

Commercial Due Diligence Brief

Company: **Palantir Technologies Inc. (NASDAQ: PLTR)**

Sector: **Artificial Intelligence / Enterprise Software / Decision Intelligence Platforms**

Region: **United States / Global**

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Institutional Commercial Due Diligence Brief

Commercial Due Diligence

Prepared using publicly available information and Cohres analysis. This commercial due diligence assessment evaluates long-term commercial attractiveness, infrastructure formation potential, competitive durability, and investment suitability.

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EXECUTIVE SUMMARY

Company Overview

[Palantir Technologies](#) is an operational software and artificial intelligence platform serving government agencies, defense organizations, and commercial enterprises. Its principal platforms include Gotham, Foundry, Apollo, and Artificial Intelligence Platform (AIP). They enable customers to integrate fragmented data, construct operational workflows, deploy software across complex environments, and apply artificial intelligence to consequential decisions and production processes.

Palantir's investment case has evolved materially. The company was previously evaluated primarily as a specialized data integration provider with strong government relationships, long implementation cycles, and uncertain commercial scalability. It is now increasingly positioned as an operational AI (artificial intelligence) platform capable of supporting decision-making, workflow execution, and software deployment across both public and private-sector environments.

The central investment question is no longer whether Palantir can generate meaningful demand for its software. Its recent commercial growth, government expansion, customer additions, contract activity, profitability, and cash generation provide substantial evidence of product demand and operating leverage.

Accordingly, the central remaining investment question is whether Palantir can convert current AI-driven growth into durable ownership of enterprise and government workflows while preserving differentiation, pricing power, operating leverage and long-term financial quality as competition intensifies and valuation expectations remain elevated.

Recent Commercial and Financial Performance

Palantir entered 2026 with exceptional commercial momentum.

For Q1 2026, the company reported revenue of approximately \$1.63B, representing year-over-year growth of 85%. U.S. revenue reached approximately \$1.28B, while U.S. commercial revenue increased to approximately \$595M and U.S. government revenue reached approximately \$687M.

The company reported 1,007 customers at the end of the quarter, compared with 769 one year earlier. Palantir also closed 206 transactions valued at \$1M or more, including 72 transactions valued at \$5M or more and 47 valued at \$10Mn or more.

U.S. commercial remaining deal value reached approximately \$4.92B, supporting the view that commercial demand extends beyond short-term experimentation. However, RDV includes contractual options and may be subject to termination provisions; it should not be interpreted as a guaranteed backlog. Adjusted operating income was approximately \$984M, representing a 60% margin, while adjusted free cash flow reached approximately \$925M, representing a 57% margin.

These results demonstrate a rare combination of rapid revenue growth, expanding profitability, significant cash generation, and increasing enterprise adoption.

Core Investment Thesis

Palantir is attempting to establish itself as the operational layer through which governments and enterprises deploy artificial intelligence against proprietary data, institutional processes, and mission-critical workflows.

Operational AI Rather Than Standalone AI

Palantir competes at the operational layer, integrating AI with proprietary data, governance and enterprise workflows rather than relying on proprietary foundation models.

Ontology-Led Workflow Ownership

Ontology embeds business logic, permissions and operational relationships within the platform, increasing switching costs as deployments expand.

Government and Commercial Reinforcement

Government deployments provide security and operational capabilities applicable to regulated commercial markets, while commercial expansion broadens the platform's addressable opportunity.

Artificial Intelligence Platform Expansion

AIP expands Palantir from data and decision support into production AI deployment, governance and workflow execution.

Expanding Operating Leverage

Current margins and cash generation provide evidence of software operating leverage; durability depends on scaling deployments without proportional growth in implementation resources.

Overall, publicly available evidence supports the conclusion that Palantir has evolved from a specialised analytics provider into a commercially scalable operational AI platform with improving financial quality, increasing workflow ownership and durable long-term commercial characteristics. The principal remaining uncertainties relate to valuation, international execution and the ability to sustain current rates of commercial expansion as the business matures.

Methodology

This assessment is based exclusively on publicly available information, including Palantir's regulatory filings, earnings materials, investor presentations, product documentation, customer announcements, government contract disclosures and independent industry reporting.

The analysis evaluates commercial positioning, customer adoption, workflow ownership, platform differentiation, revenue durability, competitive resilience, financial quality and long-term investment suitability.

Unless otherwise stated, quantitative financial, customer and operating metrics are derived from Palantir's SEC filings, quarterly results and investor presentations. Where calculations or estimates are presented, they are based on publicly disclosed information and Cohres analysis.

Certain matters normally addressed in a commissioned due diligence engagement cannot be independently verified through public information. These include customer interviews, contract-level economics, gross and net retention by cohort, AIP Bootcamp conversion rates, customer acquisition costs, competitive win-loss data and detailed implementation economics. Where relevant, these are identified as priorities for management diligence rather than estimated without supporting evidence.

COMPANY OVERVIEW

Business Overview

Palantir Technologies Inc. is a publicly listed enterprise software company founded in 2003 and headquartered in Denver, Colorado. The company develops operational software platforms that integrate fragmented data, model organisational processes and support AI-enabled decision-making across government and commercial environments. Its software is used by defence, intelligence, government and commercial organisations across industries including healthcare, manufacturing, energy, financial services and transportation.

Revenue is generated through software subscriptions, platform licensing, deployment services and the expansion of existing customer relationships. The commercial model depends on progressing from initial deployments into broader workflow adoption, increasing recurring revenue, customer dependence and platform utilisation over time.

Public Company Overview

Palantir is listed on the NASDAQ under the ticker PLTR following its direct listing in September 2020. Unlike many enterprise software companies, Palantir reached the public markets without a traditional initial public offering, allowing existing shareholders to sell shares directly rather than raising new primary capital. As of 31 March 2026, Palantir held approximately \$8.0B of cash, cash equivalents and marketable securities, with no outstanding financial debt. This provides substantial capacity to fund product development, commercial expansion and strategic investment internally.

Company Snapshot

Metric	Latest reported information
Founded	2003
Principal executive office	Aventura, Florida (Headquarters is Denver, CO)
Listing	Nasdaq: PLTR
Public listing	Direct listing, September 2020
FY 2025 revenue	Approximately \$4.48B
Q1 2026 revenue	Approximately \$1.63B
Customers	1,007
Employees	4,429 at FY 2025
Cash and marketable securities	Approximately \$8.03B
Financial debt	None outstanding

Source: Palantir SEC filings, investor presentations and Cohres analysis.

Product Portfolio

Palantir's platform comprises Gotham, Foundry, Apollo and the Artificial Intelligence Platform (AIP). Their functionality, commercial positioning and contribution to the investment thesis are assessed in the Product & Platform Assessment.

INVESTMENT THESIS

Central Investment Question

The central commercial question underpinning this due diligence assessment is not whether Palantir has successfully commercialized artificial intelligence. Recent operating performance, accelerating customer growth, expanding profitability, and increasing adoption across government and commercial markets provide compelling evidence that demand for the company's software platforms is strong.

Instead, the key investment question is whether Palantir can establish itself as the long-term operational layer through which governments and enterprises deploy artificial intelligence, manage mission-critical workflows, and execute complex decisions.

Investment Thesis

The investment thesis rests on six interrelated propositions.

1. Artificial Intelligence Is Transitioning from Experimentation to Operational Deployment

Enterprises are moving from isolated AI tools toward production deployments that influence decisions, automate workflows and improve operational performance. This increases demand for platforms that connect models with proprietary data while preserving governance, security and reliability.

2. Enterprise Value Will Be Created Through Workflow Ownership Rather Than AI Models Alone

As foundation models become more accessible, durable value is more likely to accrue to platforms that integrate AI with business logic, permissions and operational workflows. Palantir seeks to become the environment through which organizations execute mission-critical activities.

3. The Ontology Creates a Structural Competitive Advantage

Ontology represents an organization's assets, processes, relationships and operational logic. As more workflows are incorporated, replacement requires reconstructing both technical integrations and embedded institutional knowledge.

4. Government and Commercial Businesses Create Strategic Reinforcement

Government work has produced security, governance and deployment capabilities that increasingly support regulated commercial use cases. Commercial adoption, in turn, expands the addressable market beyond public-sector procurement.

5. Artificial Intelligence Platform (AIP) Expands the Company's Addressable Opportunity

AIP enables enterprises to deploy multiple AI models within governed operational environments. This model-neutral architecture allows Palantir to participate regardless of which foundation-model providers ultimately lead the market.

6. Financial Quality Supports Long-Term Strategic Flexibility

Strong profitability, cash generation and balance-sheet capacity allow Palantir to continue investing in product development, commercial expansion and implementation without depending materially on external financing.

