



**ANALYSYS MASON**

# **INTERNET AND TECHNOLOGY MONTHLY**

Consulting specialists in telecoms,  
media, technology and internet

**SEPTEMBER 2023**

## ***Featured in this issue***

**ARTIFICIAL INTELLIGENCE: AN EMERGING  
SUPERPOWER IN THE GLOBAL TECH LANDSCAPE**

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# FOREWORD

## Welcome to the September 2023 edition of Analysys Mason's newsletter on the internet and technology markets



Dear All,

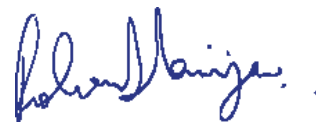
I hope you enjoyed reading the previous editions of our newsletters. I am pleased to share our latest edition of the monthly newsletter with you. We have had some great follow-up conversations about some of the thought pieces in the earlier editions of this newsletter; please keep them coming!

In this edition of our newsletter, we assess the fast-emerging sector of artificial intelligence (AI) and how this is creating a 'once-in-a-lifetime' opportunity for investors from across the globe. While the deal flow has been slow, at Analysys Mason we have been fortunate enough to have supported some of the recent marquee transactions in this sector in India, the Middle East and elsewhere. Additionally, our Global Emerging Technologies Hub has also supported multiple governments and corporations worldwide in their journey to adopt emerging technologies (including AI). In this edition, we aim to share some of the non-confidential insights from our work with this broader group.

Globally, the AI ecosystem has made dramatic progress in the past couple of years and developments in foundational AI technologies has spurred a wave of emergence of new players in India and elsewhere. AI is becoming a must-have technology for businesses across various industries, and many new and existing Indian players are developing niche AI solutions to target businesses internationally. The addressable global AI market for Indian players is expected to reach USD220–270 billion in 2027, of which the Indian market itself will amount to USD25–30 billion (expected to grow at a CAGR of 35–40% over the next few years).

Investors worldwide are seizing this 'once-in-a-lifetime' opportunity, investing ~USD5.1 billion in Indian AI players in 2022 alone. Valuations of AI players can primarily be seen from the same lens as other software-as-a-service (SaaS) players. Many AI businesses in India and other countries are currently being valued at much higher revenue multiples compared to their SaaS counterparts, due to their potential to disrupt industries and scale exponentially, their limited competition and first-mover advantage, and the hype and positive sentiment associated with AI. However, investors should be very diligent while assessing these businesses and understanding where such high multiples do or do not make sense.

We dive deeper into such aspects in the subsequent sections, and hope you enjoy reading the latest edition of our newsletter and continue to find our insights interesting and useful!

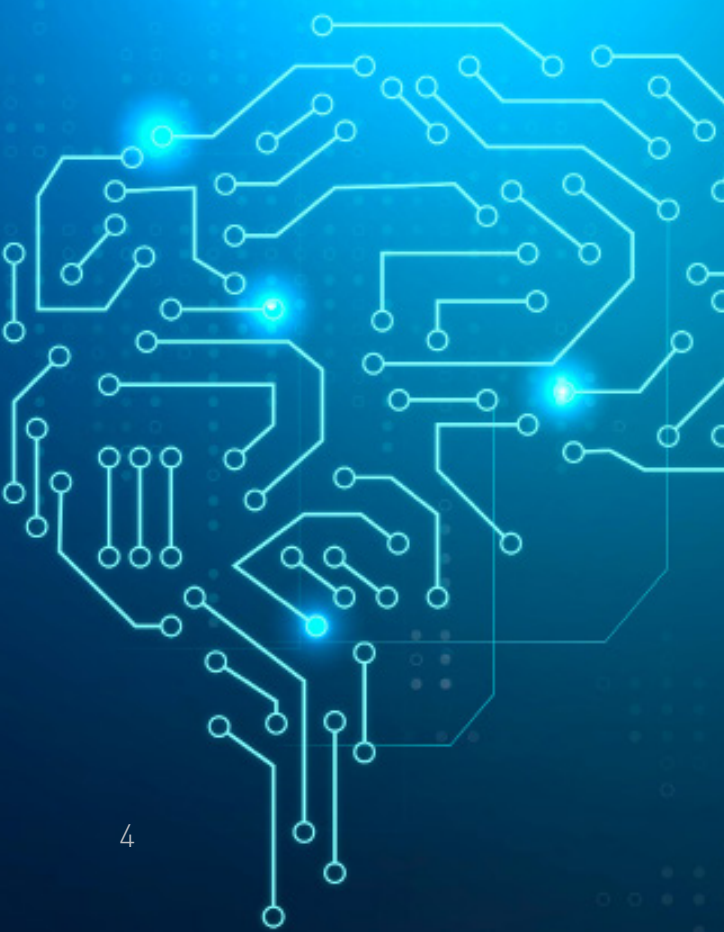


**Rohan Dhamija**  
Managing Partner, Director  
Head - Middle East and South Asia

## Artificial Intelligence: an emerging superpower in the global tech landscape

*Globally, the AI ecosystem has made dramatic progress in the past couple of years and developments in foundational AI technologies has spurred a wave of emergence of new players in India and elsewhere. AI is becoming a must-have technology for businesses across various industries, and many new and existing Indian players are developing niche AI solutions to target businesses globally. The addressable global AI market for Indian players is expected to reach USD220–270 billion in 2027, of which the Indian market itself will amount to USD25–30 billion (expected to grow at a CAGR of 35–40% over the next few years).*

*Investors worldwide have seized this 'once-in-a-lifetime' opportunity and invested ~USD5.1 billion in Indian AI players in 2022. Valuations of AI players can primarily be seen from the same lens as other SaaS players, unless the outcome from the AI solution is truly unique and disruptive. Many AI businesses in India and other countries are currently being valued at much higher revenue multiples compared to their SaaS counterparts, due to their potential to disrupt industries and scale exponentially, their limited competition and first-mover advantage, and the hype and positive sentiment associated with AI. However, investors should be very diligent while assessing these businesses and understanding where such high multiples do or do not make sense.*



"Artificial Intelligence (AI) is a branch of computer science that aims to create machines that can simulate human intelligence. It focuses on developing systems capable of performing tasks that typically require human intellect, such as recognizing patterns, understanding language, problem-solving, and making decisions."

- ChatGPT (GPT-4)

### AI stack and technology overview

The AI stack consists of four main layers: hardware, cloud services, foundational AI models/services, and

players. Each layer plays a crucial role in shaping the AI technology ecosystem.

