

IDC MarketScape: Worldwide Artificial Intelligence Services 2023 Vendor Assessment

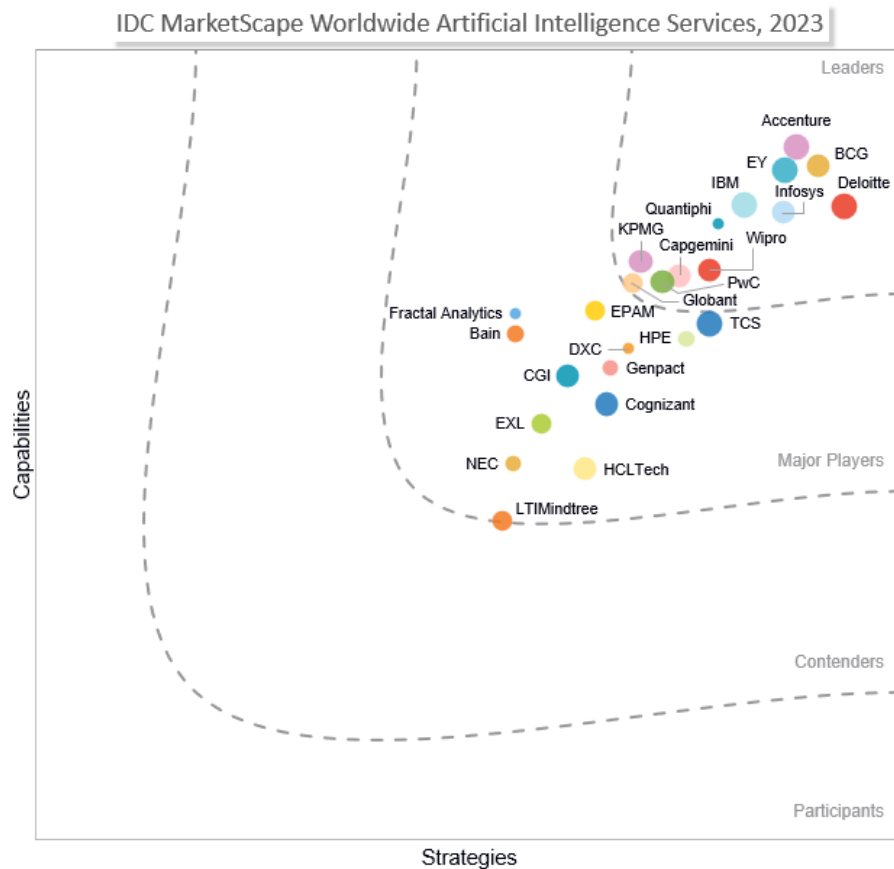
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THIS IDC MARKETSCAPE EXCERPT FEATURES PWC

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Artificial Intelligence Services Vendor Assessment



Source: IDC, 2023

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Artificial Intelligence Services 2023 Vendor Assessment (Doc # US49647023). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1, 2 and 3.

IDC OPINION

This IDC study represents a vendor assessment of the 2023 artificial intelligence (AI) services market through the IDC MarketScape model. IDC last assessed this market in 2021. In the past two years, we have revised our evaluation criteria and buyer perception survey instrument to refine our assessment methodology and reflect market evolution. Thriving vendors in today's AI services market can both clearly articulate their strategies for enabling clients' adoption of AI solutions and readily demonstrate their current capabilities and proof points through existing client engagements.

Organizations increasingly look to AI solutions to drive revenue and profit growth as well as improve outcomes in areas such as customer satisfaction, operational efficiency, sustainability, process speed and accuracy, and speed to market for new products and services. However, many challenges persist, including employees' lack of data literacy and technology training, technical complexity, lack of resources to support end users and maintain AI systems, and issues related to security, privacy, and governance. Professional services firms remain a critical source of expertise, skills, and tools to incorporate AI into digital business strategies, build production-grade solutions, and realize ROI.

