

Palantir CEO Alex Karp says 'something has gone completely wrong' with how AI is sold

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SUMMARY

Palantir's CEO Alex Karp discusses the company's recent growth and its strategic partnership with NVIDIA, emphasizing the importance of trust and control in AI systems for enterprise clients, especially in critical infrastructure. Karp expresses concerns about the current AI landscape, particularly regarding data ownership and the risks of transferring proprietary information to third parties.

- Palantir's stock has seen significant growth, attributed to its focus on custom AI systems for the U.S. government.*
- The partnership with NVIDIA aims to enhance AI capabilities while ensuring clients maintain control over their data and models.*
- Karp highlights the importance of an application layer (ontology) that makes large language models safe and precise for enterprise use.*
- There is a growing distrust among enterprises regarding existing AI models, with concerns about data security and intellectual property.*
- Karp argues that many enterprises feel they are paying for AI solutions that do not deliver value and risk losing their competitive edge.*
- He emphasizes the need for transparency in AI systems, including questions about data ownership and model control.*
- Karp expresses frustration over the overselling of AI technology, warning that it could harm American businesses and national security.*
- The discussion reflects a broader sentiment in the business community about the need for responsible AI deployment and innovation.*

BUILD CUSTOM AI SYSTEMS FOR THE U.S. GOVERNMENT. THAT STOCK SHOOTING UP. IT'S UP AGAIN THIS MORNING UP ALMOST 6% THIS WEEK. AND JOINING US RIGHT NOW EXCLUSIVELY AT THE TABLE, ALEX KARP, PALANTIR'S CO-FOUNDER AND CEO. AND CNBC'S SEEMA MODY, WHO COVERS PALANTIR, JOINS US. AND TELL US ABOUT TELL US ABOUT THE DEAL WITH. THERE'S SO MANY THINGS I THINK WE ALL WANT TO TALK ABOUT, BUT BUT LET'S GET TO THE NVIDIA DEAL FIRST. >> BECAUSE I HAVE SO MUCH RESPECT FOR NVIDIA AND JENSEN HUANG. I'M GOING TO TRY TO KEEP THIS MORE ADULT THAN I USUALLY DO. BUT THE TRUTH IS, IF YOU WANT TO KNOW HOW THIS CAME TOGETHER, FROM MY PERSPECTIVE, IT WAS IT WAS THERE ARE A LOT OF TECHNICAL ISSUES. WHO CONTROLS THE MODELS, WHO CONTROLS THE WEIGHTS? WHO CONTROLS THE VALUE OF YOUR BUSINESS? BUT, YOU KNOW, WE'RE, WE'RE, WE'RE SITTING ON CRITICAL INFRASTRUCTURE ACROSS AMERICA, UKRAINE,

ISRAEL, EVERYONE WHO USES LLMS ON THE BATTLEFIELD RUNS ON TOP OF OUR ONTOLOGY. AND OUR CLIENTS ARE JUST TO SAY THEY'RE UNHAPPY WITH THE FRONTIER LABS IS TO SAY, I'M WELCOME AT THE BERKELEY FACULTY. IT'S LIKE THERE'S JUST A LEVEL OF DISCOMFORT AND LOSS OF TRUST THAT ALSO MADE IT. IT REALLY, REALLY.

>> UNPACK THAT. WHAT DO YOU MEAN BY THAT? >> WELL, YOU HAVE OKAY. SO WHEN YOU'RE WHEN YOU'RE USING LARGE LANGUAGE MODELS, THEY ARE. IT'S LIKE A. AT THIS POINT, EVERYONE TECHNICAL REALIZES THEY'RE LIKE A CRITICAL RESOURCE TO MAKE THEM VALUABLE IN AN ENTERPRISE LIKE BATTLEFIELD CONTEXT OR REGULATED CONTEXT OR MANUFACTURING, YOU HAVE TO HAVE WHAT'S CALLED AN APPLICATION LAYER. AND WE, WE HAVE THIS THING CALLED ONTOLOGY THAT NOW EVERYONE'S COPYING, BUT DE FACTO, IT TAKES A LARGE LANGUAGE MODEL. IT MAKES IT SAFE AND USEFUL AND PRECISE. SO SAFE BECAUSE IT DOESN'T TOUCH YOUR UNDERLYING DATA, SAFE BECAUSE IT PREVENTS THE LARGE LANGUAGE MODEL FROM CACHING YOUR DATA AND REPLICATING YOUR BUSINESS SAFE BECAUSE IT DOESN'T TRANSFER YOUR IP OF HOW TO FIGHT SECRET DATA, TOP SECRET DATA, OR IN A CLINICAL CONTEXT. SO THE GENERAL WAY THESE THINGS WERE SOLD, AND AGAIN, THESE PEOPLE ARE SAM AND, AND DARIO, THERE'S NOTHING MORE FUN THAN DEBATING DARIO IN PRIVATE. SO THIS IS I'M NOT THROWING SHADE AT THEM. BUT SOMETHING HAS GONE COMPLETELY WRONG. AND THE BASIC VIEW AMONG ENTERPRISES IN THIS COUNTRY IS I'M GOING TO CHILL LAX AND WASTE MY TIME WITH TOKENS. I'M GOING TO GET NO VALUE AND THEY'RE GOING TO GET MY IP.

