

The AI Business Application Readiness and Accessibility Survey

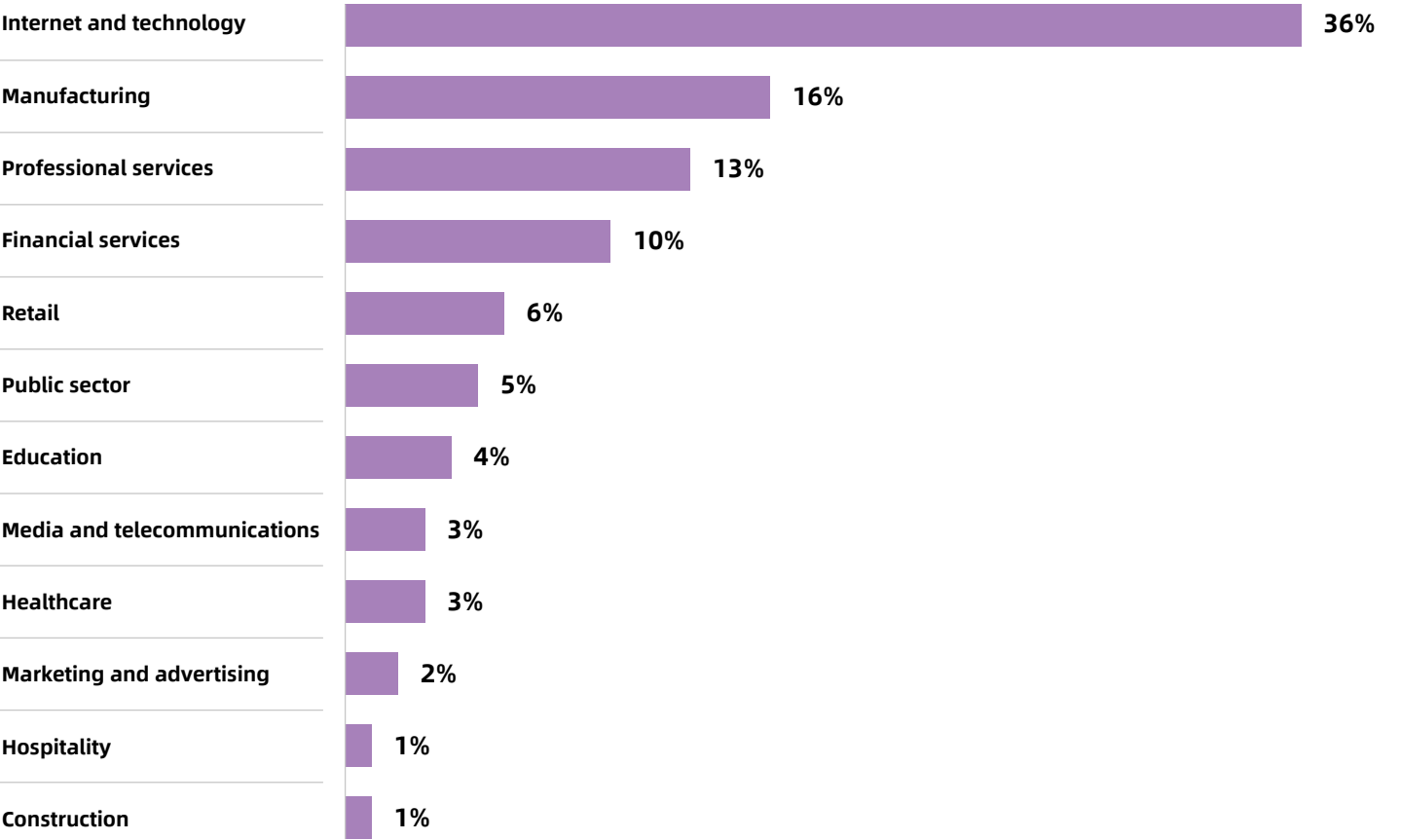


About This Report

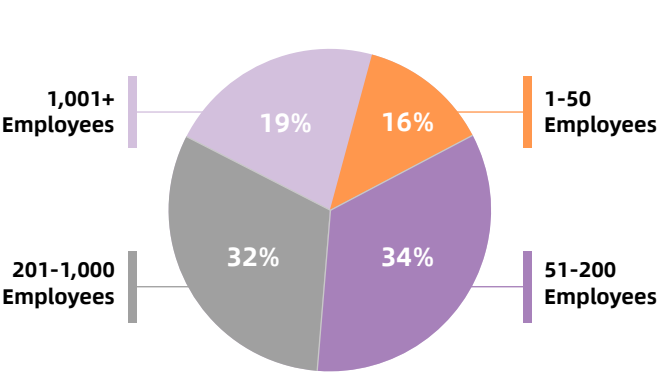
Alibaba Cloud commissioned this in-depth report to understand the appetite for artificial intelligence (AI) products across eight Asian marketplaces: Hong Kong, Indonesia, Japan, Malaysia, the Philippines, Singapore, South Korea, and Thailand. The report examines the appetite for AI solutions and their accessibility. It explores both ambitions for, and barriers to, successful integration.

In order to gather data and insights, Alibaba Cloud commissioned NielsenIQ (NIQ) to survey 1,000 IT decision-makers evenly distributed across the eight markets in mid-2025. Separately, Paradigm Consulting Asia interviewed Alibaba Cloud leaders in each jurisdiction. Their insights and use cases from respective markets form part of this report.

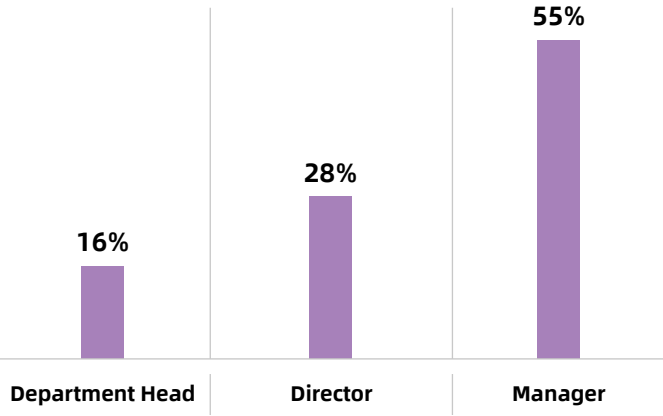
What industry best describes your organization?

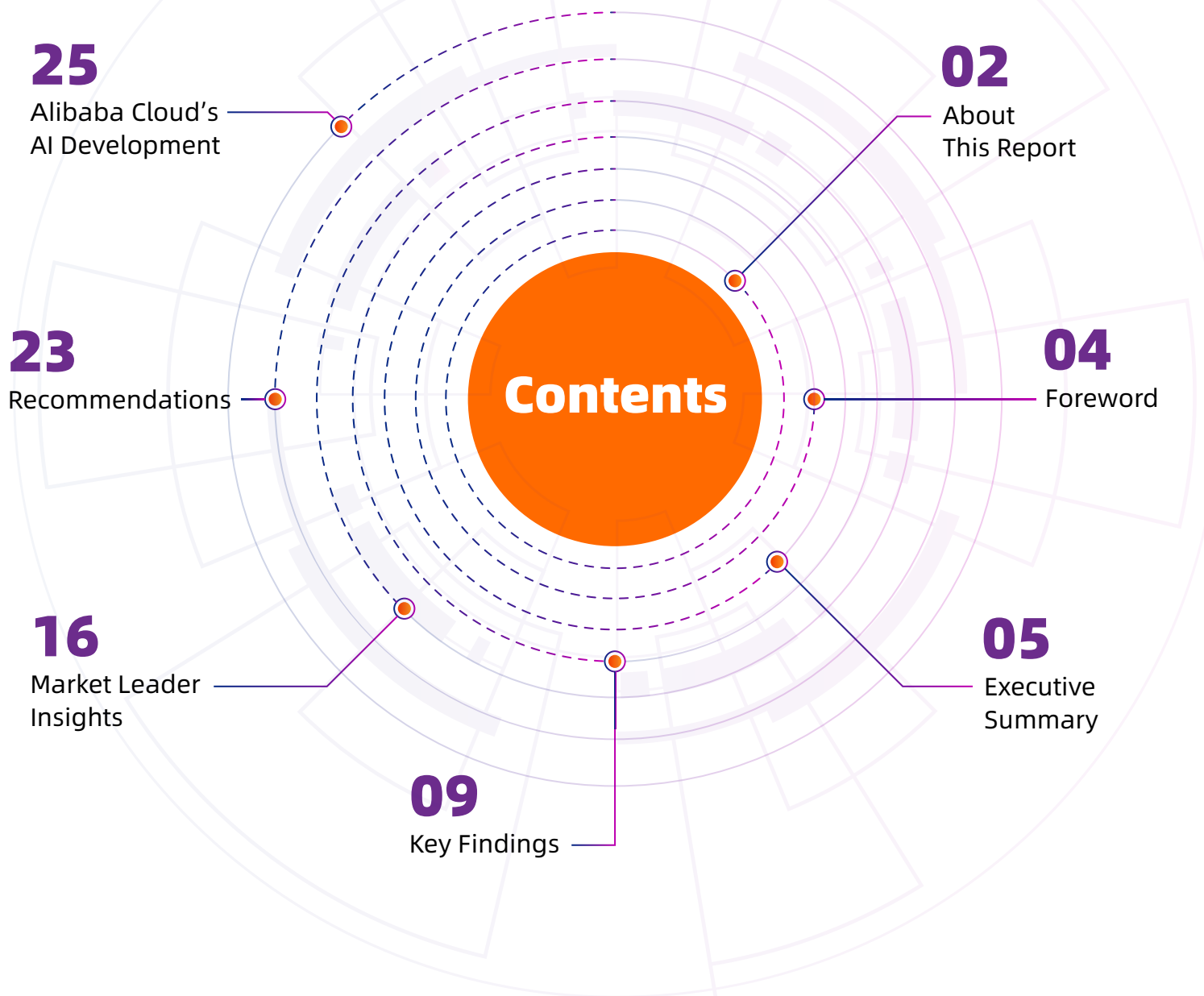


What is your company size?



