Q4 2023

The State of Software

AI is powering the rapid growth of software.

Introducing The State of Software

The B2B software landscape is constantly evolving. As the world's largest software marketplace, we have a direct lens into what's happening in real-time – from real user reviews, website traffic, product and category insights, and more.

Analysts on the Market Research team are stewards of G2's taxonomy, constantly studying the marketplace to ensure it's the best possible reflection of the realities that exist in the marketplace for software buyers. It's always moving, and so are we.

We're proud to share the inaugural State of Software Report – a window into what's happening in software – and share these insights for all. Our quarterly report will be your guide on what's trending: the software categories emerging, growing fastest, as well as the trends with vendors and products within those markets.

In this first edition, we're looking back over the past year to showcase where innovation is happening and give vendors, investors, and buyers a window into where these key software markets are headed.
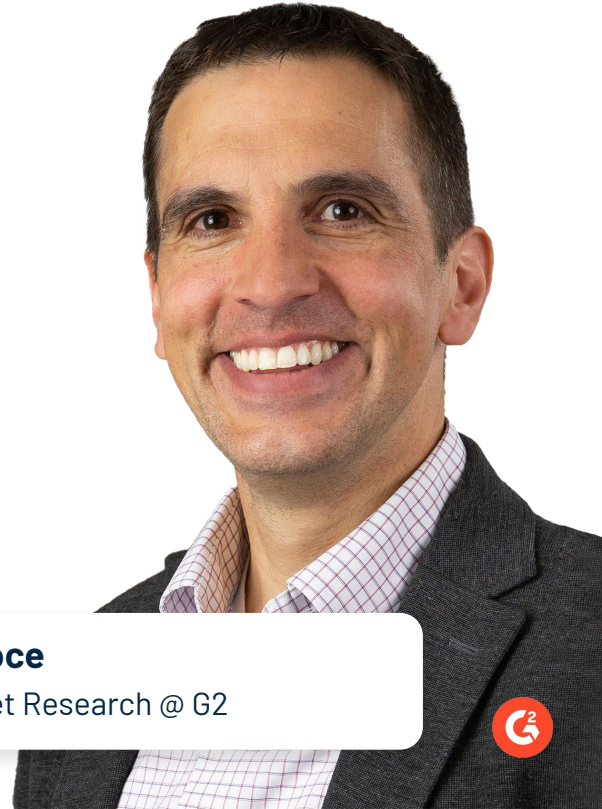
Chris Voce
VP, Market Research @ G2
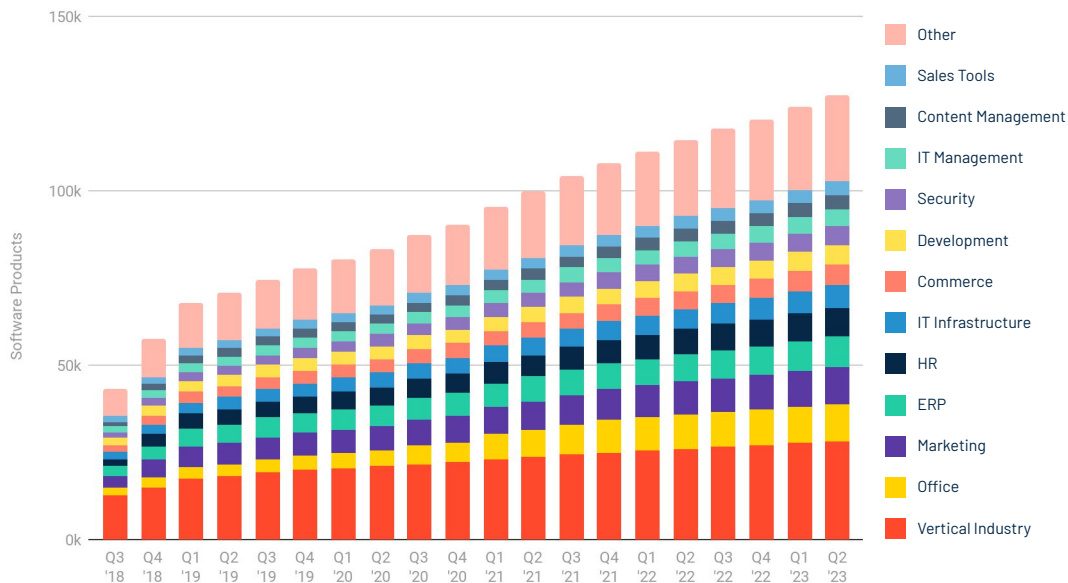
Table of Contents

Data & Insights from the World's Largest Software Marketplace

B2B software is growing at an average rate of 7% per quarter

Number of software listings on the G2 marketplace 2018–2023

Legend (top to bottom):
- Other
- Sales Tools
- Content Management
- IT Management
- Security
- Development
- Commerce
- IT Infrastructure
- HR
- ERP
- Marketing
- Office
- Vertical Industry

Y-axis: Software Products (0k, 50k, 100k, 150k)

X-axis: Q3 '18, Q4 '18, Q1 '19, Q2 '19, Q3 '19, Q4 '19, Q1 '20, Q2 '20, Q3 '20, Q4 '20, Q1 '21, Q2 '21, Q3 '21, Q4 '21, Q1 '22, Q2 '22, Q3 '22, Q4 '22, Q1 '23, Q2 '23

Over the past five years, the software industry has seen explosive growth driven by increased digital reliance across industries, the widespread adoption of cloud computing and SaaS, and notably, the leaps in AI and ML.

