On Demand: Signaling to Suppliers

**Moderator:**

Courtney McBride, Diplomacy and National Security Correspondent, Bloomberg News

**Speakers:**

Katherine Boyle, General Partner, Andreessen Horowitz

Eric M. DeMarco, President and CEO, Kratos Defense

Dr. Jason Rathje, Director, Office of Strategic Capital, U.S. Department of Defense

Trae' Stephens, Co-Founder and Executive Chairman, Anduril Industries

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Courtney McBride:

We have Katherine Boyle, general partner at Andreessen Horowitz -- excuse me, Eric DeMarco, President and CEO of Kratos Defense. Dr. Jason Rathje, Director of the Office of Strategic Capital at the Pentagon. And Trae’ Stephens, Co-Founder and Executive Chairman of Anduril Industries. The signal to suppliers earned a tough grade in the NSIB report card. We’re looking at a D here. Communication was considered to be a bright spot, but budgets in particular were considered a stumbling block as the Pentagon tries to develop this and -- develop the innovation base and to actually transition to programs of record. I'm interested to hear from industry, from funders, and also from you, Jason, how you think that grade was earned, whether it's fair, and how you can move forward.

Dr. Jason Rathje:

Do you want me to start?

Courtney McBride:


Dr. Jason Rathje:

Well, certainly, Office of Strategic Capital, we've been around for about 15 months now. We just recently released our investment strategy. That is a way that we are trying to
communicate better directly with suppliers. One of the areas that OSC is very focused on is catalyzing the component supply base. We're looking at areas of our industrial base broadly that support both our national security and the Department of Defense and our broader economic security. So what do I mean by that? One of our priority areas is focused on materials for microelectronics. Right now, when we say you're transitioning capabilities to the warfighter, and you hear a lot about this when it comes to the national security innovation base, we've got to be better buyers and procurers. Certainly, there's been a lot of, I think, progress towards those ends, certainly as I've seen it happen over the last five years.

But where OSC is uniquely focused is nobody says, “I'm going to transition our semiconductors to the hands of our warfighters,” right? But everything our warfighters need relies on access to core component technologies. Solid Rocket Motors is another area that, again, is a core component technology, not something we buy directly, but in the systems that we procure. And a lot of OSC's focus in the supply base is specifically targeting those areas and the tools that we're bringing to bear to help catalyze technological growth in our supplier base or tools that directly impact production and manufacturing. So we're bringing brand new tools out: Recently, we were authorized about three months ago to be able to provide direct loans to critical technology companies, so companies that are aligned to our supplier base needs. And so that means, hey, we're going to be able to provide project finance, equipment finance, new tools to be able to catalyze things like production capacity that support, again, both our defense industrial base and our broader industrial base, but allow us to make sure that we have access to what we need when we need it.

Courtney McBride:
Are you able to give us any preview of the timelines for those first investments or any of the companies that may have been selected at this point?

Dr. Jason Rathje:
Well, I think we are going to be moving a breakneck pace. I think the last federal credit program, which is the kind of group of programs that we're in, this is the first loan program in the Department of Defense. Almost every other government department and agency does this. There's 131 other federal credit programs. This is the first Title 10 loan program. I think the last loan program office took three years to get stood up. We're committing to move faster than that, but we have this great partnership with the Small Business Administration now where we could provide direct loan guarantees through private investors to catalyze investment in areas that we think are important to national
security. Again, aligned to the investment priorities we just published in the investment strategy, and we anticipate the first funds to be licensed through that process in the next few months, which is great.

We have funds focused on advanced manufacturing and our lower- to middle-market tier two supplier base. When we talk about innovation, sometimes we talk a lot about venture backed companies. A lot of the companies that we actually rely on are not venture backed. They do require capital to scale production. And so we're looking at tools that help catalyze that part of our supplier base. And then we're also with -- some of these new tools that we've worked closely with the SBA and OMB on over the last few years allow us to work directly with venture capital as well and provide additional capital directly to venture capitalists to help invest in areas that are normally non-investible. And what I mean by that is areas that are generating lower returns than your typical venture-backed companies are going to see. So areas that are in our investment strategy, RF transmitting semiconductor chips, for example, we're looking at advanced materials, metamaterials, and nanomaterials.

Biotech is a huge area of focus for us, but also biotech manufacturing and areas that we can catalyze more investment in those areas allows us to make sure that we're ahead of the game. So in 30 to 40 years from now, we don't need another CHIPS and Science Act to kind of reshore an area that we had IP advantage in, but we can make sure that we can expand production and manufacturing for these new and emerging critical technology areas to make sure we have access to the technologies and the products and services that are derived from those technologies within the United States.

