



SHARESPOST

COMPANY REPORT

Palantir

Redefining Analytics, Augmenting
Intelligence, & Unlocking Secrets

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Contact

For information on research and analysis:

Rohit Kulkarni

Managing Director,
Private Investment Research Group

Email: rkulkarni@SharesPost.com

Tel: 650.273.7905

For more information on transacting in the private market:

Jennifer Phillips

Managing Director,
Private Securities Group

Email: jphillips@SharesPost.com

Tel: 650.492.6885

For important disclosures and analyst certification, please see page 77.

What Is (and Isn't) in This Report

In this report, we attempt to unravel the mystery around Palantir, Silicon Valley's most secretive company. Palantir is a big data analytics company that helps business and government agencies solve critical problems such as crime, fraud, and humanitarian crises. In this report, we provide an in-depth analysis of Palantir's business model, revenue potential, and operational risks. We also present a variety of valuation approaches to help investors make decisions about Palantir's value, now and in the future.

Specifically, here's what you will find in this report:

- ▶ Discussion of Palantir's market opportunity today and three years from now
- ▶ Potential scenarios and events that would give us greater confidence in Palantir's positive outlook
- ▶ Investment risks and downside scenarios for investors to monitor
- ▶ A benchmarking of Palantir's capital raise track record with public, private, and acquired peers
- ▶ Historical growth and valuation multiples of public companies to help frame Palantir's valuation

Equally important is what you will not find in this report:

- ▶ A recommendation to buy or sell Palantir shares
- ▶ A target price or an implied fair market value for Palantir shares
- ▶ Projections estimating Palantir's revenue and operating profits

We believe that very precise calculations of intrinsic company value, if they can be done at all, require detailed current and forward-looking financial statements. Such financial statements are unfortunately not publicly available for Palantir. For this and other reasons, the private market is not a place for day traders. Furthermore, we believe that committed long-term investors who thrive in the private market tend to focus less on day-to-day valuation levels. Instead, they focus on the long-term ability of a company to disrupt an industry, bring new technology to market, and achieve audacious goals. SharesPost's research is intended to provide our clients with the data and analysis they need to form a reasonable opinion of a company's future value, should the company achieve those goals.



Executive Summary

Founded in 2004 by former PayPal executive Peter Thiel, along with Alex Karp, Joe Lonsdale, and Stephen Cohen from Stanford University, Palantir develops data analytics software that addresses fraud prevention, counter-terrorism, and other business intelligence tasks. The company's roots can be traced back to the anti-fraud work done by Peter Thiel at PayPal. In the wake of the 9/11 attacks, PayPal cofounders Peter Thiel and Alex Karp thought their platform could be used to look for terrorists. Eventually, they cofounded Palantir and named the company after a magical, all-seeing crystal ball from *The Lord of the Rings*. During its early days, Palantir offered products that focused on two verticals: government and finance. Palantir Metropolis provided quantitative analysis for Wall Street banks and hedge funds, whereas Palantir Gotham (formerly Palantir Government) was designed for the needs of intelligence, law enforcement, and homeland security customers.

Today, Palantir's software works seamlessly by importing reams of structured data (such as spreadsheets) and unstructured data (such as images and social media posts) into one centralized database, where all of the information can be visualized and analyzed.

In terms of fundraising, Palantir has raised about \$2.75 billion in total equity capital since its inception. The company's most recent funding round was completed in January 2016, when it raised about \$880 million, resulting in a post-money valuation of roughly \$20 billion. In terms of bookings, we estimate that Palantir is approaching \$3.5 billion in 2017, with roughly 40–50% of these bookings coming from government contracts.

Our investment thesis is driven by the growing need for: advanced yet end-user-friendly data analytics, tracing intellectual property back to its government relations, higher spend on big data analytics and cybersecurity.

We feel optimistic about Palantir's execution and track record to date, given the large number of enterprise and government agencies that continue to adopt the platform.

Palantir faces challenges associated with potential pricing deleverage and converting bookings to cash; however, the key issue for investors to monitor over the next eighteen to twenty four months is the effect of competition and the mix-shift from government/services revenues on Palantir's profit margins.

Highlights From Proprietary Survey of IT Professionals Regarding BI & Analytics Survey of IT Professionals

During August and September of 2017, as part of our research, we conducted a survey of 250 IT professionals who either are the key decision makers for IT spending within their companies or play an important role in purchasing decision making. We used SurveyGizmo and Pulse Q&A to administer surveys to the respective audience panels. Roughly 25% of the survey respondents self-identified as C-level executives, while 53% were VP- or director-level professionals. Our survey included 10 questions that inquired into IT professionals' preferences, outlooks, and general likes/dislikes around business intelligence (BI) and data analytics. The key highlights from the survey include:

- 1. IT professionals favor BI and analytics offerings from large tech vendors.** A majority of our survey respondents identified Microsoft, IBM, Oracle, and SAP as the vendors currently used at their companies. These selections highlight the competitive landscape that Palantir faces, despite its innovative and unique product offerings.
- 2. There is a positive outlook for BI & Analytics spend over the next twelve months.** 89% of the surveyed IT professionals indicated that they were planning to increase their spend on BI & Analytics software over the next twelve months.

3. **Predictive analytics and machine learning integration will be the key areas of focus over the next five years.** 49% of the companies using BI and analytics tools identified predictive analytics and integration with machine learning as the major areas of focus over the next five years. These advanced analytics help enterprises to analyze the volumes of data they collect and gain actionable insights from it.
4. **The majority of companies prefer to use consulting services along with BI & Analytics products.** 83% of survey respondents indicated that they used professional services along with data analytics products, further reinforcing Palantir's go-to-market strategy.
5. **Unstructured data is already widely used in enterprises.** 47% of survey respondents indicated that they used unstructured data "all the time" while performing data analytics. Another 43% of respondents said that they used such data "occasionally."

Key Investment Positives and Upside Catalysts to Track

Large and growing market opportunity: The demand for big data analytics, visualization, and business intelligence software is estimated to grow from \$150 billion in 2017 to \$210 billion in 2020, translating to a robust 12% growth (three-year CAGR). While Palantir's serviceable market opportunity remains subject to debate, our analysis of key market trends and Palantir's product evolution suggests that the company could target an annual spend of \$40–50 billion, primarily in data visualization, predictive analytics, and fraud analytics, implying a fairly robust and sustainable growth trajectory.

Significant secular trends: Key secular trends, such as mobility, data growth, and movement to the cloud, have increased data analytics needs, triggering the rise of several new analytics vendors. These trends have led to an exponential increase in unstructured data from multiple sources. Our survey of IT decision makers suggests that over 90% of companies today use unstructured data. Palantir, with its advanced data integration technologies, stands to benefit from these secular trends.

Beneficiary of growing IT spend on cybersecurity, anti-fraud measures, and counter-terrorism: Industry experts predict a continued rise in the IT share of global military and defense budgets. We believe Palantir occupies a unique place within the data analytics domain and benefits from increasing awareness about the global war against crime and fraud. The company's industry-leading analytics platform makes it the go-to vendor for governments and businesses across the globe.

Continued significant growth potential in government IT spend: U.S. federal, state, and local IT spending is expected to exceed \$200 billion in 2017, with roughly 30–35% of this amount dedicated to IT in defense, public safety, and justice departments. Palantir's predominant focus on these verticals, coupled with its custom offerings for specific government use cases, gives us greater conviction that Palantir has a pathway to long-term growth within the government.

Unique, user-friendly customer proposition: Palantir's first-generation product roadmap was largely driven by government use cases, emphasizing ease of use and actionable dashboards for non-technical end users. We believe that Palantir's in-house intellectual property, which was built upon early government contracts, has allowed the company to reduce friction around big data analytics. Enterprise companies can now focus on drawing actionable business conclusions rather than implementing data cleanup, parsing, and other input-related activities.

High-profile customers increase sales and marketing leverage: Palantir's technology has been associated with prominent global events in disaster relief (Hurricane Sandy), fraud detection (the Bernie Madoff Ponzi scheme), and anti-terrorist activities (the capture of Osama bin Laden). While its peer SaaS companies spend up to 50% of their net revenues on sales and marketing, we believe Palantir benefits from the media coverage of highly

visible events as well as customer stories. This publicity likely leads to significant savings on sales and marketing expenses, taking the company a step closer to profitability by the end of 2017.

Attractive revenue mix-shift from government to commercial: We believe Palantir has diversified its customer base by growing its commercial revenues from an estimated 0% of revenue in 2008 to roughly between 50–60% by 2017. Investors will view this shift positively, as it will increase reporting transparency and mitigate investor concerns about Palantir's reported conflict with certain government agencies.

Potential acquisition target: With an estimated \$3.5 billion in gross bookings this year, industry-leading technology in the data analytics space, and an arguable moat around its government relations, Palantir presents an attractive acquisition target for established enterprises wanting to expand into the predictive analytics, data integration, and data visualization space. This attractiveness puts a reasonable floor under Palantir's valuation and will help investors frame a downside risk scenario in their valuation frameworks.

Key Investment Negatives and Downside Risks to Monitor

Crowded competitive landscape: More than 100 big and small companies currently offer big data and analytics software products and services. Our survey indicates that the large software tech vendors (including Microsoft, IBM, Oracle, and SAP) are some of the most commonly used IT vendors for BI & Analytics. What makes us marginally more cautious about Palantir's near-term outlook? Over the past few years, Palantir's competitive headwinds from large tech companies have strengthened. These headwinds, coupled with a greater focus on AI/ML initiatives are driving BI/analytics products.

Unclear long-term profitability potential: We are encouraged by recent media reports that Palantir remains on track to become profitable by the end of 2017. However, the long-term cost structure of comparable big data analytics and business intelligence companies remains unproven and debatable. Over the longer-term, as Palantir shifts from a services/consulting-driven sales cycle to a traditional SaaS sales cycle, we expect longer sales cycles, which will likely lead to a structurally higher spend compared to today's levels.

Opaque pricing strategy: Unlike some of its peers, Palantir does not publicly disclose its pricing strategy. This lack of transparency leads to an unclear understanding of its offerings and how they compare with the offerings of its peers. Media reports regarding Palantir's price sheets indicate that Palantir's offerings may be more expensive than its peers, a situation that could lead to a lack of pricing leverage or to increasing customer acquisition costs.

Data privacy and security challenges: Since Palantir is involved with government agencies that solve fraud and crime, Palantir's products interface with a significant amount of sensitive information, both public and private. As such, Palantir has an additional responsibility to be more transparent about how it uses public data and protects public information. Recently, reports of information leaks and hacks across enterprises have put a greater spotlight on companies like Palantir.

Potential pricing deleverage driven by customer churn: Media reports suggest that Palantir's pricing is likely leading to elevated customer churn, particularly among those customers who may not need a highly sophisticated analytics platform. While it's difficult to find publicly available Palantir pricing data, we estimate that a typical Palantir Gotham or Metropolis license, per server core per month, could range between \$3,000 to \$10,000 per month, with extra charges for support, maintenance, and training.

Challenge of converting bookings into net revenues: In 2015, Palantir's customer bookings exceeded an estimated \$1.7 billion. However, it is unclear how much of that money translated into revenues for the company. We believe that typical Palantir customers sign three-year contracts, implying a 33% current fiscal year book-to-cash conversion. Investors would view a growing cash conversion ratio as a sign of long-term healthy performance.

Services revenue weighing on Palantir's gross margins: Software services tend to have lower margins compared to products and licenses, largely due to the variable personnel component. We believe that Palantir bundles consulting, support, maintenance, training, and other such on-site services with its customer contracts. Over the longer term, we expect the company to "productize" its services, as it has since starting a clear push into enterprises.

Rising private shareholder activism potential: Palantir's early investors have been fairly patient for a liquidity event. It will be almost ten years since Palantir first raised institutional capital. Over the past year or so, the company has been embroiled in a two-way legal battle over information access with an early investor (KT4 Partners). Such legal battles highlight the contentious relationships between startup investors and companies that want to maintain tight control of stockholders. As evidenced with recent events at Uber, we would closely monitor the ongoing lawsuit with KT4 partners, and any such other related events.

Palantir's Valuation Framework

Though valuing private-tech growth companies is challenging because of the lack of reliable financial information, data and analysis exists that can help guide valuation conclusions. At SharesPost, our valuation framework relies on publicly available data points, funding-round-based valuation multiples of private peers, and historical valuation ranges of publicly traded comps, as well as the overall market trend since the most recent primary round of company funding. As a matter of corporate policy, we do not publish a specific market value for a private company. In this report, we have provided a basic framework highlighting the following approaches, and we supplement that analysis with the goal of providing clients with the tools and framework they need to triangulate a reasonable range of investment values.

- ▶ Waterfall Model
- ▶ Multiple On Invested Capital (MOIC)
- ▶ Option-Pricing Model
- ▶ Publicly Traded Comparables
- ▶ Mutual Fund Holdings
- ▶ Secondary Market Transactions

We have also included a hypothetical IPO outcome valuation for Palantir. This valuation is based on a financial model constructed from publicly available data points, layering in reasonable growth assumptions for underlying metrics such as gross bookings. If Palantir's 2020 forecasted revenue growth exceeds 25% and its 2020 forecasted profitability approaches 10% (from an adjusted EBITDA margin standpoint), we estimate that potential public equity investors would assign a 6–7x EV/revenue multiple on 2020 projections. **Our base scenario leads us to believe that Palantir could go public with a roughly \$20 billion market cap in about eighteen–twenty four months.**

Company Overview

Palantir Technologies is a data analytics software provider founded in 2004 by former PayPal executive Peter Thiel, along with Alex Karp, Joe Lonsdale, and Stephen Cohen from Stanford University. Palantir develops data analytics software that addresses fraud prevention, counter-terrorism, and other intelligence tasks. The CIA's venture firm, In-Q-Tel, a part of the U.S. intelligence community that invests in new technologies for defense operations, was an early investor in Palantir. Palantir's early clients included a fairly long list of federal, state, and local agencies and departments, such as the Department of Defense, the CIA, the FBI, Homeland Security, the LAPD, the Chicago PD and the NSA.

“We promote human-driven synergies between humans and computers by integrating every data store you have – any kind of data and at any scale.”

– Palantir CEO Alex Karp, in a Feb. 2012 TechCrunch interview

From 2004 to 2007, the U.S. Department of Defense was Palantir's only customer. During this period, Palantir worked closely with different teams within the defense organization and developed its first product, Palantir Gotham. Palantir Gotham became a huge success and led Palantir to other agencies within the government, as well as to customers in the financial industry who needed help with internal fraud detection. JPMorgan Chase was its first commercial customer, and Palantir worked with JPMorgan to develop its other product platform, Palantir Metropolis. Palantir developed several applications (such as Graph and Map) and innovative dashboards and technologies (such as Dynamic Ontology and Nexus Peering) to deal with huge volumes of structured and unstructured data.

We believe Palantir's employee base has grown rapidly over the past five to seven years. The company was estimated to have fewer than 50 employees in 2009; however, by 2017, the company grew to over 2,000 employees worldwide, establishing a major presence in Washington, D.C., Europe, and Silicon Valley.

Palantir started off in a niche area within the data analytics domain. Its unique value proposition was that it provided a single platform for all the analytical needs of enterprises and government agencies, primarily to detect fraud and crime. Palantir developed technologies such as dynamic ontology to integrate all kinds of data sources into a single platform where non-technical users could focus on making investigative queries rather than learning complex query languages. The company worked with different government agencies (such as the FBI, the CBI, the Department of Defense, and the Department of Justice) to integrate all of their data into a single platform. This step was extremely useful in solving complicated cases, as analysts were able to identify patterns in the different data sources.

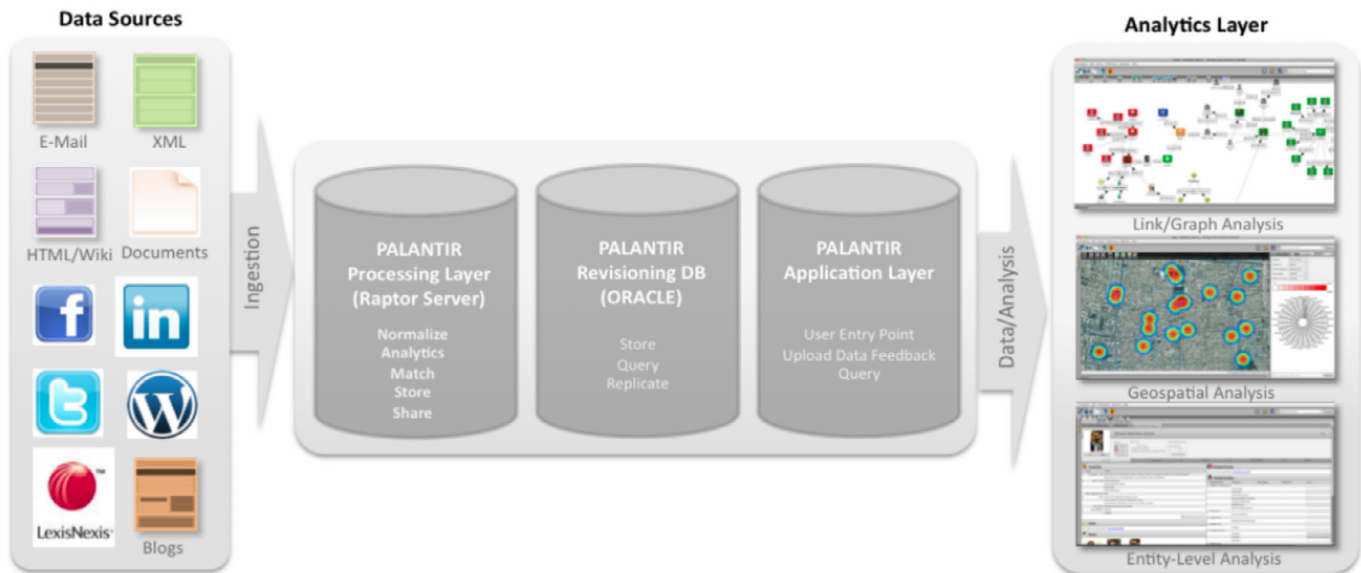
Exhibit 1: Palantir's Value Proposition: Data Integration and Visualization



Source: SharesPost Research; Berico Technologies, Feb. 2017; chart shows a page from Palantir's "Executive Summary" document, provided to government clients.

Palantir is able to integrate all forms of data, including real-time logs, emails, chat conversations, social media content, and even images and video content. Engineers, as they help install the platform, pool data from all sources, ingesting them into the Palantir platform and creating objects that can be referenced during an investigation. The Palantir platform, unlike other major analytic platforms, can be installed and become fully operational in a matter of weeks, instead of months or years. Over the years, Palantir has added several new technologies to its two product platforms, based on its learning in the defense and finance domains, and it has proliferated them to other industry domains. Palantir is very popular among customers primarily because of its user-friendly applications, which help identify unusual patterns. Analysts can then research those patterns further to develop investigative hypotheses while maintaining data privacy.

Exhibit 2: Palantir's Data Integration Process



Source: SharesPost Research; Berico Technologies Report, Nov. 2010

In June 2006, starting off with initial funding from the CIA's venture arm, Palantir went on to develop its team, opening up offices close to the government agencies in Washington, D.C. in 2007. Palantir got its first break outside of defense companies in December 2009, when JPMorgan Chase hired it to implement internal fraud detection. Since then, Palantir has grown rapidly across the American continent. It received valuable free publicity when Joe Biden, the Vice President of the U.S. at that time, recognized the company's fraud-fighting capabilities. This honor was followed by several other recognitions, such as, being include in the list of Best 50 Tech Startups by the BusinessWeek, CNBC and Chase Hall of Innovation Award.

Although a May 2016 BuzzFeed article revealed some of the tensions between Palantir and the government agencies it served, the company's bookings continued to grow steadily, to over \$1.7 billion in 2015, thanks to its diversified client base in the nongovernment sector. Palantir's involvement in social causes – such as its joint effort with Santa Clara County to tackle homelessness – enables the company to display its platform's wide capabilities and also gain publicity through word of mouth.

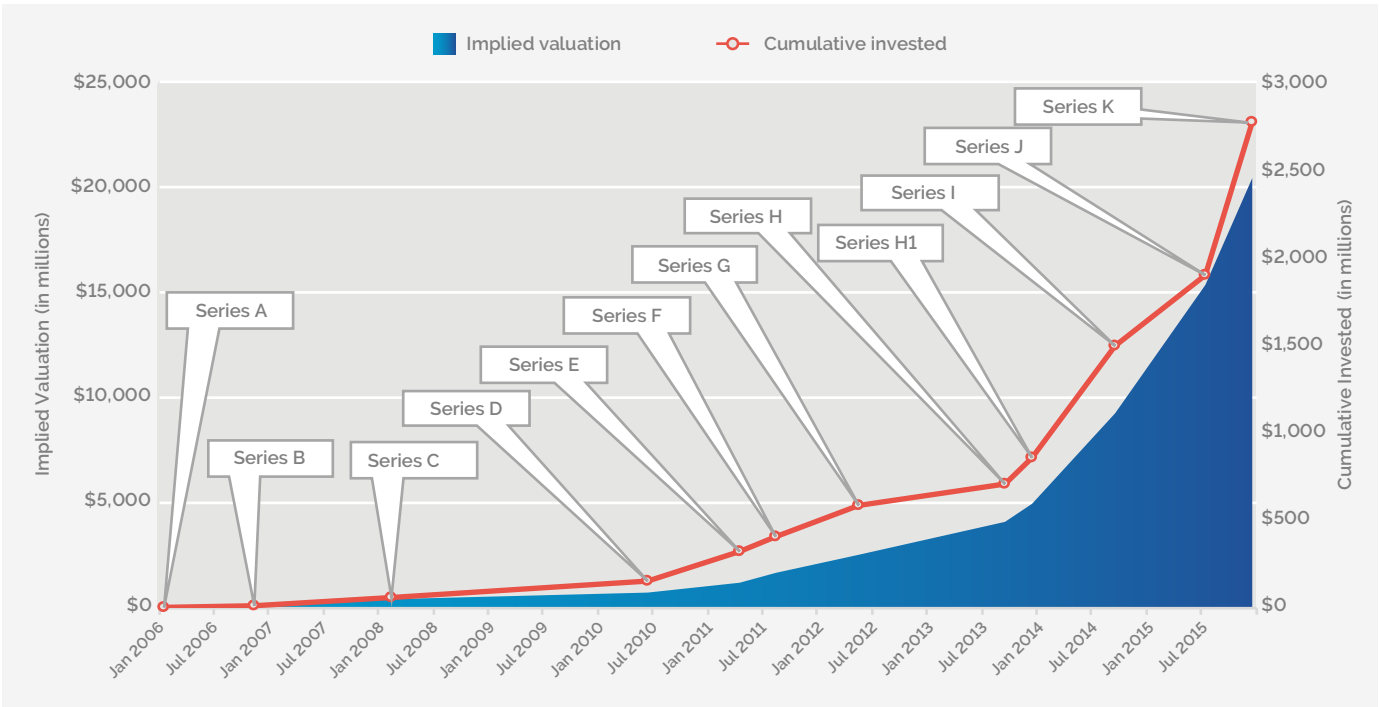
Exhibit 3: A Brief Summary of Palantir's Corporate History

Date	Details
Jan-2004	Palantir founded by Peter Thiel, Nathan Gettings, Joe Lonsdale, Stephen Cohen, and Alex Karp
2005	The CIA becomes Palantir's first government customer.
Jun-2006	CIA's In-Q-Tel publicly lists having an equity stake in Palantir.
2007	Palantir opens offices in Washington, D.C.
2008	Palantir launches Palantir Finance (now known as Metropolis).
2009	Palantir introduces Horizon technology to drive interactive workflows on large amounts of data.
Jun-2009	Palantir keeps it lean and mean on its five-year journey from 0 to 150 employees.
Jun-2009	Palantir named as one of the Best 50 Tech Startups by BusinessWeek.
Dec-2009	First private contract: Palantir signs multiyear contract with JPMorgan Chase worth between \$5 million and \$20 million.
2010	First international project with Canadian security firm to crack the Shadow Network
Apr-2010	Partnership with Thomson Reuters to sell Palantir's Metropolis product as QA studio
Jun-2010	Recognized by U.S. Vice President Joe Biden for helping fight fraud
Jun-2011	Received a five-year, \$90 million contract from SEC
Oct-2011	Palantir inducted into JPMorgan Chase and Co. Hall of Innovation
May-2013	Palantir named one of the Top 50 Disruptors by CNBC
Oct-2013	CNN names Director Shyam Shankar one of the world's top 10 thinkers.
Nov-2014	Palantir signs a \$1.2 billion contract with BP over a period of ten years.
Dec-2014	Palantir adds Hershey's as a client, expanding its customer base.
Jan-2015	Palantir opens up offices in Seattle.
Dec-2015	Palantir reaches 2,000-employee count.
Mar-2016	Morgan Stanley significantly marks down Palantir's valuation, following Fidelity and BlackRock.
May-2016	Palantir offers to buy back \$225 million of employee stock.
May-2016	Palantir receives a five-year, \$222 million contract from the U.S. Special Operations Command.
Jun-2016	Palantir partners with Santa Clara County to identify chronically homeless individuals.
Jul-2016	Bookings up 70%, from \$1 billion in 2014 to \$1.7 billion in 2015
Sep-2016	Palantir files a dramatic lawsuit against Marc Abramowitz, a major early investor.
Nov-2016	Palantir wins case against U.S. Army for unfairly shutting down the bidding process.
Jan-2017	Airbus taps Silicon Valley expertise (Palantir) to speed production of A350.
Jan-2017	Germany's Merck taps Palantir for big data health initiative.
Feb-2017	Significant European expansion; revenue from Europe triples since 2014
Feb-2017	Palantir loses a key cybersecurity client: The Home Depot.
Apr-2017	Palantir pays \$1.6 million to settle hiring discrimination lawsuit with Department of Labor.
Apr-2017	BuzzFeed publishes article on souring relationship between Palantir and U.S. government agencies.
May-2017	Palantir signs a seven-year, \$10 million (NOK 81 million) contract with Norwegian police department.
May-2017	Palantir named eighth in the top 50 Disruptors of 2017 by CNBC.

Source: SharesPost Research, Palantir media blog and various news articles; excludes fundraising events

Over the past decade, Palantir has gone through several rounds of funding and is currently valued much higher than its peers in the big data and analytics space. Its initial rounds of funding came from the CIA's venture arm, In-Q-Tel. Other venture capital firms such as Saints Capital and Peter Thiel's Founders Fund joined the subsequent funding rounds, exponentially raising Palantir's valuation to over \$1.5 billion by Series E in 2011. As Palantir's business grew and its client list expanded, the company's valuation skyrocketed. More high-profile venture capitalists saw the company's potential and pooled in millions of dollars. Within the last five years, the company has raised over \$2 billion, and its valuation has spiked from about \$4 billion to over \$20 billion by the end of 2016. We believe the company will continue to maintain its valuation as it adds larger clients such as Airbus and Merck and expedites cost-cutting through automation.

Exhibit 4: Palantir's Implied Valuation and Funding Rounds To Date (Revenue in Millions of Dollars)



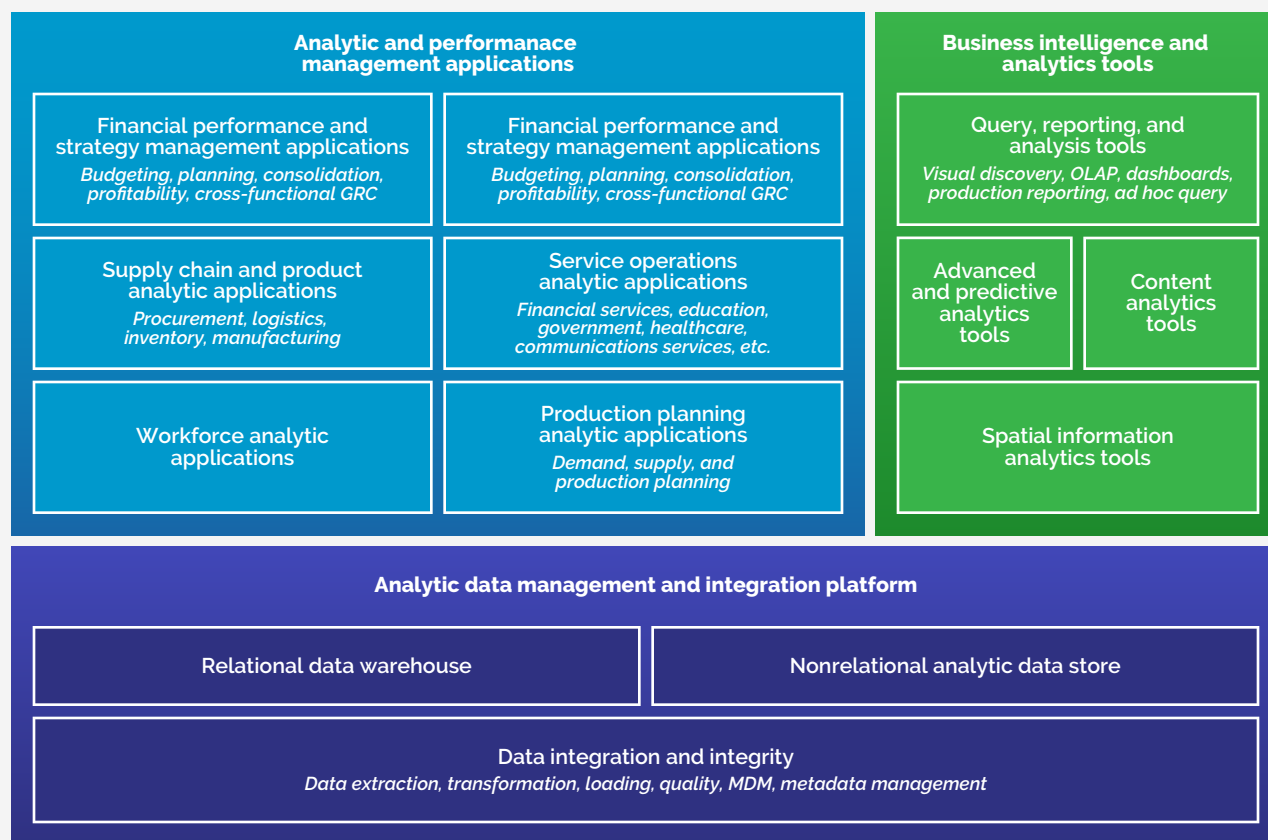
Source: SharesPost Research; Palantir media blog; PitchBook; Palantir certificates of incorporation at State of Delaware

Big Data and Analytics

The demand for enterprise software focused on big data analytics is expected to increase at a robust 10 percent annual growth rate over the next five years. There are several players, big and small, who own some or all of the sub-segments within this space. One of the sub-segments, business intelligence and analytics, has been growing rapidly, thanks to the enormous amounts of data that enterprises collect and need to interpret. Over the last few years, reporting and query tools have been in high demand. However, moving forward, experts expect content and predictive analytics to take the lead in helping businesses integrate multiple data sources and provide actionable insights.

Big data analytics involves examining large amounts of structured and unstructured data to uncover hidden patterns, trends, and correlations that can help businesses make informed decisions about their products or services. Businesses use the tools and applications that perform data extraction, curation, analysis, and visualization to support strategic decision making. While the term "big data analytics" describes a wide variety of functions and tasks, as illustrated in Exhibit 5, industry experts believe the broader software analytics space includes three broad categories of functions: (1) Business Intelligence and Analytics Tools/Platforms; (2) Analytic and Performance Management Applications; and (3) Analytics Data Management and Integration Platforms.

Exhibit 5: Business Analytics and Sub-Segments



Source: IDC report, "Worldwide Business Analytics Software Market Shares, 2015: Healthy Demand Despite Currency Exchange Rate Headwinds," July 2016

Business Intelligence and Analytics Tools/Platforms: This segment includes the following key sub-segments:

- 1. Query and reporting:** This sub-segment includes dashboards, visualization, and reporting tools designed for both IT and business users. These tools can be used on both the client and server sides to model business problems and data analysis. To provide ease of use for customers, vendors have created packaged software solutions that include several of these functionalities. Some of the large, established players in this market are SAP, IBM, Oracle, and Microsoft. Several smaller but significant players include Qlik (now owned by Thomas Bravo), Tableau, MicroStrategy, and Tableau, which have all made headways into this market over the last few years.
- 2. Predictive analytics:** The predictive analytics sub-segment includes tools used to create and execute statistical models for data mining. Several techniques, such as machine learning and neural networks, are used to generate these models, discover relationships, and help make predictions about future courses of actions. Models for such analytic tools are either created from scratch using proprietary code or built from open source platforms. Some of the key vendors in predictive analytics include SAS, IBM, Microsoft, SAP, Oracle, RapidMiner and Palantir.
- 3. Content analytics:** Content analytics uses tools to understand and extract value from text and generate useful, digestible content for business users. These tools include language analyzers, text clustering tools, and software to extract text information from audio and speech data. This sub-segment also includes software to extract information such as pattern recognition, scenery, and human faces from images and video content. Key players in this sub-segment include SAS, Google, Nuance Communications, IBM, Cisco, and Microsoft.
- 4. Search systems:** These systems are used to integrate text analytics, clustering, and search content into a comprehensive information access system. They include enterprise-level task-based search and discovery systems and personal information access systems in the cloud. Some of the popular vendors in this sub-segment include Google, Microsoft, Oracle, IBM, and Palantir.
- 5. Spatial information:** This sub-segment includes software associated with geographic information systems (GIS), which includes analytical tools for survey data conversion, mapping and spatial query, and business analysis. Players in this segment include Autodesk, Google, Oracle, Microsoft, Pitney Bowes, and Palantir.
- 6. Cognitive platforms:** These software platforms include tools to analyze and provide recommendations based on structured and unstructured information. The software platforms in this sub-segment use machine learning, artificial intelligence, and text and media analytics to help develop intelligent applications. The tool set includes knowledge graphs and different types of data stores. These platforms track past experiences to provide continuous automatic learning. Key players in this market include IBM, Microsoft, Nuance Communications, Google, Palantir, Amazon, and Infosys.

Analytics and Performance Management Applications: This segment includes prepackaged applications that primarily support business processes by automating groups of tasks related to either planning, budgeting, operations, or business development. Some of the key players in this segment include IBM, Oracle, SAP, FICO, Tagetik, and Workiva.

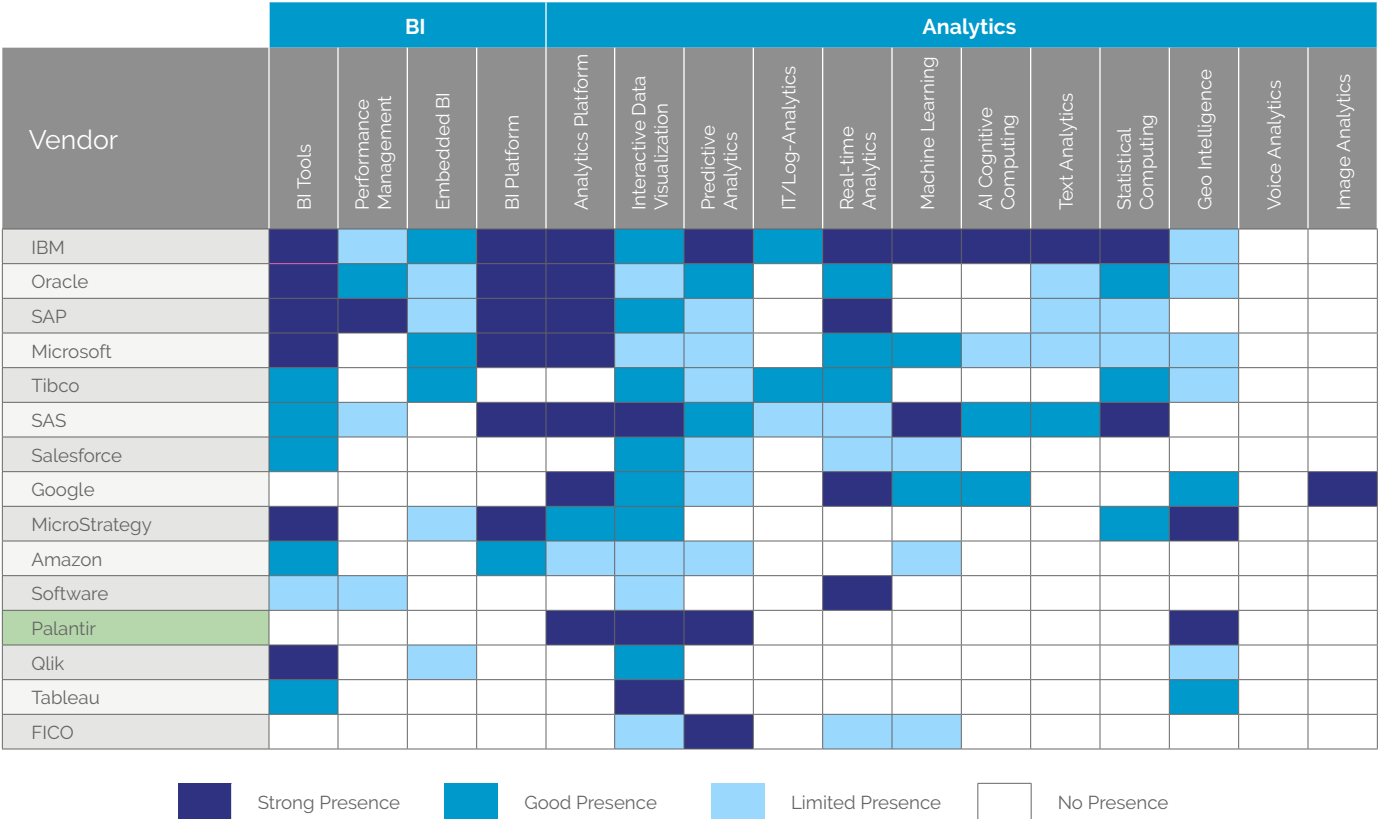
Analytics Data Management and Integration Platform: This platform includes tools that manage data repositories to extract insightful analytics. It includes software used to integrate data from multiple sources and of different types (structured and unstructured) to create a consistent set of information that can be curated for analytics. It also includes building and maintaining data warehouses and analytical data stores using relational database management systems and dynamic data management environments. Continuous analytics, which includes streaming integration and analytics, also falls under this umbrella. Key vendors in this space include Amazon, IBM, Microsoft, TIBCO, Salesforce, and SAS.