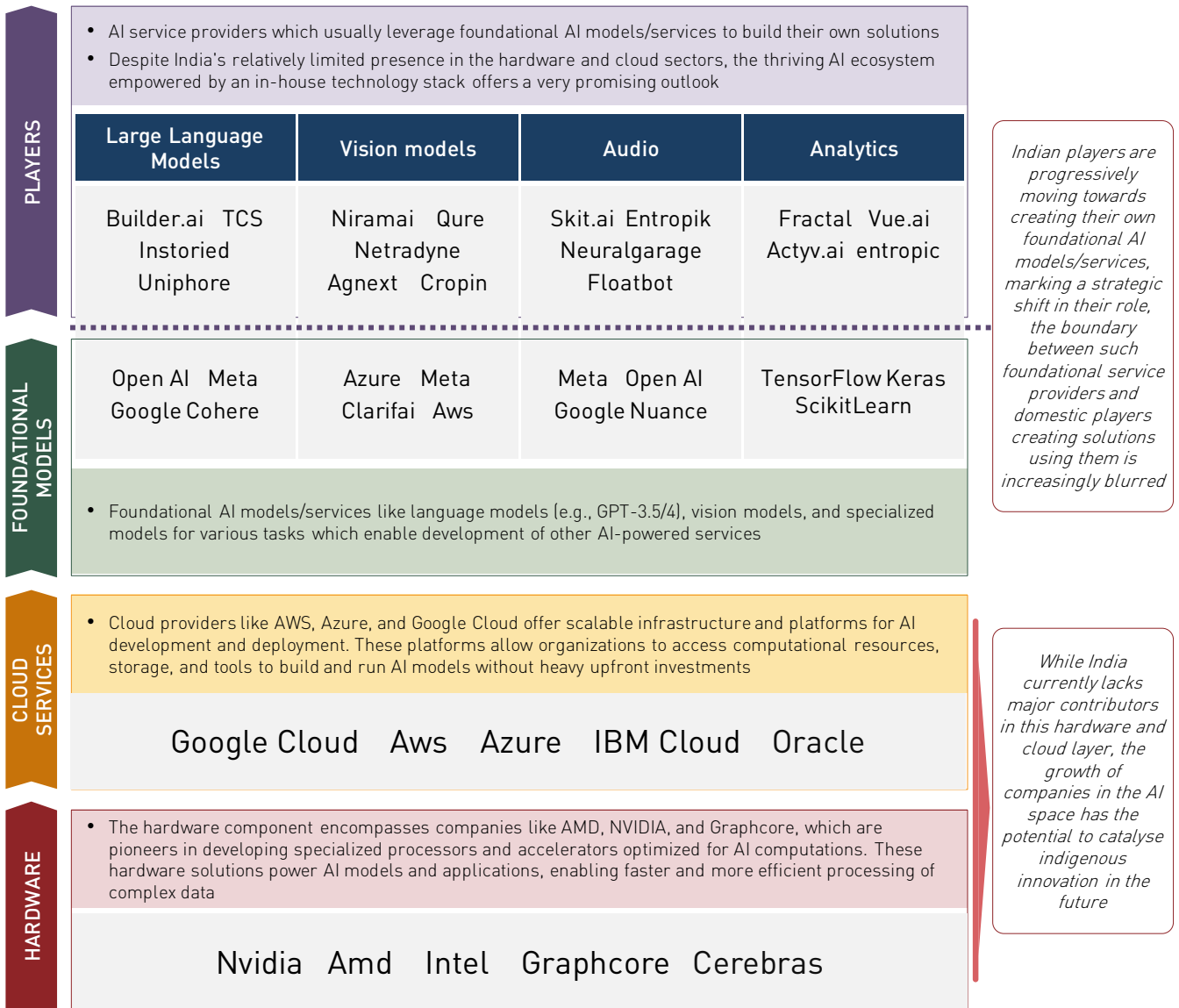


FIGURE 1: KEY LAYERS OF AI STACK [SOURCE: ANALYSYS MASON, 2023]

Even though India has made limited contributions in the hardware and cloud services layers, this has not prevented its substantial advancements within the AI ecosystem. The emergence of multiple domestic players focused on AI illustrates the country's ability to leverage AI for growth and innovation.

For much of the past decade, Indian AI players have developed solutions by relying on the foundational AI models/services provided by global players like Google, Meta and Amazon. However, over the past couple of years, the ecosystem has been changing, with Indian players now developing solutions based on their own foundational technologies

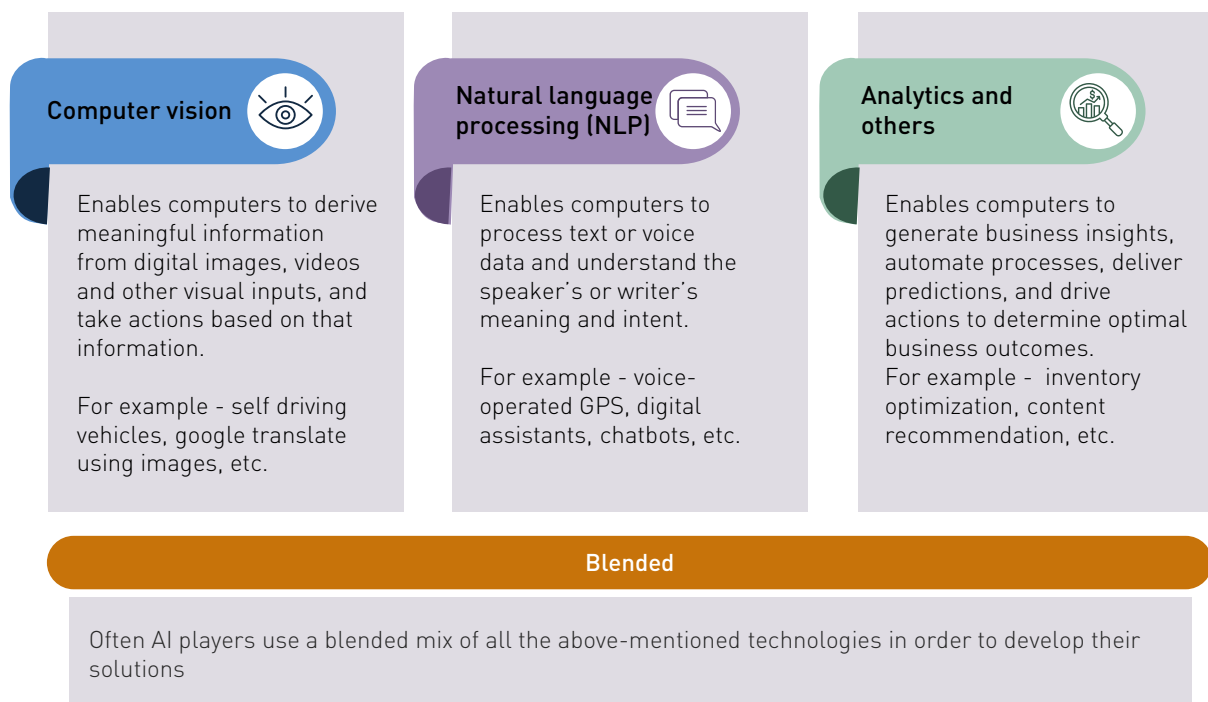
Although AI has been present for years, it can certainly be considered the main technology of this decade. Recent technological advances and breakthroughs<sup>1</sup> in the space have pushed the envelope of what is possible using AI, this is enabling the emergence of new AI solutions across a wide array of applications and industries – healthcare (diagnostics, surgery), finance

“The Indian AI ecosystem has rapidly grown and evolved over the past few years, multiple domestic AI players are now creating their own foundational technologies, proprietary models and are not just limited to using technologies developed by others. We are expecting emergence of numerous new Indian AI players who will really push the envelope of what’s possible using AI fundamentally,”

**- Founding Partner, Large fund focused on AI/deep-tech investments**

(lending, debt recovery, fraud detection), e-commerce (personalisation, virtual assistants), manufacturing, customer service and more.

Fundamentally, all AI solutions can broadly be classified based on the technology they use as follows:



**FIGURE 2 :** CLASSIFICATION OF AI-SOLUTIONS BASED ON UNDERLYING AI-TECHNOLOGY [SOURCE: ANALYSYS MASON, 2023]

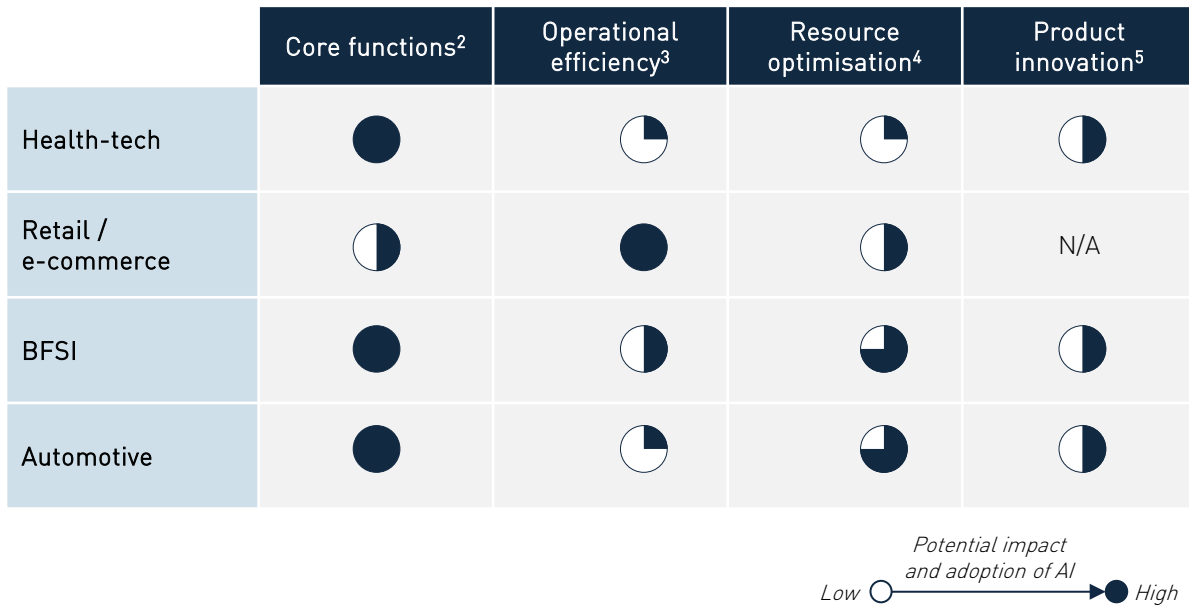
### Overview of India's AI landscape

The Indian AI ecosystem has witnessed huge growth in the past couple of years. The majority of Indian AI players have so far focused on, and gained success by, developing disruptive AI solutions for existing problems across industries which can thereby improve existing solutions/processes, such as:

- in healthcare, players are introducing solutions for predictive diagnostics, telemedicine, and revolutionizing patient care
- in banking, financial services and insurance (BFSI), AI is powering innovations in fraud detection, robo-advisory, and customer insights

- in e-commerce, players are deploying AI to refine recommendation engines, inventory management and user experience
- in agriculture, they are developing solutions for crop health monitoring, soil health analysis and more.