Courtney McBride:
Thanks. So I mean, moving back to the customer clarity grade, I'm interested to hear, Eric, perhaps from you, the Reagan Institute deemed communication to be fairly strong from the Defense Department to industry, but budgets received a grade I didn't even know was possible, an F-minus. The lack of certainty, the lack of stability. Where do things fall from your perspective? What is Kratos seeing, in communication, in the signaling that you're getting from the customer?

Eric DeMarco:
Yeah, I'll analogize it to football. For the first 80 yards, the last 10 or 15 years, the clarity from the Pentagon has been 20/20, whether it be the strategy documents they put out, the national security documents, the war games we're invited to, the FYDP, the J-Books. You look at jet drones, hypersonics, solid rocket motors, propulsion systems for loitering
munitions, software to find ground stations, software to find satellites. I can go on, the Pentagon has laid it out. So first 80 yards, 20/20. Last – the red zone, I can understand some of the grades that were given.

Courtney McBride:
And where are the areas of communication or lack of clarity in that red zone?

Eric DeMarco:
From my perspective, the companies that lean forward actually bring a product forward. It might not be 100% of the requirement, but it'll be 90, 95% of the requirement. They get to that red zone, and then the traditional process takes over as far as the solicitation. And I'm not being critical, this is the game we play. And so you can show up with the right product, at the right time, at the right price, but then the process takes forward. Like some of the other panelists this morning have said, and one of them said, you can have a tele-transporter. I like to use a force field. We can come up with a force field trail, come up with a force field to protect Washington from anything coming in. He will come up with it, ask him to do it, he'll do it, but then it won't be bought for a number of years because the traditional process takes over. And so that's why I bifurcate it: first 80 yards, it's outstanding, spot on. Last 20 yards, we all need to work together.

Courtney McBride:
Trae’, do you want to weigh in on the force field, and what are the barriers to creating and then selling and scaling?

Trae’ Stephens:
No, I mean, Eric is right. The government is not the field of dreams. You don't build it, and then the government's like, “Hey, you built it. Here we are, we're buyers.” If that was the way it worked, then we'd have all sorts of things that we don't have today. And I had dinner with someone last night that said, “man, Trae’, I like the things that you have to say, but I would really like for you to be more optimistic and positive.” So I'm going to try a new me for a moment. I think that the signals in that first 80 yards, to borrow Eric's analogy, are absolutely right. I mean, we're doing all of the things to lay out –we're investing in the innovation base, we're putting together DIU, we're increasing SBIR spending. We're communicating more openly about programs where companies are going to have a real shot on goal, whether that's Replicator or whatever.

And we could spend the rest of this panel just talking about all of the things that we're doing right on the signaling side of things, but actually transitioning that into real
production is virtually impossible. It's only been done a couple of times. If you look at revenue in the last five years, which is I think in the Report Card, I didn't flip into the appendix, but revenue over the last five years for venture-backed companies doing business with the Department of Defense. It's a power law distribution, just like any venture curve, where you have SpaceX has the most, Palantir has the next most, Anduril has the next most, and then there's a long tail that drifts off beneath that. And if we're going to take multiple shots on goal, we need to change that curve so that there's actually a possibility for companies to come in that offer real products that can be used by the warfighters in the real world.

Courtney McBride:
Katherine, can you talk a little bit about the challenges for funders in terms of incentivizing investment given the problems with the transition that we're talking about?

Katherine Boyle:
Yeah. Well, I'll say the last time that I said -- I'm trying to be optimistic as well, but the last time that I spoke or tweeted at RNDF, time was running out with Silicon Valley. That was 2021. And I made a prediction that was wildly wrong. I said it would be about 24 months before companies started dying, before we had sort of, I would say, a retreat of venture capital from defense. And what has happened is the exact opposite, which I think is a wonderful thing for this country, it's a wonderful thing for the people in this room, are companies where investors are still taking bets on this category despite the F-minus scorecard. And I think part of that is there is -- people are looking at that 80 yards and they're saying, okay, there is things that have changed. We speak the same language now. I'd say five years ago, if someone came to Silicon Valley from the DoD, it was almost anathema.