Preliminary View

Palantir exhibits the characteristics of a high-quality enterprise software platform: expanding workflow ownership, durable customer relationships, strong financial quality and increasing operating leverage. The principal investment risks are valuation, commercial scalability, international execution and the durability of differentiation as competing platforms improve.

TEAM & LEADERSHIP ASSESSMENT***Leadership Overview***

Palantir's leadership has maintained a consistent strategic focus on complex operational software, government applications and long-term platform development. Alex Karp and Peter Thiel have been central to this direction, creating both strategic continuity and material founder-dependence and governance risk.

Recent performance indicates that long-term investment in data integration, operational software and AI infrastructure is translating into stronger commercial growth and financial performance.

Strategic Execution

Execution has progressed from government-led platform development to commercial scaling, profitability and AIP-led customer acquisition.

Between 2021 and 2025, revenue increased from approximately \$1.54B to \$4.48B, representing a compound annual growth rate of approximately 29%. Over the same period, the reported customer base expanded from 203 to 954, while employee headcount increased from 2,920 to 4,429. This divergence indicates that management has materially expanded commercial scale without proportionate growth in organisational resources.

More recently, the introduction of Artificial Intelligence Platform (AIP) has accelerated commercial growth while reinforcing the company's existing software architecture rather than requiring a complete strategic repositioning.

Perhaps most importantly, Palantir has successfully transformed from a company primarily associated with government contracts into one experiencing rapid commercial expansion without materially weakening its government franchise.

Commercial Execution

Management has successfully expanded the commercial customer base while simultaneously increasing profitability, free cash flow generation, and operating margins.

The broader enterprise AI market increasingly appears to validate Palantir's deployment model. AI laboratories, enterprise software providers and platform vendors are increasingly expanding applied-AI engineering and customer-success organizations, suggesting that Palantir's historically engineering-intensive deployment model reflects the practical requirements of operational AI rather than an unusual commercial weakness.

Capital Allocation

Palantir's strong balance sheet and free cash flow allow management to continue investing in product development, AI capabilities, commercial expansion and customer success without material dependence on external financing.

Leadership Risks

Despite these strengths, several leadership risks remain.

The first relates to founder dependence.

Palantir's identity remains closely associated with Alex Karp and Peter Thiel. Their strategic vision has been an important contributor to the company's development, but it also creates key-person risk should leadership transition unexpectedly.



Second, the company's governance structure provides founders with significant voting control through its multi-class share structure.

While this arrangement supports long-term strategic decision-making, it also reduces the influence of minority shareholders and limits external oversight relative to more conventional public company governance structures.

Third, Palantir's strong corporate culture and distinctive public positioning may occasionally create reputational challenges. The company's willingness to engage with defense, intelligence, and national security organizations has differentiated it commercially but has also attracted public scrutiny and political debate.

Finally, management must demonstrate that recent commercial acceleration remains sustainable as the company expands internationally and serves a broader range of enterprise customers with differing operational requirements.

Scaling the Platform

The next stage of Palantir's evolution presents a different execution challenge from its earlier years.

Management has largely demonstrated that the company can develop sophisticated software platforms and secure high-value customer relationships.

The more important question now is whether Palantir can consistently scale these capabilities across thousands of enterprise customers while maintaining attractive economics.

Achieving this objective will require continued progress in several areas:

- standardizing customer implementation
- reducing deployment complexity
- expanding partner-led delivery
- maintaining product quality as adoption accelerates
- scaling international commercial operations
- preserving high operating margins while continuing to invest in innovation

Successfully balancing these priorities will largely determine whether Palantir evolves into one of the world's leading enterprise software platforms or remains a highly successful but comparatively specialized provider.

Assessment

Management has demonstrated strong strategic consistency, capital discipline and commercial execution. The next challenge is different from the company's historical task: Palantir must scale from several hundred complex deployments to a broader enterprise platform without weakening product quality, implementation economics or operating margins.

Founder dependence, multi-class governance, international execution and the availability of specialist technical talent remain the principal leadership risks.

PRODUCT & PLATFORM ASSESSMENT

Product Evolution

Palantir has expanded from intelligence-focused data integration into operational enterprise software supporting workflows, organizational modelling and AI deployment. AIP extends this architecture by enabling multiple AI models to operate against proprietary data within governed production environments.

The commercial thesis is therefore not based on analytics alone, but on Palantir becoming the operational layer through which customers coordinate data, workflows and AI-enabled decisions.

Core Platform Architecture

Palantir's software ecosystem consists of four closely integrated platforms.

Gotham

Government and defense platform for intelligence integration, operational planning and secure decision support.

Foundry

Commercial platform for integrating enterprise data, modelling operations and building workflow applications.

Apollo

Deployment layer supporting software delivery across cloud, on-premise, classified, disconnected and edge environments.

Artificial Intelligence Platform (AIP)

Governance and execution layer for deploying generative AI and agents within enterprise operations.

Which Products Create Dependency?

Not every component of Palantir's platform contributes equally to long-term commercial defensibility.

The strongest competitive advantages arise from products that become deeply embedded within customer operations and would be difficult to replace without significant disruption.

Platform	Primary Value	Dependency Potential
Gotham	Intelligence and operational decision support	Very High
Foundry	Enterprise operating system and workflow management	Very High
Apollo	Continuous deployment across complex environments	High
Artificial Intelligence Platform (AIP)	Operational AI deployment and governance	Very High

Source: Palantir SEC filings, investor presentations and Cohres analysis.

While Gotham established Palantir's reputation, Foundry and AIP appear increasingly important to the long-term commercial thesis.

As customers expand operational workflows, integrate proprietary data, and deploy AI agents across business functions, dependence on these platforms may increase substantially.

The Ontology

Perhaps the most distinctive element of Palantir's architecture is its Ontology.

Rather than organizing information solely through databases or dashboards, Ontology creates a digital representation of how an organization actually operates.

Assets, employees, suppliers, customers, production facilities, inventories, workflows, permissions, decisions, and operational relationships become interconnected within a common operating model.

This allows artificial intelligence applications, enterprise software and human users to operate against the same representation of organizational processes rather than isolated datasets.

More importantly, Ontology accumulates institutional knowledge over time.

As organizations continue modelling their operations inside Palantir, replacing the platform would require rebuilding not only technical integrations but also the digital representation of how the business functions.

As organisations increasingly embed operational workflows, governance and business processes within the platform, switching costs may arise less from the underlying technology architecture itself than from the operational complexity of recreating integrated workflows, organisational logic and decision processes elsewhere.

Integration Strategy

Palantir generally integrates with existing databases, ERP (Enterprise Resource Planning) systems, cloud infrastructure, CRM (customer relationship management) applications and AI models rather than requiring wholesale replacement. Its strategic value increases when it coordinates workflows and permissions across multiple systems simultaneously.

This integration-first position reduces initial adoption friction, although it may evolve toward selective application substitution where customers build operational processes directly within Palantir.

Industry Solution Strategy

Beyond its core platforms, Palantir is increasingly packaging industry-specific operational solutions across manufacturing, automotive, supply chains, financial services, healthcare, energy, telecommunications and other sectors.

Rather than positioning AIP solely as a general-purpose artificial intelligence platform, the company is developing repeatable operational applications tailored to industry workflows. This approach has the potential to reduce implementation complexity, shorten deployment timelines and broaden commercial adoption by allowing customers to adopt proven operational capabilities rather than building every deployment from first principles.

If successfully executed, this evolution may improve commercial scalability while preserving the platform's flexibility across different industries.

Artificial Intelligence Strategy

Palantir has deliberately avoided competing as a foundation model developer.

Instead, management has positioned the company as the operational environment through which organizations deploy whichever models best meet their requirements.

This strategy acknowledges that foundation model capabilities will continue improving across multiple providers.

Rather than depending upon proprietary model superiority, Palantir seeks to create value through workflow integration, governance, deployment infrastructure, operational context, and enterprise security.

This reduces technological dependence on any single AI provider while allowing customers to adopt future model improvements without rebuilding their operational environments.

Model routing and cost governance may become an additional source of commercial value. As enterprise AI usage expands, customers increasingly face significant variability in model pricing, token consumption and performance. AIP allows organizations to route workloads across proprietary and open-source models according to cost, security and performance requirements. This positions Palantir not only as a deployment layer, but also as a governance and cost-control layer between enterprises and foundation-model providers.

Infrastructure Potential

Palantir exhibits several characteristics associated with durable enterprise infrastructure:

- deployments that expand across departments and workflows;
- an Ontology that accumulates operational logic and institutional knowledge;
- production AI deployment rather than isolated experimentation;
- software delivery across complex computing environments; and
- increasing switching costs as workflows and governance become embedded.