While the market for big data analytics is fairly large, what's more important is that industry trends appear to be moving in the right direction for companies such as Palantir. **Below, we highlight three key trends directly affecting the BI and analytics landscape.**

- ▶ **Shift from analysts to business users:** The primary cause for user growth in this market has been the shift in the usage segment. Usage is shifting from analytical users to business users, increasing the user base by more than 3.5 times. These additional users need more complex and cross-functional analyses. Business users have become the main driver for innovation, as they seek self-service without IT intervention and innovative collaborative tools to share insights across the organization. Organizations are moving from basic data reporting to more advanced analytics and insight-based tools to help make future decisions.
- ▶ **Decentralization of BI model:** Traditional BI platforms have been led by the IT teams within an organization, with the BI analytics performed by a data scientist but the rest of the activities (such as data collection, maintenance, and security) all managed by the IT team. BI is now moving toward a completely decentralized model that does not need IT assistance. In this model, the business user implements the data preparation and visualization by directly accessing different data sources. This approach enables easier, broader use by both small and large organizations. The new entrants in the BI space primarily utilize this model.
- ▶ **Convergence toward next-gen BI architecture:** Currently, no single platform can satisfy all BI needs. Organizations use multiple tools for the different aspects of BI, such as data reporting, logging, visualization, and advanced analytics. Individual component players are now adding more capabilities to transform into platform players. They strive to become the single BI and analytics source for their clients. Even the traditional BI platforms, which are IT-centric, have attempted to offer better analytics and visualization tools, but they have been dragged down by their existing infrastructure. IBM made some progress with its Cognitive Analytics platform but has not yet been embraced by enterprises.

As you can see in Exhibit 6, the bigger enterprise vendors offer multiple analytics products across the whole spectrum and are thus able to gain a larger market share. Smaller players cannot do the same, since, if they build newer product features, they risk losing existing customers due to poorer customer support. Palantir, for example, plays only in the data visualization, predictive analytics, and geo intelligence spaces but is the domain expert in those areas. While Palantir has been expanding its portfolio in order to offer other analytics features, it is challenged by heavy competition from the rest of the players in the industry.

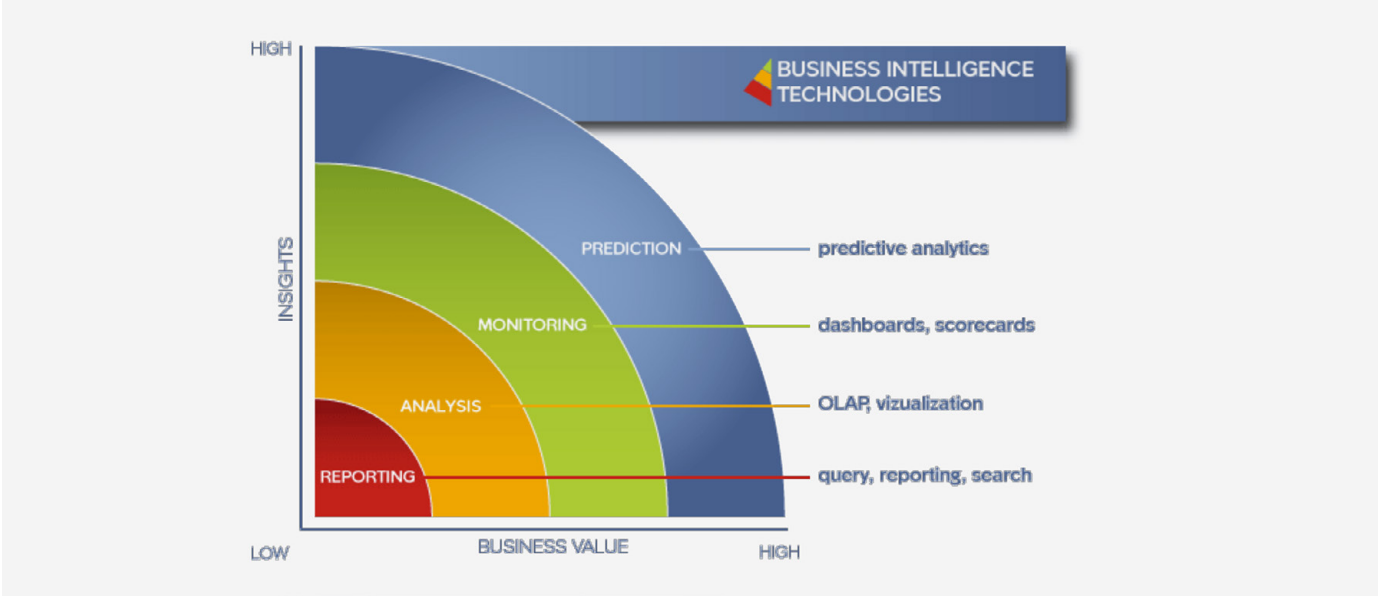
Exhibit 6: Peer Expertise Comparison: Palantir Leads in Visualization, Predictive Analytics, and Geo Intelligence



Source: SharesPost Research; Catapult Advisors

Moving forward, as integration and reporting tools become more mature and as the volume of data increases, enterprises will focus on gaining useful insights from this data. Industry experts believe that predictive analytics will take center stage in future development in the BI space.

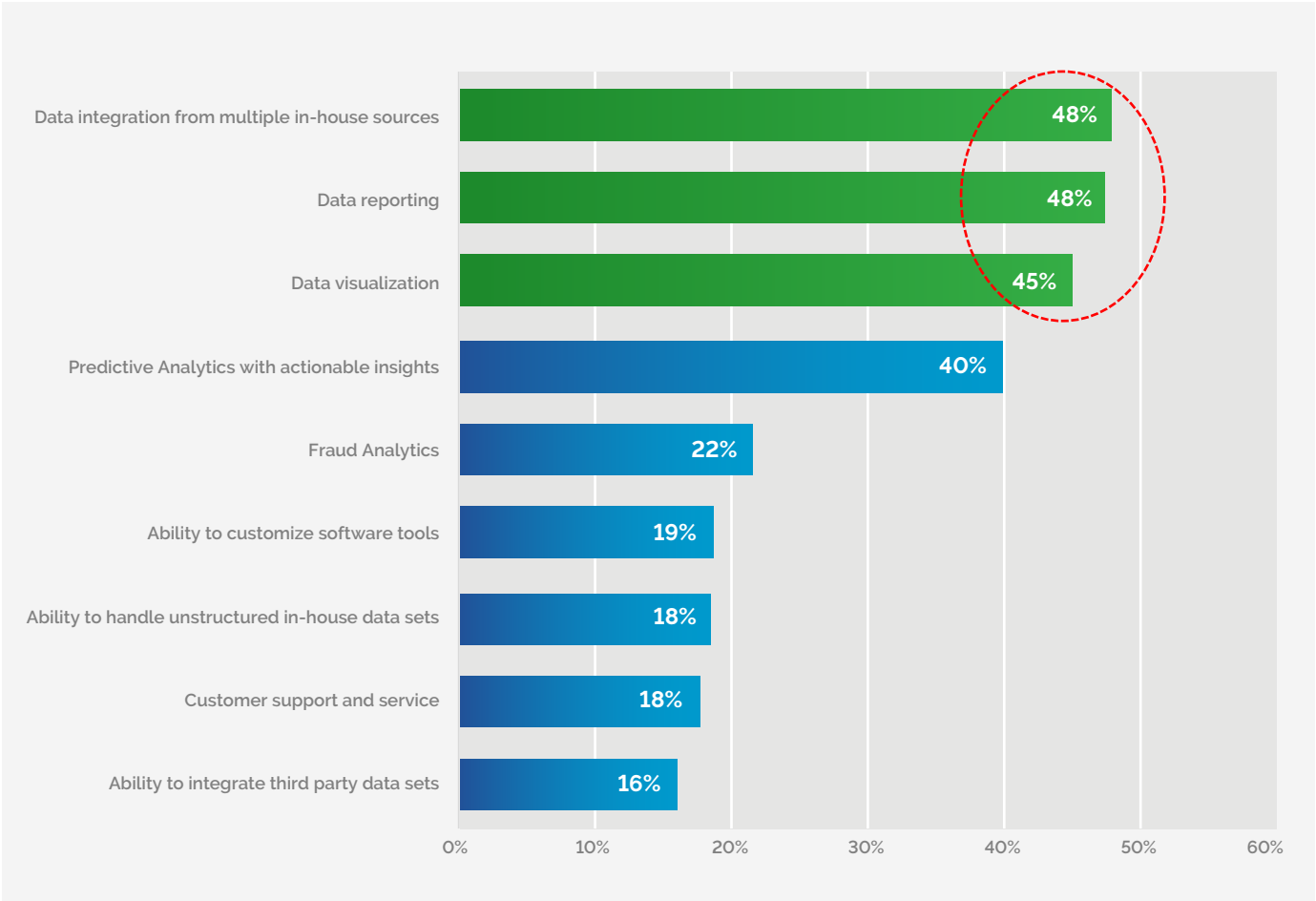
Exhibit 7: Business Analytics Progression: Predictive Analytics to Drive Future Analytics Needs



Source: SharesPost Research; Secundum, June 2013, <http://www.secundum.hu/business-intelligence-development>

To further illustrate Palantir's large and growing market opportunity, we highlight a simple takeaway from our survey of IT decision makers. We asked IT professionals to identify their top priorities in data analytics over the next 12–24 months. Our results in Exhibit 8 reveal that the top priorities for businesses today are data integration and visualization, followed by insight generation. The leaders in this space are currently the companies that have better tools for these important features. Thus, Tableau, Qlik, and Splunk have made headway in this market despite competing against larger players, such as Microsoft, IBM, Oracle, and SAP. Palantir, although it is not yet widely used by enterprise customers, possesses excellent tools in integration and visualization, which have been extremely valuable for both government and commercial agencies.

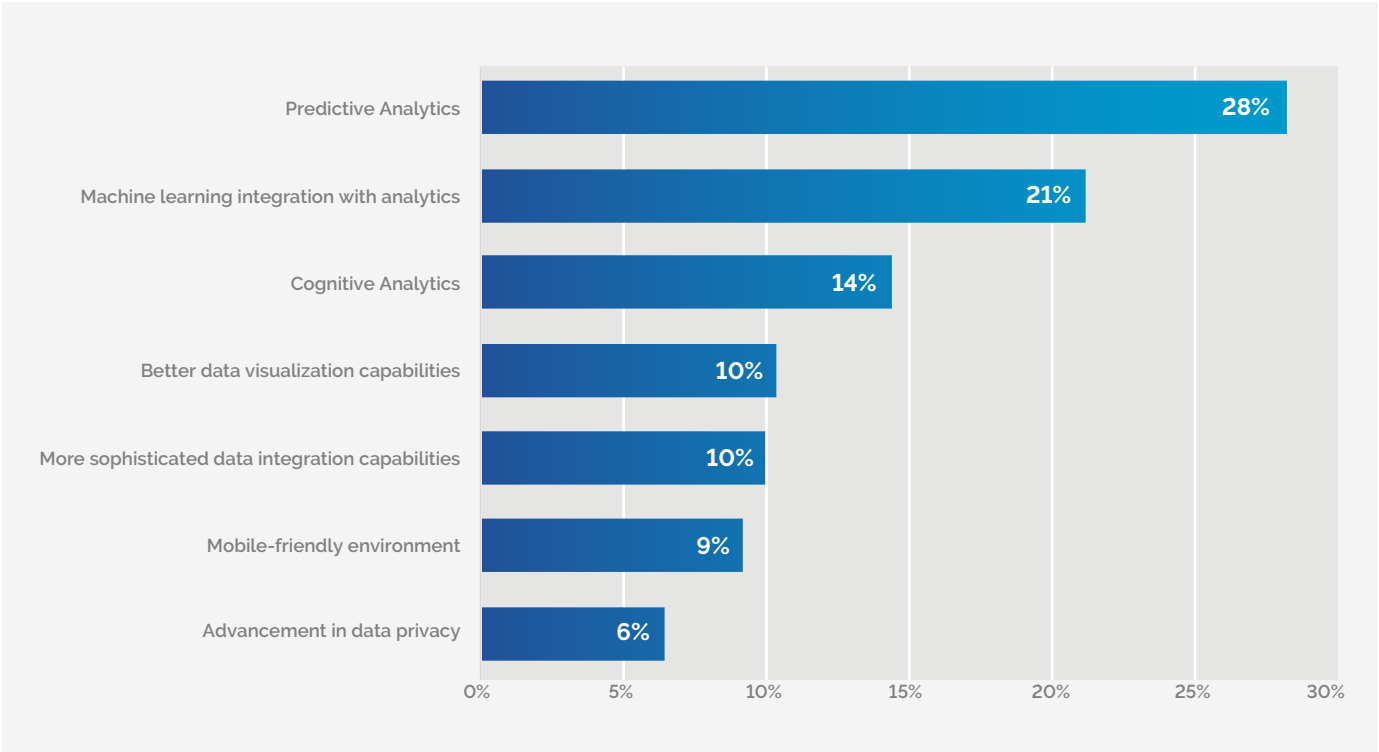
Exhibit 8: Survey Shows Data Reporting, Visualization, and Integration Are Top Priorities for BI Customers



Source: SharesPost Research; survey conducted during August and September of 2017; N = 250; Question: "Please select the top three most important features in selecting a business intelligence and analytics software vendor."

A quarter of our survey respondents believe that predictive analytics, along with machine learning integration, represents the future of analytics. This makes sense in the world of ever-increasing data volumes, where reporting and visual tools are not sufficient by themselves. Business leaders need help parsing that data to make business decisions.

Exhibit 9: Predictive Analytics Remains the Key Focus Area for BI Companies Over the Next Five Years



Source: SharesPost Research; survey conducted during August and September of 2017; N = 250; Question: "Where do you see most of the focus in business intelligence and analytics software development over the next five years?"

How Palantir Makes Money

Palantir is an enterprise software company that derives its revenue through two standard pricing models: SaaS subscription and professional services. We believe Palantir's quarterly revenues follow an SaaS-like trend, with sequential growth from quarter to quarter. Palantir divides its revenues into two primary segments: U.S. government and commercial. We estimate that roughly 30–40% of Palantir's bookings in 2017 come from government contracts, whereas the rest are generated from its commercial segment.

The Palantir platform merges human-based algorithms and a powerful engine that can scan several databases at once on an incredibly fine level. The company's main sources of revenue are its two large analytics platforms: Palantir Gotham and Palantir Metropolis. Integrated into these two platforms are technology solutions addressing different analytic segments. The system accepts huge databases and allows users to slice information in seemingly innumerable ways, with appropriate sensitivity to all the necessary security needs.

Palantir Products

Palantir Gotham: Palantir Gotham, previously known as Palantir Government, was Palantir's first product, primarily designed for the government to help defense agencies identify potential threats. The platform, whose underlying model is fundamentally a graph, is primarily structured around objects and the links between them. Both structured and unstructured data from multiple sources is entered into the system. The data is then transformed into objects and generated into a model. Users can use the model to describe, explore, and query properties of and relationships between those objects. The multiple applications built over the platform enable users to search, visualize, hypothesize, discover patterns, and share insights with colleagues, all within the platform. By reducing friction between users and their data, Palantir Gotham augments the intelligence of the entire enterprise.

"We should do something really important that has a real-world impact that makes society a better place for all of us."

– Palantir CEO Alex Karp, at the 2012 World Economic Forum

Palantir Metropolis: Palantir Metropolis, previously known as Palantir Finance, was primarily designed for the finance industry to help with fraud detection. The platform is structured around time series. Its underlying model is, fundamentally, a stream of events. The platform is popular for analyzing insurance claims data, network traffic flow, and financial trading patterns. It helps users mathematically analyze the behavior of models (e.g., stock ticks) over time. Metropolis primarily supports aggregate analysis: Pick a set of models and a time period and then run sophisticated mathematical calculations over them. Metropolis stands out from the competition in this space because of its rapid iteration and collaboration abilities.

Palantir Solutions

Palantir platforms are used across multiple industry sectors to help with data integration, data visualization, and data analytics needs. Palantir excels at integrating data of almost any kind: text, emails, logs, and even images and videos. By creating reference objects to its data, it enables searching for and identifying links between different pieces of data. Analysts in different industry streams then use this data to perform further investigation.

In the anti-fraud, counter-terrorism, intelligence, and crime prevention spaces, Palantir helps integrate data from random sources such as on-site reports, phone numbers associated in First Information Reports (FIRs), and even low-resolution images from mobile devices. The data is then made available through Palantir Graph or Map, easy-to-view applications that help investigators spot patterns between events and develop hypotheses. In the insurance, finance, and health care industries, where data sources and record keeping is extremely important,

“Palantir pulls the data together and allows the human judgment to do what it does best.”

– **Stephen Cohen**, Palantir cofounder,
at Wired 2012 Conference

Palantir uses its knowledge management application to track and secure every piece of data that comes through its platform. It also ensures the association of appropriate security levels as it indexes the data into the platform for future referencing. Through its collaboration application, Palantir helps analysts and investigators working at different sites to easily share their findings and update data in real time, all on a single platform.

Exhibit 10: Palantir Products Are Used Across Diverse Industry Sectors, From Fraud Detection to Disaster Recovery

Problem	Customer Stories / Anecdotes	Palantir solution
Anti Fraud	<ul style="list-style-type: none"> • JP Morgan uses counter-terrorism tools to spot fraud amongst its workers • TurboTax maker Intuit used Palantir's tech to investigate efforts by identity thieves to fraudulently file for tax refunds. 	<ul style="list-style-type: none"> • Computer-assisted, human driven analysis • Identifies patterns of fraud by analyzing data at a massive scale • Eradicates known patterns of fraud across the enterprise
Case Management	<ul style="list-style-type: none"> • US Immigration and Customs Enforcement agency uses Palantir's case management system to deport illegal immigrants 	<ul style="list-style-type: none"> • End to end solution for investigating complex cases • Offers integrated and adaptive investigative capabilities • Enhances collaboration and transparency
Cyber Security	<ul style="list-style-type: none"> • Palantir helps uncover the China-based cyber espionage, GhostNet that targeted the Dalai Lama's office 	<ul style="list-style-type: none"> • Interacts with all relevant data at scale • Helps discover sophisticated attack patterns in the data • Conducts forensic investigations of suspicious incidents
Disaster Preparedness	<ul style="list-style-type: none"> • Palantir helps in the response efforts during Hurricane Sandy • Palantir helps in creating a data-preparedness network for the Philippines during the Haiyan typhoon • Palantir helps with door-to-door health assessments during the Moore Tornado in Oklahoma 	<ul style="list-style-type: none"> • Coordinates response efforts • Can operate in disconnected environments • Enables tracking resources through Palantir Graph and Raven
Healthcare Delivery	<ul style="list-style-type: none"> • Palantir teamed up with Center for Medicare services to link Medicare expenditure with hospital quality and provider location 	<ul style="list-style-type: none"> • Integrates enterprise and external data sources • Refines benefit delivery with predictive analytics • Ensures security of all connected data
Insurance Analytics	<ul style="list-style-type: none"> • Zurich Insurance has worked with Palantir to develop data-mining software to help it price policies more accurately 	<ul style="list-style-type: none"> • Rapidly integrates of all relevant data sources • Configures HIPAA-compliant access controls • Provides iterative dashboards and 2nd order analysis applications
Law Enforcement	<ul style="list-style-type: none"> • LAPD chooses Palantir Law Enforcement as its data integration and analysis solution. • Palantir Law Enforcement is helping investigators and analysts at state and local agencies across the Salt Lake Valley to collaboratively investigate crimes. 	<ul style="list-style-type: none"> • Enables access to all law enforcement data at one place • Manages cases in a single intelligence platform • Helps protect privacy and civil liberties
Palantir Verus		<ul style="list-style-type: none"> • Provides sophisticated audit analysis • Enables detailed data tracking and data security • Flexible data retention and management
Capital Markets	<ul style="list-style-type: none"> • Citibank uses Palantir for data integration and analysis 	<ul style="list-style-type: none"> • Brings siloed data into a single unified environment • Provides insights through in-depth analysis • Allows interacting with data real-time

Problem	Customer Stories / Anecdotes	Palantir solution
Defense	<ul style="list-style-type: none"> The United States Marine Corps in Afghanistan turned to Palantir to help them improve operational effectiveness during drawdown 	<ul style="list-style-type: none"> Helps synchronize massive-scale data for collaborative analysis Fuses Intel and OPS into a single mission command system Field capability that works in extreme situations
Disease Response	<ul style="list-style-type: none"> Palantir helped with containing the cholera outbreak in Haiti Center for Disease Control used Palantir to contain widespread foodborne illness 	<ul style="list-style-type: none"> Integrates standard and dynamic data sources Unifies data and accelerates analysis Can rapidly build visual reports to track facts
Insider Threat		<ul style="list-style-type: none"> Helps with surfacing suspicious patterns by integrating all relevant data Enables users to apply granular access controls Helps investigate, manage and close cases on a single platform
Intelligence		<ul style="list-style-type: none"> Simplifies work flows with an intuitive software platform Helps extract insights from structured and unstructured data Builds an enterprise knowledgebase to amplify analytic insight
Legal Intelligence	<ul style="list-style-type: none"> Center for Public Integrity hired Palantir to better understand the players and events related to the murder of Wall Street Journal's reporter Daniel Pearl. 	<ul style="list-style-type: none"> Enables legal professionals to analyze data with basic computer skills Enables easy and effective collaboration among attorneys Exports findings in a shareable format
Pharma R&D	<ul style="list-style-type: none"> Palantir helps Merck, an American pharmaceutical company, to analyse real-world and bioinformatics data so they can "understand the patients who may benefit most" from a treatment 	<ul style="list-style-type: none"> Helps integrate data from research scientists Enables researchers to build complex multi-parameter search profiles Alerts scientists with new and relevant information whenever available

Source: SharesPost Research; Palantir website

Key Investment Positives

Large and growing market opportunity

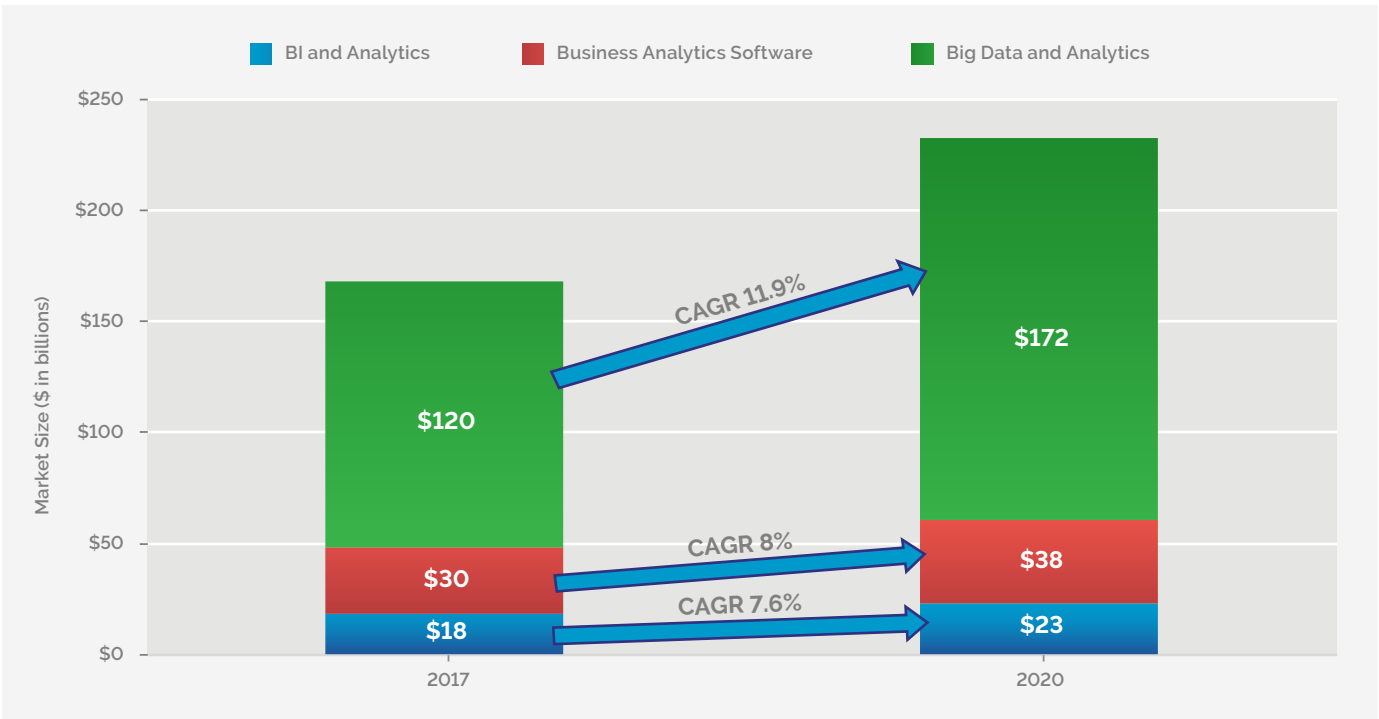
The demand for big data analytics, data visualization, and business intelligence software is estimated to grow from \$150 billion in 2017 to \$210 billion in 2020, translating to a robust 12-percent growth (three-year CAGR). While Palantir's serviceable market opportunity remains subject to debate, our analysis of key market trends and Palantir's product evolution suggests that the company could target an annual spend of \$40–50 billion, primarily in the data visualization, predictive analytics, and fraud analytics space, implying a fairly robust and sustainable growth.

First, third-party industry firms believe that annual IT spend on big data analytics software could reach \$210 billion by 2020. According to IDC, the big data and analytics market (which includes business intelligence, enterprise analytics, and big data analytics platforms) is a \$150 billion market and is expected to grow at a CAGR of 12 percent to \$210 billion by 2020. One of its sub-segments, business analytics software, is expected to grow at a CAGR of 8 percent. Specifically, BI and analytics software – which includes various kinds of analytics, such as descriptive, predictive, and prescriptive analytics – is expected to grow at a CAGR of 7.6 percent, from \$18.3 billion to \$22.8 billion by 2020. As a reference, Tableau and Splunk, companies that play in different segments of the BI marketplace, estimate that the market size is anywhere between \$26 billion and \$55 billion, numbers that highlight the huge opportunity for companies to grow in this space.

“Big data is only going to be as good as the questions that are being asked of it. It's the human element in the loop that's able to interrogate that data.”

– John Reynders, VP R&D Information at AstraZeneca, on Palantir's blog

Exhibit 11: Big Data and Analytics Market Size: Opportunity of Up to \$172 Billion by 2020



Source: SharesPost Research; IDC report, "Worldwide Semiannual Big Data and Analytics Spending Guide – 2017," Mar. 2017; Gartner report, Feb. 2017, <http://www.gartner.com/newsroom/id/3612617>

While the big data analytics space is generally divided into the aforementioned sectors, we believe many sub-sectors have emerged over the past 5–10 years. Below, we illustrate an aggregation of market size and market growth headlines provided by a series of industry experts. The takeaway here is that the data analytics field is growing faster than the broader enterprise software space, and certain sub-sectors within big data analytics are growing even faster. For instance, descriptive analytics, prescriptive analytics, and predictive analytics are clearly poised to grow at solid double-digit growth rates over the next five years, with vendors such as Palantir providing specific solutions to clients.

Exhibit 12: Third-Party Research on Market Size for BI & Analytics Functions

Research Provider	Date	Category	Headline
Markets and Markets	Jul-2015	Cloud Analytics	Cloud Analytics Market worth \$23.1 billion by 2020
Research and Markets	Mar-2016	Descriptive Analytics	The Descriptive Analytics Market is Expected to Grow at a CAGR of 18.2% During the Period 2016-2022
Markets and Markets	Jul-2016	Content Analytics	Content Analytics Market worth \$4.37 billion USD by 2021
IDC	Jul-2016	Big Data Analytics Software	\$41.4 billion market in 2015, to grow at 8% CAGR for next 5 yrs.
Markets and Markets	Sep-2016	Fraud Detection and Prevention	The Fraud Detection and Prevention Market size is estimated to grow from \$14.36 billion in 2016 to \$33.19 billion by 2021, at an estimated CAGR of 18.2%.
Zion Market Research	Oct-2016	Advanced Analytics	Global Advanced Analytics Market Growth Set to Reach \$60.44 billion by 2021
Markets and Markets	Jan-2017	Prescriptive Analytics	The prescriptive analytics market size is estimated to grow from \$1.16 billion in 2016 to \$4.58 billion by 2021, at a Compound Annual Growth Rate (CAGR) of 31.7%
Gartner	Feb-2017	BI and Analytics	Gartner reports \$18.3 billion in 2017 and to grow to \$22.8 billion in 2020 (CAGR: 7.9%)
Analytics Research Consulting	Feb-2017	Predictive Analytics	The predictive analytics market is estimated to be at \$1.9 billion in 2013, and expected to grow at a CAGR of 15% for the next five years, to reach \$4.4 billion by 2018.
IDC	Mar-2017	Big Data and Business Analytics	Big Data and Business Analytics Revenues Forecast to Reach \$150.8 billion This Year (2017), led by Banking and Manufacturing Investments
Markets and Markets	May-2017	Data Integration	Data Integration Market worth \$12.24 billion by 2022
Catapult Advisors Report	Jun-2017	Predictive and Advanced Analytics	Predictive and Advanced Analytics Market has a total TAM of \$17.5 billion in 2017 and expected to grow by a CAGR 13.4% over next 4 years

Source: SharesPost Research; publicly available reports from various industry research organizations

Descriptive analytics, which includes business reporting, dominates the BI and analytics segment today, with over 70 percent of market revenues. However, as data within enterprises increases exponentially year over year, it's increasingly important to easily interpret data and generate useful insights. This need has led companies to offer new data visualization and predictive analytics products. The data visualization market, with its innovations from companies like Tableau and Qlik, is expected to grow at a 9.2 percent CAGR to a \$7 billion industry by 2020.

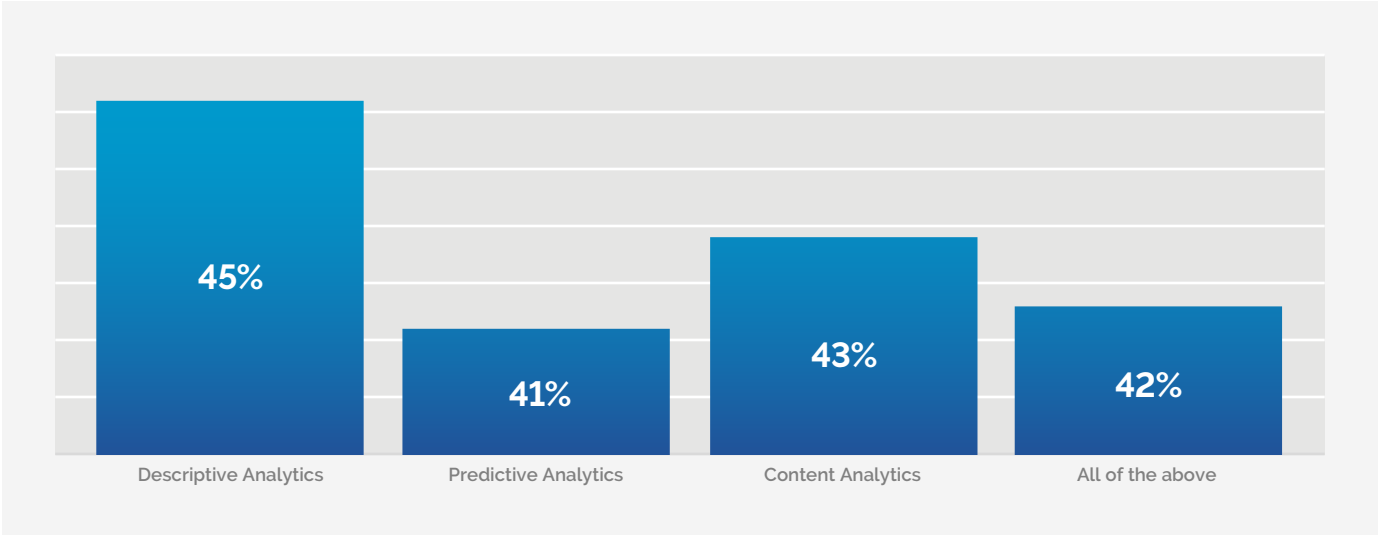
Predictive analytics, which represents the next step after reporting and visualization, is becoming increasingly important and is expected to grow at a CAGR of 15 percent, to a \$4.4 billion market by 2020. Palantir, with its Gotham and Metropolis platforms, has one of the industry's best predictive analytics platforms and will benefit from the expected accelerating growth in this sub-sector.

Fraud detection is a space that is also gaining in importance with the recent spike in worldwide cyber fraud incidents. This market is expected to grow aggressively at a CAGR of 18.2 percent, to roughly \$33 billion by 2021. Palantir, with its expertise in fraud detection, proven through highly publicized cases, is a leader in this space.

Overall, we believe the market size for Palantir is between \$40–\$50 billion, primarily in the data visualization, predictive analytics, and fraud analytics spaces.

Taking this estimate a step further, we highlight a relevant observation from our proprietary survey. When asked about the type of BI & Analytics tools they currently used, over 40 percent of IT professionals said they use all three major analytics tools. In other words, a clear change has occurred in the way analytics software tools are used today. Their core value proposition has evolved from simple dashboard-style tools to more intelligent software that can help drive business decisions.

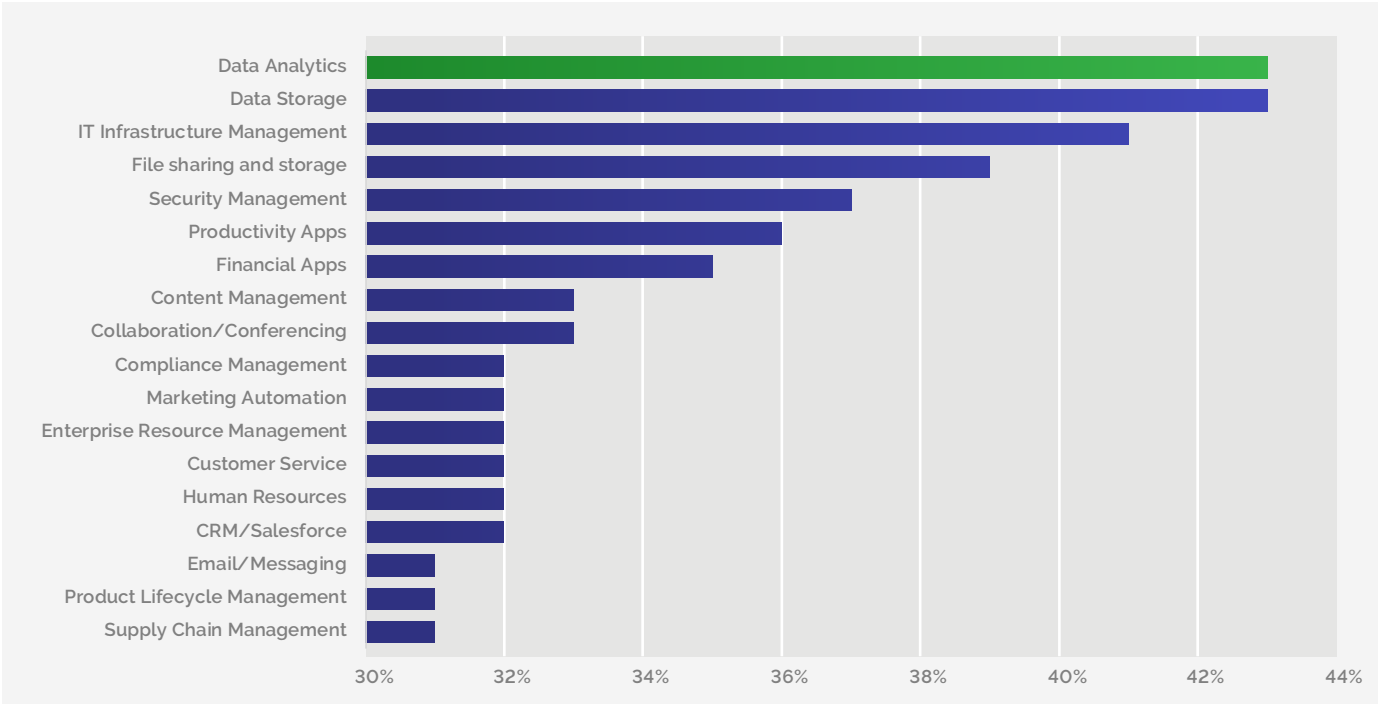
Exhibit 13: BI and Analytics Tools Most Used by Enterprises: Over 40 Percent of Customers Use All Three Major Analytics Tools



Source: SharesPost Research; survey conducted during August and September of 2017; N = 250; Question: "What kind of business intelligence and analytics tools do you use currently in your organization?"

