National Security Innovation Base Summit

March 11-12, 2026 | Ronald Reagan Institute | Washington, DC

Program and Panel Summaries

These summaries and overviews highlight the key themes discussed in each program session. They are intended to capture the main ideas rather than provide exhaustive summaries of points raised.

Fireside Chat

• Senator Jim Banks, U.S. Senate, Indiana
• Senator Ruben Gallego, U.S. Senate, Arizona
Moderator: Ms. Briana Reilly, Punchbowl News

State of the Innovation Base and Emerging Threats

Both lawmakers acknowledged meaningful but insufficient progress on defense modernization. Senator Banks noted that many recommendations from the 2020 Moulton-Banks Future Defense Task Force have been partially implemented, but there is still significant progress to be made especially as the technology changes. Senator Gallego noted that as the state of warfare is evolving so quickly, it is difficult to adjust at the same speed. He added that the NDAA demand signal is still not strong enough for industry to invest both in hardware and in a trained workforce.

Ms. Reilly asked the senators how the NDAA can assist in empowering innovators to supercharge the defense industrial base. Senator Banks discussed the funding issue as there is not enough capital to support the needed mass in a conflict such as Iran. He stated that companies must maintain a workforce not just to remain viable, but to adapt to new funding, investment, and need. He added that the NDAA is informed by the very real fear of running

out of munitions in a conflict, and everything is thus reliant on restoring the industrial base. On the $1.5 trillion topline request from the White House, Senator Gallego stated that businesses need transparency and predictability to make large capital investments dependent on future contracts. He advocated for a dual track operation to both support innovation at prime companies, while creating investment structures for startups to scale.

Drone and Counter-Drone Capabilities

Senator Banks pointed to investments at Camp Atterbury and Crane Naval Base as tangible progress, highlighting the LUCAS drone as a model for cost-effective, Iranian-modeled capability development. Senator Gallego argued for a more fundamental doctrinal shift, contending that certain drones must be reclassified as munitions rather than platforms to enable stockpiling and rapid deployment at scale. Both agreed the NDAA must more aggressively address counter-drone capabilities.

Senator Gallego called on Congress to push the Pentagon to move in the direction towards drone warfare. He stated that when officers are promoted into decision-making roles, Congress should ensure those rising ranks understand the character of modern warfare. He added that the government should collaborate in industrial development with allies and partners to assist in R&D for new programs.

AI Regulation and Military Use

Both senators agreed that Congress must establish a clear legislative framework governing AI. Senator Banks focused on the importance of export controls to stay ahead of China, and stated the NDAA will have attention dedicated to AI. Senator Gallego added that if the government is too heavy handed, the best companies will decline to work with them. Rather, he advocated for Congress to set clear standards on where AI can and cannot be used in the kill chain.

U.S.-China Innovation Competition and Talent

The sharpest divergence of the session emerged when Ms. Reilly asked the lawmakers on the role of Congress to ensure the United States remains a global leader in innovation. Senator Banks expressed cautious optimism, citing greater Washington focus on innovation than at

any prior point in his tenure. Senator Gallego was considerably more pointed, warning that current immigration and research funding policies are actively undermining U.S. innovation leadership. He argued that highly trained foreign researchers are being expelled and subsequently recruited by China, while cuts to university research funding erode the foundational science pipeline. While both senators agreed that maintaining innovation leadership is a national security imperative, Senator Gallego's assessment of the current trajectory was markedly more critical.

Innovation at an Inflection: Grading the NSIB Ecosystem

- Senator Kevin Cramer, U.S. Senate, North Dakota
- Admiral Christopher Grady (Ret.), 12th Vice Chairman of the Joint Chiefs of Staff
- Mr. Doug Philippone, General Partner and Co-Founder, Snowpoint Ventures
- Mr. Christian Rodriguez, Partner, McKinsey & Company

Moderator: Ms. Rachel Hoff, Ronald Reagan Institute

Key Report Card Findings

Mr. Rodriguez identified the highlight of the 2026 NSIB Report Card as the two-letter grade improvement on Customer Clarity. He stated that three key themes emerged this year: first, that the foundational building blocks for modernization and transformation are coming into place. He added that the government as customer has gotten clearer regarding what types of technologies it wants and requires investment. The second theme Mr. Rodriguez identified was related to the need for investment and political will to allow transformation to take place. He stated that players need to analyze how to bring more private sector innovation into key technologies in the long term to ensure continued growth. He identified the final theme as that of turbulence, as the government shutdowns have ripple effects throughout the investor base.

Mr. Philippone joined the conversation by stating the government has become a better customer but is still slow at the execution level. He added that the sincerity from the administration on acquisition reform is promising for investors and companies to continue investments and lean into the moment.

When asked about sustaining current momentum, Admiral Grady said lasting transformation would be determined through (1) continued authorizer-appropriator synchronization, (2) shift

from industry to become genuine engineering firms focused on excellence, quality, and speed, (3) the translation rate for prototypes to program of records to decrease, and, (4) applications to legacy systems.

Defense Modernization

The NSIB Report Card assessed a "D" on Defense Modernization for the third consecutive year. Senator Cramer stated that this grade was earned, despite movement on some programs and new technologies coming in on schedule and on budget. He added that the perceived attitudinal shift across party lines between appropriators and authorizers is encouraging, driven in part by the conflict of Ukraine forcing the fog of war to reveal clarity in demand.

Mr. Philippone said one of the barriers to an A grade on defense modernization is the lack of flexibility to move existing dollars to new programs. Admiral Grady added that the ecosystem needs to go from just-in-time to just-in-case in order to earn an A. Mr. Rodriguez noted that there is a two speed model: one dedicated to unique, military specific capabilities, and another within the commercial ecosystem related to AI and semiconductor chips. He stated that balancing both speeds will require a difference in policy, but both need to be front of mind to best support the immediate needs of the warfighter.

Senator Cramer cited the Space Development Agency as a positive example encouraging companies to continue to innovate because of long-term demand signals rewarding new companies. He stated that treating failures as learning opportunities will force industry and leadership to move away from their risk aversion.

The Defense Tech and Prime Contractor Ecosystem

The NSIB Report Card found that while defense tech spending has doubled, it remains less than 1% of Pentagon contract dollars, increasing from 0.4% to 0.8%. Admiral Grady rejected the current narrative of new disruptors versus primes and championed the need for both. He continued to say that primes can act as a scaler, with integration from new platforms, and ultimately the need is not steel or silicon, but speed and scale.