Software has become a linchpin of modern business, with AI storming onto the scene – driving unparalleled innovation across all categories of software.
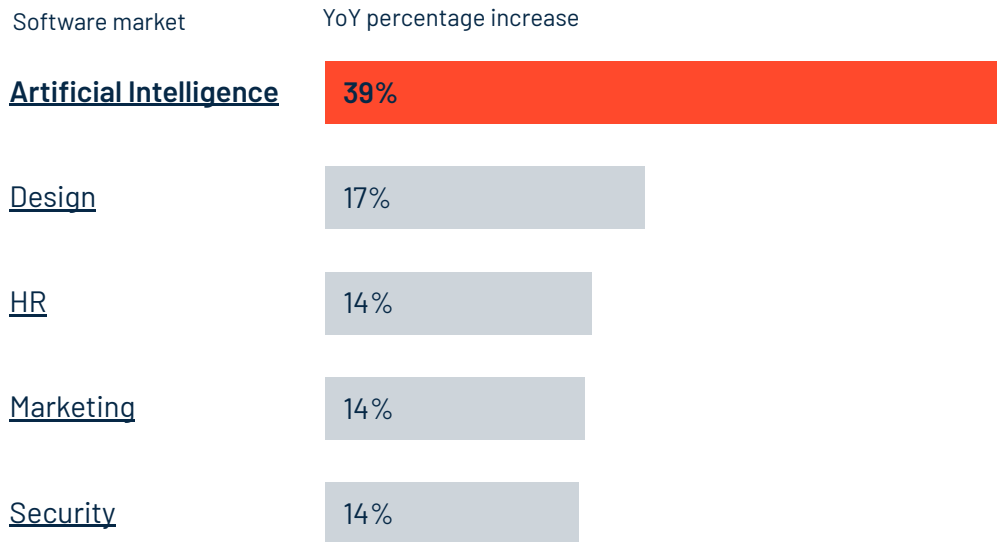
AI Fuels Software Marketplace Growth

Vendors are racing to deliver AI software

Fastest-growing software markets by new product growth

Software market	YoY percentage increase
Artificial Intelligence	**39%**
Design	17%
HR	14%
Marketing	14%
Security	14%

AI experienced the fastest growth across all 26 high-level software markets on G2 — more than 2x growth of the second-fastest growing market (Design).

In total, AI categories gained 643 new products between Sept. 1, 2022 and Sept. 1, 2023.

Diving into the 5 Fastest-Growing Software Markets

AI

Design

Marketing

HR

Security

The AI Landscape

"AI technology has boomed over the past year, since the launch of ChatGPT at the end of 2022. Everything from CRMs to finance technology has been injected with generative AI capabilities.

The solutions that will stick will be those that drive significant and tangible business value - from cost reduction to revenue growth."

Matthew Miller
Principal Analyst, AI, Automation & Analytics

21
Total AI categories

1,078
Total AI vendors

1,232
Total AI products

37,823
Total AI reviews

10 fastest-growing AI categories

	Total product count	YoY percentage increase
Synthetic Media	87	**222%**
AI Writing Assistant	291	**177%**
Text to Speech	91	**66%**
Chatbots	424	34%
Voice Recognition	131	25%
MLOPs Platforms	145	22%
Image Recognition	156	13%
Intelligent Virtual Assistants	130	11%
Machine Learning	194	11%
Natural Language Understanding (NLU)	140	9%
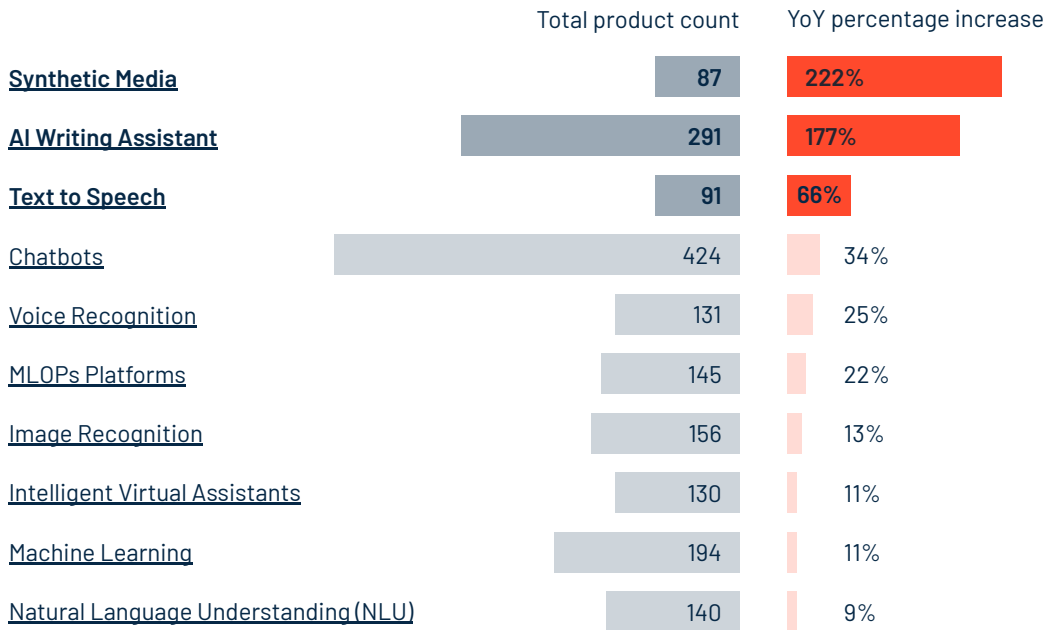
While the energy of AI vendors to date has been primarily directed into generating AI Chatbots, content creation categories are at the heart of today's meteoric AI growth.