These characteristics support the view that Palantir is becoming part of how customers operate rather than remaining an isolated enterprise application.

Assessment

Palantir's platform is differentiated by the integration of enterprise data, operational modelling, governance, AI deployment and workflow execution. The principal unanswered question is not technical capability, but the breadth of customer dependence across the wider commercial base.

Public disclosures support meaningful progress toward infrastructure-like status, but do not provide sufficient customer-level evidence to determine how consistently this depth of adoption is achieved.

MARKET STRUCTURE & INDUSTRY DYNAMICS

Enterprise Artificial Intelligence Is Entering a New Phase

The enterprise artificial intelligence market is undergoing a structural transition.

The commercial opportunity is no longer centred on whether AI can generate text or summarize documents. Instead, enterprises are seeking to integrate artificial intelligence directly into operational processes where it can improve decision-making, automate complex workflows, optimize resource allocation, and increase organizational efficiency.

This transition materially expands the addressable opportunity for software platforms capable of connecting AI with enterprise systems, operational data, governance frameworks, and business processes.

Operational Artificial Intelligence Represents a Distinct Market

Many discussions surrounding artificial intelligence continue to focus primarily on foundation models.

However, foundation models represent only one layer of a significantly broader enterprise technology stack.

Organizations must also address:

- data integration
- identity and permissions
- workflow orchestration
- operational governance
- security
- compliance
- model deployment
- monitoring
- human oversight

These requirements create demand for operational AI platforms capable of connecting intelligent models with existing enterprise infrastructure.

Palantir competes primarily within this operational layer rather than the model layer.

Workflow Ownership Is Becoming More Valuable

Enterprise AI is shifting software value from information storage and isolated task automation toward coordination of data, decisions, business rules, human approvals and operational execution. Platforms become more defensible as customers embed additional workflows within them.

Security and Governance Are Increasingly Strategic

Production AI requires permissions, auditability, model governance, data protection and human oversight. Palantir's government and defense experience provides relevant capabilities for regulated and mission-critical commercial deployments.

Government Demand Remains Structurally Supportive

Continued investment in defense modernization, intelligence, logistics, public infrastructure and operational resilience supports demand for secure software that integrates data with real-time decision-making.

Commercial AI Adoption Is Broadening

Commercial adoption has expanded significantly beyond technology companies.



Organizations across manufacturing, healthcare, financial services, energy, transportation, telecommunications, automotive, aerospace, pharmaceuticals, and industrial sectors are increasingly deploying AI within production environments.

Unlike earlier technology cycles, adoption is no longer driven solely by information technology departments.

Competitive Landscape

Competition across enterprise artificial intelligence remains highly fragmented.

Palantir competes with companies operating across multiple categories including:

- enterprise software
- cloud infrastructure
- data platforms
- business intelligence
- systems integration
- workflow automation
- artificial intelligence platforms

Major technology companies provide important components of enterprise AI infrastructure.

Cloud providers supply computing environments and foundation models.

Enterprise software vendors manage business applications.

Data platform companies organize information.

Systems integrators support implementation.

Palantir attempts to position itself across these environments by providing the operational layer connecting them.

Assessment

Enterprise adoption is moving from AI experimentation toward governed operational deployment, while government modernization and increasing data complexity provide additional structural demand. The market opportunity is sufficiently attractive to support Palantir's strategy.

The underwriting question is therefore not whether demand exists, but whether Palantir can maintain differentiation and pricing power as cloud, data and enterprise-software providers expand into operational AI.

COMMERCIAL ASSESSMENT

Commercial Evolution

Palantir has progressed from a government-led software provider with uncertain commercial scalability into a platform experiencing rapid private-sector adoption across manufacturing, healthcare, financial services, energy, transportation and industrial markets.

This expansion broadens the addressable market and reduces reliance on government procurement, making commercial execution central to the investment thesis.

Commercial Value Proposition

Palantir sells an integrated environment connecting enterprise data, workflows, AI and decision-making rather than a single functional application. Customer value is created through improved visibility, faster decisions, operational automation and better resource allocation.

The value proposition strengthens when deployments span multiple departments and produce measurable operating outcomes.

Customer Acquisition Strategy

Historically, Palantir's customer acquisition process involved lengthy enterprise engagements supported by significant engineering resources.

While effective for highly specialized government environments, this approach limited scalability within broader commercial markets.

Management has increasingly addressed this challenge through the introduction of Artificial Intelligence Platform (AIP) Bootcamps.

Rather than requiring extended procurement cycles before demonstrating value, Bootcamps allow prospective customers to work directly with Palantir teams to identify operational AI use cases, integrate organizational data, and rapidly develop initial applications.

This approach serves multiple commercial objectives.

It accelerates customer understanding of the platform, reduces uncertainty surrounding implementation, shortens time-to-value, and improves the likelihood that pilot projects transition into production deployments.

From a commercial perspective, Bootcamps represent an important evolution in Palantir's go-to-market strategy by reducing friction during enterprise adoption.

Palantir does not publicly disclose Bootcamp conversion rates, fully loaded acquisition costs or conversion by contract size. Available evidence, including selected examples of rapid progression from Bootcamp prototypes into paid pilots, production deployments and broader enterprise agreements, supports the view that Bootcamps have become an increasingly important component of Palantir's commercial sales process and appear to accelerate customer evaluation and early deployment. However, Palantir does not disclose systematic conversion rates, fully loaded acquisition costs or conversion by contract size, preventing a definitive assessment of funnel economics or customer acquisition payback.

Customer Expansion



Palantir follows a land-and-expand model in which customers begin with a defined operational problem and extend the platform into additional departments, facilities and workflows. This supports higher lifetime value, stronger retention and increasing switching costs.

Public disclosures indicate meaningful expansion activity, although cohort-level retention, gross retention and expansion economics are not disclosed.

Industry Diversification

Commercial adoption spans manufacturing, healthcare, financial services, insurance, energy, utilities, aerospace, automotive, telecommunications, pharmaceuticals and logistics. This diversity supports platform applicability across operational environments and reduces dependence on any single commercial industry.

Commercial Scalability

The principal commercial question is no longer whether organizations value Palantir's technology.

The more important question is whether the company can scale its commercial business efficiently while maintaining strong profitability.

Historically, Palantir deployments required significant involvement from Forward Deployed Engineers (FDEs), who worked closely with customers to configure software, integrate systems, and develop operational solutions.

Although this approach produced highly successful implementations, it also raised concerns regarding scalability.

Management has increasingly addressed these concerns by standardizing platform capabilities, improving implementation methodologies, expanding reusable software components, and simplifying customer onboarding through AIP.

Evidence of accelerating customer growth alongside improving operating margins suggests meaningful progress.

Between 2021 and 2025, revenue increased approximately 2.9 times, from \$1.54B to \$4.48B, while employee headcount increased approximately 1.5 times, from 2,920 to 4,429. Revenue per employee consequently increased from approximately \$528K to approximately \$1.01M. This divergence is consistent with improving commercial scalability and increasing software operating leverage. However, these indicators do not establish that total implementation resources per customer relationship are consistently declining, particularly for complex enterprise deployments where Forward Deployed Engineers remain central.

Nevertheless, continued commercial scalability remains one of the most important areas for ongoing due diligence.

Public reporting does not isolate FDE productivity, implementation hours per deployment or software-versus-services economics. Margin and revenue growth provide evidence of improving scalability, but do not fully resolve whether implementation intensity can continue declining as the customer base expands.

Commercial Risks

Despite recent momentum, several commercial risks remain.

The first relates to implementation complexity.

Large enterprise deployments continue to require organizational change, executive sponsorship, and integration across numerous existing systems. Delays in implementation or slower-than-expected customer adoption could moderate commercial growth.

Second, increasing competition within enterprise AI may pressure pricing, customer acquisition, and implementation economics over time.

Third, some commercial growth has been supported by exceptionally strong market interest in artificial intelligence. It remains uncertain how much of this demand represents sustainable operational transformation versus accelerated experimentation following the emergence of generative AI.

Fourth, continued international expansion may prove more challenging than recent U.S. commercial performance suggests due to differences in regulation, procurement, customer behaviour, and digital maturity.

Finally, maintaining high growth becomes progressively more difficult as the company scales.

Future commercial performance will depend upon Palantir's ability to consistently acquire new customers while expanding existing relationships without materially increasing implementation intensity.

Commercial Assessment

Palantir's commercial business has progressed beyond proof of concept into scalable enterprise adoption. The company is broadening its customer base, shortening evaluation cycles and expanding deployments into operational workflows while improving profitability.

