI are being adopted in financial and accounting to analyze financial data, identify discrepancies, check compliance, and generate financial statements. The increasing complexity of regulatory and tax compliance has further driven the adoption of advanced AI solutions for effective and timely tax calculations and regulatory filings such as Securities and Exchange Commission (SEC) and Internal Revenue Service (IRS) and the identification of compliance risks.
- Automated billing and invoice functions: AI-based invoice processing streamlines the accounts receivable and payable functions by automating invoice receipt, matching, verification, validation, coding, approvals, and payments. It eliminates manual data entry and paper handling, streamlines supplier onboarding, and helps detect fraud and errors.
- Gen AI for general ledger tasks, financial report generation, and forecasting: Gen AI can generate balance sheets, cash flow statements, and income statements that comply with specific accounting principles. These tools conduct advanced analytics to forecast liquidity, cash flows, and capital needs, enabling organizations to anticipate future requirements and make informed decisions.

HR

Key developments driving AI software adoption in human resources are:

- The need for a streamlined recruitment process: The rising number of job applicants is driving the adoption of AI-powered tools to analyze candidate behavior in real time, automate screening, parse resumes, and identify top candidates. Gen AI tools that predict candidate success, personalize interview planning, and dynamically generate questions for each candidate assessment are also gaining traction. Gen AI initiatives that rely on fully automated interviews to assess applicants are currently in pilot stages.
- The need for engaging training content: AI-driven learning management systems tailor training modules and personalize learning journeys based on employees' skills, roles, and career goals. By analyzing performance data and learning preferences, these systems recommend personalized development plans and improve retention. AI-driven coaching assistants support trainers by providing real-time responses, personalized feedback, and virtual coaching sessions to develop critical leadership skills.
- Automating administrative and routine tasks: AI tools automate payroll processing, benefits administration, and compliance reporting, reducing HR's administrative burden. Gen AI chatbots provide 24/7 support, answer questions, direct resources, and schedule appointments. These platforms also autonomously handle tasks such as filing timesheets and expense reports.

Industry-specific AI

The software market for industry-specific AI was estimated to be worth US$17 billion (₹1 trillion) in FY2025 and is expected to reach US$57 billion (₹5 trillion) in FY2030, growing at a CAGR of 27.1%. Key industries leading AI software adoption are BFSI; HLS; retail, distribution, and CPG; and manufacturing. The key demand themes that impact AI software adoption in these industries are discussed below.

BFSI

The BFSI AI software market forms a significant share of the vertical-specific AI market. Key demand themes in this market are:

- AI-enabled fraud detection and regulatory compliance: According to the US Federal Trade Commission (FTC)[25], consumers reported to have lost US$12.5 billion to fraud in 2024, representing a rise of 25% over 2023. The rise in fraudulent transactions has increased the demand for Gen AI fraud detection systems, which assist in anomaly detection and flag suspicious transactions. Enterprises are using synthetic data generators to create datasets for training fraud detection models and other AI tools for regulatory compliance, including anti-money laundering, KYC, employee surveillance, monitoring internal/external communications, and drafting compliance documents.
- AI for credit score assessment and loan processing: AI-driven credit score assessments comprehensively evaluate borrowers' creditworthiness by identifying patterns and correlations in digital payment records and behavioral data. BFSI institutions are also using AI tools to streamline loan application processing, predict risks, and enhance back-office operations.
- AI for core insurance functions: Insurers are using AI tools to automate claim validation, and payout calculations by analyzing claims data, past records, and images. Underwriters are also employing ML models to predict risk more accurately and tailor insurance policies by analyzing customer demographics, behavioral data, and historical claims data.
- Hyper-personalization of customer experience: Banks are investing in AI decision engines to deliver tailored financial insights, and product offers inside their digital channels. Personalized credit-line tuning, dynamic pricing of lending products, and context-aware reward solutions help deepen customer engagement and grow wallet share.

HLS

The HLS AI software market is among the fastest-growing segments in the vertical-specific AI market. Key demand themes in the healthcare AI software market are:

- AI chatbots and assistants for telemedicine: AI chatbots can interact with users, analyze symptoms, schedule appointments, and provide personalized health advice or match patients to relevant physicians. Doctors are using AI tools with Automated Speech Recognition (ASR) and Gen AI to recommend prescriptions, suggest follow-up questions, transcribe doctor-patient interactions, and

25 Based on the article 'New FTC Data Show a Big Jump in Reported Losses to Fraud to $12.5 Billion in 2024' published by US FTC in March 2025, available at https://www.ftc.gov/news-events/news/press-releases/2025/03/new-ftc-data-show-big-jump-reported-losses-fraud-125-billion-2024

Source: Everest Group (2025)

convert voice-recorded medical reports into text. Gen AI models trained on medical jargon can capture contextual nuances to automate Electronic Health Records (EHRs) updates.

- Deep learning for diagnostics: AI tools extract insights from medical images and scans, such as CT scans and X-rays, to improve diagnostics. Gen AI-based tools generate report summaries, synthetic medical images, patient-specific anatomical models, and provide clarifications to patient questions.
- Gen AI-driven drug discovery and development: Gen AI models and tools accelerate R&D by generating drug target hypotheses, simulating chemical reactions, and predicting clinical trial outcomes. These models help identify promising drug candidates and protein sequence designs, streamline development, and enable researchers to explore a broader chemical space. Certain scientists also leverage Gen AI to simulate molecular interactions and predict potential side effects.
- Automated claims management: Gen AI tools streamline the end-to-end claim management process from intake and eligibility checks to adjudication and fraud detection. These models extract data from various unstructured documents to validate claims, flag anomalies, and generate summaries for authorization or denial.

Retail, distribution, and CPG

The retail, distribution, and CPG AI software market is growing fast and is expected to be driven by the high demand for AI-enabled products that drive sales and marketing and store operations. Key demand themes in the retail, distribution, and CPG AI software market are:

- AI-enabled inventory management: Retail and CPG enterprises are investing in AI-enabled tools to optimize demand forecasting, procurement, and inventory levels, while reducing waste and ensuring product availability on demand.
- Evolving shopping practices: To keep consumers engaged, retail firms are increasingly looking for Gen AI tools that allow them to generate product recommendations based on individual preferences, enhance shopping experiences through virtual fittings, and boost customer satisfaction through intelligent search functionalities.
- AI for retail analytics and store planogram design: AI-powered analytics software optimizes merchandising and store planning. Gen AI can create optimized layouts and planograms that can position products based on sales history, product compatibility, and customer traffic patterns.
- Product concept development and cataloguing: AI tools help CPG firms identify new product opportunities, automate product classifications, and generate creative concepts for packaging and prototypes. They also streamline catalog updates and generate Search Engine Optimization (SEO)-optimized product descriptions.
- AI based e-commerce optimization: Retail firms are investing in AI solutions for dynamic product pricing, personalization of online search results, consumption tracking and analytics, and churn prediction to boost traffic and visibility, drive conversion, optimize investments, and increase sales.