What is your job title?





Foreword



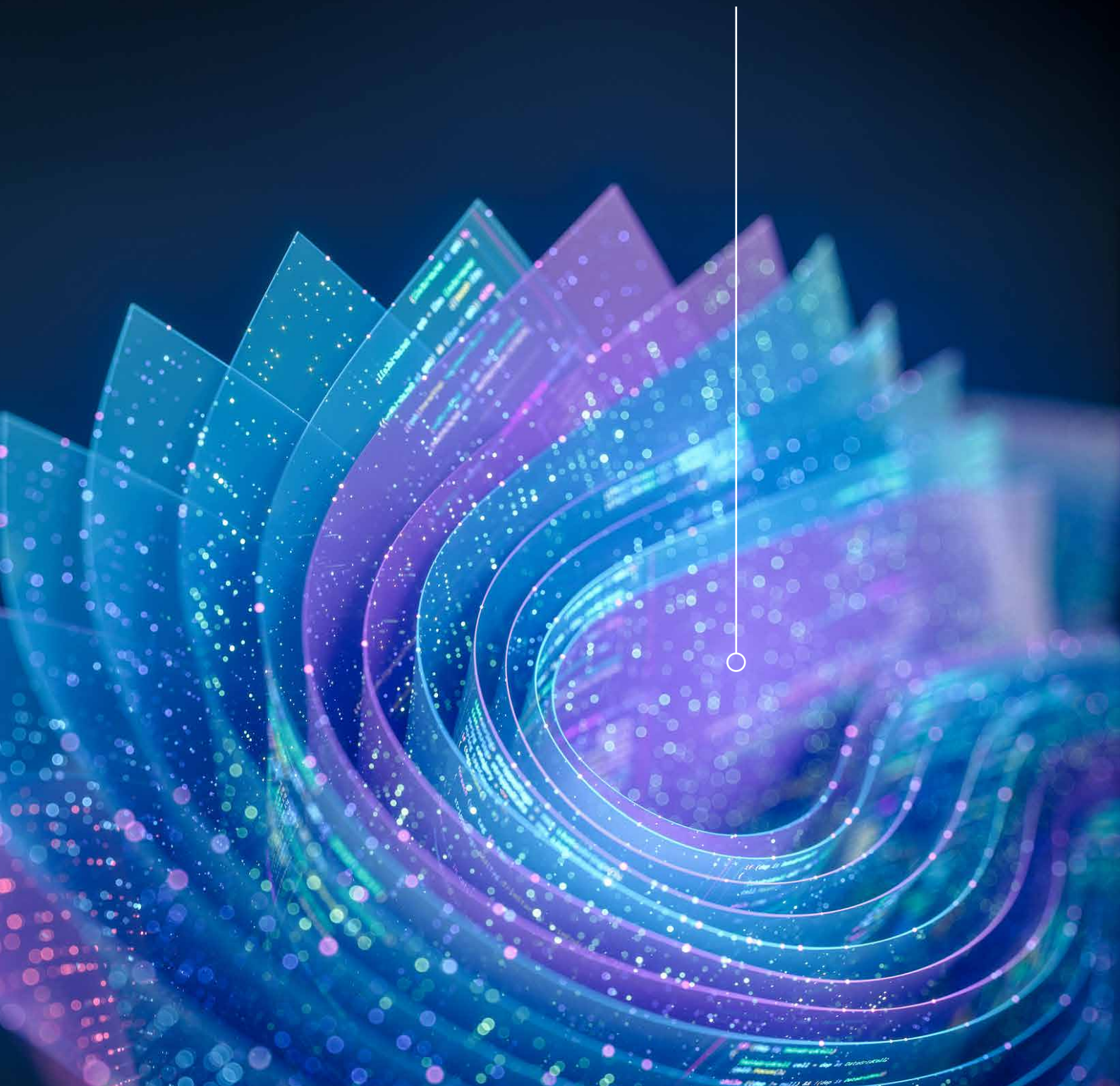
“

This report highlights how Alibaba Cloud stands at the forefront of the Agentic Era, delivering full-stack Agentic Cloud solutions that empower businesses to design, launch, and scale groundbreaking AI agents. By providing the critical infrastructure for agent execution and orchestration, we are fueling the next generation of digital innovation and unlocking unprecedented value in the global marketplace. We are proud to provide the foundation for the next generation of intelligent applications.”

Feifei Li

Chief Technology Officer and President of International Business, Alibaba Cloud

Executive Summary



A Transformational Moment in Human History

We are at a transformational moment in human capacity for innovation and improvement.

AI is one of the most revolutionary technologies in human history. It is driving innovation across industries with its ability to automate complex workflows and enable real-time decision-making. AI-led technological breakthroughs will turbocharge our ability to solve intractable problems, from detecting pernicious diseases like cancer to building integrated autonomous transportation networks.

At the heart of Alibaba Cloud’s latest efforts is the AI + Cloud solution, a suite of integrated cloud infrastructure and AI tools and services designed to help developers and organizations build intelligent applications, automate operations, and analyze massive datasets. Our AI products are leaders in both cloud computing and AI, offering a comprehensive, multi-tiered architecture—Infrastructure as a Service (IaaS), Platform as a Service (PaaS), and Model as a Service (MaaS). All are designed to reduce the workload at user companies by freeing up human resources to focus on value-generating activities.

- IaaS** includes on-demand infrastructure resources, such as servers, storage, and networks. Alibaba Cloud products, including the Elastic Compute Service, are essential for running AI applications and providing the computing power needed to train AI models.
- PaaS** platforms, such as Alibaba Cloud’s database management systems (which allow users to effectively manage and query multimodal data) and Platform for AI, provide engineers with a scalable environment for building and training AI models. Such PaaS products help AI services by providing scalable infrastructure, tools for managing large language models (LLMs) like Alibaba’s Qwen, and access to a wide range of advanced models and services that streamline the development of AI-powered applications
- MaaS** make AI more accessible by offering prebuilt models, automated training tools, and scalable deployment. The Alibaba Cloud ModelScope MaaS platform is a space where developers and researchers can develop AI applications and test models.

Years ago, Alibaba Cloud envisioned that cloud computing would become a business commodity, much like electricity is in our daily lives. Now, that vision has largely been realized, and this has paved the way for AI to become the next transformative technology—integral to the digital world, with increasing aspects of the physical world gaining AI capabilities.

As the AI landscape moves toward the agentic era, billions of AI agents powered by tokens are expected to assume an expanding share of digital tasks and gradually become the primary interface between humans and the digital world.

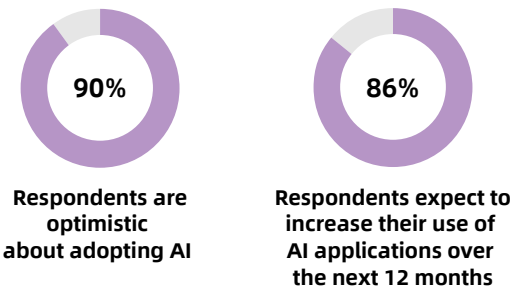
To keep pace with this evolution, Alibaba has established the Alibaba Token Hub (ATH) business group. The new group offers comprehensive services for both enterprise and individual users, spanning infrastructure, MaaS, and application layers. The group’s mission is to create tokens, deliver tokens, and apply tokens, unlocking new sources of value and possibility for users.

Across industries, a new industrial revolution is quietly unfolding. Every sector requires more powerful infrastructure that is larger in scale and better suited to AI’s demands.

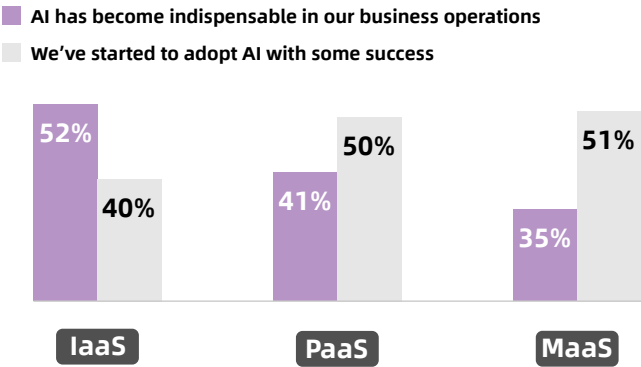
This report shows how companies across Asia are poised to accelerate their spending on AI and cloud solutions as they rise to meet this opportunity. The key findings from our research highlight these trends.

Widespread Optimism and Planned Investments Are Expected to Fuel AI Growth

Almost all Asian companies surveyed are optimistic about adopting AI. An overwhelming majority of them expects to increase their use of AI applications over the next 12 months.



More significantly, about half of the respondents have been experimenting with various AI product solutions with some success, indicating near-term growth potential for AI-related applications.

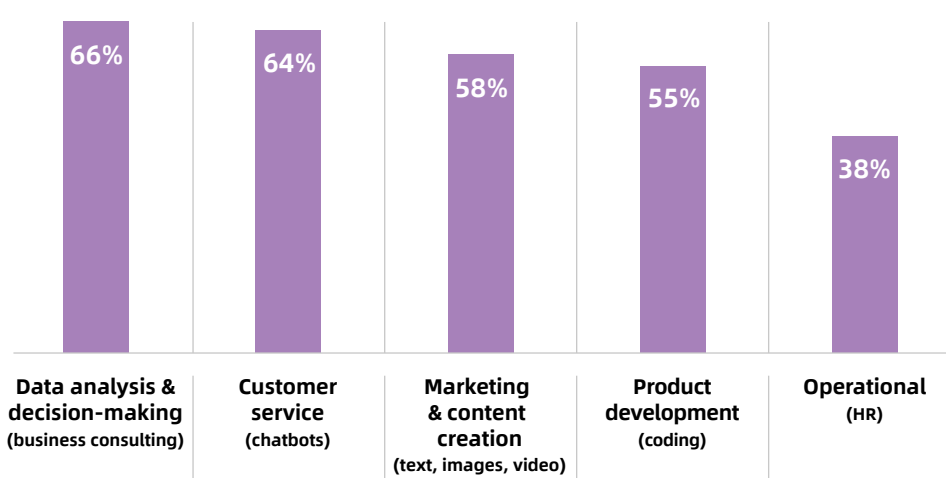


Priority Areas for AI Application

Companies have a broad range of priority areas for AI application. It is clear that they have been thinking carefully about the technology’s potential and exploring multiple use cases.



