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Snowflake Stock's Post-Earnings Tumble Reveals the Risks of AI Hype

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Salesforce and Snowflake stocks dropped after earnings. GETTY IMAGES

[data](#) storage whose stock had gained 70% over the past 12 months, would benefit from the rise of AI. No such luck. While it reported

[Snowflake](#) [↓ SNOW -18.60%](#)

learned the hard way that talking up the glowing prospects for artificial intelligence is a surefire way to get investors excited—until it isn't.

Coming into the print, investors were betting that [Snowflake](#), the provider of a [platform for big](#)

earnings that beat forecasts, Snowflake offered disappointing guidance for the coming year. It also announced the departure of Chief Executive Frank Sloatman. The stock plunged 20% on Thursday to \$185.03.

“Snowflake has been the beneficiary of a generous tech tape with participation in this AI hype cycle, leaving the stock vulnerable in the long run,” writes Monness, Crespi, Hardt analyst Jim Chartier.

If there’s good news, it’s that incoming CEO Sridhar Ramaswamy, who joined Snowflake when the company purchased AI search engine Neeva, has a background in artificial intelligence. “He has a solid foundation to transform SNOW into more of an AI story and run with initiatives catering to AI developers,” writes Melius analyst Ben Reitzes, who rates Snowflake a Hold.

The AI hype also didn’t do much for shares of [Salesforce](#) ↑ CRM 2.71%, a provider of [customer relationship management](#) (CRM). The stock was up 0.2%. That’s despite better-than-expected results and a surprise \$10 billion buyback. Muted guidance for the year ahead was the likely culprit.

But AI loomed over [Salesforce](#) nonetheless. Guggenheim analysts led by John DiFucci noted that “despite management enthusiasm around

the recently rebranded Einstein 1 platform (i.e., Generative AI), current guidance does not factor in material contribution” from that for 2025. They maintained a Neutral rating on the shares.

Charlie Miner at Third Bridge also has concerns about the impact of artificial intelligence. “AI represents the only non-linear growth opportunity for Salesforce,” he wrote in a note Thursday. “On the flipside, AI has introduced a once-in-a-decade opportunity for competitors to out-innovate Salesforce.”

It wasn't all bad news for artificial intelligence plays. [C3.ai](#) ↑ AI 27.35% stock has jumped 25% after reporting better-than-expected [earnings](#), bolstered by its AI efforts.

The lesson: AI can make a stock a winner, as long as it isn't all hype.

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