Manufacturing and energy and utilities

Manufacturing and energy and utilities enterprises have traditionally lagged in investing in advanced technologies such as AI. However, with the increasing need for operational resilience and business continuity, this segment's reliance on AI is expected to grow in the future.

The key demand themes in the AI software market for manufacturing and energy and utilities are:

- Predictive maintenance: Manufacturing and energy firms are implementing AI and analytics tools to monitor asset maintenance schedules, predict equipment failures, and proactively implement corrective actions.
- AI-enabled product quality management: Manufacturing and energy and utilities firms are using advanced analytics and AI to manage product safety standards, reduce scrap and costs, and develop immersive solutions (AR/VR) to deploy advanced test simulations, remotely test finished products, and inspect utilities pipelines and infrastructure.
- Computer vision to enhance worker safety: Computer vision technology can continuously monitor the work environment for safety hazards, such as improper personal protective equipment use, machinery malfunctions, and unsafe worker behavior. Real-time alerts enable immediate corrective actions, preventing accidents. Computer vision also ensures compliance with safety regulations by monitoring and recording safety practices and providing data for incident analysis.

Fractal's AI IP portfolio

Fractal's business can be broadly categorized under two buckets, namely:

- Fractal.ai: majority of the business (97.8% of Fractal's revenue[26] in FY2025), which houses DAAI service offerings, accelerators, and licensable software
- Fractal Alpha: focused on incubated and acquired licensable offerings deployed across multiple clients

Exhibit 32 outlines IP from Fractal.ai and Fractal Alpha focused on the AI software market.

26 Based on information provided by Fractal Analytics Limited
Source: Everest Group (2025)

Exhibit 32 – Fractal's IP/solutions focused on the AI software market [NOT EXHAUSTIVE]

Gen AI-specific IP is currently in the PoC stage and has limited/no proofs of implementation or client licensing

Fractal's entity	Fractal's IP/solution	Description	AI software market segment mapping[1]	Market size[1] (FY2025)	Market size[1] (FY2030P)
Fractal Alpha	Asper.ai	AI-driven dynamic demand planning and enterprise revenue growth management	Applied AI: industry-specific AI (CPG)	₹1,436 billion (US$17 billion)[3]	₹4,767 billion (US$57 billion)[3]
	Qure.ai[2]	AI-based application software for radiology image diagnosis	Applied AI: business function-specific AI (Healthcare)		
Fractal.ai	Cogentiq	A no/low code agentic AI platform	Build and manage AI: AI platforms	₹4,755 billion (US$57 billion)	₹12,474 billion (US$149 billion)
	Cogentiq Data Foundation	An IT business specific hybrid data platform	Build and manage AI: AI platforms		
	Cogentiq CX	Gen AI-driven business specific CRM for smart search, knowledge management, and conversational analytics	Build and manage AI: AI platforms		
			Applied AI: business function-specific AI (customer experience)	₹1,827 billion (US$22 billion)[4]	₹5,471 billion (US$65 billion)[4]
	Cogentiq Business Insights	Gen AI-enabled decision intelligence through chatbots and copilots	Applied AI: business function-specific AI (sales and marketing)		
	Cogentiq SDLC	Gen AI based productivity enhancement tool for SDLC	Applied AI: business function-specific AI (IT and software engineering)		
	Cogentiq Migration	An AI based accelerator for workload migration and rationalization	Applied AI: business function-specific AI (IT and software engineering)		
	MarshallGoldsmith.ai	Generative AI-based voice and video assistant for coaching	Applied AI: business function-specific AI (HR)		
	Kalaido.ai	Image generation application driven by Fractal's proprietary diffusion model	Applied AI: business function-specific AI (sales and marketing)		
		Diffusion model for Gen AI-based image generation	Build and manage AI: foundation models	₹391 billion (US$5 billion)	₹954 billion (US$11 billion)
	Vaidya.ai	Multi-modal medical assist model	Build and manage AI: foundation models		
		Gen AI-based healthcare chatbot	Applied AI: industry-specific AI (HLS)		
	Trial Run	An ML-enabled experimentation platform that enables RoI optimization and identification of key attributes for different use cases	Applied AI: industry-specific AI (retail, distribution, and CPG)	₹1,436 billion (US$17 billion)[3]	₹4,767 billion (US$57 billion)[3]

1 Fractal's IP/solutions address some part of the AI software market that they are mapped to; indicated market sizes pertain to the AI software segment's market size and is not the total addressable market for the corresponding Fractal IP/solution
2 Qure.ai is a Fractal associate company that has been incubated by Fractal. Fractal holds a minority stake in it
3 The market size numbers pertain to the overall vertical-specific AI software market and not any specific verticals
4 The market size numbers pertain to the overall business function-specific AI software market and not any specific business functions
Source: Fractal; Compiled by: Everest Group (2025)

Fractal is currently focused on developing AI-specific IPs:

- Vaidya, a publicly accessible medical multi-modal foundation model ecosystem consisting of LLMs, VLMs, and medical reasoning systems
- Kalaido.ai, a diffusion-based foundation model system for image creation from text that operates across multiple Indian languages
- Project Ramanujan, an initiative for creating reasoning models, that won the inaugural Meta Hacker Cup (AI Track) at NeurIPS 2024[27]
- Fathom R1-14B, an open-sourced large reasoning foundation model
- Pioneer, a multi-agentic AI system to streamline and enhance the Software Development Lifecycle (SDLC) and for autonomous data science problem solving
- Cogentiq, an AI platform with a pre-built suite of agents, tools, and connectors with in-built low-code, security, governance, auditability, and interoperability features

27 Based on NeurIPS 2024 results available at https://neurips.cc/virtual/2024/competition/84789
Source: Everest Group (2025)

As per internal benchmark studies conducted under controlled conditions by Fractal, Vaidya has performed well across several benchmarks and claims to be at par or better than several other state-of-the-art models of 2024. According to benchmarking results in the Fractal research paper accepted for AutoML 2025, Pioneer powered by the o3 mini high model, achieved the highest average percentile and secured the most medals among all tested model and system combinations. Similarly, the benchmarks published by Fractal on Hugging Face, Fathom R1-14B has performed better than the DeepSeek R1 distilled model with 32B and 14B parameters, o3-mini-low, and o1-mini on AIME (American Invitational Mathematics Examination) and HMMT (Harvard-MIT Math Tournament) in 2025.