In this assessment, IDC evaluated AI services vendors across scoring criteria and collected feedback from customers on their perception of the key characteristics and the capabilities of these vendors. Key findings include:

- The most critical vendor attribute for successful AI services engagements, according to IDC's *Artificial Intelligence Services Buyer Perception Survey*, remains "ability to achieve business outcomes." The perceived priority of this attribute over all others was unchanged from the 2021 study.
- When buyers were asked about the primary business objective driving their engagement of their artificial intelligence services vendor, at a worldwide level, the most frequent responses were "improve operational efficiency," "build capability for tomorrow's business," and "drive higher revenue growth, gain market share." Nearly 30% of the buyers we surveyed said they achieved 30% or greater improvement in measurable KPIs from their AI services engagement.
- The top-rated vendor attribute, in aggregate, was the ability to "integrate vendor project team with internal team." This aligns with IDC's evaluation of client adoption strategies around workshops and stakeholder alignment and AI program enablement as top areas of strength on average across AI services vendors.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

This research includes analysis of AI services providers with global scale and broad portfolios spanning IDC's research coverage. This assessment is designed to evaluate the characteristics of each firm – as opposed to its size or the breadth of its services. In determining the group of vendors for analysis in this IDC MarketScape, IDC considered the following set of inclusion criteria:

- Worldwide AI services revenue of at least \$100 million over the last calendar year, with revenue generated in each major geographic region (i.e., Americas, EMEA, and Asia/Pacific)
- Offerings across the life cycle of AI business and IT services (e.g., project-based, managed, support, and training)
- AI services offerings and solutions addressing a range of industry verticals and business functions
- Go-to-market alliances with a range of AI software providers

ADVICE FOR TECHNOLOGY BUYERS

- **Maturity assessment.** Challenges exist at every stage of the AI adoption journey that often require expert advice to navigate. Look for services firms to assess your organization's AI maturity, readiness, talent, and data needs and assist you with creating or refining AI strategies and operating models to achieve specific business objectives and prepare you for the next stage of adoption. Even organizations with previously established AI programs may find your strategies and governance frameworks need adjustment to consider new implications (ethical, regulatory, or otherwise) of generative AI capabilities and to incorporate appropriate guardrails for developing and using the technology.
- **Use case development.** In today's economic climate, there is a heightened need to connect AI solution innovation to real business outcomes. Seek a services partner that can provide frameworks, methodologies, and tools to help you source innovation ideas from within your business, discover and prioritize use cases, define KPIs for measuring business value, create a strong innovation foundation across your organization, and produce deployable and scalable AI solutions. As several of the customer reference interviews IDC conducted for this study indicated, vendors' industry and functional domain knowledge gained from experience working with many different customers helps accelerate the process of identifying and developing impactful AI use cases.
- **Skills.** AI talent gaps are neither new nor abating for organizations anytime soon. IDC research suggests that organizations will not solve their AI talent issues by merely hiring more data scientists. Seek a services partner that can provide expertise not only in core AI model development and your chosen AI platform but also in scaling and operationalizing AI models (whether custom-developed algorithms or repurposed "off the shelf" solutions) and in empowering your business end users to leverage AI-driven insights in their roles. Also, consider guidance and support from services partners beyond staff augmentation to help you build AI skills in your organization. Ask for best practices, recruiting resources, access to on-demand AI talent pools, and pod-based or build-operate-transfer models that enable your employees to learn AI skills while working with expert teams.
- **Innovation and delivery accelerators.** The fundamental value that AI services vendors offer is helping customers achieve ROI from AI more quickly than they would on their own. Consider the proprietary assets that vendors may propose as part of their AI services offerings, which can include pretrained industry- or function-specific models, reusable component repositories, curated and annotated training data sets, developer tools and microservices, and even full-fledged products and platforms. These assets can fill gaps in commercial software products, address specific business domain or technical challenges (such as integrating legacy enterprise systems with new AI capabilities), or industrialize AI solution development and management. Also consider the ecosystem of partners that AI services vendors collaborate with to provide access to innovation that benefits your organization.