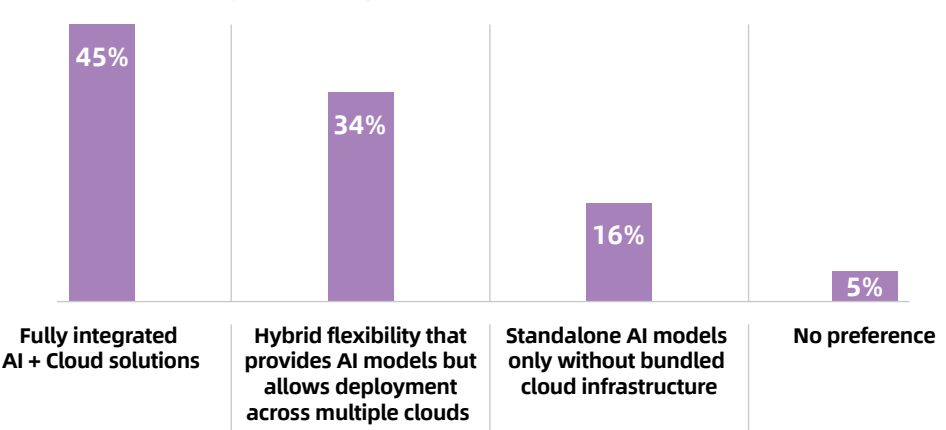
In which areas are you using or considering AI?



An Integrated Approach to Meet Diverse Demand

While there is no clear consensus on selecting a commercial solution over an open-source model, fully integrated AI + Cloud is the most popular mode of delivery among Asia companies.

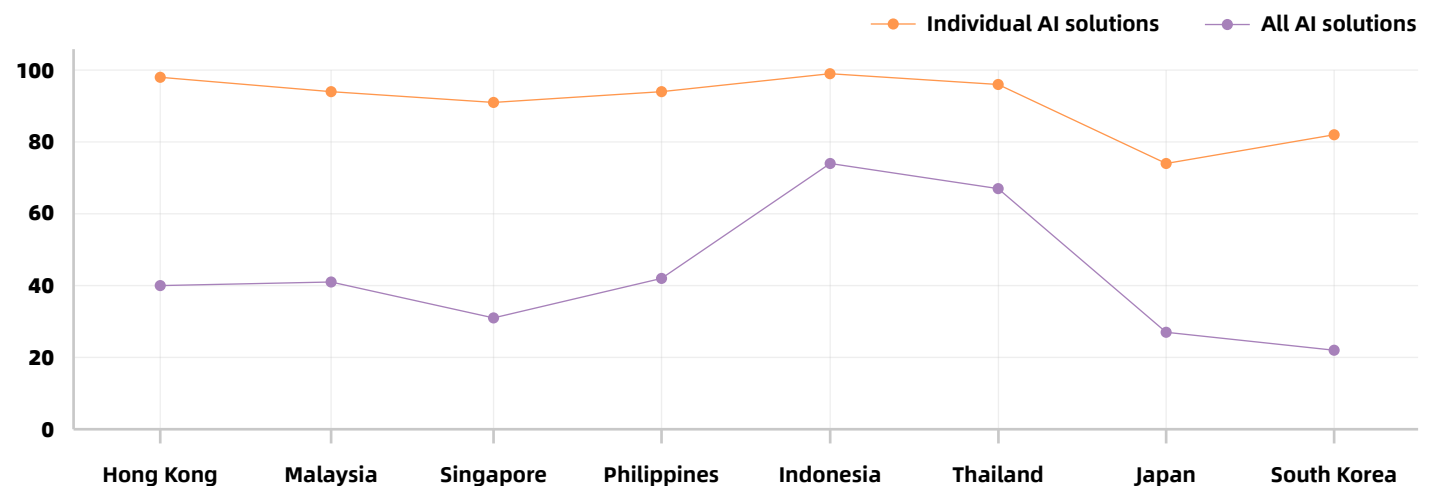
When selecting an AI solution provider, how does your organization prefer the service to be delivered?



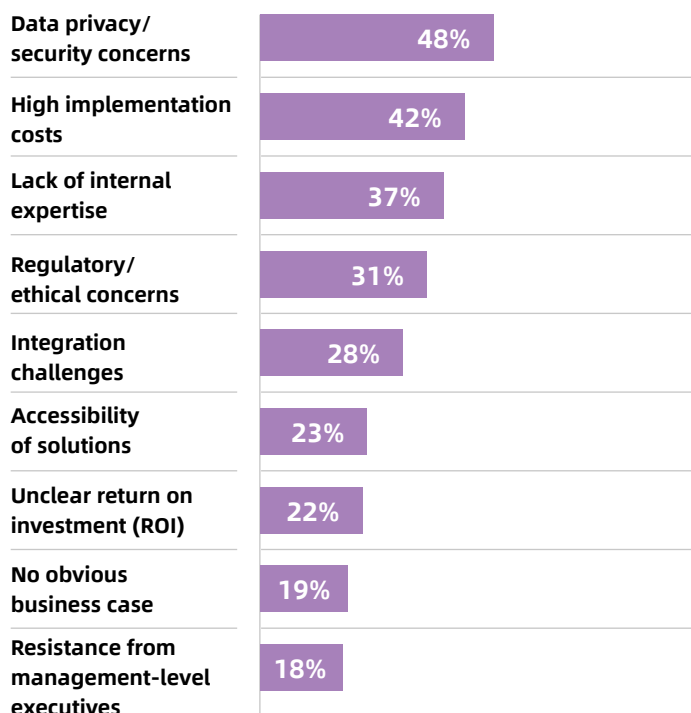
Barriers to Entry and Support Needed

Readiness to embrace AI adoption and the appetite for investment in AI technologies are high across all industries. However, there is a pressing need for improved delivery of holistic AI solutions that address sector-specific scenarios, to ensure that AI adoption is not only widespread but also deeply embedded and effective across business processes.

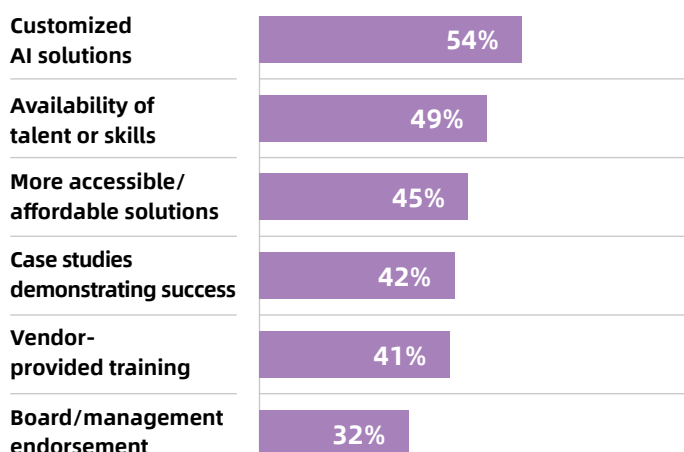
AI product solutions are very accessible in your market



What are the biggest barriers to broader AI adoption in your organization?



What type of support would help your organization adopt AI?



This is certainly not a time for complacency. The pace of change continues to be frenetic, with developers launching new AI products almost weekly. There remains a tremendous opportunity. While most firms are exploring AI, the market is still in the early stages of understanding the technology's full potential.

Importantly, as our report reveals, there are also still many barriers and concerns hindering wider adoption. Data privacy and security top the list. Companies also want to see more case studies demonstrating success and a return on investment from using AI technologies. More widely, we cannot be blind to societal concerns around the impact of AI. These include worries that AI may decimate the job market, weaken data privacy, and usher in a future where humans sacrifice autonomy to ever more sophisticated machines.

It is vital that the AI industry is not complacent about the challenges ahead. AI must benefit users and wider society if it is to be successful and accepted.



Key Findings



Key Finding # 1

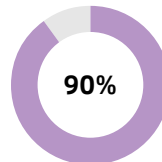


Widespread Optimism and Planned Investments Expected to Fuel AI Growth

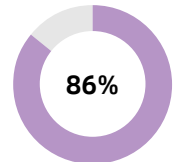
Significant Optimism Around AI

Two years after Alibaba Cloud launched its seminal large language model (LLM) Qwen, almost all Asian companies surveyed (90%) are optimistic about adopting AI. A similar share of firms (86%) expect to increase their use of AI applications over the next 12 months as they seek to drive enterprise innovation, efficiency, and value across sectors and markets. This finding validates efforts by Alibaba Cloud and others to accelerate investment in this critical technology.

How would you describe your organization's attitude toward adopting AI?



Respondents are optimistic about adopting AI



Respondents expect to increase their use of AI applications over the next 12 months

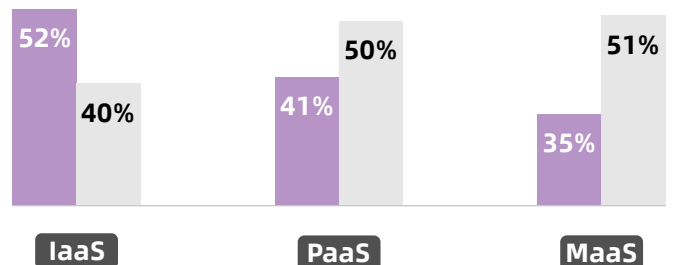
Strong near-term growth potential for AI-related application

Everyone is focused on the opportunities ahead. To build on these foundations and harness this once-in-a-generation opportunity, in early 2025 Alibaba Group announced plans to invest more than USD53 billion (RMB380 billion) into cloud computing and AI infrastructure over the next three years.