Mr. Philippone added that these findings represent opportunity. He stated that success can come from only 2% of Pentagon spending, with a company able to turn revenue with less than .01% of the Department budget, making it so multiple companies can all “win.” He concluded

that in the end, everyone can win, including the taxpayer, though valuations of companies will take care of themselves. Admiral Grady chimed in on valuation, stating if a company is entirely dependent on Pentagon funding, it is a risk calculus for the Department as having access to the commercial market is a strength.

Mr. Rodriguez offered a different way to read the data, saying it only accounts for where disruptors are the prime contractor. He added, when you account for roles on contracts at the subtier level, or, expand disruptors to include commercial companies that are begging to work in defense work, the number grows.

Sustaining Momentum in Transformation

Senator Cramer closed out the panel by saying Congress needs to provide a full set of appropriations bills on-time by September 30th and demonstrate functionality to send a signal that change is in place for defense transformation to occur. He added that investors and companies should plan for continued congressional budget dysfunction.

Next Generation Edge: Transforming Security through AI and Quantum Technology

- Mr. Justin Fanelli, Chief Technology Officer, U.S. Department of the Navy
- Mr. Rich Goldberg, Chairman, Defense Technology Alliance
- Representative John McGuire, U.S. House of Representatives, Virginia, 5th District
- Mr. Andrew McLaughlin, Chief Operating Officer, SandboxAQ

Moderator: Mr. Will Knight, WIRED

AI Adoption and Operation Epic Fury

Mr. Fanelli described a meaningful acceleration in the Navy's AI adoption–spanning autonomy, communications, cyber, and sensor-based maintenance–driven by a shift toward outcome-based evaluation and faster piloting cycles. When asked about ethical concerns on use of AI in combat, Mr. Fanelli responded that the shared security interests of the United States and its partners outweigh the noise in conversations around doctrine and use of AI.

Speed of Adoption and Sustained Use

Representative McGuire stated that AI use needs to go faster for technology to be deployed for defense. He noted that while software is consistently outside of the top ten priorities for the Pentagon, the current administration is pushing for software, AI, and quantum to be a higher priority for the Department to ensure weapons can remain operational in a contested environment. Representative McGuire added that beyond spending money on the technology, the United States needs to invest in the right people who can build the technology and infrastructure necessary to support a greater focus on software.

Quantum: Near-Term Physics vs. Long-Term Computing

Mr. McLaughlin drew a critical distinction between quantum computing–still years from maturity–and quantum physics-based applications deployable today, including molecular-scale modeling with direct applications to battery chemistries, catalysts, and drugs. He warned that while the United States has the upper hand in quantum physics, the gap is not as big with quantum computing. As China races to create a production-grade quantum computer for decrypting already stolen data, the United States needs to improve its defensive measures.

Representative McGuire echoed the urgency, stating that quantum computers with the ability to use advanced chemistry and subatomic modeling will have massive implications for decision making and combat effectiveness, as well as bolstering civilian efficiency. He noted that NDAA provisions have begun addressing post-quantum cryptography but that the U.S. is only approximately 8% toward the compliance needed by 2030, demanding extensive investment to ensure encryption in financial systems and critical infrastructure.

Mr. Goldberg highlighted that Israel leads the world per capita in quantum startups which will be a major part of the U.S.-Israel defense partnership going forward, as well with other high-tech allies like Japan. Mr. Fanelli added that the Department is no longer asking what to think about quantum and instead is focused on what capabilities and advantages quantum can provide for it. He cited public-private partnerships as critical to the Department as the private sector is developing to advance the Department and deploying capabilities faster than expected. He touted the new vendor-agnostic AI evaluation infrastructure that operates on a commission-based evaluation for mission outcomes to capture new technology as quickly as possible.

Open-Source Models

Representative McGuire stated that due to the speed of acceleration, the government cannot afford to leave good ideas off the table, but sharing technology comes with risks as we need to maintain as large a gap as possible between the United States and China. Mr. McLaughlin added that rather than open-source models, SandBoxAQ has used open-source training datasets to simultaneously advance the field and to demonstrate capabilities for business development. Their public data sets require licenses, which are free for universities, available for purchase by other companies, and rejected by anyone thought to be a competitor to the United States.

Talent and Universities

Mr. Knight asked panelists if the U.S. struggling to retain and attract academic talent in quantum is worrying. Mr. McLaughlin responded first, stating that China is running a Manhattan Project-scale program on quantum computing with diligent effort to recruit Chinese talent back to China. He warned that unless we change course, the United States will fall behind, and talent could mitigate this risk. Mr. Fanelli added that talent is exponential and nonlinear, and that while new companies enter the market to work on defense technology, the Department needs to widen the aperture to capture those people.

Mr. Goldberg credited the Department of Energy with being forward leaning to engage research universities to integrate into a strategic system. He encouraged providing full scholarships to leading research universities to attract and retain talent. He added that he believes universities need to be open to welcoming President Trump and displaying what they are working for to better support the administration's priorities.

AI Regulation and Contention

Representative McGuire stated that as software becomes a higher priority, regulation on autonomous weapons will become a greater conversation beyond the NDAA. Mr. Fanelli added that the more people can bring specific data and numbers to contextual issues, the smarter and faster everyone can act. He stated that the Department wants measurable outcomes per dollar. Mr. Goldberg stated that the government needs to be able to make the case for responsible development while supporting national security in a confident tone to convince skeptics.

Financing Advantage: Leveraging Private Capital for National Security

- Mr. Jamil Jaffer, Venture Partner and Strategic Advisor, Paladin Capital Group
- Mr. Peter Ludwig, Co-Founder, Applied Intuition
- Mr. Alex Moore, Partner, 8VC
- Mr. Raj Shah, Former Director, Defense Innovation Unit

Moderator: Mr. Corey Weinberg, The Information

The Funding Boom and Attraction to National Security Industries

All panelists acknowledged a dramatic acceleration in defense tech venture investment–up 84% year over year–driven by a convergence of mission appeal, engineering talent migration, and genuine customer demand from the U.S. government and allied militaries. Mr. Shah, while noting the overall increase in appeal of national security work, questioned if this momentum could be sustained. He added, despite the funding surge, defense tech disruptors account for less than 1% of Pentagon procurement spending, and roughly 80% of that is concentrated in just three companies. He framed the current environment as having all the ingredients for acceleration but cautioned that follow-through–converting investment into sustained procurement share–remains unproven.