- **Stakeholder alignment.** According to IDC's *Artificial Intelligence Services Buyer Perception Survey*, the most common project sponsors for AI services engagements were CIOs/CTOs, information technology (IT) directors and managers, chief analytics/data officers, and line-of-business (LOB) heads. Choose a vendor that can work across IT, LOB, and data teams to ensure solutions address key stakeholder priorities. Buyers also rated "knowledge transfer/training for our internal team" as one of the top 10 most critical attributes for AI services engagement success. Seek out vendors that not only speak with budget holders but also communicate effectively with end users, who will be interacting with and supporting AI solutions, through workshops and change management programs.
- **Data and AI governance.** Strong foundations for data quality and privacy, responsible AI, and MLOps are critical for enterprise-grade AI solutions that are both functional for business needs and compliant with regulatory and risk management requirements. Seek services providers that offer thought leadership and frameworks for data privacy, responsible AI, and MLOps and proactively help you consider these issues as early as possible in the design process, as well as through the deployment and monitoring of solutions, to mitigate potential risks.
- **Vendor selection.** Use this IDC MarketScape in contract negotiations and as a tool to not only short list vendors for AI services bids but also evaluate vendors' proposals and oral presentations. Make sure you understand where these players are truly differentiated and take advantage of their expertise, technical, industry base, or otherwise.

VENDOR SUMMARY PROFILE

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

PwC

According to IDC analysis and buyer perception, PwC is positioned in the Leaders category in this 2023 IDC MarketScape for worldwide artificial intelligence services.

PwC's Data, Analytics, and AI practice has benefited from the firm's global strategy, The New Equation, which launched in 2021 and included a \$12 billion investment to expand its expertise in AI and cybersecurity by 2026. The New Equation focuses on enabling clients to build trust and achieve sustained outcomes for their businesses, and PwC embeds AI, data, and analytics throughout this approach. The firm's AI services offerings include Strategic AI, Responsible AI and AI Governance, AI Engineering, AI-enabled Solutions, AI for Data, AI ROI, and Generative AI. PwC applies its BXT (business, experience, and technology) approach and Rapid PoC methodology to create and deliver AI solutions for clients, leveraging its PwC Insight Platform and growing portfolio of products, solutions, accelerators, and data sets, as well as technologies from its partner ecosystem. PwC's product strategy enables the firm to offer multiple delivery models to AI services clients, including product license ("do it yourself"), tech-enabled service ("do it together"), managed tech services ("let us do it for you"), and bespoke builds ("customized for you"). PwC is expanding its portfolio of function-specific offerings to solve specific business problems for clients through "scale plays," including Digital Contact Solution, Digital Twin, Digital Factory, Supply Chain Risk, ESG, ERP+ Data, Data Modernization, Data Marketplace, Digital Value Accelerator, and Analytics as a Service.

Strengths

According to customers, PwC's strengths are the company's ability to apply functional- or industry-specific methodologies and assets to solve their issues, provide AI insights and competency, deliver innovation that produces results for them, provide resources with appropriate and quality technical skills, manage AI solution investment costs, and address issues around explainability, bias, ethics, and trust in AI models. IDC considers PwC's breadth of technology alliances and strategies around portfolio, alliances, innovation and R&D, and technology skills as key strengths. PwC also showcased strengths in achieving business outcomes for clients with AI services.

Challenges

IDC believes PwC's delivery model strategy could be improved by addressing a broader range of next-generation tools and methodologies. PwC could also benefit from more cohesive strategies around IP monetization and platform-based delivery, as well as improving visibility of its customer success stories in AI services.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

IDC defines AI as systems that learn, reason, and self-correct. These systems hypothesize and formulate possible answers based on available evidence, can be trained through the ingestion of vast amounts of content, and automatically adapt and learn from their mistakes and failures.

Recommendations, predictions, and advice based on this AI provide users with answers and assistance in a wide range of applications and use cases.

AI services are utilized to assess, plan, design, implement, and operate the following:

- AI platforms facilitate the development of artificial intelligence models and applications, including intelligent assistants that may mimic human cognitive abilities.
- AI applications include process and industry applications that automatically learn, discover, and make recommendations or predictions.

Detailed definitions of the software tools and platforms that are relevant for AI services engagements are available in *IDC's Worldwide Software Taxonomy, 2023* (IDC #US50513623, April 2023). The underlying data services are a critical component to AI systems, serving as the basis upon which initial analysis and learning are conducted. Data services are highly specific to the function and process of the AI system and may come from a wide range of sources, both unstructured and structured. These data services include the processes needed to ingest, organize, cleanse, and utilize the data within the AI-enabled applications.