A striking finding is just how quickly AI applications have been successfully utilized by companies across Asia. Already, 75% of Asian companies surveyed say that AI technology is indispensable to their business. More significantly, about half have been experimenting with AI development tools (50%) and models (51%) "with some success", a further indicator of the near-term growth potential for AI-related applications.

How would you rate your company's readiness in adopting the following AI product solutions?

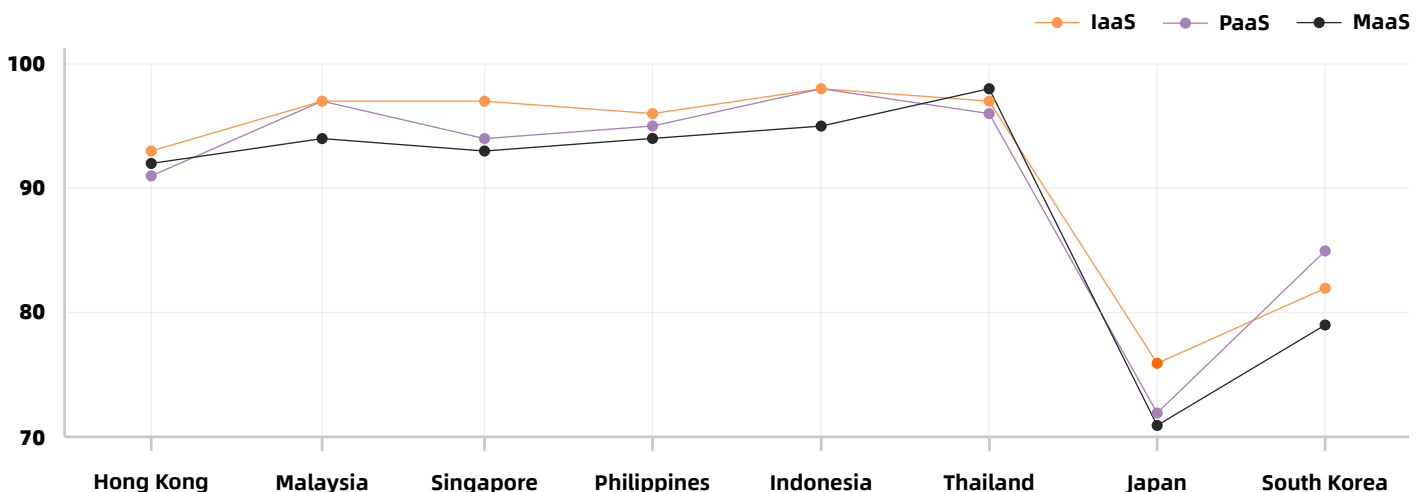
- AI has become indispensable in our business operations
- We've started to adopt AI with some success



Considerable Investment Is Planned

Vitality, these ambitions span industries, product ranges, and marketplaces. Of the companies surveyed across eight markets in Asia, 95% are going to increase their investment in AI products.

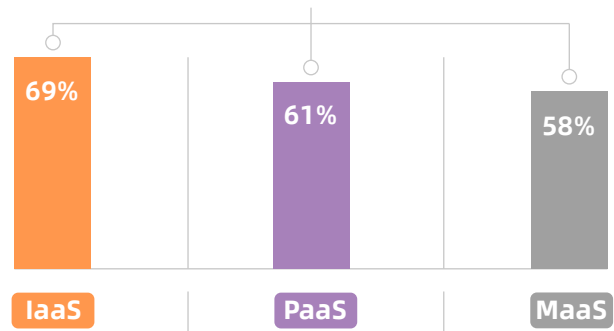
Percentage of companies planning to increase investment in the three layers of AI product solutions, by market:



Asian companies are subsequently planning significant investment increases across their AI product mix, with more than half of the companies indicating an increase in investment of more than 20%. It is clear that firms have a broad range of priority areas for AI applications, demonstrating the depth of understanding that businesses have around AI's potential.

Digging deeper into this planned investment reveals that companies are focused on platform building blocks, with the largest slice of capital reserved for IT infrastructure (IaaS).

Percentage of companies planning investment of over 20%, by layer of AI product solution



Asian companies are accelerating their experimentation with AI tools, presenting an expansive set of opportunities for technology providers.

These findings buttress wider analysis forecasting how impactful AI will be if it is adopted at scale. Three years ago, consultants McKinsey & Co looked at a list of 63 business functions, including customer interactions and writing computer code, and calculated that deploying generative AI to those challenges could add the equivalent of US\$2.6 trillion to US\$4.4 trillion annually in value. Likewise, the Center for Economic Policy Research estimates a 4% rise in global GDP in a scenario where AI-specific technology boosts productivity by 2.4%.

These eye-catching numbers demonstrate the efficiencies AI is bringing to business operations, as well as the resulting need for companies to invest in the technology or risk being left behind their competitors.

Key Finding # 2



Companies Are Seeking Support to Improve Their AI Capabilities

A Broad Range of Priority Areas

Companies have a broad range of priority areas for AI applications, as well as a wide range of metrics for success. Firms have been thinking carefully about the technology's potential and exploring multiple cases for its use.

Companies are primarily looking for AI solutions that will provide innovation and new business opportunities alongside cost savings and efficiency. These ambitions are consistent across industries and locations. At least 40% of businesses also cited revenue growth potential, competitive advantage, and improving the customer experience as reasons for investing in AI. Especially noteworthy is that only 1% of all respondents say that AI is not a priority.



When asked to drill down into specific areas where they would apply AI tools, Asia-based enterprises favored data analysis and decision-making (business consulting) as well as customer service (e.g., chatbots). Those preferences speak to where companies need the most help with processing repetitive and menial tasks in a more systematic and cost-efficient manner.

These findings are a testament to how revolutionary AI technology is proving to be. Importantly, firms are using AI not only to replace more menial tasks (e.g., using chatbots to answer customer questions) but also to create new experiences.

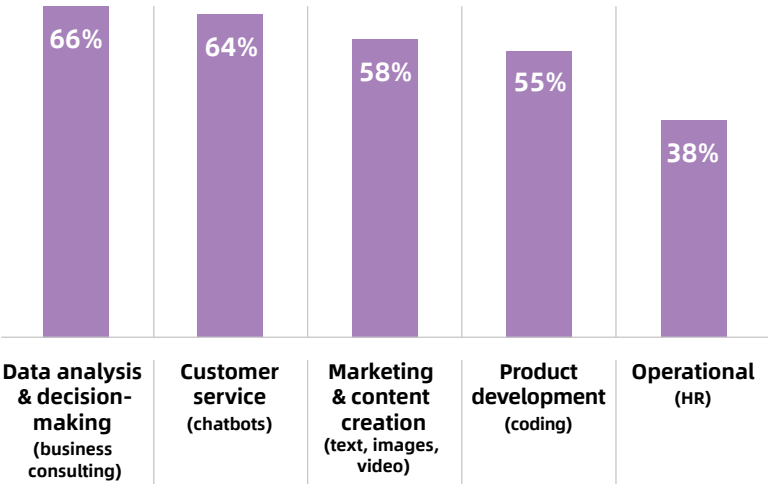
AI has also taken on a social dimension, at least in some markets. For example, in Japan, with its shrinking population, AI tools may herald a much-needed productivity boon.

Firms Prefer AI + Cloud Solutions

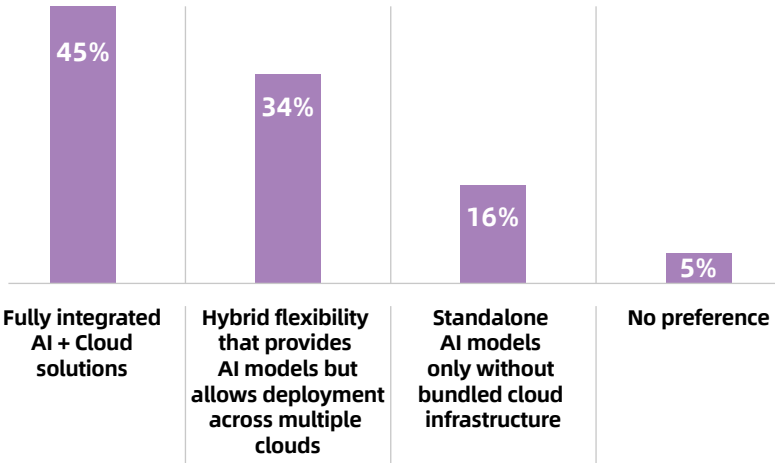
AI + Cloud solutions are designed so that all of a firm’s AI applications and related projects are under centralized management and control. They make it easier for companies to store data sets in one place, while also offering an a-la-carte pricing model so customers can manage their costs appropriately. It is no surprise that the fully integrated AI + Cloud model is the most popular among Asian companies (45%).

In addition to efficient solutions and service delivery, companies are keen for a range of support functions to improve their AI capabilities, including a higher level of customization, an abundant supply of talent and skills, and solutions that are more accessible.

In which areas are you using or considering AI?



When selecting an AI solution provider, how does your organization prefer the service to be delivered?





An Integrated Approach to Meet Diverse Demand

Finding the Right Solution

There are several noticeable trends in this regard as companies explore and roll out AI + Cloud solutions.

Firstly, investment by companies in AI + Cloud generally starts with infrastructure before moving to development tools, models, and applications. Over the coming 12 months, firms expect to make the largest investment in IT infrastructure (IaaS), such as storage, networks and computing, which are essential for training models and running AI applications.