Second, according to the 2016 IDG Research Survey, data analytics is the top application expected to move to the cloud. With the data explosion stemming from connected devices, social media, and other sources, businesses urgently need to process and analyze this data and gain insights in order to take action. Enterprises have chosen an easier path than building complex applications that need heavy computing power. Instead, they are increasingly moving the heavy-lifting applications and storage infrastructure to the cloud. This strategy allows them to keep their capital expenditure costs low and reduce switching costs as they try out different analytics vendors to see which best meet their needs. This increased opportunity and market size has led to the mushrooming of several analytics vendors, who are all trying to grab a piece of the pie.

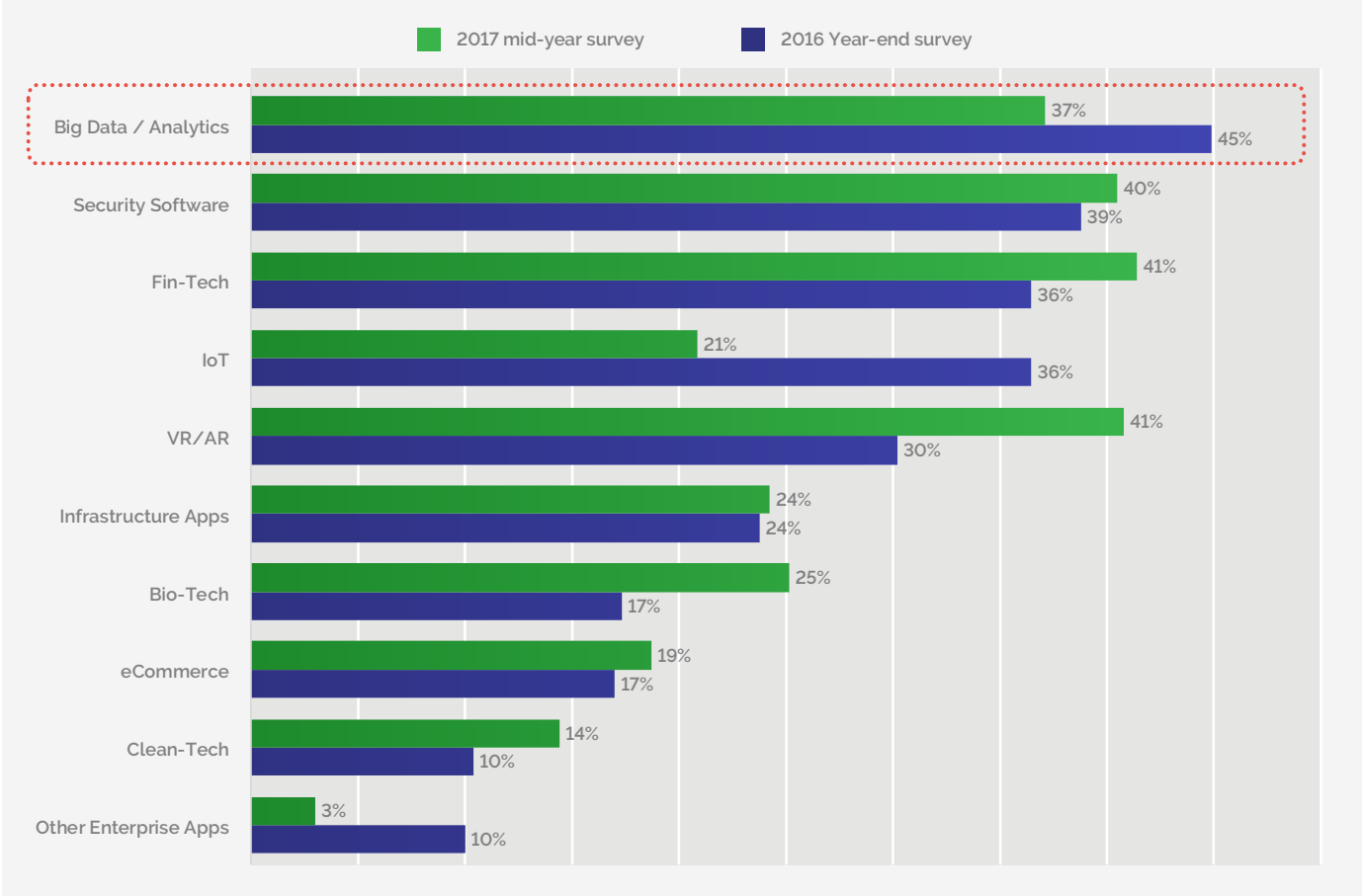
Exhibit 14: IDG Survey Reveals Data Analytics Is the Top App to Move to the Cloud in the Next Three Years



Source: SharesPost Research; 2016 IDG Enterprise Cloud Computing Survey

Third, according to our two recent investor sentiment surveys, we learned that big data and analytics represent the most promising growth areas of all the software applications. Over 45 percent of our investors have consistently picked big data as the top focus area for future growth opportunities. With hundreds of zettabytes of data expected to be produced from various sources, companies that can easily integrate, interpret, and infer from this data are going to be the big winners. We expect valuations for companies focused on predictive and cognitive analytics to be high, since they are going to be the leaders in the future analytics space.

Exhibit 15: Investors Have Positive Bias Toward Big Data/Analytics' Long-Term Potential

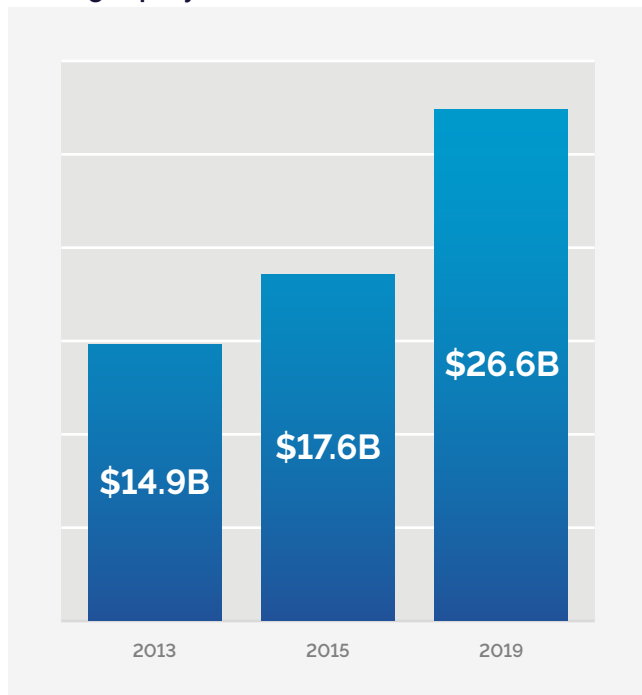


Source: SharesPost Research; for 2017 mid-year survey, N = 325 survey respondents; for 2016 year-end survey, N = 600 survey respondents; ; survey options also included Other Enterprise Software Apps, Other Mobile or Web Consumer Apps, and Other. We qualified Infrastructure Apps to include Storage, Computing and Networking. Other choices with <10% selections include Gaming, Online Travel, New Media, Social Media, and Ad-Tech.

Finally, according to Palantir's publicly traded peers, market opportunity is growing at a fairly robust clip. Tableau estimates that the available market for its products is going to grow from about \$15 billion in 2013 to \$26.6 billion by 2019, primarily through new customer acquisitions and increasing channel bookings. The company believes its international growth will contribute about one-third of its overall revenues by the end of 2017.

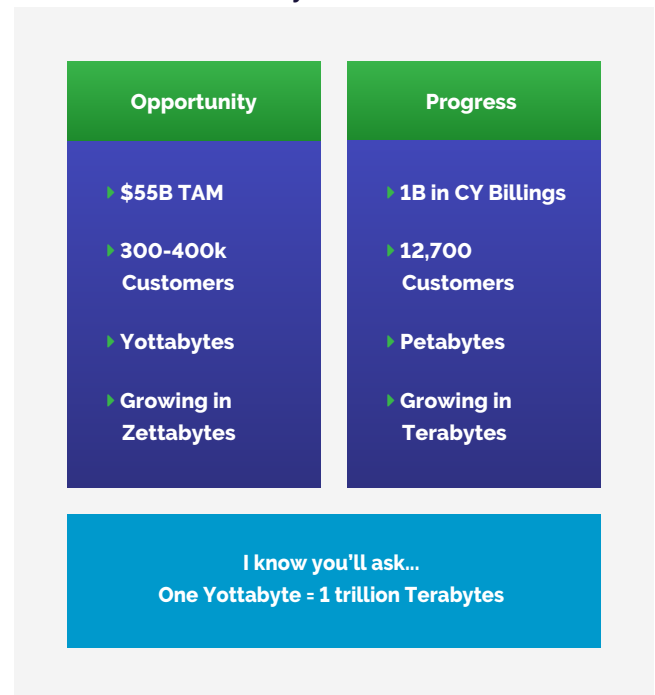
On the other hand, Splunk, primarily a data reporting company, estimates its market size to be up to \$55 billion, with the opportunity to reach up to 400,000 customers. The company believes that the growth in this sector is mostly driven by larger orders and upsell to its existing customers.

Exhibit 16: Tableau's Estimate of Market Size Is Growing Rapidly



Source: Tableau Investor Day 2017, May 2017

Exhibit 17: Splunk Estimates a Market Size of Over \$50 Billion for Data Analytics



Source: Splunk Investor Day 2017, Jan. 2017

Palantir benefits from significant secular tailwinds

Key secular trends, such as mobility, data growth, and movement to the cloud, have increased data analytics needs, triggering the rise of several new analytics vendors. These trends have led to an exponential increase in unstructured data from multiple sources. Our survey of IT decision makers suggests that over 90 percent of companies today use unstructured data. Palantir, with its advanced data integration technologies, stands to benefit from these secular trends.

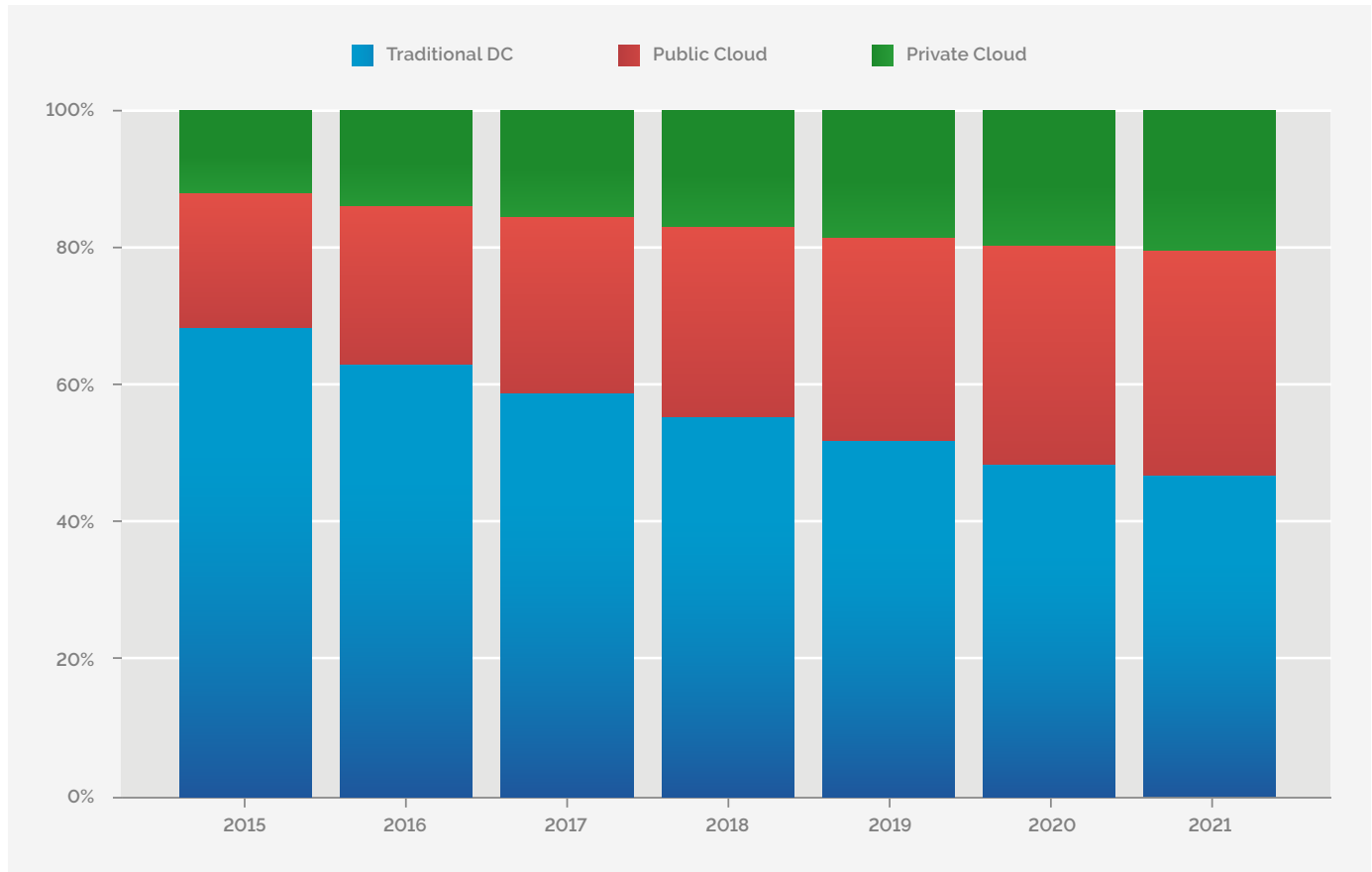
First, there is a secular trend toward cloud-based IT deployments for enterprises. According to the International Data Corporation's worldwide quarterly cloud IT infrastructure forecast, total spending on IT infrastructure products (including server, enterprise storage, and Ethernet switches) for deployment in cloud environments increased by 16 percent in 2016, to more than \$37 billion. Public cloud data centers, at 19 percent annual growth, accounted for the majority of this spending. IDC estimates that overall spending on IT infrastructure deployed in off-premises cloud environments (public and private) exceeded \$28 billion in 2016. In comparison, spending on enterprise IT infrastructure deployed in traditional, non-cloud environments declined a solid 2 percent in 2016 but accounted for more than 60 percent of spend.

Over the next five years, IDC expects that spending on IT infrastructure for cloud environments will grow at a five-year CAGR of 14 percent, to \$61 billion in 2020, or almost 50 percent of the total spending on enterprise IT infrastructure. Off-premises cloud environments (public and private) will account for almost 80 percent of this amount. While spending on public cloud IT infrastructure will grow at the fastest rate (15 percent CAGR), spending on non-cloud IT will decline at 2 percent CAGR during the same period.

"Cloud is one of the major options considered by end users as they think about optimization of their IT operations."

– IDC Research Director Natalya Yezhkova, Oct. 2016
IDC report on cloud computing

Exhibit 18: IDC Predicts Steady Market Share Shift From Traditional Data Center to Public Cloud



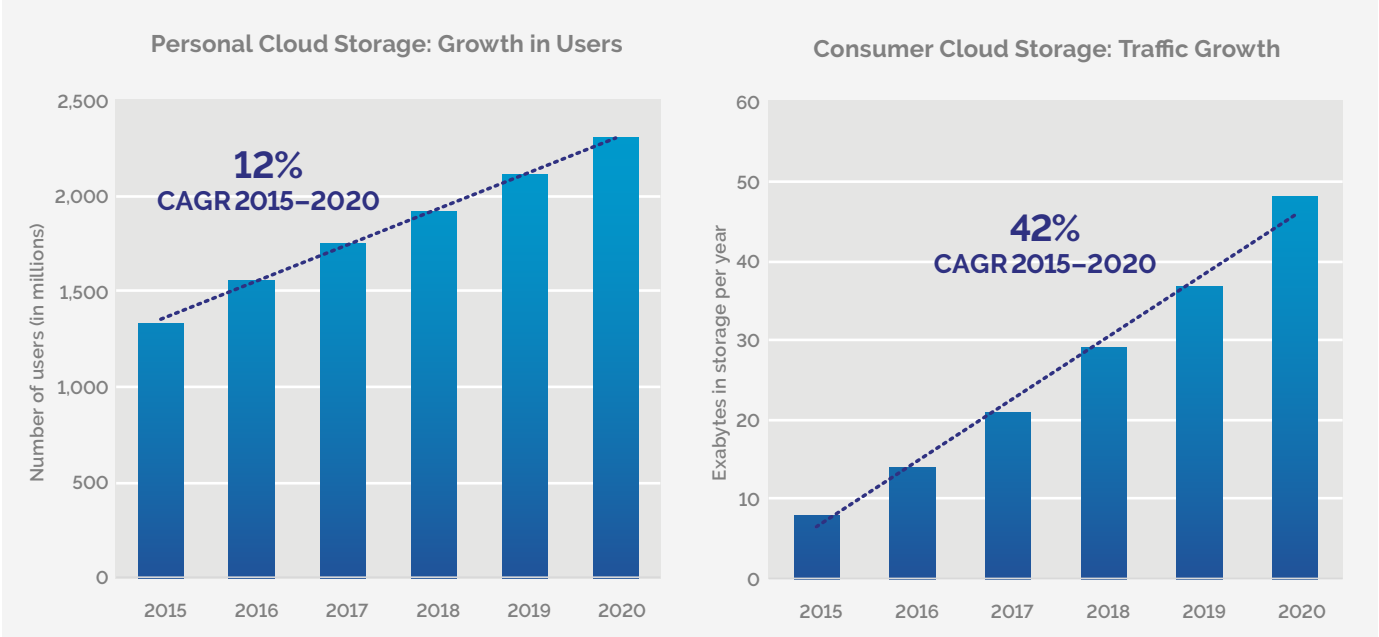
Source: SharesPost Research; IDC Worldwide Cloud IT Infrastructure Tracker, Q4:16, Jul. 2017

Second, there is a secular trend toward greater demand for cloud-based data storage. According to Cisco's data center storage report, by 2020, the installed capacity of data center (DC) storage will grow to 1.8 ZB, up from 382 EB in 2015, nearly a fivefold growth. The Cisco report estimates that, by 2020, the total global installed data storage capacity in cloud data centers will account for an 88 percent share of total DC storage capacity, up from 65 percent in 2015. Driven by the Internet of Things (IoT), the total amount of data created (but not necessarily stored) by any device will reach 600 ZB per year by 2020, up from 145 ZB per year in 2015.

Increase in data creation drives greater storage needs. The rise in online data storage companies has made it easy for consumers and enterprises to store and easily access their data. In personal content lockers, users can store and share music, photos, and videos through an easy-to-use interface at a relatively low cost or no cost. Furthermore, the proliferation of tablets, smartphones, and other mobile devices allows access to personal content lockers in a manner convenient to the user.

The Cisco Global Cloud Index estimates that by 2020, the total data created will be two orders of magnitude higher than data stored. In addition, 2.3 billion users (59 percent of the consumer internet population) will use personal cloud storage, up from 1.3 billion users (47 percent) in 2015. Globally, consumer cloud-storage traffic per user will be 1.7 gigabytes per month by 2020, compared to only 513 megabytes per month in 2015.

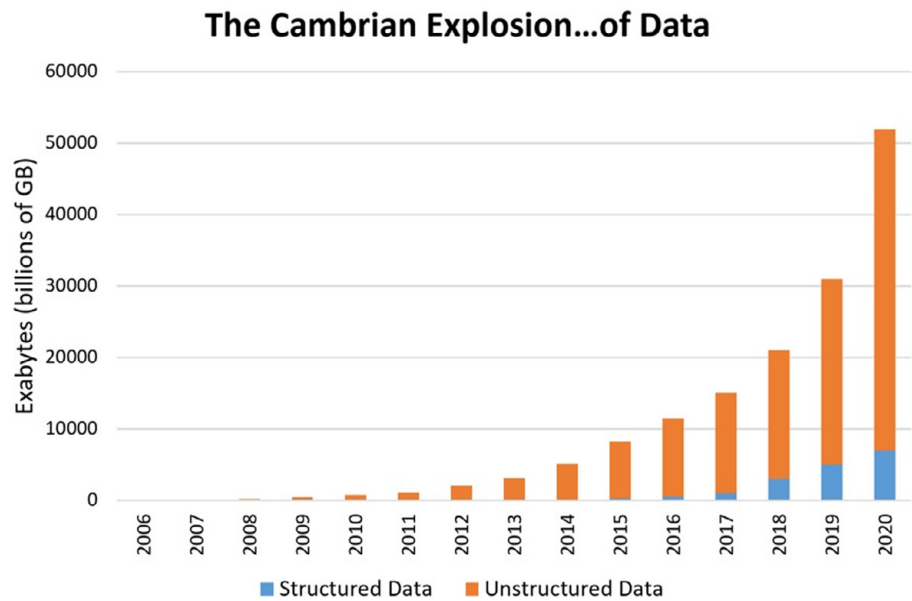
Exhibit 19: Cisco Forecasts Solid Growth in Consumers and Consumer Storage Needs in the Cloud



Source: SharesPost Research; Cisco Global Cloud Index, 2015–2020; Juniper Research

Finally, another key trend benefiting data analytics applications is the growth in unstructured data. The recent exponential growth in unstructured data has been largely driven by the number of internet-connected devices that can produce and transmit data. With the advent of Bluetooth and other low-power wireless transmission modes, data is coming in from all kinds of places: everywhere from industrial IoT devices to consumer smartphones and tablets. This data takes multiple formats, such as email, photos, blog posts, social media feeds, and the like (as opposed to structured data, which comes in standardized formats). According to IDC, unstructured data is expected to grow from a mere 10 percent of all data in 2017 to more than 80 percent of all data by 2020, reaching a total data volume of up to 50,000 Exabytes (1 Exabyte = 1 billion GB).

Exhibit 20: Explosion of Unstructured Data Over the Past Decade



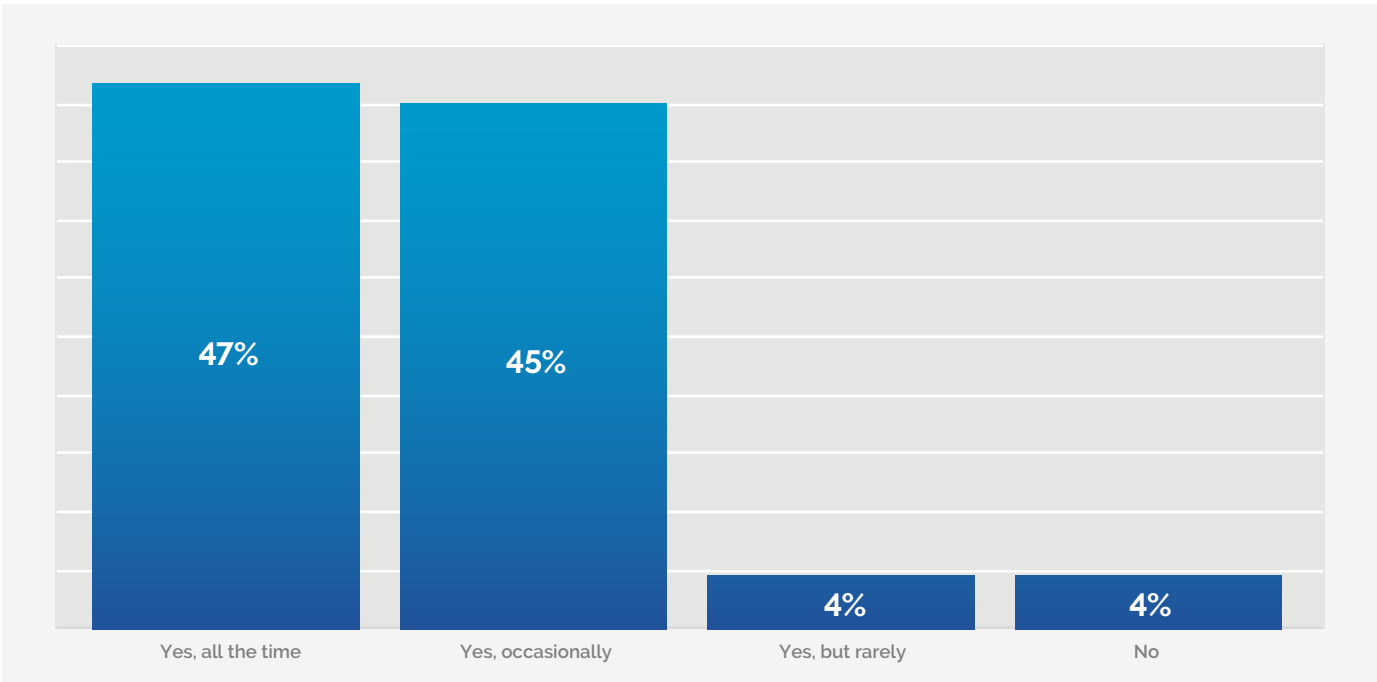
Source: EE Times, Sep. 2016, http://www.eetimes.com/author.asp?section_id=36&doc_id=1330462

The IT leaders we surveyed also emphasized the increase in unstructured data flowing into their systems, as well as their need for better integration and analytic tools to deal with such complex data sources. Over 90 percent of the polled companies deal with unstructured data at least "occasionally," with more than 47 percent of the companies dealing with such data "all the time."

“Between the dawn of civilization and 2003, we only created five exabytes; now we’re creating that amount every two days. By 2020, that figure is predicted to sit at 53 zettabytes (53 trillion gigabytes) – an increase of 50 times.”

– Hal Varian, Chief Economist at Google (Sep. 2016)

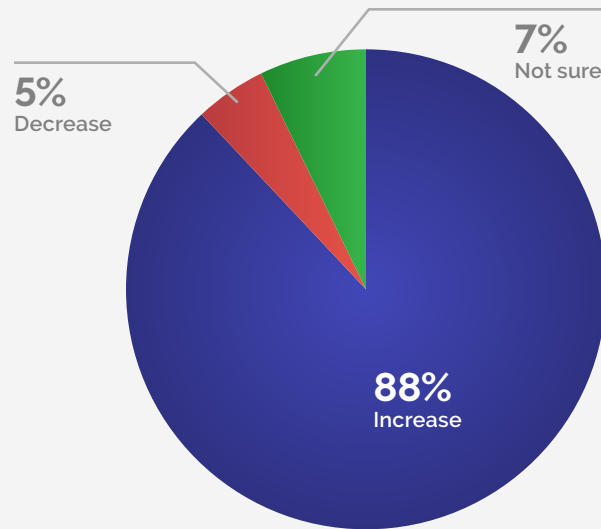
Exhibit 21: Around 50 Percent of Surveyed Companies Deal With Unstructured Data All the Time



Source: SharesPost Research; survey conducted during August and September of 2017; N = 250; Question: "Do you perform business intelligence and analytics with unstructured data?"

As the volume and complexity of data increases, we expect the spend on tools to analyze that data to also increase. We found this expectation reflected in our survey, where approximately 88 percent of the polled IT leaders agreed that their companies' spend on BI and analytics was expected to increase in the next 12 months. The increase in spend is both good and bad for BI vendors; on the one hand, it helps grow the overall market size, but on the other hand, it attracts more players to an already crowded market space.

Exhibit 22: Most Enterprises Expect BI and Analytics Spending to Increase Over the Next Year



Source: SharesPost Research; survey conducted during August and September of 2017; N = 250; Question: "Do you expect your company's spend on business intelligence and analytics tools to increase or decrease in the next 12 months?"

With its dynamic ontology technology, which enables analysts to transform and integrate data from multiple sources into data objects, Palantir is a leader in this space. While working with the military, Palantir developed technology that can integrate data from the field and present it in a user-friendly format for non-technical users. Business professionals in enterprises that deal with unstructured data can easily use this technology. The IT leaders we polled in our survey agreed on the importance of interpreting unstructured data. Over 70 percent of survey respondents who use Palantir's analytics tools deal with unstructured data all the time and benefit from its data integration and visualization tools.

Beneficiary of growing spend on cybercrime, anti-fraud measures, and counter-terrorism

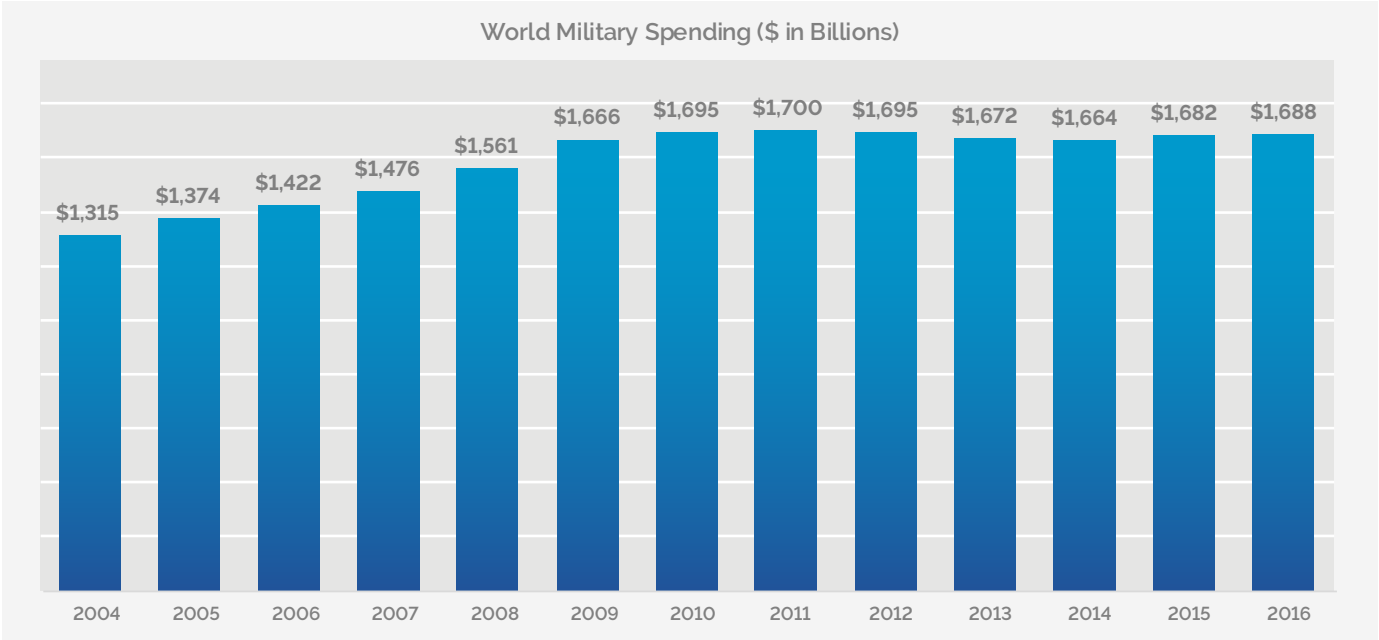
Industry experts predict a continued rise in the IT share of global military and defense budgets. We believe Palantir occupies a unique place within the data analytics domain and benefits from increasing awareness about the global war against crime and fraud. The company's industry-leading analytics platform makes it the go-to vendor for governments and businesses across the globe.

"Software and technology has democratized espionage."

– Palantir's CEO Alex Karp, in an August 2009 interview with Charlie Rose

Because of the increased terrorism-related incidents and threats across the world, global military spending has risen significantly, from \$1.35 trillion in 2014 to \$1.7 trillion by 2017, and – given the global security climate – this trend is not expected to change any time soon. The U.S. alone accounts for over 35 percent of global military spending, followed by China and Saudi Arabia. Although the spending has been largely driven by hardware infrastructure-related defense projects, of late there has been an increase in IT and software-related spending, growth that is expected to continue in this new world of cyber-warfare.

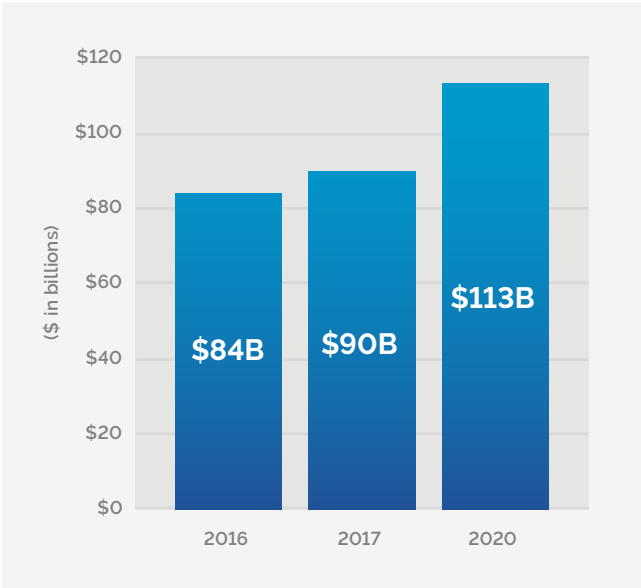
Exhibit 23: Global Military Spending Has Continued to Grow Steadily Over The Past Decade



Source: SharesPost Research; United Nations Office for Disarmament Affairs report on global military spending, <https://www.sipri.org/databases/milex>

A quick search on Google Trends shows a significant rise in awareness about cybersecurity over the last five years. Understandably, the global spend on cybersecurity has also been rising steadily at a 10 percent CAGR and is expected to exceed \$100 billion by 2020. With technological advances and growth in cyber-warfare, we believe the spend on anti-terrorism and data analytics used to identify cybercrimes will be proportional to overall military spending. Attacks on commercial businesses (such as Target, The Home Depot, LinkedIn, Yahoo, and, most recently, Equifax) have been shown to have a detrimental impact on the global economy. These events have driven businesses to tackle cybersecurity as their topmost priority.

Exhibit 24: Global Cybersecurity Spend to Reach Over \$100 Billion by 2020



Source: SharesPost Research; Gartner March 2017 report, <http://www.gartner.com/newsroom/id/3638017>

“The government was collecting a lot of data [in the war on terrorism], more than they could analyze. If we could help them make sense of data, they could end indiscriminate surveillance.”

– Peter Thiel, in a 2016 interview with *Fortune*

Palantir began its career in data analytics by primarily helping solve crime and fraud cases for the military and the Department of Defense. Over the years, it has built up unmatched technology and capabilities that are unlikely to be replicated anytime soon. With its increased focus on crime, Palantir is well placed – with its industry-leading Graph and Map applications – to help governments investigate and track terror organizations around the world. The company already has a huge presence in Europe, a market that accounts for a significant portion of its revenue. Governments in countries such as Canada, the UK, Germany, Denmark, India, and Australia are already Palantir customers with long-term multimillion dollar contracts, providing a steady revenue stream for the company.

Exhibit 25: Media Coverage of Palantir's Relationship With the U.S. Government



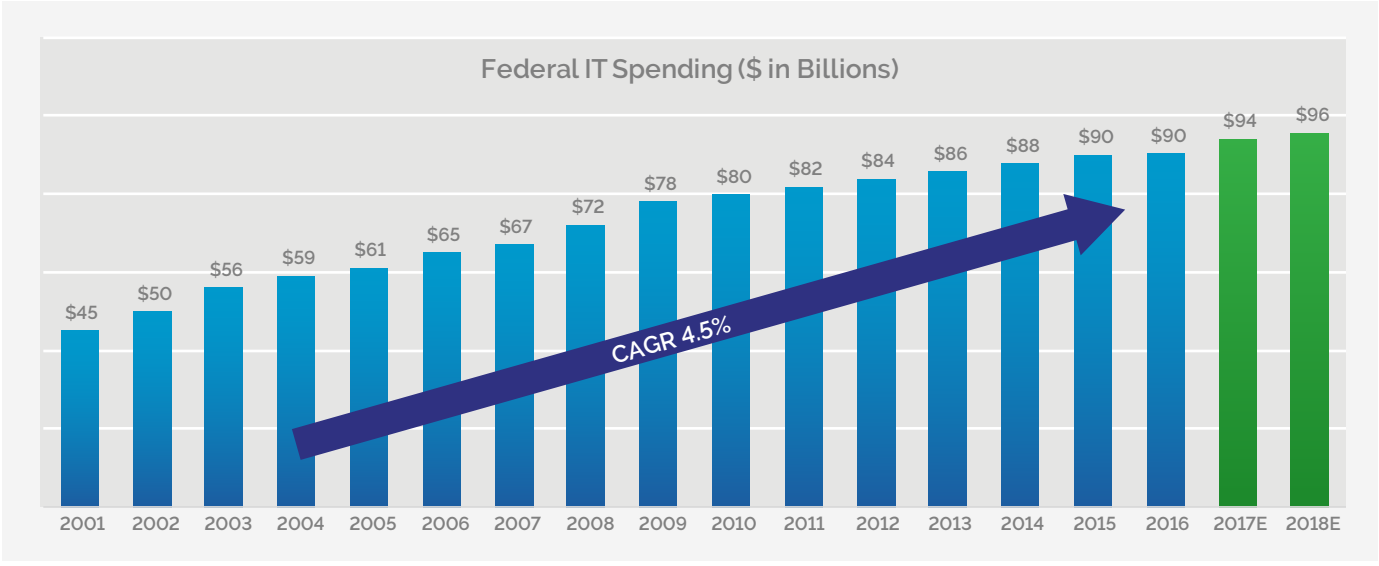
Source: SharesPost Research; The Intercept article from Feb. 2017

Continued significant growth potential in government IT spend

U.S. federal, state, and local IT spending is expected to exceed \$200 billion in 2017, with roughly 30–35 percent of this amount dedicated to defense, public safety, and justice-related IT. Palantir's predominant focus on these verticals, coupled with its custom offerings for specific government use cases, gives us greater conviction that Palantir has a pathway for sustainable long-term growth within the government.