Synthetic Media, AI Writing Assistants, and Text to Speech are leading the charge, as business users look for ways to supercharge their writing, image creation, and more — and these tools are providing fast, efficient ways to do so.

Source: G2 data
""Percent increase" calculates how much the category grew between Sept. 1, 2022 and Sept. 1, 2023, based on new product profiles created on G2 and added to the category in that timeframe.

G2

AI Product Insights • Most Visited New Products

Rank	Product	Main Category
1	Midjourney	AI Image Generators
2	ChatGPT	AI Chatbots Software
3	DALL·E 2	AI Image Generators
4	Stable Diffusion	AI Image Generators
5	ContentBot.ai	AI Writing Assistants
6	Hour One	AI Video Generation
7	Nibble	Chatbots
8	GitHub Copilot	AI Code Generation
9	Chatsonic	AI Chatbots Software
10	PerfectEssayWriter	AI Writing Assistants

What emerging AI products are attracting the most attention from buyers?

Midjourney, ChatGPT, and DALL·E 2 come out on top as the most visited new AI products — helping users create stunning images, write faster, and more.

Synthetic Media tools are trending, with AI Image Generation and Chatbot products experiencing the most buyer traffic.
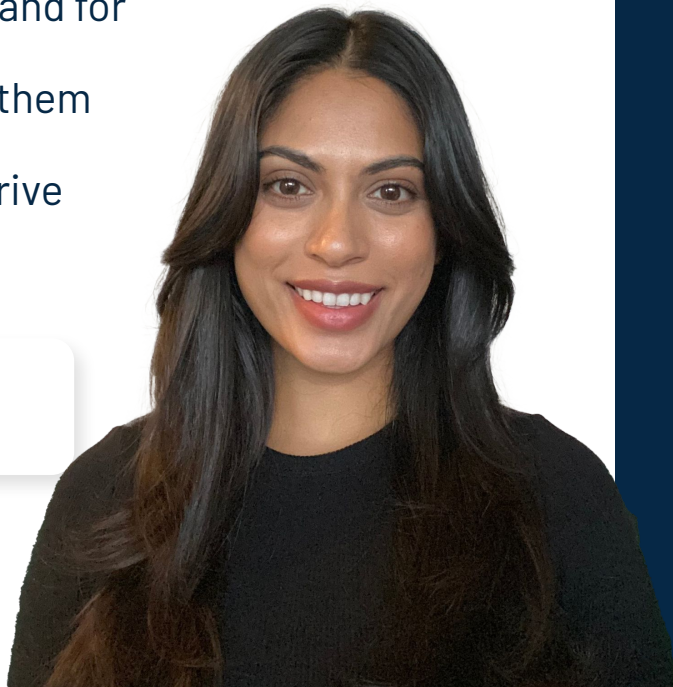
The Design Landscape

"The evolving content supply chain continues to pose major challenges for businesses. Unable to meet the demand for high quality, relevant, and engaging content, new design tools – many of them AI-enabled – are emerging to help streamline the design process and drive efficiencies within organizations."