Mr. Moore argued that a critical mass of top engineers choosing defense over consumer tech is the leading indicator of sustained industry growth, describing a "spiritual shift" among Silicon Valley engineers away from advertising algorithms and toward patriotic companies. Mr. Ludwig stated that the diversification within companies to offer commercial and government solutions is beneficial for the ecosystem that allows for scale and profit. Mr. Jaffer added that the American system of government, capital formation, and values allows companies to succeed, leading to companies realizing their duty to provide for the country. Panelists agreed that VC money must be monitored to ensure no Chinese investments.

Capital Stack Maturity and the Manufacturing Gap

Mr. Moore identified the next frontier of the defense tech investment challenge as moving beyond venture capital into industrial-scale financing. Venture capital, he argued, is the right instrument for early product development, but manufacturing facilities require a different class of capital–debt financing from large private equity and infrastructure funds. He pointed to the Office of Strategic Capital as a meaningful policy lever for bridging this gap.

Mr. Shah added that investment across the capital stack requires multiple firms and types of capital with diverse backgrounds for when domain knowledge matters. Mr. Ludwig added that defense tech as a whole is not a large market, and the investment from VC may exceed the current market size, making any investment a fundamental bet on market growth.

Valuations and the Consolidation Scenario

Mr. Weinberg pressed panelists on the valuations of the leading late-stage defense tech companies—Anduril at $60 billion, Saronic at approximately $9 billion, and Shield AI at approximately $12 billion—each carrying substantial revenue multiples.

Mr. Moore made the case for Saronic specifically, arguing that the company's focus on autonomous maritime platforms is uniquely positioned for a potential China engagement, where the U.S. faces a roughly 200-to-1 disadvantage in surface vessels. He dismissed traditional shipbuilder comparables like Huntington Ingalls as categorically inapplicable, framing the opportunity as an iPhone-versus-flip-phone paradigm shift.

On the broader valuation question, Mr. Jaffer argued that even a boom-and-bust cycle produces strategic value: failed startups generate IP portfolios that can be acquired by larger defense companies or primes at low cost, ultimately strengthening the national security technology base regardless of investor returns.

Mr. Ludwig, in response to a question on ambition, stated that the more companies adapt commercial technology for defense use, the better off the nation will be. He argued that adapting commercial technology can provide an 85% solution and require a 15% adaptation, rather than developing a bespoke defense-only solution from scratch. He added that to know if a product would work, there still needs to be battle testing.

Speed and Scalability

When asked what tech products are influencing active operations or weapons today, Mr. Shah said it is difficult to comment on specificities but stated that there are clear corollaries from Ukraine on the need for speed in development and deployment.

Mr. Moore added that regarding scalability, 8VC is finding successful technology alumni, like from SpaceX, who have experience building factories to share knowledge and coordinate. Across the VC community, investors are coordinating on how to successfully move from

software to hardware and manufacturing, to build manufacturing and think of supply chains at scale.

The Future of VC in Partisan Contexts

Mr. Weinberg raised the question of whether the visible political alignment of prominent defense tech investors with the current administration creates exposure to a change in government. Mr. Jaffer pushed back, arguing that the underlying logic–American companies building American capability supported by American capital–transcends partisan politics, and that the ESG-driven reluctance to invest in defense that characterized a prior era is broadly receding. Mr. Shah drew on his experience running the Defense Innovation Unit across both the Obama and Trump Administrations, noting that the demand for procurement reform and faster acquisition has been consistently bipartisan. Both framed durable customer demand, not political alignment, as the correct measure of investment thesis resilience.

Digital Dominance: Innovating for Cyber Advantage

- Representative Sarah Elfreth, U.S. House of Representatives, Maryland, 3rd District
- Mr. Joe Lin, Co-Founder and Chief Executive Officer, Twenty
- Mr. Matt Tait, President and Chief Executive Officer, MANTECH
- The Honorable Mac Thornberry, Former Chair, House Armed Services Committee

Moderator: Ms. Suzanne Kelly, The Cipher Brief

The Threat Landscape and the Case for Urgency

All panelists agreed the United States is not adequately meeting the cyber threat. Representative Elfreth pointed to the talent and workforce pipeline's shortcomings as threatening the U.S. capacity to respond to its adversaries and expressed concern about being outspent on investment. Mr. Lin expanded on these points and cited former NSA Director Paul Nakasone's public acknowledgment that the U.S. is being outpaced by China in speed, scale, and sophistication in the cyber domain.

Mr. Tait argued that framing the challenge as a "gray zone" understates the reality, stating plainly that adversaries are waging war against the U.S. in cyber, including pre-positioning

capabilities on critical infrastructure. He added that AI without cyber resilience is too fragile, and cyber without AI is too slow.

Chairman Thornberry identified AI-enabled cyber operations as the most significant emerging development, describing the potential for agentic AI to replicate at machine scale a cyber attack across the grid.

Cyber Talent and Workforce

The panel expressed shared concern over workforce and retention in cyber technologies. Representative Elfreth noted that the new cyber strategy from the White House lacks operational detail, but she agreed with the main pillars on workforce and investment. She added that the civilian side of the Pentagon is a key component to cyber resilience.

Mr. Lin stated that talent will depend on attracting engineers to the defense sector, and building tech schools around cyber and AI to support genuine career paths. Chairman Thornberry argued that a legal immigration system needs to be able to attract and retain talent in the cyber workforce.

National Cyber Strategy: Offense & Defense

Responding to a question on how to produce meaningful progress based on President Trump's Cyber Strategy for America, Mr. Tait stated that operational technology and mission augmentation is necessary for resilience. Mr. Lin stated that shaping adversary behavior is notable as it gets to the heart of the cost imposition in cyber warfare.

Chairman Thornberry stated that while incremental progress has been made, President Trump's Cyber Strategy is a list of goals rather than an operational strategy for cyber as a warfighting domain. He faulted stagnation in progress as a result of leadership being unable to speak candidly about cyberthreats and the vulnerabilities that exist within civilian infrastructure.

