

OpenAI at \$500B Puts Palantir at \$40 — And That's Generous



On Friday afternoon, CNBC confirmed that OpenAI plans to sell \$6 billion worth of stock, valuing the company at a staggering \$500 billion. WOW!

<https://www.cnbc.com/2025/08/15/openai-6-billion-stock-500-billion-valuation.html>

This morning, we read that Sam Altman stated the AI market is in a bubble. Altman isn't shorting Palantir—he's simply telling the truth. The market is frothy, and no one knows it better than the man who built the most valuable AI company in the world.

<https://www.cnbc.com/2025/08/18/openai-sam-altman-warns-ai-market-is-in-a-bubble.html>

Last week, Citron's Andrew Left appeared on Fox Business with Liz Claman, suggesting that at a \$40 price, PLTR would start to look cheap. We stand corrected; even at that price, it remains expensive. <https://www.foxbusiness.com/video/6376884457112>

OpenAI, the undisputed leader in AI, is achieving revenue and user growth at an unprecedented pace in technology history. Its new \$500 billion valuation provides a true

benchmark for evaluating Wall Street's favorite trading stock, Palantir—a company now detached from fundamentals and analysis, ironically the very services it claims to offer.

Let's simplify this by working backward to demonstrate why Palantir would be fortunate to achieve the same valuation multiple as OpenAI.

According to public sources, OpenAI is projected to generate \$29.6 billion in revenue for 2026, resulting in a price-to-sales ratio of 16.89.

$$\text{Price-to-Revenue (P/S) Multiple} = \frac{\$500 \text{ billion}}{\$29.6 \text{ billion}} \approx 16.89$$

Bloomberg consensus pegs Palantir's 2026 revenue at \$5.6 billion. At OpenAI's lofty 17x multiple, that implies \$40 per share. But here's the problem: even that price would leave Palantir among the most expensive SaaS names in history

If Palantir trades at the same 17x price-to-revenue multiple on \$5.6 billion in revenue (with approximately 2.37 billion shares outstanding), the implied stock price would be about \$40 per share.

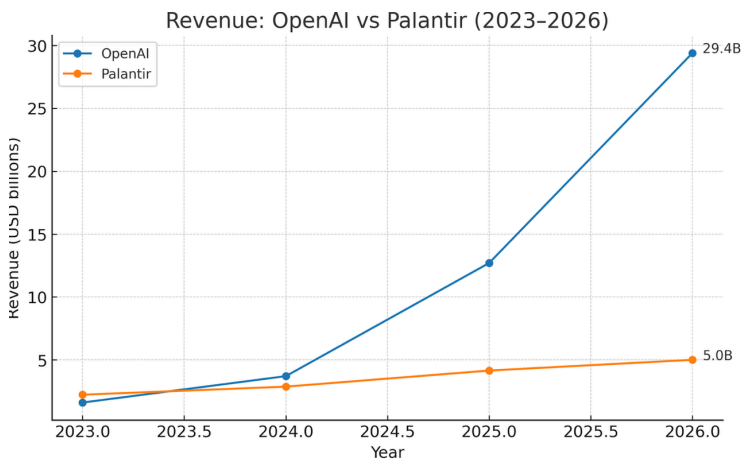
It should be noted that even at a 17x sales multiple, OpenAI has the highest multiple of any scaled SaaS stock in the world, and that number in itself is extreme. This means that at \$40, PLTR would still be expensive.

Let's ask the real question: Does Palantir deserve to trade at the same multiple as OpenAI? Which company is more defensible? What are traders ignoring?

Before this note continues, I must give respect to Alex Karp and what he has accomplished with Palantir. The company has served our country and its customers and is a true pioneer and leader in AI. This discussion is about stock price, not the quality of product or management.

Let's compare OpenAI and Palantir to determine which company truly leads the pack.

Revenue Growth: What's remarkable about OpenAI isn't just its rapid growth, but the unprecedented scale at which it's occurring—unique in tech history. By contrast, Palantir demonstrates steady progress, but it falls short of OpenAI's transformative pace.



Business Model: OpenAI operates with a SaaS-like subscription model spanning massive global segments, seamlessly converting free users to paid. It's a true subscription model that Wall Street loves. In contrast, Palantir relies on large, long-term government contracts and competes in the enterprise space with lumpy, less scalable revenue.

Many critics of \$PLTR argue that its highly customized product leans more toward services than SaaS. We'll give them the benefit of the doubt and call it SaaS.