Priya Patel
Sr. Research Analyst

32
Total Design categories

1,661
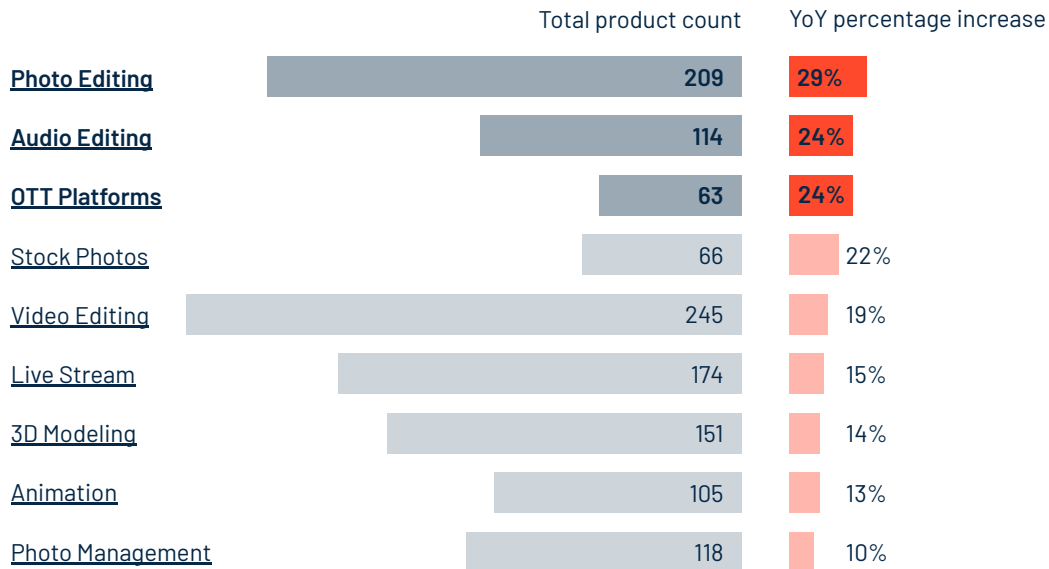Total Design vendors

2,040
Total Design products

109,195
Total Design reviews

Design Category Insights • Demand to streamline design process creates surge in editing tools

9 fastest-growing Design categories

Category	Total product count	YoY percentage increase
Photo Editing	209	29%
Audio Editing	114	24%
OTT Platforms	63	24%
Stock Photos	66	22%
Video Editing	245	19%
Live Stream	174	15%
3D Modeling	151	14%
Animation	105	13%
Photo Management	118	10%

As the demand for visual content accelerates, so does the growth of Design categories focused on helping buyers generate, automate, and share this content.

Editing tools in particular are experiencing a surge, with Photo Editing, Audio Editing, and Video Editing all appearing in the top 9 fastest-growing Design categories.

Design Product Insights • Most Visited New Products

Rank		Main Category
1	vidyo.ai	Video Editing
2	Pacdora	3D Painting
3	MIXO	Other Design
4	Adobe Firefly	Photo Management
5	REC N GO	Live Stream Broadcasting
6	STOCKIMG.AI	Stock Photos
7	Wondershare Virbo	Video Editing
8	roomvu™	Other Video
9	EVOTO	Photo Editing
10	Alight Motion	Video Editing

The most popular Design products are injected with AI, as designers utilize AI as a capability — rather than a solution — to boost design process efficiency. Whether these tools help users with design inspiration, collaboration, or editing, they are reducing the time it takes content to reach its audience.

With this demand for using AI to simplify and streamline design, Video.ai – an AI-powered content repurposing platform – emerges as the most most visited new Design product.

The Human Resources Landscape

"As businesses increasingly look to recruit qualified candidates and retain them with improved employee experiences, their tech stacks reflect this with solutions focused on perks and wellness."

Grace Savides
Market Research Analyst

"While AI opportunities abound, potential legal restrictions and privacy concerns are limiting opportunities for real-world applications of AI in HR software today."
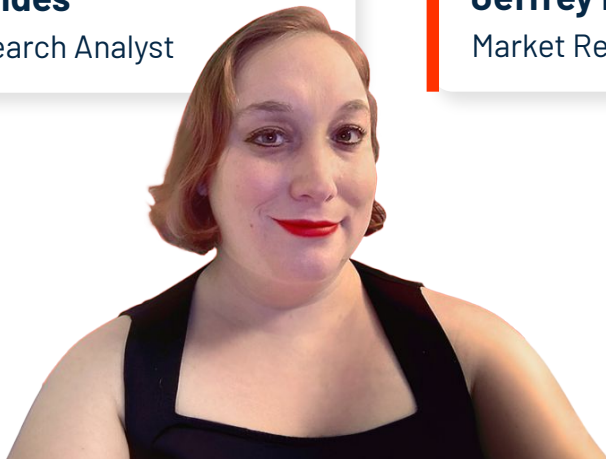
Jeffrey Lin
Market Research Analyst