The remaining questions concern durability: whether Bootcamp-led demand converts consistently into long-term production use, whether expansion can continue without proportional implementation resources, and whether current U.S. momentum can be replicated internationally.

CUSTOMER ADOPTION & WORKFLOW EMBEDDING

Nature of Customer Relationships

Palantir is typically deployed in operational environments where data quality, decision accuracy, system reliability and governance have direct consequences. Use cases include supply chains, manufacturing, defense, healthcare, financial risk, energy and logistics.

Deployments tied to daily operating decisions are commercially more durable than discretionary analytics or productivity tools.

Land-and-Expand Model

Palantir's commercial strategy is designed around progressive expansion rather than large one-time deployments.

Many customers initially adopt the platform for a single operational problem or business unit before expanding into additional functions across the organization.

A typical deployment progresses from a defined operational use case into production, additional business units, broader enterprise integration and, potentially, mission-critical workflow ownership.

This progression allows customers to demonstrate measurable value before committing to broader deployments while simultaneously increasing long-term revenue opportunities for Palantir.

As implementations expand, switching costs generally increase because additional operational processes become dependent on the platform.

Customer Base Expansion

Year	Total customers	Year-over-year growth
2019	125	—
2020	149	19%
2021	203	36%
2022	337	66%
2023	497	47%
2024	711	43%
2025	954	34%
Q1 2026	1,007	31%

*Q1 2026 represents customers from whom revenue was recognised during the trailing twelve months ended 31 March 2026.

Source: Palantir SEC filings, investor presentations and Cohres analysis.

The customer base increased more than eightfold between 2019 and Q1 2026. Growth has moderated from the exceptional rate recorded in 2022 but remains substantial, supporting the view that Palantir is broadening beyond a concentrated group of large government and enterprise relationships.

Workflow Embedding and Customer Dependence

Palantir becomes more defensible when customers use it for recurring operational activities such as planning, resource allocation, manufacturing, logistics, monitoring and AI-assisted decision-making.

Dependence increases as implementations incorporate multiple systems, embedded business logic, custom workflows, governance policies and institutional knowledge. Limited analytical deployments may remain replaceable; multi-department operational deployments can create substantially higher switching costs.

Customer Retention and Expansion

Additional data, workflows and operating processes increase platform utility and switching costs, supporting account expansion and longer customer relationships. Public disclosures indicate strong expansion characteristics but do not provide gross retention, logo churn or cohort-level performance.

Evidence of Workflow Expansion

Publicly disclosed customer relationships provide evidence that selected Palantir deployments have progressed beyond isolated analytical use cases into multi-year, multi-function and enterprise-scale operational environments.

At bp (British Petroleum), Palantir has supported production operations across multiple geographies since 2014, with the relationship subsequently extended through a five-year enterprise agreement incorporating additional AIP capabilities. NHS England's Federated Data Platform represents a broader operational deployment spanning NHS trusts, integrated care systems and national-level planning use cases. Other disclosed examples describe expansion across underwriting and claims, manufacturing and quality control, and enterprise-wide AI deployment following initial use cases.

These examples support the view that Palantir can expand from defined operational problems into broader workflow ownership. However, public evidence remains concentrated in selected customer relationships and does not establish that equivalent deployment depth is achieved consistently across the wider customer base.

First, deployments increasingly span multiple business functions rather than isolated analytical projects.

Second, customers are utilizing the platform to execute operational processes rather than simply monitor business performance.

Third, Artificial Intelligence Platform extends existing workflows instead of replacing them, allowing organizations to incorporate AI into production environments while maintaining governance and security.

Finally, customer relationships frequently expand over time as organizations identify additional operational use cases.

Collectively, these developments suggest that Palantir is moving beyond software adoption toward operational integration.

Emerging Evidence of Application Substitution

Recent product offerings suggest Palantir is increasingly delivering packaged operational capabilities for specific industries and business functions rather than serving solely as an integration layer. Customer deployments now include workflow execution, production planning, supplier selection, workforce scheduling, regulatory reporting and other operational processes traditionally addressed through multiple enterprise applications. If this trend



continues, Palantir's addressable market may expand beyond infrastructure and analytics into selected portions of enterprise application software.

Risks to Workflow Expansion

Not all deployments will progress to enterprise-wide adoption. Organizational resistance, implementation complexity, competing technology investments and improving AI capabilities within existing enterprise applications may limit deployment breadth.

Customer expansion, production usage and the number of workflows per customer therefore remain important indicators of thesis durability.

Assessment

Customer adoption is a central strength of Palantir's commercial profile. Available evidence indicates that the platform is increasingly embedded within operational workflows rather than used solely for analytics or experimentation.

However, public information does not disclose gross retention, logo churn, cohort expansion or workflow depth by customer. The breadth and consistency of operational dependence therefore remain important management-diligence questions.

REVENUE QUALITY & DURABILITY***Revenue Profile***

Palantir generates revenue through software subscriptions, licensing, cloud deployment, implementation services and account expansion. Government contracts provide long-duration, mission-critical relationships, while commercial customers offer faster expansion and a larger addressable market.

Palantir's revenue mix remains moderately weighted toward government customers. Government represented 56% of revenue in 2020, 55% in 2024 and 54% in 2025, while commercial revenue increased from 44% to 46% over the same period. The more pronounced shift has been geographic: U.S. customers represented 52% of revenue in 2020, 74% in 2025 and approximately 79% in Q1 2026.

In Q1 2026, government customers represented 53% of revenue and commercial customers 47%, indicating continued commercial expansion without materially weakening the government franchise.

Recurring Revenue and Expansion

Revenue durability is supported by ongoing software usage, multi-year engagements, mission-critical deployments and expansion into additional users, departments, facilities and workflows.

Expansion within existing accounts can generate attractive incremental economics because integration experience, customer trust and platform familiarity have already been established. However, Palantir does not publicly disclose gross retention, cohort-level expansion or account-level contribution margins.

Palantir's commercial model appears to combine fixed platform or term-based licensing, usage-based computing charges, support and implementation services. This hybrid structure can support expansion as customers increase workloads and deployment scope, but public disclosures do not provide sufficient detail to separate price increases from volume-driven growth.

Switching Costs

Mature deployments embed enterprise integrations, business rules, operational workflows, permissions and AI capabilities. Replacement would therefore require more than data migration; customers may need to rebuild integrations, workflows, governance policies and institutional knowledge.

Switching costs are likely highest in multi-department operational deployments and considerably lower in limited analytical implementations.

Contract Durability

Government contracts provide relatively strong revenue visibility, although procurement timing and renewal cycles can create periodic variability. Commercial relationships become more durable as platform usage expands across multiple operational functions.

Palantir's remaining deal value and total contract value include potential revenue that may depend on the exercise of contract options and the absence of termination. Because many contracts contain termination provisions, including termination for convenience, these measures should not be treated as a guaranteed backlog. Remaining performance obligations provide a more conservative indicator because they reflect non-cancellable contracted revenue under applicable accounting rules. Contract quality therefore remains an important management-diligence item.

Pricing Power

Palantir's pricing power depends on measurable operational value and the cost of replacing embedded workflows rather than software functionality alone. Pricing should remain more resilient in mission-critical, multi-system deployments than in isolated analytical use cases.

The principal risk is that competing platforms provide sufficiently capable workflow and AI orchestration through existing cloud or enterprise-software relationships at lower incremental cost.

Customer Concentration

Customer concentration has improved materially in relative terms, although it remains significant. Average revenue per Top 20 customer increased from \$33.2M in 2020 to \$93.9M in 2025, demonstrating substantial expansion within Palantir's largest relationships. Over the same period, the implied share of total revenue represented by these customers declined from approximately 60% to approximately 42%, as the total customer base expanded from 149 to 954.

Metric	2020	2024	2025
Average revenue per Top 20 customer	\$33.2M	Approximately \$64.8M	\$93.9M
Implied Top 20 revenue	\$664M	Approximately \$1.30B	\$1.88B
Implied Top 20 share of revenue	Approximately 60%	Approximately 45%	Approximately 42%
Total customers	149	711	954

Source: Palantir SEC filings, investor presentations and Cohres analysis.

The simultaneous growth in total customer count and strong net dollar retention suggests that commercial growth is not solely dependent on a handful of large accounts. However, revenue growth continues to outpace customer growth, indicating that expansion within existing customers remains a central component of the growth model.

Customer Retention and Churn

Palantir reports net dollar retention and consistently demonstrates substantial expansion within existing customer relationships. However, the company does not disclose gross retention, preventing independent assessment of underlying customer churn or downsell rates.

