

SUBJECT: Teresa Carlson, General Catalyst Speaker Statement (December 06, 2023)

Thank you, Leader Schumer, Senator Rounds, Senator Heinrich, and Senator Young, for inviting me to join today's AI Insight Forum on National Security.

My name is Teresa Carlson, and I am with the Venture Capital Firm, General Catalyst, one of the largest investors in emerging artificial intelligence technologies in the United States, as well as in Europe and India. We are committed to investing in entrepreneurs and their business that support the U.S. Government to help keep our nation safe and free.

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I am a veteran technology executive here in Washington D.C., having spent my career working at the intersection of technology, government, and responsible investing. As the founder of the Worldwide Public Sector business for AWS and leader of the U.S. Federal Government for Microsoft, I was proud to be part of the industry transformation of how government acquired and securely implemented cloud computing for business and mission capabilities, with a particular focus on National Security and Defense. Today, cloud computing plays a critical role in the development and adoption of AI and allows our military to gain the speed and insights for the mission at times of war and peace.

We are grateful for your efforts in continuing to solicit broad cross-functional feedback on how artificial intelligence will transform our society, and especially our most critical systems like defense. At General Catalyst, we view advocating for the thousands of founders, researchers, and technologists as our responsibility. We want to be a voice for the companies that exist today, as well as the companies of tomorrow that have yet to be founded. As large technology companies have a seat at the table discussing how the government will treat this technology, it is imperative that these perspectives of the innovation economy are also represented.

Our technical, business and investment team has analyzed over a thousand of these companies, with targeted investments in the hundreds of millions of dollars this year alone. Often these companies are at some of the earliest stages, commercializing the latest research from world-class institutions or embracing new ideas from talented technologists at incumbent companies.

At General Catalyst we are proud of our history as a venture capital firm investing in modernizing the core systems embedded in the world's democracies, including defense, intelligence, energy, and supply chains, through our global resilience platform. We take our responsibility to the defense community incredibly seriously, and we are honored to include advisors like Lieutenant General Scott Howell, the former Commander of the Joint Special Operations Command, among our team.

One of our largest investments this year is Helsing, which uses advanced artificial intelligence tools to modernize existing European defense systems. Helsing is the fastest defense company to become a program of record, being selected by the German government to modernize the Eurofighter jet in partnership with Airbus and

Saab, just under 3 years from the company's founding. General Catalyst led Helsing's 209 million EUR Series B. In addition to Helsing, General Catalyst has a large portfolio of defense and artificial intelligence companies, announced and not, among our 600+ company strong wider portfolio. Many of these investments directly focused on the U.S. Government and our allies.

General Catalyst has taken a leading role in the policy discussion among technology investors. We are an inaugural signatory to the Responsible Innovation Labs' Voluntary AI Commitments, outlining our approach to investing in and building AI companies responsibly, unveiled with the Secretary of Commerce, Gina Raimondo, November 2023. Additionally, our General Catalyst CEO, Hemant Taneja, is the Chairman of Responsible Innovation Labs.

We strongly believe in the power and potential of artificial intelligence and are vigorous promoters of the technology. We recognize the need for exceptional security and governance to create enduring institutions and companies and believe both are required to establish global leadership in this sector.

We believe there will be two artificial intelligence ecosystems that come to dominate this next wave of technological innovation. The first, anchored by the United States, will be the system that promotes democratic values, human rights, and privacy among allies. The second, anchored by the People's Republic of China, will be the system that promotes centralization, state control, and closed systems. We do not advocate for antagonistic behaviors as these ecosystems develop, but for the defense of our systems, companies, people, and values, we recognize that defensive steps will need to be undertaken.

The importance of creating alignment with the United States' allies cannot be overstated. The technology sector has been a keystone in American economic development over the last 50 years that no other country has been able to replicate. While we should be proud that many of the largest technology companies in the world are American, we also must recognize that the more countries that are contributing to the democratic world's artificial intelligence ecosystem, the better. The most important act the United States government can undertake is to develop alignment and encourage pro-innovation and uniform regulatory schemes across our allies, including, but not limited to: Canada, the United Kingdom, Australia, New Zealand, Ukraine, France, Germany, the broader European Union, Japan, Turkey, Israel, India, the United Arab Emirates, Singapore, South Korea and Taiwan.

AI's value is intrinsically linked to the data that it is built on. Our systems will be greatly enhanced by international system interoperability and secure data availability across borders. Systems built in the People's Republic of China begin with a head start: over a billion citizens and a highly digitized society. Interoperability and trust among our allies is the only way we will be able to compete at this scale.

This provides a key challenge to the defense community, as domestic resilience and national security are inherently internal issues. With systems as critical as

these – that we only believe will be magnitudes more critical in the years to come – we must resist the temptation to only build security and competitiveness for ourselves. As we have seen with Russia’s invasion of Ukraine, the borders of democracy are often far from our own.

We must be attuned to our leadership in technology, and the internal demands and realities of our allied countries. For critical sectors like Defense, many nations will require data and important systems be stored within their own borders. Our companies must be allowed to affirmatively provide these services in partnership with the U.S. Government, without fear of encroachment by foreign militaries.

We also firmly believe in these systems being deployed only when they are ready, with sufficient human interaction in the loop. The defense and intelligence communities operate on sensitive battlefields in the physical world and in cyberspace. Our fear is that artificial intelligence, hastily deployed without requisite supervision, may yield too many mistakes that ultimately harm the advancement and acceleration of its adoption by all of society, which is our ultimate goal. Just as we advocate within healthcare, with human lives at stake, we cannot afford a “move fast and break things” attitude that has dominated the Silicon Valley conversation in previous cycles.

We encourage the government to actively lead in secure artificial intelligence deployment within its own operating procedures. Beyond just defense, AI has the potential to radically remake how government works, creating new efficiencies across departments and unlocking a new reality of ways for the government to operate.

Finally, in our view, the biggest constraint for artificial intelligence companies today is access to compute. Current costs and supply constraints on key components like semiconductors represent existential risks to the deployment of technology today and the development of tomorrow’s technology. We are concerned that these high costs limit the share of people, businesses and government that can innovate in this space, rewarding existing incumbents who have more protectionist incentives than accelerationist incentives. We believe the government should continue to invest in research, credits, and investment to bring these costs down for companies at all levels.

We do not make these asks of the government without offering our own commitments and investments. As outlined with Secretary of Commerce Raimondo, we view our responsibilities in the AI revolution to build companies responsible from day one, with proper governance and understanding how these technologies will impact every sector and individual across our country.

I appreciate the opportunity to share these thoughts on behalf of General Catalyst. We thank you for the seat at the table, allowing us to discuss and share these perspectives. We look forward to supporting your efforts and the continued conversation today and beyond. The best is yet to come.