79
Total HR categories

3,827
Total HR vendors

4,199
Total HR products

212,565
Total HR reviews

10 fastest-growing HR categories

	Total product count	YoY percentage increase
Talent Marketplace Platforms	39	**39%**
Talent Intelligence	115	**34%**
Job Board	75	**32%**
Corporate Wellness	167	27%
Freelance Platforms	250	26%
Whistleblowing	77	19%
Talent Assessment	205	18%
Payroll	446	15%
Absence Management	104	14%
Employee Recognition	192	13%
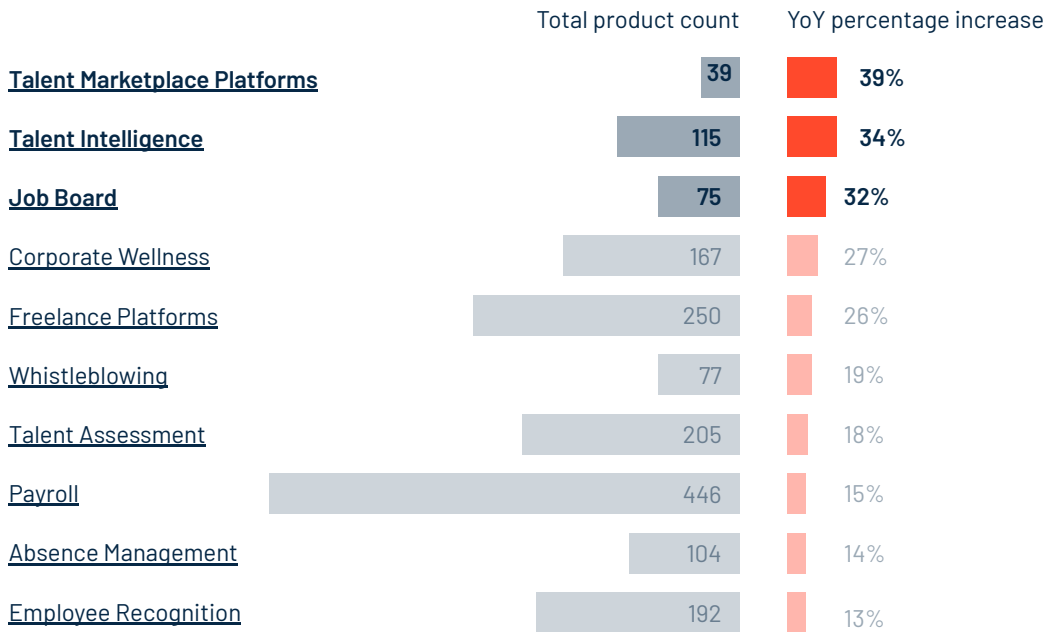
Smart job growth – focused on quality, not quantity – is the name of the game in the HR industry.

Helping HR leaders cater to this approach, Talent Marketplace Platforms are experiencing the fastest growth across HR software categories — increasing development opportunities algorithmically. Talent Intelligence tools also get a boost, bringing a range of new AI tools and psychometric assessments to ensure users get the "right fit" for jobs the first time.

G2

HR Product Insights • Most Visited New Products

Rank	Product	Main Category
1	wellfound:	Job Search Sites
2	SunFish Workplaze	Core HR
3	GX GLOBAL EXPANSION (An Equus Software Company)	Employer of Record (EOR)
4	xolo	Freelancer Management
5	nivati	Corporate Wellness
6	CONFIRM	Performance Management
7	ShieldbyteLMS	Corporate Learning Management Systems
8	teamohana	Workforce Management
9	wellbees	Corporate Wellness
10	UJJI	Learning Experience Platforms (LXP)

The professional and personal health aspects of Employee Experience (EX) is a key interest among HR software buyers.

After startup specialist Wellfound, EX offerings like Nivati, Confirm, ShieldByte LMS, TeamOhana, and Wellbees are receiving strong attention from G2 visitors.

The Marketing Landscape

"In the Marketing landscape, we're seeing more products embracing merging solutions to become 'one stop shops' for the consumer.

The increasing popularity of these products is due to the marketer's ability to seamlessly focus on multiple segments and channels."

Victoria Blackwell
Research Principal, Marketing & Digital Advertising

116
Total marketing categories

5,876
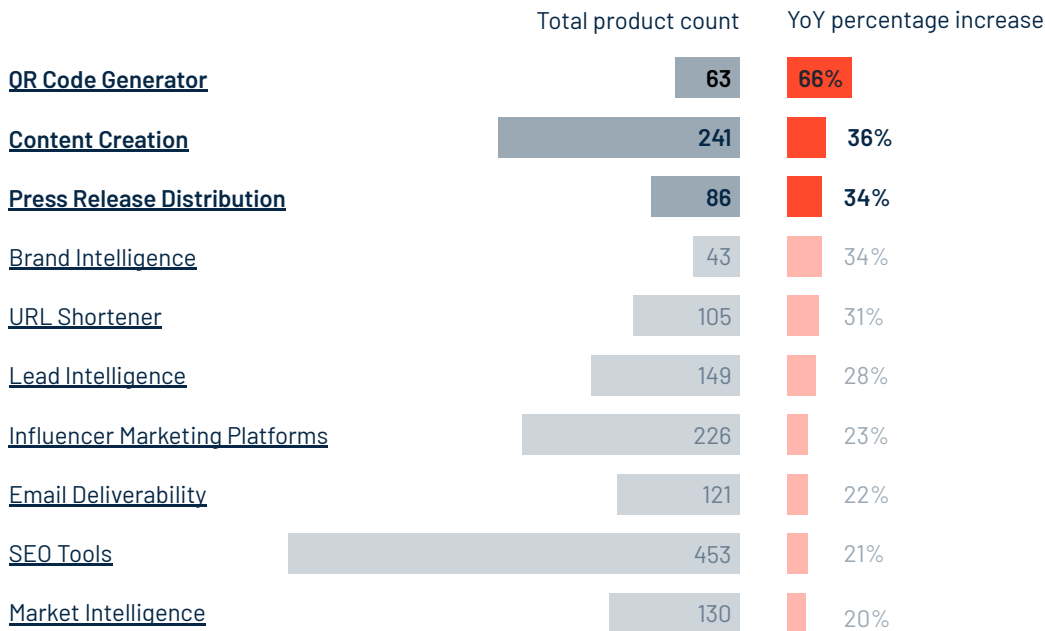Total marketing vendors

6,359
Total marketing products

363,279
Total marketing reviews

10 fastest-growing Marketing categories

	Total product count	YoY percentage increase
QR Code Generator	63	66%
Content Creation	241	36%
Press Release Distribution	86	34%
Brand Intelligence	43	34%
URL Shortener	105	31%
Lead Intelligence	149	28%
Influencer Marketing Platforms	226	23%
Email Deliverability	121	22%
SEO Tools	453	21%
Market Intelligence	130	20%

