

**Written Statement by Steve Case, Chairman & CEO, Revolution and Co-Founder, AOL
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Thank you, Senator Schumer, for inviting me to participate in this AI Insight Forum, and for giving me the opportunity to share my views on the importance of bringing the momentum of an AI economy to power the next chapter of the American innovation story.

My name is Steve Case. I co-founded America Online in 1985, when the idea of the Internet seemed preposterous to most people. When we started, only 3% of people were online, and those early adopters were online for an average of just one hour a week. I had the privilege of playing a key role in helping get America—and the world—online, and in working with Congress to put policies in place that enabled the Internet to flourish, and America to lead, as the Internet turned into a global medium that has transformed our lives.

Since stepping down as CEO of AOL more than two decades ago, I've sought to back and mentor the next generation of founders, particularly those scaling outside of the coastal tech hubs. A decade ago, my firm launched an effort called Rise of the Rest, and in the ensuing years I've spent much of my time traveling the country—75 cities and counting—meeting entrepreneurs, encouraging investors, and engaging with state and local policy makers. To date, we have invested in more than 200 companies, in more than 100 cities, across 38 states.

My passion is doing what I can to ensure that America remains the most innovative and entrepreneurial nation in the world. It is a role we can only continue to play if we usher in a more inclusive innovation economy that includes more people, in more places. I firmly believe that the deep divisions in American society are due, in part, to the geographic opportunity gap that exists today. We celebrate technological progress in places like New York City and Silicon Valley, but much of the country wasn't even invited to the party. They feel left out, and are understandably angry that they've been left behind.

For the past decade, I have been actively engaged on policies and programs designed to help create more opportunity for entrepreneurs everywhere. I was the founding chairman of the Startup America Partnership, a White House initiative; the co-chair of the inaugural National Advisory Council on Innovation and Entrepreneurship (which I am now co-chairing for the second time); and a member of the President's Council on Jobs and Competitiveness. I've worked on legislation including the JOBS Act, to make it easier for entrepreneurs to raise capital; the Opportunity Zones legislation, designed to encourage investment in struggling communities; and the CHIPS and Science Act, which included significant funding to expand regional tech hubs.

All of my efforts have been consistently non-partisan. While many things divide us in this country, support for entrepreneurs has thankfully never been a blue or red issue.

I opened this statement by highlighting my experience at AOL. It's hard to imagine a time when so few people used the Internet. I often say AOL was an overnight success 10 years in the

making: Internet adoption was slow at first, but once it caught on, it was a rocketship. Policymakers were required to understand this new and growing technology. There was a recognition that the Internet had the potential to transform society for the better, but also serious concern about potential risks.

With that backdrop, I want to make three points about AI.

The first is that while I am optimistic about innovation generally, including AI, I am also well aware that there are many risks—some of which we can already predict and some of which we have yet to uncover. Candidly, I have been saddened by the unintended consequences of the Internet, including how social media has made us more tribal, and resulted in more misinformation, and less trust. I had great hope for the technology to break down barriers and bring people together. We did not foresee the divisions it would also sow.

But, in the early days of the Internet, we did have a productive, ongoing dialogue between the innovators and the policymakers, that proved to be quite helpful. We didn't get everything right, but we got a lot of the big things right—and that's why the Internet is now a pervasive part of society, and also why America has benefited disproportionately from birthing the Internet and guiding its development.

I have long worried that in recent years the gulf has grown between Silicon Valley and Washington D.C. The creation of these bipartisan AI Insight Forums will spur real engagement and help bridge this gap. It is needed now more than ever, so thank you to Leader Schumer, as well as Senators Young, Rounds, and Heinrich. These sessions are productive because they are balanced—recognizing the potential dangers of AI, while also seeking to maximize AI's enormous benefits to society. I also applaud much of the work that is going on in the committees of jurisdiction where lawmakers are trying to understand the emergence of AI from every angle. AI is here and we all have a stake in ensuring that the benefits of AI outweigh the risks, and that America—not China—leads the AI Revolution.

