

## Technology

# Germany's Merck Taps Palantir for Big Data Health Initiative



Photographer: KrisztianBocsi/Bloomberg

by **Lizette Chapman**

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- ▶ Broad partnership will focus first on cancer drug discoveries
- ▶ Merck is biggest pharma deal for Palantir, latest European win

Merck KGaA said it will use Palantir Technologies Inc. software to analyze the reams of pharmaceutical, life sciences and chemical data it collects to help develop and deliver products more rapidly.

The deal marks the first step in a long-term partnership giving Palantir a cut of Merck's resulting profits, the chemical and pharma giant said at Palantir's headquarters in Palo Alto, California. The companies will initially focus on treatment and services for cancer patients. They plan to eventually roll out the data tools to all divisions of the 349-year-old German company.

Merck Chief Executive Officer Stefan Oschmann said Thursday that its profit-sharing arrangement with Palantir wasn't "typical."

Palantir usually charges service fees. Merck and Palantir declined to provide financial terms.

Companies and government agencies use Palantir to pull disparate data sources onto a software platform and mine the information for meaning. Palantir said it will develop tools tailored to Merck researchers, helping them to better target potential patients, speed drug development and improve the efficiency of existing medicine supply chains.

For Merck, the deal represents a larger effort to digitize its labs and modernize its tools and drug businesses. Merck aims to use Palantir to meld data collected by its researchers with other bioinformatic information to better target cancer patients who could most benefit from new drugs and then make development and discovery of those drugs more efficient.

Palantir is looking for ways to diversify its business beyond government contracts. The Silicon Valley company -- co-founded and backed by billionaire Peter Thiel, a member of Donald Trump's presidential transition team -- got its start in government contracting and has long been a technology darling of the departments of Defense, Justice and Home-

land Security, among others. In recent years, it's been working to amass more corporate customers and expand geographically before a possible initial public offering.

The deal with Merck is the largest Palantir has secured in the drug and pharma sector, eclipsing arrangements with other companies including GlaxoSmithKline Plc. Palantir CEO Alex Karp said his company will have software developers on the ground in Germany to work with Merck, and he anticipates the partnership could last about a decade. "There's no finality to it," he said.

As the chiefs of both companies sat together in front of a small gathering of reporters Thursday, Oschmann recalled how he was introduced to Karp through a mutual friend. Oschmann joked that the friend described Palantir as "arrogant" but technically adept, so the two CEOs met about a year ago at an airport and quickly developed a rapport.

The collaboration is part of a push for Palantir in Europe, its fastest-growing region outside the U.S. Karp said the company increased cash collections by nearly 50 percent last year from \$420 million in 2015. He said Palantir expects to be profitable by next year.