Previous efforts of IP investments have yielded tangible outcomes, including other publicly accessible IP such as MarshallGoldsmith.ai and Kalaido.ai. Fractal's proprietary tools, platforms, and solutions are designed for industry-specific as well as cross-industry use cases.

Fractal also owns a minority stake in Qure.ai, a healthcare start-up incubated by Fractal, which offers AI application software for radiology image diagnosis, some of which have received US FDA pre-market notification (510(k)) clearance.

Fractal has also invested in Analytics Vidhya. Based on Everest Group's analysis, it is the largest analytics and data science community originating in India. As of March 31, 2025, it is bringing together more than 4.9 million registered users worldwide. It does this through forums, public hackathons, discussions, blogs, and other collaborative learning activities along with dedicated job boards and hiring challenges.

Additionally, as of July 11, 2025, Fractal has filed for 65 patents[28,29], of which 24 have been granted and 41 are in the application stage. Further, Qure.ai has filed for 39 patents, of which 36 have been granted. In addition to these offerings, Fractal.ai has developed a large pool of IP, currently being embedded in the company's service delivery. Fractal.ai does not offer the IP as independent licensable offerings currently but may choose to do so in the future.

Exhibit 33 details other IP/solutions offered by Fractal.ai.

28 Each patent registration is counted separately for every jurisdiction (country) in which it has been filed, even if it pertains to the same invention
29 Additional/Subsequent claims made on an invention have been counted separately, as the continuation of an application is considered to be a separate application
Source: Everest Group (2025)

Exhibit 33 – Other Fractal.ai IP/solutions [NOT EXHAUSTIVE]

Fractal.ai's IP/solution	Description	Prospective AI software market segment mapping[1]
Cogentiq Enterprise Store	Digital portal serving enterprises for their data needs using data discovery, cataloguing, and profiling, among others	Build and manage AI: AI platforms
Cogentiq Digital Commerce	A digital commerce analytics platform	Applied AI: industry-specific AI (retail and distribution, CPG)
Cogentiq Sales Assist	Gen AI-enabled sales support for asset and wealth management firms	Applied AI: business function-specific AI (sales and marketing)
Cogentiq Campaign Assist	Gen AI based campaign building tool for content and outreach	Applied AI: business function-specific AI (sales and marketing)

1 Currently, Fractal does not offer the IP as independent licensable offerings; based on existing functionality, the IP addresses some part of the AI software segment
Source: Fractal; Compiled by: Everest Group (2025)

FRACTAL'S COMPETITIVE POSITIONING

Fractal focuses on AI and advanced analytics and provides DAAI consulting and technology services, software solutions, and AI products, with advanced capabilities in Computer Vision (CV), NLP, and Gen AI, to enterprises. In essence, making Fractal an end-to-end player in the DAAI market. It was positioned as a Leader on Everest Group's Analytics and AI Services Specialists PEAK Matrix® assessments in 2024, 2022, and 2021 and Data and AI Services Specialists PEAK Matrix® Assessment 2025 – North America. The Analytics and AI Services Specialists PEAK Matrix® Assessment 2021 highlighted Fractal's capabilities across behavioral sciences, design thinking, data science and AI, and cloud engineering, which differentiated its holistic approach to problem-solving. Everest Group's Analytics and AI Services Specialists PEAK Matrix® Assessment 2024 highlighted Fractal's strong IP and asset portfolio across the DAAI value chain. Fractal's clients include many Fortune 500® companies. The company has also served public agencies in the past. In addition to offering DAAI services, the firm has made investments in developing technology IP and assets that can be licensed to clients.

Players operating in the broad segment covered by Fractal's offerings can be categorized into the following:

- Product-focused companies such as C3.ai and Palantir
- Diversified IT service providers, such as Accenture, Coforge, Globant, Happiest Minds, and Persistent Systems
- Pure-play DAAI service providers, such as Artefact, LatentView, Quantiphi, Quantium, Tiger Analytics, and Tredence

Exhibit 34 compares the DAAI capabilities and financial metrics of industry players across the three segments based on information published on their websites and latest financial reports. Fractal is India's leading pure-play enterprise data, analytics, and AI company, recognized globally, with capabilities across the DAAI value chain. It is placed uniquely among the players benchmarked within the cohorts, with active investments in expanding its AI and Gen AI software portfolio and R&D capabilities. It recorded revenue growth at a CAGR of 18.0% over FY2023-25 compared to the DAAI global third-party market's

CAGR of 11.0%, demonstrating its ability to win market share. Fractal received 4.4 out of 5 rating on Glassdoor[30] for culture and values, along with an overall rating of 4.2 out of 5, as of August 8, 2025. Fractal Group recorded gross margins – calculated as the ratio of revenue from operations less operating cost of delivery to revenue from operations – of 45.9% in FY2025, 44.5% in FY2024, and 44.8% in FY2023, indicating stable profits and financial performance. Fractal.ai recorded gross margins of 45.3% in FY2025, 44.2% in FY2024, and 44.9% in FY2023, while Fractal Alpha recorded 69.9% in FY2025, 62.7% in FY2024, and 40.0% in FY2023.