This brings me to my second point. While much of the AI focus is on Silicon Valley, my focus continues to be on backing AI companies based all across the country. We've invested in startups such as Tempus in Chicago, a healthcare company using AI to help doctors more precisely prescribe cancer treatment; Catalyte, a Baltimore-based company using AI to identify untapped potential, so that individuals can be retrained to participate in the innovation economy; and Raleigh-based Pryon, founded by the creator of Amazon's Alexa technology, using AI to enable companies to be more productive.

I want to focus for a minute on Tempus, because of all the positive impacts AI can have on society, I believe healthcare stands to be the most immediate and the most transformative. My brother Dan passed away from brain cancer in 2002. He was my childhood hero, a husband, a father to young children, and as CEO of a major Silicon Valley investment bank, was a trusted partner to some of our country's most famous entrepreneurs and most successful tech companies. After Dan's diagnosis, we traveled the country looking for the right treatments, the

best treatments, for his type of cancer. It was a frustrating search, as it is for so many cancer patients and their families. Every doctor had a different recommendation on how to proceed.

A decade later, the same predicament befell Eric Lefkowsky and his wife Liz after she was diagnosed with breast cancer. As a result of that confusing and painful experience, Eric, a serial entrepreneur, decided to dedicate himself to solving the problem. He started a company called Tempus, to improve patient outcomes. In the simplest terms, Tempus partners with hospitals around the country to sequence patients and aggregate de-identified data on cancer patients, treatments, and outcomes. It uses AI to analyze that information to help doctors make treatment decisions based on certain characteristics of different types of cancer and what has worked successfully on other patients from around the world. This innovative approach has gotten significant traction, and Chicago-based Tempus has gone from an idea eight years ago to a company that now employs 2,000 people, and is saving countless lives.

Because of companies like Tempus, I hope Congress will take steps to ensure that the growth of AI will include entrepreneurial talent from across the country. This will benefit the communities from which these founders hail—as I mentioned, a critically important objective for the future of American economic leadership—but it will also help to unleash the potential for this new technology to address a variety of pressing and complex problems. Entrepreneurs, like Eric, often start by seeing something that needs to be fixed—a problem that needs to be solved—and then jumping in to do something about it. The problems people see depend on where and how they live, so we need to be investing in entrepreneurs everywhere, that have different life experiences, and therefore see different startup opportunities.

On that front, we have some real work to do. A recent Brookings study suggested that nearly 60 percent of AI jobs are currently based in Silicon Valley. That's good for Silicon Valley, but not good for the rest of America. We need to launch AI companies in dozens of cities. Those companies will leverage the unique expertise of local industries in a way Silicon Valley-based startups cannot. AI shouldn't result in Silicon Valley further entrenching its dominance. Instead, it should be a path to level the playing field, and create more opportunity, for more people, in more places.

Thankfully, Congress has been focused on this issue. As you know, you passed legislation to authorize \$10 billion for regional tech hubs, as part of the CHIPS and Sciences Act—and thank you, Leader Schumer, and Senator Young for leading that effort, and for the many of you in this room that supported the tech hub component. But, to date, only 5% of the dollars that were authorized have actually been appropriated. As we gear up for this next technological revolution, we need to do a better job of encouraging innovation everywhere, so I urge you, as part of your discussions about AI, to appropriate the balance of the \$10 billion.

The CHIPS tech hubs funding is important, but it can't stop there. In order for the number of AI (and startups that integrate AI) to grow beyond Silicon Valley, a lot more will have to be done to support the growth of startup ecosystems. Programs that accelerate funding like the State Small Business Credit Initiative (SSBCI) and the Department of Commerce's EDA grants are a start, as

well as money to research universities to support tech transfer. The National Advisory Council on Innovation and Entrepreneurship is pulling together a variety of recommendations for our soon-to-be-released National Entrepreneurship Strategy.