There was no way that people could speak to each other, could have a conversation. The investors in the room didn't know the difference between an SBIR and OTA. There was sort of a, “I don't understand it, therefore I want to invest.” You now have a very, very educated investor base. You have educated founders. The vast majority of founders who are building new companies in the space have worked at places like Anduril or Palantir or SpaceX. They understand the difficulty of working with the DoD. So there's a lot of wins that are coming out of this last generation of technology, and I think it kind of sets the board, to use the analogy again, we are at the 10-yard or the 5-yard line. All we have to do is close the deals. And I do think that you're going to see, you see patient capital, you see founders who are willing to say, okay, it might take a little bit longer than
expected, but there will be a reckoning if we do not have more production contracts, if we do not see startups winning programs of record.

Because you can only require Silicon Valley to be as patient as it can be for a little bit of time before people start saying, okay, it's impossible to work with the DoD. So I do think there has been, to give the optimistic cases Trae’ did, there has been extraordinary change in the way we communicate, extraordinary education on both sides, within the DoD of how venture works, within venture capital of how the DoD works, and the expectations there. But we have to see some more wins in the next few years, or I do think we are going to see capital dry up.

Courtney McBride:
What message did founders, did funders receive from the abrupt closure of Shift, which had been a key nexus, I think, between DoD and Silicon Valley?

Katherine Boyle:
I think it's one of these kind of disappointing unforced errors, to be frank, what a beloved program by both sides. Trae’ can speak to this as well. We've had Shift fellows inside of our companies, Shift fellows work inside of our venture firm to teach them how venture capital works. Over the years at multiple venture firms, I've hosted Shift fellows so they could understand even outside of DoD companies, how do we look at businesses in America? It was an exceptional program. It is an exceptional community, and I think that community will live on despite the unforced error of it no longer existing in its current form. But I think Trae’ could speak to it as well.

Trae' Stephens:
Yeah, totally. I mean, it was a very useful program for the ecosystem, no doubt. And as all things, these are people decisions. It's human beings making decisions at the end of the day. And I can only imagine that there is some person or some set of people running around in the Air Force saying, we have to kill this program because there was some personal vendetta or something that they have for it. I want to know who that person is. So if any of you can tell me who the person is that was pushing for that decision, I would love to talk to them. Just talk.

Courtney McBride:
Trae’, I'll stay with you. How do we move forward? How does the DoD founder-funder partnership traverse that, not just that last 20 yards, but the valley of death? How do we move forward and nudge that grade upward?
Trae' Stephens:
It comes down to decision-making. I think we could certainly offer hundreds if not thousands of policy suggestions, authorities that need to be changed, ways that oversight can play into the process in more effective ways. But at the end of the day, I think it's primarily just decision-making. If you assume you have all the policies you need to make the right decisions, can we make the right decisions or not? And I think a lot of times we end up getting into this past performance mindset, where it was kind of like Adam Silver, the Commissioner of the NBA, standing on stage with the 2024 Chicago Bulls, who are terrible for all intents and purposes, and handing them the trophy and saying, we're giving you this trophy because Michael Jordan was great in the eighties. That's what we're doing over and over again. We're giving the trophy to the 2024 Bulls for the accomplishments of Michael Jordan. And I think we have to get out of this mindset that the past, their primes -- not the primes, the past, their primes our only option because there are other options. We should be giving the trophy to the 2024 Denver Nuggets, not the 1983 Bulls.

Courtney McBride:
So I'd like to hear from Eric, actually, the Report Card pointed to the congressional budget process as a key stumbling block in transition. How does that affect your company's efforts to innovate, to move forward, to transition? And I'll turn each of you in turn, but --

Eric DeMarco:
In my opinion, companies like us now, what's happening in Congress is, this is normal, then we plan for it, and we don't anticipate a budget will be done on October 1st this year.

Put a plan together that we're going to have a six-month CR. We'll see what happens if we got one. So that's the planning part. The preparation part is we have done everything we can for the last seven or eight years. And I know other companies have done the same and they're doing it. Most of our products and technology is dual-use. I think 30, 35% of what we do is commercial or international. So it's not tied to the budget. So we have a hedge. And so we try to strategically plan for it and tactically have dual-use technologies, commercial, DoD, national security with our products, which also is good for -- when everything is flowing, it's good for all the customers. You have greater quantities, it drives cost down for everybody. It makes everything more affordable. So I try not to stress about it anymore. I can't control it. Everyone's trying to do their best. This is how we deal with it.
Courtney McBride:
Trae’?

Trae’ Stephens:
I agree.