Understanding the needs and intent of buyers is pivotal to marketing effectiveness. Knowing their mobile habits and having the ability to create an ideal mobile experience has been a constant and increasing shift as well.

With these mandates in mind, the fastest-growing Marketing categories represent those focused on securing assets and information faster - for either the consumer or the vendor – with QR Code Generator tools seeing the fast growth - 66% over the past year.

Source: G2 data

'"Percent increase" calculates how much the category grew between Sept. 1, 2022 and Sept. 1, 2023, based on new product profiles created on G2 and added to the category in that timeframe. See methodology in appendix for more details.

Marketing Product Insights • Most Visited New Products

Rank	Product	Main Category
1	**WebinarKit**	Webinar
2	**SuperBuzz**	Other Marketing
3	use**Artemis**	Lead Intelligence
4	eppo	A/B Testing
5	copymatic	Content Creation
6	Vidon.ai	Content Creation
7	**Flick**	Social Media Management
8	**Circle**	Online Community Management
9	Prolific	User Research
10	**WhatsTool** BUSINESS	Other Marketing

The most visited new Marketing products reinforce the trends observed in fastest-growing Marketing categories, underscoring buyers' increasing desire to efficiently understand and engage with customers.

Looking to host webinars, create content, and understand lead and product data, marketers are researching new tools across these categories to improve their results.

The Security Landscape

112

Total security categories

"The democratization and optimization of security technologies is helping businesses of all sizes enable better security postures and strategies globally.

While there is a valid financial reason for organizations to re-evaluate their overall investments, cybersecurity is one area that should be exempt from a knee jerk reduction. Focus on optimizing and operationalizing your resources and using market and industry insights to vector your resources into what matters most."

1,880

Total security vendors

3,008

Total security products

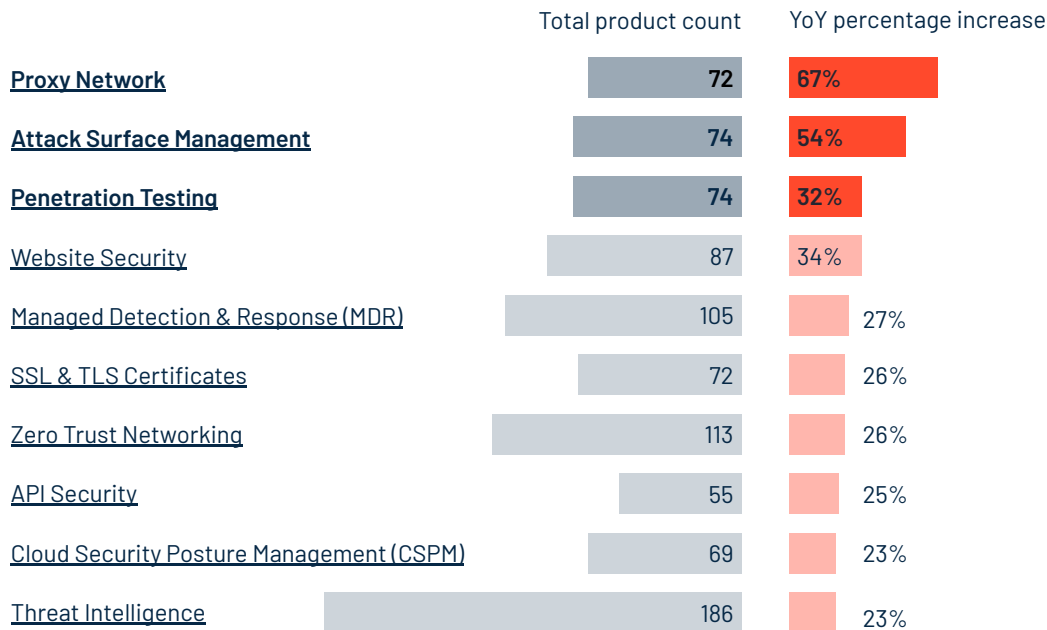**Dr. Chase Cunningham**

VP, Security Market Research

80,622

Total security reviews

Security Category Insights • Urgency to detect & defend against threats spurs security software growth

10 fastest-growing Security categories

	Total product count	YoY percentage increase
Proxy Network	**72**	**67%**
Attack Surface Management	**74**	**54%**
Penetration Testing	**74**	**32%**
Website Security	87	34%
Managed Detection & Response (MDR)	105	27%
SSL & TLS Certificates	72	26%
Zero Trust Networking	113	26%
API Security	55	25%
Cloud Security Posture Management (CSPM)	69	23%
Threat Intelligence	186	23%

Organizations are moving away from traditional perimeter-based security and adopting zero-trust principles that require continuous verification of user identities and strict access controls, leading to the development of innovative security tools and practices to enforce these principles effectively.