Even as new AI solutions are rapidly emerging across industries, the utility and impact of these AI solutions can differ across use cases and may be more significant in some use cases than others.



**FIGURE 3:** POTENTIAL UTILITY AND IMPACT OF AI ACROSS USE CASES AND INDUSTRIES [SOURCE: PRIMARY RESEARCH, ANALYSYS MASON, 2023]

<sup>2</sup> Includes diagnostic and patient monitoring in health-tech; targeted marketing and listing in e-commerce; revenue assurance (lending and fraud management) in BFSI; and manufacturing and quality control in automotive

<sup>3</sup> Includes efficiency in day-to-day functions like supply chain management (logistics, warehousing), customer support, internal processes (HR, training, etc.)

<sup>4</sup> Includes optimal allocation of resources (people, software, etc.)

<sup>5</sup> Includes new diagnostics and treatments in health-tech; financial tools and credit mechanisms in BFSI; and product design and manufacturing techniques in automotive

	Computer vision	NLP	Analytics (planning, optimization, marketing, etc.) and others
Health-tech	SigTuple Oivi Cardotrack Qure.ai Niramai InmedPrognostics	Onward Assist Tricog Wysa Nference	Comofi Medtech CrelioHealth Triocula Technologies HealthPlix Surgeri AlgoSurg
Agriculture	Cropin IntelloLabs AgSmartic Farmagain Agnext		Fasa Nebulaa Raav Techlabs Yuktix
Retail / e-commerce	Vue.ai Inflect Entropic Streamoid Piquic Swayo	RecoSense SeekNShopio	Netcore SmartQ Stylumia Flytxt UniQin.ai
BFSI	Idfy Artivatic Perfios Arya.ai Signzy		Clari5 Credable Pentation Analytics Bureau
Automotive	Netradyne Thinci Isenses Flux Auto Spyne True Vision.ai Minlis Zero	Floatbot Cogno AI B Skit.ai	
Entertainment/content	Streamingo Hippo Video	Zpod Listnr Orai Neuralgarage Play.ht	
Others (vertical) <sup>6</sup>	Bookbotby EagleEyeNetworks IdeaForge Heliware	Dubverse Karya	Lineup Baselit
Others (horizontal) <sup>7</sup>	Merak Kombai Mockey SensoVision Veri5digital	Builder Rephrase.ai Vernacular.ai Reverie Vodex Uniphore	Moengage Vidooly Maya.ai Ikigai HireSure.ai Wokelo.ai

**Note:** While several players mentioned above fall in the blended category i.e., their solutions utilize a mix of computer vision, NLP or analytics, the classification is based on the primary technology used by their solutions

**FIGURE 4:** OVERVIEW OF INDIAN AI LANDSCAPE BASED ON THEIR UNDERLYING TECHNOLOGY AND OFFERINGS ACROSS INDUSTRIES  
[SOURCE: ANALYSYS MASON, 2023]

Indian AI players are developing cutting-edge solutions working at the forefront of these underlying AI technologies. Multiple existing and emergent Indian players are also developing generativeAI (GenAI) powered solutions, which has gained huge popularity since the public release of ChatGPT in November 2022. GenAI is a subset of AI that utilizes deep learning and neural network techniques to mimic human-like creativity and Indian GenAI players have been gaining huge traction. Select Indian GenAI players:

- Wokelo.ai provides market research, reports and analysis for strategy and investment professionals
- Rephrase.ai enables text to video creation for content creators and marketers
- Ikigai provides an industry agnostic platform that allows businesses to leverage disparate data, use no-code AI/ML and build enterprise-wide apps.

“The OpenAI foundation model has helped in improving accuracy, especially in vernacular languages. The beauty of LLMs is that even if you make grammatical mistakes, they can understand your actual intent which can have huge implications in understanding users from lower tier cities. We are building features that take care of deficiencies in existing offerings like ChatGPT and are seeing a lot of interest from Edtech companies.”

**-Senior Management, LineupX**

<sup>6</sup> Other (Vertical) refers to players in a specific industry apart from those mentioned above

<sup>7</sup> Others (Horizontal) refers to players that are present in multiple industries

<sup>8</sup> Players using GenAI as the underlying tech for addressing business use cases



### Key monetization models for AI players

Monetization models for AI-focussed players are usually similar to other SaaS players. In order to successfully cater to the diverse customer base

(individuals, and small and large enterprises) each with their own requirements and preferences (price-sensitivity, usage-frequency, number of concurrent users, etc.), different AI (and SaaS) services operate on different monetization models.

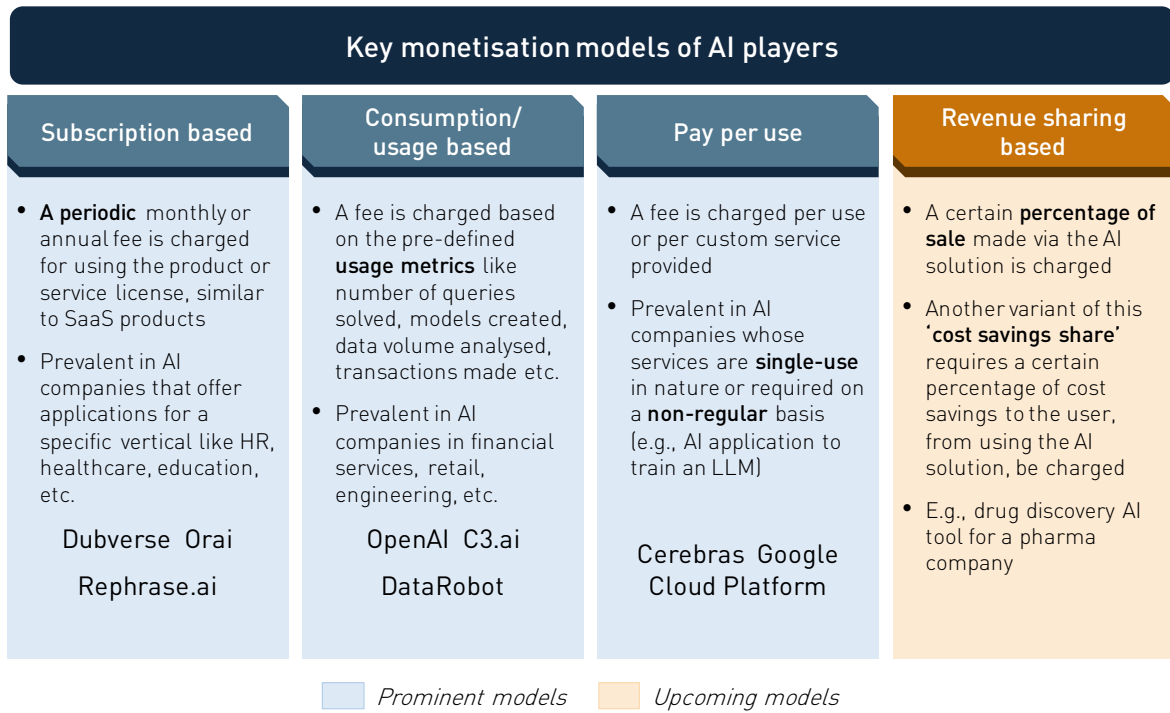


FIGURE 5: KEY MONETIZATION MODELS OF AI PLAYERS [SOURCE: ANALYSYS MASON, 2023]

### Spend on AI solutions, growth drivers and considerations, and addressable market (TAM) for AI solutions

#### 1. Spend on AI solutions and growth drivers

The global spend on AI solutions in 2022 amounted to ~USD60 billion and is expected to reach USD220–270 billion by 2027, growing at a CAGR of 30–35% over 2022–27. The Indian market currently amounts to a relatively smaller proportion of global AI spend (~USD5 billion in 2022); however, it is expected to grow rapidly at a CAGR of 35–40% over the next few years to amount to USD25–30 billion by 2027 and is poised to be one of the fastest growing major AI markets globally.