Courtney McBride:
Succinct. Catherine, is there --

Katherine Boyle:
Yeah, I largely agree too. One thing I'll call out is I was speaking to someone earlier who said, well, hopefully most of your companies are dual-use. And yes, we have a number of dual-use companies. And that might be one thing where it's like they can start focusing more on commercial versus DoD, but we also have hypersonics companies, and they don't have that option. And so I think, as was said, the best companies plan for it. They understand that this is the new normal, but we also have to understand that there are startups who have heard the call. They've heard, okay, we need to build for the DoD, we are going to build solely for the DoD to be our customer. And they do not have the luxury of sitting back and waiting. And so I think we need to be mindful that there's a whole new generation of founders who really do believe this mission is important, and they move faster than companies did 10 years ago because they have the capital, because they have the talent and they know how to do it. And so I think they expect that the DoD at some point will learn to move as fast as them.

Trae’ Stephens:
I want to add something to this as well. I was having dinner with an unnamed combatant commander. I won't throw them under the bus here, and I'll give you an exact two sentence quote of what happened. I said, “What do you think the biggest challenge is?” And he said, “We really need dual-use technologies. We need the government to be involved in the commercial sector and get companies that are both commercial and government businesses involved in our acquisitions process.” I said, “Okay, that's great. What do you need most? What is missing for your command?” And he says, “One word. Weapons.” So there's this weird thing going on where people are like, we don't want to own the risk and responsibility for the business being successful. We want dual-use to hedge that risk, as Eric said. And then you ask them what they want, and they say, we want things that blow up and go kinetic. It's like, okay, guy. Sometimes it's not going to be dual-use. Yeah, exactly.
Courtney McBride:
So, and Eric alluded to this and Trae’ as well earlier, but one of the challenges that we've seen in terms of requirements development is that perhaps DoD or the services can be overly prescriptive and challenge your ability to provide perhaps that 90, 95% solution. Jason is nodding knowingly here. Is that speaking the same language? Are these conversations that are happening, these earlier communications improving that situation at all? Or is that still a barrier to innovation for you all?

Eric DeMarco:
At Kratos, we have many Kratos-isms. One of them is, “affordability is a technology,” but another one is, “better is the enemy of good enough.” And in my 80-yard analogy, companies like us, we will build incredible products and demonstrate them. We have demonstrated some recently, they have demonstrated some awesome ones recently. I’m making this up, they’re 90, 95% of what anyone could ever dream of the requirement. And they’re a fraction of the cost of that 100% requirement, because that last 5 or 10% to get 100% is where 4 or 5x times what it took to get to 90% comes from.

We need a culture change. Well, let's get these products that are, in the US, 90 to 95% of the 100% requirement fielded, which by the way are exponentially better than anything China has already. And then let's iterate off of them. And then if industry, Congress, the Pentagon wants to go after the 100% requirement, then go run a solicitation for that, go after it, go for it. Let everybody bid. We like competition, but let's get something fielded that's better than anybody else has. It's low-cost because it's 90 or 95% of the requirement. It shows my friend here that there are winners, that's going to bring more money in. That money will be a force multiplier for the taxpayer and the Department of Defense. It'll reinvigorate the industrial base. This is not difficult. That's what needs to be done. I mean, I'd like to talk to the CEO who's in charge of this and say, you need to do this.

Courtney McBride:
Trae’, did you want to weigh in on --

Trae’ Stephens:
I agree.

Courtney McBride:
You're saving us time. I like it. Eric, I mean, just pulling on that thread, I mean, then what if you had your druthers, how would innovators writ large respond to this problem? How would you tackle the big threats with that 95% solution ahead of, say, a standard RFI, RFP?

Eric DeMarco:

So back to my analogy, I think on this one, we're 90 yards down the field. We're on the 10-yard line. The products in counter-UAS, low-cost cruise missiles, low-cost drones, very low-cost hypersonic flyers. They exist, we're flying them, we, industry, we're flying these all, alright. Understanding the realism of the situation, if I was in charge, I would take half a percent of the defense budget a year, say $5 billion. I would say, Madam Secretary Hicks, here's $5 billion a year. Take that $5 billion and you are going to give production contracts to Palantir, to Anduril, to Kratos, to Shield, to Epirus, I could go on, get the stuff fielded, and you're going to do it every year. Here's half a billion every year. Get it, get that stuff fielded, iterate off it, get it in the hands of the warfighter and – keep the FAR, keep all that, and let's see what happens after three years. I think it would be an incredible transformation without blowing up the system.