Mr. Tait agreed, saying that ManTech is attacked daily by Russia and China, and educating people of that fact will sound the alarm. Chairman Thornberry continued, encouraging business leaders to educate the American public on what cyber defense and offense looks like in practice. Representative Elfreth added that military and civilian infrastructure alike are

targets for cyber-attacks due to extensive vulnerabilities, and a strategy needs a coherent plan to address this.

Cognitive Advantage in the Cyber Domain

Chairman Thornberry quoted Admiral Paparo in saying that the character of war is changing due to the commoditization of drones, penetrating strikes, and the use of cyber, information, and cognitive operations to achieve political effects. He stated that he is most concerned about political decisions being driven by our adversaries who manipulate our free press with propaganda and information operations.

Mr. Tait said that if you want to engage the public in a sustained way, cyber strategy should be turned into a game where the public can be rewarded for understanding what is happening. Chairman Thornberry added that the American public can learn from Taiwan as their citizenry is constantly warned about specific cyber threats from mainland China.

Mr. Lin added that Taiwan's resilience efforts are successful due to the honesty from the government about the threat that China poses. Representative Elfreth agreed that Taiwan's whole-of-society approach is something that can be replicated with a shared stake in cyber defense.

Operational Offensive Cyber Warfare

Mr. Tait explained offensive cyber conceptually as (1) a mindset of urgency and pace, (2) accurate mission augmentation with adequate staffing, and (3) comparable funding to other domains. He added that from an investment standpoint, with cyber, supply chain issues are reduced, speed is easier, and both kinetic and not-kinetic operations can be deployed, making cyber a strategic weapon.

Representative Elfreth added that the workforce pipeline is constrained, limiting the capacity of offensive cyber, due to the lifestyle limitations on employees, such as lengthy clearance processes, and existing primarily within a SCIF. Mr. Lin stated that in order to prevail in a cyber war against China or Russia, we need to rethink how capability is generated from an artisan model to industrial scale.

Future of Cyber

Responding to what the next steps are to address the concerns around cyber, Chairman Thornberry identified transparency, improved immigration policy, and partnerships with the defense industrial base as critical to improving our cyber resilience and capacity. Mr. Tait identified novel innovation, whereas Mr. Lin discussed a whole of society approach.

Signaling Demand: Aligning Budget Priorities and Customer Clarity

- Mr. Mike Brown, Former Director, Defense Innovation Unit
- The Honorable Jules "Jay" Hurst III, PTDO U.S. Under Secretary of War (Comptroller)/Chief Financial Officer
- Mr. Josh Wilson, Chief Executive Officer, LMI Solutions
- Representative Rob Wittman, U.S. House of Representatives, Virginia, 1st District

Moderator: Ms. Valerie Insinna, Breaking Defense

Iran Supplemental and Munitions Stockpiles

The panel opened with questions about a prospective Iran supplemental. Mr. Hurst confirmed the Pentagon is developing options for leadership consideration but declined to share specifics on timing or scope. Representative Wittman noted broad and growing congressional support, framing the supplemental not merely as a response to the Iran conflict but as an accelerant for addressing pre-existing munitions magazine depth shortfalls. He emphasized the strategic mismatch of expending high-cost interceptors against low-cost adversary drones, arguing the U.S. must urgently build mass in expendable and attritable platforms.

Customer Clarity and the FY27 Budget

Mr. Brown argued the B-minus grade on the NSIB Report Card is too generous, citing weak demand signals for precision, low-cost, attritable systems despite surging venture capital interest in the space. He stated that the government now needs to issue contracts so companies will know what demand is coming, allowing them to invest in necessary workers, infrastructure, and equipment. Mr. Wilson noted meaningful progress in priority-setting and organizational clarity through the consolidation and identification of who owns outcomes.

Mr. Hurst described the FY27 budget as a "generational investment" balanced across legacy platforms, advanced systems, space, and drone dominance, with investment ratios comparable to the Reagan-era buildup. He confirmed the budget would land earlier than last year's June delivery but declined to share further specifics, pointing to the President's True Social post as the clearest public signal on the $1.5 trillion topline.

FY27 National Defense Authorization Act

Representative Wittman stated that the current NDAA will focus on growing the industrial base, especially at the supplier level to prevent single points of failure. He also flagged that when new systems have an operational availability rate at 50% or below, it is problematic for sustainment and investments. Without making comments on the expanded topline, Representative Wittman focused on how Congress will need to figure out where dollars go—in sustainment, attritable and expendable platforms, and ensuring the industrial base. He also noted that expanding authorities is key to flexibility needed to operate at the speed of reality.

Mr. Brown stated that he is looking for flexibility in how dollars are spent with multi-year authority expanded beyond munitions to create long-term demand signals. Mr. Wilson elaborated on spending flexibility, explaining that having delivered dollars on specific line items leads to tradeoffs.

Acquisition Strategy and Multi-Year Contracting

The panel converged on the need to expand multi-year contracting authority beyond munitions to cover attritable and emerging technology categories. Representative Wittman said appropriators will need to be more willing to provide flexibility as technology continues to change to allow the services to enter dynamic, long-term contracting. He added that the Pentagon needs to become software centric.

Mr. Hurst stated that while some items are best purchased through multi-year demand signals—like munitions—the Pentagon still needs flexibility in execution for new programs and new technologies. He added that the inability to shift money between accounts when one assembly line is full and another has availability limits efficiency in the Department, and the Department now seeks to reward efficiency to reach necessary mass. On the issue of sharing information with appropriators, Mr. Hurst said the Department is committed to sharing

information in a thoughtful way to have conversations with authorizers and appropriators on acquisition reform.

Defense Reforms

Regarding effective Pentagon reforms, Mr. Wilson said the marketplace to sell to government is feeling more commercial, favoring demonstrated ability over years of experience which provides new companies with a competitive edge. He stated that the obsession with programs of record is overrated, claiming everything is replaceable. He added that as software pricing continues to decrease, the only answer is competition.

Mr. Brown reiterated this, saying that competition and a commercial-first approach are necessary to shift the conversation towards capabilities of record. He said contracts need to be released with an understanding that companies can be replaced if they are not competitive. He characterized the overall moment as a “once-in-a-generation opportunity” that industry needs to capitalize on.