OpenAI's TAM is measured in trillions, spanning every consumer, enterprise, and developer use case. Palantir's TAM? Defense and enterprise contracts that scale slowly and compete head-on with giants like Microsoft and Databricks

Aspect	OpenAI	Palantir
TAM (2025)	\$200–\$300B est.	\$120–\$180B est.
TAM (2030)	\$700B+ proj. reddit	\$130–\$200B proj. barchart
Market Focus	Generative AI, NLP, broad platforms	Analytics, government, enterprise apps
Growth Drivers	Consumer + enterprise adoption, infrastructure, APIs	Government & enterprise digitalization, security

Competitive Threat from the Big Players

While Palantir has excelled in government contracts, its expansion into enterprise puts it in direct competition with established software giants who dominate at scale. Citron highlights Databricks—still private but already a cornerstone of data and AI for the Fortune 500—as the most significant threat. Unlike Palantir's service-heavy deployments, Databricks offers true software economics, a risk Wall Street has yet to fully factor into Palantir's valuation.

Competitor	Core Strengths	Market Focus/Positioning	Differentiator(s)	Competitive Risks for Palantir
Microsoft (Azure, Power BI)	Global scale, deep enterprise penetration, cloud/security	Cloud/data warehouse, analytics, BI, enterprise	Unified analytics, visualization, MS ecosystem	Scale, embedded relationships, R&D budget
AWS (Amazon Web Services)	Leading cloud platform, massive infrastructure, ML services	AI and analytics, hybrid cloud, general enterprise	ML/API integration, scalability, flexibility	Hyperscale, aggressive pricing, govt appeal
Google Cloud Platform (BigQuery, Looker)	ML/AI APIs, BigQuery speed, Google ecosystem	Cloud, analytics, AI/ML tools, enterprise	Advanced ML/search, visualization, AI APIs	Price wars, data science dominance
Databricks	Data lakehouse, unified analytics, ML collaboration	Data engineering, analytics, ML platform	Apache Spark engine, collaborative workspace	Fast innovation, strong data team loyalty
Snowflake	Cloud data warehouse, scalable architecture	Data storage, management, analytics, E ↓	Compute/storage separation, data sharing networks	Cloud-native adoption, partner ecosystem

While Palantir faces stiff competition, OpenAI commands roughly 62.5% of the consumer AI market and 72% enterprise adoption, boasting a vast user base of millions, including developers, schools, and enterprises.

The Flywheel

OpenAI is creating a flywheel that Palantir lacks. Each new user enhances the models, improves the product, and widens the moat—fueling a cycle of growth, data, and scale reminiscent of Google in its prime, not a defense contractor. Palantir’s stickiness is real, but its growth hinges on slow, customized contracts that don’t compound. One customer doesn’t improve the platform for the next. That’s the key difference: OpenAI is a self-reinforcing growth engine, while Palantir is essentially locked-in consulting wrapped in software.

The Palantir Dilemma

When it comes to big data, there’s a point where more isn’t always better. Companies keep piling up information hoping for some magic insight, but the reality is classic diminishing returns—after a certain size, each new dataset offers less value, and the cost and complexity skyrocket. Palantir has built its reputation selling tools to mine these mountains of data, but the market is waking up: you can’t just throw more servers and code at the problem forever. Now, Palantir faces a familiar squeeze. If it wants to keep growing, it will have to come up with new products that actually solve real business problems—or risk getting sidelined as clients realize the upside isn’t what it used to be. The days of selling “data fairy dust” are fading; it’s time for Palantir to prove it can deliver something new and tangible, not just bigger numbers.

What about all the Wall St. analysts and their lofty price targets?

For three decades, Citron Research has observed a recurring pattern: Wall Street analysts often act more like cheerleaders than risk managers, inflating multiples, chasing momentum, and rarely calling market tops, effectively becoming mouthpieces for the companies they cover. In Palantir's case, this optimism has paid off for early investors—congratulations if you bought at a lower price. However, it's critical to now focus on the risks.

What Would Palantir do with Palantir Stock???

If Palantir's Foundry platform analyzed its own stock, it would cut through the narrative and focus on the data: slower revenue growth compared to AI peers, heavy dependence on government contracts, and valuation multiples significantly exceeding those of true software comparables. The conclusion would be straightforward: Palantir's stock appears overvalued relative to its fundamentals.

Insider Selling

The numbers don't need spin—they tell the story. Both Alex Karp and Elon Musk have vocally criticized short sellers, but their actions as CEOs differ sharply. During Tesla's historic rise from 2012 to 2020, Musk bought stock on the open market and pledged billions of his personal fortune to back the company, showing absolute conviction in its future. Karp has done the opposite. In the past two years, he has sold nearly \$2 billion in Palantir shares, making him one of tech's most aggressive insider sellers. Musk proved he was all in. Karp is proving he's cashing out, using Palantir's AI rally as his personal exit strategy.

Final Verdict

Leave it to ChatGPT to hand us the answer. Its own \$500B valuation became the Rosetta stone for Palantir's stock. Could PLTR trade higher in the short term? Sure why not.

What matters is perspective. At \$40 a share, Palantir is an **\$86 billion software company**—a valuation most CEOs would call a win, not a loss. Karp and his team should be proud. But for investors, that's where discipline kicks in. Comparison is the enemy of happiness, and when measured against true AI leaders, Palantir's price already reflects success beyond its fundamentals.

Cautious Investing to All

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