

Funding is still flowing to AI startups, but flexibility is a must

Article

The trend: AI startups are still amassing money in spite of the economic downturn, though investment interest seems to be narrowing within the subsector.

- Top trend: Investors are steering funds toward AI startups building accounting software.

- Globally, AI-driven accounting software garnered **\$233.3 million in VC capital** between January and the end of March, which exceeds the **\$210.2 million** received for all of 2021, [per](#) Wall Street Journal.

Top five AI startups to watch: The explosion of AI interest has translated into more entrepreneurs dreaming up how to apply the technology in new ways. But with a [shaky economy](#), it's becoming essential that startups find an AI niche with the most immediate market potential.

- **Clari:** This accounting AI startup is trying to help organizations get better **revenue forecasting accuracy** and shed light on deal progression. Clari just acquired **Wingman** to help customers spot revenue leaks based on recorded conversations.
- **Databricks:** For companies **wielding messy data from multiple sources**, this startup's data lake allows users to input data in any format and get analytic insight outputs with efficiency. Databricks unifies data storage and AI on a single platform.
- **Dataminr:** This startup helps identify areas of risk for companies by **digging through social media, blogs, information sensors, and the dark web to deliver alerts**. It recently added geovisualization and intuitive crisis response features for customers who want to take action on risk alerts.
- **AI21 Labs:** An **Open AI** rival, this natural language processing (NLP) startup offers an AI-as-a-service platform where **users can create virtual assistants, chatbots, content moderation apps, and other tools** in high demand. In August, it also added a pay-as-you-go feature for developers.
- **You:** This startup built an alternative search engine that harnesses AI to **understand search queries, rank results, and translate queries into different languages**, including programming languages. It also offers information summaries discovered in searches and offers built-in apps for conducting searches on specific platforms like **Twitter**.

The bigger picture: With the economy weighing on people's minds, AI startups aimed at helping boost revenue and [slashing expenses](#) will get an initial boost in investor interest.

- With growing awareness about the increasing role AI will play across industry operations, **startups applying AI to robotics, healthcare, [agriculture](#), and marketing will likely gain investor confidence**.

- A downtick in AI startups devoted to vehicle automation may be on the horizon as AV companies shift away from robotaxi deployment to the trucking industry.
- Given economic uncertainty, startups could take a nimbler approach and be ready to tweak the focus of their AI applications as needed.

Further reading: Discover more action in the AI world in our new [Top Startups in AI 2022](#) report.

Cost Decreases Attributable to AI Use According to IT Professionals Worldwide, by Business Function, June 2021

% of respondents

	Decreased by less than 10%	Decreased by 10%-19%	Decreased more than or equal to 20%
Manufacturing	23%	27%	37%
Product and/or service development	22%	24%	23%
Marketing and sales	21%	35%	27%
Human resources	20%	26%	40%
Risk	17%	20%	41%
Service operations	12%	24%	51%
Supply chain management	15%	27%	36%
Strategy and corporate finance	10%	28%	30%
Average	18%	28%	33%

Note: among respondents whose organizations have adopted AI; cost decreases for fiscal year 2020

Source: McKinsey & Company, "The State of AI in 2021," Dec 8, 2021

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