>> NOW THAT SOUNDS LIKE SHADE. OKAY. AND NOT TO SHADE. IT SOUNDS LIKE YOU'RE SAYING THESE. >> NO, NO NO, NO, THIS IS REPORTING. >> OKAY. >> AND THIS IS REPORTING THAT I'VE, I'VE LITERALLY AGAINST MY OWN INTEREST CALLED THESE ARE LIKE, I'M PROFITING FROM THIS, RIGHT? SO THE REALITY IS YOU MAY NOT LIKE US AT MY FORMER SCHOOL, HAVERFORD OR BERKELEY, BUT ENTERPRISES IN THIS COUNTRY TRUST AND LOVE US, ESPECIALLY ONES THAT ARE INVOLVED IN CRITICAL INFRASTRUCTURE, BOTH PUBLIC AND PRIVATE. OKAY, SO I WANT FOR THOSE COUNTRIES, WE'RE COMING UP TO JULY 4TH. I WANT THOSE I WANT FOR US AND OUR, OUR, OUR, OUR, OUR, OUR FRIENDS ACROSS THE GLOBE TO HAVE THE VERY BEST TECH RESOURCES. IN FACT, THE WHOLE SECRET OF PALANTIR IS THE FORWARD DEPLOYED MODEL, THE PRODUCTS THAT HAVE BEEN FIVE YEARS AHEAD.

YOU KNOW, YOU'VE BEEN WITH ME FOR A LONG TIME. EVERYONE, EVERYONE, EVERYONE SAID PHDS WERE SERVICES. THEY SAID, WE DON'T EVEN KNOW WHAT AN ONTOLOGY IS. THAT'S THE ONLY THING PEOPLE TALK ABOUT. NOW. THE SECRET WAS WE DELIVERED THE BEST THINGS FOR THE WARFIGHTERS. THOSE WARFIGHTERS HAVE SERIOUS TRUST ISSUES, BUT IT'S NOT JUST THE WAR VIS A VIS FRONTIER LABS. THEN YOU HAVE MY ENTERPRISES IN THE PRIVATE SECTOR WHO HAVE THE SAME ISSUES, LIKE WHY WOULD THEY GET ACCESS TO MY DATA IF THEY'RE GOING TO BUILD MY ALPHA?

WHY WOULDN'T I CONTROL THE WEIGHTS? WHY WOULDN'T? AND THAT'S WHERE YOU GET THIS PARTNERSHIP. WHAT ALIGNS ME WITH NVIDIA AND I THINK IS WHAT THE TECHNICAL CUSTOMERS WANT, WHICH IS CONTROL OVER THEIR COMPUTE, THEIR MODELS, THEIR DATA STACK AND THEIR ALPHA. THEY WANT TO KNOW THEY OWN THE MEANS OF PRODUCTION. IT'S NOT BEING TRANSFERRED TO SOMEONE ELSE. THEY'RE NOT INTERESTED IN SOME FAKE DEPLOY CODE THAT SOMEHOW IS DEPLOYING TOKENS, THAT TRANSFERS THE ALPHA TO A THIRD PARTY AND THE JIG IS UP.

AND SO WE HAVE TO FIGURE OUT A WAY BOTH, BOTH OUR OUR PRODUCTS ARE AGNOSTIC. WE, WE NOW SELL A PRODUCT TO CUSTOMERS THAT ALLOWS YOU TO SWITCH FROM MODEL TO MODEL BECAUSE. AND WE'RE COMPLETELY AGNOSTIC, BUT WE NEED TO REBUILD TRUST. AND THAT TRUST IS GOING TO HAPPEN WHERE EVERYONE GETS TO ASK, ASK AND ANSWER BASIC QUESTIONS. WHO OWNS THE DATA? WHERE IS IT CACHED? ARE THE PROMPTS SECURE? IS THIS BEING TRANSFERRED TO YOU? ARE YOU BEING OKAY? IF IT WAS SO VALUABLE, LET'S SAY I CAN MAKE YOU \$1 BILLION TOMORROW. WOULDN'T I SAY I'LL MAKE YOU \$1 BILLION AND I WANT 30%. WHY ARE THEY CHARGING FOR TOKENS IF IT'S SO VALUABLE?