There is a broad range of user types across the three tech-stack categories. Some examples include compute-intensive industries, such as electric vehicle manufacturing, where companies are investing in IaaS applications in order to build custom models and applications. Enterprises that are fine-tuning Alibaba Cloud AI models might turn to MaaS (models) and PaaS (development tools) solutions.

Open-Source or API (Commercial) Models?

Secondly, for companies just starting to explore AI, there is no clear consensus on selecting a commercial solution (via API) over an open-source model.

Some firms prefer commercial AI models because they offer reliability, scalability, and strong support. Commercial models are often pre-trained on massive datasets and fine-tuned for high performance, allowing companies to integrate advanced AI capabilities without having extensive in-house expertise.

These models usually come with enterprise-grade features, including API support, compliance with data regulations, and dedicated technical assistance. Businesses that prioritize high availability, compliance, and predictable performance, such as financial services, often find commercial solutions more cost-effective in the long run. Vendors can provide more stable maintenance, continuous updates, and reliable support, making commercial models a practical choice for some businesses.

On the other hand, some firms prefer open-source AI models because they offer greater flexibility, transparency, and control. Open-source models allow companies to fine-tune or modify the underlying architecture to suit specific business needs. This is especially appealing for firms with skilled AI teams who want to customize models for proprietary data or maintain full control over sensitive information. Open-source solutions also eliminate dependency on third-party providers, though they can be more expensive to maintain, given the ongoing engineering and operational costs.

What types of support would help your organization adopt AI?





Regulation Needs to Balance Competing Interests

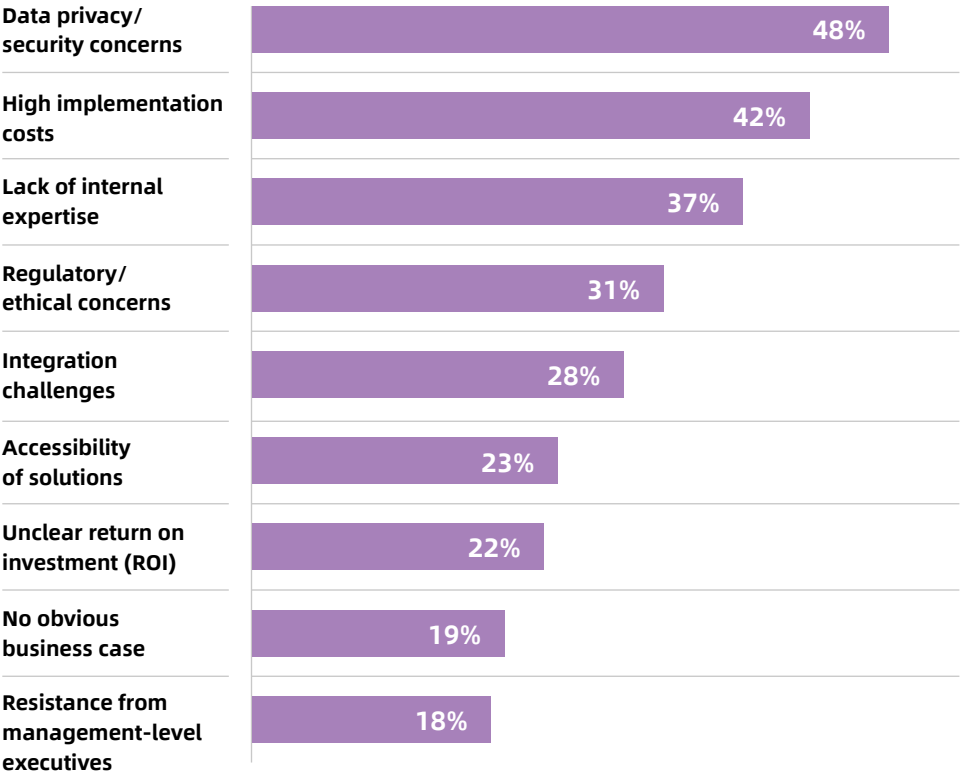
Barriers to Entry

One of the biggest barriers preventing companies from adopting AI is concerns about data privacy and security. Data privacy and security concerns were cited by 48% of respondents as being among their top three issues. High implementation costs were listed by 42% of IT managers, and a lack of internal expertise was the third-biggest blocker at 37%.

The risk that an AI application goes rogue or that confidential data is lost or mishandled has meant that many companies have leaned toward caution.

Regulatory and ethical concerns represented the fourth most cited barrier. However, this ranking rises significantly in sectors with higher levels of scrutiny, which include education, financial services, and the public sector.

What are the biggest barriers to broader AI adoption in your organization?



Regulatory Constraints

The financial services industry is one in which companies are especially keen to adopt AI in their operations. However, the uptake has been slowed by compliance and regulatory constraints that add another layer of scrutiny, including limitations on public cloud deployment and data privacy transmission protocols.

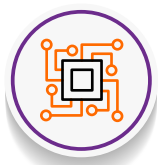
When considering barriers, it is worth noting that current privacy and data regimes are in some instances slowing the development and usage of AI solutions. Legislation that restricts how data can be scraped and used has held back the development of AI tools, especially LLMs that rely on access to vast troves of data to generate meaningful results.

For example, Japan has especially strict privacy rules around the use of personal data, and so developers have concerns that scraping tools used by LLMs could access and reveal information on individuals in a way that breaches the law.

In South Korea, companies that handle customer data need to deploy their own internet data center or use dedicated infrastructure to host AI models. This has held back the pace at which South Korean firms have embraced AI.

Partly as a result, both Japan’s and South Korea’s accessibility to AI product solutions trailed other markets by 30 percentage points. The two countries were also notably behind their peers on their comparative readiness for AI. Although Japan and South Korea are often regarded as technologically advanced and home to some of the world’s most renowned tech brands, the intention of local companies to increase investment in AI was not as strong as it was among their Asian peers: 62% for Japan and 71% for South Korea, compared with a regional average of 83%. This disparity may result in these markets struggling to keep pace with AI innovations.

Though the tension between respect for privacy and unbridled access to data and content is hardly unique to Asia, most, if not all, of the region’s governments are reviewing the landscape to see how these competing interests can be better balanced.



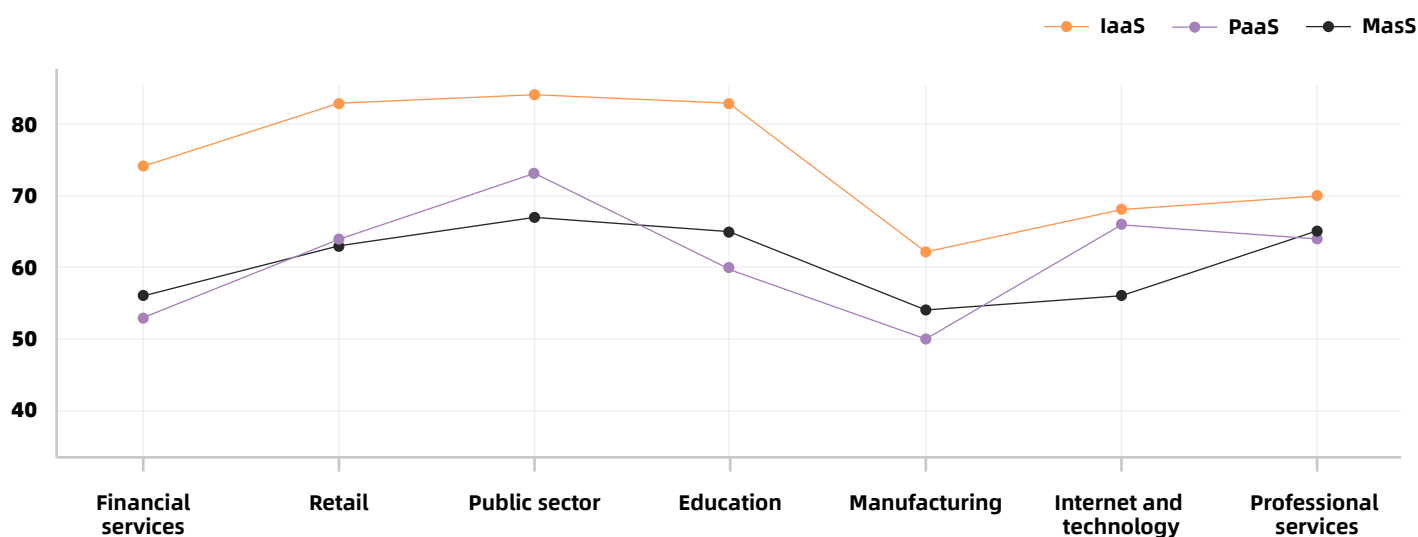
Variety and Depth of Solutions Are Equally Important

High Readiness Across Sectors for AI Adoption

Across various sectors, organizations are demonstrating a notable readiness to embrace adopting AI. On average, 76% of respondents across the region feel prepared to integrate AI solutions into their operations. The intention to increase AI adoption is generally robust, with a regional average of 86%, while the appetite for investment in AI technologies is high across all industries. The most significant increases in adoption are anticipated within the retail, public, and hospitality sectors.

In particular, these sectors are looking to expand their use of IaaS and PaaS solutions to develop AI-powered applications.