By supporting emerging startup ecosystems, we can maximize the likelihood that AI can serve to bridge versus further divide, and create opportunity for communities all across the country.

My third point is perhaps the most important, as it relates to ensuring America out-innovates China and other countries. History has shown that when companies get dominant, it can chill innovation and hobble the efforts of entrepreneurs seeking to challenge incumbents. That was certainly true in the early days of the Internet. Four decades ago, AT&T—known at the time as “Ma Bell”—was a monopoly that controlled every aspect of America’s telecommunications infrastructure. You couldn’t even buy a phone that wasn’t produced by AT&T. AT&T argued this was good for America, as it reduced the inherent risks and complexity that would exist if there were many phone companies as opposed to just one. Ultimately, people realized the lack of competition resulted in high prices and limited innovation. That led to three decisions that unleashed the Internet and led to America’s dominance in the Internet era.

The first was a judicial decree to break up AT&T into a series of regional phone companies—instead of having one giant company providing all telecommunications services, we’d have dozens. The second was a regulatory decision to force the phone companies to open up their networks, and let other companies manufacture a range of phones and operate a wide range of competitive telecommunications services. This decision to mandate “open access” made companies like AOL possible, as we had a shot at competing, letting consumers decide which of a wide range of services they preferred. And the third was a decision made right here in Congress, to pass the Telecom Act and open the Internet—which was initially limited to government agencies and educational institutions—to consumers and businesses.

Given that history, it should be no surprise to any of you that I have a bias toward dispersed innovation. And rather than trusting that a few giant companies—what some now refer to as Big Tech—will be the source of all innovative ideas, I tend to be on the side of Small Tech, seeking to encourage and empower hundreds of companies to compete.

Many of you are understandably concerned about the numerous risks associated with AI. As I noted earlier, I am too. But there is another risk we cannot ignore: that the concern over bad things happening as a result of AI, could lead to a concern that having lots of companies competing is a bad thing, and thus, it would be safer to empower a handful of today’s tech leaders to control the technology. Or, it could lead to taking steps to hobble the development of open source AI, which allows lots of people to iterate and innovate, out of fear that things could careen out of control. In your last session, I understand the potential horrors of AI got a lot of airtime, and some of the big companies suggested a possible solution was to slow the growth of open source and empower America’s largest tech companies to take the lead in AI. I understand the concerns about AI risks, and also see why big tech would want to get bigger, but I urge you to be careful here.

As history has shown, it's not the China model of top down, government-led innovation, or the European model of often relying on its largest companies to innovate, that has powered America's economy. Rather, it is our uniquely American model of broad-based, bottoms-up, and highly dispersed entrepreneurship. I'd encourage you to tread lightly on the idea of slowing open source, and also would encourage you to take steps to ensure that America's big tech companies adopt the same open access approach that drove America's leadership in the Internet revolution. Let's not go back to the "Ma Bell" world where big decisions are made by a few powerful companies.

I recognize you shoulder the responsibility for maximizing the benefits of AI while minimizing the risks. It is incumbent on you to explore and seek to limit what can go wrong. But let's be sure we get the balance right, and not let the concerns about AI hamstring America's ability to lead the AI revolution. And let's also continue to make progress in helping communities throughout the nation become part of the innovation economy, and get the benefit of jobs, economic growth, opportunity—and hope.

It is worth remembering that 250 years ago America itself was a startup. It was just an idea, and—like many startups—a risky idea. America was an idea that many around the world thought would fail. But that didn't happen. Instead, we became a global leader. We led the way in the agricultural revolution, and then led the way in the industrial revolution, and then led the way in the digital revolution. We did this by building on our pioneering spirit, and making it easy for anybody with an idea to build a company.

We should double down on what got us to now, and create an environment where entrepreneurs, in dozens and dozens of American cities, can put their AI ideas into motion.

America is about innovators. About entrepreneurs. About pioneers. Listen to their voices, as you seek to strike the right balance between protection and innovation.

Thank you.