Publicly documented customer losses appear relatively limited and are concentrated in three categories:

- early-stage strategic commercial customers that ceased operations or terminated contracts
- procurement decisions or non-adoption
- sovereignty-driven public-sector exits

Public evidence provides comparatively little indication of widespread implementation failure or customers abandoning the platform because of poor commercial outcomes. Instead, the principal risks appear to relate to procurement policy, political considerations, data sovereignty and customer-specific circumstances.



Consequently, while publicly reported net dollar retention supports the view that existing customers continue to expand spending, the absence of disclosed gross retention means underlying customer attrition cannot be independently quantified. Expansion among a relatively small group of large customers may therefore partially offset customer losses elsewhere in the portfolio.

Risks to Revenue Durability

Key risks include slower conversion from initial deployments to enterprise-wide adoption, pricing pressure from adjacent platforms, government procurement variability and normalization of unusually strong AI spending.

Remaining deal value should not be treated as equivalent to guaranteed recurring revenue without greater disclosure of contract duration, cancellation rights and minimum commitments.

Assessment

Palantir demonstrates many characteristics associated with durable enterprise software revenue: recurring usage, mission-critical deployments, account expansion and increasing switching costs.

Revenue durability is supported by the business model, but cannot be fully validated without contract-level data, gross retention and cohort analysis. The appropriate conclusion is therefore strong but not unconditional.

COMPETITIVE POSITIONING

Competitive Landscape

Palantir competes across enterprise software, data platforms, AI deployment, workflow automation and systems integration. However, public evidence suggests that Palantir is often selected to complement rather than replace cloud, data and enterprise-software platforms. Its role is increasingly to provide the operational decision, governance and AI execution layer above infrastructure supplied by Microsoft, Databricks, Snowflake, Oracle and other enterprise systems.

Palantir's differentiation lies in coordinating enterprise data, applications, governance and AI-enabled workflows within a unified operational environment.

Sources of Competitive Advantage

Palantir's competitive position rests on four interconnected capabilities:

- deep integration across complex data environments
- workflow ownership rather than analytics alone
- Ontology-based representation of business logic and operational relationships
- experience deploying secure, mission-critical systems across government and regulated industries

Model neutrality strengthens this position by allowing customers to use multiple AI providers within a governed environment.

Competitive Challenges

Despite these advantages, Palantir faces substantial competition.

Hyperscale cloud providers continue expanding their artificial intelligence capabilities while integrating data management, analytics, and application development within their cloud ecosystems.

Enterprise software companies are embedding AI directly into existing business applications, reducing the need for separate software platforms in some use cases.

Specialized AI companies continue introducing vertical solutions focused on specific industries or business functions.

Large consulting firms and systems integrators also assist organizations in developing internal AI capabilities that may compete with external software platforms.

A further competitive risk comes from companies founded by former Palantir personnel that combine enterprise AI software with forward-deployed engineering. These firms may compete effectively for selected large-enterprise deployments, particularly where customers want Palantir-style implementation support without adopting the full Palantir platform. Their emergence suggests that elements of Palantir's go-to-market model are replicable, although reproducing its integrated platform, government credentials and installed customer relationships remains substantially more difficult.

Consequently, Palantir must continue demonstrating that its integrated operating platform provides greater long-term value than assembling multiple individual solutions.

Competitive Comparison

Platform category	Palantir's role	Principal competitive tension
Microsoft / hyperscale cloud	Operational and AI decision layer above cloud infrastructure	Microsoft may increasingly bundle comparable workflow, governance and AI capabilities
Databricks / Snowflake	Converts governed data and models into operational applications and workflows	Customers may build comparable applications internally on the underlying data platform
ServiceNow	Supports bespoke, cross-system operational workflows	ServiceNow benefits from standardised workflow incumbency and faster out-of-the-box deployment
Oracle / SAP	Integrates across existing transaction and ERP environments	ERP incumbents may extend AI and workflow capabilities within installed customer relationships

Publicly available information does not provide reliable competitive win rates, deal-loss reasons or customer migration data. The table therefore reflects strategic positioning rather than verified RFP outcomes. Win-loss performance against bundled hyperscaler and data-platform alternatives should be tested during management diligence.

This comparison illustrates that Palantir's differentiation does not stem from excelling within a single category.

Rather, its competitive position is based on combining capabilities that are often delivered separately by multiple vendors.

Assessment

Palantir's moat is strongest where customers adopt the platform across multiple systems and operational workflows. Its position is weaker where customers require standardized analytics, self-service data tools or narrowly defined workflows that existing vendors can provide more cheaply.

The principal competitive risk is not the immediate replication of the entire Palantir platform, but gradual functional substitution by cloud, data and enterprise-software providers offering "good enough" capabilities through existing commercial relationships.

Current evidence supports a High competitive assessment, subject to continued validation of workflow depth, pricing resilience and win rates against bundled alternatives.

FINANCIAL ASSESSMENT

Financial Overview

Palantir now combines rapid revenue growth, expanding operating margins, substantial free cash flow and a strong balance sheet. This profile provides evidence that the company is progressing from an implementation-intensive emerging platform toward a financially scalable enterprise-software business.

Q1 2026 Financial Quality Snapshot

<i>Metric</i>	<i>Q1 2026</i>
<i>Revenue</i>	<i>\$1.63B</i>
<i>Revenue growth</i>	<i>85%</i>
<i>GAAP gross margin</i>	<i>86.8%</i>
<i>GAAP operating margin</i>	<i>46.2%</i>
<i>Adjusted operating margin</i>	<i>60%</i>
<i>Adjusted free cash flow</i>	<i>\$924.6M</i>
<i>Adjusted free cash flow margin</i>	<i>57%</i>
<i>Cash and marketable securities</i>	<i>Approximately \$8.03B</i>
<i>Outstanding debt</i>	<i>\$0</i>
<i>Remaining performance obligations</i>	<i>\$4.5B</i>
<i>U.S. commercial remaining deal value</i>	<i>\$4.92B</i>

Source: Palantir SEC filings, investor presentations and Cohres analysis.

RPO (Remaining Performance Obligation) represents non-cancellable contracted revenue not yet recognised. RDV (Remaining Deal Value) includes available contractual options and assumes contracts are not terminated; it should therefore not be interpreted as a guaranteed backlog.

Revenue Growth

Growth is supported by both government expansion and accelerating U.S. commercial adoption. Commercial performance is particularly important because it demonstrates applicability across a broader market than Palantir's historical government franchise.

Sustained growth will depend on new-customer acquisition, account expansion, production adoption of AIP and stronger international execution.

Profitability

Expanding operating margins alongside rapid revenue growth demonstrate meaningful operating leverage. However, adjusted performance should be evaluated alongside GAAP (Generally Accepted Accounting Principles) profitability and stock-based compensation, which represents an economic cost through dilution.

Public reporting does not disclose software and implementation margins separately or provide FDE productivity metrics. Current margin expansion therefore supports improving scalability, but does not fully establish that implementation resources will remain decoupled from customer growth.

Cash Generation and Balance-Sheet Strength

Strong free cash flow, substantial liquidity and limited financial leverage allow Palantir to fund product development, commercial expansion and strategic investment internally. This reduces financing risk and provides resilience if enterprise technology spending weakens.

Operating Leverage

A key objective of this commercial due diligence is to determine whether Palantir's operating model exhibits scalable economics.

Current financial performance suggests meaningful operating leverage.

Revenue has grown more rapidly than operating expenses, resulting in expanding margins and improving profitability.

Several factors appear to support this trend.

First, the platform has become increasingly standardized through reusable software components.

Second, customer implementations appear to be benefiting from more structured deployment methodologies.

Third, expansion within existing customer accounts generates incremental revenue without requiring customer acquisition costs equivalent to new enterprise relationships.

Finally, Artificial Intelligence Platform (AIP) Bootcamps appear to accelerate customer adoption while improving implementation efficiency.

Although continued investment remains necessary, the available evidence suggests that Palantir's financial model is becoming progressively more scalable.

Financial Risks

Despite its strengths, several financial risks remain.

The first relates to growth normalization.

Recent revenue growth has been exceptionally strong, supported by heightened enterprise interest in artificial intelligence and accelerating commercial adoption.

As the revenue base expands, maintaining comparable growth rates will become progressively more difficult.

Second, valuation expectations remain elevated.

Strong operating performance may still produce disappointing shareholder returns if future financial performance falls short of market expectations already reflected in the share price.

Third, government procurement timing can create quarterly revenue variability despite the underlying durability of customer relationships.

Fourth, continued commercial expansion will require sustained investment in product development, implementation capabilities, and international growth.