IT spend by both federal and state governments within the U.S. has been rising over the last 15 years, and this trend is expected to continue, given the increase in high-profile cyberattacks across the country. Federal spend is expected to reach close to \$100 billion by 2018, growing at a 4.5 percent CAGR. IT spending has increased across all federal agencies within the U.S., and, after the 9/11 attacks, federal agencies have increasingly focused on integrating data sources across different government organizations to more effectively track and prevent terrorism-related threats and incidents.

Exhibit 26: Annual Federal IT Spend Budget Approaching \$100 Billion



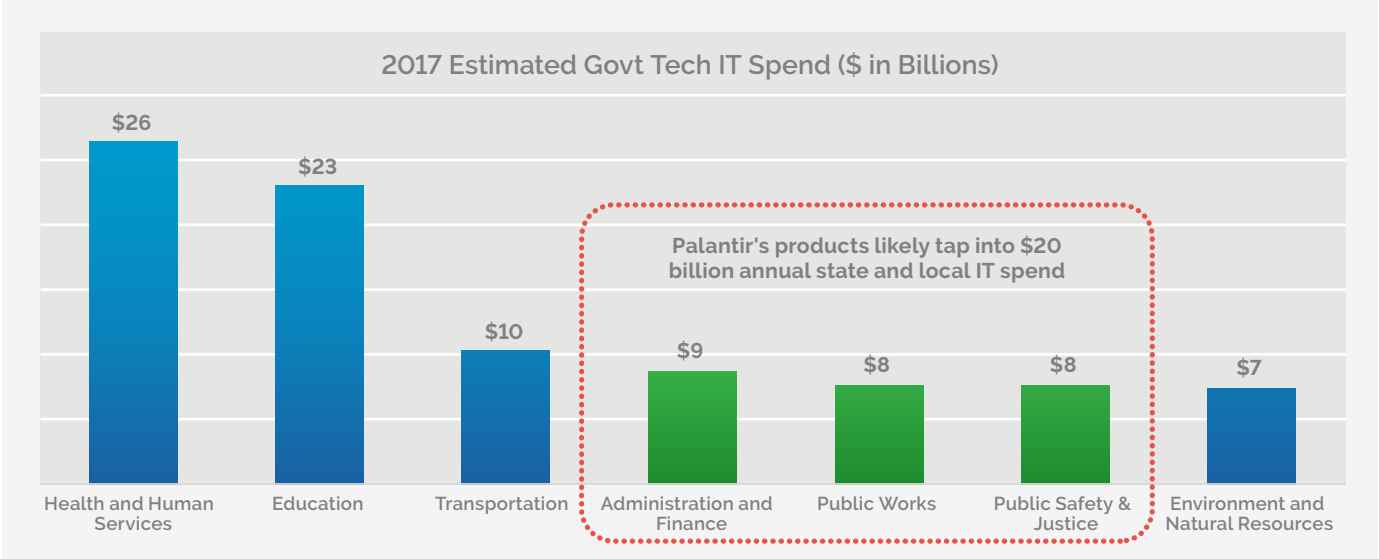
Source: SharesPost Research; Whitehouse.gov, https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/budget/fy2018/ap_16_it.pdf

“Detectives love the type of information [Palantir] provides. They can now do things that we could not do before.”

– Sergeant Peter Jackson of the LAPD, in a leaked TechCrunch report

IT spend by U.S. local and state departments has also been on the rise over the past few years. The total IT spend for local and state departments is projected to reach \$101.3 billion in 2017, a 1.6 percent increase over 2016. This growth has also resulted in increased IT-related opportunities which grew to roughly 34,000 in 2016. Amongst the verticals that local and state departments spend on IT, data analytics and data integration are most critical in Administration & Finance, Public Works, and Public Safety & Justice – departments that deal heavily with data from various sources. These verticals amount to over \$20 billion in opportunity for analytics companies such as Palantir.

Exhibit 27: GovTech.com Estimates \$100 Billion in IT Spend by State and Local Government Agencies in 2017

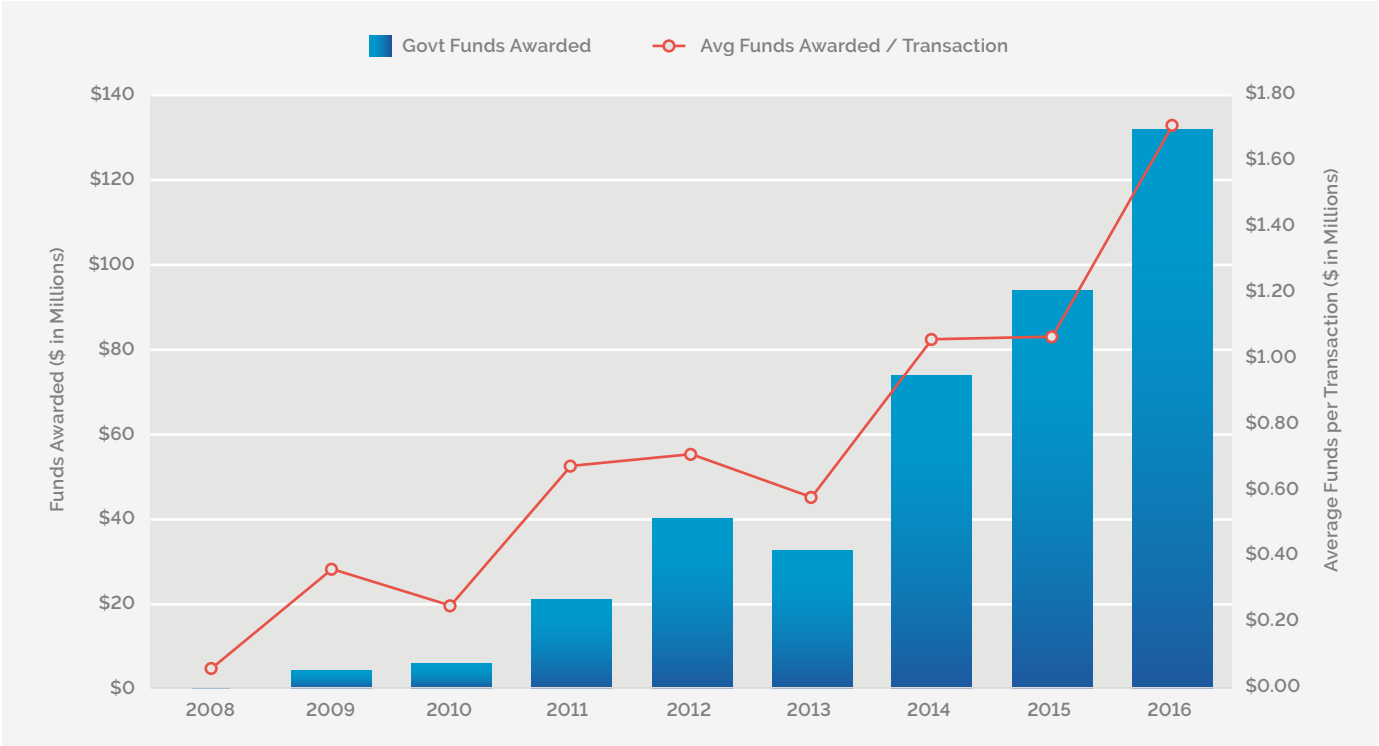


Source: SharesPost Research; Government Technology, <http://www.govtech.com/budget-finance/IT-Spending-in-State-and-Local-IT-What-Does-2017-Hold.html>

While Palantir worked closely with government agencies from 2004 to 2008, we believe the advent of the Great Recession triggered a wave of IT spend focused on integrating disparate sources of data into an intelligent decision-making platform. For instance, in 2002, the Foreign Intelligence Surveillance Act secretly permitted the NSA and other agencies to share raw, domestically gathered intelligence, and, in 2008, the FISA Amendments Act legalized warrantless, domestic surveillance.

We think Palantir, with its unique capabilities, happened to be at the right time and the right place when federal agencies were looking to create an integrated hub of all their databases. Palantir helped integrate data sets across the organizations and provided them with easy-to-use interfaces, gaining the confidence of the government early on. Within an eight-year period, Palantir's government-awarded contracts grew from almost nothing to over \$130 million. During this period, the average funds awarded per transaction also grew steadily to over \$1.7 million. The transactions included at least 10 different government agencies, such as the Department of Defense, the Department of Justice, the Department of Homeland Security, and the SEC.

Exhibit 28: Federal Government Contracts Awarded to Palantir Reached Over \$100 Million by 2016



Source: SharesPost Research; USAspending.gov; chart excludes state and local IT contracts.

Through our research, we discovered that Palantir is engaged with several local counties and state department law enforcement agencies across the country. Contracts with these counties are typically long-term, with some of them extending up to a decade. The contract amounts are enormous, ranging from roughly \$1 million to over \$10 million. For instance, San Diego and Cook counties spent up to \$900,000 on Palantir licenses and services, while Los Angeles County is spending close to \$10 million for software maintenance over a decade-long period. At least 14 counties across California use Palantir, making the state its largest state department customer.

In addition to counties in California, counties such as Chicago (Illinois), Cook (Illinois), New Mexico (New Mexico), and New York (New York) also use Palantir extensively. Since most of the state departments collaborate with each other for law enforcement and counter-terrorism efforts, having a few states integrated with Palantir's system pressures the others to join, to help create a unified database for collaboration and data exchanges. This situation has created an almost-viral effect for Palantir as it expands across the country, promising it steady revenue streams for several years.

Exhibit 29: Palantir Pricing Summary for San Diego Law Enforcement Department (Jul. 2013)

PRODUCTS, SERVICES, TERM			
Quantity	Product Code	Description	Fees
12	132-33	Palantir Gotham Core Perpetual Licenses	\$837,145.16
2	132-34	Year(s) of Support Services and Product Upgrades	Included in price above
2	Oracle	Oracle SE1 Licenses Including 2 Years O&M	\$5,963.76*
2 Dell R720 servers, 1 Dell R720xd server, 2 Fusion IO cards	HW	Recommended Hardware, optimized for Palantir Gotham Software	\$56,890.08*
TOTAL			\$900,000

* Price inclusive of 8% sales tax

Source: SharesPost Research; MuckRock.com, <https://www.muckrock.com/foi/california-52/palantir-technologies-reports-and-documents-31876>

Exhibit 30: Palantir Pricing Summary for Cook County Law Enforcement Department, Illinois (Feb. 2013)

Product	Product Code	Line Item Description	Quantity	Price
Palantir Government Server Core License	PT-PG-000001-132-33	- Palantir Government Server Core Licenses	12	\$530,170.42
Annual Support and Maintenance for Palantir Government	PT-PG-000001-132-34	- Annual Support and Maintenance for Coverage Beyond First Year	1 year	\$56,406.16
Hardware	N/A	- Dell PowerEdge R720 servers - 1.2 TB Fusion IO cards	- 6 - 4	\$95,436.33
Oracle SE 1 Licenses	N/A	- Oracle Standard Edition One Licenses - O&M	- 2 licenses - 2 years	Included
TOTAL				\$682,012.91

Source: SharesPost Research; MuckRock.com, <https://www.muckrock.com/foi/cook-county-365/palantir-technologies-reports-and-documents-30228/-file-110292>

Exhibit 31: Palantir Maintenance Fees for Los Angeles Law Enforcement Department (Mar.2016)

CONTRACT SUM COMPONENTS	TOTAL
Maintenance Fees (10 years)	\$ 9,324,643.33
MAXIMUM CONTRACT SUM	\$ 9,324,643.33

Source: SharesPost Research; MuckRock.com, <https://www.muckrock.com/foi/los-angeles-county-358/palantir-technologies-reports-and-documents-30224/-file-120362>

Exhibit 32: Palantir Statement of Work Snapshot for Sacramento Law Enforcement Department (Apr. 2014)

STATEMENT OF WORK

Objective

We will provide a data analysis platform to support CCIC in their mission to ensure the safety and security of the Eastern District of California. Using Palantir, CCIC will be able to store, organize, access, retrieve, safeguard, and report data relevant to terrorism, trans-national criminal activity, and potential hazards. Once implemented, CCIC will also be able to leverage Palantir to implement advanced analytics, such as link, pattern, statistical, behavioral, and geospatial analysis.

Deliverables

In order to demonstrate impact against the CCIC's mission to protect and serve the people, infrastructure and economy of the Eastern District of California, we will provide the necessary engineering resources to deploy the Palantir Gotham platform, integrate data sources as agreed upon by the parties, provide up to [3] training sessions for users on the platform, and provision of our standard operations and maintenance support as follows:

1. System Installation
 - a. Software: Provide Palantir Gotham Perpetual licenses for [8] cores, which includes installation and configuration support, documentation, and our standard operations and maintenance support.
 - b. Hardware: Provide initial hardware, not to extend beyond 8 cores

Source: SharesPost Research; MuckRock.Com, <https://www.muckrock.com/foi/sacramento-county-397/palantir-technologies-reports-and-documents-30227>

Unique, user-friendly customer proposition

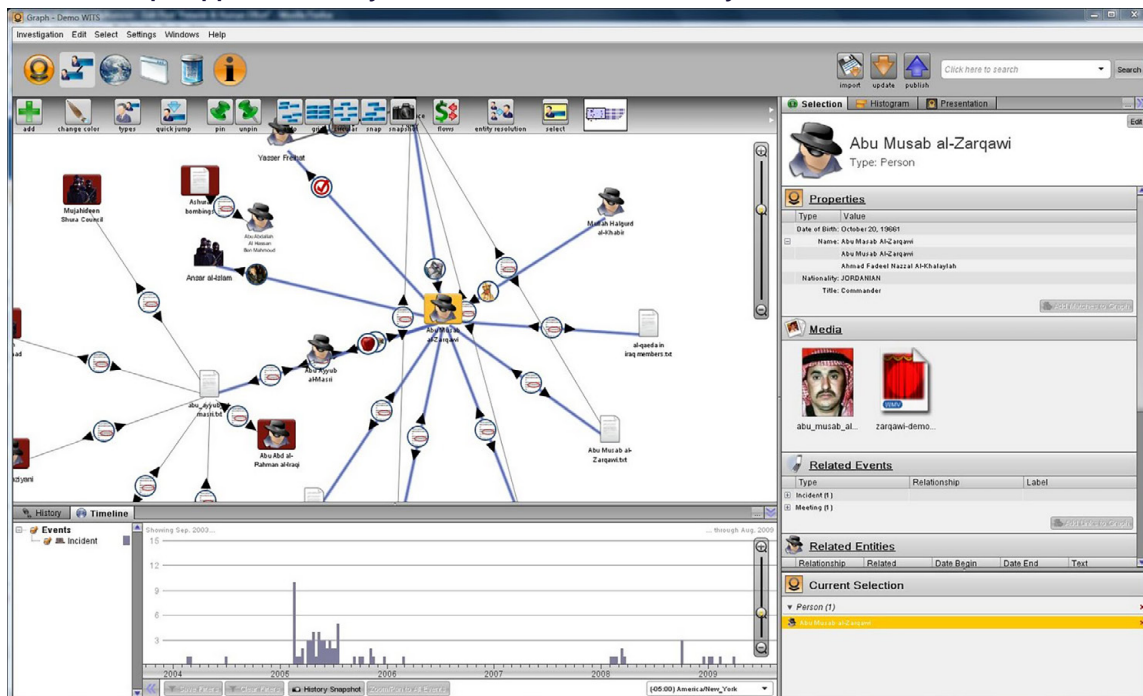
Palantir's first-generation product roadmap was largely driven by government use cases, emphasizing ease of use and actionable dashboards for non-technical end users. We believe that Palantir's in-house intellectual property, which was built upon early government contracts, has allowed the company to reduce friction around big data analytics. Enterprise companies can now focus on drawing actionable business conclusions rather than implementing data cleanup, parsing, and other input-related activities.

Palantir's key differentiator is its unique ability to integrate volumes of structured data (database tables, spreadsheets, etc.) and unstructured data (images, videos, reports, etc.) into a user-friendly analytics platform. Anyone who deals with searching and sorting through large volumes of data understands that it can be frustrating to use database-querying languages. Typically, only dedicated analysts can effectively use these query languages. Palantir, by using natural-language querying, has turned this problem upside down, so that anyone – even individuals with no knowledge of programming language – can easily conduct insightful searches through huge volumes of data. As a result, Palantir's platform has become well-accepted among a wide variety of users across multiple government organizations. Due to the software's ease of use, we believe end users in businesses can now focus their energy on solving cases, rather than wasting time searching through different databases.

Palantir possesses three key features that make it a unique and go-to data analytics product: Palantir Graph, Palantir Map, and Palantir's mobile application.

First, Palantir's data visualization applications (such as Palantir Graph) and other dashboard applications make it easy to run complex queries and identify relationships between seemingly unrelated items. The node-based visuals on Palantir Graph enable analysts to see up to three and four degrees of relationship depth between data sources, which helps uncover hidden insights. By integrating with payment and communication applications, the Graph application also shows time-based information transfer (e.g., phone calls or money transfers) between different nodes, which helps analysts develop concrete hypotheses. This level of relationship mapping has been useful in thwarting terrorist activities across the globe. We believe that Palantir's Graph application is one of its key assets, making Palantir a standout from its competitors.

Exhibit 33: Palantir Graph Application: Easy to Use for Non-Technical Analysts



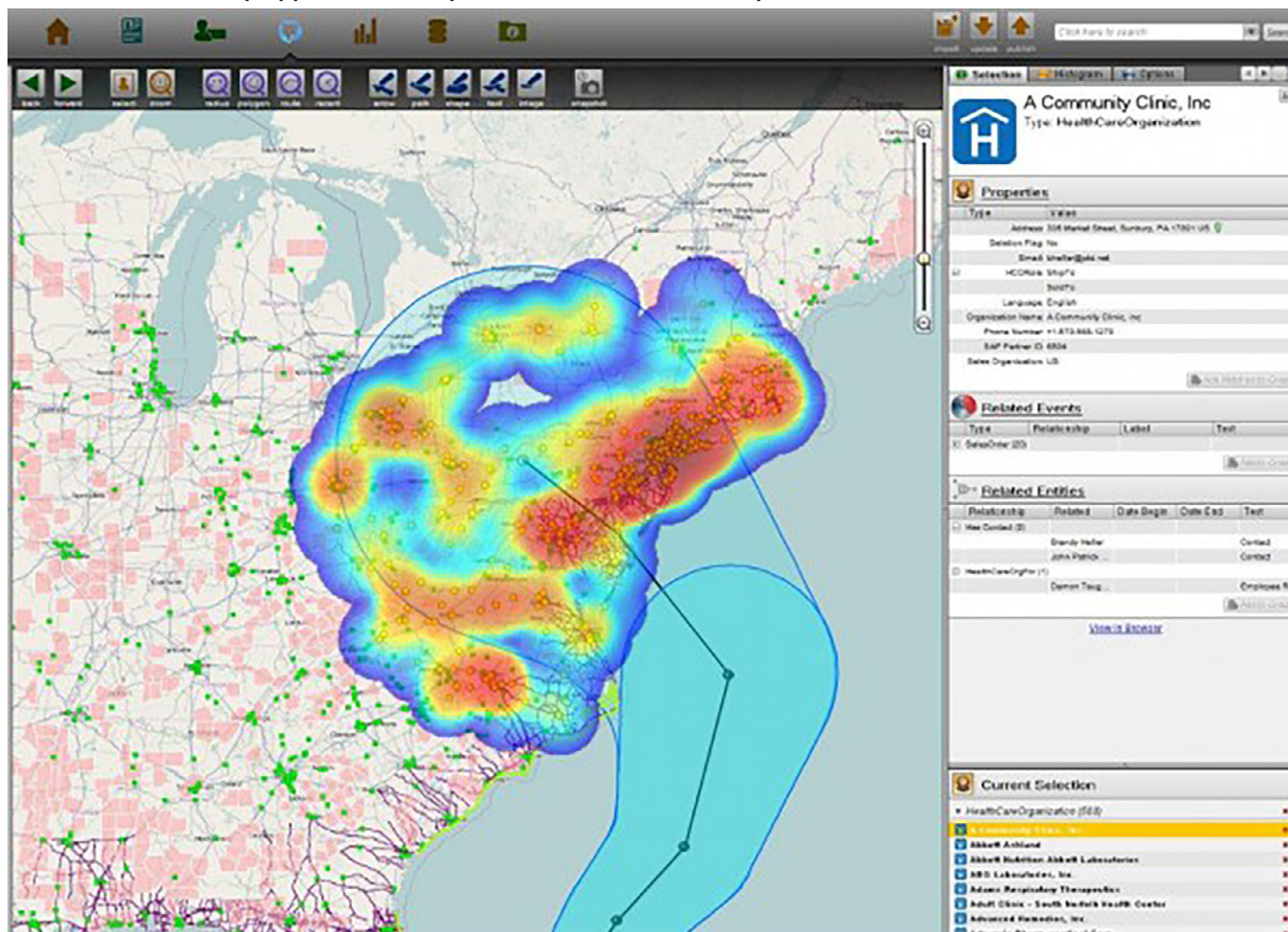
Source: SharesPost Research; Noblis NSP, Sep. 2009, <https://www.noblis-nsp.com/palantir-human-effort/>

Second, Palantir Map, with its heat-mapping feature, illuminates the density of interesting objects, making it easier for analysts to gain an overall view of a situation and quickly get up to speed. Using appropriate color-coding, the application highlights areas of focus for further investigation. It has been heavily used in disaster-relief efforts during Hurricane Sandy in the U.S. and Typhoon Haiyan in the Philippines. It has also been used for tracking and preventing foodborne illnesses across the country.

“The company ‘dates heavily’ before it ‘marries.’”

– Palantir CEO Alex Karp, at the Wall Street Journal Conference in Nov. 2016

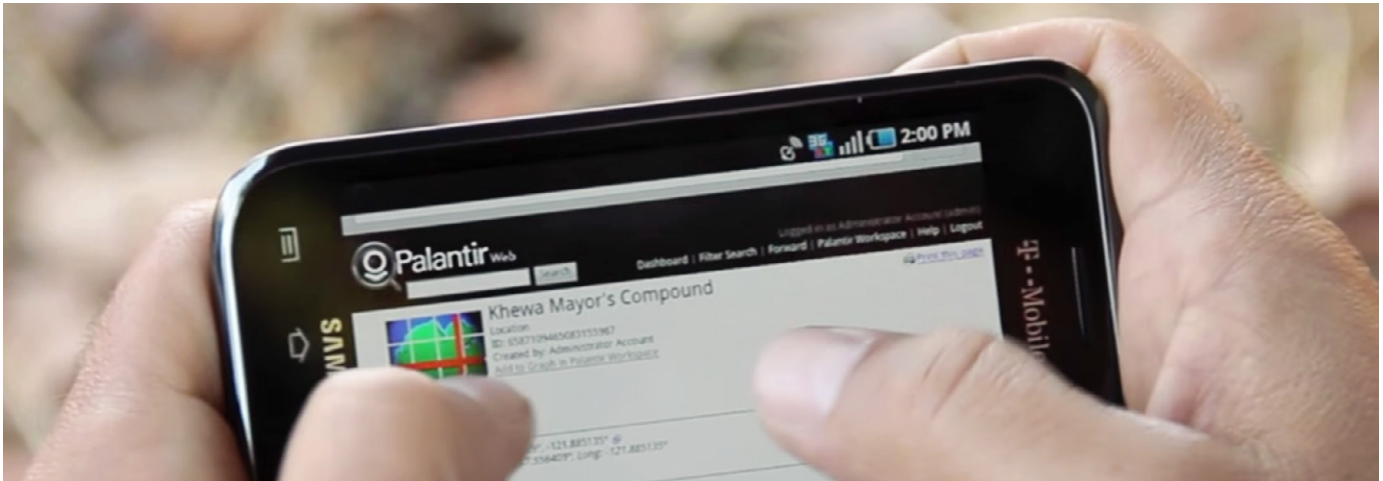
Exhibit 34: Palantir Map Application: Exceptional Data Visualization Capabilities



Source: SharesPost Research; DirectRelief.org, Feb. 2013, <https://www.directrelief.org/2013/02/palantir-expands-commitment-to-help-improve-disaster-response>

Finally, Palantir has developed its mobile application to help analysts in the field, who may have limited network access, to connect with the Palantir platform and send/receive updates in real time. The mobile application comes with all the features of the standard desktop version, and it enables investigators to instantly share information with other analysts. The application is capable of working even in low-bandwidth regions such as war zones or disaster regions, where investigators and aid workers need a reliable way to communicate.

Exhibit 35: Palantir Mobile: Desktop Capabilities on a Mobile Platform



Source: SharesPost Research; Palantir YouTube Video, Feb. 2010, <https://www.youtube.com/watch?v=8cmWtdMFoCY>

All in all, Palantir's tools have been used with a great degree of success across multiple organizations, in the fields of government, finance, public health, and disaster recovery, to name just a few. Palantir is further expanding to more industry sectors, such as airlines and pharmaceuticals.

High-profile customers providing sales and marketing leverage

Palantir's technology has been associated with prominent global events in disaster relief (Hurricane Sandy), fraud detection (the Bernie Madoff Ponzi scheme), and anti-terrorist activities (the capture of Osama bin Laden). While its peer SaaS companies spend up to 50 percent of their net revenues on sales and marketing, we believe Palantir benefits from media coverage of highly visible events as well as customer stories. This publicity likely leads to significant savings on sales and marketing expenses, taking the company a step closer to profitability by the end of 2017.

Palantir has been involved in some of the most highly visible events across the globe, which has likely enabled it to scale its R&D and other business operations at a faster rate than its sales and marketing. To date, Palantir has benefited from word of mouth and media coverage.

When it comes to spend on government projects, we believe Palantir spends very minimally on direct marketing. We believe Palantir's relationships with government agencies grow fairly organically, driven by word of mouth or direct referral. Palantir's involvement in government-related anti-fraud and anti-terrorist projects have also connected the company with agencies and governments outside the U.S.

“The Palantir software acts as a force multiplier. The software addresses a common problem in dispatching crews for disaster relief: lack of real-time communication.”

– Ford Sypher, Regional Director, Team Rubicon

According to media reports, Palantir's solutions helped the U.S. government track and subsequently capture terrorist leader Osama bin Laden. In 2005, the company gained further global notice when it helped trace the Chinese espionage network that hacked the Dalai Lama's computer.

Over the past six or seven years, Palantir has added government contracts with Australia, India, the UK, and other European countries to help them in their security and defense efforts. In 2010, a leaked report containing Palantir's proposed strategy to help the U.S. government combat WikiLeaks shed light on the company's capabilities.

On the commercial side, Palantir came into the limelight during the 2008–2009 financial crisis, when it helped detect and secure the arrest of fraudster Bernie Madoff. Its initial engagement with JPMorgan, to detect internal fraud, helped the company add similar clients such as Credit Suisse and Citibank, allowing Palantir to expand its base in the financial industry, both within and outside of the U.S.

Palantir's social and community projects also spread across countries: The company helped with relief efforts during Typhoon Haiyan, Hurricane Sandy, and the Oklahoma tornado. It has also coordinated with global agencies to help identify drug trafficking rings and solve the homelessness crisis. These projects have resulted in free publicity and rave reviews from high-profile politicians such as former Vice President Joe Biden.

Exhibit 36: Palantir's High-Profile Customer Stories and Announcements

Date	Description
Jun-2005	Palantir helps track GhostNet, a Chinese espionage network that hacked the Dalai Lama's office.
Jul-2005	Polaris team engages Palantir to help track human trafficking rings
Sep-2009	Palantir adds Australian government as a client
Dec-2009	JP Morgan signs multiyear contract with Palantir
Jun-2010	Credited by US Vice President Joe Biden for helping fight fraud
Nov-2010	Thomson Reuters partners with Palantir to create a finance data analytics platform
Nov-2010	Indian Government likely partnering with Palantir to connect data sources with national security efforts
Jun-2011	SEC engages in a 5 year contract with Palantir to help detect insider trading
Jun-2011	Palantir teams up with Medicare to link Medicare expenditure with hospitals
Jul-2012	Palantir helps the International Consortium of Investigative Journalists in analyzing their data
Jul-2012	Palantir works with US Immigration to help track down drug cartel members
Aug-2012	Palantir worked with Spain's Santander bank to create an early warning system
Oct-2012	Palantir helps Hurricane Sandy teams in coordinating relief efforts and mobilizing volunteers
Dec-2012	JP Morgan hires Palantir to help identify fraud amongst its workers
May-2013	Palantir works with the Moore Tornado team in Oklahoma to help coordinate relief efforts
May-2013	Palantir works with Global Human Trafficking Hotline Network for pattern recognition
Sep-2013	Forbes article on Palantir's possible involvement in helping kill Osama Bin Laden
Sep-2013	Palantir works with Clinton foundation to create a resilient strategy for a selected 100 cities
Nov-2013	Palantir helps Typhoon Hyan relief teams distribute aid to the needy
Dec-2014	Hershey's seeks help from Palantir for efficient global food distribution
Jan-2015	Palantir is claimed to have helped SIPC with the arrest of ponzie schemer, Bernie Madoff
Aug-2015	Norfolk uses Palantir to help evaluate the flood risk of every land parcel in Virginia
Mar-2016	Credit Suisse teams up with Palantir to target rogue bankers
Oct-2016	Palantir teams up with Santa Clara county to help resolve homelessness
Jan-2017	Airbus taps silicon valley expertise to speed production of A350
Jan-2017	Germany's Merck taps Palantir for big data health initiative
Mar-2017	US Immigration agency uses Palantir's case management system to deport illegal immigrants

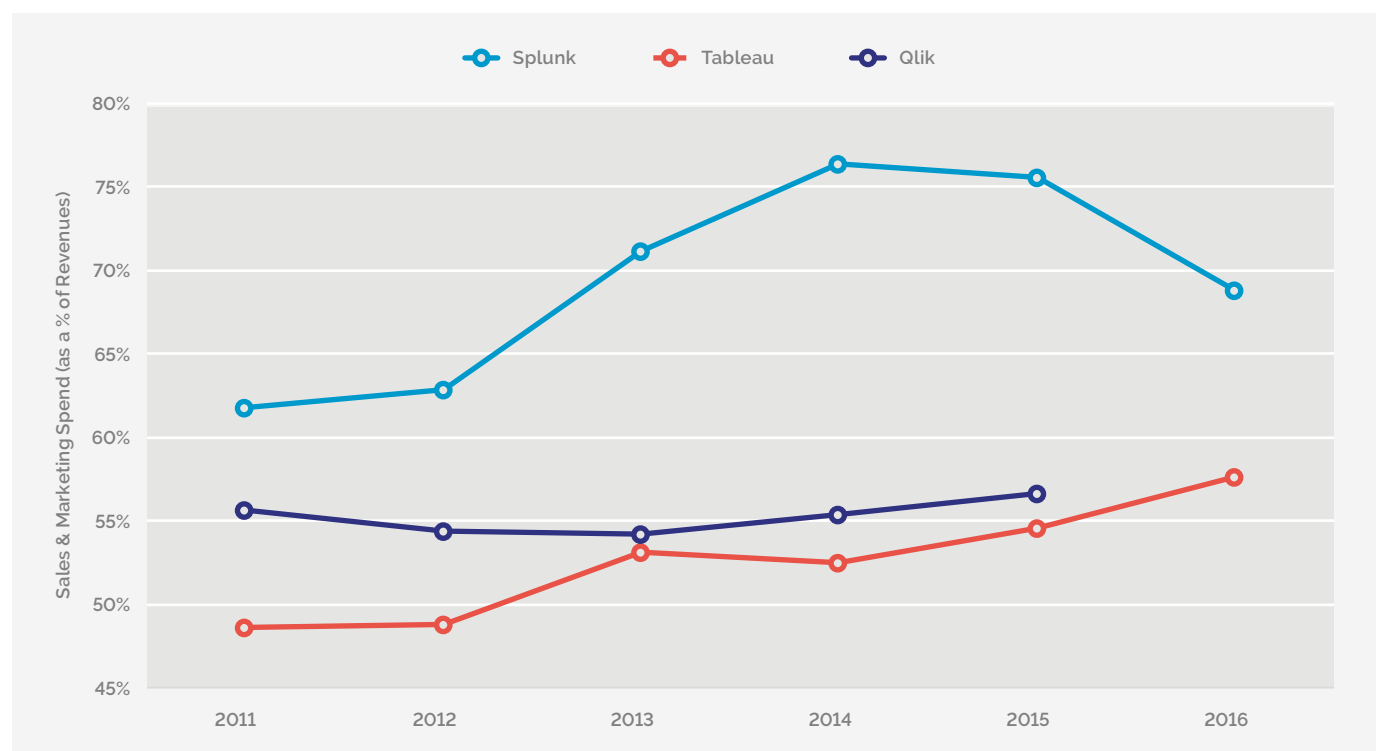
Source: SharesPost Research; Palantir media blog and various news articles

While Palantir might spend a relatively smaller proportion of its revenues on sales and marketing, its peers (such as Splunk, Tableau, and Qlik) spend over 50 percent of their revenues on attracting and retaining clients. We believe one of the primary reasons for these companies' elevated level of marketing spend is intense competition from large, established enterprise software vendors. Smaller companies tend to spend more to get a foot in the door with enterprise clients, offering deep discounts to persuade customers to change their analytic platforms. However, even after smaller companies take this step, established players can cut prices to retain their customer base. Since Palantir does not have to spend as much of its revenue on sales and marketing, this could result in significant amount of savings, adding to its bottom line.

"The real proof was [that] we saw massive adoption without a sales force... one person would email another."

– Palantir CEO Alex Karp, in a Feb. 2012 interview with TechCrunch

Exhibit 37: BI & Analytics Vendors Spend More Than 50 Percent of Net Revenues on Sales and Marketing



Source: SharesPost Research; chart based on annual public filings of SPLK, DATA, and QLIK (acquired)

Attractive revenue mix-shift from government to commercial

We believe Palantir has diversified its customer base by growing its commercial revenues from an estimated 0 percent of revenue in 2008 to roughly between 50–60 percent by 2017. Investors will view this trend positively, as it will increase reporting transparency and help mitigate investor concerns about Palantir's reported conflict with certain government agencies.

Since, initially, Palantir solely worked with the government and its agencies, the company now offers a big-data product that is heavily used by governments, the police, and intelligence agencies. Through the initial funding it received from In-Q-Tel's funding, Palantir ended up – in a matter of a few years – working with over 10 different government agencies.

“If you take vulgar metrics like cash collection and bookings, our commercial business is already poised to be larger than our government business.”