The fastest growing Security category, Proxy Networks, helps avoid bot detection and mask repeat visitors with new IPs. Attack Surface Management is a growing category as well, as organizations' attack surfaces continue to expand via devices, networks, applications and various cloud models.

G2

Security Product Insights • Most Visited New Products

Rank	Product	Main Category
1	ASocks	Proxy Network
2	Semgrep	Software Composition Analysis
3	IE Tab	Browser Isolation
4	DNSSense	DNS Security Solutions
5	zilla SECURITY	Identity Threat Detection and Response (ITDR)
6	EVOLVE SECURITY Darwin Attack®	Vulnerability Scanner
7	Wire VPN	Business VPN
8	Guardz.	Cloud Data Security
9	WireGuard	Business VPN
10	Randori	Attack Surface Management

The fastest growing Security category, Proxy Networks, hosts the most visited new product in the category as well: ASocks Residential Proxies. Semgrep, the open-source static code tool, follows in second.

Challenged to effectively deliver security and phishing training to employees at scale, companies are turning to Browser Isolation tools – like IE Tab – to enforce security policies across multiple remote endpoints.

Rising Stars

Most-visited new categories underscore diversity of expanding software needs.

B2B software buyers are shopping for a wide range of solutions, from sales and office tech to data and APIs

Top 10 new categories with the most buyer traffic on G2
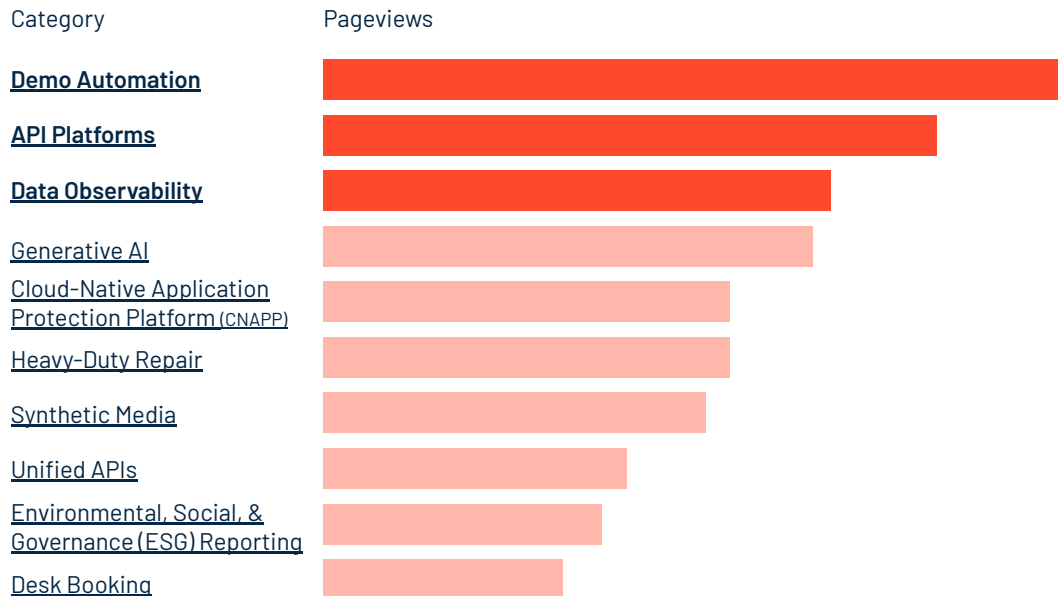
Looking at G2's newest categories created within the past year with the highest traffic reveals that businesses are looking for solutions to automate sales processes (Demo Automation), manage data and APIs (API Platforms, Unified APIs, Data Observability), and implement AI for content generation (Generative AI, Synthetic Media).

Category	Pageviews
Demo Automation	
API Platforms	
Data Observability	
Generative AI	
Cloud-Native Application Protection Platform (CNAPP)	
Heavy-Duty Repair	
Synthetic Media	
Unified APIs	
Environmental, Social, & Governance (ESG) Reporting	
Desk Booking	

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Key Takeaways

1

The software industry has witnessed exponential growth in the past five years due to elevated digital reliance, wider adoption of cloud computing and SaaS, and significant advancements in AI and ML.

2

AI-powered features and capabilities are fueling growth across the B2B software landscape as more and more vendors add true AI capabilities to their products.

3

The growing demand for high-quality and engaging content has increased the need for AI-enabled design tools.

4

The dynamics of the human resources industry have shifted towards quality-driven job growth, which is enabled by AI-facilitated platforms for talent marketplace and intelligence.

5

The marketing landscape has evolved, with a trend towards 'one-stop shop' solutions that allow marketers to efficiently focus on multiple segments and channels.

6

Indiscriminately cutting security technology budgets carries risk, so businesses should look to optimize their resources and apply market insights to channel their resources effectively.