AI services providers engage with clients to build AI capabilities through business services and IT services (see Figure 2). For a detailed definition of the services markets illustrated in Figure 2, see *IDC's Worldwide Services Taxonomy, 2022* (IDC #US47769222, July 2022).

FIGURE 2

Artificial Intelligence Services



AI Business Services

- **Business consulting:** Strategy, operational improvement, process reengineering; change management involving people, process, and technology; governance and compliance (including consulting around issues of ethics, privacy, trust, bias, and explainability) and internal audit surrounding AI solutions; the use of AI solutions to aid in the design of business and product strategies, customer engagement, and performance and operational improvement plans
- **BPO services:** Embedding AI technologies to manage unstructured data from process workflows across key horizontal functions such as F&A, procurement, HR, customer care, and logistics as well as functions specific to industry verticals; the use of AI solutions to aid in the delivery of BPO services, such as AI-enabled decision support for human agents, intelligent conversational assistants (e.g., chatbots) embedded into interactions traditionally handled by humans, and AI-enabled BPaaS delivery models



AI IT Services

- **IT consulting and systems and network implementations:** Helping buyers to create the IT strategy of their overarching AI journey and assess, design, and deploy the underlying data architecture, tools, platforms, and networking to support AI requirements
- **Application development and management:** Designing, developing, and implementing an AI-enabled application on top of an AI software platform; data services to ingest, organize, cleanse, and utilize data within AI-enabled applications, including to train, validate, and score models within the AI-enabled application; monitoring and supporting the learning aspects of the system; curating new data as it is ingested by the application; and handling exceptions when AI decisions are below established confidence thresholds
- **IT outsourcing services:** Managing the datacenter infrastructure (compute/storage) or managing the entire IT stack (from infrastructure to middleware/databases and applications) to support AI needs
- **IT deploy and support:** Installation, basic configuration, and support for servers, storage, and packaged software used for AI needs
- **IT education and training:** Content processes or structures that support employee, client, or supply chain development to meet identified business requirements related to developing, administering, or using AI technology

Source: IDC, 2023

Customer Perceptions of AI Services Vendors

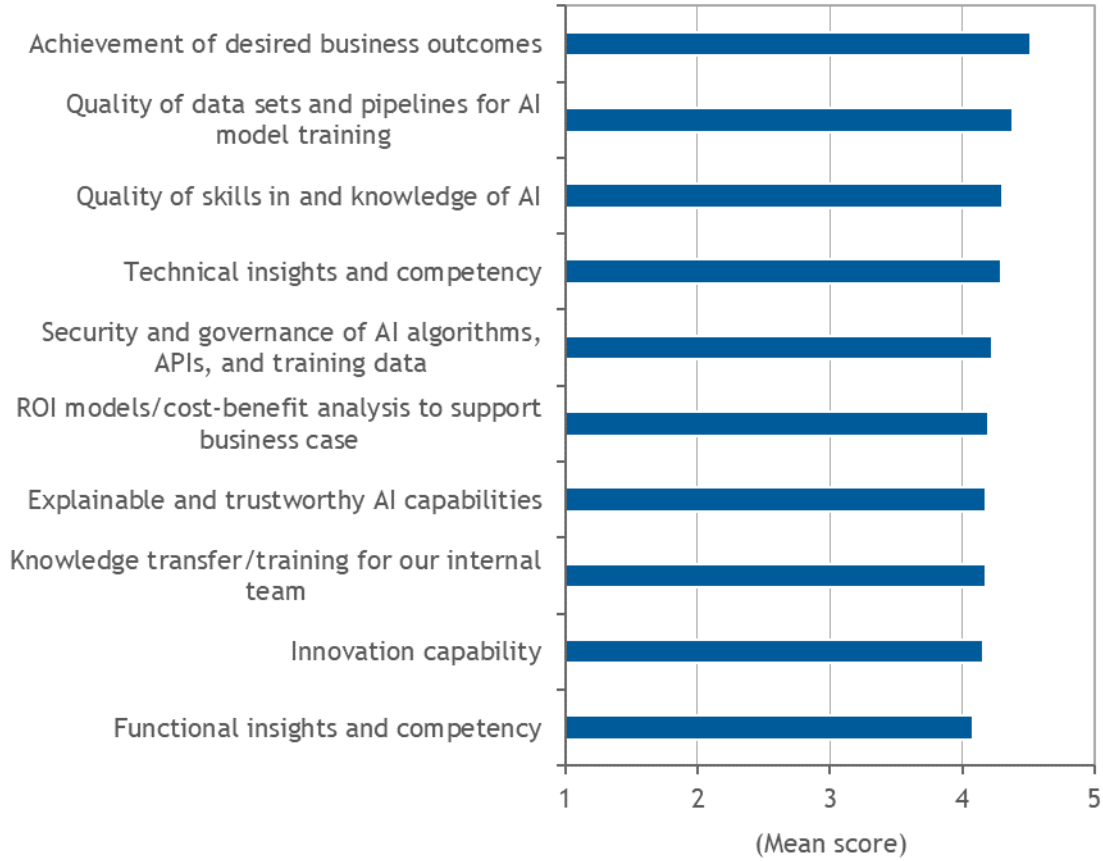
A significant and unique component of this evaluation is the inclusion of the perceptions of AI services buyers of both the key characteristics and the capabilities of the vendors evaluated. The buyers participating in IDC's *Artificial Intelligence Services Buyer Perception Survey* have partnered with at least one of the participating vendors directly on an AI services engagement within their company. The survey findings highlight key areas where buyers expect AI services providers to showcase a range of capabilities. The buyers consider these capabilities a must-have for AI services to be able to fulfill the requirements of many business and IT issues that challenge the buyers.