– Palantir CEO Alex Karp, in a Feb. 2017 interview with *Financial Times*

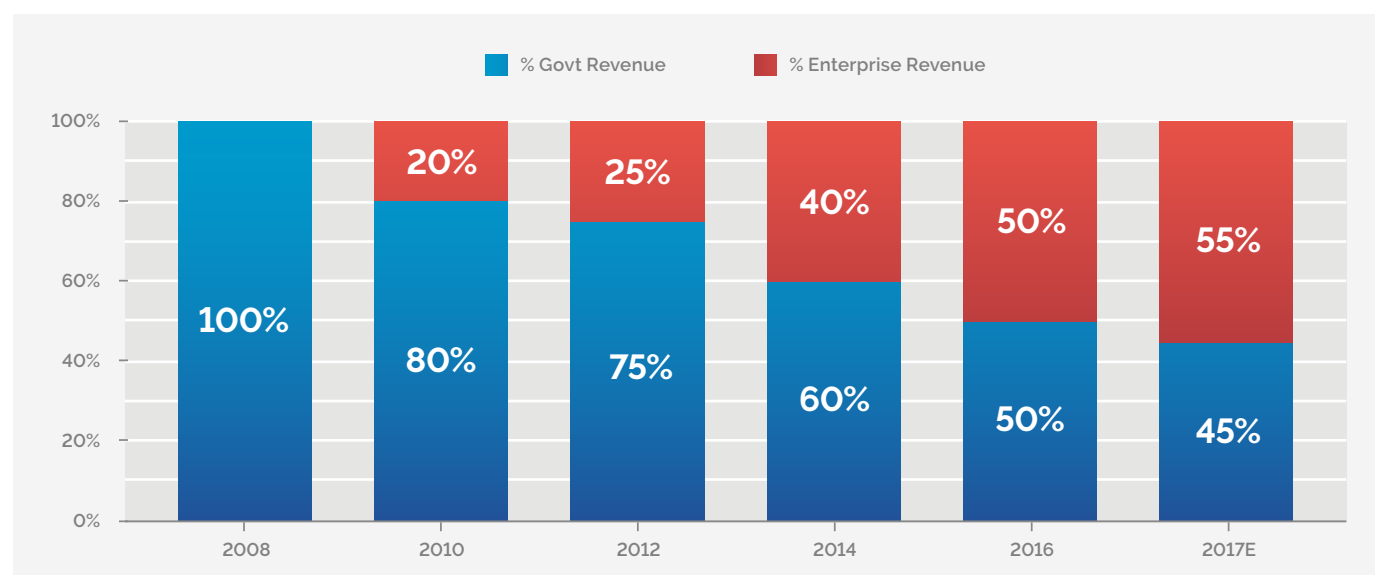
At one point, Palantir was implicated as a player in Edward Snowden's revelations about government spying. The company was also rumored to have helped the U.S. government find Osama bin Laden and to have helped the police use facial recognition to locate the Boston Marathon bombers. Government agencies were its primary customers until one of the agencies introduced them to JPMorgan Chase. Palantir then helped JPMorgan Chase investigate internal fraud, which led the company to develop its finance platform, Palantir Metropolis. Palantir then began to expand its customer base beyond government agencies. Palantir's expertise in fraud analytics won the company several international projects across the globe, including in Europe and Australia.

Over the past five to seven years, Palantir has diversified its product offerings beyond crime and fraud detection and has expanded into sectors such as retail, pharmaceuticals, and manufacturing. The government continues to be a big part of Palantir's business, but Palantir's strategic focus has clearly shifted toward commercial clients.

We think there are a couple of positives associated with this mix-shift from government to enterprise revenues:

1. Enterprise companies will likely prefer more standardization of products, allowing Palantir to “productize” its solutions and services in a much more scalable manner. This step would reduce the company's reliance on customization and consulting for data integration and cleansing, which it has had for the past ten years or so.
2. As it increases its enterprise revenues, Palantir can increase its level of transparency with the media and investors. We think the company is handicapped by its current level of external communication, because of the inherently secretive nature of its relationships with government agencies.
3. As the proportion of consulting services used by each new customer declines, we expect Palantir's gross margins to rise, effectively taking it a step closer toward profitability.

Exhibit 38: Percent of Bookings From Enterprise Contracts Rising and Estimated to Reach Roughly 50 Percent by End of 2017



Source: SharesPost Research; Palantir media blog and various news articles

Although Palantir's government-based projects have increased, the media has reported that Palantir's relationships with various government agencies has begun to sour. In June of 2016, Palantir filed a lawsuit against the government for unfairly banning the company from bidding on software design contracts. The company eventually won the lawsuit later that year in October, indicating that its proportion of revenues from the government may continue to rise. The company continues to win big government contracts, such as the \$200 million contract from the U.S. Special Operations Command. Although cultural differences between Silicon Valley and Washington, D.C., have been cited as cause for conflict, government agencies still use Palantir because its software has proven indispensable in solving cases. It is now the preferred choice of many global teams within these agencies.

Because many state and federal agencies already use Palantir to integrate their data sources, agencies have no alternate choice for software, unless they plan to begin everything again from scratch (which is not a cost-effective strategy). Since Palantir's software is deeply embedded in several government organizations, we believe the company will continue to act as a key supplier of data analytics software for various local and federal governments in the near future.

Exhibit 39: Key Events in Relationship Between Palantir and the U.S. Government – A Mixed Bag Since 2015

Date	Description
Jan-2015	TechCrunch article revealing how Palantir's software helped several government agencies
Aug-2015	As per BuzzFeed, Palantir CEO Alex Karp remarked in his internal staff meeting that the CIA was "recalcitrant" and "didn't like us"
May-2016	Receives a five-year, \$222 million contract from the U.S. Special Operations Command.
Aug-2016	Palantir highlights that 40% of its business comes from defense contracts
Sep-2016	Palantir receives a 5 year \$2.5 million contract from the New York City to improve property values
Oct-2016	Bloomberg article highlighting the cultural differences and Palantir's law suit against US Army.
Dec-2016	Received \$81M in 2016 from 71 government contracts.
Mar-2017	Palantir wins the case against the army for unfairly barring Palantir to bid for designing software
Mar-2017	US Immigration agency uses Palantir's case management system to deport illegal immigrants
Apr-2017	CNBC report describing Palantir's strained relationship with the US intelligence community.
Jun-2017	BuzzFeed article about the fight brewing between The NYPD and Palantir.
Jun-2017	Politico article highlighting Palantir's deep connections within US government

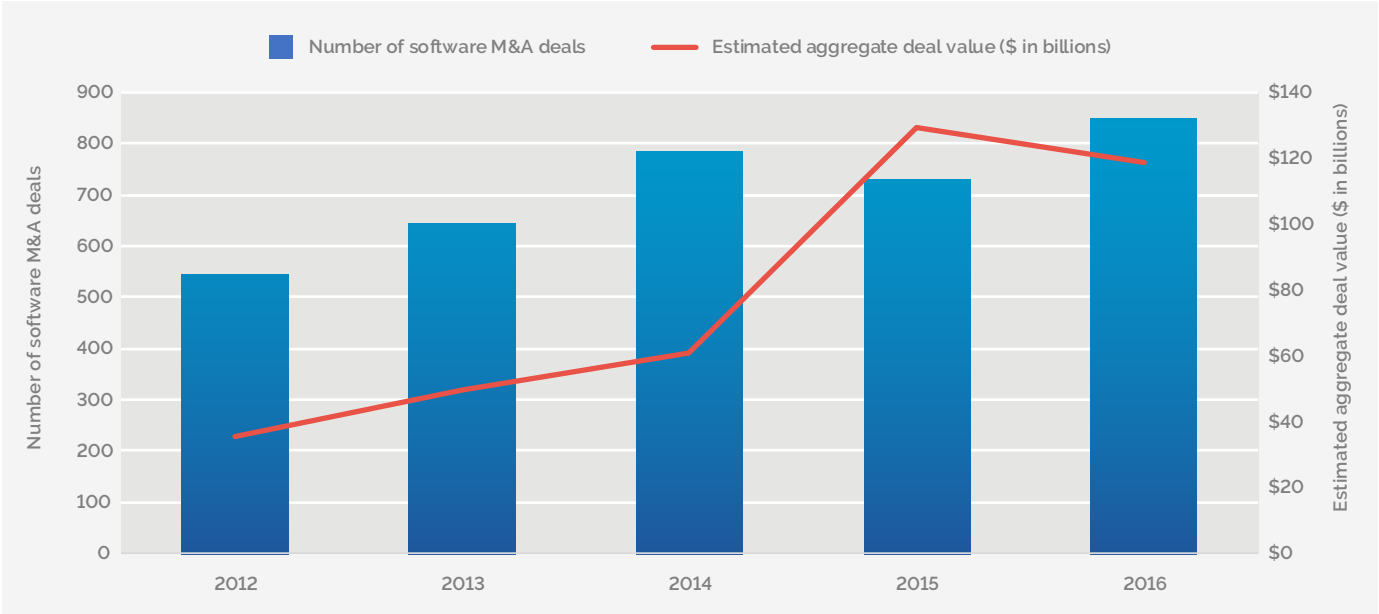
Source: SharesPost Research; Palantir media blog and various news articles

Potential acquisition target

With an estimated \$3.5 billion in gross bookings in 2017, industry-leading technology in the data analytics space, and an arguable moat around its government relations, Palantir presents an attractive acquisition target for established enterprises wanting to expand into the predictive analytics, data integration, and data visualization space. This attractiveness likely puts a reasonable floor under Palantir's valuation and will help investors frame a downside risk scenario in their valuation framework.

The software industry has experienced significant consolidation over the past five years, with over 800 mergers and acquisitions taking place in 2016 alone. This number represents a 45 percent jump from 2012. Furthermore, even the valuations for these acquired companies have significantly increased, with overall deal values reaching \$130 billion in 2016 – a 45 percent increase from 2012. We believe the reason for the increased acquisitions and high valuations in this space, apart from macroeconomic reasons, is the growth in enterprise-software market prospects.

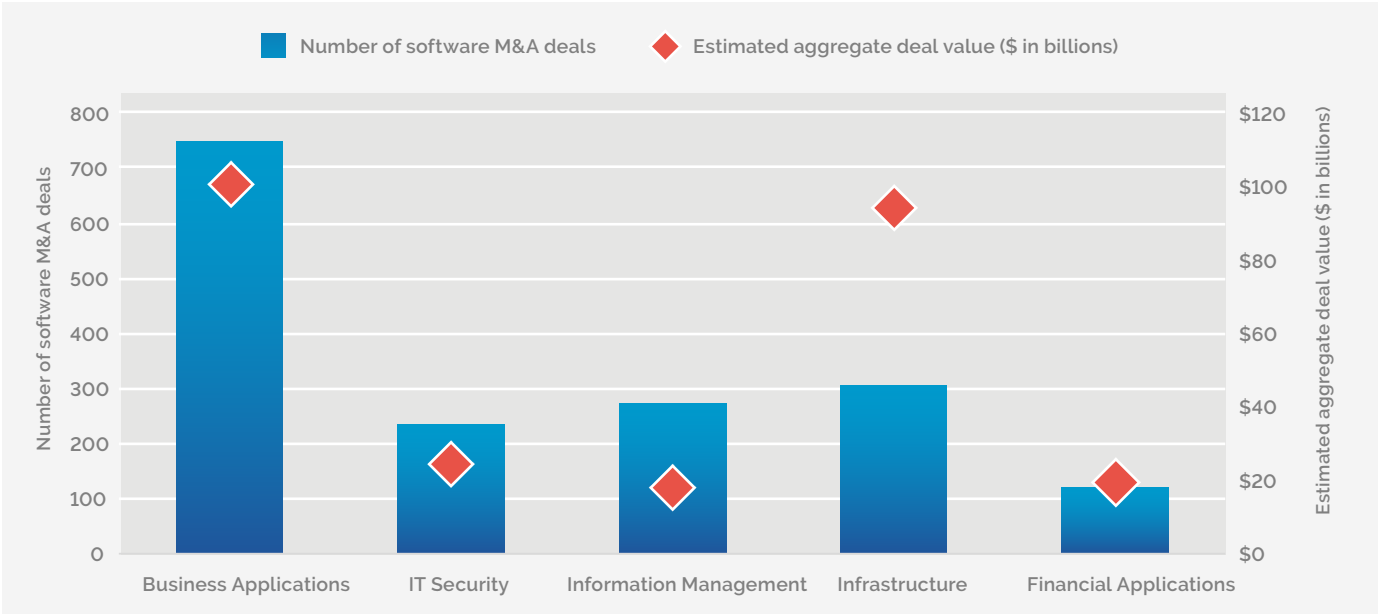
Exhibit 40: Gradual Upward Trend in Number and Aggregate Value of Software M&A Deals



Source: SharesPost Research; Shea & Co. reports; company reports

In the software M&A landscape, the information management market (which includes business intelligence and data analytics) has seen heavy consolidation after business applications and infrastructure markets. Over the last two years, over 250 deals – with \$18 billion in aggregate valuation – have occurred. Because subscription-based pricing models are becoming prevalent in this space, more small- and medium-sized businesses are outsourcing business analytics activities to third-party vendors such as Tableau, Splunk, Qlik, and Palantir. However, the large enterprise-software vendors have been quickly catching up and growing, either organically or through acquisitions, to maintain their market share in the analytics space.

Exhibit 41: About \$75 Billion Worth of M&A in Information Management and IT Security Software Companies

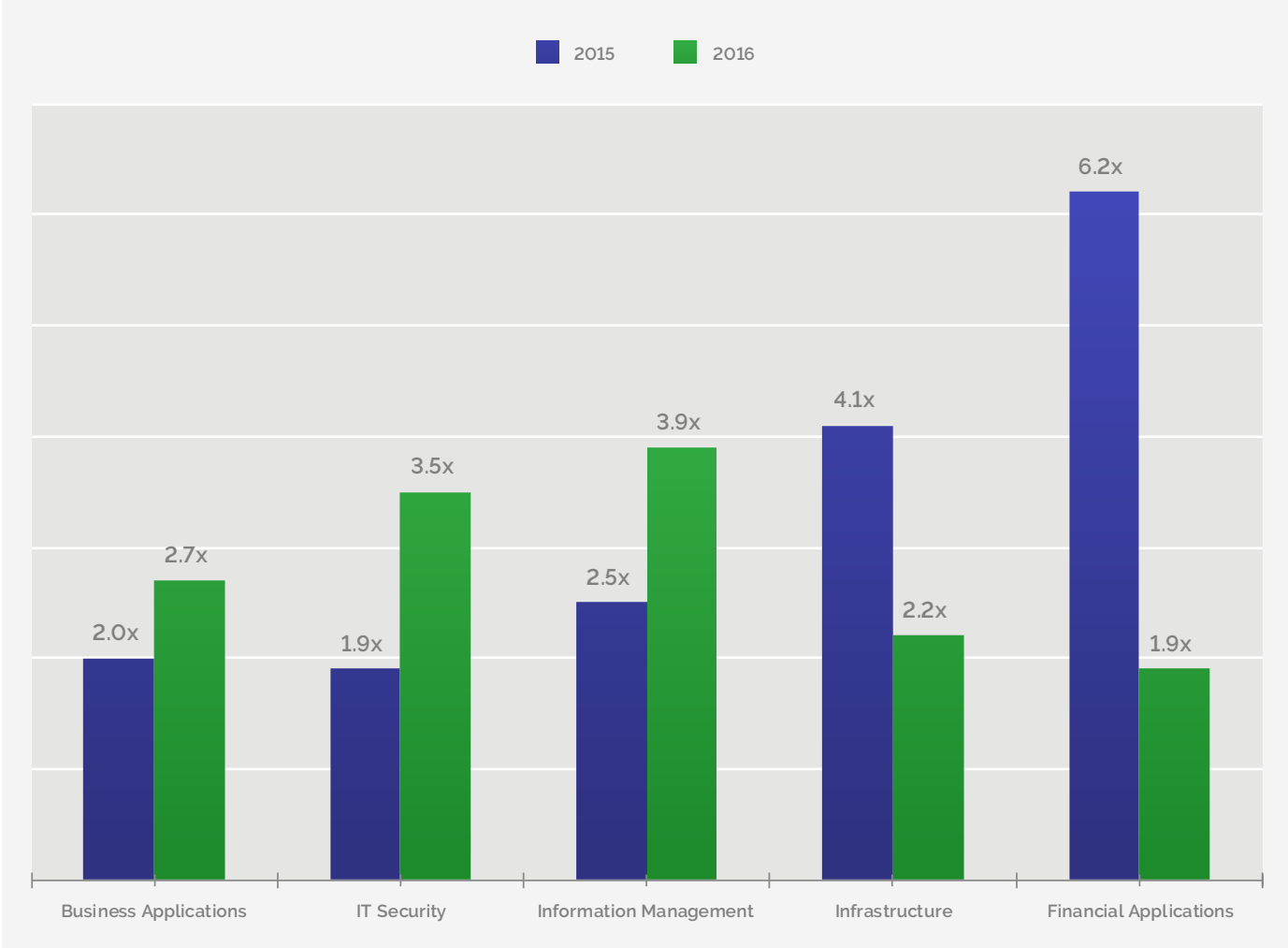


Source: SharesPost Research; Shea & Co. reports; company reports; charts show deals completed between Q1:15 and Q1:17; Business Applications includes advertising technology; ERP and business applications; marketing applications; and technical and embedded applications. Information Management includes business intelligence and content management. Infrastructure includes application delivery and network acceleration; IT operations management; IT security; platforms, development tools and deployment; and storage management.

The revenue multiples for information management companies grew more than 50 percent over the last two years. Some of the new players in this space have been disruptors, quickly grabbing market share from the established players. Since the need for analytics has grown significantly with the arrival of big data from IoT devices and the like, investors sentiment is positive on the latest breed of analytics players. These new players have expertise in some of the sought-after applications such as unstructured data integration and data visualization.

However, smaller vendors face competition from established players, who are quickly developing newer analytics tools, making it difficult for the small players to gain further market share. Given the favorable macroeconomic situation, established players may now scoop up promising smaller vendors to strengthen their position in the analytics space. Thus, we expect these revenue multiples to continue to rise in the information management space for the next year.

Exhibit 42: EV/LTM Revenue Multiples for Sectors in Software M&A Transactions

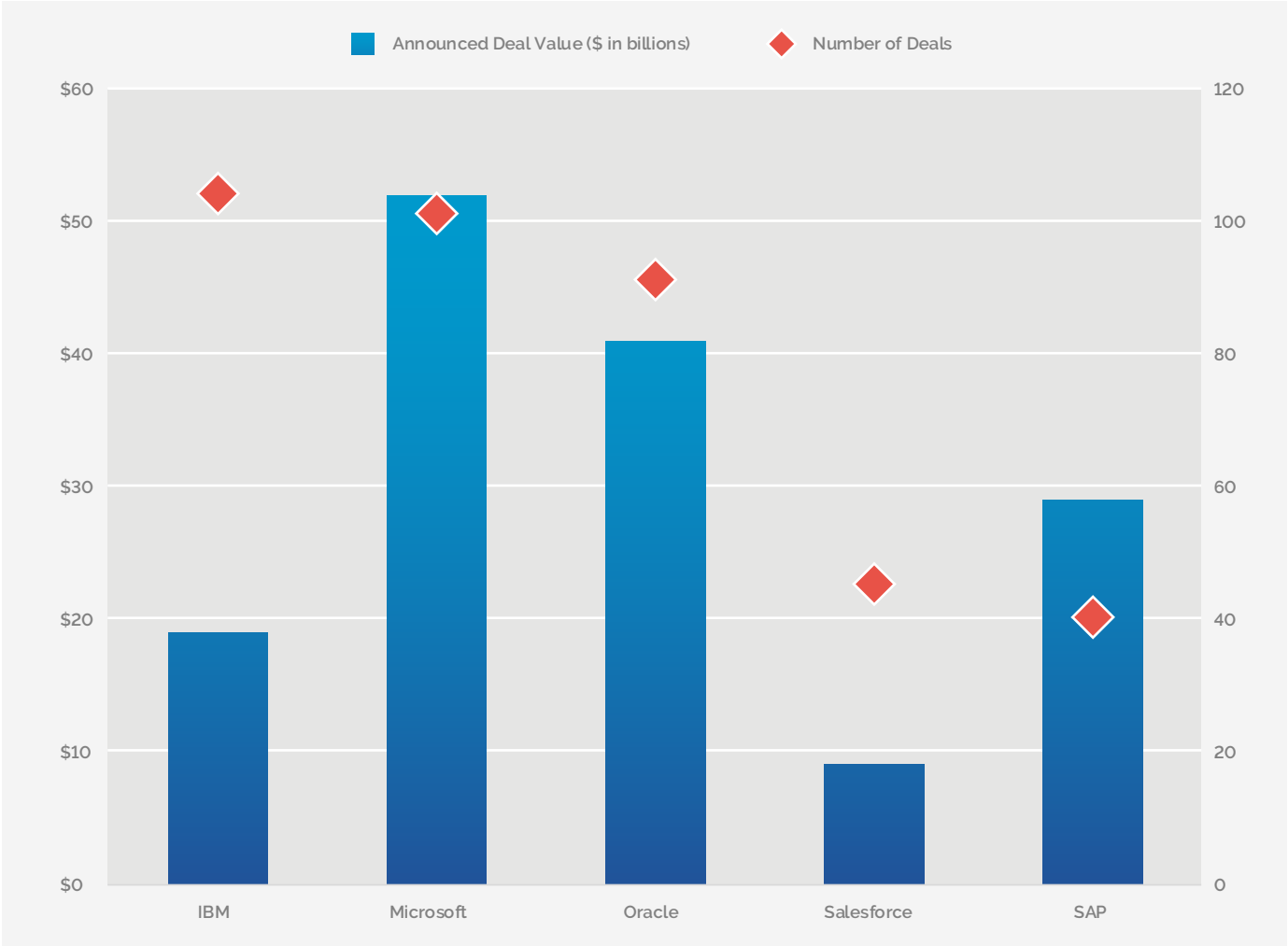


Source: SharesPost Research; Shea & Co. reports; company reports; charts show deals completed between Q1:15 and Q1:17. Business Applications includes advertising technology; ERP and business applications; marketing applications; and technical and embedded applications. Information Management includes business intelligence and content management. Infrastructure includes application delivery and network acceleration; IT operations management; IT security; platforms, development tools and deployment; and storage management.

Over the past few years, consolidation through acquisition has become common. The large players, with their deep pockets, have been acquiring smaller vendors to neutralize the risk of being replaced by a newcomer. Over the past decade, the three biggest companies – Microsoft, Oracle, and IBM – have together acquired roughly 300 companies – leading to a significant consolidation of the enterprise-software marketplace and helping both the top and bottom lines for these companies.

We expect this consolidation to continue in the next few years. Even the smaller players have become active acquirers as they compete to expand their portfolios and secure their places in the market. FICO has acquired up to 20 analytics companies, while Palantir has acquired six to date. Records show that Splunk and Tableau also acquired about four companies to boost their product offerings inorganically and better compete with peers.

Exhibit 43: Large Software Companies Have Been Active Consolidators Across Many Sectors



Source: SharesPost Research; Shea & Co. reports; charts show deals completed between Q1:07 and Q1:17; includes only announced transactions with publicly available information.

The BI and analytics space has seen over 60 acquisitions within the past year alone. With several companies providing products for the different sub-segments within the BI domain, price competition has become key. Big companies such as Microsoft are aggressively slashing their prices, making it difficult for smaller, newer vendors to attract clients and maintain their customer base.

Companies like Tableau, Splunk, and Qlik have been the market disruptors, but the Big Four (Microsoft, IBM, Oracle, and SAP), have caught up quickly through both organic and inorganic growth. Below, we provide a list of some of the key acquisitions in the business intelligence space over the past year. These acquisitions illustrate the significant M&A activity in this space among both big and small players. Companies are trying to rapidly expand their presence in the analytics space by developing capabilities in next-generation analytics areas, such as predictive and cognitive analytics.

Exhibit 44: Significant Consolidation in the Data Analytics Space Over the Past 12 Months Sign up or sign in

Date	Target	Acquirer	Rationale
Aug-2017	Cleargraph	Tableau	Gain expertise in natural language querying
Jul-2017	Graphiq	Amazon	To improve services on Alexa virtual assistant
Jul-2017	StackIQ	Teradata	Bolster delivery capability of on-premise and cloud solutions
Jun-2017	Yhat	Alteryx	Accelerate their data science model deployment
Jun-2017	Semanta	Alteryx	To expand into self service movement in analytics
May-2017	Eccella Corp	Ngdata	fuel international growth and expansion
May-2017	Statistica	Tibco	Augment Tibco's analytic offerings for advanced insights and IoT analytics
May-2017	Lattice Data	Apple	To improve on unstructured data analytics
May-2017	Mind Meld	Cisco	For domain intelligence for next gen chat and voice assistants
May-2017	Jemsoft	Xped	Add artificial intelligence to IoT
Apr-2017	Moat	Oracle	capability to track digital ads
Mar-2017	Compass	The Sage Group	Obtain an analytics and benchmarking platform
Mar-2017	DataRPM	Progress Software	To bolster cognitive predictive maintenance
Mar-2017	Appdynamics	Cisco	Bolster monitoring capability of business performance
Mar-2017	BISAM	FactSet Research Systems	Expand leadership in performance measurement and risk management
Mar-2017	Rage Frameworks	Genpact	strengthen AI capabilities
Mar-2017	Webtrends (marketing analytics assets)	Oracle	Expand its Oracle Marketing Cloud product
Mar-2017	MarketSpace Technologies	Tickr	acquire capabilities of visualizations of competitive data in real time
Mar-2017	Salford Systems	Minitab	Add predictive analytics tools to its products
Feb-2017	Silver Lining Solutions	Genesys	To enrich workforce optimization product offering
Feb-2017	Rhiza	Nielsen	For media and consumer analytics software
Jan-2017	Maluuba	Microsoft	Deep learning for natural language understanding
Nov-2016	Trilium Software	Syncsort	Enable customers to harness their data assets for greater business insights
Nov-2016	Wise.io	GE Digital	accelerate machine learning efforts
Nov-2016	Datahug	Calidius Software	Acquire SaaS predictive forecasting and sales analytics capabilities
Nov-2016	Voke	Intel	Deliver Immersive Sports Experiences for Athletes, Fans and Content Producers
Oct-2016	Augmented IQ Data Sciences	Larson & Turbo Infotech	Gain access to its big data platform used by credit bureaus, and regulatory agencies.
Sep-2016	Tuplejump Software	Apple	Expand its machine learning capabilities
Sep-2016	Predixion Software	Greenwave Systems	Add real-time visual edge analytics to its AXON Platform
Aug-2016	BeyondCore	Salesforce	To bolster analytics offerings
Aug-2016	Nervana Systems	Intel	Deep learning for data centers
Aug-2016	Silk	Palantir	Acqui-hire data visualization expertise
Aug-2016	Turi	Apple	Expand machine learning capabilities
Jul-2016	Plafora	Workday	Enrich analytics in Workday Financial Management and Workday Human Capital Mgmt
Jul-2016	SalesPredict	eBay	Support eBay's artificial intelligence, machine learning and data science efforts
Jul-2016	Moodstocks	Google	Develop machine-learning based image recognition technology for smartphones

Source: SharesPost Research; Shea and Company LLC Quarterly Enterprise Software Market Reviews; Q3:16 through Q1:17; Index.co, <https://index.co/market/events/acquisitions>

Moving forward, we expect the need for more refined and insight-based analytics to continue to grow. Vendors specialized in predictive analytics will become popular, attracting the attention of the big players. Palantir, because of its high valuation, excellent product offerings, global customer base, and wide recognition, will be an appealing acquisition target, as it is well suited to become part of a larger organization's BI portfolio. According to court testimony by one of Palantir's investors, Palantir has already been the target on acquisition: It rejected an acquisition offer from Oracle a year ago.

Key Investment Risks

Crowded competitive landscape

Over 100 big and small companies currently offer big data and analytics software products and services. Our survey indicates that large software tech vendors (including Microsoft, IBM, Oracle, and SAP) are among the most commonly used IT vendors for BI/analytics. What makes us marginally more cautious about Palantir's near-term outlook? Over the past few years, Palantir's competitive headwinds from large tech companies have strengthened. These headwinds, coupled with a greater focus on AI/ML initiatives are driving BI/analytics products.

Over the past decade, smaller data analytics vendors have challenged the big enterprise software companies. These smaller players have gained market share because of their proven expertise in data reporting, data visualization, and data integration. Effectively, over the past decade, "best of breed" point solutions have proliferated as small, focused companies have tried to solve a specific problem by automating a certain step or a series of steps in the data analysis process.

However, large enterprise software vendors have been catching up to the smaller players. Since customers often have legacy infrastructure from these larger enterprises, it is difficult for the smaller vendors to significantly increase their current market share. The large vendors can also offer more competitive pricing and a broader footprint of offerings.

For Palantir to remain competitive, it needs to continuously reinvent itself to stay relevant as the competition expands its offerings. This reinvention could require significant investments that are cost-effective only with scale. With the numerous vendors in the analytics space, Palantir's investments in R&D and sales are expected to increase, contributing to the uncertainty around its long-term margin profile. Additionally, Palantir may find it difficult to compete against companies with deeper pockets and wider brand recognition, since these larger companies can heavily discount emerging products in order to gain traction or retain customers.

In Exhibit 45, we broadly categorize the BI/analytics vendors into five different types. The large vendors include established companies that offer all kinds of software tools and services, including analytics, while the BI vendors includes BI-specific enterprises such as Qlik and MicroStrategy. The big data and analytics category includes new entrants such as Tableau, Splunk, and Palantir, which all have expertise in specific analytic tools. The AI/machine-learning category includes the latest set of start-ups in the analytics space (e.g., Addepar and DOMO), which focus on predictive and cognitive analytics. The last category includes companies such as Facebook and Google, which have the expertise to develop in-house analytics tools.

Exhibit 45: Palantir's Current and Potential Competition in Big Data/Analytics

Large vendors

- Big enterprise vendors such as Microsoft, Oracle, IBM, and SAP
- Provide a wide range of product packages
- Have the advantage of upselling to existing customers
- Control pricing to keep pressure on new entrants

BI vendors

- Established small vendors such as MicroStrategy, Qlik, and TIBCO
- Have a dedicated customer base
- Have overseas presence to add up to the overall revenues

Big data/ analytics

- New players such as Tableau, Splunk, and Palantir
- Seen as disruptors in the analytics space
- Could quickly establish a customer base because of technological capabilities
- Are pressured by established vendors on pricing

AI/machine learning

- Beginners such as Addepar, Alteryx, and Domo
- Have expertise in a few upcoming and untapped areas in the analytics space
- Market share still small and insignificant in the analytics market

In-house software tools

- Companies like Google and Facebook
- Have in-house analytics tools and specialists to analyze their data, which is the main function of their business
- Use of external vendors limited to, at most, small needs

Source: SharesPost Research; Gartner report, "Magic Quadrant for Business Intelligence and Analytics Platforms," Feb. 2017

In Exhibit 46, we have listed some of the key players in the data analytics industry, along with a summary of their key strengths and weaknesses. Tableau has been a dominant player in data visualization and is considered the gold standard of the industry, whereas Qlik and Splunk are popular for their ability to integrate with third-party applications – a critical feature for companies that use multiple vendors for their analytics needs. MicroStrategy has drawn attention for its ability to handle huge volumes of complex data coming from different IoT devices. However, the smaller vendors have not been able to offer complete solutions; they are only expert in specific analytics areas. They are also limited in their ability to diversify their products, because they need to continuously attend to their customer base.

Exhibit 46: Strengths and Weaknesses of Big Data/Analytics Software Vendors

Company	Strengths	Weakness
Tableau	<ul style="list-style-type: none"> • Intuitive and interactive visualization • Rich user experience • Vast array of Online training material • Flexible deployment options - On premise and Cloud • Considered Gold standard by enterprises 	<ul style="list-style-type: none"> • Decreasing Operating Margins • Increased competition in data visualization market • Focused on adding features rather than market differentiation • Lack of inexpensive packaged solutions • Lack of tools to integrate data from multiple sources
Qlik	<ul style="list-style-type: none"> • Standalone and 3rd party embedded applications • Wide product capabilities and quick market responsiveness • Scalable product for large data volumes • Capable of integrating data from multiple sources • Highly ranked for customer satisfaction • Strong partner network for extended capabilities (future acquisition targets) 	<ul style="list-style-type: none"> • Products used for reports/dashboards rather than for analytics • Lacks advanced analytic and visualization tools • Token based pricing expensive and less flexible • Below average technical support and response time • Lack of unlimited storage capability with cloud products
Splunk	<ul style="list-style-type: none"> • Integrates well with 3rd party platforms • Splunk Enterprise popular for event collection and visualization • A good replacement for customers needing a flexible SIEM platform • Advanced security analytics for combating insider threats • Flexible deployment options: On-premise, public or hybrid clouds 	<ul style="list-style-type: none"> • Splunk products still considered a simple log search product • Gigabytes-based licensing model more expensive than peers • Enterprise security product only provides basic, predefined features
MicroStrategy	<ul style="list-style-type: none"> • Integrated BI solutions • First move advantage with mobile BI applications • Considered gold standard for large complex datasets • Provides desktop version free to increase customer base 	<ul style="list-style-type: none"> • Lack of automated insight generation • Cloud products not intuitive • Lack of salesforce to increase customer awareness • Increased reports of difficulties with data migration • Below average customer support

Source: SharesPost Research; Gartner report, "Magic Quadrant for Business Intelligence and Analytics Platforms," Feb. 2017

Among the large enterprise software vendors, Microsoft has been pulling away market share primarily because of its low subscription costs. Most other big vendors, however, have a larger market share because of their existing customer base, which does not want to incur the switching costs associated with trying out other vendors. Big vendors can offer multiple products that satisfy most of their customers' needs, obviating the need, in most cases, for their customers to look for other vendors.

However, the established vendors do face challenges. In some cases, they offer too many packaged solutions with overlapping features, which can confuse their customers. Additionally, these vendors, with their larger customer bases, also often rank lower than newcomer vendors in customer support.

All in all, we don't expect the trend in the market share to change significantly, since no one vendor offers such compelling new features that it would significantly swing the market shares.

Exhibit 47: Stacking Up Big Data/Analytics Offerings From Big Four Enterprise Software Vendors

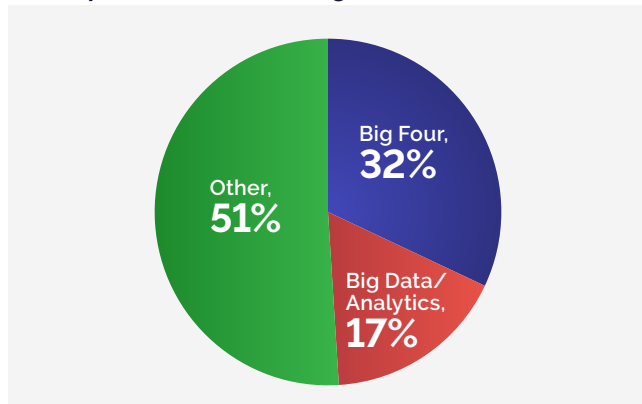
Company	Strengths	Weakness
Oracle	<ul style="list-style-type: none"> • ODV popular with existing Oracle customers • Flexible on-premise and cloud options • User friendly features for reporting and dashboard creation • Advanced capabilities, such as forecasting and clustering • Smoother data migration experience for customers 	<ul style="list-style-type: none"> • Complex portfolio of BI products, unclear for customers • Customers mainly existing Oracle users • Expensive package options • No clear product differentiators compared to peers and new entrants • Limited user enablement programs
IBM	<ul style="list-style-type: none"> • Watson Analytics excels at quick insights and advanced analytics • Popular smart discovery features for automating tasks • Cognitive Analytics leads next-generation BI features • Increased customer usage with frequent updates releases 	<ul style="list-style-type: none"> • Complex portfolio of BI products, unclear for customers • Slow adoption of Cognitive Analytics platform • Unpopular because of lack of customer support • Cognitive Analytics platform incapable of handling large data sets
Microsoft	<ul style="list-style-type: none"> • Beats competition with low subscription costs • Ability to perform complex analytics • Effective data integration tools for multiple data sources • Machine learning capabilities integrated through Cortana Intelligence Suite • Strong network of users, partners, and resellers 	<ul style="list-style-type: none"> • Analytics product unable to handle large data sets • Lack of basic features, such as pivot table display • Poor customer support and response times • Too-frequent product releases causing customer confusion • Lack of some basic features in low-cost packages
SAP	<ul style="list-style-type: none"> • Lumira and Cloud products complement clients' reporting platforms • Products known for user friendliness • Positive customer perception • Digital boardroom product popular with executives for built-in analytics 	<ul style="list-style-type: none"> • Low product quality • Limited interoperability between on-premise and cloud • Customer confusion due to overlapping product features • Poor customer support and response time • Insufficient skilled resources to meet customer needs

Source: SharesPost Research; Gartner report, "Magic Quadrant for Business Intelligence and Analytics Platforms," Feb 2017

In terms of market share, industry experts believe there is a "long tail" of big data analytics vendors – roughly 50–60 providers that have a combined market share of about 51 percent of annual spend. As illustrated in Exhibit 28, the Big Four software vendors account for about 32 percent of the market share, whereas analytics-only providers account for the remaining 17 percent of the market.

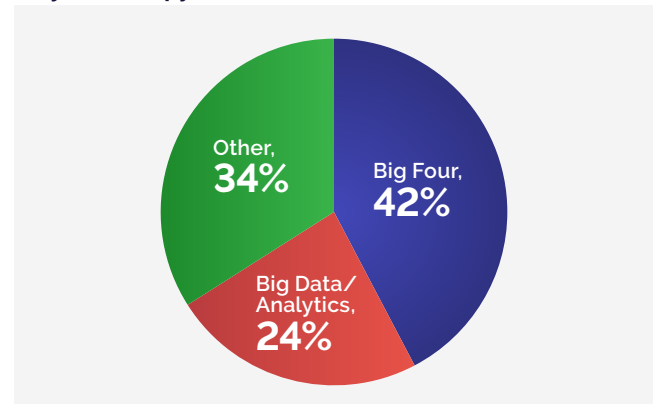
The BI and analytics sub-segment is also scattered across a number of vendors. However, the "best of breed" big data analytics players have carved out a relatively higher proportion of market share and so have the Big Four enterprise software vendors. Simply put, there is opportunity here for focused players such as Palantir to gain market share from much smaller point solutions.