Indian AI players, similar to their other SaaS counterparts, are creating high-quality product and service propositions using cutting-edge AI technologies targeting use cases across multiple industries. This enables them to target customers from across the globe beyond serving the local customers.

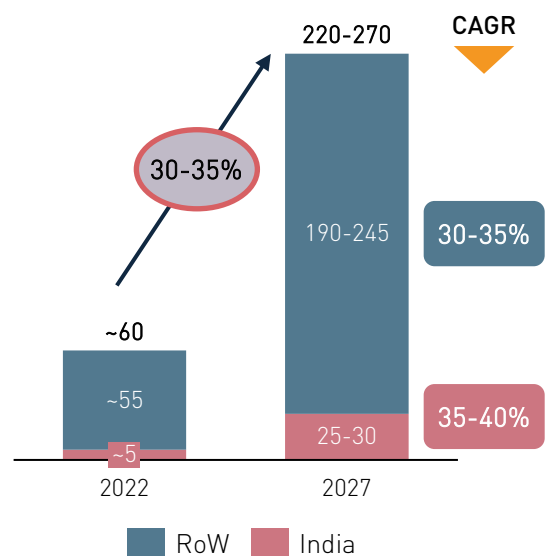


FIGURE 6: ADDRESSABLE MARKET FOR INDIAN AI [SOURCE: ANALYSYS MASON, 2023]

“India based AI players are successfully expanding to other markets as service costs are usually much higher elsewhere and so India provides a much better ROI on AI products. We are able to compete with global giants like Google because we are much more agile and can offer tailored solutions to customers based on their needs and in order to successfully enter and scale in other geographies, we sometimes also partner with other players in those geographies which enables us to leverage their network and regional know-how.”

- Senior Management, Skit.ai

“Apart from US and Europe, we see a huge demand for our AI solutions in other geographies like MEA, SEA where there is dearth of home-grown players. To tap into these markets with minimal friction, the AI solution should be infrastructure agnostic even though the AI models might require re-training on the relevant specific databases. We have also observed that there is a close association between the demand for AI products in a region with the level of maturity of the country’s financial and payments ecosystem.”

- Senior Management, Perfios

“Migrating India-made AI products to other geographies especially to emerging economies can be challenging. Differences in language, infrastructure and training data of model can make integration slow. But the greatest driver is that a strong need for our products exists across geographies given a lot of the fundamentals of credit, underwriting etc. remain the same everywhere. Thus, we see a strong demand for our products even if there are some bumps along the way.”

