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CENTER FOR LEADERSHIP AND SOCIAL RESPONSIBILITY

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Milgard School of Business Student Case Competition

Palantir, Big Data, and CSR

Palantir is a privately held Silicon Valley software company specializing in data analytics. The company is considering filing an IPO as early as the second half of 2019. The company's board of directors is seeking ways to improve its overall position, including consideration of a comprehensive CSR and sustainability plan.

YOUR ROLE

You are a part of a consulting team that has been hired by the board of directors to revise and improve Palantir's CSR and sustainability program. Additionally, several members of the board want the company to be a data analytics industry leader in CSR and sustainability.

PALANTIR HISTORY AND DESCRIPTION

Palantir Technologies was founded in 2003 by Peter Thiel, who co-founded PayPal. The name comes from *The Lord of the Rings*. In the trilogy of movies, a "palantir" is an artifact used to see things faraway . . . sort of a crystal ball.

Palantir Technologies was started, in part, to "reduce terrorism while preserving civil liberties." The Company states:

"We saw automated approaches that failed against adaptive adversaries, and all-or-nothing access controls that forced organizations to make unacceptable trade-offs between collaborating and securing sensitive data from misuse.

We saw a need for a different kind of technology, and we knew it would take a different kind of company to build it. That's why we founded Palantir."

With early funding from Thiel and the CIA's venture capital fund (In-Q-Tel, formerly Peleus) the company developed software to observe and defeat adaptive adversaries. The company's two primary products are Palantir Gotham, which is largely geared to government related data, and Palantir Foundry, which seems to be an evolution of its product Palantir Metropolis. This latter product is geared to private business data mining, and has a significantly less need for on-site engineers.

The Company now lists its solutions as:

Automotive	Intelligence
Case Management	Law Enforcement
Cyber	Legal Intelligence
Defense	Manufacturing
Financial Compliance	Mergers & Acquisitions
GDPR	Pharma: RWE
Insider Threat	Sales and Revenue
Insurance Analytics	Skywise

PALANTIR – CSR ACTIVITIES

Palantir’s CSR outreach (dubbed “Philanthropy Engineering”) seeks to apply Palantir people, products and resources to support initiatives and organizations dedicated to improving and saving human lives.” Among the problems it seeks to address are combating child exploitation, disrupting illicit networks, and delivering humanitarian aid.

In Palantir’s 2017 Philanthropy Engineering Annual Report, the company noted the use of Palantir Gotham and Palantir Foundry in concert with philanthropy partners. Specifically, Palantir’s Philanthropy Engineers worked with the World Food Programme to scale a food supply chain to fight hunger; assisted Mercy Corps to make better use of data in the conflict zones of Syria, partnered with the National Center for Missing & Exploited Children to integrate tens of thousands of reports to locate children and offenders, and more.

Palantir’s Philanthropy Engineering program was recognized as a “Great Example” by the Silicon Valley Community Foundation, worked with the Clinton Global Initiative to partner on disaster response, and touted the use of big data in social philanthrocapitalist work.

PALANTIR’S PROFITABILITY

Palantir has failed to be profitable, despite its lofty valuation. Palantir’s 15 years of lack of profitability places it in the category of “unicorns” (startups valued at over \$1 billion) with Uber, WeWork and others. Investors complain that Palantir CEO Alex Karp doesn’t seem to care about profitability even though he indicated the company would be in the black in 2019. Karp, who started with the company in 2004, stated that the company “is entering adolescence, with different rules than for being a child.”

Karp is also criticized for eschewing salespeople and, instead, sends engineers on sales calls. Claiming the company is a “colony of artists,” Karp agreed to the rollout of Palantir Foundry, which amalgamates and crunches data without the need for on-site engineers. The new product has been praised by clients, such as Airbus. The airplane maker needed Foundry because their problems were not “big data, but were a collection of thousands upon thousands of really small but interconnected problems.”

There is much optimism about Palantir's future. Demand for big data analytics, visualization, and business intelligence software is estimated to grow from \$150 billion in 2017 to \$210 billion in 2020. Specifically, the analyst group stated: "We feel optimistic about Palantir's execution and track record to date, given the large number of enterprise and government agencies that continue to adopt the platform."

BIG DATA ANALYTICS

Palantir, as previously noted, is a big data analytics provider. This relatively new industry is defined as the "often complex process of examining large and varied data sets to uncover information." The function helps find hidden patterns, unknown correlations, market trends and customer preferences that can help organizations make informed business decisions.