Exhibit 34 – Comparison of Fractal with industry players across the three segments on DAAI capabilities and financial metrics

Coverage of capabilities: High, Medium, Low

	Diversified IT service providers					Pure-play DAAI service providers						Product-focused companies		
	Accenture	Coforge	Globant	Happiest Minds	Persistent Systems	Artefact	LatentView	Quantiphi	Quantium	Tiger Analytics	Tredence	C3.ai	Palantir	Fractal
Latest reporting cycle	September 1, 2023, to August 31, 2024	April 1, 2024, to March 31, 2025	January 1, 2024, to December 31, 2024	April 1, 2024, to March 31, 2025	April 1, 2024, to March 31, 2025	N/A	April 1, 2024, to March 31, 2025	N/A	N/A	N/A	N/A	May 1, 2024, to April 30, 2025	January 1, 2024, to December 31, 2024	April 1, 2024, to March 31, 2025
DAAI as a core offering[1]	x	x	x	x	x	✓	✓	✓	✓	✓	✓	✓	✓	✓
AI services and solutions[2]														
AI software[3]	12	3	9	7	5	1	10	4	10	3	6	23	4	11
Gen AI software[3]	4	1	4	4	3	–	3	3	–	1	–	6	–	7
Gen AI foundation models[4]	–	–	–	–	–	–	–	–	–	–	–	–	–	4
DAAI patents per 1,000 employees[5]	2	<0.1	<0.3	N/A	<0.5	N/A	Nil	6	N/A	Nil	N/A	91	85	20
Net Promoter Score (NPS)[6]	N/A	N/A	84	63	59	N/A	41	N/A	N/A	N/A	N/A	N/A	N/A	77
Glassdoor culture and value rating[7]	3.8	3.3	4.1	3.8	4.1	4.1	4.0	3.8	4.0	3.9	3.9	3.1	3.3	4.4
R&D as a % of revenue	1.8%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	58.2%	17.7%	5.2%
Revenue CAGR over past 2 years	2.6%	22.6%	16.5%	22.1%	19.6%	N/A	25.4%	N/A	N/A	N/A	N/A	20.8%	22.6%	18.0%
Gross margin %	32.6%	33.6%	35.7%	36.4%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	60.6%	80.2%	45.9%

1 Refers to whether a provider is a pure-play DAAI provider or has diversified offerings along with DAAI
2 Coverage of a company's services and solutions across the AI value chain, including AI strategy and consulting, foundational services (such as model engineering, development, deployment, and responsible AI), and adoption services (such as model monitoring, retraining, and pre-built AI assets)
3 Number of standalone AI / Gen AI software within the AI software value chain that can be licensed and used independently by clients. Fractal's disclosed proofs validate its software numbers. For other companies, Everest Group's assessment relies on IP mentioned on publicly available resources, which may or may not be sold independently as software
4 Number of proprietary Gen AI foundation models developed by the company that are either offered as APIs to clients or are embedded within the provider's solutions/applications
5 Number of patents filed as of May 30, 2025, (as published on the World Intellectual Property Organization website) per 1,000 employees (employee headcount in the respective financial year)
6 Note: NPS® = % Promoters - % Detractors; Net Promoter®, NPS®, NPS Prism®, and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld
7 Glassdoor rating recorded as of August 8, 2025
Source: Companies' financial presentations and reports, websites, and announcements
Compiled by: Everest Group (2025)

Based on the above exhibit, Fractal occupies a distinctive competitive position and differentiates itself from industry players across segments as follows:

When compared to benchmarked industry players providing diversified IT services:

- These players offer a broader suite of services beyond DAAI, including IT, cloud, cybersecurity, and ERP services, among others.
- While some diversified IT service providers have built strong DAAI services capabilities and have invested in AI and Gen AI software, they hold relatively fewer patents per 1000 employees and have not reported any Gen AI foundation model development.

When compared to benchmarked industry players providing pure-play DAAI services:

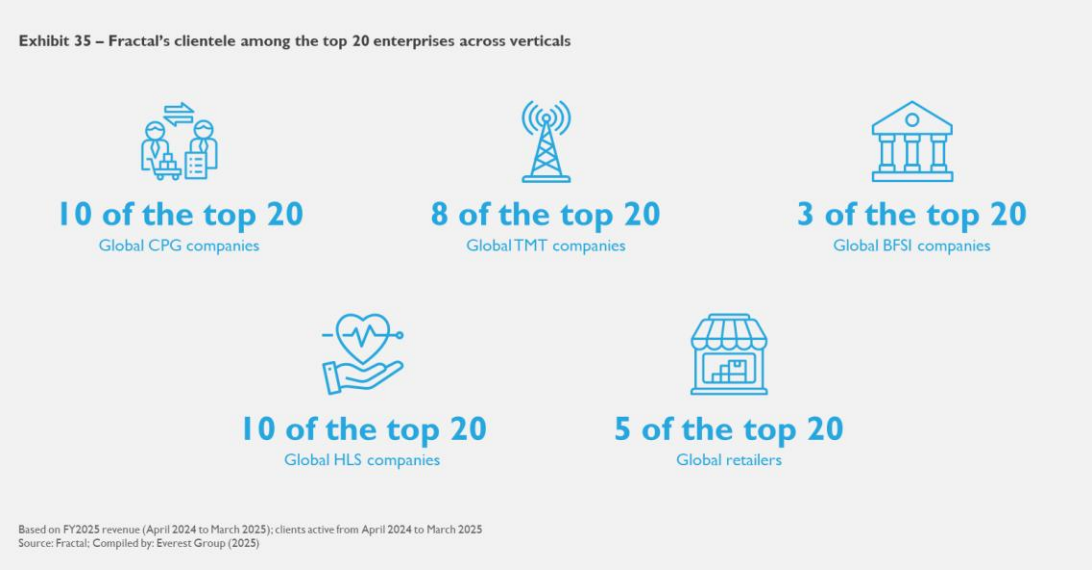
- These industry players primarily operate as services firms, delivering bespoke DAAI services and solutions. Many such entities show strong DAAI services maturity in a few specialized functions or verticals but may lag in others.
- Across the above industry player set, Gen AI-specific software and DAAI-specific patents are minimal when compared to Fractal. Further, these players have not reported the development of any foundational models
- Fractal distinguishes itself by offering its solutions such as Vaidya.ai, Kalaido.ai, and MarshallGoldsmith.ai directly to consumers (B2C).
- Additionally, Fractal has invested in Analytics Vidhya, the largest India-originated data science community, with over 4.9 million registered users worldwide.

When compared to benchmarked product-focused players in the DAAI industry:

- These players derive a significant portion of their revenue from licensed AI software with services primarily tied to these offerings. In contrast, Fractal complements its product portfolio with standalone DAAI services.
- Both these players have reported a high number of patents per 1000 employees and significant R&D spending. However, Fractal has differentiated itself by developing four Gen AI foundation models – a capability not reported by any other players in the group.

Further, Fractal has experience in serving several large enterprises including majority of the "magnificent seven" companies (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla).

Exhibit 35 indicates the company's clientele among the top 20 enterprises across verticals.