Figure 3 illustrates the order of factors important for a successful AI services engagement for the AI services customers surveyed in 2023. Survey findings suggest that the ability to achieve desired business outcomes by the consulting and delivery teams working on an AI services engagement is the most critical factor for the successful completion of the engagement. Customers also indicated a vendor's ability to create quality data sets and pipelines for AI model training, provide quality skills in and knowledge of AI, provide technical insights and competency, and provide security and governance of AI algorithms, APIs, and training data to be among the most critical attributes for an engagement's success.

FIGURE 3

Top 10 Factors for Successful Artificial Intelligence Services Engagements, 2023

Q. *In order for an AI services engagement to be successful, please indicate the importance of each of the following characteristics.*



n = 116

Note: Mean scores are based on a scale of 1-5, where 1 is highly detrimental to success and 5 is essential to success.

Source: IDC's *Artificial Intelligence Services Buyer Perception Survey, 2023*

LEARN MORE

Related Research

- *Artificial Intelligence Services Findings from Enterprise Intelligence Services Survey, 2022* (IDC #US49230423, January 2023)
- *IDC FutureScape: Worldwide Artificial Intelligence and Automation 2023 Predictions* (IDC #US49748122, October 2022)
- *Market Analysis Perspective: Worldwide Analytics and Intelligence Automation Services, 2022* (IDC #US48206022, September 2022)
- *Worldwide Artificial Intelligence Services Forecast, 2022-2026* (IDC #US48206222, August 2022)
- *Worldwide and U.S. Artificial Intelligence Services Market Shares, 2021: Adapting to Evolving Client Needs* (IDC #US48206622, August 2022)
- *IDC's Worldwide Services Taxonomy, 2022* (IDC #US47769222, July 2022)
- *IDC MarketScape: Worldwide Artificial Intelligence Services 2021 Vendor Assessment* (IDC #US46741921, May 2021)

Synopsis

This IDC study represents a vendor assessment of the artificial intelligence (AI) services market through the IDC MarketScape model. This assessment discusses both quantitative and qualitative characteristics that explain success in the AI services market. This IDC MarketScape covers a variety of vendors participating in the AI services space. The evaluation is based on a comprehensive and rigorous framework that assesses vendors relative to the criteria and to one another and highlights the factors expected to be the most influential for success in the market in both the short term and the long term.

"With rising public awareness of AI capabilities, spurred most recently by the ability to interact with free, web-based generative AI tools, organizations are feeling pressure to move faster to incorporate AI into digital business strategies or risk being left behind by competitors," says Jennifer Hamel, research director, Analytics and Intelligent Automation Services at IDC. "Successful AI services providers continue to evolve their portfolios to meet ever-evolving client needs while remaining trusted advisors to cut through hype and hysteria, set reasonable expectations for what AI can and should do for their businesses, and develop road maps for adopting and managing AI solutions at scale."

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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