Dr. Jason Rathje:

If I could just add, we talked about the Small Business Innovative Research program, the SBIR program. Prior to OSC, I led the Air Force's SBIR program, and we created this new process in that program called the Open Topic. And one of the reasons why is because the SBIR program traditionally was very requirements driven. And that budget didn't actually require you to be requirements driven. So you could literally fund anything as long as there was a Department potential need for it. There wasn't a requirement to work on a certain specific system or even a certain technology. And so we ran that as an experiment in 2018 and a number of companies, including Anduril, have early contracts through that process and have gone on to be able to win successive phase three contracts. Now we do have a gap. There's no corollary to SBIR on the production side, right?

There is no funding that's available just for production. But it did work well enough on the R&D side of the house, which is where SBIR is, so that our friends in the House and Senate when they reauthorized the SBIR program made a requirement that everybody have an Open Topic. That took away requirements and allowed and lowered the barriers to entry for innovators. Because at the end of the day, if you ask people for the famous Henry Ford quote, right, “If you ask people what they want, they're going to tell you a faster horse.” And that's how we operate too. We know what we need. We think we need
that thing, and then we go ask for an incremental improvement to that thing, which is generally good for maintaining operational relevance and you've got a force that's trained on the existing systems, but when you have ideas that are blooming outside of the DoD defense line, you need a way to funnel those in. And then we need a way to be able to actually accelerate into production. So as a corollary to the desire to have some kind of structure funding available to accelerate production, we do have that on the R&D side of the house. And it has been successful is bringing new entrants into the department.

Courtney McBride:
Is there any consideration of something like that on the production side or any willingness? I mean, obviously I know every billion is spoken for perhaps a few times over, but --

Dr. Jason Rathje:
I mean I think, I don't know if the Department of Defense is the right place to ask that question. I think the key, I will say on the OSC side of the house, we are pivoting away from spending to lending, right? This is we're building a loan office, a loan program office similar to the Department of Energy Loan Program Office, Export-Import Bank, Development Finance Corporation, hundreds of billions of dollars of loans we give out annually as a country. Because, one, they affect positive momentum and growth in specific areas that we care about, like energy, to include companies, venture backed companies like Tesla who received the loans from the DoE's Loan Program Office, but also they're efficient to the taxpayer. At the end of the day, they don't increase spending to do lending. You don't actually increase the budget. And we've seen that we don't expect massive growth in budgets over the next few years.

So we need to find more efficient ways. But one of the great things that we are excited about within OSC is that these new tools allow us to directly partner with our capital markets, which are a competitive advantage in the United States. And you've seen the innovation base really leverage our capital markets to invest in these types of companies. And that has grown substantially. I mean, when I started doing some of this work with AFWERX back in 2017, 2018, it was a very -- Katherine's point, it's a very small group of folks. Most of the investors I talked to would say, “Hey, I’m not going to touch defense with a 10-foot pole.” Now it's completely changed. And that's great, and that -- venture is one part. Private equity is another part. Growth investment, banking, these are all different ways that we can help mobilize things like production in our supply chain and hopefully reduce costs over time and allow for more flexible integration and
deployment of capabilities, because our supplier base is built in a way that can directly support these companies in a low risk kind of robust situation as opposed to where we are now, which is much more brittle than we'd like it to be.

Courtney McBride:
So Catherine, you said that Silicon Valley founders, funders, and DoD are now all speaking the same language. That being said, there still seems to be a disconnect between the incentive structure that is needed for private capital and the timelines that the Pentagon operates on. So is there still, is there a misunderstanding on the Pentagon side or is it just that it's a very large ship to turn?

Katherine Boyle:
I think it's really hard to change culture. You talk to any founder of any business, the hardest thing to do as you scale and become a massive org is to shift the culture and to remain lean, to remain hungry. And so we're working, the DoD was -- is very large. It is massive, and I think it is just going to take a lot of time to change the culture. By my nature, I'm an optimist, I have to be because I'm an investor. So I think that the culture is going to change. I think there will be a number of success stories, and I am hopeful that those success stories lead to more innovation around the defense industrial base that more companies enter the market. I think the thing that I'm pleasantly surprised by, I wouldn't have predicted, I'd love to hear whether Trae' would've predicted this, is I can't overemphasize how enthusiastic -- and I say Silicon Valley not as a geography, but as an idea of company building.

