

Download the Service Assist eBook now



NEWS

Tech stock sell-off signals tough times for data vendors

In addition to lowering the values of publicly traded data, analytics and AI vendors, the stock market's decline is making it difficult for companies still in their funding phase.

SS&C | blueprism
Download the Service Assist

Data is exploding, and so is the need for data-informed decision-making. Analytics is no longer a luxury, according to observers. Sparked by the onset of the COVID-19 pandemic, the use of data to help make critical decisions has [accelerated over the past two-plus years](#). With companies investing in their data infrastructures, even amid a decline in the stock market and a possible recession, there's the potential for data vendors to grow.

"When buyers are forced to scale back their spending, it's a question of which things do they maintain and which things do they cut back on," TigerGraph's Lee said. "Data services tend to be a little bit more stable."

Some tech vendors -- particularly those that sell into recently hard-hit economic sectors such as retail, finance and aerospace -- are struggling more than others, depending on their customer base, noted Julia Valentine, COO and CTO at [AlphaMille](#), a technology advisory firm.

"If you are a database company, or you are an [alternative data](#) company, and Gap is buying from you, you're not going to sell somebody expensive services if they're barely making it in the retail market," Valentine said.

A technology like AI that promises to increase operational efficiency and lower costs for enterprises continues to be a solid investment for many companies, Forrester's Gualtieri said.

"In a down economy, it's actually going to benefit organizations to automate more things using AI," he said. "I don't see people backing off AI investments."