

AI Opportunities in the United States and Europe

Following the recent earnings release from NVIDIA, the largest company in the world by market cap, it is clear that the AI revolution is here to stay and is continuing to grow. With constant developments in AI systems, such as Chat GPT, owned by Microsoft, which is now being integrated with the latest Apple iPhone, or Google's Gemini. According to the 2024 Artificial Intelligence Index Report, 99 generative AI companies received funding in 2023, almost double the 2022 figure of 56. Forbes estimate that by 2030, the AI market size will have grown to \$1.39 trillion, compared to the estimated value of \$214bn for 2024.

It is therefore clear that opportunities exist for companies, and indeed countries who invest and adopt AI systems and machine learning going forward. However, some countries are far better prepared to benefit from AI than others, due to past investment. The United States, in particular, is poised to benefit the most from AI going forward. Between 2013 and 2023, investment in private AI, whether it be company or technology, reached \$335bn. This is three times larger than its nearest rival in China, who have invested approximately \$103bn in private AI between 2013 and 2023. Looking towards Europe, the United Kingdom has invested \$22.25bn over the 10 year period, which is less than the \$67.22bn figure invested in the US in 2023 alone. According to Forbes, AI will contribute up to 21% of net increases in US GDP by 2030, and with the world's largest companies (NVIDIA, Microsoft, Apple) also investing heavily in their own AI technologies, the future looks bright for the US.

Investment in Private AI (\$USbn) - 2013 - 2023

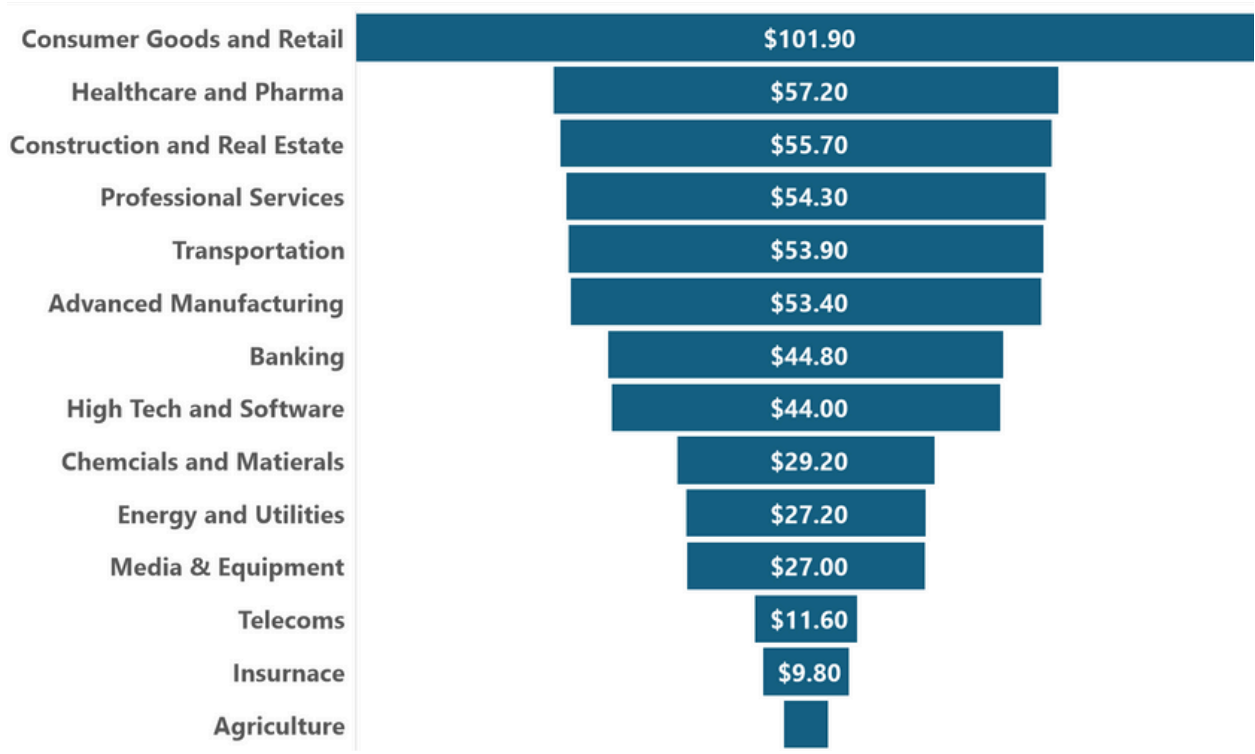


Source - Seaspray Private

Although the US remains the primary hub for AI growth and development, Western Europe also stands to gain significantly from the adoption of these technologies. According to estimates from McKinsey & Company, Generative AI could contribute as much as \$575.1 billion to the European economy by 2030. While Europe currently trails the US in AI adoption—45% of European companies have embraced the technology compared to 70% in the US—the region excels in the development of AI semiconductor equipment. This advantage can be partly attributed to ASML, one of the largest semiconductor manufacturing companies globally.

Examining the potential of AI in Western Europe, the EU consumer goods and retail sector could see an increase of \$100 billion in market value thanks to Generative AI, while the EU healthcare and pharmaceutical sectors could experience growth of \$57.20 billion. Moreover, every major sector in the EU economy could benefit from the adoption of Generative AI, potentially leading to an overall productivity growth rate of 3% by 2030. Though the bloc may not match the US in AI growth, there exists a half-trillion-dollar opportunity for Europe that will benefit both citizens and businesses in the region.

Projected Generative AI Productivity Potential in Western Europe by 2030, by Sector (in \$US billion)



Source - Seaspray Private - McKinsey & Company