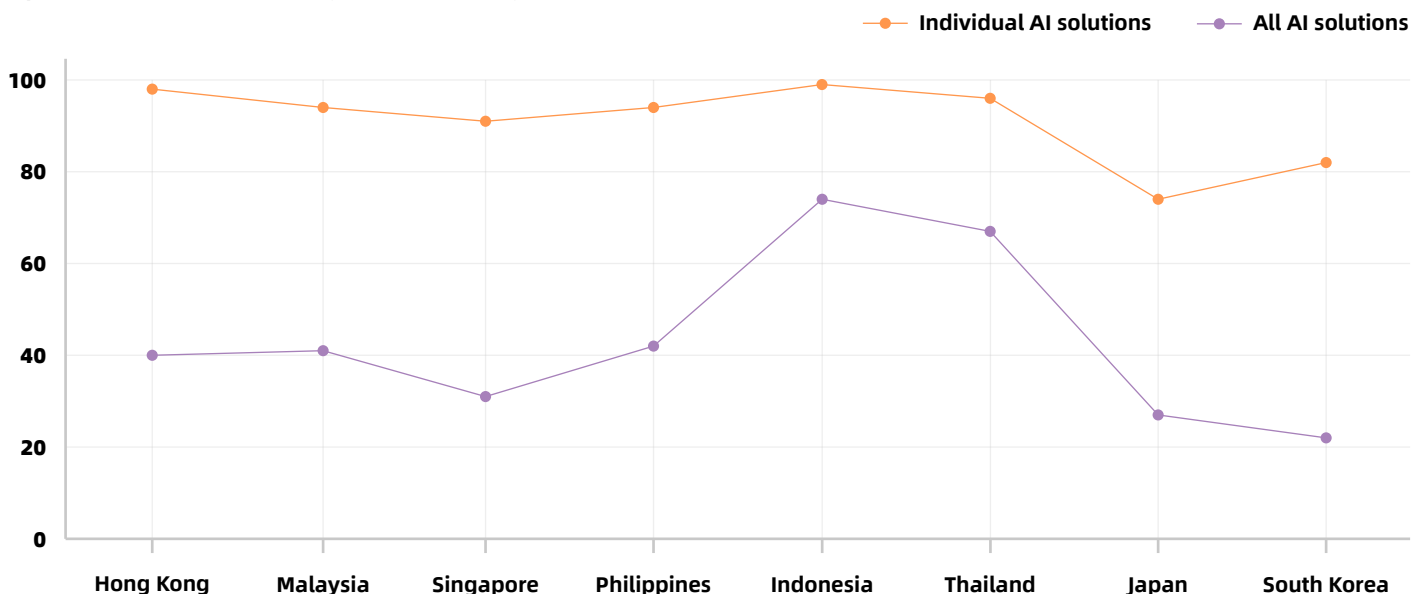
In the next 12 months, how will your company's investment in the following areas change?



Holistic Solutions Are Needed

Despite generally strong access to individual AI solutions—where the regional average stands at an impressive 91%—there remains a considerable challenge when it comes to acquiring comprehensive, end-to-end solutions. This gap underscores a pressing need for improved delivery of holistic AI solutions that address sector-specific scenarios, thereby ensuring that the adoption of AI is not only widespread but also deeply embedded and effective across business processes.

AI product solutions are very accessible in your market



Market Leader Insights



Security Concerns Are Preventing Financial Firms from Using External AI



Hong Kong enterprises, especially in finance, are hesitant to use external AI models due to risks of unauthorized data access and excessive AI permissions, such as AI tools compromising personal devices, says **Thomas Poon, Head of Solutions Architect of Hong Kong, Alibaba Cloud Intelligence.**

There is a strong emphasis on ensuring that AI systems can be controlled and managed to prevent unregulated usage, with solutions like sandbox environments proposed for safe testing. Companies such as financial services institutions have been deploying AI within on-premises or Virtual Private Cloud (VPC) environments to prevent external model calls, and offerings exist to support such secure deployments, Poon says. Insurance companies are also showing openness, using AI for Optical Character Recognition (OCR) in policy reviews and AI-powered customer service responses.

Poon adds that as with other markets, a lack of clear use cases and question marks over cost efficiency have prompted some firms to hold back on investing in AI. Where there has been noticeable activity is among digital-native and design companies, which have been using AI to generate content. Startups and tech-first organizations are also adopting AI tools more rapidly than established enterprises.

Case Study - PuraPharm



Leveraging Alibaba Cloud's AI technology, our pioneering Traditional Chinese Medicine Advisor (TCMA) platform sheds light on how modern tools can unleash the value of traditional wisdom, creating smarter, more responsive, and globally scalable healthcare systems. The platform is poised to redefine the future of traditional Chinese medicine (TCM)—not only in Hong Kong, but on a global scale."

Dr. Wilfred W.K. Lin, Co-founder and Chief Data Analytics Director, HerbMiners Informatics Limited

Who are you?

PuraPharm is a Hong Kong-based research and development company focused on TCM. HerbMiners Informatics is an intelligence software solutions company specializing in clinical TCM.

Why did you choose Alibaba Cloud?

We believe that Alibaba Cloud's technology platforms can help us build a clinical decision service through the digitalization of TCM. The clinical decision support platform is designed to think like a TCM practitioner, understanding the diagnostic philosophies, treatment methodologies, and nuanced patterns that define traditional Chinese healthcare.

How do you work with Alibaba Cloud?

We have used Alibaba's Qwen3 model to enhance the pioneering TCMA platform, a clinical management platform designed to modernize and globalize TCM practices. Powered

by the Qwen3 model, the platform now uses advanced natural language processing and deep learning capabilities to help analyze unstructured clinical data, such as doctors' notes and herbal prescriptions, supporting personalized treatment decisions and enhancing AI-driven patient engagement, clinical operations, security, and compliance.

How do you measure success with AI?

We want to be able to use AI tools to diagnose more accurate and personalized treatments for patients. Crucially, we are measuring for improved treatment accuracy rates, higher patient satisfaction with personalized care, greater operational efficiency as a result of a reduced administration workload, and a continuous learning process as new data leads to updated protocols.

Most Companies Are Still in the Exploration Phase



Since LLMs emerged about three years ago, larger corporations have been especially curious about AI and want to know how it can solve specific business challenges, says **Se Keng Ngoi, Director of Solutions (Public Sector) of Malaysia, Alibaba Cloud Intelligence.**

Companies that have adopted AI are using it to address internal pain points—for example, for internal documentation tools or knowledge bases for HR departments—rather than for customer-facing applications. They want to test the technology’s organizational impact before fully committing. One public-facing area where AI is being widely used is electronic Know Your Customer (KYC), supporting identity verification for financial institutions.

Malaysia’s government is strongly behind efforts to improve AI adoption. In 2024, the government established the National AI Office to develop a regulatory framework for safe and effective AI deployment, as well as introducing tax incentives to encourage firms to invest in AI solutions.

“Alibaba Cloud’s AI + Cloud strategy is playing a pivotal role in accelerating the adoption of AI in Malaysia,” says Se Keng Ngoi.

“By providing fundamental IaaS services and high-performance computing resources, customers can effectively validate and experience AI technologies, which is especially valuable for those who are reluctant to make substantial initial investments.”

Moreover, Alibaba’s open-source Qwen helps to address customer concerns about data security. A notable example is local conglomerate YTL, which developed a Malay-language LLM based on the open-source model.

Case Study - PRO-NET



Alibaba Cloud has been a key partner to PRO-NET, and their support in building our cloud-first and data-driven foundation has been instrumental as we advance Malaysia’s new energy mobility ecosystem. As we move into the next phase with AI, this impactful collaboration will empower us to unlock deeper insights, elevate customer experiences, and accelerate our vision of shaping a smarter, more connected future of mobility for Malaysia.”

Zhang Qiang, Chief Executive Officer of PRO-NET

PRO-NET is the exclusive distributor of Proton e.MAS vehicles in Malaysia, as well as the distributor for smart Malaysia. With the mission to lead the nation’s new energy automotive ecosystem, PRO-NET oversees the distribution of new energy vehicles (NEVs), electric vehicle (EV) charging solutions, electronic parts, and mobility services, along with accessories and merchandise.

Alibaba Cloud has been supporting PRO-NET from its inception, enabling the company to adopt a cloud-first and data-driven approach through a fully integrated end-to-end data pipeline.

PRO-NET is advancing its AI capabilities by using Alibaba Cloud’s Model Studio to develop its internal chatbot, which will later expand into customer-facing applications and vehicle infotainment systems.

The collaboration is also exploring broader AI opportunities, spanning Qwen and Platform for AI services.

Companies Are Trying to Keep Up with Government Ambition



Singapore's government has set ambitious targets to turn the city-state into a regional AI powerhouse, including plans to train 15,000 AI experts. The 'Singapore National AI Strategy' includes grants to research institutes and universities and support for investment in data centers and securing access to high-performance computing resources.

Currently, the city's businesses have embraced AI at a faster than expected pace, driven by the lower cost of usage of agentic AI, says **Ken Xu, Solutions Architect Director at Alibaba Cloud Singapore.**

Moreover, Singaporean survey respondents were among the most ambitious when it comes to AI rollout plans over the coming 12 months, with 96% adding that their organization's attitude toward adopting AI was already either very positive or cautiously optimistic.

That foretells an upswing in AI-related applications. Thanks to lower AI token costs, Xu anticipates significant adoption of agentic AI among Singapore businesses this year to enhance internal employee efficiency. He also expects growing use of models like Wan, and similar models for content creation—especially for marketing materials, such as videos and posters. However, Xu says that there are still some companies taking a “cautious approach” on rolling out public-facing AI-based features like chatbots, because any errors will cause public relations problems.

Case Study - Atlas



Alibaba Cloud has played a key role in Atlas's rapid expansion by offering a scalable, secure infrastructure. We were drawn to Alibaba Cloud primarily for its developer-friendly user interface. Our collaboration has now extended to the field of AI, which has significantly enhanced efficiency and improved customers' experience.”

Mary Li, CEO and Founder of Atlas

Atlas is a Singapore-based travel technology startup that uses data and technology to redesign the experience of booking airline tickets. By boldly exploring and integrating cutting-edge technologies, Atlas has emerged as a rising star on the scene to become the top low-cost carrier content provider in the industry.

Alibaba Cloud stands out in terms of its deep integration within the ecosystem, its adherence to over 130 international data privacy and compliance standards, and the combination of advanced AI tools directly within the platform. Alibaba Cloud also offers a developer-friendly user interface that enables Atlas to easily create and build their products and solutions.