Exhibit 48: Big Data and Analytics Market: Crowded Marketplace With Several Big and Small Vendors



Source: SharesPost Research; Silicon Angle Report, Mar. 2016, <https://siliconangle.com/blog/2016/03/30/wikibon-names-ibm-as-1-big-data-vendor-by-revenue>. The Big Four includes Microsoft, IBM, Oracle and SAP; Big Data/Analytics includes SAS, MicroStrategy, Splunk, and Palantir.

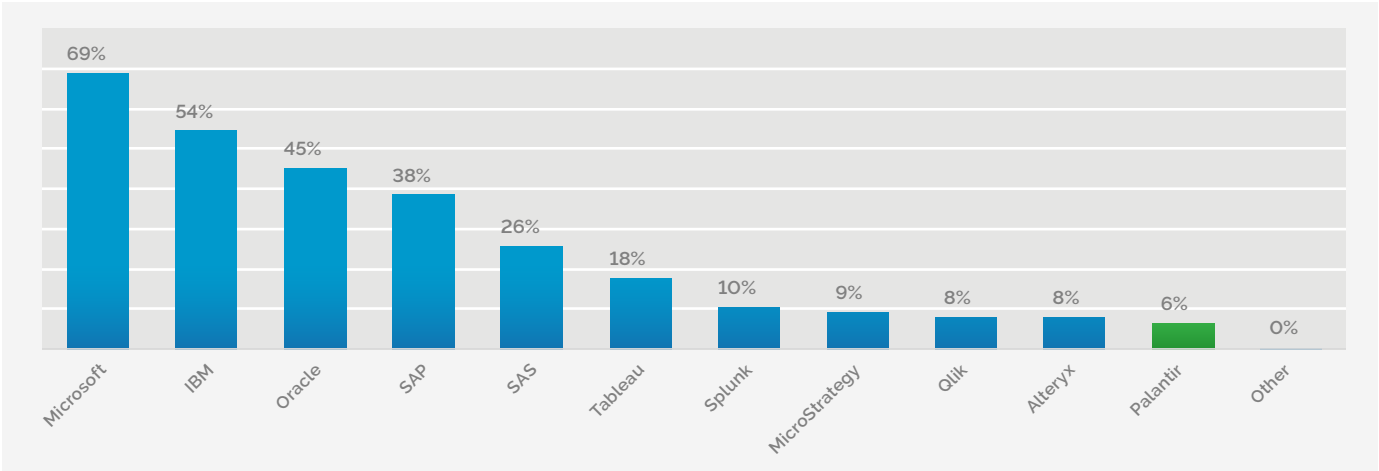
Exhibit 49: BI and Analytics Market Share: Established Players Occupy 42 Percent of the Overall Market



Source: SharesPost Research; IDC report, Jul. 2016, "Worldwide Business Analytics Software Market Shares, 2015; The Big Four includes Microsoft, IBM, Oracle, and SAP; Big Data/Analytics includes SAS, Tableau, Qlik, MicroStrategy, Palantir, and TIBCO.

Our survey of IT decision makers also confirmed the crowded nature of this market. Among the 250 IT leaders we polled, most indicated that they used the top four established BI vendors: Microsoft, IBM, Oracle, and SAP, while a smaller percentage used the smaller vendors, such as Tableau, Splunk, and MicroStrategy. In the last few years, several other vendors with a less than 5 percent market share have sprung up, making this marketplace even more congested.

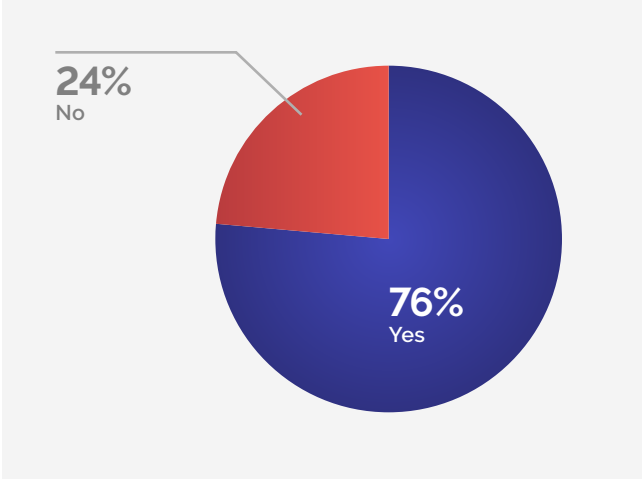
Exhibit 50: Survey Results: Business Most Often Use Big Four Software Vendors



Source: SharesPost Research; survey conducted during August and September of 2017; N = 250; Question: "Please select the vendors you have used for business intelligence and analytics in your company."

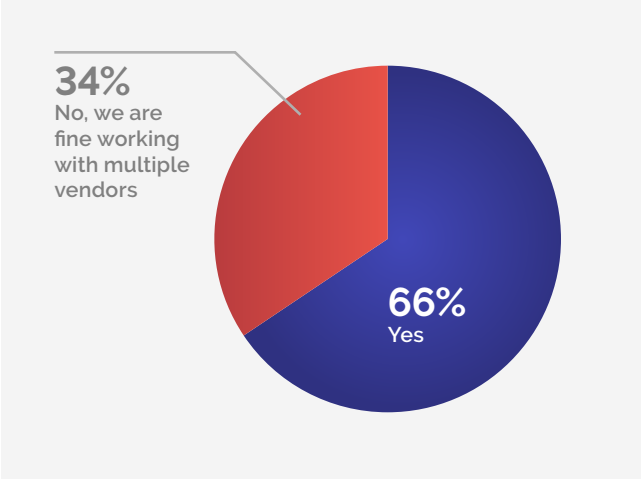
In our survey, we found that, surprisingly, the increasing number of BI vendors didn't bother customers. We discovered that over 75 percent of customers already work with more than one analytics vendor, and 66 percent are comfortable working with more than one vendor. In some cases, the specific needs of businesses have driven companies to seek out multiple vendors. The large vendors, despite their diverse product bases, do not necessarily provide the specific tools that a company needs. Over the past few years, this gap in product capabilities has led to the rise of companies such as Tableau, Qlik, Splunk, and Palantir.

Exhibit 51: More Than 75 Percent of Companies Work With Multiple BI and Analytics Vendors



Source: SharesPost Research; survey conducted during August and September of 2017; N = 250; Question: "Do you use more than one analytics vendor for your company's BI and analytics needs?"

Exhibit 52: More Than Half of Surveyed Businesses Are Comfortable Working With Multiple BI Vendors



Source: SharesPost Research; survey conducted during August and September of 2017; N = 250; Question: "Do you prefer having a single enterprise vendor that handles both your IT and business intelligence and analytics needs?"

Unclear profitability potential

We have been encouraged by recent media reports that Palantir remains on track to become profitable by the end of 2017. However, the long-term cost structure of comparable companies remains unproven and debatable. Over the longer-term, as Palantir shifts from a services/consulting-driven sales cycle to a traditional SaaS sales cycle, we expect longer sales cycles, which will likely lead to structurally higher spend.

We believe that Palantir's expansion is necessary for the company to hit the next \$1 billion in revenues and remain profitable. However, the big challenge for Palantir as it expands into more commercial areas is increased competition. The market beyond Palantir's current niche area is crowded with vendors all competing to obtain and retain clients.

For this analysis, we used Palantir's peers as proxies for understanding Palantir's profitability potential. We compared the current and previous margins of its peer companies to understand what they might mean for Palantir's profitability, both today and five years from now.

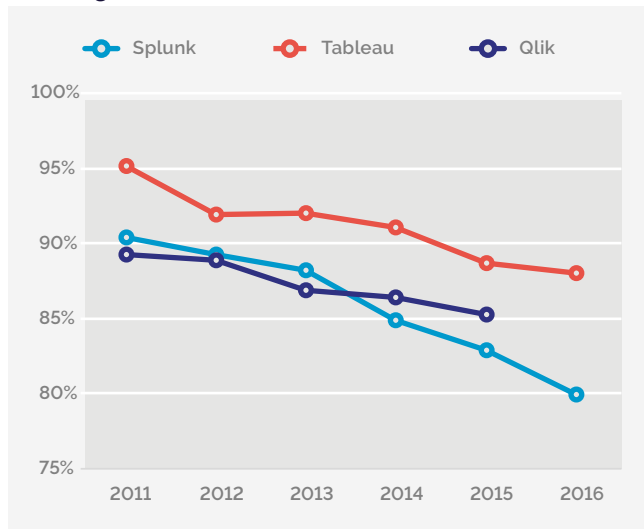
"It could 'be profitable right now and turn off the growth engine,' if it so chose."

– Palantir Financial Analyst Milo Krastev, to employees at an internal presentation in Feb. 2016, cited in BuzzFeed article

Our first observation is that publicly traded big data and analytics companies have experienced declining gross margins and negative operating margins over the past five years. Due to heavy competition, the gross margins for smaller vendors in this space have been declining recently. The need to differentiate themselves to better compete with the big players has them to invest more in products and services – and these investments are only cost-effective with scale. We expect Palantir to experience a similar trend as it competes in this space.

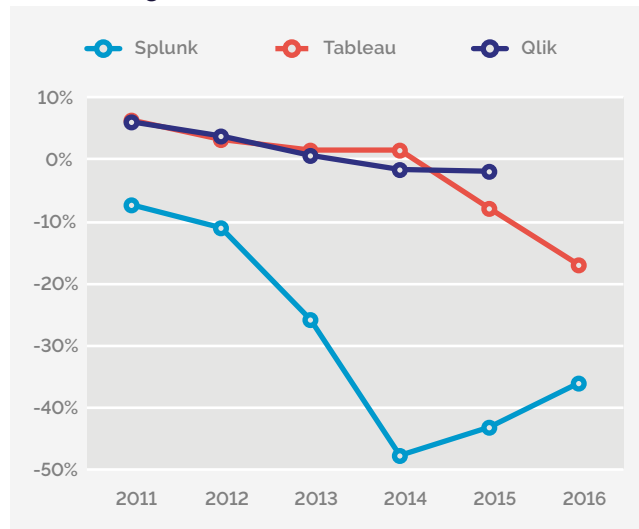
The operating margins for Palantir's peer companies have also been poor: They have been under zero and declining for the past five years. Sales and marketing expenses, which comprise over 50 percent of their revenues, have been the primary drivers for this decline. These companies have been spending heavily to compete with each other and with established vendors.

Exhibit 53: Gross Margins for Palantir's Peers Trending Down



Source: SharesPost Research; chart based on annual public filings of SPLK, DATA, and QLIK (acquired)

Exhibit 54: Palantir's Peers: Operating Margins Negative and Trending Down



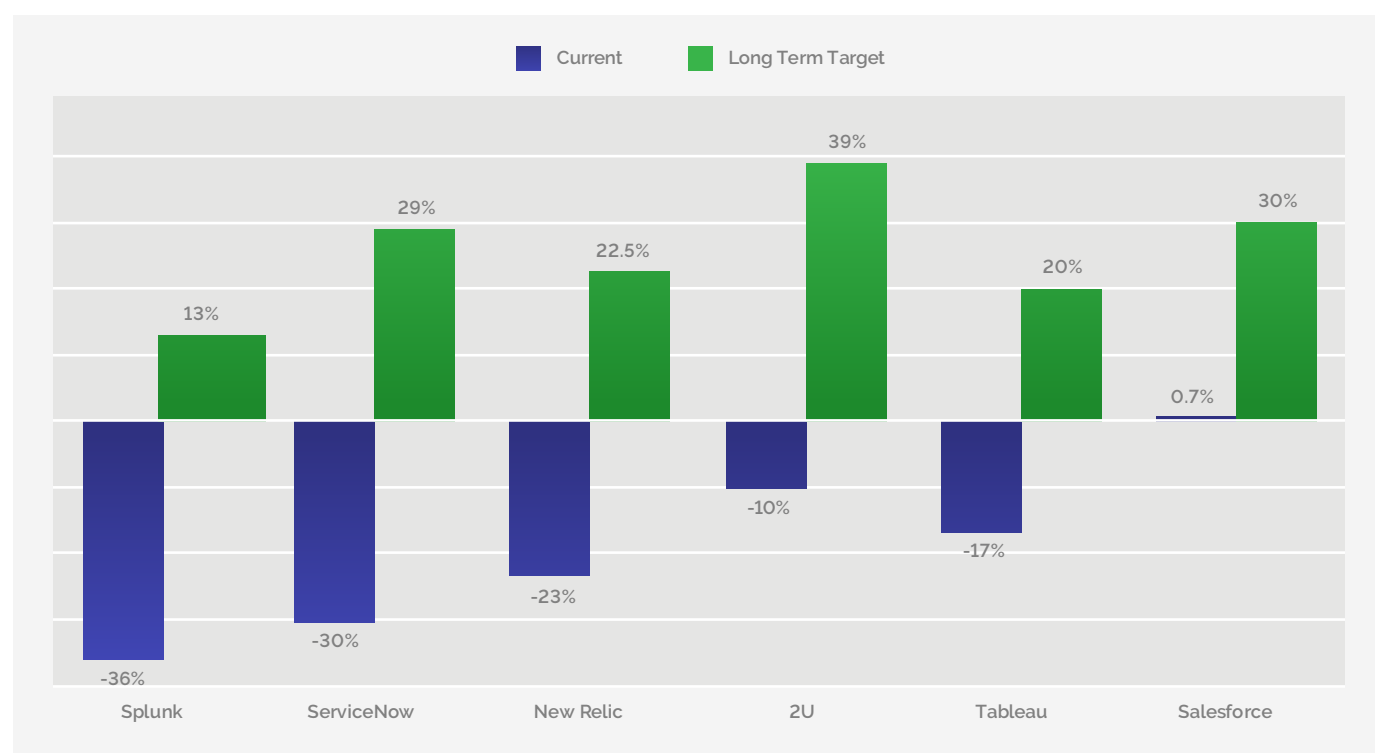
Source: SharesPost Research; chart based on annual public filings of SPLK, DATA, and QLIK (acquired)

“We’ve doubled almost every metric every year since we began selling Palantir products.”

– Palantir CEO Alex Karp, in a Feb. 2017 interview with *Financial Times*

Our second observation is that many publicly traded enterprise software companies have lofty long-term margin goals. Looking at long-term profitability targets for these companies, we discovered that most of the companies set profitability targets of 20– 30 percent, while their current margins range between –10 percent and –40 percent. Attaining a positive operational margin is not easy in the near-term: These companies have to gain market share either by expanding their product portfolios (which will drive further R&D spending) or reducing expenses (risking customer defection). Salesforce, one of the most successful customer relationship management (CRM) vendors challenging the established players, is only becoming profitable 18 years after it was founded – and even Salesforce has a long way to go before it reaches its 30 percent profitability target. Other companies such as Tableau and Splunk still in the negative, struggling to break even.

Exhibit 55: Smaller Analytics Vendors: Significant Gap Between Current and Targeted Operating Margins

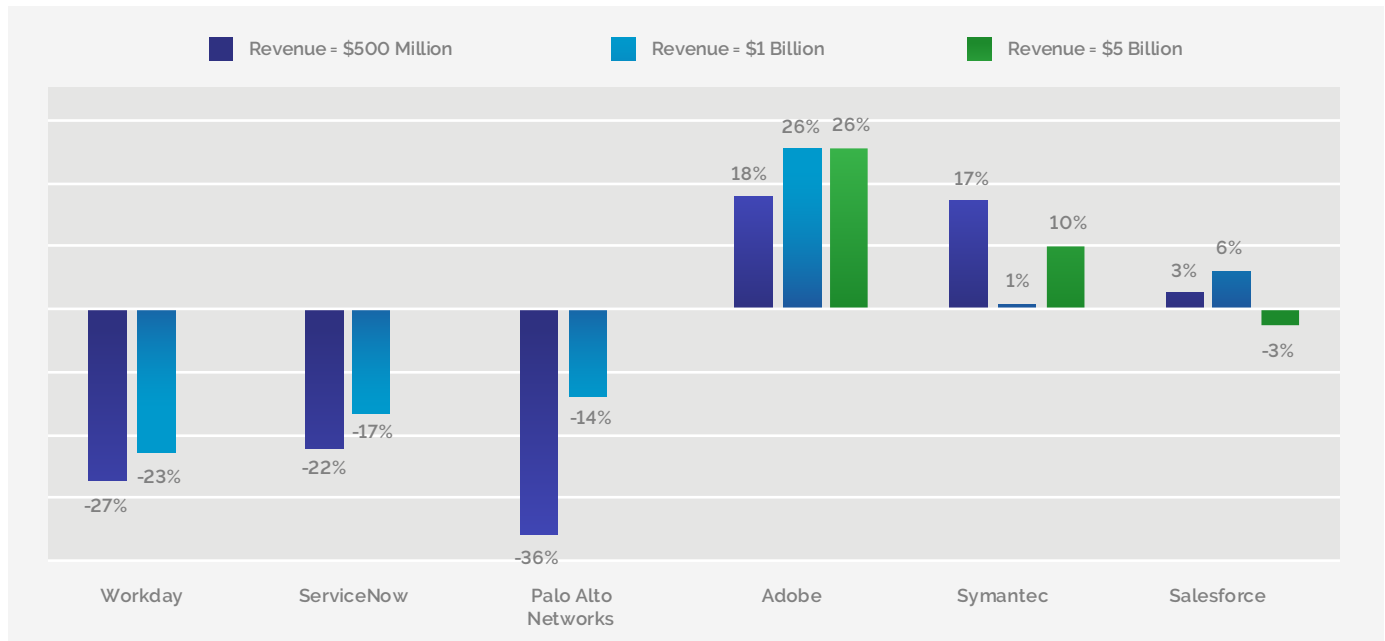


Source: SharesPost Research; Company filings; Based on company investor presentations with long-term cost structure projections

Finally, the profitability threshold seems to have been pushed back. Smaller, younger companies are not reaching profitability at the levels where their larger, older counterparts were churning cash. A quick comparison of analytics vendors' margins at increasing revenue milestones shows that the larger, established analytics vendors, such as Adobe, have been able to achieve profitability, while the profitability of smaller vendors, such as Workday, are well under negative 20 percent.

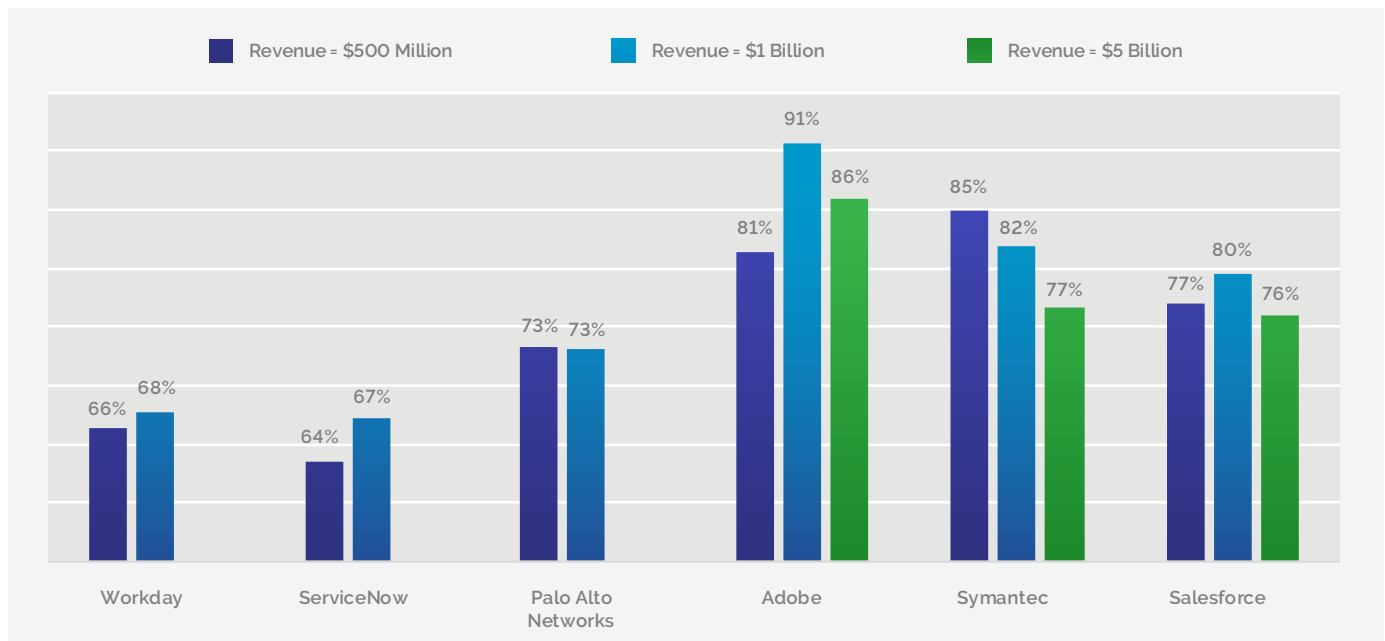
The same holds true for gross margins. Smaller vendors range between 65 percent to 75 percent, whereas the established vendors' gross margins fall between 75 to 90 percent. We believe some of this gap has to do with economies of scale. Companies are offering the same set of products to most customers. Thus, a higher number of customers lowers the expenses per customer, driving up margins. In order to achieve better gross margins and reach profitability, companies such as Workday, Tableau, Splunk, and Palantir must increase their customer bases.

Exhibit 56: Wide Range of Operating Margins for Palantir's Peers at Major Revenue Milestones



Source: SharesPost Research; company filings; bars in chart represent operating margins during the fiscal year when each company reached a specific revenue milestone.

Exhibit 57: Gross Margins Higher for Bigger Players With Diverse Product Portfolio



Source: SharesPost Research; company filings

Palantir has announced that it expects to be profitable by the end of 2017, primarily, we believe, because of its relatively smaller proportion of sales and marketing expenses. However, as the company expands into analytics areas sought after by commercial enterprises, their sales cycles are expected to grow, driving up spending. The company's expansion will also cause further spending in R&D to develop and market newer products suitable for enterprise clients. Thus, to remain profitable, the company will need to either significantly grow its revenues or decrease its overall spending.

Opaque pricing strategy

Unlike some of its peers, Palantir does not publicly disclose its pricing strategy. This lack of transparency leads to an unclear understanding of Palantir's offerings and how they compare with the offerings of its peers. Media reports regarding Palantir's price sheets indicate that Palantir's offerings may be more expensive than its peers, a situation that could lead to a lack of pricing leverage or to increasing customer acquisition costs.

Data analytics vendors price their products in different ways. Some price based on amount of data used; some price per user; and others use a combination of both user number and data-based pricing. Although some of the companies offer perpetual licensing options, most use a subscription-based model for their clients. The pricing models can vary from very simple (e.g., Tableau's single pricing model) to very complex (e.g., Palantir's pricing, which is not publicly disclosed).

Exhibit 58 provides a pricing summary for some of the smaller analytics vendors. Tableau has a simple pricing model per user for desktop, server, and online, whereas Splunk offers data-usage-based pricing, ranging from 1GB/day to over 100 GB/day. In terms of licensing, Splunk offers perpetual, annual, and monthly pricing options, as well as lighter versions of its software, giving customers the flexibility to choose versions based on their business needs. Qlik, on the other hand, offers basic versions of its software for free but charges a monthly subscription fee per user for its other enterprise products. Qlik offers a unique, token-based pricing model that works best for small groups. Each token, which acts as a single access pass, costs \$1500 and allows up to 10 one-hour log-ins.

In summary, companies have come up with unique pricing models and customized them to the needs of their customers, with à la carte or package options.

"We focus on value creation first and monetization, in many cases, as an afterthought."

– Palantir CEO Alex Karp, at the CPG Consortium, Jul. 2015

Exhibit 58: Peer Pricing Comparison: Companies Follow Different Pricing Models

Vendor	Product	Pricing	Features
Tableau	Tableau Desktop	\$70/user/month	1) Explore and analyze data with advanced analytics 2) Connect to hundreds of data sources—from files to databases, web applications 3) Create visualizations, dashboards, and stories 4) Publish workbooks and data sources to Tableau Server and Tableau Online*
	Tableau Server (On-Premise or Public Cloud)	\$35/user/month	1) Deploy on-premises or on public cloud with Amazon Web Services, Microsoft Azure, and Google Cloud Platform 2) Centrally manage data sources and workbooks 3) Explore analytics from any browser or mobile device 4) Author in your browser and subscribe to workbook updates*
	Tableau Online (Fully hosted)	\$42/user/month	1) Tableau Online is the SaaS form of Tableau Server with maintenance, upgrades, and security fully managed by Tableau 2) Centrally manage data sources and workbooks 3) Explore analytics from any browser or mobile device 4) Author on the web and subscribe to workbook updates*
Qlik	Qlik Sense Cloud-Basic	Free	1) Fully interactive apps 2) Sharing with up to 5 users 3) Access to Qlik Data Market Free*
	Qlik Sense Cloud-Business	\$25/user/month	1) Group-level governance 2) Coauthoring workspace 3) Automated data refreshes*
	Qlik Sense Desktop	Free	1 token = 10 one-hour logins or 1 Access pass 1) Smart Search 2) Self service Creation 3) Centralized management 4) Data Integration and interactive visualizations*
	Qlik Sense Enterprise	\$1500/token	
	Qlik View Personal Edition	Free	1) Desktop data model 2) Server in-memory processor 3) Publisher component*
	Qlik View Enterprise Edition	\$1350-\$1500 / user	

Vendor	Product	Pricing	Features
Splunk	Splunk Enterprise-Annual License 1GB/Day	\$1800/GB	Pricing is based on how much data is sent into the Splunk instance each day 1) Unlimited users, nodes and data sources 2) No charge for amount of data stored 3) Collect and index any data 4) Real-time search, analysis and visualization 5) Monitor and alert 6) Mission-critical performance, scale and reliability 7) Ability to add Splunk Premium Solutions for enhanced functionality 8) Free apps from Splunkbase*
	Splunk Enterprise-Perpetual License 1GB/Day	\$4500/GB	
	Splunk Enterprise-Annual License 10GB/Day	\$1000/GB	
	Splunk Enterprise-Perpetual License 10GB/Day	\$3000/GB	
	Splunk Enterprise-Annual License 50GB/Day	\$760/GB	
	Splunk Enterprise-Perpetual License 50GB/Day	\$2280/GB	
	Splunk Enterprise-Annual License 100GB/Day	\$600/GB	
	Splunk Enterprise-Perpetual License 100GB/Day	\$1800/GB	
	Splunk Cloud-Monthly 5GB/Day	\$162/GB	Pricing is based on how much data is sent into the Splunk instance each day 1) Unlimited users 2) Collect and index any data 3) Real-time search, analysis and visualization 4) Monitor and alert 5) Storage for up to 90 days of indexed data 6) Mission-critical performance, scale and reliability - 100% uptime SLA 7) Select Splunk Premium Solutions and apps from Splunkbase*
	Splunk Cloud-Annual 5GB/Day	\$1620/GB	
	Splunk Cloud-Monthly 50GB/Day	Not Available	
	Splunk Cloud-Annual 50GB/Day	\$1000/GB	
	Splunk Cloud-Monthly 100GB/Day	Not Available	
	Splunk Cloud-Annual 100GB/Day	\$800/GB	
	Splunk Light-Annual License 1GB/Day	\$900/GB	Pricing is based on how much data is sent into the Splunk instance each day 1) Up to 5 users 2) Unlimited searches 3) Collect and index any data 4) Real-time search, analysis and visualization 5) Monitor and alert*
	Splunk Light-Perpetual License 1GB/Day	\$2160/GB	
	Splunk Light-Annual License 10GB/Day	\$675/GB	
	Splunk Light-Perpetual License 10GB/Day	\$1620/GB	
	Splunk Light-Annual License 20GB/Day	\$600/GB	
	Splunk Light-Perpetual License 20GB/Day	\$1440/GB	

Source: SharesPost Research; public information available through Splunk, Qlik, and Tableau websites (as of Aug. 2017)

We have attempted to create a similar pricing chart for Palantir. Based on some of the publicly available federal lists for government contracts, we believe Palantir uses per-server-core pricing. Its perpetual licenses cost roughly \$150,000, while its monthly licenses cost between \$7,000 and \$12,000. The Metropolis product (designed for non-government clients) is priced higher than the Gotham product (which is used by government agencies).

In addition to server cores, the company also offers training and engineering support, which can add significantly to its products' overall cost. Maintenance alone can cost over \$30,000 per year, and training can cost up to \$10,000 per user. In addition, the company offers consulting services, which cost from \$150 to \$300 per hour.

In a scenario where a client needs four server cores with about 10 users per core, we believe the cost per user – including maintenance, software upgrades, training, and support – could range from \$2000 to \$4,000 per month. We believe Palantir's commercial pricing is in line with its government pricing, without including any discounts Palantir might provide to enter a particular domain. Given the complexity involved in integrating and analyzing data and the service costs involved in setting up engineers at client sites for every project, we believe Palantir incurs significant product and services costs. Thus, as Palantir adds more clients and automates some of its client-side processes, it can drive up profits in the future.

Exhibit 59: Palantir Product and Service Pricing: Services a Big Portion of Palantir's Package

Item	Offering	Pricing	Features
Gotham perpetual license	Product/License	\$141,015.62	"License is per server core No additional user licenses required. First year O&M included"
Gotham monthly cloud license	Product/License	\$7,050.77	"License is per server core No additional user licenses required. Minimum license period: 6 months"
Metropolis monthly cloud license	Product/License	\$11,964.74	"License is per server core No additional user licenses required. "
Gotham Annual support and maintenance	Services	\$28,203.08	Pricing is per license, per server core
Gotham Appliance Annual support and maintenance	Services	\$37,753.85	Pricing is per server core
Quickstart Training	Services	\$193.51	Price per student
Bootcamp Training	Services	\$960.72	Price per student
Workshop Training	Services	\$1,548.09	Price per student
Integrator Training	Services	\$1,826.63	Price per student
Developer Training	Services	\$874.71	Price per student
Developer and Integrator Training	Services	\$2,505.87	Price per student
Director of Engineering Services	Services	\$342.07	Bill rate is per hour
Core Engineer Services	Services	\$293.20	Bill rate is per hour
Implementation Ninja Services	Services	\$195.47	Bill rate is per hour
FSR support rate (Within Continental United States)	Services	\$146.60	"Bill rate is per hour For services provided in a non war zone Normal business hours: 8 hour work day, 15% more for outside business hours"
FSR support rate (Outside Continental United States)	Services	\$195.47	"Bill rate is per hour For services provided in a war zone Normal business hours: 12 hour work day, 15% more for outside business hours"

Source: SharesPost Research; U.S. General Services Administration, Dec. 2013, <https://info.publicintelligence.net/GSA-PalantirPriceList.pdf>

Data privacy and security challenges

Since Palantir works with government agencies that solve fraud and crime, Palantir's products interface with a significant amount of sensitive information, both public and private. As such, Palantir has an additional responsibility to be more transparent about how it uses public data and protects public information. Recently, reports of information leaks and hacks across enterprises have put a greater spotlight on companies like Palantir.

Over the past ten years, Palantir has grown from working with a single government agency to engaging with over 10 different agencies in Washington, D.C., integrating all their information into a single Palantir platform. With the Palantir system so deeply integrated into the governments' systems, we believe it has become increasingly difficult for these agencies to switch to a different analytics platform. In addition, other government agencies experience pressure to use Palantir in order to create a better-consolidated platform across all agencies. Thus, Palantir has a vast amount of sensitive information at its disposal, a fact that has raised concerns both within and outside of the government.

When too much power is concentrated in a system, concerns about misuse often rise. Of late, as awareness about data privacy and cybersecurity has increased, Palantir has realized some of the challenges of working with large volumes of public information. As the company's databases have grown, they have connected all kinds of information that investigators documented during their investigations, including names, phone numbers, license plate numbers, etc. The general public is now concerned about the safety of this information, as well as the control Palantir has over its access and distribution. Some recent reports have claimed that Palantir is working with the government to create a Muslim registry. Although Palantir has publicly denied these claims, the stories have brought the issue of data security further into the spotlight.

Although Palantir has repeatedly highlighted its focus on data privacy and security, there have been sporadic reports of improper privacy filters within government agencies. Although these issues may only pertain to specific units, because the government's information is all integrated, such issues raise concerns about information falling into the wrong hands. The recent cyberattacks on several commercial businesses have further raised concerns about data privacy and security issues.

An additional challenge for Palantir is the constraint the company is required to have in engaging with certain customers. Because the company handles sensitive public information, it is limited in the type of clients (both local and foreign) that it can work with, limiting its scope.

Potential pricing deleverage driven by customer churn

Media reports suggest that Palantir's pricing is likely leading to elevated customer churn, particularly among customers who may not need a highly sophisticated analytics platform. While it's difficult to find publicly available Palantir pricing data, we estimate that a typical Palantir Gotham or Metropolis license, per server core per month, ranges between \$3,000 to \$10,000, with extra charges for support, maintenance, and training.

Palantir is the leading anti-fraud and crime analytics company, and it has achieved significant national and international success. When it comes to national security, pricing and cost are secondary concerns; thus, Palantir, despite its high costs, has been welcomed by government agencies across the globe. However, as Palantir enters the commercial enterprise space, it will find that not all companies require the extensive capabilities of the platform. Additionally, not all companies are able to pay up to \$1 million per month for data analytics.

Customers unwilling to pay such enormous prices may seek out other BI and analytics vendors that offer similar products at much lower prices. Palantir will either need to change its pricing model or come up with lighter product packages to cater to the majority of commercial enterprises. Otherwise, it runs the risk of competing in a much narrower marketplace.

There have already been unconfirmed reports that some large companies (such as Coca-Cola, Nasdaq, American Express, and The Home Depot) have ended their contracts with Palantir over pricing concerns. On the government side, cost concerns are also prevalent. The NYPD is rumored to be ending their engagement with Palantir due to cost concerns, and the Joint Regional Intelligence Center in California, which reportedly paid \$20 million to Palantir by 2016, has raised alarm bells within the local law enforcement agencies. Some government agencies have started developing in-house analytics platforms to avoid incurring expensive bills from Palantir year after year.

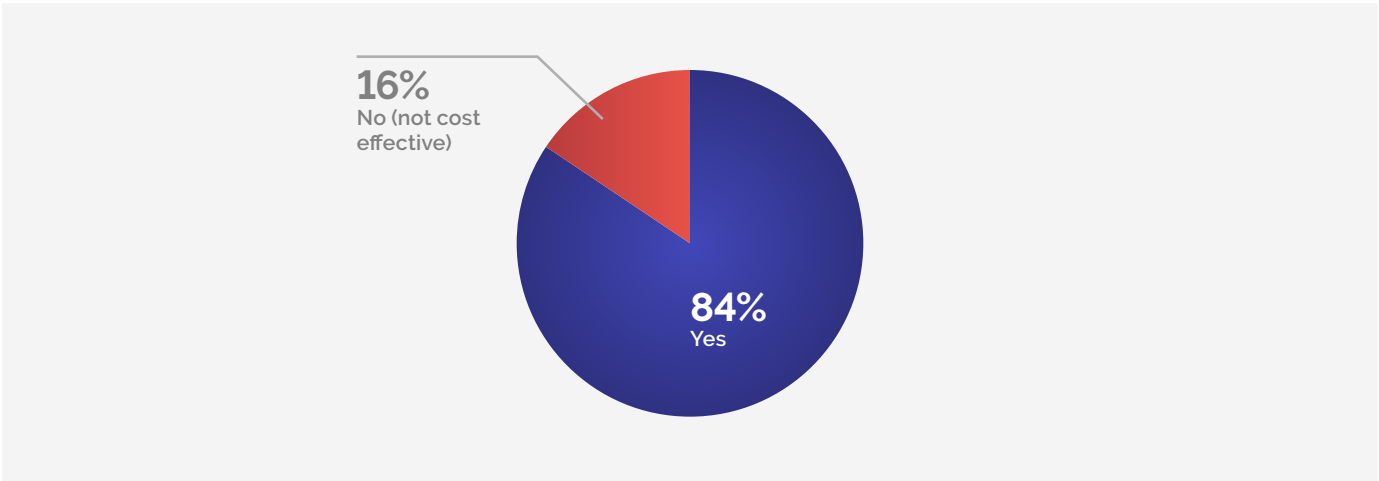
“It’s clear they don’t have a ton of money, and [Brad Peterson] does not believe our \$1 million per month price is achievable.”

– **Melody Hildebrandt**, a top executive in Palantir’s commercial division, speaking about Nasdaq CIO Brad Peterson in April 2015, from emails leaked by BuzzFeed

To further gain market share amongst clients who are more price-sensitive, Palantir needs to come up with a flexible pricing strategy.

