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Newsletter Highlights

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AI'S ABUNDANT PLAYERS AND OPPORTUNITIES

The promises of Artificial Intelligence (AI) are immense. So are the number of companies and organizations undertaking work in the area.

That is good news for the United States, which has trillions of dollars in capital for such investments, extensive technical expertise, and vast technological infrastructure. The U.S. also has risk-takers and visionaries who are willing to put it all on the line to create revolutionary products and services. For starters, this includes dramatically more efficient development of new pharmaceuticals, using AI to end repetitive tasks, and better detection of threats and potential crimes.

The Pentagon also understands that AI is transformational. Craig Martell, the Department of Defense's chief digital and artificial intelligence officer, said at a [February symposium](#), "Imagine a world where combatant commanders can see everything they need to see to make strategic decisions ... the turnaround time for situational awareness shrinks from a day or two to 10 minutes."

SMALL BUSINESSES VIBRANT ROLE

Even small businesses are rushing to embrace AI. A recent survey by the [Small Business & Entrepreneurship Council](#) found that "75% of small businesses utilize AI tools for an expansive range of business functions. AI-powered tools and solutions are used in nearly 20 different areas to support business operations."

Small companies are also central in driving AI development.

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Sequoia Capital, one of America’s most successful venture capital firms, said in a September report, “Decades of technological progress have accumulated to create the necessary conditions for generative AI to take flight” while also noting that, “AI researchers transformed from the proverbial ‘hacker in the garage’ to special forces units commanding billions of dollars.”

Against this vast, diverse, and fast-changing environment, there are some who have distorted and overly pessimistic views of what is happening.

LURKING GOVERNMENT INTRUSION

One myth now circulating from Federal Trade Commission Chair Lina Khan is that a handful of large companies are somehow predestined to be America’s future leaders in AI.

In a May 3, 2023, New York Times Op-Ed, Chair Khan said, “A handful of powerful businesses control the necessary raw materials that start-ups and other companies rely on to develop and deploy AI tools. This includes cloud services and computing power, as well as vast stores of data.” She has made numerous such statements.

Chair Khan should talk with people in the tech sector and reconsider her unsubstantiated positions on tech “raw materials.”

ABUNDANT COMPETITION

Sequoia Capital has reported, “AI-first infrastructure companies like Coreweave, Lambda Labs, Foundry, Replicate, and Model are unbundling the public clouds and providing what AI companies need most: plentiful GPUs (Graphics Processing Units) at a reasonable cost, available on-demand and highly scalable, with a nice PaaS (Platform as a Service) developer experience.”

In its April 11 ranking of the Top 50 AI companies, Forbes said, “The artificial intelligence sector has never been more competitive,” while adding it received 1,900 submissions for this year’s list, more than double the preceding year.

Forbes also reports that these companies “captured the attention of Silicon Valley investors at a time when the fundraising market continues to pose difficulty for other once-hot sectors. The companies on this year’s AI 50 have raised a total of \$34.7 billion in funding.”

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One of the “handful of powerful businesses” Chair Khan has in mind, Meta, elaborated on the AI competitive challenges it faces in its [2023 10-K report](#), a central document evaluated and relied upon by institutional investors.

“There are significant risks involved in developing and deploying AI and there can be no assurance that the usage of AI will enhance our products or services or be beneficial to our businesses, including our efficiency or profitability...Further, we face significant competition from other companies that are developing their own AI features and technologies,” said Meta.

According to a [May 2024 report](#) from business data intelligence company Tracxn Technologies, there are 74,958 AI companies worldwide. Of these, 31.8 percent are based in the United States, indicating steep competition in an increasingly crowded field (see right).

Key Stats



SOURCE: TRACXN TECHNOLOGIES

MARKET CHECKS HAVE WORKED WELL

Relatedly, on February 13, [Axios reported](#) that “In handling the surge in AI innovation and its impacts on the broader tech and media landscape, Khan said she aims to tackle monopoly ‘before it becomes fully fledged.’” In effect, Khan is saying that she is prepared to arrest certain corporate activities before they become problematic or because they could become problematic. The law does not work that way. We do not arrest people because they have a profile of possibly committing crimes, nor can Chair Khan possibly know where, how, and why AI is going to thrive when tech investors and professionals are diligently working to figure that out.

When America entered the Internet age, there were a handful of major technology companies that are either no longer around or a shadow of what they once were. AOL, Wang Laboratories, Compaq, and Myspace are just some of them. Others, like GE and IBM, were once so large they seemed indomitable.

America has a dynamic and deep environment for harnessing the power of AI. Competition, drive, and innovation are also alive and well in America today. The last thing that innovators need is to face arbitrary and intrusive policies developed by government officials that are based on ideology and a belief that they can somehow infallibly predict AI trends.