Representative Wittman agreed, saying competition is key and behavioral change is needed to open the aperture rather than be proscriptive. He stated the new paradigm is of attritable and expendable mass for deterrence, which will require a novel approach to security. Representative Wittman added that the government should state a general capability requirement, let everyone compete, produce a specific number, then determine next steps. This will produce volume, competition, mass, and overall dominance. Mr. Wilson jumped in, adding that policymakers in the national security community who are risk adverse are uncomfortable with the needed pace, but that everyone needs to operate in a growth mindset.

Keynote Program

• The Honorable Michael Duffey, U.S. Under Secretary of War for Acquisition and Sustainment
Moderator: Ms. Morgan Brennan, CNBC

Operation Epic Fury and Industrial Base Readiness

Mr. Duffey opened by addressing Operation Epic Fury, affirming that the military has what it needs to prosecute the current mission. He framed the conflict as both a demonstration of American weapons capability and a catalyst for accelerating ongoing industrial base reforms.

Acquisition Reform and the Commercial-First Model

The conversation centered on the Pentagon's recognition that it must restructure its acquisition system to absorb innovation from industry. Mr. Duffey described 41 regulatory class deviations to reduce the acquisition framework down to its statutory core. He emphasized a shift toward a commercial-first model, describing it not just as a preference for commercial items but an adoption of commercial business incentive structures–including firm fixed-price contracts, multi-year procurement commitments, and equity investments–to drive manufacturing modernization.

Industrial Investment

Mr. Duffey detailed multi-year procurement agreements with prime companies, structured over five to seven years, through which companies have pledged billions of their own capital in exchange for long-term demand certainty. Mr. Duffey indicated that equity investment will continue as a tool where traditional grants fail to generate sufficient accountability. He emphasized the Department’s intent to put “real teeth” in contracts to ensure timely delivery of capabilities.

Intergovernmental Coordination

Mr. Duffey stated congressional action on multi-year procurement authority signals recognition of the Department's production growth requirements. He pointed to the President's budget as offering a clear demand signal but declined to further comment on the FY27 budget ahead of its release.

Leadership and Talent Capture

Mr. Duffey credited Secretary Hegseth and Deputy Secretary Feinberg for the leadership necessary to build a trusted relationship with industry. He noted that long-term deals benefit suppliers at every tier, creating a flywheel of investment across the supply chain. The Department's Business Operators for National Defense initiative draws leadership talent from the automotive sector to accelerate modernization in programs requiring overhaul, while expanding outreach to non-traditional industries and workforces.

On equity, Mr. Duffey framed deconsolidation as a worthy goal, with equity investment and competition as complementary tools toward a self-sustaining industrial base—with the government exiting its equity position as that sustainability is achieved.

New and Sustained Capabilities

Mr. Duffey pointed to the Secretary's "Arsenal of Freedom" Tour as a meaningful effort to instill mission and purpose in the defense manufacturing workforce, arguing that cultural transformation—connecting workers directly to the warfighter they support—is as important as programmatic investment.

On new capabilities, Mr. Duffey stated that AI and software are enablers within the Department and encouraged embracing new technologies. He said that there is a need for both exquisite capabilities and low-cost mass for a hybrid force to accomplish its missions. He reiterated that a commercial-first strategy enables industry to bring solutions to the problems the Department identifies.

Private Capital

Mr. Duffey argued that every private capital dollar invested in a Pentagon need is a dollar the Pentagon doesn't need to spend. He identified the challenge not as attracting private capital,

but directing capital towards its highest-value applications. He noted that supply chain resilience and other non-headline-grabbing technologies are just as important as investments in drones. He added that ensuring private capital can generate returns is essential to sustaining long-term investment. He noted ongoing efforts to remove barriers to domestic and international scaling.

Allies & Partners

Mr. Duffey described the consolidation of the Defense Security Cooperation Agency and the Defense Technology Security Administration under his office as a strategic move to aggregate U.S. and allied demand signals into a unified composite forecast. He expressed confidence that the America First Arms Transfer Strategy, combined with growing allied defense spending commitments, will generate a powerful and durable demand signal that incentivizes further industrial capacity investment. He stated that the best outcome of foreign military sales is to equip allies and partners with the best weapons so they can contribute to their own self-defense, while benefiting the U.S. industrial base and workforce.

Call to Action

Mr. Duffey closed with a call to action for both industry and government, emphasizing that cultural change is the only path to durable transformation. He described the current moment as one of genuine momentum, with leadership alignment across the White House, Pentagon, and Congress, and urged sustained engagement to ensure this window of opportunity is not lost.

Fireside Chat

• Senator Tim Kaine, U.S. Senate, Virginia
• Senator Todd Young, U.S. Senate, Indiana
Moderator: Mr. Marcus Weisgerber, The Wall Street Journal

Shipbuilding and the Industrial Base

Senator Young focused on the commercial maritime gap, noting China builds roughly 1,000 oceangoing vessels per year, while the U.S. has capacity for five but only outputs one. He added that the shipbuilding objective is to revitalize and expand the capacity of existing shipyards while training more trade works and expanding the labor capacity–which he identified as the most challenging market piece. He described the Ships for America Act as a comprehensive response targeting 250 vessels over 10 years through new shipyards, tax incentives, deregulation, and a dedicated maritime trust fund.

Senator Kaine framed the challenge around three pillars: innovation, workforce, and allies. He praised Pentagon leadership for broadening the acquisition ecosystem beyond traditional primes to bring in innovators and disruptors. He stated that with the Pell Grant now available for career and technical education, the workforce bottleneck could be alleviated, but scaling will require more innovative measures. Senator Kaine expressed support for our allies and partners sustaining their own self-defense with U.S. materiel.

Munitions and Long-Term Procurement

Both senators expressed unambiguous support for multi-year munitions procurement deals, agreeing that long-term contracts are essential to attracting private sector investment. Senator Kaine noted that short-term commitments reduce supplier participation, while Senator Young drew a distinction between munitions–where a commercial market is neither expected nor desired–and drones, where commercial market development is a viable cost-reduction strategy.

Critical Minerals

Senator Young outlined his desire for the president to establish sector-specific free trade agreements for allied countries while Congress expands the Defense Production Act to increase funding for refining, geological mapping, and permit reform. Senator Kaine reinforced the allied dimension, stating that while Australia has significant mineral reserves they require refining capacity and infrastructure investment for use by the United States and other partners. Both senators agreed on the necessity of mechanisms to protect long-term domestic and allied investment from Chinese market manipulation through below-cost pricing.