As the BI and analytics costs increase, businesses and even government agencies are beginning to develop in-house analytics platforms. Our survey results also show this trend of in-house BI development. Over 80 percent of businesses we polled plan to develop in-house BI capabilities in the near future. Companies believe it would be more cost-effective for them to develop their specific analytics tools rather than pay individual analytics vendors for each of their requirements. This may not bode well for the smaller analytic vendors such as Palantir, Splunk, Tableau, and the like whose primary business involves business analytics products and services.

Exhibit 60: Over 80 Percent of Businesses Plan to Develop In-House BI and Analytics Capabilities



Source: SharesPost Research; survey conducted during August and September of 2017; N = 250; Question: “Do you plan to develop BI and analytics capabilities within your company in the near future?”

Challenge of converting bookings into net revenues

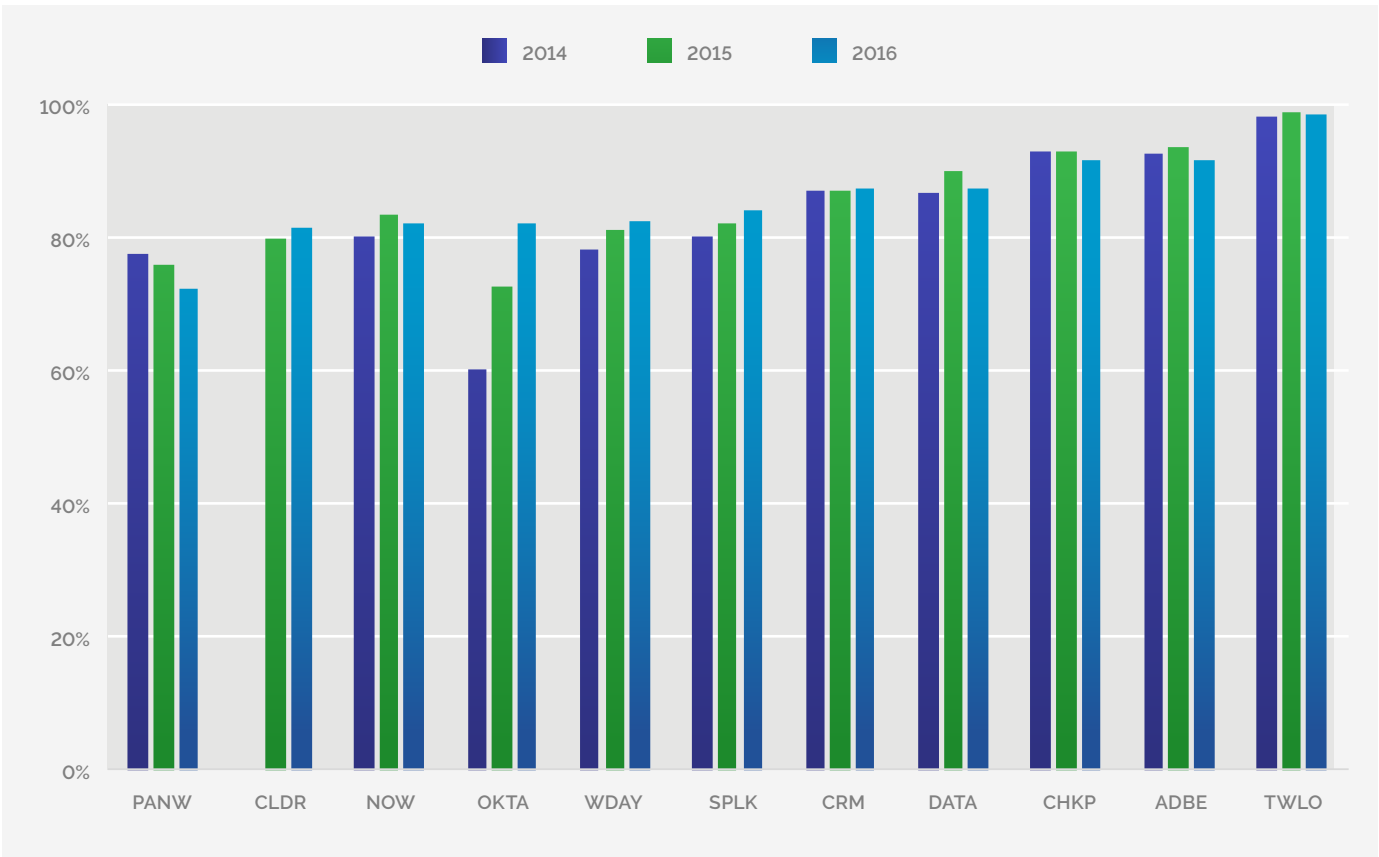
In 2015, Palantir's customer bookings exceeded an estimated \$1.7 billion. However, it is unclear how much of that money translated into revenues for the company. We believe that typical Palantir customers sign three-year contracts, implying a 33 percent current fiscal year book-to-cash conversion. Investors view a growing cash conversion ratio as a sign of long-term healthy performance.

As a first step, we collated revenue-to-billings conversion ratio data for a basket of data analytics and SaaS companies. As illustrated in the chart below, this ratio varies from roughly 60 percent to over 90 percent, depending on: (1) the number of years the company has been in business, (2) the diversity of its product offerings, and (3) the underlying revenue mix between product licensing and services. Most of the companies have a ratio of above 70 percent, with a gradually increasing trendline. Moreover, Okta's trendline is impressive, as it has reported a growing book-to-cash ratio over the past three years – from 60 percent in 2014 to over 80 percent in 2016.

"It used to be just all about bookings. And then it was like, 'Okay, how long until bookings translate to cash?' And now cash is a big highlight for investors."

– Palantir Financial Analyst Brian Campbell, in emails leaked by BuzzFeed

Exhibit 61: Revenue/Billings of Leading Data Analytics Companies Consistent Around 80 Percent



Source: SharesPost Research; company filings

In the traditional software world, companies like Oracle and SAP do most of their business by selling a perpetual license to their software and then later selling upgrades. Through this model, customers pay for the software license up front and then typically pay a recurring annual maintenance fee (about 15–20 percent of the original license fee). In the case of SaaS companies, customers – instead of purchasing a perpetual license to the software – sign up to use the software on an ongoing basis via a service-based model (thus, the term “software as a service”). Even though a customer typically signs a contract for 12–36 months, the vendor does not get to recognize those 12–36 months of fees as revenue up front.

As far Palantir is concerned, two open questions remain:

1. What proportion of Palantir’s revenues are derived from perpetual licenses?
2. What is the average duration of Palantir’s government and commercial contracts for revenues derived from SaaS licenses?

Although Palantir does not reveal its revenues and bookings, its gross bookings were reportedly over \$1 billion in 2014 and reached \$1.7 billion in 2015. It is unclear, however, what proportion of those bookings converted into revenues. Assuming an average contract size of three years and a conversion ratio in the 30–40 percent range, we believe the revenues could be between \$300 to \$600 million. Admittedly, this is a wide range, but a few key points give us greater assurance about Palantir’s ability to convert bookings into net revenues.

1. Younger software companies have lower conversion ratios than their older counterparts: Established vendors have mature products and often convert bookings into revenues in a predictable manner. For smaller vendors, bookings can take longer to convert into revenues until their products become more mature and integrated within organizations.
2. Palantir’s contracts have a fairly high proportion of services revenues: Given the complexity involved in data integration and the training needed to use Palantir products, Palantir’s customers typically sign contracts of three years or more. Because of Palantir’s pricing model, it is not cost-effective to use Palantir products for any time period less than three years.
3. Government IT spend tends to be stickier and less prone to churn: We estimate that about 40–50 percent of Palantir’s bookings from 2017 come from government contracts. Such contracts tend to be fairly long-term – up to 10 years in duration. Although long-term contracts provide a locked-in stream of revenue, they can lead to very high up-front costs and low margins in the early years, affecting a company’s overall profit outlook. Thus, the actual cash/revenue generation for Palantir may vary year over year, leading to volatility in actual cash generation.

All in all, if Palantir grows as a SaaS business, its revenue will significantly understate its true financial performance. Given Palantir’s track record, the company would benefit from a disproportionately higher share of the economics in the future.

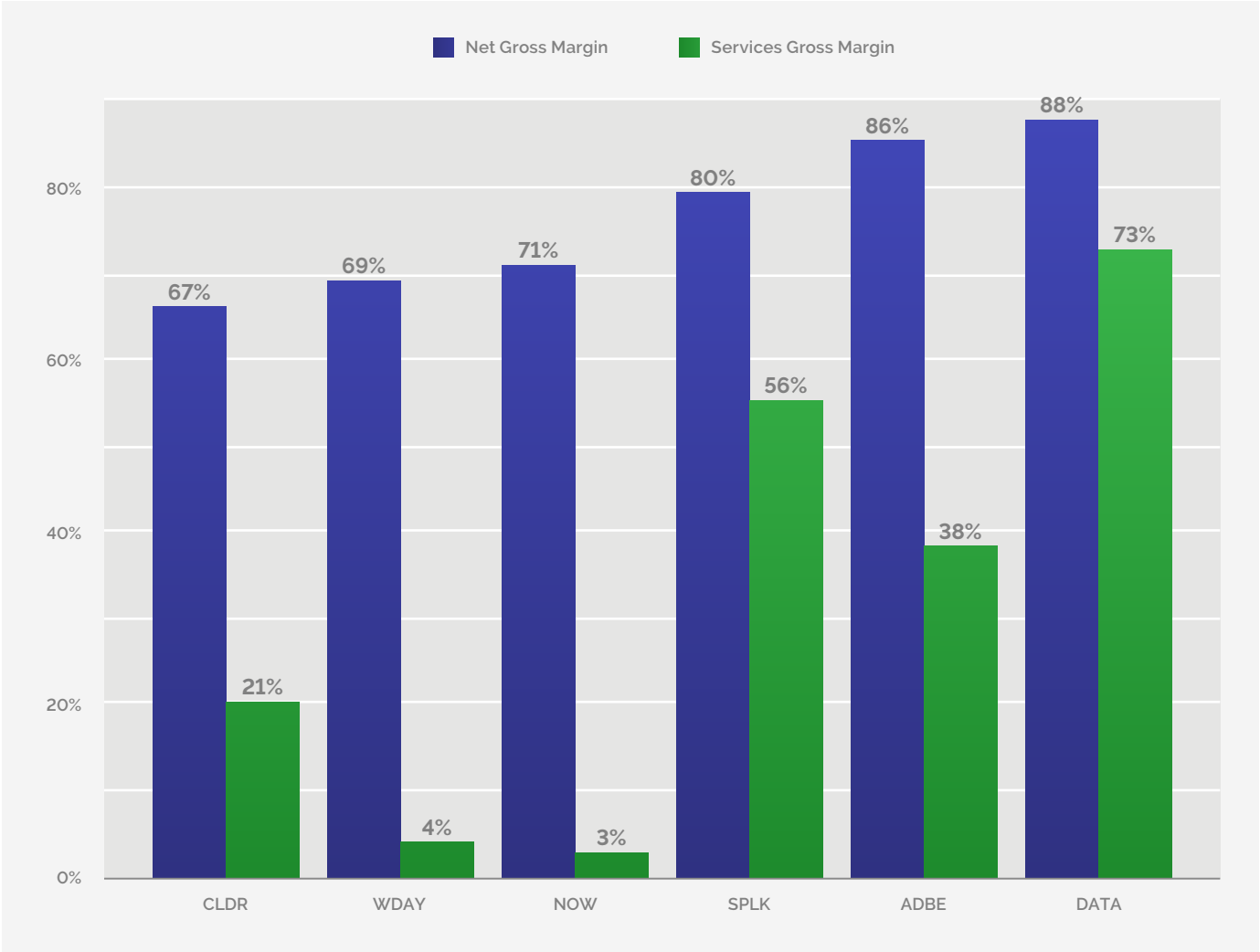
Simply put, for category leaders with large end markets and scale-driven advantages, investors should focus on bookings. While this advice doesn’t hold true for all SaaS companies, it is generally true for category-leading companies with business models that demonstrably scale. Simply put, we shouldn’t let the headlines get in the way of a great story.

Services revenue likely weighing on gross margins

Software services tend to have lower margins compared to products and licenses, largely due to their variable personnel component. We believe that Palantir bundles consulting, support, maintenance, training, and other such on-site services with its customer contracts. Over the longer term, we expect the company to “productize” its services, as it has since starting a clear push into enterprises.

First, we have compared data analytics companies' services margins (see Exhibit 62), revealing a wide gap between services and overall revenues. The services margins vary widely, from about 3 percent to 73 percent. Higher services margins tend to lift up the overall margins – thus, companies such as Adobe, Tableau, and Splunk enjoy higher services margins, while companies such as ServiceNow and Workday have lower services margins.

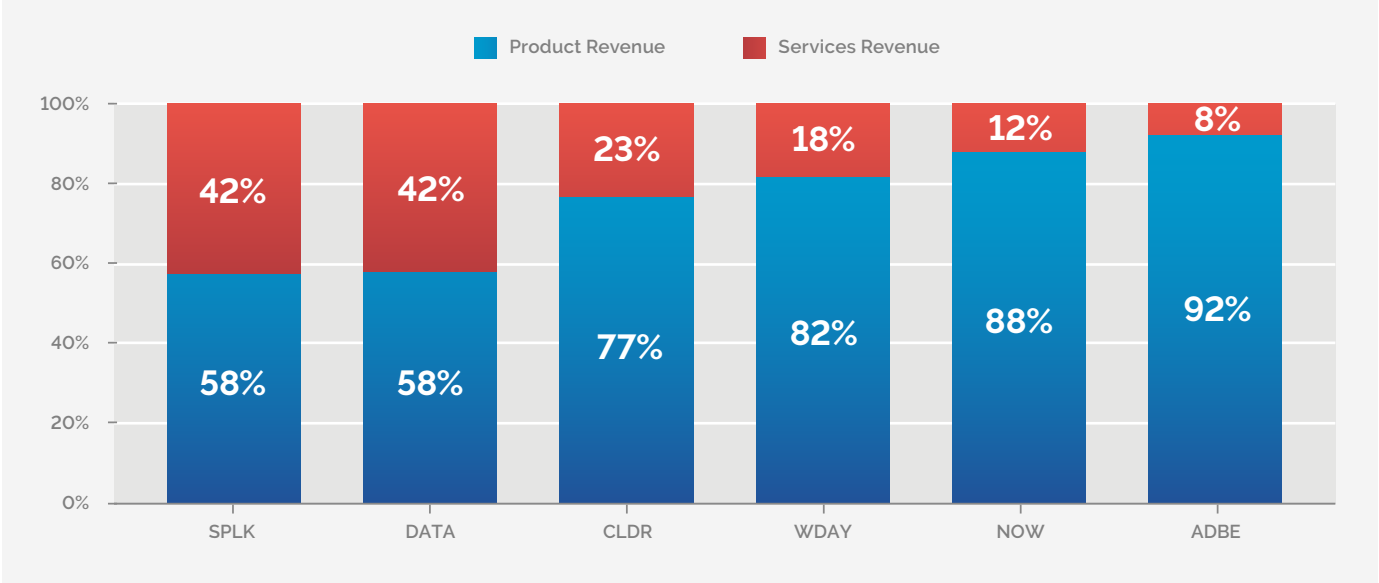
Exhibit 62: Services Gross Margin Lower for Most Data Analytic Companies, Dragging Down Overall Margins



Source: SharesPost Research; company filings

Second, we analyzed the revenue split between products and services for leading data analytics companies. Newer vendors such as Splunk and Tableau have a higher percentage of services revenue. Either they have higher product margins or they charge more for their proprietary services, leading to healthy net gross margins. On the other hand, established players such as Adobe and ServiceNow drive the majority of their margins through the product, with minimal services business. Palantir’s split is expected to fall somewhere in the mid-range between the newer and established companies.

Exhibit 63: Share of Services Revenue Higher for Larger Analytics Companies

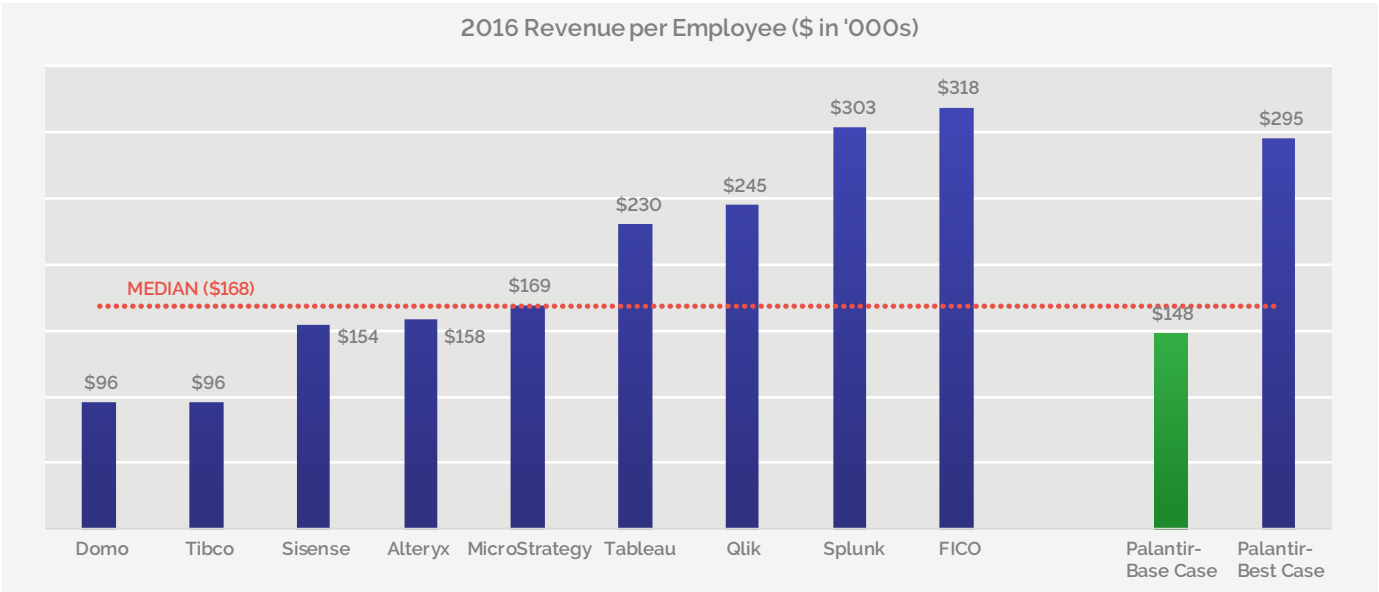


Source: SharesPost Research; company filings; charts indicate revenue mix for FY2016.

Third, we gauged the impact of services on overall employee productivity (revenue per employee) for leading data analytic companies. Employee productivity for Palantir’s peers ranges from less than \$100,000 to more than \$300,000, with a median at \$168,000. As companies mature, they tend to productize most of their services so that employees can focus on the higher-margin business of building products.

Palantir’s head count has grown proportionally to its revenues, from about 50 employees to over 2,000 employees in the past eight years. This growth has been primarily driven by the “forward deployment engineers” the company sends to every client site. We estimate that Palantir’s 2016 employee productivity fell somewhere between \$148,000 and \$295,000 for a revenue range of \$300 million to \$600 million. As Palantir enters the commercial enterprise space, it can help boost its employee productivity by productizing of some of its standard services and reducing on-site deployments.

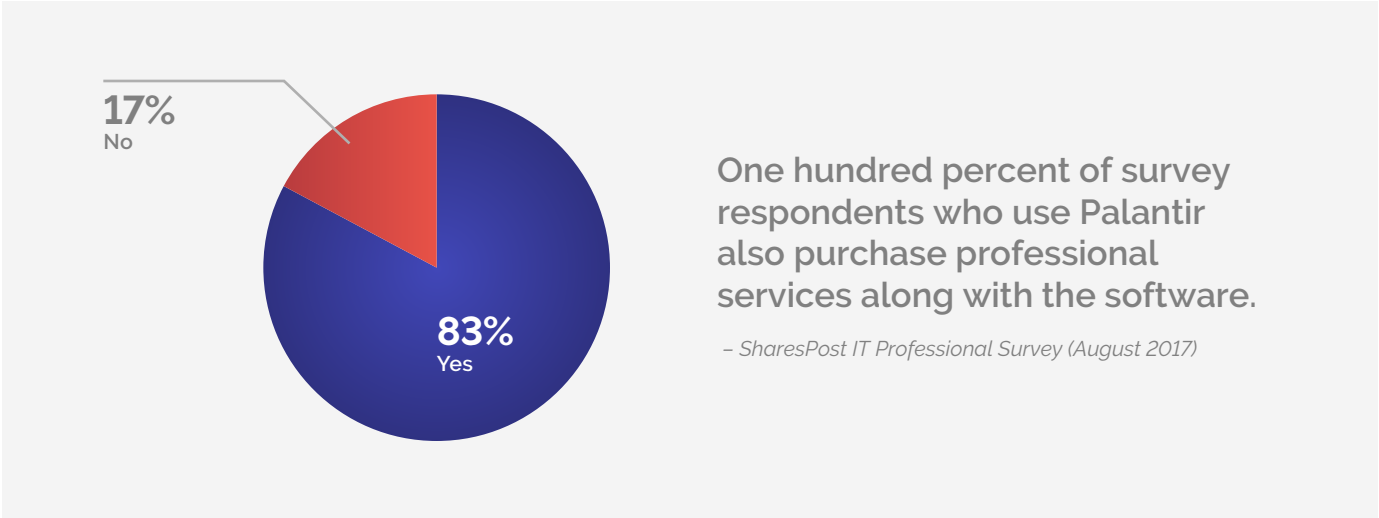
Exhibit 64: 2016 Employee Productivity Comparison



Source: SharesPost Research; employee count data obtained from LinkedIn website; peer revenues obtained from SEC filings; Palantir base case estimates \$300 million annual revenue; Palantir best case estimates \$600 million annual revenue.

Finally, as data integration becomes more complex, services will become a necessary addition to the overall BI tools package. Our survey results indicate that more than 80 percent of customers purchasing BI tools also purchase professional services to help install and integrate those tools into their systems. By adding services, customers can avoid the hassle of figuring out how to set up the tools. Adding services also helps the analytics system go live much faster. One hundred percent of Palantir's customers currently opt to purchase professional services along with the software.

Exhibit 65: Over 80 Percent of Enterprises Purchase Software Services Along With BI and Analytics Tools



Source: SharesPost Research; Survey conducted during Aug-Sep 2017; N = 250; Question: "Do you purchase professional services along with the software?"

A quick look at Palantir's pricing chart reveals that, although its licenses cost around \$140,000–\$150,000 per server, its services can add up to anywhere between \$350,000 and \$750,000 per year. Given the complexity involved in integrating diverse data sources, some of these services are practically mandatory for businesses planning to use Palantir's products.

Exhibit 66: Palantir's Pricing Summary: Maintenance and Services Costs Much Greater Than Monthly Licensing

Item	Offering	Pricing	Features
Gotham/Metropolis product perpetual licenses	Product/license	\$140,000–\$151,000	<ul style="list-style-type: none"> • License is per server core • No additional user licenses required • First year O&M included • Hardware and database licenses optional
Gotham/Metropolis monthly cloud licenses	Product/license	\$7,000–\$11,000	<ul style="list-style-type: none"> • License is per server core • No additional user licenses required • Minimum license period: six months
Annual product support and maintenance	Services	\$28,000–\$38,000	<ul style="list-style-type: none"> • Pricing is per license, per server core
Product training	Services	\$8,000	<ul style="list-style-type: none"> • Price per student
Engineering consulting services	Services	\$150–\$350 per hour	<ul style="list-style-type: none"> • Bill rate is per hour

Source: SharesPost Research; US General Services Administration, Dec-2013, Link: <https://info.publicintelligence.net/GSA-PalantirPriceList.pdf>

Rising private shareholder activism potential

Palantir's early investors have been fairly patient for a liquidity event. It has been almost 10 years since Palantir first raised institutional capital. Over the past year or so, the company has been embroiled in a legal battle with an early investor (KT4 Partners) over information access. This legal battle highlights the contentious relationships that can arise between start-up investors and companies that want to maintain tight stockholder control. As evidenced by recent events at Uber, we would closely monitor the ongoing lawsuit with KT4 partners and any other such events.

Over the past five to seven years, we have witnessed a rise in the number of years that a start-up tech company waits before pursuing an IPO. For instance, during the 2002–2007 era, the median age of a private tech company pursuing an IPO was about six to seven years old. Today, the median age of a company pursuing an IPO has risen to more than eleven years old. If Palantir decides to pursue an IPO in 2018, the company will be more than 13 years old and early investors will have waited more than 10 years for a liquidity event.

We believe such long investment time horizons have made investors impatient, a situation that could lead to activist behavior among private company shareholders. For example, at Palantir, conflict has arisen between the company and an early investor. From 2006–2008, KT4 Partners purchased shares of Palantir. Marc Abramowitz, the managing director of KT4 Partners, claimed that the contracts entitled him access to quarterly financial statements and annual shareholder meetings. Reportedly, Mr. Abramowitz spent significant time at the Palantir offices from 2010 to 2015, learning about the company and its products and technology. Last September, Palantir sued KT4 Partners, claiming that the investor stole trade secrets and filed five patents for work done by Palantir. Later, KT4 sued Palantir for records and financial information.

But we believe that start-up investors rarely receive financial updates and tend to have a fairly limited influence on management teams when it comes to liquidating investments, either via stock sale, merger, or initial public offering.

All in all, this may not be the last time that impatient private tech investors take the activist route. Earlier this year, a significant occurrence of private shareholder activism in Silicon Valley took place, when Benchmark Capital and Uber's founder/CEO remained embroiled in a legal battle.

When it comes to Palantir, we plan to closely monitor the ongoing lawsuit with KT4 Partners and any other related events that may lead to material changes in the company's strategy or management team.

Exhibit 67: Snapshot of the Lawsuit Filed by Palantir Against Marc L. Abramowitz from KT4 Partners LLC

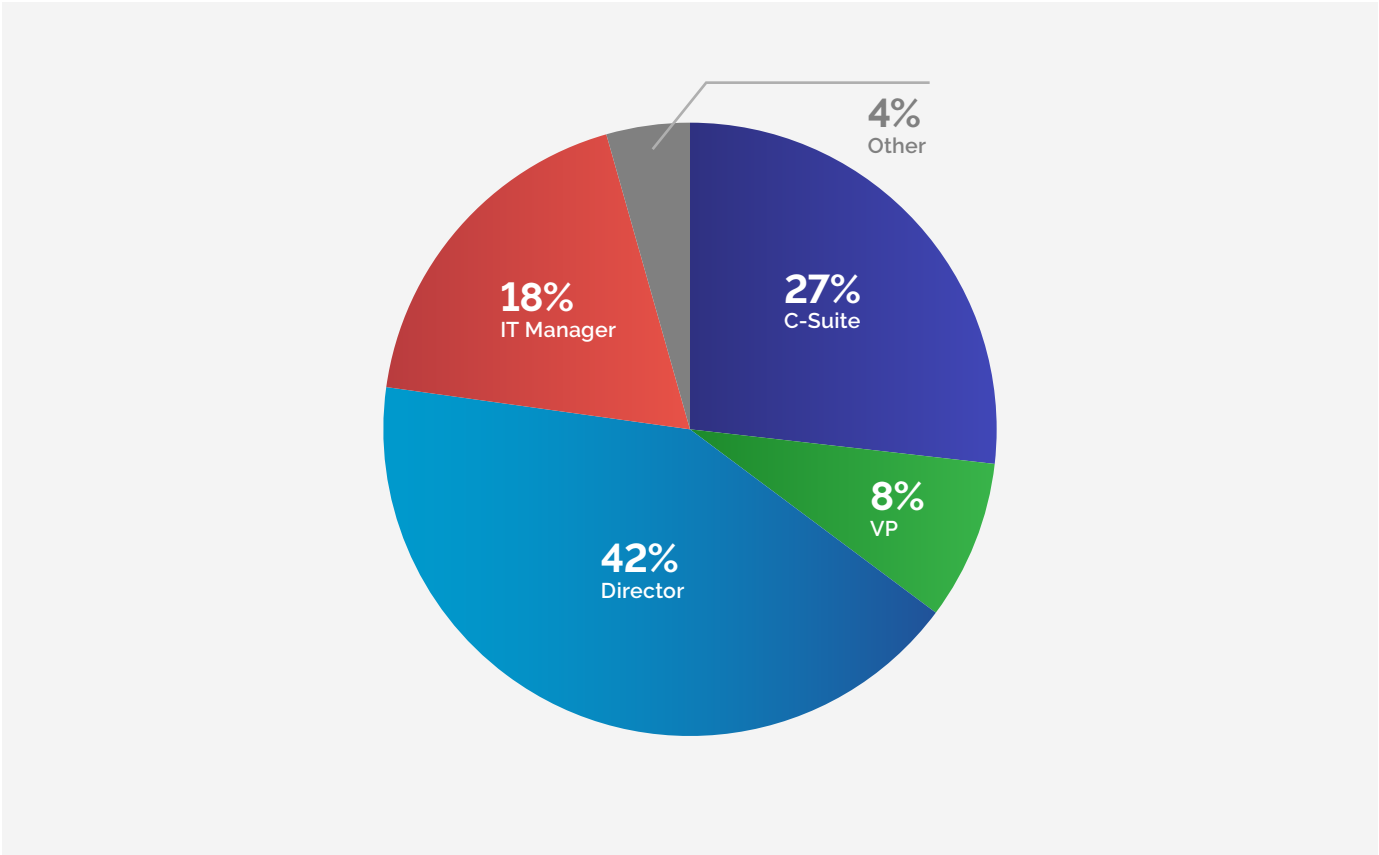
1 Plaintiff Palantir Technologies Inc. ("Palantir") sues defendants Marc L. Abramowitz
2 ("Abramowitz"), both in his individual capacity and as trustee of the Marc Abramowitz
3 Charitable Trust No. 2 (the "Trust"), KT4 Partners LLC ("KT4"), and Does 1 through 50
4 (collectively with Abramowitz, KT4, and the Trust, "Defendants") as follows:
5
6 **NATURE OF THE ACTION**
7
8 1. This is an action to stop Defendants from misappropriating Palantir's confidential
9 information and proprietary trade secrets for their own benefit and to prevent them from receiving
10 any additional confidential or proprietary information from Palantir pursuant to their Investors'
11 Rights Agreement.
12
13 2. Abramowitz was a respected confidant and advisor to Palantir and its senior
14 executives until he betrayed the trust they bestowed upon him for his own personal gain. He was,
15 through KT4 and other entities, an early equity investor in Palantir who personally engaged in
16 regular discussions with executives about some of the company's most sensitive business
17 strategies and trade secrets. Those discussions were highly confidential, as was made clear by

Source: SharesPost Research; Scribd.com, Link: <https://www.scribd.com/document/323155124/Palantir-Lawsuit>

Proprietary BI & Analytics Survey of IT Professionals

During August and September of 2017, we conducted a survey of 250 IT professionals who were the key decision makers for IT spending within their companies or who played an important role in purchasing decision making. We used Pulse Q&A and SurveyGizmo to conduct our surveys. Roughly 25 percent of the survey respondents self-identified as C-level executives, with 53 percent identifying as VPs or director-level professionals. The rest were IT managers and heavy users of BI tools in their daily work. Survey respondents came from a diverse set of industry sectors, including technology, media, retail, energy, supply chain, health care, and education. Our survey included ten questions that inquired about IT professionals' preferences, outlooks, and general likes/dislikes regarding BI and data analytics.

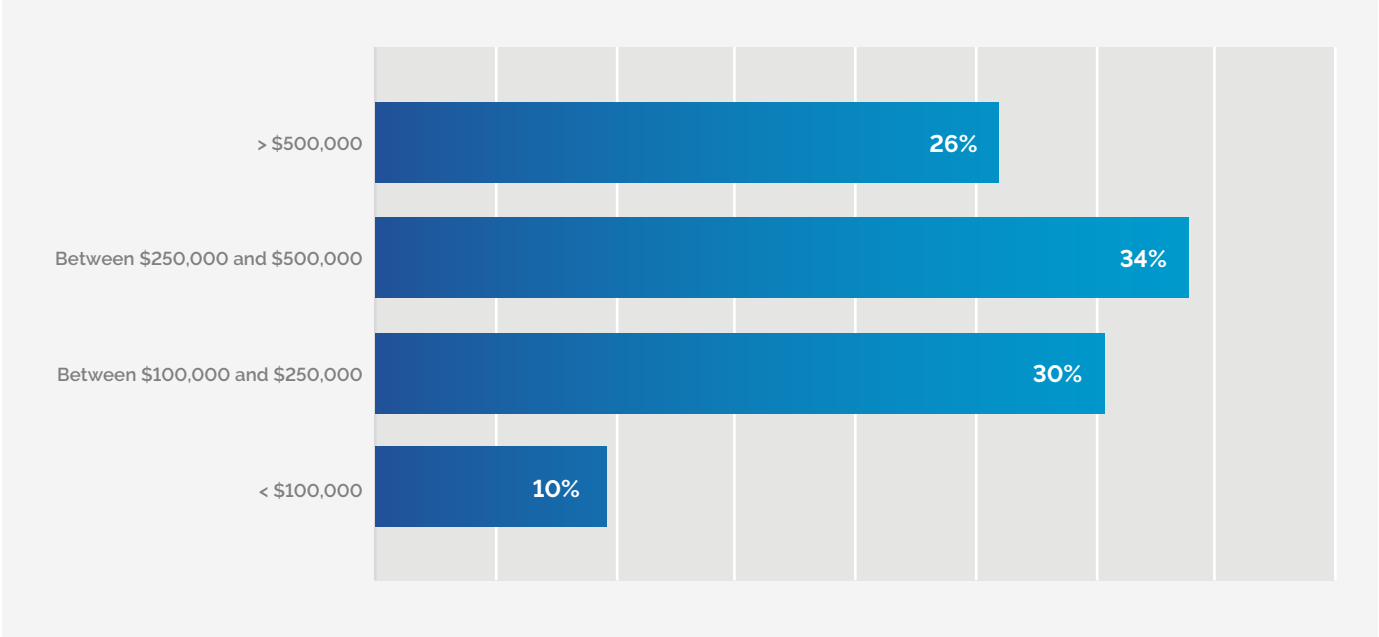
Exhibit 68: SharesPost BI and Analytics Survey Respondent Profile: Over 50 Percent Director and Above



Source: SharesPost Research; survey conducted during August and September of 2017; N = 250; Question: "Please select your title within the company." Other categories included data analysts and data scientists.

Over the past few years, spend on business analytics has been growing, and it now comprises a large portion of a company's expenses. Our survey results confirmed that businesses spend a significant amount on BI tools, with over 50 percent reporting a spend of more than \$250,000 per year and over 25 percent reporting a spend of more than \$500,000.

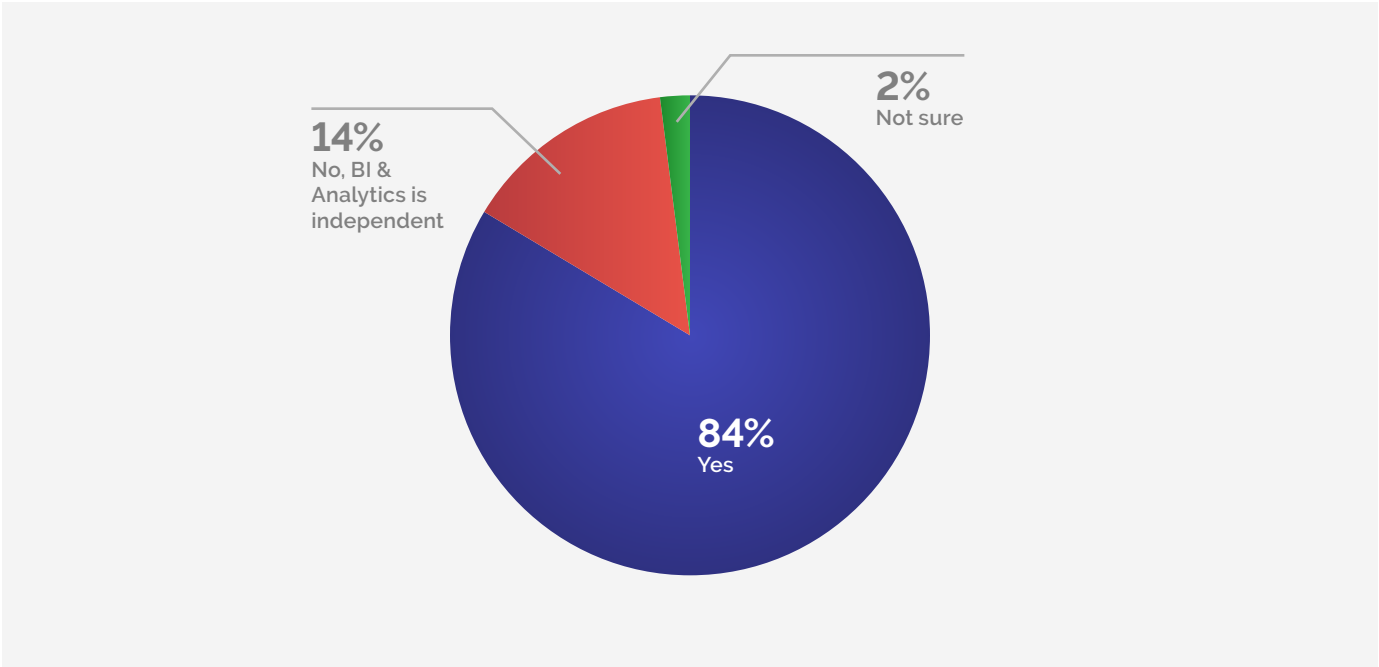
Exhibit 69: Spend on BI and Analytics Tools by Enterprises: Over 50 Percent Spend \$250,000 or More Annually



Source: SharesPost Research; Survey conducted during Aug-Sep 2017; N=250; Question: "Approximately how much per year do you spend on business intelligence and analytics software./tools/services?"

