

Palantir Technologies is an American software company that builds AI-powered data analytics software ([Palantir.com](https://www.palantir.com)) in the AI and large data analytics industry. Instead of selling a physical product, Palantir develops software platforms that help companies, institutions, and governments to collect, organize, and analyze data that they can act upon. The company was founded in 2003 by a group of co-founders including Peter Thiel, who is the most known. ([Palantir.com](https://www.palantir.com)). The idea of Palantir was founded after the terrorist attack of the twin towers in New York on September 11, 2001, commonly known as 9/11. Palantir's original goal was to help governments, specifically the United States government, to identify terrorists and fraud by finding patterns in the databases to reduce the risk of a repeat attack ([Palantir.com](https://www.palantir.com)). Throughout this report, Palantir's journey through the existence, survival, success, take-off, and maturity stages of the business life cycle will be analysed.

Existence Stage

To start with, Palantir had high uncertainty risks along with high development costs. They had an idea but with no revenue. Palantir sought funding from Venture capitalist Peter Thiel and later funded by the Founders Fund (Palantir Technologies, n.d.; Britannica, 2025). Palantir secured funding from the CIA venture capital arm, allowing them to create a break-even buffer (In-Q-Tel, n.d.). With Palantir being funded by the CIA VC arm, it built them a strong business reputation and allowed for helpful government relationships (In-Q-Tel, n.d.; Palantir Technologies, n.d.). The heavy investment and government relationships majorly helped Palantir overcome speculation and doubt that most startups would've had.

Survival stage

From 2004-2008, Palantir's product was still in the process of being built and completed (Palantir Technologies, n.d.). They faced many problems as they couldn't convince customers

to trust their software as many were afraid that they would sell the sensitive information to China or black markets (Reuters, 2020). It didn't make it any easier that Palintor's product was very expensive to develop and sell to customers (Palantir Technologies, n.d.). Hence Palintir went through 3 series of funding. With all series A, B and C funding being worth about \$54.8 million from 2004-2008 (Crunchbase, n.d.). The funding came from multiple Venture capitalists including Oakhouse partners (Crunchbase, n.d.). At this point Palintir was securing government contracts including the FBI, the department of defense and Intelligence and law enforcement agencies (Palantir Technologies, n.d.). During the survival stage Palintir continued to raise funds and attain government funding as they still required large sums of investment to develop and launch the product. Palintir's software was growing at rapid rates needing to expand its workforce simultaneously hence they chose the funding of venture capitals as debt finance which would require short payment times whereas VCs did not need immediate repayment. Which worked well for palantir as they could focus on developing and launching their software.

Success Stage

From 2009-2014 pre IPO Palintir started winning over the FBI, Department of defense, Banks and insurers which allowed for the venture capital funding and major rounds of equity finance to continue and exceed past rounds of funding (Crunchbase, n.d.; TechCrunch, 2020). With Palintir's new found large revenue which is not explicitly stated but it allowed for VCs and governments to trust Palantir further (TechCrunch, 2020). With the strong revenue Palintir still did not prioritise profit as they reinvested retained revenue back into product development, marketing with the goal of attaining more customers (TechCrunch, 2020; Palantir Technologies, n.d.). Although Palintir's profits were delayed, its software and AI

became significantly more efficient, transparent and overall strength making Palantir a competitive company (Palantir Technologies, n.d.; TechCrunch, 2020).

Take off

Palantir's goal of success meant that they still needed large funding rounds. Hence they still used VC and equity financing. Palantir secured \$100s of millions nearing billions of dollars in funding which their total funding before going public would exceed well over \$3 Billion (Crunchbase, n.d.; TechCrunch, 2020). The use of other major investors like Fidelity Investments, Wellington Management and the Founders Fund and others allowed for Palantir to prepare for an international expansion and to allow Palantir continue hiring skilled employees (Crunchbase, n.d.; Palantir Technologies, n.d.). As without the funding Palantir would not be able to stay afloat and hire its thousands of engineers or open worldwide offices or even compete against other large institutions like Oracle, Microsoft and more (Palantir Technologies, n.d.). Instead of pursuing a premature IPO Palantir prioritise long term goals and made it known that in the short term the shareholders may lose money reducing the expectations hence allowing Palantir to focus on raising capital to do the IPO correctly in the very near future (TechCrunch, 2020).

Maturity

Palantir's 2020 public listing was a success (Palantir Technologies, 2020; U.S. Securities and Exchange Commission [SEC], 2020). They no longer needed VC as they now had stable revenue. Palantir wanted liquidity. Palantir directly listed as they no longer needed capital whereas if it were traditional they would still be seeking capital (SEC, 2020; NYSE, 2020). But since Palantir went through years of investment they chose the direct route which

allowed them to immediately sell shares (SEC, 2020). The new status of the public company meant that their brand reputation would strengthen majorly as they would be trusted as with being public the transparency of the company increased, reducing speculation of Palantir (Palantir Technologies, 2020 Annual Report). Luckily for Palantir at the same time of their success the AI boom occurred. The new AI technology allowed for Palantir to strengthen its AI and increase the total efficacy of the technology and software (Palantir Technologies, 2024 Annual Report). Leading to its profit of \$1.6 billion (SEC, 2024).

Recommendations

Financing should change as the business grows, Companies cannot use the same sources of finance forever. For example in the existence stage some companies have no choice but to bootstrap or take a loan from the bank. The best would be a government grant as there would require no repayment but its rare to be offered a grant hence bootstrapping or investors would work. For the other 4 stages it varies on the business performance like Palantir Venture capital and equity finance worked but for other companies it may not. Investors and government grants are usually recommended even if the company loses some control of the entity. It's worth it to kick start what could be a very successful business. Especially with the strength of Ai and the Ai Boom anything is possible where funding may not be as big as before.

Conclusion

Palintir was not successful because of Ai. Although its AI is perfect and they had enough money to perfect it. The originality of the business means more than the Ai, As now all Ai is strong the moral and visions of the business matters heavily. Palintir's business idea came up

because they wanted to reduce terrorist attacks. Their Financing strategies were great too and they wouldn't be where they are today without venture capital.

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