Winning the Talent Battle: Strengthening the National Security Workforce

• The Honorable Sasha Baker, Head of National Security Policy, OpenAI
• The Honorable Eric Fanning, 22nd U.S. Secretary of the Army
• Lieutenant General John Healy, Chief, U.S. Air Force Reserve; Commander, U.S. Air Force Reserve Command
• Mr. Chris Power, Founder and Chief Executive Officer, Hadrian
Moderator: Ms. Jen Judson, Bloomberg

The Nature of the Talent Crisis

The panelists agreed the United States faces a genuine talent crisis, though they characterized it differently. Ms. Baker highlighted the gap between the talent accessible to the government and to industry, which leads to difficulty in translating between the two worlds. She offered a potential solution with public-private rotations to offer insight for employees of the government into industry and vice versa. Secretary Fanning emphasized that the low grade for talent base in the 2026 NSIB Report Card reflects not a quality problem but insufficient quantity and misaligned skill sets, noting that aerospace and defense suffers from higher attrition than peer industries due to bureaucratic friction in working with the government.

General Healy focused on the Air Force Reserve's quantity problem, noting that recruiting and retention cycles track closely with economic conditions. He stated that due to the aptitude testing, the Air Force is able to create good quality from utilizing existing skillsets of recruits but cannot make up quantity when recruitment numbers are low.

Mr. Power framed the challenge for industry both in the quantity problem due to mass off-shoring and a quality velocity problem, as master welders take over 10 years to cultivate. He explained that Hadrian uses automation to de-skill jobs, allowing people to learn manufacturing requirements in 30 days to perform job functions with the assistance of technology. He noted that the defense industrial base lacks productivity and automation, creating a massive productivity gap.

Competition for Global Talent

Ms. Baker highlighted that the pool of frontier AI researchers capable of breakthrough work numbers only in the hundreds globally. Both for the success of companies like OpenAI, and for the greater strategic competition between the United States and China, Ms. Baker argued that it is imperative to recruit the best talent globally and retain them within American-based companies. Secretary Fanning added that the capacity to attract manufacturing talent has been limited as federal contracts often rely solely on community colleges as an anchor for talent.

Innovative Workforce Models

General Healy stated that the Air Force Reserve has worked on how to better combat the strategic imbalance by identifying secondary skillsets within the airmen and creating “bullpens” for critical technologies where airmen with specialized skills, such as advanced degrees in hypersonics, are available for hire within the Air Force to solve critical problems. General Healy described the Air Force Reserve's "Gig Eagle" program—an AI-powered platform that surfaces hidden civilian skill sets among reservists. He also articulated a long-term vision of full permeability between active duty, reserve, and civilian career paths.

Workforce Shortage and Potential Solutions

Mr. Power stated that the slowed automation within the defense industrial base is due to the lack of compartmentalized and written tasks that master builders accomplish, which makes the entire legacy platform dependent on craftsmen. He proposed that with automation, this would be reversed, though noted that there would be ramp up difficulties across all systems and platforms. Regarding the exact workforce shortage, Mr. Power stated that the lack of cultural reverence for manufacturing and the American preference for jobs that require a college degree make it difficult to recruit workers.

On solutions, Mr. Power offered a specific proposal: have the government subsidize the first year of on-the-job salaries for workers entering the defense industrial base, arguing this single intervention would unlock the supply chain's willingness to train entry-level hires. General

Healy stated that technical career fields do not have enough incentive to stay in the military to create a stable environment.

Secretary Fanning cautioned against any silver bullet, pointing to clearance delays, rigid job classification requirements, and Pentagon oversight structures as compounding barriers that must be addressed in parallel. Ms. Baker advocated for structured rotations between the private sector and government, arguing that even short tours of service create lasting awareness of operational problems that technologists carry back into industry.

Future of National Security Workforce

Secretary Fanning stated that new workers are more interested in cross-sector career flexibility and having leadership over projects. He added that people still want to work in national defense as they care about the mission. General Healy echoed that flexibility in the reserve structure is what makes those components successful. Ms. Baker stated that there has been a large cultural shift, and Silicon Valley is now willing to work with the government—but on AI and national security, she noted that we cannot yet use AI across all functions of the national security workforce.

Capacity to Compete: Strengthening Defense through Industrial Innovation

- The Honorable Michael Cadenazzi, U.S. Assistant Secretary of War for Industrial Base Policy
- Ms. Madeline Hart, Defense and Space Lead, Palantir Technologies
- Mr. Dino Mavrookas, Co-Founder and Chief Executive Officer, Saronic Technologies

Moderator: Mr. Noah Sheinbaum, Crossing the Valley

Workforce and Manufacturing Capacity

All panelists identified workforce shortages and scalable manufacturing as the most critical near-term gaps in the industrial base. Mr. Cadenazzi emphasized a shortfall of 400,000 defense manufacturing workers today—projected to grow to 4 million over the next decade—and stressed the need to engage students as early as elementary school to rebuild interest in the trades. He framed defense manufacturing careers as an important and underappreciated

form of national service. He also discussed the need to invest more capital into the less exciting manufacturing jobs working in chemicals, minerals, mining, and refining.

Ms. Hart focused on scalable production as a deterrent for conflict. She stated that the equation relating financialization with product performance has given us an improper view of the defense industrial base as healthy, and production needs to be the primary metric of success when evaluating companies. Mr. Mavrookas agreed with both points on workforce and capacity, stating that the metric for scaled manufacturing should be net new infrastructure going into ground. He stated that private capital can act as a force multiplier in allowing companies to create products to build the demand signal within the government to go after the market.

Mr. Cadenazzi added that the United States has been tolerant of its poor manufacturing performance as it has not had a competitor that could compete at our scale. Now, with competitors who can threaten us, he said that we need budget and capacity to increase to bolster our industrial base.

Capital, Demand Signals, and Industrial Investment

The panel converged on the view that government, public markets, and private capital each play distinct and necessary roles. Ms. Hart argued that Palantir's model—investing its own R&D ahead of demand and amortizing it across a broad customer base—illustrates how publicly traded companies can drive capability innovation without relying on government reimbursable R&D. She stated that the greatest impact from the Pentagon is when they act as a customer, not a capital provider, allowing the market to fill the capital gap.

