

KAOS — Market Research Summary

This document summarizes key third-party market research supporting the investment thesis for KAOS.

1. The AI Orchestration Market

- **Market Size:** The global AI Orchestration market is projected to reach **\$139.1 billion by 2032**, growing at a Compound Annual Growth Rate (CAGR) of **47.8%** from 2024 to 2032 [1].
- **Key Drivers:** This explosive growth is driven by the increasing adoption of AI in enterprises, the proliferation of AI tools and platforms, and the critical need for a unified layer to manage, govern, and automate AI-driven workflows.

2. The Problem: Enterprise AI Adoption Failure

- **Pilot Failure Rate:** A staggering **95% of AI pilots fail to make it into production** [2]. This is largely due to the complexity of integrating AI into existing business processes and the lack of a proper orchestration and governance framework.
- **Shadow AI:** **68% of employees** are using unapproved AI tools at work (“Shadow AI”), creating significant security and compliance risks for enterprises [2]. This highlights the urgent need for a governed, centralized platform like KAOS.

3. The Australian Market Context

- **Venture Capital Landscape:** Australian VC investment is projected to reach **\$5.1 billion in 2025**, with **61% of firms** actively investing in AI-related startups [3].
 - **Government Support:** The Australian government offers significant non-dilutive funding for innovative technology companies, including the **R&D Tax Incentive**, which provides a **43.5% refundable tax offset** for eligible R&D expenditure.
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References

- [1] Precedence Research. (2023). *AI Orchestration Market Size, Growth, Trends, Report 2024-2032*. <https://www.precedenceresearch.com/ai-orchestration-market>
- [2] Menlo Security. (2024). *The Rise of Shadow AI*. <https://www.menlosecurity.com/>
- [3] Cut Through Venture. (2024). *State of Australian Startup Funding*. <https://www.cutthrough.com/>