- Senior Management, Karza

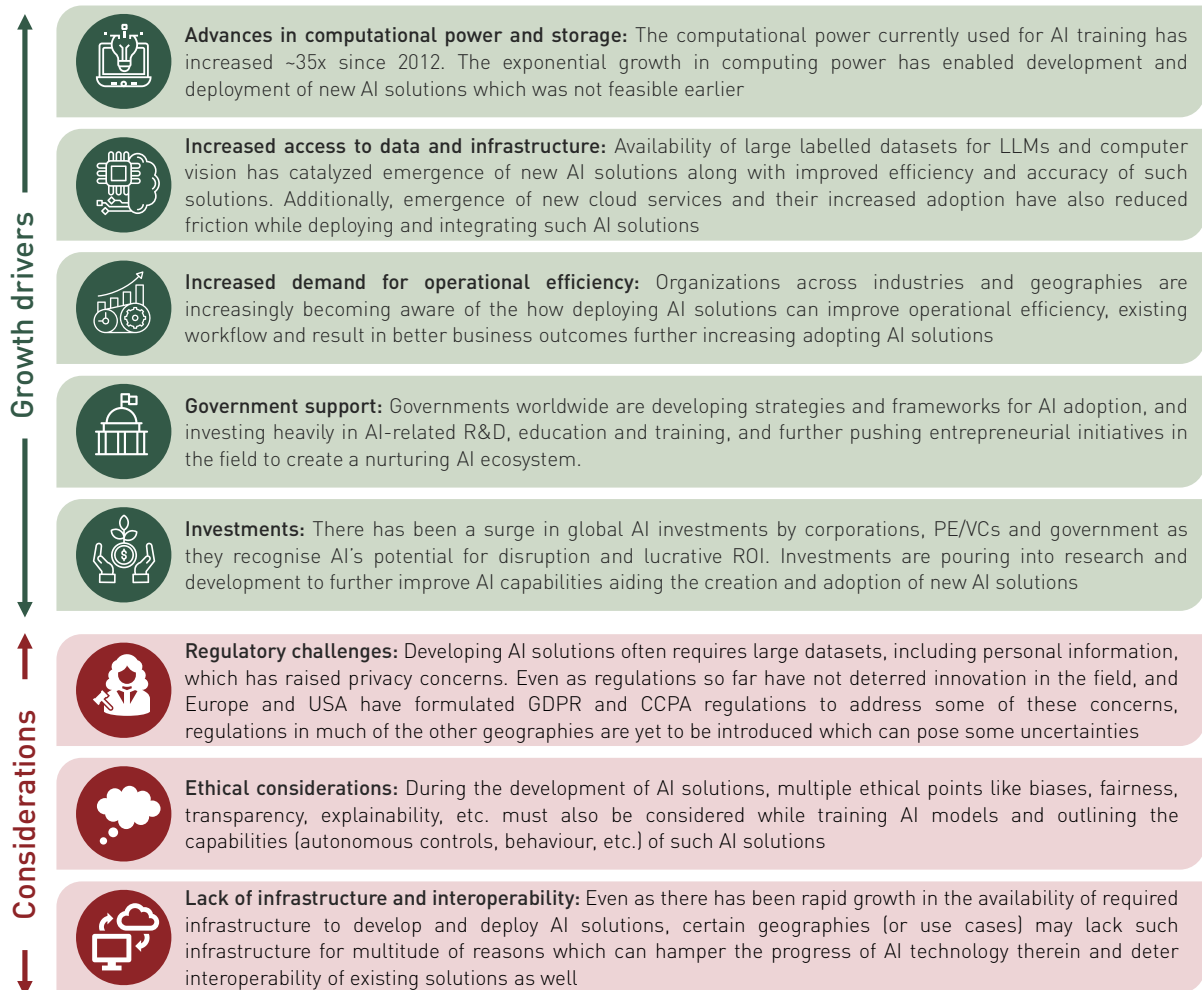


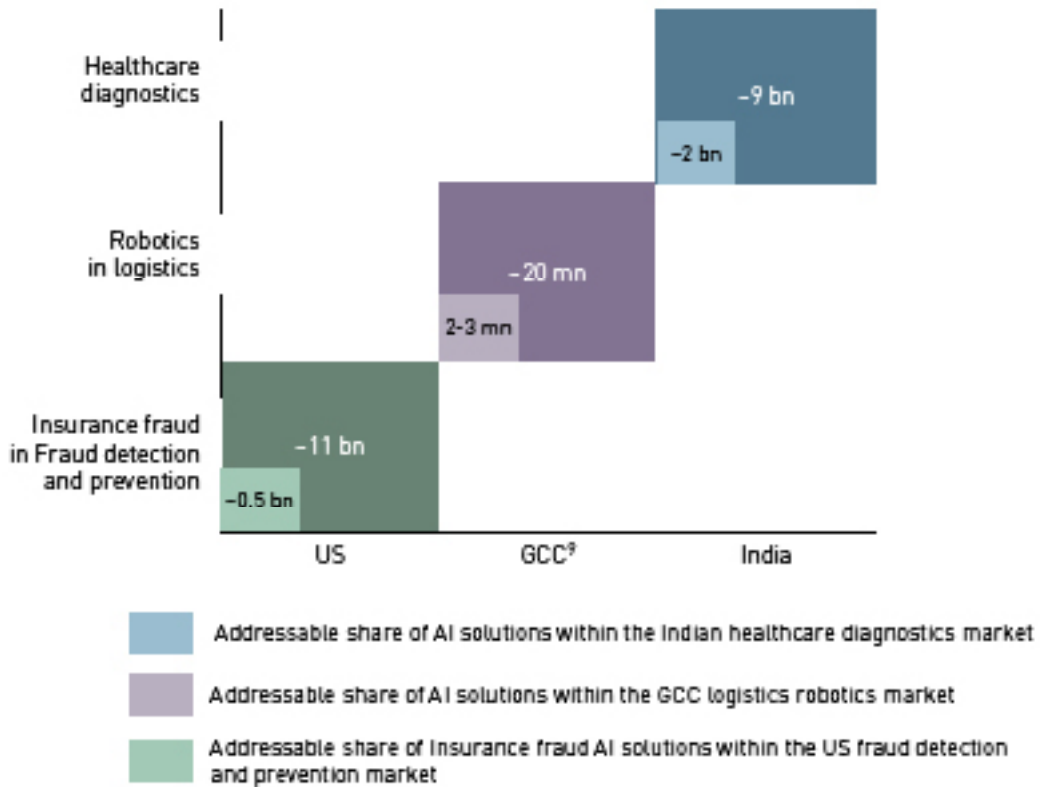
FIGURE 7: KEY GROWTH DRIVERS AND CONSIDERATIONS FOR AI MARKET [SOURCE: ANALYSYS MASON, 2023]

**2. Overview of addressable market (TAM) for AI solutions across select industries and geographies**

Even though the majority of AI players have the capability to target markets across geographies, analysis of directly relevant TAM for the industry/use case and geography targeted by the AI solution is

crucial. Highlighted below is the TAM for AI solutions across select industries/use cases and geographies:

- AI in healthcare diagnostics in India
- AI in logistics robotics in GCC countries
- AI in insurance fraud in the US



**FIGURE 8:** ADDRESSABLE MARKET FOR AI SOLUTIONS ACROSS SELECT INDUSTRIES/USE CASES AND GEOGRAPHIES<sup>10</sup> (IN USD)  
[SOURCE: PRIMARY RESEARCH, ANALYSYS MASON, 2023]

<sup>9</sup> GCC refers to the alliance of Saudi Arabia, UAE, Qatar, Oman, Kuwait and Bahrain

<sup>10</sup> Area represented is illustrative and not proportional

### Snippet of AI application in healthcare diagnostics in India

#### Relevance of AI in healthcare diagnostics

The healthcare diagnostics market in India amounted to ~USD9 billion in 2022 and is primarily segmented into Radiology (~40%) and Pathology (~60%). Healthcare providers / diagnostic labs have solely relied on technicians and doctors to assess test results, however, AI solutions are being increasingly deployed to analyze electronic medical records for both Radiology and Pathology, like blood tests, imaging studies (X-rays, MRIs, CT scans) and electrocardiograms (ECGs) for improved detection (accuracy, speed, lower costs) of potential illnesses.

#### Select AI players in healthcare diagnostics

	Computer Vision	NLP	Analytics and others
Radiology	Niramai Qure.ai	Nference InMedPrognostics	CrelioHealth Bluesemi
Pathology	Sig Tuple	Tricog	

#### Overview of select AI players

<p><b>Niramai</b></p>	<ul style="list-style-type: none"> <li><b>Overview:</b> Niramai focuses on early breast cancer detection using a novel approach called Thermalytix. It utilizes AI/ML models to analyze thermography images for signs of malignancy</li> </ul>				
	<table border="1"> <tr> <td>Founded 2016</td> <td>Total funding (USD) ~6 million</td> <td>Key investors Pi Venture, Google</td> </tr> </table>	Founded 2016	Total funding (USD) ~6 million	Key investors Pi Venture, Google	
Founded 2016	Total funding (USD) ~6 million	Key investors Pi Venture, Google			
	<ul style="list-style-type: none"> <li><b>Technology:</b> Niramai's Thermalytix technology is non-invasive and radiation-free, it uses computer vision to detect tumors that are smaller in size and at an earlier stage, which can be overlooked by traditional methods</li> </ul>				
<p><b>Nference</b></p>	<ul style="list-style-type: none"> <li><b>Overview:</b> nference is an AI-driven healthcare start-up that specializes in augmenting medical and life science decision-making through advanced data extraction techniques</li> </ul>				
	<table border="1"> <tr> <td>Founded 2013</td> <td>Total funding (USD) ~150 million</td> <td>Key investors Matrix Partners, NTT Venture Capital</td> </tr> </table>	Founded 2013	Total funding (USD) ~150 million	Key investors Matrix Partners, NTT Venture Capital	
Founded 2013	Total funding (USD) ~150 million	Key investors Matrix Partners, NTT Venture Capital			
	<ul style="list-style-type: none"> <li><b>Technology:</b> nference's platform leverages NLP to extract insights from large volumes of biomedical literature, clinical trial data, and other medical sources for improved diagnostics</li> </ul>				
<p><b>CrelioHealth</b></p>	<ul style="list-style-type: none"> <li><b>Overview:</b> CrelioHealth provides cloud-based solutions for healthcare diagnostic players. Their platform offers tools for managing patient data, lab operations, electronic medical records, and practice management</li> </ul>				
	<table border="1"> <tr> <td>Founded 2013</td> <td>Total funding (USD) ~1 million</td> <td>Key investors Nexus Venture Partners</td> <td>Key clients ManipalTRUtest, Unilabs</td> </tr> </table>	Founded 2013	Total funding (USD) ~1 million	Key investors Nexus Venture Partners	Key clients ManipalTRUtest, Unilabs
Founded 2013	Total funding (USD) ~1 million	Key investors Nexus Venture Partners	Key clients ManipalTRUtest, Unilabs		
	<ul style="list-style-type: none"> <li><b>Technology:</b> CrelioHealth uses AI-analytics algorithms to generate insights</li> </ul>				

Snippet of AI application in logistics robotics in GCC countries

Select AI players in logistics robotics

The logistics robotics market in the GCC amounted to ~USD20 million in 2022. Logistics players are increasingly deploying AI solutions to solve complex issues through tasks like autonomous transportation, optimized pick and place operations, intelligent inventory management, demand forecasting, and route optimization.

Select AI players in logistics robotics

	Computer vision	NLP	Analytics and others
Packaging	PeerRobotics Unbox		
Delivery	AnscerRobotics GreyOrange		
Inventory management	Ati	Alog Tech GreyOrange	Unbox
Parcel sorting	Unbox Arkrobot		

Overview of select AI players

GreyOrange	<ul style="list-style-type: none"> <li><b>Overview:</b> GreyOrange specializes in creating advanced robotic solutions for optimizing warehouse operations and intralogistics</li> </ul>				
	<table border="1"> <tr> <td>Founded 2011</td> <td>Total funding (USD) ~290 million</td> <td>Key investors Tiger Global, Blume Ventures</td> <td>Key clients Walmart, Nike</td> </tr> </table>	Founded 2011	Total funding (USD) ~290 million	Key investors Tiger Global, Blume Ventures	Key clients Walmart, Nike
Founded 2011	Total funding (USD) ~290 million	Key investors Tiger Global, Blume Ventures	Key clients Walmart, Nike		
	<ul style="list-style-type: none"> <li><b>Technology:</b> GreyOrange leverages AI models using computer vision, NLP and analytics to streamline and enhance the efficiency of warehouses by improving the speed and accuracy of their robots in tasks like sorting, picking, and packing</li> </ul>				
Ati	<ul style="list-style-type: none"> <li><b>Overview:</b> Ati Motors is developing an autonomous electric cargo vehicle which can be deployed in warehouses and manufacturing plants</li> </ul>				
	<table border="1"> <tr> <td>Founded 2017</td> <td>Total funding (USD) ~15 million</td> <td>Key investors Blume Ventures, True Ventures</td> <td>Key clients CEAT, Toyota</td> </tr> </table>	Founded 2017	Total funding (USD) ~15 million	Key investors Blume Ventures, True Ventures	Key clients CEAT, Toyota
Founded 2017	Total funding (USD) ~15 million	Key investors Blume Ventures, True Ventures	Key clients CEAT, Toyota		
	<ul style="list-style-type: none"> <li><b>Technology:</b> Ati Motors uses computer vision and analytics AI algorithms for the development of its self-driving autonomous vehicles</li> </ul>				
Unbox	<ul style="list-style-type: none"> <li><b>Overview:</b> Unbox Robotics develops robotic solutions for order fulfillment and inventory management which can be deployed in e-commerce and retail industries</li> </ul>				
	<table border="1"> <tr> <td>Founded 2019</td> <td>Total funding (USD) ~10 million</td> <td>Key investors 3one4 Capital, infoedge</td> </tr> </table>	Founded 2019	Total funding (USD) ~10 million	Key investors 3one4 Capital, infoedge	
Founded 2019	Total funding (USD) ~10 million	Key investors 3one4 Capital, infoedge			
	<ul style="list-style-type: none"> <li><b>Technology:</b> Unbox Robotics uses computer vision and analytics AI algorithms to develop robots capable of order picking, packing, and inventory tracking tasks within warehouses and distribution centers</li> </ul>				