Mr. Cadenazzi acknowledged that inconsistent government demand signals have historically undermined industry's ability to align resources. He stated that demand signals are now being structured as long-duration, high-volume contracts to stabilize and drive investments into the supply chain and to catalyze additional capital. He framed the Acquisition Transformation Strategy as the overarching policy vehicle for sustaining reforms with the goal of telling markets how the Department intends to operate going forward.

Mr. Mavrookas advised investors to lean into the demand signals coming out of the administration and to find opportunities that are critical to the country where the right demand signal can generate a good return.

Reform Priorities

Asked what it would take to reach top grades in the NSIB Report Card for defense modernization, manufacturing, and talent, the panelists were direct. Mr. Cadenazzi called for radically different inputs and processes rather than more money through the same channels, and stressed the importance of demonstrating responsible use of existing dollars to justify further investment. He added that the Department should pursue large-scale, long-term procurement strategies that can unlock private capital and drive production at scale.

Ms. Hart argued that re-industrialization requires engaging the full American economy, noting the defense budget alone is insufficient to sustain more than a handful of firms. She emphasized the need to elevate the status, wages, and productivity of the American industrial workforce through technology adoption and broader economic integration.

Mr. Mavrookas distilled the formula to capital, talent, and demand—arguing that a sustained government demand signal creates a self-reinforcing cycle of private investment and workforce growth.

All panelists expressed cautious optimism that the current leadership commitment and structural reforms already underway represent a genuine inflection point.

The Drone Battlefield: Innovation and Modern Warfighting

- General Jim McConville (Ret.), Former Chief of Staff, U.S. Army
- Mr. Oleg Rogynskyy, Chief Executive Officer, UFORCE
- Mr. Bob Simmons, Vice President, Defense, Space & Security - Government Operations, The Boeing Company
- Mr. Ryan Tseng, Co-Founder and President, Shield AI

Moderator: Mr. Colin Demarest, Axios

Drone Deployments

Panelists agreed that the conflicts in Ukraine and the Middle East have fundamentally reshaped the battlefield. General McConville noted the speed at which the Army is moving to utilize drones in novel ways in aggressive manned-unmanned teaming and counter-drone operations driven by prime and disruptor technology. Mr. Rogynskyy offered a granular view

of Ukraine, praising the integrated data within Ukrainian drone technology beyond the kill chain, explaining how if a drone performs well in battle, its kill videos can be uploaded to a government marketplace and operators can purchase whole kits without procurement paperwork.

Mr. Simmons praised the new acquisition system and the greater partnerships between primes and startups to innovate together to assist the warfighter faster. He credited Deputy Secretary Feinberg for the shift away from risk-averse, contract-hiding behavior to focusing on the warfighter. Mr. Tseng focused on the speed at which autonomy can be deployed, stating that it is the most important technology for the future of defense as it will exist on every platform.

Operational Use: Ukraine, Iran, Venezuela

General McConville credited drones as the definitive capability enabling maneuver on the battlefield in Ukraine, with future campaign success dependent on the integration of drones with space and cyber capabilities for multi-domain warfare at the speed of relevance. Mr. Rogynskyy stated that the maneuverability is already occurring with fully autonomous trench assaults, moving the infantry behind the line of fire.

Mr. Simmons stated that drone activity is not a monolith, as their value in Iran is not to create air superiority but to threaten economic and civilian infrastructure—turning the battle into an air-superiority one rather than area-denial like in Ukraine. He raised the question of how we can plan for both area-denial and air-superiority or defensive drone battle across diverse adversaries where we aim to dominate or deter.

Mr. Tseng stated that due to American dominance in space lift capacity, the United States is omniscient over battlespace, as seen in the Maduro raid. He stated that the operational complexity of the raid would decrease with further fielding of AI across low and high-end technological developments within the industrial base and military.

Industrial Base and the China Gap

On mass production, Mr. Tseng stated that effectiveness of mass and a diverse stockpile are more important than stock capacity. Mr. Rogynskyy said that manufacturing will need to be clandestine and distributed to produce mass at both scale and speed. General McConville

addressed mass from a different angle, instead talking about how joint command-and-control can produce a greater effect than one drone on one target. He stated that the speed of decision-making will be more likely to change warfare than mass itself.

International Partnerships and ITAR Reform

Panelists agreed that cooperation with allies is both essential and beneficial for the United States. Mr. Tseng urged support for Under Secretary Duffey's acquisition reform to find new ways to enroll foreign partners earlier in the development and sales processes for new weapons systems. Mr. Simmons credited the international market with providing capital to develop products to sell both abroad and domestically. He cited the Boeing E-7 program that was started in Australia, and is now being sent from Australia to support the United States in Iran.

Mr. Rogynskyy offered a contrarian view, stating that many NATO countries express the tension in partnering with the United States due to messaging that allies need to take control of their own defense. Mr. Simmons stated that friction is caused by licensing hurdles from ITAR which continually slow collaboration and integration among allies and partners.

Future American Engagements

General McConville said that the military and the defense industrial base are eager to get new systems, train, and deploy. Mr. Simmons added the caveat that there is still always a risk that you can win the tactical engagement but not the war or the conflict. He stated that while the focus on technology is beneficial, we still need munitions and supplies to sustain troops in a long conflict.

Mr. Tseng added that China has dramatically greater manufacturing capacity—outproducing the United States by 3:1—leaving the United States way behind in production rates. General McConville added that because China is on a five-year plan and the United States on a one-year plan, it is critical for Congress and the Department to cooperate on long-term contracts. Mr. Rogynskyy stated that we are not just fighting for space but for time and how quickly we can adapt.

Modernizing Together: Advancing Capabilities with Allies and Partners

- Ms. Hamutal Meridor, Co-Founder and President, Kela Technologies
- Dr. Nadia Schadlow, Former U.S. Deputy National Security Advisor for Strategy
- Admiral Pierre Vandier, Supreme Allied Commander Transformation, NATO
- Representative Eugene Vindman, U.S. House of Representatives, Virginia, 7th District

Moderator: Ms. Courtney Kube, NBC

Barriers to Allied Industrial Cooperation

Panelists identified overlapping but distinct challenges regarding U.S. efforts to advance shared innovation priorities with allies and partners. Ms. Meridor argued that meaningful collaboration requires genuine open architecture, not merely its rhetoric, and that real innovation emerges from the battlefield. Dr. Schadlow framed it as an unresolved strategic architecture question as the U.S. and Europe are pursuing divergent industrial models—and without alignment, scaling capacity across alliances remains elusive.

