

# KaPower Insights #6

*The Venture Impact Investment Cooperative for Emerging Countries*

## Artificial Intelligence and Machine Learning

From having intelligent machines such as self-driving cars, smart assistants, manufacturing robots, 3-D printers, and even financial investors, structured machine learning (ML) and deep learning (DL) based on sophisticated data sets have brought revolutionary changes to the routine of a common human being.

International statistics reported a **\$37.5 billion investment in 2019**. Institutional Deposits Corporation has forecasted more than \$50 billion is expected to be invested in AI systems globally for the year 2020. By 2024, investment is expected to reach \$110 billion as per IDC forecasts. Grand View Research has projected a **42.2% compound annual growth rate between 2020 and 2027**.

Companies like Google and IBM are investing heavily in the market for Natural Language Processing in healthcare and it is predicted to grow from \$1.5 billion in 2020 to \$3.7 billion by 2025, at a Compound Annual Growth Rate of 20.5%.

Homo Deus corporations such as Amazon, IBM, Facebook, Twilio, Microsoft, and Alphabet have ever-rising Artificial Intelligence stocks that one can get hands-on. Software and services account for just over a third of all AI spending with hardware accounting for the remainder. The IDC says the largest share of software spending will go to AI applications, amounting to \$14.1 billion.

Determining the size of the AI market is indeed difficult; however, the market size is poised to **grow exponentially with the integration of the technology** in various sectors in the near future. Considering the investment in Artificial Intelligence stocks, the following factors must be carefully analyzed to ensure successful buying and growth:



### Selection of Industry

- Medical
- Industrial
- Automation etc.



### Risks Involved

- Practical Industry Problems
- Public Controversy
- Data Sharing Agreements



### Strategic Acquisitions

- Customized Deep Learning Facility
- Cloud Computing Services



### Consistent Innovation

- Better Quality Solutions
- Cheaper Alternatives



### Data

- Access to Unique and Best Quality Data Sets
- Continuous Updated Data Availability



### Ethical AI

- Unbiased Algorithms
- Trustable Technology



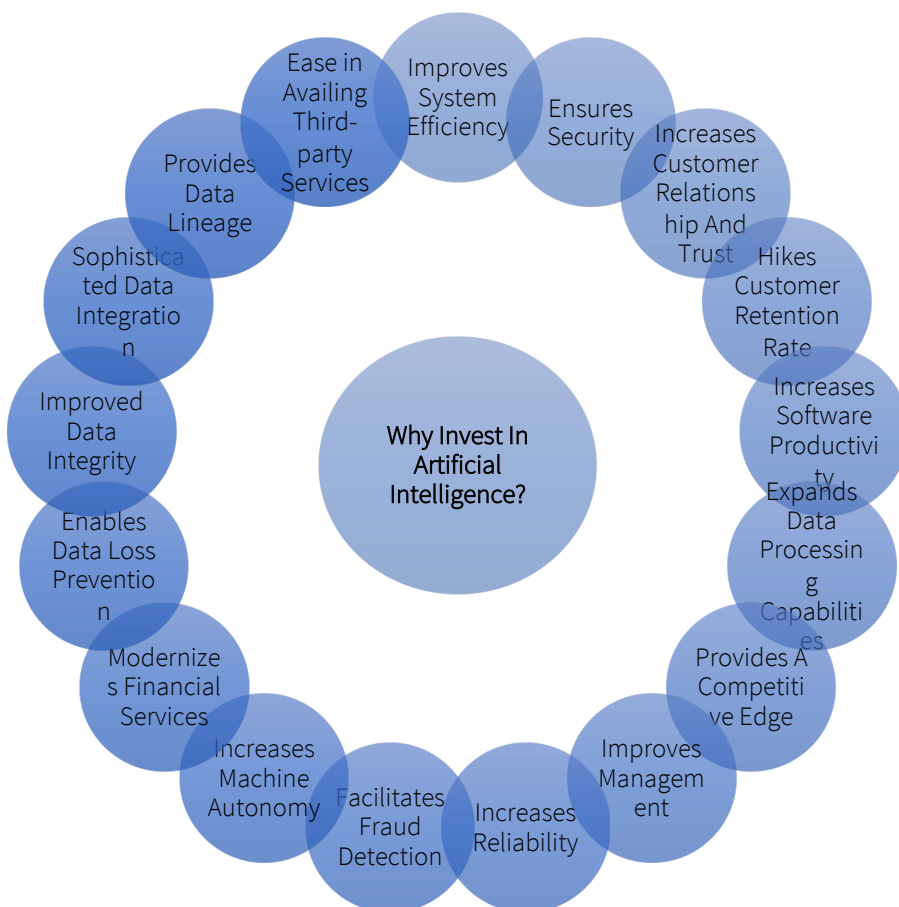
### Data Policies

- International and National Law Studies
- Impact on Digital World and its Consequences

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The benefits mentioned above cover just a small part of a huge number of merits that can be leveraged from the use of AI in the industrial sector. Other than the critical factors for buying stocks and numerous benefits derived from Artificial Intelligence, the investors **must consider the following steps before investment:**

- Update the knowledge regarding Artificial Intelligence and its market.
- Clearly understand the outcomes implementing AI will provide Calculate price-to-earnings ratios for one's business.
- Overlook the flashy marketing.
- Measure its volatility and systemic risks concerning the market.
- Know when the technology is mature enough to mitigate risk.
- Focus on an AI product's capabilities.
- Identify practical challenges in the implementation of technology.
- Mark the risk and technical difficulties in maintaining the technology.

A lot of businesses are beginning to rely on AI and making huge profits. Several startups based on AI research are producing decent dividends too. All the major auto manufacturers are racing to develop artificial intelligence for self-driving cars and are likely to become a partner with companies like Aptiv (NYSE: APTV) and Intel (NASDAQ: INTC), which are already developing automotive smart chips and sensors.

**Africa** countries benefit from a winning combination of a young, tech-savvy population and the high-cost effectiveness of investing in Africa, and the continent is emerging as the next top destination for the outsourcing of businesses functions including **Blockchain, AI and Machine Learning development services with an average of 50% cost savings.**

This combination of talent and cost savings is attracting big names to the continent. In 2019, **Microsoft** announced plans to spend more than **\$100m over five years on its first development centres in Africa**, in Nairobi and Lagos. Engineers will be recruited for the centres to work on technologies such as AI and machine learning. Kenya topped the Human Capital and Lifestyle category, thanks to its high number of coding schools ,a significant number of universities and leading centers like the **AI Center of Excellence.**

Talking of investing in AI, is it clear from the market analysis that Artificial Intelligence is changing the investment game altogether.