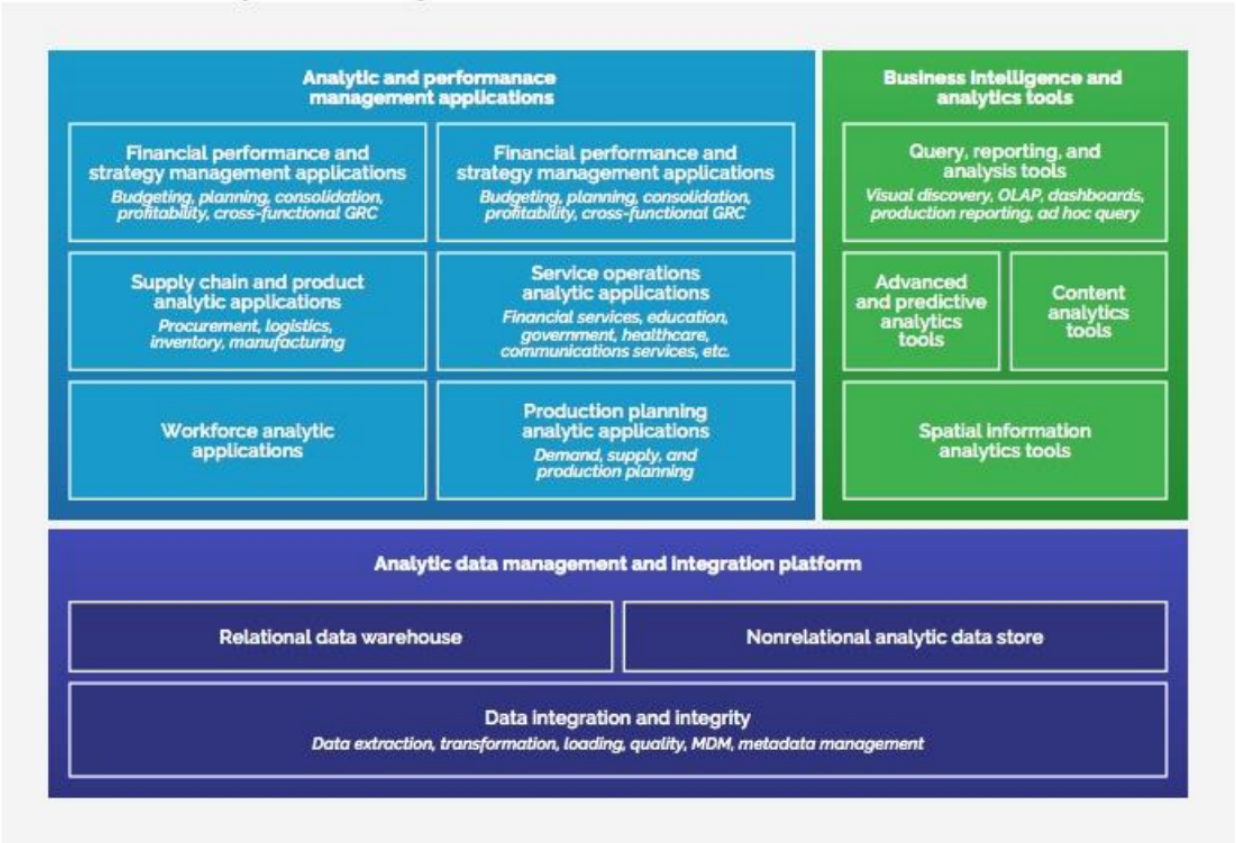
Big data analytics also involves predictive models that can forecast new revenue opportunities, more effective marketing, better customer service, improved operational efficiency and give competitive advantages.

The 25 year-old *Business for Social Responsibility*, a global nonprofit organization that works with its members to build a just and sustainable world, noted five frequently asked questions about big data and human rights. What is big data?

1. How does big data relate to human rights?
2. How does big data involve the right to privacy?
3. How does big data affect the right to non-discrimination?
4. What can companies do to prevent unintended consequences from their use of big data?

As the answers to these questions are determined, BSR called for transparency above all else. Can transparency and big data analytics cooperatively co-exist? BSR states that transparency is important because "... sharing lessons learned with industry peers and the human rights community can provide positive human rights outcomes, and that the public has a right to know what data is being collected. . . "about them.

While there is fear concerning big data, CNBC noted that NYU's Stern School of Business called big data analytics simple "data-driven decision-making, data science and business analytics." Noting the extent of fear mongering concerning data analytics, CNBC concluded by stating emphatically: "Deal with it, big data analytics is here to stay forever."



SIGNIFICANT DATA BREACHES

While big data analytics seems to be a mainstay of future, the public has experienced troublesome nuisances, if not loss of privacy, from high profile data breaches. Thus the question of security in data collection and transference is at the forefront.

Companies such as Marriott Hotels, Friend Finder Network, Equifax, Facebook, Ebay, JP Morgan Chase, Home Depot, Dropbox, Adobe, Target, Yahoo, Twitter are just a few who have suffered data breaches. The revealing of personal information just from these companies totals nearly the entire world’s population.

The World Economic Forum asked for comments on keeping data safe. Over 43 trillion gigabytes of new data is expected to be created by 2020. The average US company has over 100,000 gigabytes of data stored locally and in the cloud.

Getting accurate data is of significant concern. The economic impact on the US economy to acquire accurate data is estimated at \$3.1 trillion. The cloud has lowered the barrier of entry into big data analytics, and as the industry grows, challenges of trust and regulation abound.

OTHER PALANTIR ACTIVITIES IN THE COMMUNITY; REACTIONS

Palantir's activities in big data analytics has not gone unnoticed, despite its quiet public profile. The public became more aware of big data analytics, and Palantir specifically, as a result of data collection used to support the US Immigration and Customs Enforcement Agency, a/k/a ICE.

Palantir confirmed participation by one of its employees with Cambridge Analytica, a firm closely tied to allegations of election tampering. While Palantir denied company involvement, the question of big data's involvement in manipulation of elections remains.

Critics of Palantir gained momentum for new complaints when the US Army recently awarded a huge contract to Palantir. The article cited Peter Thiel's close connection with US President Donald Trump. At the same time, Palantir's work with the US International Atomic Energy Agency is credited with providing information that led to the US withdrawal from the Iran nuclear agreement.

As the company considers going public, Palantir's quiet public presence has been somewhat disturbed. Pitchbook asked an important question, "Minor controversies have erupted, but Palantir has largely managed to stay out of the public eye. Will that change if it becomes a publicly traded company?"

ISSUES TO ADDRESS

1. How should Palantir design and operate its corporate social responsibility program? What benefit would the company's CSR program provide to the company, particularly financial? Who are the stakeholders?
2. What CSR role, if any, should Palantir play in the big data analytics industry? Can it become a leader in the industry through CSR?
3. What social responsibility does Palantir have if there is a data breach with one of its clients?

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Footnoted and Sourced version available on request after February 1, 2019

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