30 Based on Fractal's Glassdoor rating available at https://www.glassdoor.co.in/Reviews/Fractal-Reviews-E270403.htm
Source: Everest Group (2025)

The firms compared in Exhibits 36 and 37 have a global clientele and serve diverse industries and geographies, demonstrating their versatility, expertise, and ability to adapt to different business contexts.

Exhibit 36 – Comparison of Fractal with industry players across segments on revenue breakdown by industry as per their respective latest reporting cycles

Accenture		Artefact		C3.ai		Coforge		Globant		Happiest Minds		Persistent Systems	
Focus industries	% of concentration	Focus industries	% of concentration	Focus industries	% of concentration	Focus industries	% of concentration	Focus industries	% of concentration	Focus industries	% of concentration	Focus industries	% of concentration
Products	30.2%	N/A		N/A		BFS	29.6%	Media and entertainment	21.8%	BFSI	26.5%	Software and hi-tech and others	41.1%
Health and public service	21.3%					Insurance	19.2%	Consumer, retail, and manufacturing	18.5%	Edu-tech	17.0%	BFSI	31.6%
Financial services	17.9%					Travel, transport, hospitality	18.3%	BFSI	18.4%	Healthcare	15.6%	HLS	27.3%
Communication, media, and technology	16.6%					Government	7.4%	Travel and hospitality	11.6%	Hi-tech	13.5%		
Resources	14.0%					Others	25.6%	Technology and telecommunications	10.6%	Retail and CPG	8.7%		
								Professional services	10.5%	Travel, media, and entertainment	8.5%		
								Healthcare	7.2%	Industrial	6.8%		
								Others	1.4%	Manufacturing	3%		
										Others	1%		

LatentView		Quantiphi		Quantium		Tiger Analytics		Tredence		Palantir		Fractal	
Focus industries	% of concentration	Focus industries	% of concentration	Focus industries	% of concentration	Focus industries	% of concentration	Focus industries	% of concentration	Focus industries	% of concentration	Focus industries	% of concentration
Technology	68.2%	N/A		N/A		N/A		N/A		N/A		Retail and CPG	39.3%
Consumer and retail	15.2%											TMT	29.9%
Financial services	9.4%											HLS	13.8%
Industrial	7.1%											BFSI	11.0%
												Others	6.0%

Source: Companies' financial reports, company websites, company announcements, earnings call transcripts, and investor presentations
Compiled by: Everest Group (2025)

Exhibit 37 – Comparison of Fractal with industry players across segments on revenue breakdown by geography as per their respective latest reporting cycles

Accenture		Artefact		C3.ai		Coforge		Globant		Happiest Minds		Persistent Systems	
Focus geographies	% of concentration	Focus geographies	% of concentration	Focus geographies	% of concentration	Focus geographies	% of concentration	Focus geographies	% of concentration	Focus geographies	% of concentration	Focus geographies	% of concentration
North America	47.3%	N/A		North America	89.0%	Americas	53.9%	North America	55.8%	Americas	62.3%	North America	80.8%
Europe	35.1%			EMEA	10.5%	Europe, MEA	34.7%	Latin America	22.0%	India	14.9%	India	9.4%
Growth markets	17.4%			Rest of the world	0.5%	Rest of the world	11.3%	Europe	17.3%	Europe	7.3%	Europe	8.1%
								New markets	4.9%	APAC	6.8%	Rest of the world	1.7%
										Rest of the world	8.7%		

LatentView		Quantiphi		Quantium		Tiger Analytics		Tredence		Palantir		Fractal	
Focus geographies	% of concentration	Focus geographies	% of concentration	Focus geographies	% of concentration	Focus geographies	% of concentration	Focus geographies	% of concentration	Focus geographies	% of concentration	Focus geographies	% of concentration
USA	90.1%	N/A		N/A		N/A		N/A		US	66.3%	America	66.5%
India	8.5%									UK	10.6%	Europe and UK	17.7%
Rest of the world	1.4%									Rest of the world	23.1%	APAC and rest of the world	15.7%

Source: Companies' financial reports, company websites, company announcements, earnings call transcripts, and investor presentations
Compiled by: Everest Group (2025)

Everest Group Analytics and AI (rebranded to Data and AI) Services Specialists PEAK Matrix Assessment

Everest Group published the Analytics and AI Services Specialists PEAK Matrix® Assessment in 2021 2022, and 2024. The 2025 iteration of the Analytics and AI Services Specialists PEAK Matrix® Assessment was launched under the name of Data and AI Services Specialists PEAK Matrix® Assessment – North America. The four assessments from 2021 through 2025 featured 15-32 service providers for whom analytics and AI services and solutions were a major revenue stream. The service providers were relatively assessed on their data, analytics, and AI capabilities. The PEAK Matrix® assessment is based on information collected from primary research, including interactions with participating firms and client reference checks, and targeted secondary research (including non-participating vendors).

- The PEAK Matrix® assesses each service provider on two dimensions: market impact and vision and capability. Market impact is captured through three subdimensions: market adoption, client portfolio mix, and value delivered (value delivered to the client based on customer feedback and transformational impact). Vision and capability is measured by vision and strategy, scope of services offered, innovation and investments, and delivery footprint. Based on the analysis, service providers are classified as Leaders, Major Contenders, and Aspirants.

- Fractal was positioned as a Leader on the Everest Group Specialists PEAK Matrix® Assessment from 2021 through 2025. Leaders demonstrate capabilities across several areas, including design thinking, behavioral sciences, data science, and data engineering. They focus on organic and inorganic investments to plug their portfolio gaps. Leaders also focus on talent development through extensive internal training programs. They can support analytics use cases that drive business impact and long-term value, ensure solutions' quality, and follow sound account management practices.

- For more details on the PEAK Matrix® methodology, please refer to Everest Group's website.