Snippet of AI application in insurance fraud in the US

Relevance of AI in Insurance fraud detection

Insurance fraud in the USA amounted to ~USD5 billion in 2022. Insurance players are increasingly deploying AI solutions for fraud prevention and detection by analyzing data, verifying information, and detecting anomalies across claims, underwriting, and premium calculations.

Select AI players in insurance fraud detection

	Computer vision	NLP	Analytics and others
Claims fraud	Aureus Analytics i3systems	Effectiv Actyv.ai	ikigai
Identity fraud	Arya.ai	Data Science Wizards	Effectiv Clari5 ikigai
Underwriting fraud	Aureus Analytics	Data Science Wizards	Ikigai Actyv.ai

Overview of select AI players

Ikigai	<ul style="list-style-type: none"> <li><b>Overview:</b> Ikigai Labs enables businesses to leverage disparate datasets and deploy no-code GenAI models for data enrichment and analytics across a wide range of industries including insurance. Ikigai has recently raised ~USD25 million from e&amp; capital, Premji Invest and Foundation capital</li> </ul>				
	<table border="1"> <tr> <td>Founded 2019</td> <td>Total funding (USD) ~40 million</td> <td>Key investors e&amp; capital, Premji Invest</td> <td>Key clients HSBC, Medica</td> </tr> </table>	Founded 2019	Total funding (USD) ~40 million	Key investors e& capital, Premji Invest	Key clients HSBC, Medica
Founded 2019	Total funding (USD) ~40 million	Key investors e& capital, Premji Invest	Key clients HSBC, Medica		
	<ul style="list-style-type: none"> <li><b>Technology:</b> Ikigai utilizes its three proprietary foundational models developed from years of MIT research - DeepMatch, for data reconciliation, DeepCast, for prediction, and DeepPlan, for scenario planning and optimization. For the insurance industry, Ikigai has utilized DeepMatch and DeepPlan to provide an end-to-end solution including insurance rate making, claims auditing and identity resolution</li> </ul>				
i3systems	<ul style="list-style-type: none"> <li><b>Overview:</b> i3systems specializes in fraud prevention and detection solutions tailored to the insurance industry</li> </ul>				
	<table border="1"> <tr> <td>Founded 2016</td> <td>Total funding (USD) ~3 million</td> <td>Key investors Unitus Ventures</td> <td>Key clients HDFC Life, AXA, Liberty</td> </tr> </table>	Founded 2016	Total funding (USD) ~3 million	Key investors Unitus Ventures	Key clients HDFC Life, AXA, Liberty
Founded 2016	Total funding (USD) ~3 million	Key investors Unitus Ventures	Key clients HDFC Life, AXA, Liberty		
	<ul style="list-style-type: none"> <li><b>Technology:</b> i3systems' technology uses AI for predictive modeling and anomaly detection which can identify potential fraud cases with high accuracy</li> </ul>				
Aureus Analytics	<ul style="list-style-type: none"> <li><b>Overview:</b> Aureus Analytics leverages data science and AI to identify fraudulent activities in insurance claims and policy applications</li> </ul>				
	<table border="1"> <tr> <td>Founded 2013</td> <td>Total funding (USD) ~5 million</td> <td>Key investors Microsoft</td> <td>Key clients TATA AIA, Bajaj Allianz, Kotak</td> </tr> </table>	Founded 2013	Total funding (USD) ~5 million	Key investors Microsoft	Key clients TATA AIA, Bajaj Allianz, Kotak
Founded 2013	Total funding (USD) ~5 million	Key investors Microsoft	Key clients TATA AIA, Bajaj Allianz, Kotak		
	<ul style="list-style-type: none"> <li><b>Technology:</b> Aureus Analytics employs a range of AI technologies, including computer vision and NLP, to scrutinize insurance data</li> </ul>				

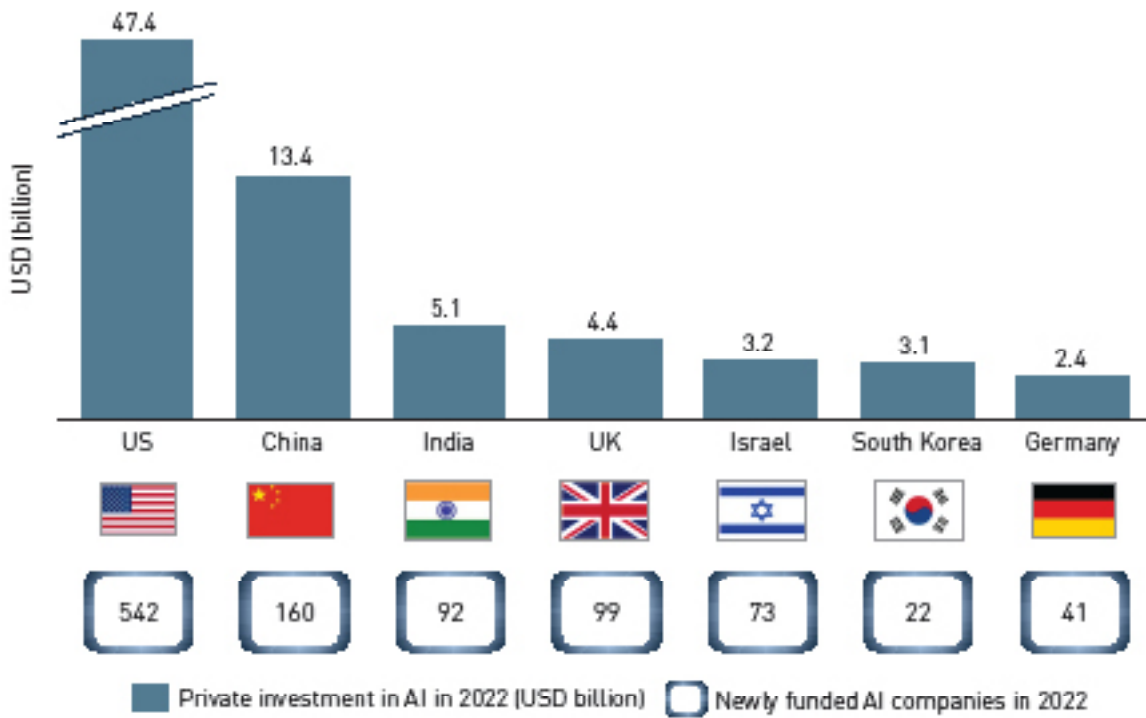
## AI investment landscape and valuations

### AI investment landscape

Global private investment in the AI space amounted to ~USD92 billion in 2022. The United States emerged as the leader here, with the highest private investment in AI of ~USD47 billion and a record ~540 newly funded start-ups; this was nearly three times that of China,

which had the second highest value of investment (~USD13 billion) as well as number of funded start-ups.

India ranked third, with ~USD5.1 billion in AI investments and ~90 funded start-ups in 2022. India has also seen the emergence of numerous GenAI players over the past couple of years, which have amassed a total funding of ~USD590 million to date.