>> SO THEN, ALEX, IF THE KEY, FROM WHAT I'M HEARING YOU SAY, IS A SECURE, AMERICAN BORN OPEN SOURCE MODEL, HOW QUICKLY CAN YOUR MODEL COMPETE WITH THE FRONTIER? >> WELL, KNOW WHAT. >> I'M SAYING IS. AND AGENTIC AI. >> OKAY, WHAT I'M CLAIMING, OBVIOUSLY SLIGHTLY TRUE, BUT SLIGHTLY SELF-CENTERED IS IT'S THE MODEL PLUS AN APPLICATION LAYER PLUS COMPUTE. IT IS REALLY ALL THREE. SO IN OUR JARGON, IT'S THE VALUE, THE REASON. OKAY, JUST LOOK AT OUR FINANCIALS. THE REASON WHY EVERYONE IS CHILLAXING WITH BAD FINANCIALS AND GROWTH WITH LOSING MONEY IS THE CLIENT REFUSES TO PAY THE TRUE COST.

THE TWO PLACES THAT ACTUALLY MAKE MONEY, LIKE PROFIT FREE CASH FLOW ARE OUR APPLICATION LAYER CALLED ONTOLOGY AND COMPUTE. OKAY, WHAT? I AM NOT JUST CLAIMING WE CAN TAKE AN OPEN MODEL AND IN THE CLASSIFIED OR NON-CLASSIFIED CONTEXT, GET IT TO THE POINT OF A FRONTIER MODEL, BUT A YOU CONTROL THE WEIGHTS. SO WHAT IS THE TRUE COST? NOT JUST WHAT YOU'RE PAYING. THE TRUE COST IS NOT JUST IS WHAT YOU MAKE MINUS WHAT YOU LOSE, MEANING THE VALUE OF YOUR BUSINESS. BUT WE CAN GET THE THE FRONTIER APPLICATION TO BE EXACTLY THE SAME AS A FRONTIER MODEL, WITHOUT THE RISK OF TRANSFERRING THE ALPHA OF YOUR BUSINESS TO ANOTHER. BY THE WAY, YOU COULD DO THIS WITH A FRONTIER CLOSED MODEL TOO, BUT THEN THE CLIENTS HAVE TO BE ABLE TO ASK AND ANSWER A VERY BASIC QUESTIONS. ARE YOU KEEPING THE DATA? ARE YOU GOING TO ENTER OUR BUSINESS? WHAT DO YOU IN THE CLASSIFIED CONTEXT, WHEN THE DEPARTMENT OF WAR GOES TO YOU AND SAYS, I NEED THIS APPLICATION, DO THEY GET TO CONTROL THE WEIGHTS TO DO IT, OR DO YOU GET TO CONTROL THE WEIGHTS? ARE WE REALLY GOING TO OUTSOURCE THE BATTLEFIELD OF THIS COUNTRY TO THE CONSENSUS VIEW IN SILICON VALLEY? THAT IS EFFING INSANE. AND BY THE WAY, EVERY SINGLE ENTERPRISE IN THIS COUNTRY IN PRIVATE, A LOT OF THEM DON'T

WANT TO SPEAK IN PUBLIC BECAUSE IT GETS IT GETS OUTSOURCED TO THE NEURODIVERGENT, CRAZY PERSON THAT APPARENTLY IS ON DRUGS.

THE ONE THING I DON'T DO IT. OKAY, SO THAT'S MY ROLE. BUT I'M TELLING YOU, IN THIS COUNTRY, AT EVERY SINGLE ENTERPRISE I DEAL WITH, THESE PEOPLE ARE LIVID. THEY'RE LIKE, I AM PAYING FOR TOKENS THAT CREATE NO VALUE. THESE PEOPLE ARE STEALING THE WEIGHTS IN ALPHA OF MY BUSINESS, AND THEY'RE CREATING A WEALTH TAX THAT DOES NOT HELP THE POOR. IT JUST PUNISHES. STARTS WITH THE BILLIONAIRES. EVERY SINGLE PERSON AT THIS TABLE IS GOING TO BE PAYING A WEALTH TAX ONLY TO PUNISH US. AND THE REASON FOR IT IS BECAUSE THESE MODELS HAVE BEEN COMPLETELY OVER, IRRESPONSIBLY OVERSOLD. AND THE SALE IS IT'S DANGEROUS FOR EVERYONE, WHICH IS WHY I CAN GIVE IT TO ALL YOUR ADVERSARIES, BUT I CAN'T GIVE IT TO THE DEPARTMENT OF WAR OR I CAN'T SAFELY GIVE IT TO AN ENTERPRISE IN THIS COUNTRY WITHOUT BEING CERTAIN THAT THE ALPHA OF THAT BUSINESS COULD TRANSFER TO THIS MODEL TOMORROW. I HAVE NO BUSINESS. NO JOB.

>> YOU SOUND PRETTY ANGRY. >> NO, THE. THIS IS THE VOICE OF AMERICAN BUSINESS THAT IS BEING CHanneled THROUGH ME. AND I'M TELLING YOU, IT IS. IT IS ABSOLUTELY A PROBLEM FOR THIS COUNTRY, BECAUSE WE ARE ON THE CUTTING EDGE OF EVERY SINGLE AI TECHNOLOGY. BUT IF YOU'RE GOING TO TRIPOLI, OVERSELL SOMETHING. AND AND BY THE WAY