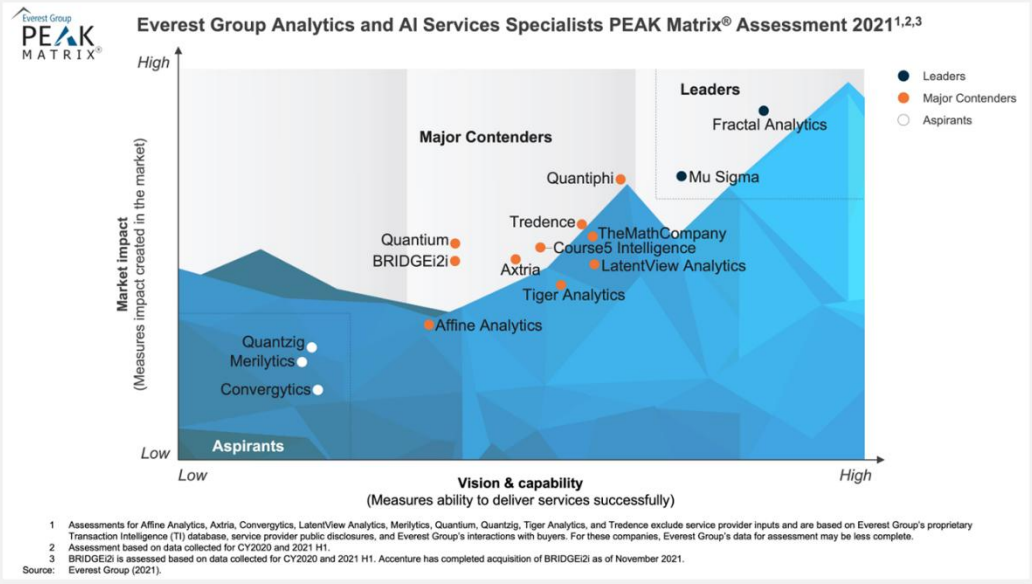
Everest Group's Analytics and AI Services Specialists PEAK Matrix® Assessment 2021 and Fractal's positioning

Fractal Analytics was recognized as a "Leader" in Everest Group's 2021 PEAK Matrix® Assessment. The following strengths were highlighted:

- Fractal demonstrated strong interdisciplinary capabilities combining behavioral sciences, design thinking, data science, and cloud engineering. These strengths were built through both acquisitions (e.g., Final Mile, Samya.ai, Zerogons) as well as internal development.
- The firm focused on enhancing cloud and data engineering capabilities through partnerships with AWS, Azure, GCP, Snowflake, and Databricks.
- It invested in R&D areas such as quantum computing (in collaboration with AWS), AI ethics, and community building via investments like Analytics Vidhya.
- Referenced clients viewed Fractal as a go-to partner for complex analytics with strong business impact orientation and long-term value creation.

Exhibit 38 presents Everest Group's Analytics and AI Services Specialists PEAK Matrix Assessment 2021

Exhibit 38 – Everest Group Analytics and AI Services Specialists PEAK Matrix Assessment 2021



1 Assessments for Affine Analytics, Axtria, Convergytics, LatentView Analytics, Merilytics, Quantium, Quantzig, Tiger Analytics, and Tredence exclude service provider inputs and are based on Everest Group's proprietary Transaction Intelligence (TI) database, service provider public disclosures, and Everest Group's interactions with buyers. For these companies, Everest Group's data for assessment may be less complete.
2 Assessment based on data collected for CY2020 and 2021 H1.
3 BRIDGEi2i is assessed based on data collected for CY2020 and 2021 H1. Accenture has completed acquisition of BRIDGEi2i as of November 2021.
Source: Everest Group (2021).

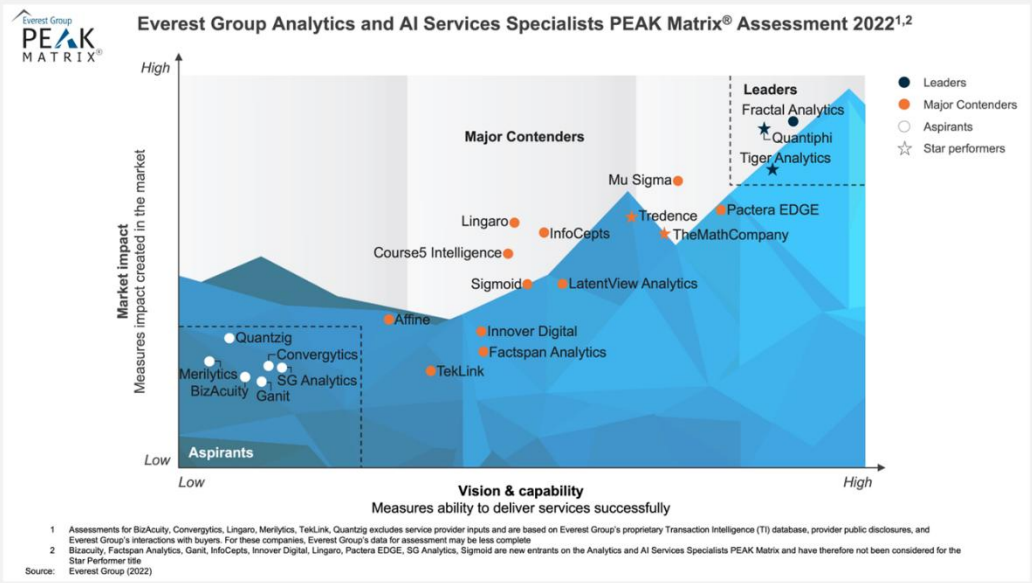
Everest Group's Analytics and AI Services Specialists PEAK Matrix® Assessment 2022 and Fractal's positioning

Everest Group's Analytics and AI Services Specialists PEAK Matrix® Assessment 2022 also identified Fractal as a "Leader". The 2022 assessment highlighted several key strengths:

- Fractal built capabilities in core DAAI areas such as AI, advanced analytics, visualization, insights generation, and domain-specific problem-solving.
- It has developed a robust portfolio of platforms and accelerators for data analysis, image and video analytics, and industry-specific functions like pricing and promotions. Flagship tools include AIDE (Automated Insights for Digital Evolution) and Concordia for data integration.
- Referenced buyers praised Fractal's technical depth and its unique strategic perspective in engagements.