Methodology

G2.com Marketplace activity yields unparalleled insight into the dynamics shaping B2B software and services

80 million+ global annual software buyers

150k+ products and services across **2,100+ categories**

2M+ B2B user reviews that are authenticated and trusted

$257M VC funds raised from leading investors

37M+
North America

23M+
Europe

20M+
Asia
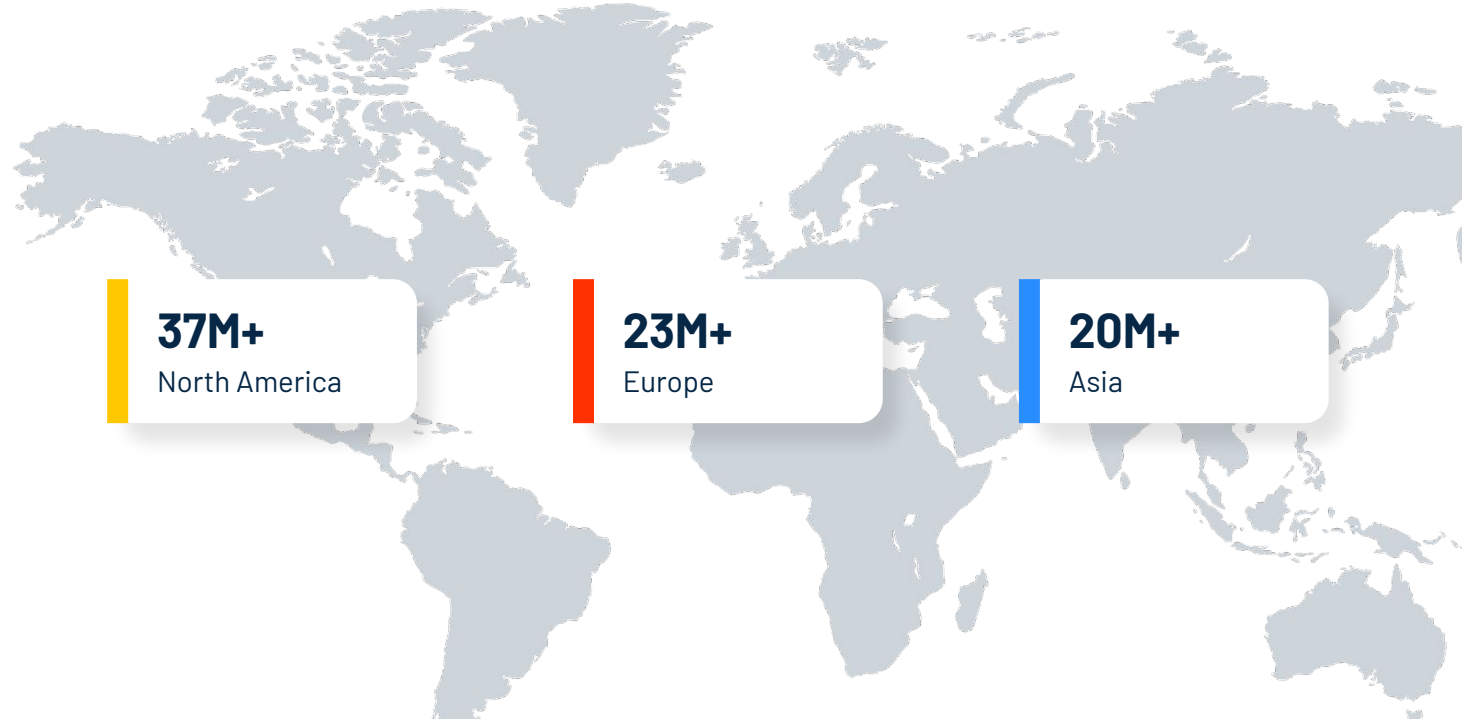
Regional numbers represent monthly buyers visiting G2.com annually.

G2 offers buyers valuable insight into the real experience of their peers with over 2 million B2B software and services reviews

Total G2 reviews by quarter

2 millionth review (2023)

1 millionth review (2019)

G2 founded (2012)

Total G2 reviews

Submitted At Quarter

About this report

G2's State of Software Report examines trends from its B2B software marketplace, based on proprietary data across 2 million+ trusted reviews, 150,000+ products and services, 2,000+ categories, and 80 million annual visitors. Insights are based on data analysis from September 2022 - September 2023 unless otherwise noted, to reflect trends over the past year observed on G2.

- **Report authors include:** Shaun Bishop, Victoria Blackwell, Chase Cunningham, Jenny Gardynski, Stephanie Graham, Jeffrey Lin, Matthew Miller, Priya Patel, Grace Savides, Chris Voce
- **Report contributors include:** Daniella Alscher, Sarah Reks, Mike Puglielli

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About G2

G2 is the world's largest and most trusted software marketplace. More than 80 million people annually — including employees at all Fortune 500 companies — use G2 to make smarter software decisions based on authentic peer reviews. Thousands of software and services companies of all sizes partner with G2 to build their reputation and grow their business — including Salesforce, HubSpot, Zoom, and Adobe.

To learn more about where you go for software, visit **www.G2.com** and follow us on **LinkedIn**.