Atlas's core system was built on top of Alibaba Cloud's Container Service for Kubernetes, providing a fully containerized and observable data-management solution. This is deeply integrated with Alibaba Cloud's database and storage solutions, including the ApsaraDB RDS, ApsaraDB for Redis, and Object Storage Service, all of which are easy to use, secure, and most importantly, meet international compliance specifications and standards.

Leveraging Alibaba Cloud's Server Load Balancer and Application Real-Time Monitoring Service, Atlas built a solution to distribute traffic, eliminate single points of failure, and respond quickly to issues that arise. Atlas also makes use of Alibaba Cloud's Platform for AI to analyze real-time information on flight search trends, changes in pricing, and consumer behavior to inform predictive analysis and decision-making.

Atlas has reduced the costs involved in booking low-cost flights by partnering with Alibaba Cloud, achieving up to 45% savings in cloud operating expenses when measured against comparable offerings with other cloud service providers. With the help of Alibaba Cloud services, Atlas now serves more than 50 travel sellers and over 150 airlines, while also assisting up to 800 million API calls a day. Equipped with an innovative mix of cloud technologies, Atlas has built a robust, cost-effective, compliant, and user-centric distribution platform for the travel sellers of the world.



South Korea

Ambitions Tempered by Slow Adoption Rates



South Korean companies have been the slowest adopters of cloud-based and AI services among survey respondents. The local market, however, is just warming up. Alibaba Cloud opened its second data center in the country in June 2025 in response to anticipated demand as Korean companies play catch-up.

South Korean firms have faced two roadblocks, says **Jongjin Lim, Head of Solutions Architect of Alibaba Cloud Korea.**

The first is the lack of Korean-language AI models. Most models are either in Chinese or English (Alibaba's Qwen is best-in-market for Korean-language functionality). The second roadblock is the lack of use cases. There aren't many case studies showing how Korean companies have used AI to improve the bottom line.

Firms experimenting with AI tend to fall into two brackets: The first are digital natives using open-source technology to make their own AI foundation models. The second includes enterprise companies using AI models, including those built on Alibaba's Model Studio, in industries such as retail, manufacturing, and e-commerce.

Overall, AI applications remain nascent among such firms, as they don't have enough AI trained developers to leverage the technology. Also, companies holding customer data are required to use their own internet data center, a specific piece of infrastructure that takes time and money to deploy.

Case Study - UNIVA



Without Qwen's open-source alternative to the leading close-sourced models, we would not have been able to compete with larger companies."

Nam Myungjin, CEO, Univa

Who are you?

Univa is a leading AI solutions provider in South Korea that helps companies and public institutions adopt AI tools easily and effectively. We provide practical and customized AI solutions, including agent AI platforms that automate complex workflows, improve decision-making, and enhance productivity by using natural language interaction. These solutions are designed to address local needs with high accuracy, especially in the Korean language, while being scalable globally.

Why did you choose Alibaba Cloud?

Open source was a very important factor in our decision. It allowed the team to deeply understand, customize, and optimize the model for Korean-language tasks. The transparency and adaptability of open-source models also made it easier to fine-tune models based on customer needs. Alibaba Cloud's Qwen stood out from competitors due to its outstanding performance in Korean-language processing.

How do you work with Alibaba Cloud?

We are using Qwen's open-source models to build a suite of intelligent Agent AI applications, including customer service automation, internal knowledge retrieval agents, and

domain-specific workflow assistants for sectors including government, education, and law.

Alibaba Cloud's ecosystem has supported us through technical collaborations and joint marketing efforts, providing Univa with access to Alibaba Cloud's engineering support, early access to model updates, and visibility within the broader AI community. This has helped us accelerate product development and better position the company as a trusted solution provider, not only in Korea but also in the broader Asia-Pacific (APAC) region.

How do you measure success with AI?

By using Qwen's models, our 15-person Korean agentic AI startup avoided expensive licensing fees and reduced costs by 30%. We gained the flexibility to train and deploy models on our own infrastructure, enabling cost-effective scaling and experimentation. We also found that by using Qwen, our Korean-language processing accuracy went from 45% to 95%. Clients have reported higher productivity, faster access to information, and reduced response times. The collaboration with Alibaba Cloud showcases how local AI innovators can leverage international platforms to build regionally optimized, high-performance applications.



Japan

Country's Demographics Offer Use Case for Smarter Tech



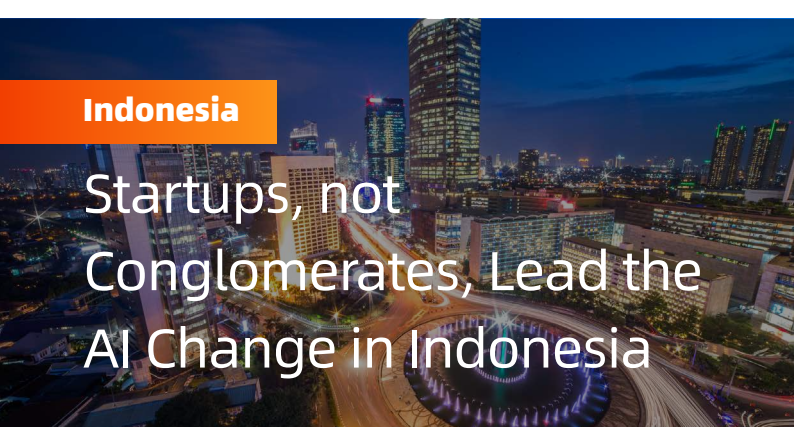
Japan's rapidly aging population and declining birthrate should mean there is a pressing need for AI solutions to improve efficiency, as the working-age population continues to shrink significantly," says **Yosano Masahiro, Head of Solutions Architect for Japan at Alibaba Cloud.**

Adoption, however, has been slow. Japanese companies are the furthest behind in Asia when it comes to sourcing AI products solutions and using AI applications, with only 73% of firms using AI tools compared with a regional average of 90%. The outlook for the next 12 months looks little better, as Japanese respondents have been the least positive about their firms employing AI solutions in the near term.

Currently, the most common AI applications used by enterprises are for internal cost reduction and efficiency improvements. Adoption in industries like retail and banking remains relatively limited, and while many companies are exploring the potential of LLMs, overall, they are still in the experimental phase. Moreover, Japanese laws have proven especially stringent when it comes to privacy safeguards, making it challenging for machine learning tools to screen data appropriately.

Legal and regulatory clarity is therefore an important first step to enable safe, large-scale AI implementation. A new bill introduced in May 2015 aims to promote AI development, and the government is expected to accelerate the adoption of AI by larger conglomerates. Currently, few Japanese enterprises train large models from scratch, but there are numerous cases of adopting existing models and adapting them for specific industries.

Open-source models are preferred. Qwen has proven particularly popular thanks to its state-of-the-art multilingual capability, including in Japanese. Similarities between Japanese, Chinese, and Korean in terms of character structure and grammatical logic allows Qwen models to perform better when processing East Asian languages. Many startups are now fine-tuning open-source models for their specific industry needs, enabling quick deployment without training from scratch. Additionally, open-source models allow enterprises to deploy locally, avoiding potential data leaks from API calls. This on-premises deployment enhances data security and builds greater trust in the models. For Alibaba Cloud's AI ecosystem strategy in Japan, this is a key advantage.



Indonesia

Startups, not Conglomerates, Lead the AI Change in Indonesia



Indonesia is unusual in that it's the startup sector that's driving AI adoption, explains **Ananda Budi, Lead Solutions Architect for Alibaba Cloud Indonesia**, where penetration has spread widely across agri-tech, ride-hailing, and fintech sectors. The fastest adopters are well-financed startups ambitious about using AI technology to improve productivity.

"By contrast, larger state-owned enterprises and financial sector firms have adopted a more cautious approach in their uptake of AI solutions, and they will take into consideration different factors including data security, privacy, cost, impacts on existing business workflow, etc.," Budi says.

Survey respondents revealed that Indonesian company employees lack the necessary knowledge about AI solutions, with 71% of staff ranked "low" for AI-related abilities. Perhaps contemplative of this knowledge gap, the same respondents universally said that they were most likely to upgrade their AI capabilities in the next 12 months.

Financial firms also need to comply with regulatory rules that require data centers and servers to be hosted within Indonesia, and they are encouraged to put their AI models in their on-premises IT environment rather than on the cloud due to data security concerns. This translates into additional costs as companies build the necessary local infrastructure.



Philippines

Financial and Retail Sectors Are Cheerleading for AI Solutions



The pace of AI adoption in the Philippines is driven by two factors: large enterprises are pursuing AI initiatives as part of their top-level strategic digital transformation, while small and medium-sized enterprises (SMEs) are adopting software to meet their operational needs for cost reduction and efficiency improvement, says **Grant Gong, Head of Solutions Architect, Alibaba Cloud Philippines.**

Firms in the financial and retail sectors are showing particularly strong enthusiasm about adopting AI, while interest from gaming companies is growing, according to Gong. Companies that are exploring AI tend to either have leaders who want to implement a top-down digital transformation strategy or are facing competitive pressures to improve their tech stack. Sometimes, both factors are in play.

As with other markets, what is holding the market back is a pronounced shortage of skilled professionals. While the Philippines boasts strong English-language proficiency overall, the local pool of technical talent—high-caliber AI specialists in particular—remains limited. Many skilled professionals seek higher salaries and better career opportunities abroad, exacerbating the brain drain.

Second, funding constraints pose a significant hurdle. Often, projects struggle with insufficient capital, which hampers research and development capabilities, infrastructure development, and large-scale deployment. This, in turn, discourages businesses from making long-term AI investments and stifles sustained innovation.