Exhibit 39 presents Everest Group's Analytics and AI Services Specialists PEAK Matrix Assessment 2022

Exhibit 39 – Everest Group Analytics and AI Services Specialists PEAK Matrix Assessment 2022



Everest Group's Analytics and Artificial Intelligence (AI) Services Specialists PEAK Matrix® Assessment 2024 and Fractal's positioning

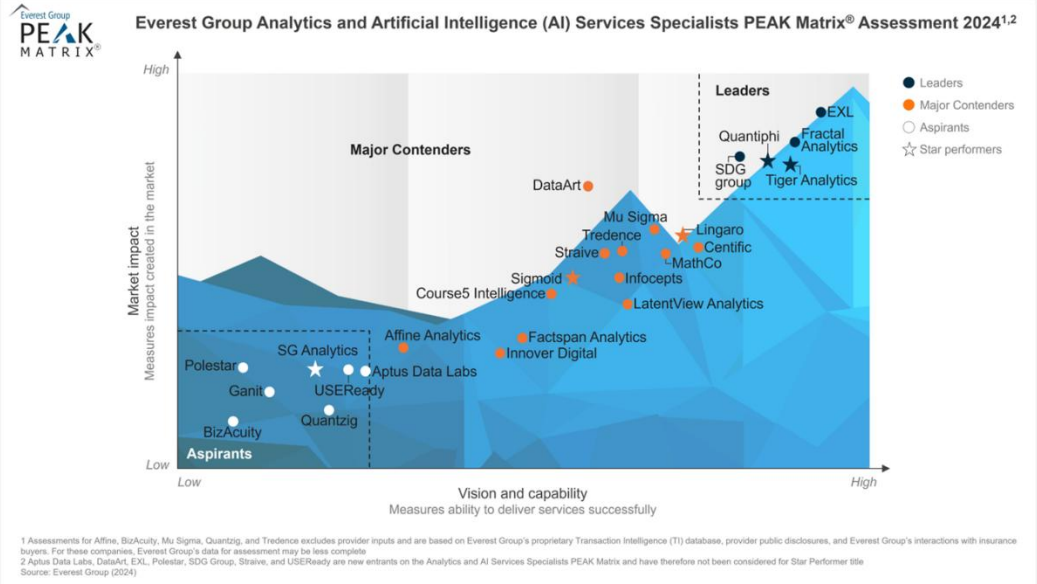
Everest Group's Analytics and AI Services Specialists PEAK Matrix® Assessment 2024 identified Fractal Analytics as a "Leader." The 2024 assessment identified the following strengths of Fractal:

- Fractal has developed strong domain expertise across BFSI, retail, manufacturing, and healthcare sectors, allowing it to contextualize AI use cases and deliver industry-relevant solutions. Flagship offerings such as Cogentiq (an agentic AI orchestration platform), Kalaido.ai (a generative image diffusion model), and MarshallGoldsmith.ai (a behavioral science-backed coaching tool) highlight its verticalized approach.
- The firm has institutionalized responsible AI practices through a formal evaluation and certification framework, ensuring ethical, transparent, and explainable AI deployment.
- Clients acknowledged Fractal's co-innovation capabilities, proactive delivery orientation, and flexible engagement models as key strengths.

- Fractal has invested significantly in structured talent development programs and academic partnerships to advance expertise in Gen AI, LLMOps, and data engineering.

Exhibit 40 presents Everest Group's Analytics and AI Services Specialists PEAK Matrix Assessment 2024

Exhibit 40 – Everest Group Analytics and AI Services Specialists PEAK Matrix Assessment 2024[1,2]



1 Assessments for Affine, BizAcuity, Mu Sigma, Quantzig, and Tredence excludes provider inputs and are based on Everest Group's proprietary Transaction Intelligence (TI) database, provider public disclosures, and Everest Group's interactions with insurance buyers. For these companies, Everest Group's data for assessment may be less complete
2 Aptus Data Labs, DataArt, EXL, Polestar, SDG Group, Straive, and USEReady are new entrants on the Analytics and AI Services Specialists PEAK Matrix and have therefore not been considered for Star Performer title
Source: Everest Group (2024)

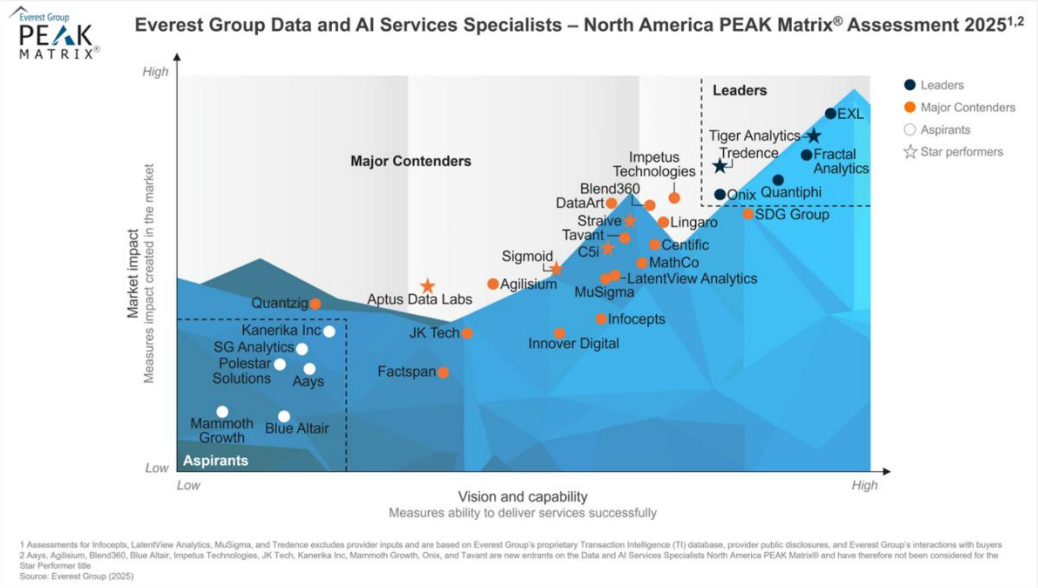
Everest Group's Data and AI Services Specialists – North America PEAK Matrix® Assessment 2025 and Fractal's positioning

This assessment identified Fractal Analytics as a "Leader." The 2025 assessment identified the following strengths of Fractal:

- Fractal has actively expanded its IP portfolio in North America, integrating agentic AI capabilities and deep domain models to accelerate time-to-value for enterprise clients.
- Referenced clients highlighted Fractal's strong delivery capabilities, high-quality AI solutions, and structured delivery governance.
- The company continues to lead in building advanced AI infrastructure, having launched Cogentiq as a unified platform for orchestrating AI pipelines, natural language queries, and multi-modal data access.
- Fractal's collaborative delivery model and high client retention were noted as critical enablers of long-term strategic partnerships.

