

Veeva Systems provides cloud-based software solutions for the life sciences industry, and boasts an array of notable clients such as **Bristol Myers Squibb** (NYSE: BMY), **AstraZeneca** (NASDAQ: AZN) and **Eli Lilly** (NYSE: LLY). It officially converted to a Public Benefit Corporation (PBC) shortly after our recommendation, expanding its focus and giving it a legal obligation to “balance the interests of multiple stakeholders, including customers, employees and partners,” along with its shareholders, and making it the first publicly traded company to convert to PBC status.

We saw lots of growth - Veeva more than doubled its revenue in four short years - and we liked CEO Peter Gassner’s vision for the company.

So, what went wrong?

The truth is, there’s not one single (and obvious) incident that’s making us say, “*ok, let’s pack it in.*” Veeva is still showing growth - \$1.85 billion in revenue for FY 2022 (a 26% increase year-over-year) - and the company projects that number will come in somewhere between \$2.16 and \$2.17 billion for FY 2023, reflecting a \$10 million increase to the low end of prior guidance, and an approximate 17% increase overall.

That’s certainly *not awful*, but it’s a glimpse of a larger trend. Veeva’s growth has been slowing over the past several quarters and that downward shift looks to continue into the near future. The macroeconomic headwinds currently in play have pushed some of Veeva’s customers to tighten the proverbial belt, cutting back on sales reps and postponing big projects, both of which have had a direct impact on Veeva’s bottom line.

Now, that’s not raising any big alarms on its own, given the circumstances, and ultimately most companies within the life sciences industry do well in recessionary environments, since the demand for medicine doesn’t waver.

In other words, we don’t think those customers are necessarily *going anywhere*. And we also know that these headwinds we’re facing won’t last forever. We just don’t think that’s the only issue here.