Thailand

More of an End User Market

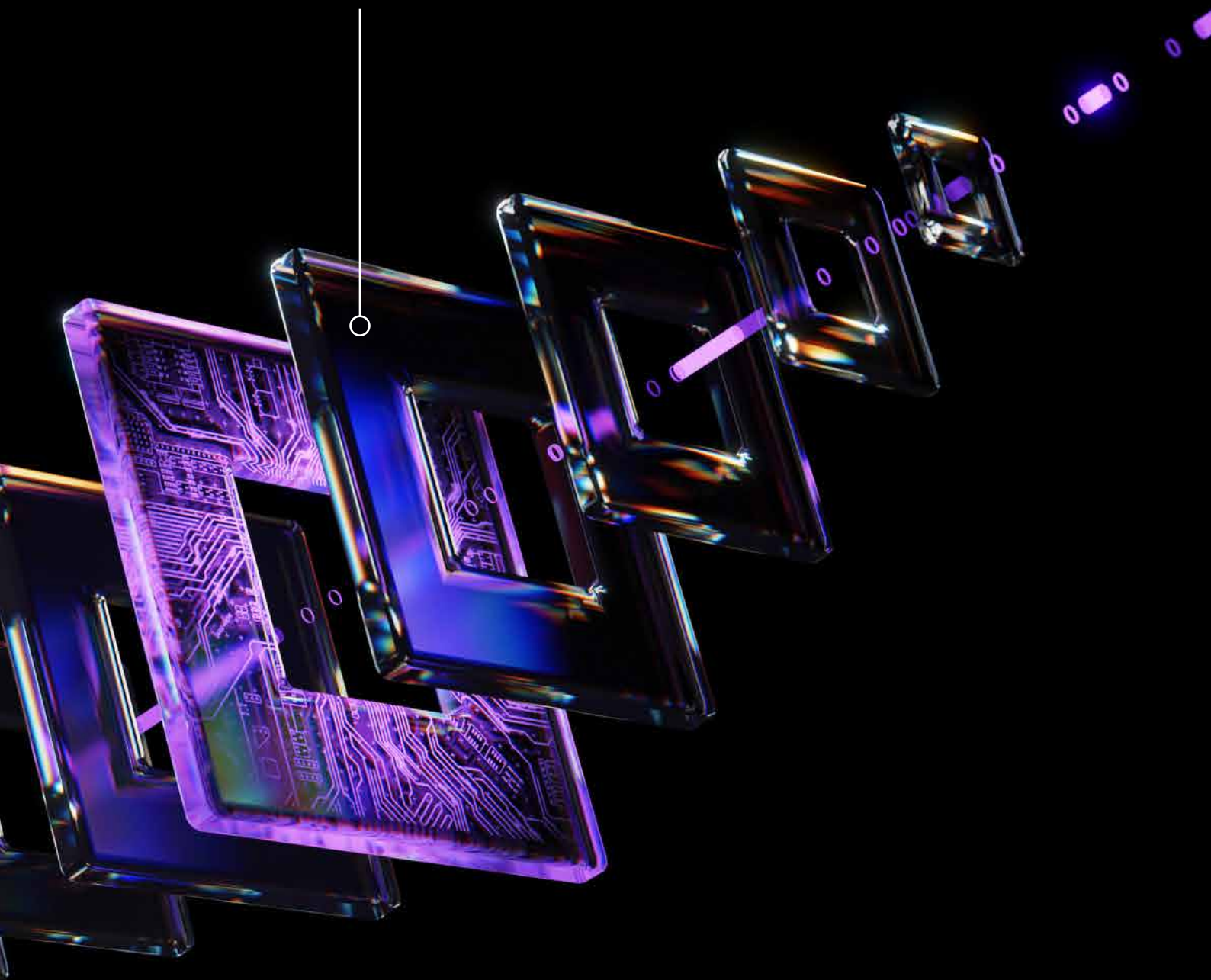


Thai decision-makers are paying most attention to MaaS that directly generate business value, says **Alan Xu, Lead Solutions Architect, Alibaba Cloud Thailand.** Most AI initiatives are being driven by established corporations or their incubated digital ventures, which has trended toward a more cautious approach rather than aggressive experimentation.

In addition, SMEs have been active adopters of small-scale projects. They have been testing generative AI-powered tools in areas such as knowledge management systems and using AI customer service solutions such as chatbots.

A critical factor for success is the ability to integrate AI + Cloud solutions more efficiently into customers' existing IT environments while ensuring API-first connectivity to legacy interfaces across hybrid environments. Getting this right will accelerate the rollout of AI in Thailand and the wider region, especially in the ASEAN region, according to Xu.

Recommendations: How to Make AI More Accessible





Closing the Knowledge Gaps

A common complaint from the interviews was that the lack of talent was holding back AI development. Only 6% of the survey respondents said that their IT team members had a high level of confidence when using AI solutions, while nearly half said that their colleagues had a low level of understanding and needed more education around AI.

Remember, this data point relates to company IT departments: the team most likely to understand how AI works. One can fairly assume that the average level of understanding across all company employees will be even lower.

Companies across the region are struggling to find people with the skill set to drive AI usage internally. This is already acting as a drag on adoption, as company boards are hesitant to greenlight projects when they don't have confidence in their teams' ability to execute.



Strengthening Local Language Support

Accessibility to digital tools only works when programs and developers speak the same language.

South Korea and Japan are among the markets where a lack of local language options has been holding back development. The most commonly available AI models in Asian markets use either English or Chinese, yet only half of the survey respondents selected English as their language.

Bahasa, Japanese, Korean, and Thai were the other languages chosen. Interviews from those four markets (Indonesia, Japan, South Korea, and Thailand) revealed that local companies were struggling to adopt AI models to their local language needs. As a result, the products that already had multiple languages to choose from were winning business.

For example, Alibaba Cloud's Qwen has been especially popular in both South Korea and Japan, because it has local language functionality—due in part to the interoperability between Chinese, Japanese, and Korean character structures. Alibaba's latest Qwen3.5-Plus model supports 201 languages and dialects.



Sharing Best Practice Picking Providers with Sector-Specific Expertise

A common complaint is that there is no clear ROI. Enterprises want to see cases of successful use in order to justify the investment, but most firms don't want to go first.

Enterprises have identified a wide range of reasons for adopting AI. Likewise, companies have put thought into how to measure "success" in AI adoption. Firms are focusing on operational efficiency and increased productivity and innovation, while another crucial component is cost savings.

To achieve these goals, companies are keen for a range of support functions to overcome external and internal barriers and improve their AI capabilities. At the same time, firms are seeking reassurances that any investment will generate an appropriate return on capital. Companies are wary of sinking money into a technology that doesn't live up to the hype.

Alibaba Cloud curates real-world AI success stories to help clients visualize and justify ROI. We also partner with sector experts to build a targeted ecosystem that delivers tailored support.



Harnessing Legislative and Regulatory Support

It is important to engage with lawmakers and regulators as Asian countries and beyond consider the role of AI and what guardrails and rules need to be put in place. Many regional governments are looking to the U.S., the European Union, and China to see how those leading markets adopt new frameworks. Unblocking bottlenecks around policy and regulatory compliance will be vital for AI's growth.

Alibaba Cloud's AI Development



Alibaba Cloud's AI Development

Launched in 2009, Alibaba Cloud began as an in-house infrastructure to support Alibaba Group's e-commerce ecosystem. It has since developed into a leading public cloud IaaS service provider globally, according to IDC; it is now one of the world's largest—and Asia-Pacific's leading—IaaS provider by revenue in U.S. dollars, according to Gartner. It has 92 availability zones in 29 regions around the globe.

This report comes at a seminal moment for Alibaba Cloud. After a challenging period and amid fierce competition, the firm's AI products are now ranked among the most popular in the marketplace. Alibaba Cloud was recognized in December 2025 by market intelligence expert Omdia as a market leader in Asia. Omdia's report, "Market Radar: GenAI Cloud Titans in Asia & Oceania 2025," awarded Alibaba Cloud the highest rating in AI capabilities among all major cloud providers in Asia-Pacific for its generative AI capabilities, ranking seven out of nine key dimensions as "advanced" (the highest category). Among these dimensions were model optimization, security, and development platforms.

In February 2025, Alibaba Group announced plans **to invest at least USD53 billion (RMB380 billion) over the next three years to advance its cloud computing and AI infrastructure**, reinforcing its commitment to long-term technological innovation. The investment, which exceeds Alibaba's total AI and cloud spending over the past decade, underscores the company's focus on AI-driven growth and its role as a leading global cloud provider.

At its annual Alibaba Cloud Apsara Conference in September 2025, Eddie Wu, Chairman and CEO of Alibaba Cloud Intelligence, unveiled the company's strategic roadmaps for AI innovation. He emphasized that **Alibaba Cloud is strategically positioned as a full-stack AI service provider**, dedicated to delivering robust computing with maximized efficiency for training and deploying large AI models on the cloud.

Alibaba Cloud offers a **comprehensive full-stack AI capability that spans from foundational infrastructure to model-layer solutions**. At the infrastructure level, it provides underlying resources for running AI, platforms, and tools for AI deployment. Its model-layer features its self-developed large model family—including Qwen (for language) and Wan (for image and video generation)—all optimized for enterprise and developer use.

In November 2025, Alibaba Cloud was recognized as an "emerging leader" across all four quadrants (GenAI infrastructure, models, engineering, and AI apps) evaluated in the latest four Gartner® "Innovation Guide for Generative AI" reports. Alibaba Cloud believes that being recognized as an emerging leader across the GenAI stack is a powerful validation of its integrated "AI + Cloud" strategy.

Alibaba remains committed to **open-sourcing Qwen and shaping it into the "operating system of the AI era,"** empowering developers around the world to build transformative AI applications.

Since the launch of the first generation of Qwen in 2023, **Alibaba has open-sourced over 300 AI models** built on its two foundation models: the LLM Qwen and the visual generation model Wan. **With over 700 million downloads and 180,000+ derivative models** created, Alibaba's AI models are among the most widely adopted open-source AI series globally. On top of this, over 1 million corporates and individuals have used Qwen on Model Studio, Alibaba's AI development platform.