Exhibit 41 presents Everest Group's Data and AI Services Specialists PEAK Matrix® Assessment – North America 2025

Exhibit 41 – Everest Group Analytics and AI Services Specialists PEAK Matrix Assessment 2025[1,2]



1 Assessments for Infocepts, LatentView Analytics, MuSigma, and Tredence excludes provider inputs and are based on Everest Group's proprietary Transaction Intelligence (TI) database, provider public disclosures, and Everest Group's interactions with buyers
2 Aays, Agilisium, Blend360, Blue Altair, Impetus Technologies, JK Tech, Kanerika Inc, Mammoth Growth, Onix, and Tavant are new entrants on the Data and AI Services Specialists North America PEAK Matrix® and have therefore not been considered for the Star Performer title
Source: Everest Group (2025)

Threats and challenges to Fractal

While Fractal is a leading analytics and AI services specialist, there are several threats and challenges to its business, including:

- Changing macroeconomic conditions: Persistent inflationary pressures, tightening monetary policies, ongoing tariff discussions, and geopolitical tensions (such as the Russia-Ukraine conflict and the Israel-Hamas war) can impact the spending appetite of enterprises in digital services.
- Rise in insourcing: Over the past few years, there has been a steady rise in new in-house setups due to increasing cost competitiveness of captives, greater alignment with enterprise priorities, and better control and governance. While there is an opportunity for service providers to capitalize on this shift by enabling captive center setup and transformation, it may also result in reduced enterprise spend on third-party providers.
- Talent retention and upskilling challenges: Rapid changes in AI technologies have created challenges in acquiring and retaining the right talent, limiting the effective deployment and management of AI systems. Inability to meet this demand and develop internal resources by Fractal can pose a threat to its business.
- Service revenue erosion due to productization: Gen AI infusion is significantly enhancing productivity across IT services by automating complex processes through low-code and conversation-enabled SaaS tools, which can result in revenue erosion for third-party providers.
- Governance and security risks: With increasing AI adoption, countries worldwide are introducing AI-related regulations and frameworks. This trend is particularly relevant for Gen AI, as its ability to create new content heightens concerns about potential misuse. Rising privacy and ethical concerns

around DAAI technology, along with strict regulatory policies, pose a threat to DAAI innovation and enterprise adoption.
- Possibility of new market entrants: Since DAAI is among the fastest-growing digital services markets, new entrants with differentiated offerings that can serve enterprise needs may pose a threat to Fractal's business.

GLOSSARY

- FY2024 refers to the financial year beginning April 1, 2023, through March 31, 2024
- FY2025 refers to the financial year beginning April 1, 2024, through March 31, 2025
- Currency conversions are based on an average exchange rate of US$1 = INR83.67 for calendar year 2024
- Agent operations platform: Infrastructure to manage and orchestrate multiple AI agents in a coordinated manner
- Agentic AI: AI that can autonomously plan, decide, and execute tasks with minimal human input
- AI (Artificial Intelligence): Simulation of human intelligence processes by machines, especially computer systems
- AI copilots: Assistive tools using AI to augment human tasks (e.g., coding, HR processes)
- AI platforms: Frameworks that facilitate the development, orchestration, deployment, and governance of AI solutions
- AI sovereignty: The organization's ability to control its digital infrastructure, data, and technologies
- AI twins / Digital twins: Virtual replicas of physical systems used for simulation and monitoring
- AI/ML: Combined term for Artificial Intelligence and Machine Learning used in automation and prediction tasks
- AI-generated synthetic data: Artificial data generated using AI to supplement training sets
- AI-Orchestration: Coordinating multiple AI models and tools into a unified workflow
- AR/VR (Augmented/virtual reality): Technologies used for immersive user experiences and interfaces
- Bias and explainability: Challenges in AI around fairness and the ability to interpret decision-making processes
- Chain-of-thought reasoning: A method in LLMs for breaking down complex problems step-by-step
- Cloud marketplaces: Online platforms for procuring and managing cloud-based software, including AI solutions
- CPRA: California Privacy Rights Act, successor to CCPA, strengthening privacy rights
- Data sovereignty: Concept of retaining control over enterprise-owned data
- Deep learning: A subset of ML using neural networks with many layers to analyze various data formats
- Diffusion models: Models used for image generation by iteratively refining random noise to create a desired output
- Digital transformation: Use of digital technologies to create or modify business processes, culture, and customer experiences

- Ecosystem orchestration: Strategic coordination of tools, platforms, and partners to achieve digital goals
- EU AI Act: European legislation regulating the use of AI across risk categories
- Explainable AI: AI systems that provide understandable justifications for outputs and decisions
- Foundation Models: Large-scale ML models trained on vast datasets and adaptable to various tasks
- GDPR: EU's regulation on data protection and privacy
- Gen AI (Generative AI): Type of AI that can generate text, images, or other media from prompts
- Hallucination (in AI): When an AI generates plausible sounding but incorrect or fabricated content
- LLMOps: Practices and tools to manage lifecycle operations of LLMs in production environments
- LLMs (Large Language Models): Deep learning models trained to understand and generate human-like text
- Low-Code/No-Code Tools: Platforms allowing users to build applications with minimal or no coding
- LRMs (Large Reasoning Models): AI systems specialized in logic, reasoning, and decision-making processes
- Metaverse: Virtual environments that can be augmented using AI and immersive tech
- Mixture of experts (MoE): AI architecture that activates only a subset of the model's parameters for each input
- MLOps: Tools and practices for operationalizing ML models from development to deployment.
- Multimodal AI: AI models that process multiple types of data simultaneously.
- Natural Language Generation (NLG): AI technique for producing natural language from structured data
- Natural Language Processing (NLP): AI field enabling machines to understand and process human language
- Neuromorphic Computing: Bio-inspired hardware aimed at increasing efficiency and real-time AI processing
- Neural networks: Computational models inspired by the human brain, consisting of layers of interconnected nodes (neurons) that process data and identify patterns
- Open-source AI Models: Community-driven AI systems freely available for modification and deployment
- Reinforcement Learning (RL): A type of learning where an agent learns by interacting with its environment and receiving rewards or penalties
- Self-Supervised Learning: A training paradigm that uses unlabeled data to learn data representations
- Sentiment Analysis: Assessing opinions in text data to understand customer emotions
- SLMs (Small Language Models): Lightweight, task-specific models optimized for particular domains or functions
- Vector Databases: Specialized databases optimized for storing and searching high-dimensional vector embeddings
- Workflow-based AI Platforms: AI solutions designed to integrate into structured business workflows