Palantir has established meaningful non-U.S. deployments, including large-scale relationships in the United Kingdom, Japan and selected European markets. However, public evidence suggests that international traction remains more concentrated, less transparent and more dependent on government contracts and local partners than the U.S. commercial business. Regulatory scrutiny, data-sovereignty concerns and reputational resistance may also slow direct adoption in parts of Europe. The current evidence therefore supports selective international product-market fit, but not yet broad replication of the U.S. commercial model.

Finally, stock-based compensation remains an important consideration for investors evaluating long-term shareholder value creation, although its relative impact has moderated as the company has matured.

Financial Assessment

Palantir's financial profile provides strong support for the commercial investment thesis.

The combination of sustained revenue growth, expanding profitability, substantial free cash flow generation, and a strong balance sheet demonstrates that the company's commercial strategy is translating into increasingly attractive financial outcomes.

Perhaps most importantly, recent results suggest that Palantir has moved beyond the resource-intensive stage typical of many emerging enterprise software businesses.

The company now appears capable of generating meaningful operating leverage while continuing to invest in long-term growth opportunities.

From a commercial due diligence perspective, the financial evidence reinforces confidence in the durability of the business model rather than raising concerns regarding its sustainability.

The principal financial uncertainty is therefore not operational viability, but whether future commercial performance can continue exceeding the high expectations currently embedded in the company's market valuation.

Palantir's financial profile appears broadly consistent with the commercial characteristics identified throughout this report. Revenue growth is increasingly supported by expansion within existing customer relationships. The company also generates strong operating cash flow, maintains a substantial net cash position and exhibits low capital intensity.

Nevertheless, several factors warrant continued monitoring. Revenue remains concentrated among a relatively small number of large government and enterprise customers, many contracts retain termination provisions, and a portion of reported earnings continues to benefit from interest income generated by significant cash holdings. Current growth rates have also been supported by exceptionally strong demand for AI platforms and increased government technology spending, conditions that may moderate over time.

Overall, the available public evidence suggests that Palantir's financial performance is increasingly supported by structural characteristics of the business model rather than temporary accounting effects, although sustaining current growth and margin levels will depend on continued customer expansion and successful diversification of the revenue base.



Overall, Palantir receives a Strong assessment from a financial quality perspective. The company's financial performance validates many of the commercial conclusions reached throughout this report and provides a solid foundation for evaluating scenario outcomes, investment risks, and final conviction in the sections that follow.

SCENARIO ANALYSIS

Overview

Scenario analysis provides a structured framework for evaluating how Palantir's commercial performance may evolve under different operating conditions.

Rather than attempting to predict a single outcome, this assessment considers a range of plausible scenarios based on varying assumptions regarding commercial adoption, government growth, competitive dynamics, operational execution, artificial intelligence adoption, and financial performance.

The objective is not to forecast short-term share price movements but to determine whether the underlying commercial thesis remains resilient across multiple future environments.

Three scenarios are considered:

- Bull Case
- Base Case
- Bear Case

Each reflects different assumptions regarding the company's ability to execute against its long-term strategy.

Bull Case

- commercial growth remains above approximately 35%
- margins remain near current structurally elevated levels
- international commercial growth accelerates
- large-deal activity and remaining deal value continue expanding
- implementation resources grow materially slower than revenue

Base Case

- commercial growth normalizes toward approximately 25–30%
- margins remain strong but below peak quarterly levels
- U.S. commercial remains the main growth driver
- international adoption improves only gradually
- implementation intensity continues declining, but unevenly

Bear Case

- commercial growth falls below approximately 20%
- large-deal growth and expansion slow
- international commercial adoption remains weak
- implementation resources scale more closely with revenue
- pricing and margins face pressure from bundled alternatives

This scenario analysis provides commercial assumptions for integration into an investor's valuation and underwriting model; it does not independently determine an appropriate entry valuation or expected investment return.

Scenario Comparison

Assessment Area	Bull Case	Base Case	Bear Case
Commercial Growth	Very Strong	Strong	Moderate
Government Business	Strong	Stable	Stable
Commercial Adoption	Accelerating	Steady	Slowing
Workflow Ownership	Extensive	Increasing	Limited
Switching Costs	Very High	High	Moderate
Competitive Position	Strengthening	Stable	Increasing Pressure
Operating Margins	Expanding	Stable	Moderating
Free Cash Flow	Strong Growth	Continued Growth	Positive but Slower
Commercial Conviction	High	Medium-High	Medium

KEY RISKS**Overview**

Despite Palantir's strong commercial position, expanding customer base, and improving financial performance, several risks could materially affect the company's long-term growth trajectory.

The objective of this section is not to identify every operational uncertainty, but rather to evaluate the principal commercial risks that could weaken the investment thesis.

These risks are grouped into strategic, commercial, competitive, financial, operational, and governance categories.

1. AI Adoption May Progress More Slowly Than Expected**Risk Assessment**

The current investment thesis assumes that enterprises will increasingly integrate artificial intelligence into core operational workflows.

While enterprise interest remains exceptionally strong, widespread production deployment is still at an early stage.

Many organizations continue experimenting with AI through pilot projects rather than enterprise-wide implementations.

Budget constraints, governance concerns, regulatory uncertainty, data quality issues, and organizational readiness could all slow broader adoption.

If enterprise AI deployment progresses more gradually than anticipated, demand for large-scale operational platforms such as Palantir may also develop more slowly.

Probability

Medium

Potential Impact

High

2. Commercial Growth Normalization**Risk Assessment**

Palantir's recent commercial growth has been exceptional.

As the company becomes larger, maintaining similar growth rates will become increasingly difficult.

Commercial expansion may normalize due to:

- larger revenue base
- longer enterprise sales cycles
- more mature customer segments
- increasing competition
- slower international expansion

Growth normalization would not necessarily indicate business deterioration, but it could significantly influence investor expectations.

Probability

High

Potential Impact

High

3. Competitive Pressure**Risk Assessment**

Competition across enterprise AI continues to intensify.

Potential competitors include:

- Microsoft
- Google Cloud
- Amazon Web Services
- Snowflake
- Databricks
- ServiceNow
- Salesforce
- SAP
- Oracle
- IBM

In addition, many organizations continue developing internal AI capabilities supported by consulting firms and systems integrators.

Although Palantir currently occupies a differentiated position, competitors continue investing heavily across data integration, AI deployment, workflow automation, and enterprise software.

Competitive convergence could reduce pricing power or slow customer acquisition.

Probability

High

Potential Impact

Medium-High

4. Workflow Ownership Develops More Slowly Than Expected**Risk Assessment**

A central assumption throughout this report is that Palantir becomes increasingly embedded within customer operations.

This creates switching costs and long-term revenue durability.

However, not every customer deployment necessarily evolves into enterprise-wide workflow ownership.

Some organizations may:

- maintain limited deployments
- use Palantir for isolated analytical functions
- adopt competing AI platforms simultaneously
- transition to internally developed solutions

If workflow expansion proves less extensive than expected, long-term customer dependence may be weaker than assumed.

Probability

Medium

Potential Impact

High

5. Government Revenue Concentration

Risk Assessment

Government remains a significant component of Palantir's revenue base.

Government customers provide long-term stability but introduce exposure to:

- procurement cycles
- budget negotiations
- political priorities
- defense spending
- regulatory oversight
- contract timing

Although government relationships tend to be durable, quarterly revenue may remain uneven due to procurement timing.

Long-term diversification through commercial expansion remains important.

Probability

Medium

Potential Impact

Medium

6. International Expansion

Risk Assessment

Commercial momentum has been strongest within the United States.

International markets present additional challenges including:

- different procurement processes
- data sovereignty regulations
- local competitors
- customer purchasing behaviour
- slower enterprise AI adoption

Failure to replicate U.S. commercial success internationally would reduce long-term growth potential

Probability

Medium

Potential Impact

Medium

7. Valuation Risk

Risk Assessment

From a commercial perspective, Palantir is a high-quality business.

However, a high-quality business does not always represent a high-quality investment.

Current market expectations already assume:

- sustained high growth
- continued AI leadership
- expanding margins
- strong commercial adoption
- long-term competitive leadership

Even strong operating performance could produce disappointing shareholder returns if future execution fails to exceed these expectations.

This represents one of the largest investment risks.

Probability

High

Potential Impact

High

8. Founder and Governance Risk

Risk Assessment

Palantir continues to be strongly influenced by its founders.

Alex Karp and Peter Thiel have been instrumental in shaping the company's strategy and culture.

While founder-led organizations often benefit from long-term strategic consistency, they also introduce governance considerations.

The company's multi-class share structure concentrates voting control among founders, limiting the influence of minority shareholders.

