

Palantir: The Value Layer Hidden in Plain Sight

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Christopher Gannatti, CFA

Global Head of Research

Key Takeaways

- Palantir Technologies, a U.S.-based AI and data integration company, is becoming essential enterprise infrastructure by embedding its decision-making software deep into operations.
- While traditional metrics struggle to capture its value, Palantir's unique position as the "decision layer" within organizations like Airbus and SOMPO suggests it's building the AI era's equivalent of an operating system.
- For investors, Palantir isn't just selling AI tools; it's selling institutional agility at scale, making its embeddedness across global enterprises the most critical metric to watch.

There's a strange phenomenon in investing where some companies are so widely discussed that they become *misunderstood*. Palantir could be one of them.

It's the company investors are supposed to love—because it's AI, because it's defense, because it's mysterious—but ask a room of smart people what exactly Palantir does, and you'll get metaphors instead of business models. "It's like the CIA, but for data." "It's Excel on steroids." "It's an AI operating system." Not wrong, but not actionable.

This is a problem, especially because Palantir may be building one of the most valuable technology positions in the modern enterprise: the AI-powered decision layer.

And the place to understand that? Not Silicon Valley. Japan.

The SOMPO Blueprint—Operationalizing Intelligence

In 2019, Palantir and SOMPO Holdings co-founded **Palantir Japan**, a dedicated joint venture aimed at helping Japanese institutions modernize through data integration and operational AI.¹

The premise wasn't flashy. SOMPO, one of Japan's largest insurers and long-term care providers, needed to digitize legacy workflows and respond to an aging population. But this wasn't about migrating to the cloud or buying an analytics dashboard. This was about building new feedback loops—where frontline workers, data models and strategic decisions all operate in sync.

- **Care Business:** SOMPO operates 1,100 facilities across 25 prefectures, serving approximately 85,000 care recipients.² Foundry helps generate personalized care plans, track interventions and coordinate with family members—automating regulatory reporting in the process.
- **Commercial Insurance:** In its core business, Palantir's tools enable more than **10,000 insurance agents** to dynamically price, quote and flag risks with contextual intelligence baked into their workflows.³
- **Disaster Response:** In a country exposed to frequent natural disasters, SOMPO leveraged Palantir to pre-position resources and streamline claims processing when crises strike.

By 2023, SOMPO had signed a **\$50 million expansion**,⁴ deploying Palantir across its group companies. What started as a partnership had become infrastructure. They weren't buying software—they were *embedding a decision layer into the enterprise*.

Beyond Dashboards—Why Palantir Is Not Just SaaS

Most enterprise software helps you see what's already happening. Palantir helps you act on what hasn't yet happened.

That's because its core platforms—**Foundry** and **AIP (Artificial Intelligence Platform)**—don't stop at analytics. They allow organizations to encode logic, constraints, domain knowledge and even regulatory rules into dynamic workflows.

For example:⁵

- A traditional insurer uses a rules engine to assess risk tiers. Palantir lets agents run simulations on millions of risk inputs live—flagging anomalies and surfacing recommended actions.
- A hospital using standard software can visualize ICU capacity. With Palantir, it can simulate future outbreaks, allocate resources proactively and automate compliance reporting to regulators—all in one loop.

This distinction—between *reporting tools and orchestration layers*—is subtle but profound. Palantir doesn't sit on top of operations. It *becomes* part of them.

Another thing that caught our attention—SOMPO is a diversified financial firm in Japan with a focus on insurance. We just wrote about how [Warren Buffett's strategic investments in Japan's five largest trading houses—ITOCHU, Marubeni, Mitsubishi, Mitsui and Sumitomo](#)—highlight his recognition of their diversified business models and attractive valuations.

SOMPO Holdings shares similarities with these trading houses, particularly in its diversification and strategic partnerships. As one of Japan's leading insurance companies, SOMPO has expanded beyond traditional insurance services into areas like health care and digital transformation. We covered a notable example: its collaboration with **Palantir Technologies** to enhance data analytics and operational efficiency.

We also couldn't help but note that SOMPO had a P/E ratio below 10.0x as of the middle of March 2025, which is another point of similarity to the five Japanese trading houses that were featured in our article about Buffett's holdings.⁶

Global Case Study—Signals of Strategic Depth with Important European Aerospace Company

Airbus: Industrial Digital Twin at Scale

Europe's aerospace giant adopted Palantir to power its **Skywise platform**,⁷ integrating data from more than 11,700 aircraft in a manner that more than 44,000 users worldwide can take advantage of. Some 30+ apps and datasets are available, allowing airlines to use Palantir to predict component failures, optimize fuel usage and reroute logistics in real time. This isn't about dashboards; it's about flying safer, cheaper and smarter.⁸

Why It's So Hard to Value—and Why That Might Be the Opportunity

Investors often struggle with Palantir's valuation not because it's overhyped but because it's hard to categorize. It doesn't fit cleanly into software as a service (SaaS). It's not a cloud company. Its government revenue adds another layer of cognitive noise.

But here's a contrarian lens: Palantir may be building the **middleware monopoly of the AI era**.

Just as Microsoft became indispensable in the personal computer (PC) age by owning the operating system (OS) layer, Palantir could become indispensable in the age of autonomous enterprises by owning the decision-making layer. The company's software doesn't just analyze data—it captures context. It adapts workflows. It learns institutional behavior.

That's not just sticky; it's systemic.

The Investor Takeaway—Follow the Embeddedness

If you think of Palantir as a vendor, you'll struggle to justify the multiple. But if you see it as an **operating substrate**, a radically different picture emerges.

The most important metric for Palantir might not be annual recurring revenue (ARR) or contract wins. It might be its **depth of integration**—how far into the enterprise its logic extends.

This is what makes SOMPO the most underappreciated case study in the Palantir story. Not because it's flashy but because it shows what "embedded AI infrastructure" actually looks like.

Palantir doesn't win by selling software licenses. It wins when it becomes the nervous system of an institution.

Conclusion: Palantir Is Not Selling AI—It's Selling Institutional Agility

The next decade won't be won by companies that adopt AI tools. It'll be won by companies that *rebuild around* AI thinking.

That's what SOMPO did. That's what Palantir enables.

And that's why this company, however messy the narrative, may be one of the few selling real, repeatable, scalable intelligence.

Not because it's AI. But because it's real.

Source: PRESS RELEASE: SOMPO and Palantir Co-Found Palantir Japan, November 18, 2019.

Source: SOMPO Holdings, Inc. (2024). Integrated Report 2024. Tokyo, Japan. Retrieved from <https://www.sompo-hd.com>

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Sources: Yahoo Finance for SOMPO's P/E ratio as of 3/14/25; the following article reported the P/E ratios of the five trading houses as of March 14, 2025, <https://www.wisdomtree.com/investments/blog/2025/03/18/buffett-loves-berkshires-japan-investments>

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