**FIGURE 9:** OVERVIEW OF PRIVATE INVESTMENTS IN AI GLOBALLY DURING 2022 [SOURCE: STANFORD UNIVERSITY ARTIFICIAL INTELLIGENCE INDEX REPORT 2023, PRESS RELEASE, ANALYSYS MASON, 2023]

Company	Description	Industry	Primary underlying AI technology	Year Founded	Lifetime funding (USD mn)	Last funding date	Last Funding Amount (USD mn)	Investors
1 Uniphore	Conversational AI and automation platform for contact centers and sales organizations	Others (horizontal conversation AI)	NLP	2008	~620	Feb 2022	~400	New Enterprise Associates, Sorenson Capital, March Capital
2 Fractal	Provides solutions for marketing, distribution, actuarial, underwriting, claims, and operations	Others (horizontal customer analytics)	Analytics	2000	~685	Jan 2022	~360	TPG Capital Asia, Apax Partners, Khazanah Nasional Berhad
3 Builder.ai	No-code AI-powered app development platform designed to build and operate software projects	Others (horizontal app development)	NLP	2016	~485	May 2023	~250	Qatar Investment Authority, Insight Partners, Microsoft
4 Instoried	AI-powered content engagement and marketing tech company	Others (horizontal content writing)	NLP	2018	~220	Apr 2022	~210	The Global Emerging Markets Group, 9Unicorns Accelerator Fund, Pritt Investment Partners
5 Jiffy.ai	AI-powered intelligent and integrated platform that helps businesses automate tasks through intelligent robots	Others (horizontal biz. process automation)	NLP	2012	~70	Mar 2022	~53	Eight Roads Ventures, Nexus Venture Partners
6 Qure.ai	Health-tech start-up that uses AI assistance for medical imaging diagnostics (radiology exams and ultrasounds scans)	Healthcare/ Biotech	Computer Vision	2016	~60	Mar 2022	~40	HealthQuad, Novo Holdings, Peak XV Partners
7 Wysa	Mental health wellness platform that blends AI-guided listening with professional expert support	Healthcare/ Biotech	NLP	2015	~30	Jul 2022	~20	HealthQuad, W Health Ventures, Kae Capital
8 Cropin	AI and data-led agri-tech organization that provides SaaS solutions to agribusinesses globally	Agriculture	Computer Vision	2010	~46	Dec 2022	~13	Google, JSR, ABC World Asia, Chiratae Ventures
9 Agnext	Uses AI to solve food quality, food safety and food traceability issues in agriculture and food value chain	Agriculture	Computer Vision	2016	~25	Aug 2021	~21	Alpha Wave Incubation, Kalaari Capital, Omnivore
10 Actyv.ai	AI-powered B2B SaaS platform with hassle-free partner onboarding, flexible BNPL options, embedded insurance	Others (horizontal enterprise SaaS)	Analytics	2019	~12	Jan 2023	~7	1Digi

FIGURE 10: SELECT INDIAN AI PLAYERS WHO HAVE RAISED SIGNIFICANT FUNDING IN 2022 [SOURCE: ANALYSYS MASON, 2023]



## Valuations

Valuations of AI players can primarily be seen from the same lens as other SaaS players unless the outcome from the AI solution is truly unique and disruptive. For

investors to make informed decisions in the space, it is fundamental to understand the core elements of valuing players in this space.

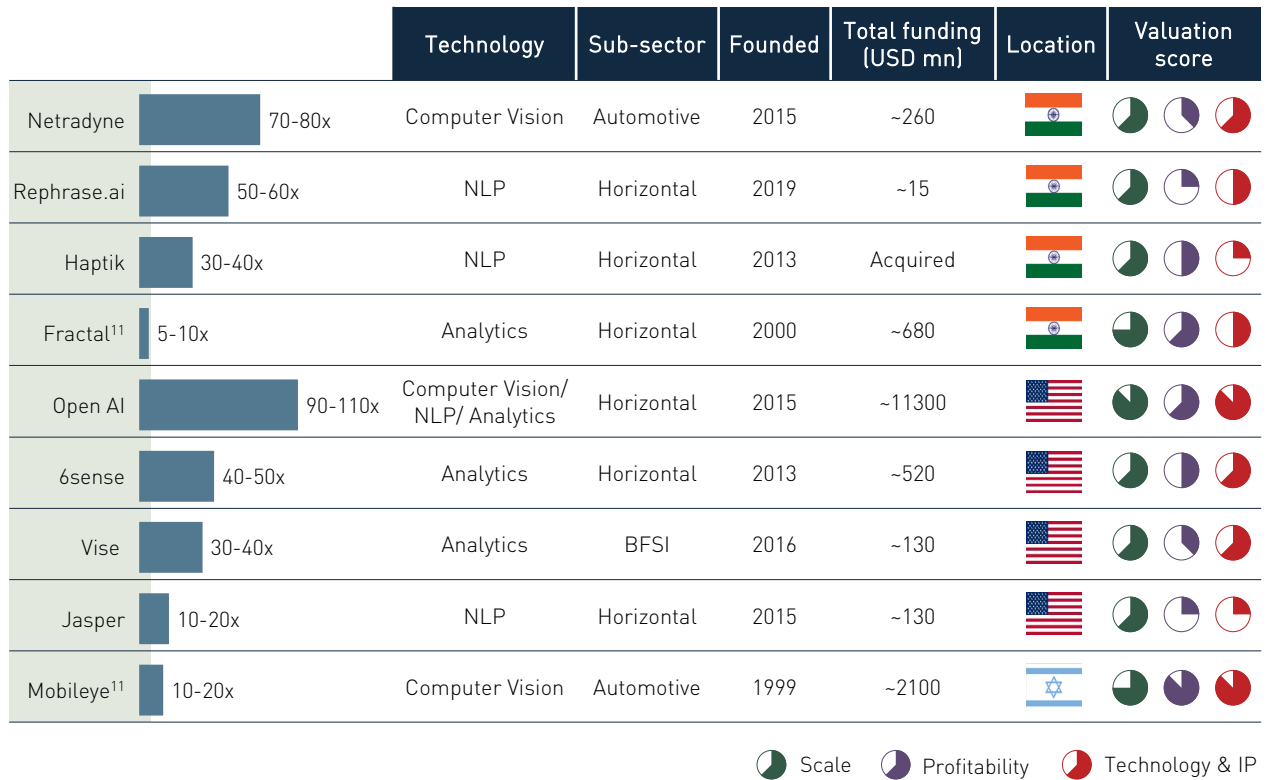


**FIGURE 11:** FRAMEWORK FOR ASSESSING VALUATIONS OF AI PLAYERS [SOURCE: ANALYSYS MASON, 2023]

- **Scale and growth:** Revenue / annualized run rate (ARR) is the most prominent factor when valuing AI businesses. Valuations of SaaS business (including AI) have been bouncing back over the past few months after the massive drop-offs in 2022 and early 2023, and investors are already valuing AI businesses on the basis of multiples of next year's revenue. Assessing the future outlook of an AI business warrants a deeper analysis of their sales pipeline, wallet share, pricing, average revenue per account (ARPA), ability to cross and up-sell, customer acquisition and churn.
- **Profitability:** While scale and growth remain essential metrics, the narrative during valuations across the Indian start-up ecosystem, including AI (and SaaS) businesses has been shifting over the past couple years. More emphasis is being laid on sustainable and responsible growth. Now, more than ever, it is clearer that growth without a clear understanding of unit economics and a path to profitability can lead to challenges in the long run and, as a result, detailed assessments of unit economics (costs - CAC, R&D, infrastructure, employees, and margins) is critical.
- **Technology and intellectual property (IP):** A technological foundation and IP is central to any AI business. Careful analysis of their tech stack (if they developed any foundational new technology, patents) and data assets (training dataset volume, annotation efforts, etc.) is essential. Such analysis can also help in understanding the business's moats and its potential to disrupt the market. Additionally, a deep dive into their data collection, privacy compliance, and regulatory alignment practices can help stay clear of any troubled waters.