Future leadership transitions may also introduce uncertainty regarding strategic direction.

Probability

Low–Medium

Potential Impact

Medium

9. Execution Risk

Risk Assessment

The next phase of Palantir's growth requires execution at a significantly greater scale.

Management must successfully:

- expand internationally
- scale commercial sales
- standardize implementation
- maintain product quality
- continue innovation
- support thousands of enterprise customers

Rapid expansion increases organizational complexity.

Maintaining execution discipline while preserving profitability will remain a critical challenge.

Probability

Medium

Potential Impact

High

Risk Matrix

Risk	Probability	Impact
AI adoption slower than expected	Medium	High
Commercial growth normalization	High	High
Competitive pressure	High	Medium–High
Workflow ownership weaker than expected	Medium	High
Government concentration	Medium	Medium
International expansion	Medium	Medium
Valuation expectations	High	High
Founder & governance	Low–Medium	Medium
Execution risk	Medium	High

Model-Ecosystem and Government Compatibility Risk

Palantir’s model-agnostic positioning may be constrained when government customers restrict particular AI providers. Maintaining differentiated model environments across government and commercial deployments could increase engineering complexity and create tension between government obligations and commercial partnerships.

Probability: Medium

Potential Impact: Medium–High



Overall Risk Assessment

Palantir faces a range of strategic and operational risks typical of high-growth enterprise software companies. However, the nature of these risks is noteworthy.

Most are execution risks rather than existential risks.

The analysis conducted throughout this Commercial Due Diligence suggests that the company has already established a strong market position, differentiated platform, expanding customer base, and robust financial profile. The principal uncertainties relate to how successfully management can scale the business, how durable workflow ownership becomes, and whether future growth is sufficient to justify market expectations.

Importantly, none of the identified risks fundamentally undermine the commercial thesis at present. Instead, they represent factors that could influence the pace of growth, the magnitude of future value creation, or investment returns.

From an institutional perspective, the greatest risks are commercial execution and valuation, rather than technology or product viability.

Overall, Palantir's risk profile is consistent with a company transitioning from a high-growth enterprise software provider toward a mature operational platform. While continued monitoring is warranted, the current balance of evidence suggests that these risks are manageable relative to the company's competitive position, financial strength, and long-term strategic opportunity.

COMMERCIAL DUE DILIGENCE SCORECARD

Overview

The Commercial Due Diligence Scorecard provides a consolidated assessment of Palantir's commercial attractiveness based on the analysis presented throughout this report.

Each category has been evaluated using publicly available information, management disclosures, financial performance, customer adoption trends, competitive analysis, and independent commercial assessment.

The objective is not to produce a mathematical investment recommendation, but to summarize the relative strengths and weaknesses of the business across the principal dimensions considered by institutional investors during commercial due diligence.

Assessment Area	Rating	Commentary
Market Opportunity	High	Enterprise AI remains in the early stages of adoption, providing a significant long-term growth opportunity. Increasing demand for operational AI platforms supports continued market expansion across both government and commercial sectors.
Industry Attractiveness	High	Structural trends including digital transformation, enterprise AI adoption, data integration, automation, and decision intelligence continue to create favourable industry dynamics despite increasing competition.
Product & Platform Strength	High	Gotham, Foundry, Apollo, AIP and the Ontology provide an integrated platform that addresses complex operational environments. The breadth of functionality creates meaningful differentiation relative to many competing solutions.
Competitive Position	High	Palantir occupies a distinctive position within the enterprise software ecosystem by integrating data, AI deployment, workflow management, governance and operational decision-making into a unified platform.
Commercial Execution	High	Accelerating commercial customer growth, expanding customer relationships, successful AIP deployment and increasing enterprise adoption demonstrate improving commercial execution capabilities.
Customer Adoption & Retention	Medium - High	Land-and-expand dynamics, increasing workflow integration and long-term customer relationships support strong retention and recurring revenue characteristics.
Revenue Durability	Medium - High	Long-term contracts, customer expansion, high switching costs and mission-critical deployments provide good visibility into future revenue generation.

Financial Quality	High	Strong revenue growth, expanding operating margins, positive free cash flow and a strong balance sheet demonstrate a scalable and increasingly mature financial model.
Management & Leadership	High	Experienced founder-led leadership has demonstrated long-term strategic consistency while successfully transitioning the company toward sustained profitability and commercial scale.
Innovation Capability	High	Continued investment in AI, platform development and enterprise software capabilities supports the company's ability to remain competitive within a rapidly evolving technology landscape.
Scalability	Medium – High	Standardized deployments and reusable platform components improve scalability, although continued expansion will require successful international execution and disciplined implementation.
International Growth Potential	Medium	Significant opportunity remains outside the United States, although execution risk is higher due to differing regulatory environments, procurement processes and market maturity.
Execution Risk	Medium	Sustaining current growth requires continued success in scaling commercial operations, customer implementation and global expansion while maintaining profitability.
Competitive Risk	Medium	Competition from hyperscale cloud providers, enterprise software vendors and specialized AI platforms continues to intensify, although Palantir currently maintains meaningful differentiation.
Valuation Risk	High	Commercial quality is strong, but investor expectations remain elevated. Future returns will depend on management continuing to execute at a level consistent with current market assumptions.

Overall Commercial Assessment

The findings of this commercial due diligence indicate that Palantir possesses a strong combination of attractive market exposure, differentiated technology, durable customer relationships, expanding commercial execution and improving financial performance.

The company's greatest strengths are its ability to integrate complex enterprise data environments, embed itself within customer workflows, operationalize artificial intelligence at scale, and support mission-critical decision-making across government and commercial organizations. These characteristics create meaningful competitive differentiation and contribute to increasing switching costs as customer deployments mature.

The assessment also highlights several areas that warrant continued monitoring. The long-term investment thesis depends on sustained commercial execution, successful international expansion, continued workflow embedding and the company's ability to maintain differentiation as competitors expand their own enterprise AI capabilities. In addition, current market expectations imply that future execution will need to remain consistently strong to support long-term shareholder returns.

Overall, the balance of evidence suggests that Palantir has successfully transitioned from a specialist analytics provider into a strategically important enterprise AI platform with characteristics that support long-term commercial durability.

Overall Commercial Due Diligence Rating

Category	Overall Assessment
Commercial Attractiveness	High
Competitive Strength	High
Revenue Durability	High
Financial Quality	High
Execution Capability	High
Investment Risk	Medium
Overall Commercial Due Diligence Assessment	Strong / Positive

Investment Committee Summary

Based on the commercial due diligence undertaken, Palantir demonstrates the characteristics expected of a high-quality institutional investment opportunity. The company benefits from favourable industry trends, a differentiated platform, durable customer relationships, strong financial performance and experienced leadership, all of which support confidence in its long-term commercial prospects.

While execution and valuation risks remain important considerations, these risks are largely associated with the pace and scale of future growth rather than the viability of the underlying business model. The evidence reviewed throughout this report suggests that Palantir has established a defensible competitive position and is well positioned to benefit from the continued adoption of enterprise artificial intelligence.

Accordingly, the Commercial Due Diligence Scorecard supports an overall Strong / Positive assessment and provides a solid foundation for the final investment recommendation that follows.

FINAL RECOMMENDATION

Executive Conclusion

This Commercial Due Diligence has evaluated Palantir Technologies' commercial attractiveness, market position, competitive differentiation, customer adoption, financial quality, execution capability, revenue durability, and long-term strategic prospects.

Based on the evidence reviewed, Palantir demonstrates the characteristics of a high-quality enterprise software company that has successfully transitioned from a specialist provider of advanced data analytics to a strategically important platform supporting enterprise artificial intelligence and operational decision-making.

The company benefits from favourable structural trends, including the increasing adoption of artificial intelligence, growing demand for enterprise data integration, expanding digital transformation initiatives, and heightened investment in mission-critical software across both government and commercial sectors.

Importantly, these trends are supported by strong execution rather than market positioning alone. Palantir has demonstrated accelerating commercial adoption, expanding customer relationships, improving operating leverage, increasing profitability, and sustained free cash flow generation. Together, these factors indicate that the company's commercial strategy is translating into durable financial performance.

Overall Commercial Due Diligence Conclusion

The analysis undertaken throughout this report supports the conclusion that Palantir possesses a durable and increasingly differentiated commercial position.

The company operates in attractive markets supported by long-term structural demand, maintains meaningful competitive advantages through workflow integration and operational software capabilities, demonstrates improving financial quality, and continues to execute effectively across both government and commercial customer segments.

While competitive intensity and execution requirements remain high, there is currently no evidence suggesting that these factors materially weaken the company's long-term commercial outlook.