Admiral Vandier argued the foundational problem is an absence of common strategic purpose, noting that only 50% of NATO's standardization agreements are actually implemented, driven by member nations prioritizing national technological edges over interoperability. Representative Vindman attributed the challenge to institutional inertia and a lack of urgency among senior U.S. policymakers due to inadequate regional expertise.

Panelists also emphasized that the defense industrial base itself is not structured for wartime demands. Built for low-volume, peacetime production, it prioritizes complex, exquisite systems that are difficult to scale quickly. This creates both production bottlenecks and an economic mismatch, as high-cost systems are used to counter low-cost threats such as drones.

Interoperability and Cooperation

The U.S.-Israel partnership emerged as a clear example of effective cooperation. Ms. Meridor described the partnership as one out of strategic necessity, in which intelligence and training were aligned prior to operational alignment as the two Air Forces now conduct joint strikes with a level of interoperability that has no formal precedent. Dr. Schadlow pointed to new capital models at the Department—equity investments and multi-year procurement structures—as genuine progress for longer term manufacturing sustainability. Admiral Vandier

stated that NATO is seeking to combine legacy systems with disruptor technologies to compensate for having an insufficient peacetime industrial base that could not scale when necessary. He cited NATO's Baltic unmanned surface vessel experiment, uniting 70 vessels from eight nations, as a working model for integrating legacy and emerging capabilities. Representative Vindman said the United States is not doing enough to build ground capabilities in both offensive and defensive capacities.

U.S. Reliability as a Partner

Panelists offered a range of views on U.S. reliability. Ms. Meridor stated she thinks the United States is a reliable partner, citing direct company-to-government transactions as evidence of a functioning partnership. She also cited a concrete industrial outcome: Kela Technologies developed fiber optic drone spools after China cut off supply and is now selling battle-tested components into the U.S. market, with plans to onshore manufacturing. Dr. Schadlow pointed to South Korean shipbuilding investments and ongoing regulatory reforms as encouraging signals of U.S. reliability.

Admiral Vandier and Representative Vindman were more measured. Admiral Vandier cited the seven-year lead times for PATRIOT systems and delays in foreign military sales as a strain on the alliance. He questioned if the United States treats Europe just as a market or as allies that could provide labs and talent for long-term partnership. Representative Vindman argued that on a transactional basis, the United States is a good partner, but allied trust has been strained. He contrasted the broad coalition built for the 2003 Iraq War with what he characterized as a largely unilateral approach to the current Iran conflict. He stated that the current administration has an independent mindset that does not seek to engage allies at a comparable level as previous administrations.

Speed as the Defining Metric

Ms. Meridor emphasized the importance of speed—in development, deployment, and in-conflict iteration—as the single most important and least discussed metric for winning future conflicts. Panelists characterized current acquisition systems, production timelines, and alliance coordination mechanisms as too slow to keep pace with evolving threats. Admiral Vandier reinforced this through NATO's new "Audacious Training" program, which employs no-reload war-fighting exercises and Ukrainian red teams to generate genuine demand signals for modernization across allied forces. The panel concluded that without significantly

increasing speed across the defense industrial ecosystem, even strong alliances and advanced technologies will struggle to deliver effective outcomes.

Closing Plenary

• General Randy George, Chief of Staff, U.S. Army
Moderator: Mr. Roger Zakheim, Ronald Reagan Institute

Operation Epic Fury and the Modern Battlefield

General George expressed strong pride in the joint force, highlighting the Army's contributions to Operation Epic Fury across air defense, counter-UAS, long-range fires, and innovative command and control structures. He emphasized that commercial technology has fundamentally transformed the modern battlefield and requires the Army to move at "machine speed."

Customer Clarity and Defense Modernization within the Army

General George described the internal transformation occurring within the Army, stating that they have likely transformed more in the past year than in the previous 50 years. He touted the embedding of engineers and industry representatives within Army formations through a program called "Transforming in Contact" to better understand problems within the Army. He cited the Army's accelerated work with industry on a new tank and mobile protected firepower concept, which worked across companies on a modular design to field the capability within a year, as evidence of what commercialization, modularity, and direct engagement with industry can achieve. He stated long-range, one-way attack drones would be delivered to units within 30 days and previewed a public display of the Army's infantry fighting vehicle at the Detroit Auto Show. He stated that commercialization, modular designs, and software updates are critical to simplifying U.S. Army formations.

Drones and Manufacturing

On drones, General George argued the Army requires both exquisite systems and lower-cost, mass-producible platforms, rejecting a binary choice between quality and quantity. He noted that current mobile brigades carry approximately 500 drones, with longer-range capabilities actively expanding. On counter-UAS, he stressed driving down cost curves through modular solutions compatible across vehicle platforms with mobile protective firepower, noting every unit in the field will face drone threats.

General George stated that the Army has announced they will be building advanced manufacturing sites to assist private industry in producing capacity and spare parts to overcome current shortages. The Army is trying to change its organic industrial base to match the formation necessary in future wars.

Budget Constraints and Acquisition Reform

General George identified continuing resolutions from Congress as a major barrier to modernization, particularly because they prevent new program starts and limit flexibility in responding to emerging requirements. He advocated for consolidated budget line items in fast-moving technology areas such as drones, counter-drones, and electronic warfare, as well as expanded transfer authorities and limited carryover provisions to reduce inefficient end-of-year spending.

He also described a reorganization of program acquisition executives into portfolio-based structures, consolidating requirements, acquisition, and contracting under single accountable leaders. This approach is intended to accelerate delivery timelines and enable more agile tradeoffs among cost, speed, and capability.

Closing Assessment

General George emphasized that technology cannot substitute for disciplined, well-led soldiers, and previewed the forthcoming release of "Victor," an Army large language model to improve access to battlefield lessons learned and support distributed training. He noted the elimination of 1,300 Army headquarters staff positions to redirect overhead toward combat

capability. He closed with a direct invitation to entrepreneurs and investors: the Army knows what it needs, is ready to move quickly, and welcomes industry partners into its formations.