"The benchmarks for valuing AI businesses are similar to other SaaS businesses, however, sometimes AI players demand higher valuations compared to SaaS on account of lower incremental capex requirements or any IP built by them. We are witnessing valuations of AI businesses are bouncing back and now investors are pegging valuations to one year forward revenue multiples"

- Senior Management, Perfios



**FIGURE 12:** COMPARISON OF REVENUE MULTIPLE FOR SELECT AI PLAYERS [SOURCE: ANALYSYS MASON, 2023]

Even though AI businesses should be valued similarly to other SaaS business, many AI businesses in India and elsewhere are being valued at much higher revenue multiples currently, on account of

- their potential to disrupt industries and scale exponentially
- limited competition and first-mover advantage across use cases (also perceived as a moat by these businesses)
- hype and positive sentiment associated with AI.

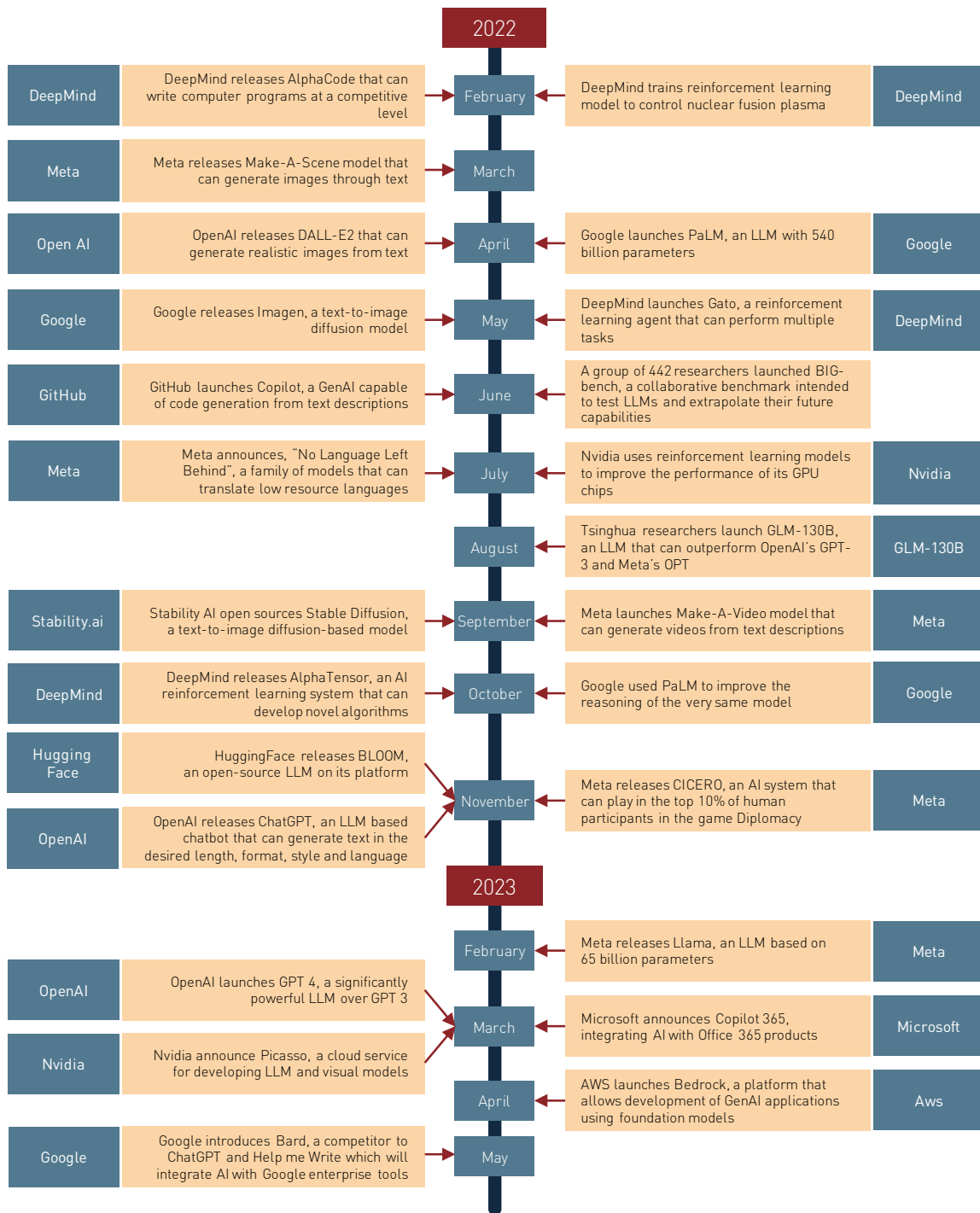
The AI market is still in its infancy and most AI players still have not yet matured. This sector is currently flying high on account of recent hype – some AI businesses are creating truly revolutionary fundamental technologies: but a lot of other businesses are just riding and leveraging this wave of enthusiasm and investors should be very diligent while assessing these businesses and understanding where such high revenue multiples do or do not make sense.

<sup>11</sup> These organizations have already achieved maturity in terms of scale and profitability. While they are involved in the cutting-edge tech development, they lack the explosive growth that is offered by new age AI startups, leading to lower valuation multiple.

**Appendix**

Analyzing the key underlying technologies (recent/ archaic, IP, etc.) being leveraged by AI players is crucial when assessing such businesses. Highlighted below

are some key recent technological advances and breakthroughs in AI space.



**FIGURE A-1: KEY RECENT ADVANCEMENTS AND BREAKTHROUGHS IN AI TECHNOLOGY [SOURCE: STANFORD UNIVERSITY, ANALYSYS MASON, 2023]**

## About Analysys Mason (including a view into our internet and technology transaction advisory experience)

**Analysys Mason** is a global specialist adviser on telecoms, media and technology (TMT), including consumer internet. Through our worldwide presence, we have delivered strategy advice, operations support and market intelligence to leading commercial and public-sector organizations in over 110 countries.

We have successfully completed around 775 strategy and operations advisory engagements for TMT clients in over 60 countries in the last three years alone.



*Offices located in Europe, the Middle East, Asia and the Americas*

For more than 30 years, our intellectual rigor, operational experience and insight have helped our clients in the telecoms space such as operators, government organizations and investors. We have also performed an equivalent amount of work with technology and internet-first businesses across a wide array of strategic matters and have assisted investors in this domain on numerous transactions.

We are respected worldwide for the exceptional quality of our work, our independence and the flexibility of our teams in responding to client needs. We are passionate about what we do and are committed to delivering excellence to our clients. The company has over 430 staff worldwide, with headquarters in London and offices in Bonn, Cambridge, Dubai, Dublin, Hong Kong, Kolkata, Lund, Madrid, Manchester, Milan, New Delhi, New York, Oslo, Paris, Singapore and Stockholm.

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## Key highlights of our consumer internet experience

- 1 • 150+ due diligence assessments of technology and internet assets in South Asia, South-East Asia, the Middle East, Africa and Europe over the last couple of years
- 2 • 150+ commercial due diligence and market assessments in India/South Asia alone
- 3 • First port of call for due diligence assessments of internet assets for marquee investors globally
- 4 • Provided advice on investments worth over USD15 billion over last five years

**Diligence experience in Consumer Internet verticals**

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  - Multiple diligence assessments of cloud computing, SaaS, and AI firms in various geographies (including India and MEA)
  - Assisted multiple governments and corporates globally through their journey to implement deeptech solutions
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  - We have conducted 15+ full commercial due diligence assessments of horizontal e-commerce majors in the India and South-East Asia region
  - We have been advisors to marquee private equity funds and financial institutions on over five commercial diligence assessments of leading hyper-local delivery players in the grocery and food delivery market
- Payments and mobile wallets**
  - We have supported 10+ commercial diligence assessments of leading digital wallet providers in India, South-East Asia and the Middle East including of a leading wallet provider in India
  - We have also assisted telecoms operators in developing their commercial and technical digital wallet strategy
- Cab aggregation**
  - We have conducted commercial due diligence assessments of the leading cab aggregator in India four times for different marquee hedge funds and financial institutions in the last seven years
  - We have also provided diligence support for the self-drive commercial car market and its leading player in India
- Content including OTT**
  - We have conducted full commercial and technical diligence assessments of multiple players across the video and music content value chain – from producers to distributors and streaming assets
  - We have also supported leading mobile operators in the region in developing their content and OTT strategy
- Others**
  - Over 15 diligence projects in the classifieds and online travel space
  - Full commercial diligence assessments of multiple ed-tech firms in India
  - Assessment of the fintech (online mutual funds, trading, and insurance) in India, with a focus on two emerging companies

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