Although most businesses integrate their BI and analytics tools/applications with their IT organizations, the number of companies with independent BI/analytics teams is growing. According to our survey, 14 percent of businesses maintain independent BI teams, while over 80 percent still have their tools integrated with their IT teams. However, since newer BI applications include tools that independently integrate data from different sources, we think the need for IT support in data integration will decline.

Exhibit 70: Significant Number of Businesses Integrate BI and Analytics With IT



Source: SharesPost Research; survey conducted during August and September of 2017; N = 250; Question: "Is the business intelligence and analytics team integrated with the IT team in your company?"

Palantir Valuation Framework

Though valuing private-tech growth companies can be challenging because of the lack of reliable financial information, data and analysis exists that can help guide valuation conclusions. At SharesPost, our valuation framework relies on publicly available data points, funding-round-based valuation multiples of private peers, and historical valuation ranges of publicly traded comps, as well as the overall market trend since the most recent primary funding round of the company. As a matter of corporate policy, we do not publish specific market values for private companies as of any particular date, but we hope to provide our clients with the tools and framework they need to triangulate a reasonable range of investment values.

“It is better to be involved in a company with accelerating potential return than to get hung up on valuation.”

– John Burbank, Passport Capital

Waterfall Model: We have constructed Palantir’s waterfall model based on the company’s public regulatory disclosures. We have modeled both M&A and IPO outcome scenarios for the company. These models provide values for each share class for a given enterprise value (EV) in a given liquidity outcome scenario. On SharesPost.com, we provide dynamic tools to generate probability-weighted expected return based on a liquidity outcome assumption.

Multiple On Invested Capital (MOIC): How much money has the company raised, and what was the implied post-money valuation at the end of each funding round? We focus on a valuation metric called Multiple On Invested Capital (MOIC) and benchmark it for Palantir versus comparable private, public, and acquired peers.

“We prefer to buy a company growing 25 percent per year trading at 25x earnings [versus a slow-growing company at a discounted valuation]. In two-and-a-half years, it will double its earnings.”

– Julian Robertson, Tiger Global

Option-Pricing Model (OPM): This model simulates the probability-weighted expected return, estimating returns at the time of a future liquidity event. Companies generally grant stock options with a strike price set equal to the fair market value of the underlying shares. This valuation typically requires a Section 409A valuation report and discount versus most recent preferred share series. One notable benefit of using the OPM is that it accounts for the economic rights observed in private company cap tables, such as preferred liquidation preferences and share-class seniority. However, a traditional OPM approach (say, based on a Black-Scholes-Merton model) for private companies relies on a number of inputs and assumptions, such as expected time to exit, risk-free rate today, and volatility derived from similar publicly traded companies. Effectively, valuation output generated by an OPM approach very much depends on the quality and selection of inputs. In this report, we have not provided or concluded a range of values using this approach, but we acknowledge its potential use by some shareholders of VC-backed private companies.

Publicly Traded Comparable Companies: For a given set of comparable publicly traded companies, what is the range of revenue and EBITDA multiples, and how do they index versus revenue and EBITDA growth rates? Furthermore, how have these publicly traded companies trended since their most recent primary round? There are two basic caveats in applying multiples of publicly traded comparable companies to private companies: The private company may not be nearing an IPO event, and we may not have access to reliable financial projections for private companies.

Mutual Fund Holdings: We have observed that a growing number of traditional, public, equity-focused mutual funds report valuations for their holdings of private company shares. At SharesPost, we have tracked over 3,500 distinct data points disclosed by more than 65 mutual-fund tickers for more than 50 private companies. We believe these public fund marks, along with their directional trends, provide key insights into near-term valuation levels of private companies.

Secondary Market Transactions: SharesPost is a leading provider of liquidity to the private growth asset class, generating material, proprietary secondary transaction pricing data. While a variety of factors can affect secondary market pricing, we regard recently completed secondary market transactions as useful inputs to valuation calculations. Such transactions include: implicit signals regarding the market's discount for lack of marketability/liquidity, discount for commons shares versus most recent preferred shares, and other information.

As a first step, we have recapped Palantir's fundraising activity to date. Please note that Palantir's cap table (see Exhibit 72) is based on public filings, including recent certificates of incorporation, and does not include debt capital raised or committed to Palantir. We have estimated the number of common shares based on the most recent publicly reported valuation.

Exhibit 71: Palantir's Funding Rounds

Date	Amount	Share Class	Post Money Valuation	Key Investors
Jan-2006	\$142,500	Series A	\$7MM	Undisclosed investors
Nov-2006	\$10.84MM	Series B	\$35.08MM	In-Q-Tel
Feb-2008	\$45.4MM	Series C	\$400MM	In-Q-Tel, Reed Elsevier Ventures
Jun-2010	\$97.4MM	Series D	\$730MM	Founders Fund, Glynn Capital Management, Ulu Ventures
Apr-2011	\$162MM	Series E	\$1.2B	Undisclosed investors
Aug-2011	\$88.3MM	Series F	\$1.67B	Western Technology Investment, Tiger Global Management
May-2012	\$178.06MM	Series G	\$2.5B	Morgan Stanley, Sozo Ventures, 137 Ventures
Sep-2013	\$122.86MM	Series H	\$4.03B	Broad Beach Ventures and several individual investors
Dec-2013	\$150MM	Series H1	\$4.93B	Broad Beach Ventures and several individual investors
Sep-2014	\$635.71MM	Series I	\$9.2B	BlackRock, MicroVenture Marketplace, GSV Ventures
Jul-2015	\$400MM	Series J	\$15.35B	Undisclosed investors
Dec-2015	\$879.83MM	Series K	\$20.4B	TJNS Capital, Nima Capital, Dover Madison Capital Management

Source: SharesPost Research; certificate of incorporation filed in State of Delaware; PitchBook

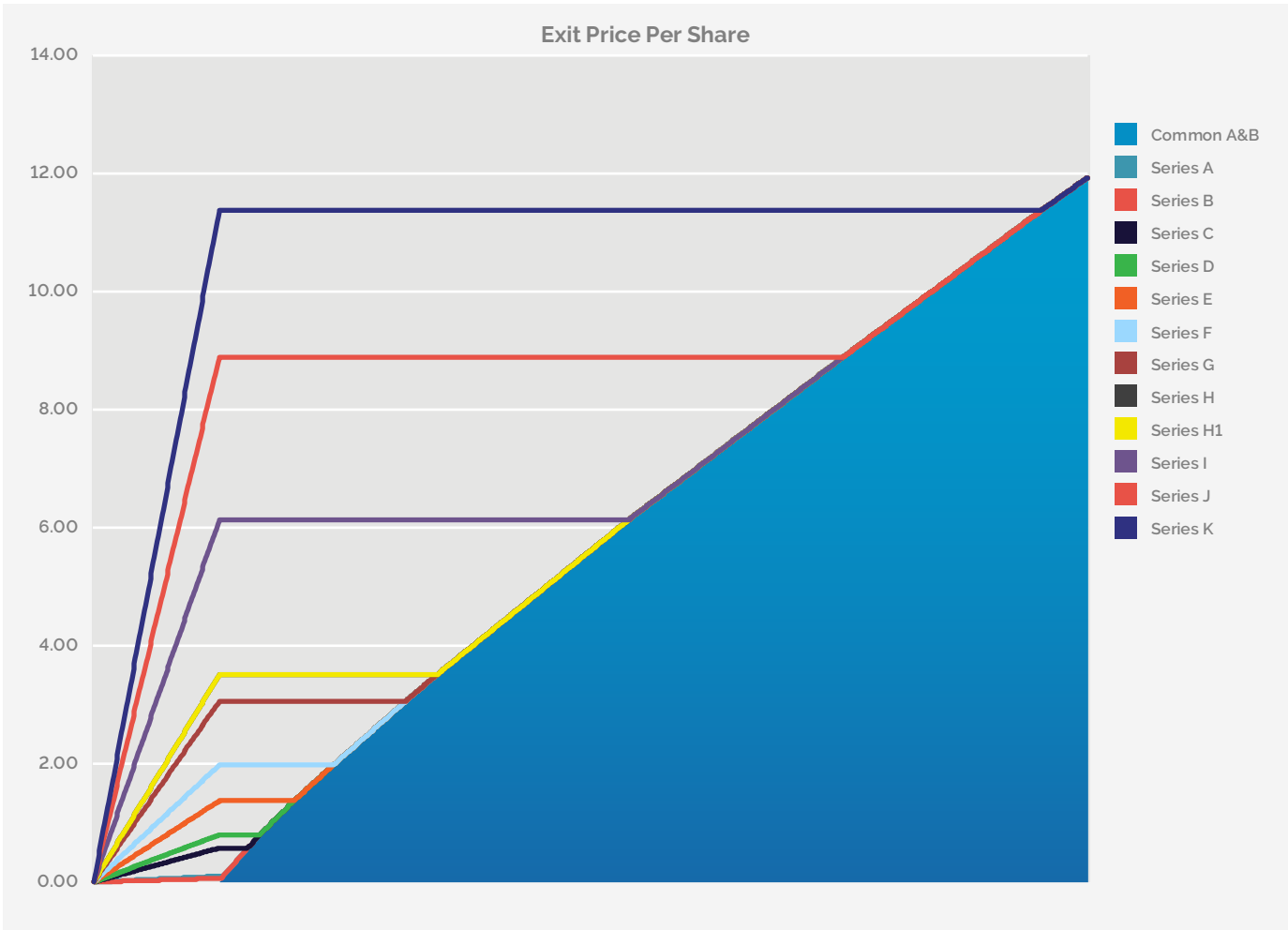
Exhibit 72: Palantir's Cap Table

Stock	Estimated Outstanding Shares	Orig. Issue Price	Liquidation Pref. Multiple	Estimated Ownership
Common A & B	897,587,576	\$0.0000	-	50.00%
Series A	1,425,000	\$0.1000	1.0x	0.10%
Series B	171,078,560	\$0.0634	1.0x	9.50%
Series C	78,815,194	\$0.5760	1.0x	4.40%
Series D	121,750,000	\$0.8000	1.0x	6.80%
Series E	117,886,772	\$1.3742	1.0x	6.60%
Series F	44,595,912	\$1.9800	1.0x	2.50%
Series G	58,189,543	\$3.0600	1.0x	3.20%
Series H	35,002,700	\$3.5100	1.0x	1.90%
Series H1	42,735,043	\$3.5100	1.0x	2.40%
Series I	103,705,430	\$6.1300	1.0x	5.80%
Series J	\$44,994,376.0000	\$8.8900	1.0x	\$0.0250
Series K	\$77,313,708.0000	\$11.3800	1.0x	\$0.0430

Source: SharesPost Research; certificate of incorporation filed in State of Delaware; PitchBook

Based on the cap table above, we have forecasted Palantir's M&A outcome scenario payouts for individual share classes. Please note that these waterfall models are based on a proprietary model constructed by SharesPost, along with SharesPost Research's interpretation of the various terms and clauses for individual share classes, including liquidation preferences, participation, and liquidation preference order.

Exhibit 73: Palantir's M&A Liquidation Scenario



Source: SharesPost Research; certificate of incorporation filed in State of Delaware; PitchBook

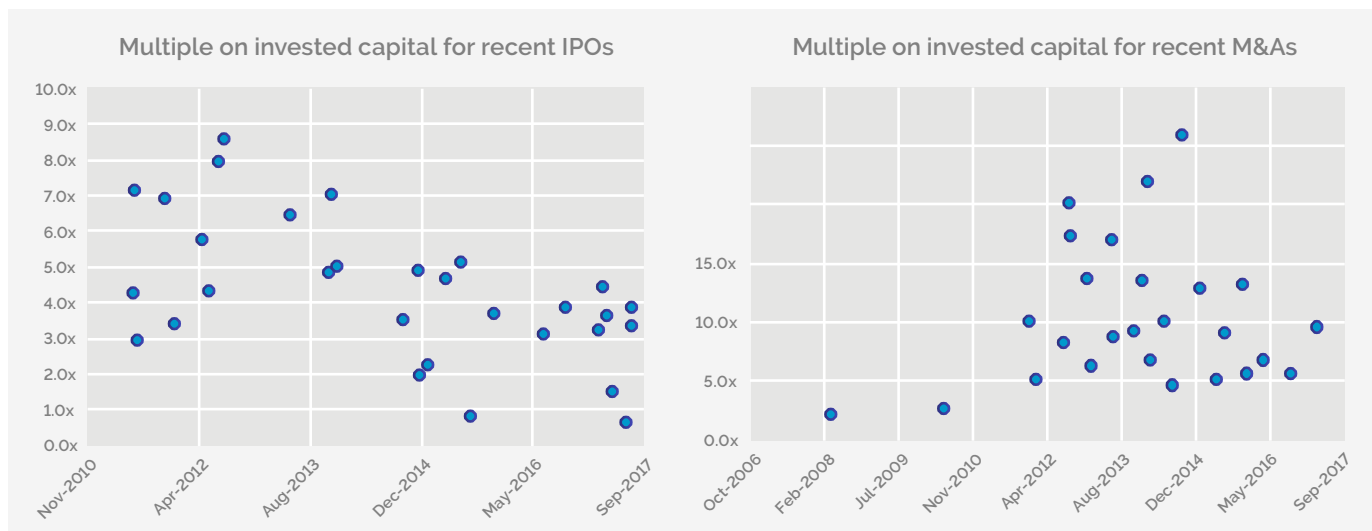
Next, we have benchmarked the MOIC, defined as “the implied post-money valuation divided by the amount raised to date” for private, acquired, and public companies. We note that this multiple is different from the multiple tracked to gauge the performance of private equity funds. However, in a way, this MOIC multiple measures the estimated returns for every dollar invested in a private or public company, assuming that every dollar has the identical amount of ownership in the company. We understand that this is a big caveat and also that every company has a different level of capital intensity. Additionally, the potential to return invested capital depends upon the stage of the company.

However, we observed a strong level of correlation across companies that had raised, for example, \$150 million in capital and went public, or were acquired, or remained private. We illustrate the findings from our study in the Exhibit 74 and also highlight Palantir's relevant funding rounds. We have included only those transactions that resulted in the implied post-money valuation of a company being greater than \$1 billion (or else a company raised more than \$100 million in the funding round to be considered a part of this study's sample set).

We highlight the following takeaways from this analysis:

1. **MOIC for companies within a sector tends to fall within a tight range.** We think MOICs can be used as a proxy for capital efficiency within a sector but not across sectors. For example, compared to consumer internet companies, enterprise software companies tend to be valued at a higher multiple of private capital raised. We believe this trend is due to the higher potential gross margin of enterprise software
2. **MOIC declines as companies raise more private capital.** We observed this pattern across currently private companies as well as previously VC-backed companies that went public. As the companies raised more capital, their value as a multiple of capital raised declined.

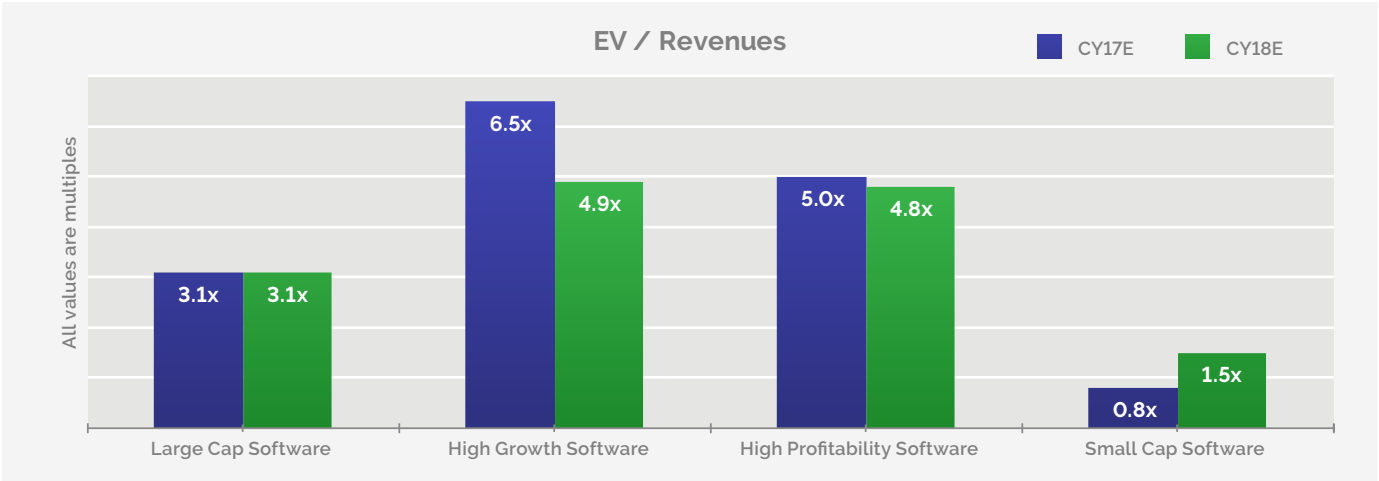
Exhibit 74: Comparing Multiple On Invested Capital for Recent IPOs and M&A Transactions



Source: SharesPost Research; certificate of incorporation filed in State of Delaware; PitchBook

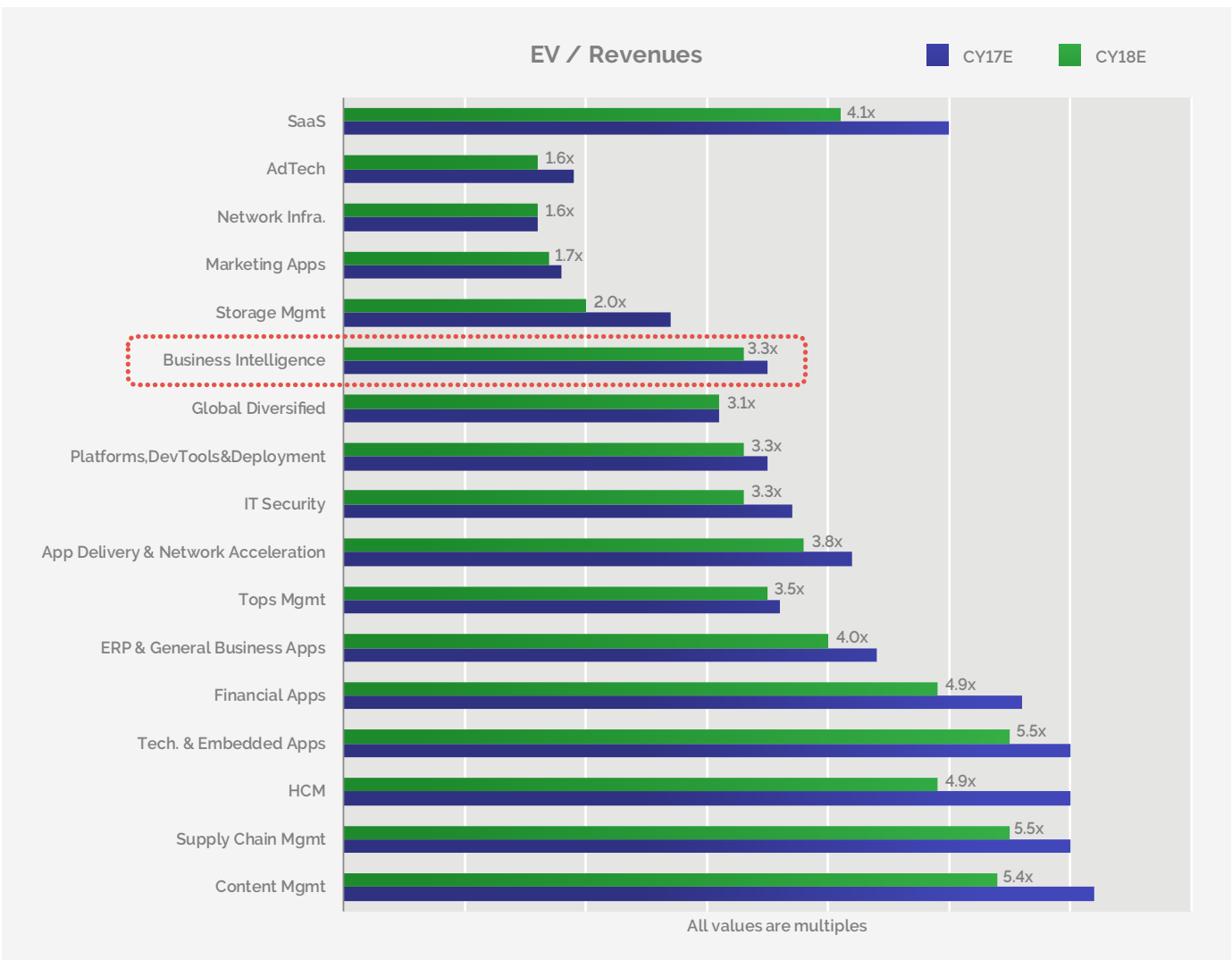
While the charts in Exhibit 74 cover a large cross-section of technology companies, we believe investors will primarily compare Palantir's growth rate and profitability to the growth rate and profitability of similar data analytics companies: Tableau, Splunk, IBM, Oracle, Microsoft, and SAP. In Exhibit 75, we illustrate the correlation between the EV/revenue multiples of leading software companies and projected revenue growth.

Exhibit 75: Comparing EV/Revenue Valuation Multiples Across Software Companies by Size and Growth



Source: SharesPost Research; company reports; consensus Wall Street estimates

Exhibit 76: Comparing EV/Revenue Valuation Multiples for Software Companies by Sector



Source: SharesPost Research; company reports; consensus Wall Street estimates

Exhibit 77: Comparing EV/Revenue Valuation Multiples for Software Companies by Size and Growth Rates



Source: SharesPost Research; company reports; consensus Wall Street estimates

Next, we provide a snapshot of the Palantir valuations disclosed by public equity mutual funds. These valuations are key inputs that help us frame a valuation reference point for private tech companies.

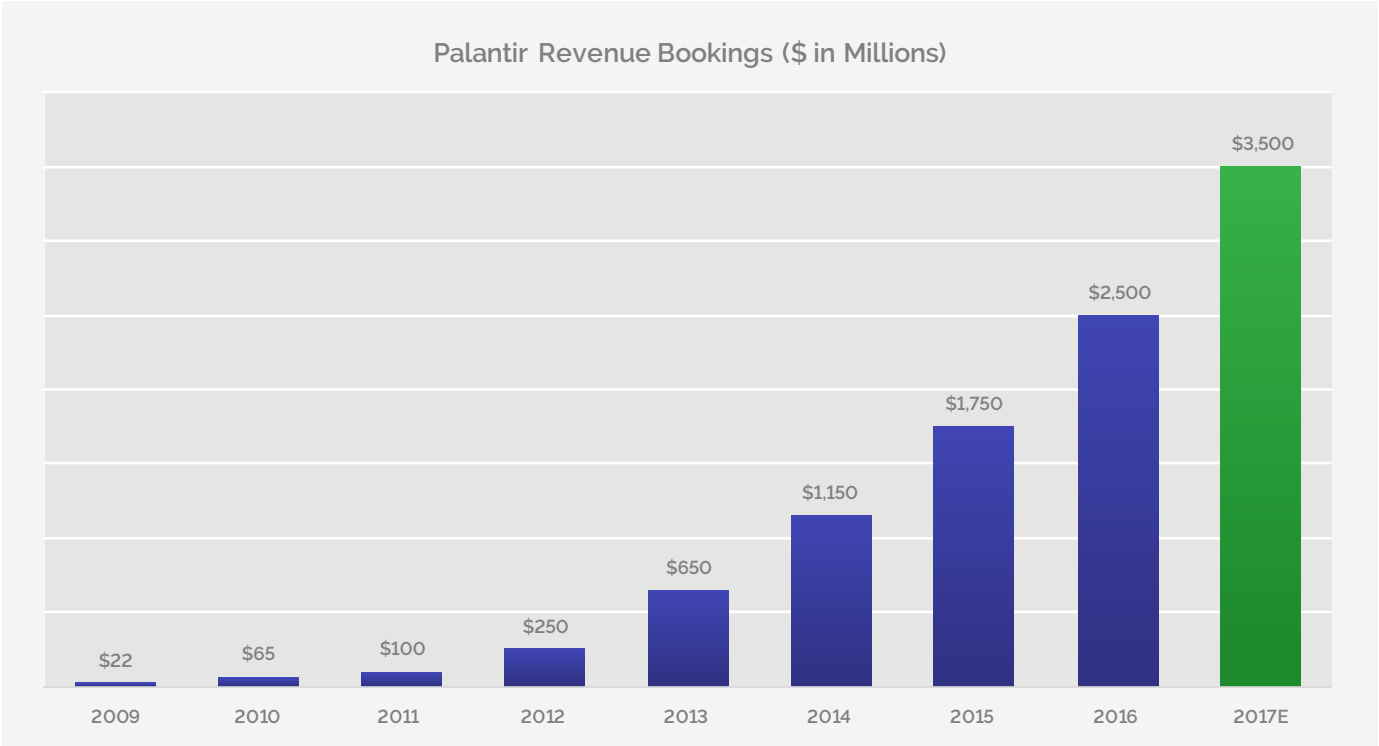
Exhibit 78: Mutual Funds Holding Palantir Shares – Publicly Available Valuation Data Points

Ticker	Fund	Date	Share Class	Share Price
AMGOX	ALGER MID CAP GROWTH I-2	Jun-2017	Common A & B	\$6.08
MSEQX	MORGAN STANLEY INST GLOBAL DSCVRY A	Jun-2017	Series H	\$3.82
MSEQX	MORGAN STANLEY INST GLOBAL DSCVRY A	Jun-2017	Series H1	\$3.82
MSEQX	MORGAN STANLEY INST GLOBAL DSCVRY A	Jun-2017	Series G	\$4.09
MASWX	BLACKROCK MASTER SMALL CAP GROWTH PORTFOLIO	May-2017	Series I	\$8.09
CHUSX	ALGER GLOBAL GROWTH FUND	Apr-2017	Common A & B	\$6.08
ALMRX	ALGER MID CAP GROWTH INSTITUTIONAL I	Apr-2017	Common A & B	\$6.08
SPECX	ALGER SPECTRA A	Apr-2017	Common A & B	\$6.08
MBLOX	BLACKROCK GLOBAL ALLOCATION FUND	Apr-2017	Series I	\$9.98
GSVC	GSV CAPITAL	Mar-2017	Common A & B	\$7.56
MBLOX	BLACK ROCK GLOBAL ALLOCATION	Oct-2016	Series I	\$8.28
MBLOX	BLACKROCK GLOBAL ALLOCATION	Apr-2016	Series I	\$10.66

Source: SharesPost Research; PitchBook; SEC/EDGAR filings

Finally, we have forecasted Palantir's revenue bookings and EV multiples for baseline and downside scenarios. Based on publicly available information, Palantir crossed the \$1 billion bookings mark back in 2014, and we project that its bookings will continue to grow at 35–40 percent, to roughly \$3.5 billion by end of 2017. Actual collections are estimated to be between 20–35 percent of the bookings and are expected to gradually improve as Palantir's customer base matures.

Exhibit 79: Palantir's Exponential Growth Since Inception (Revenue in \$ Millions)



Source: SharesPost Research; PrivCo

If Palantir pursues an IPO route and goes public in 2H:19 (or within 24 months from today), we estimate that prospective and potential public investors in Palantir will calculate the company's enterprise value based on an average of 2018 and 2019 estimates. We acknowledge that there are a lot of "ifs" in this scenario; however, based on publicly available information and the application of reasonable growth rates, we have constructed a fairly basic Palantir financial top-line model. Based on our revenue and EV multiple estimates, we believe Palantir could be valued between \$13.8 billion and \$20.8 billion – and it has the potential to go higher if it continues to improve its bookings-to-revenue conversion. In Exhibit 80, we summarize the key metrics from our financial estimates.

Exhibit 80: Palantir Financial Scenarios: Could Be Valued Between \$14 Billion and \$20 Billion

	Est. Net Revenues		EV/Rev Multiple		EV Range		
	2019E	2020E	Low	High	Lo/Hi	Hi/Lo	Average
Downside Scenario	\$1.8	\$2.5	6.0x	7.0x	\$12.60	\$15.0	\$13.8
Base Scenario	\$2.2	\$3	7.0x	9.0x	\$19.8	\$21.1	\$20.5

Source: SharesPost Research; \$ in billions

Appendix

Palantir Acquisitions

Exhibit 81: Palantir Has Acquired Six Companies in the Past Four Years

Company acquired	Date	Description	Rationale
Silk	10-Aug-2016	Data visualization software	Acqui-hired for data visualization over cloud
Kimono Labs	15-Feb-2016	Web scraping software	Strengthen mobile platform development
FT Technologies	6-Feb-2015	Retail analytics software	Expand into retail analytics market
Turboprop (Propeller)	31-Jul-2014	Software tools for native mobile applications	Strengthen mobile platform development
Poptip	29-Jul-2014	Social polling and analytics software	Develop Palantir torch platform for social analytics
Kabless (VoiceGem)	16-Feb-2013	Acquired primarily for talent	Acqui-hired primarily for talent

Source: SharesPost Research; PitchBook

Management Team

Exhibit 82: Palantir Management Team – Led by Founders

Name	Title	Year joined	# of years at current position	Education
Alexander Karp	Cofounder, Board Member and CEO	2004	13	Stanford University
Peter Thiel	Chairman & Cofounder	2004	13	Stanford University
Joe Lonsdale	Cofounder	2004	13	Stanford University
Colin Anderson	CFO	2009	8	Stanford University
Stephen Cohen	External Vice President and Director	2004	13	Stanford University
Milo Krastev	Executive	2012	5	Georgetown University
Mason Edwards	Executive, Deployment Strategist	2015	2	Cambridge University
Andrea Maki	Head of Core Operations	2015	2	Frostburg State University
James Weiss	Business Development Executive	2014	3	The Wharton School

Source: SharesPost Research; PitchBook

Exhibit 83: Palantir Management Team – Mixed Bag of Experiences

Name	Prior experience	Prior public company management experience	Participated in M&A in a prior company
Alexander Karp	Founder, Caedmon Group	No	No
Peter Thiel	CEO of PayPal; Founder of Clarium Capital Management; Partner at Founders Fund	Yes	Yes
Joe Lonsdale	Cofounder of Addepar and OpenGov	No	No
Colin Anderson	VP, Clarium Capital Management	No	No
Stephen Cohen	Clarium Capital Management	No	No
Milo Krastev	Advisor, Director of Operations, Zipongo	No	No
Mason Edwards	Cofounder of Synbiota Inc. and Synups	No	No
Andrea Maki	VP, Global Workplace Solutions at Polycom	Yes	No
James Weiss	Founder and CEO of JBW Advisory; Principal, Bain & Co	No	No

Source: SharesPost Research; PitchBook

Board of Directors

Exhibit 84: Palantir Board of Directors – Mostly From Within the Company

Name	Year joined	# of years on board	Current company
Peter Thiel	2004	13	Palantir, Founders Fund
Stephen Cohen	2004	13	Palantir
Alexander Karp	2004	13	Palantir
Adam Ross	2015	2	Goldcrest Investments
Shyam Sankar	2006	11	Palantir

Source: SharesPost Research; PitchBook

Reading List/Watching List

Exhibit 85: Reading and Watching List

Name	Type	Publisher	Description	Links
Aug-2009	Interview	PBS	Charlie Rose interview with CEO Alex Karp about Palantir	https://charlierose.com/videos/12809
Feb-2011	WikiLeaks deck about Palantir	Business Insider	Article about Palantir's proposal to combat WikiLeaks	http://www.businessinsider.com/palantir-wikileaks-2011-2#-15
Feb-2012	Interview	TechCrunch	Interview with Palantir CEO Alex Karp	https://www.youtube.com/watch?v=VJFk8oGTEs4
Dec-2013	News article	Gigaom	Description of Palantir products	https://gigaom.com/2013/12/05/palantir-the-worst-kept-9b-secret-in-silicon-valley/
2014	Research report	World Economic Forum	Report on Big Data's role across different sections of the society	http://www3.weforum.org/docs/WEF_GlobalInformationTechnology_Report_2014.pdf
May-2014	News article	A16z.com	Understanding SaaS: Why the Pundits Have It Wrong	https://a16z.com/2014/05/13/understanding-saas-valuation-primer/
Jun-2014	News article	Forbes	Summary of different data analytics segments and market sizes	https://www.forbes.com/sites/louiscolombus/2014/06/24/roundup-of-analytics-big-data-business-intelligence-forecasts-and-market-estimates-2014/#409fc745388e
Dec-2015	News article	Wall Street Journal	Palantir's struggle to provide liquidity to its employees/early investors	https://www.wsj.com/articles/palantir-and-investors-spar-over-how-to-cash-in-1451439352
Mar-2016	News article	Business Insider	How Palantir diversified its customer base	http://www.businessinsider.com/palantir-revenue-and-bookings-2016-3
Mar-2016	News article	Biz Journal	Morgan Stanley's markdown of Palantir valuation	https://www.bizjournals.com/sanjose/blog/techflash/2016/03/is-morgan-stanley-wrong-about-bigpalantir.html
Mar-2016	Interview	Fortune	Discuss Palantir' business, customers, and culture	http://fortune.com/palantir-big-data-analysis/
Sep-2016	Research report	Markets and Markets	Fraud Analytics Market size and growth projections	http://www.marketsandmarkets.com/Market-Reports/fraud-detection-prevention-market-1312.html
Oct-2016	Research report	IDC	Big Data and Analytics Market size and growth projections	https://www.idc.com/getdoc.jsp?containerId=prUS41826116
Oct-2016	Interview	Wall Street Journal	Discusses Palantir financial performance	https://www.wsj.com/articles/alex-karp-runs-through-palantirs-numbers-1477879680
Nov-2016	Report	KPMG	Transforming your SaaS business	https://assets.kpmg.com/content/dam/kpmg/ca/pdf/2016/11/Transforming-Your-SaaS-Business-Canada.pdf
Jan-2017	News article	The Verge	Palantir denies creating a muslim registry for government	https://www.theverge.com/2017/1/13/14264804/palantir-immigration-trump-protest-tech-workers
Feb-2017	Interview	Bloomberg	Discusses Palantir's growth in Europe	https://www.bloomberg.com/news/articles/2017-02-24/peter-thiel-s-palantir-spreads-its-tentacles-throughout-europe
Feb-2017	News article	The Intercept	Palantir's engagement with the Government	https://theintercept.com/2017/02/22/how-peter-thiels-palantir-helped-the-nsa-spy-on-the-whole-world/
Mar-2017	Research report	IDC	Big Data and Business Analytics market size and growth projections	http://www.idc.com/getdoc.jsp?containerId=prUS42371417
Mar-2017	News article	CNBC	Lawsuit by KT4 against Palantir for blocking investors from selling their stock	http://www.cnn.com/2017/03/17/palantir-blocked-its-investors-from-selling-their-shares-lawsuit-claims.html
Apr-2017	News article	Fortune	History of Palantir's relations with the government	http://fortune.com/palantir-pentagon-trump/
Jun-2017	News article	Bloomberg	Oracle offered to acquire Palantir in 2016	https://www.bloomberg.com/news/articles/2017-06-28/oracle-discussed-buying-palantir-in-2016-investor-tells-court?cmpid=BBDO62917_TECH&utm_medium=email&utm_source=newsletter&utm_term=170629&utm_campaign=tech
Jun-2017	News article	BuzzFeed	Hacking incident of Palantir's systems	https://www.buzzfeed.com/williamalden/how-hired-hackers-got-complete-control-of-palantir?utm_term=.qs87mNDoad#wivwmy8xYz
Jun-2017	News article	BuzzFeed	Tensions between Palantir and government agencies	https://www.buzzfeed.com/williamalden/theres-a-fight-brewing-between-the-nypd-and-silicon-valley?utm_term=.rr8QNaG0JZ#fmZlW8m36L
Jul-2017	News article	Forbes	Palantir wins Airbus as customer	https://www.forbes.com/sites/oliverwyman/2017/07/20/airbus-gets-aviation-industry-a-step-closer-to-the-holy-grail-of-big-data-and-plane-connectivity/#325705ca3e86
Aug-2017	Wired News article	Wired	Palantir's use in Law Enforcement	https://www.wired.com/story/how-peter-thiels-secretive-data-company-pushed-into-policing/

Source: SharesPost Research; Palantir media blog and various news articles

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