The most incredible founders right now are entering this market saying we want to build for America. I would've never expected that five years ago. It was a handful of people like Trae'. It was a handful of companies, but it was not an entire ecosystem of innovation. And we firmly believe that the next great 15 years of innovation, the story of Silicon Valley could be this hardware -- software selling to the Department of Defense. We have a once in a generation opportunity, a once in a lifetime opportunity to move back to the roots of what Silicon Valley was. And my biggest fear is that, to use, again, another great analogy, that we are on the 10-yard line. Everyone is speaking the same language. We finally have the talent that has come up through these great companies like SpaceX. We have the capital that's really patriotic, that's moved away from China, and say, “We want to invest in America, we want to invest in hardware,” and we're not going to get there. So I think that's the thing where I think we all can point the finger at why that is and it'll all have different people to blame. But my biggest fear is that the next few years we won't get across to the touchdown, to use your analogy.
Trae' Stephens:
I think storytelling is so important to recruiting and retaining talent. And as Catherine said, there's a tremendous amount of momentum right now in getting people who would otherwise be going to optimize ads at Snap, or Google, or Facebook, or whatever are now interested in doing something in national service. And I don't want to gas you up too much, but Catherine has created language that has rallied troops, and I think has been a brilliant storyteller that's created a movement that people are excited to get behind. And we're super grateful to have people like Catherine that have been able to do that effectively. And I think we haven't had that as much on the government side. It's been hard to motivate and rally the troops behind this idea that this is something that we want to do. This is a thing that we're excited about. It almost feels like people feel like they've been punished and they're working their way out of purgatory or something. It's not an exciting opportunity. And so I think it would be great if we had reciprocal amounts of excitement and momentum that are being driven from the government side about doing this work and rebooting that relationship that was so productive as recently as 30 years ago. It wasn't like ancient history. It was very recently that there was a deep partnership.

Courtney McBride:
We realize we are the last thing standing between you all and lunch, but wanted to open the floor to any questions from the audience? Gentlemen here, wait for a microphone. He's back. A couple of those.

Patrick Wilson:
Thanks. Patrick Wilson from Media Tech. My question is about innovation inside of big incumbents, right? The challenge of getting incumbent innovative companies, the really big companies in Silicon Valley to embrace this same idea about why you want to pursue a customer inside DOD or inside the IC, that continues to be a real problem because they have a lot of the capital and a lot of the IP. I think of the top 10 IP generators last year, eight of them were semiconductor companies. How do we get those people who are not in startups, right? They're really innovative people inside really big companies to care about this enterprise.

Trae' Stephens:
Do we mean the defense industrial base or do we, because Nvidia -- Okay. Yeah. Wow. There's probably multiple answers to this. The first is that if you're in China or Russia, the big companies don't have an option about whether or not they do work with the governments. I don't think we should do that. If you want to work at Google and Google decides that they don't want to work with the federal stuff, I love you Josh, I know you're
doing the Lord's work, then I don't think you should be forced to do that. And so I think the expectation that the big tech companies have to do work for the government is probably not true to our democracy. That said, I think they would probably be more interested in doing business if it was more clear how to do so.

Dr. Jason Rathje:
Can I maybe add just to that I think the correlate to that from my perspective, in 1957 when Sputnik crossed our skies, the Eisenhower administration tried to figure out ways to unlock talent. Fairchild Semiconductors, a spin-out of Shockley, was born out of this brand-new asset class called venture capital. It may have still been called adventure capital at the time. So they changed the way that we worked directly with the capital markets to provide more opportunities to companies. And one of the things we're focused on with OSC is not only focused on the things that we buy, the pointy things that go boom, as Trae' said, but also the underlying technology base, right? Or semiconductor industrial base. I was talking with investors recently who were telling me how difficult it was. I was pointing to Trae' as a class, not a specific person, I'll keep them anonymous as well, how it was easier for them to invest in defense than it was in the semiconductor companies these days.

Which when we look at things like the CHIPS and Science Act, look at some of these other kind of broad national security opportunities that the government's trying to push out, it's a little shocking to me. And one of the things that we're focused on with OSC is trying to break free opportunities for -- maybe those large companies aren't going to pivot and directly support the Department of Defense, but providing opportunities for innovators, for entrepreneurs, for technologists to be able to go and start companies and actually bring some of this new technology to bear, increases competition in our critical technology supplier base in ways that we used to do when we were in competitions in the past. And I think we can do again.

Courtney McBride:
Okay. We are unfortunately out of time. Please thank our panelists for -- I think it's been a great conversation.

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