# Forrester Forecasts AI Software Will Grow 50% Faster Than The Overall Software Market

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*Cybersecurity is the fastest growing AI software category; 72% of the global AI spend will come from the US and China*

CAMBRIDGE, Mass., Oct. 4, 2022 /PRNewswire/ -- Forrester (Nasdaq: FORR) forecasts that AI software will grow 50% faster than the overall software market over the next two years, with an annual growth rate of 18%. The spend on AI software will double from $33 billion in 2021 to $64 billion in 2025 due to an accelerated adoption of AI during the pandemic and an increase in the number of companies that offer AI software.

According to Forrester's Global AI Software Forecast, 2022, cybersecurity is the fastest-growing AI software category, with significant investments being made in real-time monitoring and response in order to mitigate growing cybersecurity threats. Within the AI software market, AI-infused software will see a 22% CAGR by 2025; AI maker tools, which are used to develop AI applications, will see an 18% CAGR; and AI-centric software, which runs on AI components, will see a 14% CAGR.

Across eight forecasted countries (the US, China, Japan, France, Germany, Italy, Spain, and the UK), AI's share of software spend will increase from 4.3% in 2021 to 6% in 2025. The US and China will dominate this AI software spend, with 72% of global AI spend. In addition, more than 80% of annual investments in AI and blockchain technologies will come from the two countries.

**Key Geographical Highlights**

- **Asia Pacific:** China is a leading investor in AI software, with 24% of AI spend — totaling $9.6 billion — due to come from China in 2022. China is also slated to outpace the rest of the world on AI software spend and to delegate $16.6 billion, or 21% of its software spend, on AI by 2025. Japan is expected to spend $4.1 billion on the AI software market in 2022, largely due to the country's heavy investment in collaborative robots.
- **Europe:** Compared to the size of their economies, France, Germany, Italy, Spain, and the UK lag behind the US and China when it comes to AI software spending, with $7.3 billion expected to be invested in AI software in 2022. Germany leads the European AI spend, with $2.4 billion expected to be spent on AI software in 2022. The UK and France are expected to spend $2.3 billion and $1.4 billion, respectively, on AI software in 2022.
- **United States:** The US leads AI enterprise adoption and is also the leading destination for private AI investment, with $23.6 billion of funding in 2020. In 2022, 47% of AI spend will come from the US. American firms have the largest portfolio of AI patent applications and the highest number of patented AI techniques.

"AI has great potential across categories including cybersecurity, process optimization and automation, health, and human capital management," said Michael O'Grady, a principal forecast analyst at Forrester. "However, as AI adoption becomes mainstream, enterprises will need to manage its complexity, which includes adhering to responsible AI practices, nurturing the growing pool of AI talent, and the continued evolution of business models."

**Resources**

- Read Michael O'Grady's blog on key takeaways from Forrester's Global AI Software Forecast, 2022 here.
- Discover budget and planning recommendations for AI and more in Forrester's 2023 Planning Guide. Clients can access detailed planning advice for technology executives and TAD leaders.
- Access Forrester's Global Software Industry Forecast, 2022 (clients only).

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