Instead, the principal uncertainties relate to the pace of future growth and the degree to which Palantir succeeds in establishing itself as foundational operational infrastructure for enterprise artificial intelligence.

On balance, the available evidence supports a favourable commercial assessment.

Investment Committee Recommendation

From a commercial due diligence perspective, Palantir represents a strong institutional-quality business with characteristics that support long-term value creation.

The company's differentiated platform, expanding commercial adoption, durable customer relationships, scalable financial model, and experienced leadership provide a solid foundation for sustained growth.

Financial performance broadly reinforces the commercial investment thesis. High gross margins, expanding operating leverage, strong cash generation and a debt-free balance sheet indicate that commercial success is translating into improving financial quality. However, Investment Committee members should continue to monitor customer concentration, government exposure, contract durability and the sustainability of current AI-driven demand conditions as key determinants of long-term performance.



The balance of available evidence supports the conclusion that Palantir possesses sufficiently attractive commercial characteristics to justify a High Commercial Conviction assessment. While valuation will ultimately determine investment returns, the principal questions for the Investment Committee are no longer whether the business is commercially attractive, but whether future execution continues to justify the expectations embedded in the current valuation. Accordingly, this Commercial Due Diligence supports a Positive Commercial Recommendation.

This recommendation should not be interpreted as an assessment of short-term share price performance or valuation timing. Rather, it reflects the conclusion that Palantir's commercial fundamentals are sufficiently robust to support continued investment consideration, subject to ongoing monitoring of execution, competitive developments, and enterprise AI adoption.

Overall Commercial Due Diligence Opinion

Assessment Area	Conclusion
Commercial Attractiveness	Strong
Market Opportunity	Highly Attractive
Competitive Position	Strong and Differentiated
Customer Quality	High
Revenue Durability	Medium - High
Financial Quality	Strong
Execution Capability	Strong
Principal Risks	Execution, competition, valuation expectations
Overall Commercial Due Diligence Assessment	Positive
Investment Committee Recommendation	Proceed with High Commercial Conviction

Sources

This Commercial Due Diligence has been prepared using publicly available information, including:

Company Information

SEC Filings (Forms 10-K, 10-Q, 8-K)
Annual Reports
Quarterly Results
Earnings Calls
Investor Presentations

Product Documentation

Artificial Intelligence Platform (AIP)



Foundry
Gotham
Apollo
Ontology
Product Documentation and Technical Resources

Customer & Industry Information

Industry Solution Pages
Customer Announcements
Product Releases
Public Case Studies

Independent Sources

Industry research
Market research
Public company disclosures
Government contract announcements
Independent news and analysis

Commercial Assessment

Cohres analysis

Disclaimer: This assessment has been prepared using publicly available information and Cohres analysis. Conclusions represent commercial evaluation and professional judgment based on available information at the time of writing. This document is provided for informational purposes only and does not constitute investment, legal, accounting, or financial advice.

About Cohres

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APPENDIX A – INVESTMENT THESIS REFERENCE FRAMEWORK

Purpose

This Commercial Due Diligence concludes that, based on the publicly available evidence reviewed, Palantir demonstrates strong commercial fundamentals and supports a Positive Commercial Recommendation.

The analysis presented in this report is intended to provide the Investment Committee with sufficient commercial evidence to assess investment attractiveness and support capital allocation decisions.

For investors who proceed with an investment, the following indicators represent the principal commercial metrics that may be reviewed periodically to determine whether the original investment thesis continues to be supported by subsequent company performance.

This appendix does not form part of the commercial due diligence assessment itself. Rather, it serves as a reference framework for post-investment review.

1. Commercial Growth

Why it Matters

Commercial expansion represents the largest component of Palantir's long-term growth opportunity.

The pace of commercial adoption will determine whether the business successfully diversifies beyond its government heritage.

Key Indicators

- U.S. Commercial Revenue Growth
- International Commercial Revenue Growth
- Total Commercial Customer Growth
- Commercial Revenue as a Percentage of Total Revenue
- Average Revenue per Commercial Customer

Monitor for

- Sustained acceleration
- Stable customer expansion
- Broad industry diversification
- Increasing customer quality

2. Government Business

Why it Matters

Government remains a significant source of recurring revenue and contributes to the company's credibility in highly regulated and mission-critical environments.

Key Indicators

- Government Revenue Growth
- Contract Wins
- Contract Renewals
- Customer Concentration
- Geographic Diversification

Monitor for

- Stable renewal rates
- Continued defence adoption

- Expansion into allied governments
- Reduced concentration risk

3. Artificial Intelligence Platform (AIP)

Why it Matters

AIP is expected to become the primary driver of future commercial growth.

Its success will determine whether Palantir becomes a leading enterprise AI platform.

Key Indicators

- Number of AIP Deployments
- Bootcamp Conversion Rates
- Enterprise Production Deployments
- Multi-Department Rollouts
- Customer Expansion Following Initial Deployment

Monitor for

- Conversion from pilots to production
- Increasing enterprise-wide adoption
- Larger deployment sizes

4. Workflow Ownership

Why it Matters

The investment thesis assumes Palantir becomes embedded within core business operations.

Workflow ownership is the foundation of switching costs and revenue durability.

Key Indicators

- Customer Expansion Across Business Functions
- Multi-Year Platform Usage
- Platform Standardization
- Operational Dependency
- Cross-Department Adoption

Monitor for

- Increasing workflow integration
- Platform becoming operational infrastructure
- Growing switching costs

5. Customer Quality

Why it Matters

The quality of customer relationships is often more important than customer numbers alone.

Institutional investors should focus on durability rather than volume.

Key Indicators

- Net Dollar Retention
- Expansion Revenue
- Customer Retention
- Enterprise Customer Growth

- Fortune 500 Penetration

Monitor for

- High retention
- Larger enterprise deployments
- Increasing expansion revenue

6. Competitive Position**Why it Matters**

Competitive differentiation determines pricing power and long-term profitability.

Key Indicators

- Major Customer Wins
- Strategic Partnerships
- New Platform Capabilities
- Independent Analyst Assessments
- Customer References

Monitor for

- Continued differentiation
- Limited customer displacement
- Strong customer advocacy

7. Financial Quality**Why it Matters**

Financial performance validates commercial execution.

Key Indicators

- Revenue Growth
- Operating Margin
- Free Cash Flow
- Operating Cash Flow
- Balance Sheet Strength
- Capital Allocation

Monitor for

- Margin expansion
- Consistent cash generation
- Continued financial discipline

8. Scalability**Why it Matters**

The commercial thesis assumes Palantir becomes progressively easier to deploy as the platform matures.

Key Indicators

- Implementation Time
- Sales Efficiency
- Customer Acquisition Cost
- Implementation Resources
- Gross Margin Trends

Monitor for

- Faster deployments
- Lower implementation intensity
- Higher operating leverage

9. International Expansion**Why it Matters**

Future growth increasingly depends on successful execution outside the United States.

Key Indicators

- International Revenue Growth
- New Regional Customers
- Local Partnerships
- Regulatory Approvals
- Geographic Diversification

Monitor for

- Successful market expansion
- Reduced dependence on North America
- Growth across Europe, Asia-Pacific and other strategic markets

10. Investment Thesis Validation

The following questions should be reviewed periodically by the Investment Committee to determine whether the original commercial thesis remains valid:

- Is Palantir continuing to expand its commercial customer base?
- Are customers increasing their use of the platform across additional business functions?
- Is AIP progressing from pilot deployments to enterprise-wide implementation?
- Are switching costs strengthening as customer relationships mature?
- Is commercial revenue becoming an increasingly significant contributor to overall growth?
- Are operating margins and free cash flow continuing to improve?
- Has competitive differentiation remained intact despite increasing competition?
- Is international commercial expansion progressing in line with expectations?
- Have any strategic developments materially strengthened or weakened the original investment thesis?
- Does the current evidence support maintaining, increasing, or reducing commercial conviction?

Appendix Conclusion

The findings of this Commercial Due Diligence are based on information available at the time of preparation and reflect the commercial conditions observed during the review period. As enterprise artificial intelligence, customer adoption patterns, competitive dynamics, and market conditions continue to evolve, ongoing monitoring remains essential.

The indicators outlined in this appendix provide a structured framework for reassessing the investment thesis over time. Rather than focusing on short-term market movements, they are intended to help investors evaluate whether Palantir continues to strengthen its competitive position, deepen customer relationships, expand commercially, and deliver sustainable long-term value creation.

Regular review of these indicators should enable the Investment Committee to distinguish between temporary fluctuations and developments that materially affect the company's long-term commercial outlook, supporting more informed investment decisions throughout the holding period.