

Velocity

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INFRASTRUCTURE TO Impact

a16z's **Raghu Raghuram** on AI's Next Frontier, Defense Tech, and Why the Future of Innovation Runs Through Government



Raghu Raghuram has spent three decades at the center of nearly every major inflection point in enterprise technology, from the browser wars at Netscape to building VMware into a defining force of the cloud era and guiding it through the largest software exit in history. Now, as a managing partner at Andreessen Horowitz (a16z), he's applying that experience to what he sees as the next industrial-scale shift: artificial intelligence.

In this conversation with **Bryce Pippert**, Executive Vice President of Ventures and Partnerships at Booz Allen, Raghuram reflects on why this AI wave is fundamentally different, how sovereign AI is reshaping national strategy, and what it will take for Silicon Valley and government to build together again.

Q Bryce: After VMware's acquisition by Broadcom closed, you had options. What made this the right moment to join a16z?

A Raghu: We had a successful run at VMware, and I was fortunate to work on cutting-edge technologies across a broad range of areas that had significant industry impact. I could have very easily called it a day, right?

But if you look at what's going on in the world, there has never been a greater time for technology to have a positive impact when so many things that we imagined were science fiction have turned into reality.

So, several factors led me to a16z. The first question for me was: Where could I have that same kind of impact again?

Second, this felt like too important a time to sit out. AI is on the scale of the next Industrial Revolution, and I wanted to be involved in as many areas of AI as possible. As the CEO of a single company—unless it's one of the very largest—you're often focused on one particular slice of the market. Ventures gave me the opportunity to engage across a broad set of technologies and applications.

And third, it was the team. Venture capital is often described as an individual sport. a16z operates very differently, as a team sport. That resonated with me. Throughout my operational career, I loved building teams and winning together. That model, combined with the chance to work on transformative technologies at scale, made it the right move.

Q Bryce: You've led at enormous scale. From the venture side, what does impact look like now?

A Raghu: It's breadth and leverage. You're not just helping build one company—you're helping shape multiple companies that could each redefine an industry. And in AI's case, the surface area is extraordinary. That combination of breadth and industrial impact is what excited me most.

Q Bryce: You spent two decades at VMware building infrastructure for the cloud era. How does that experience shape the way you think about AI infrastructure now?

A Raghu: I would say it's a plus and a minus. The plus is understanding the core infrastructure technologies—what does it take to productize a deep tech stack, and what does it take to recognize really smart talent in this space...

Q Bryce: But you're also careful not to assume the same playbook applies here.

A Raghu: Exactly. Both from a technology and impact point of view, AI is so different from anything that came before it. You have to discipline yourself to think about everything from first principles. You can't pattern-match and say, "In the cloud this

happened—therefore it will happen here.” That could lead you down the wrong road.

In many ways, the closest historical analogy might be something like electricity—an enabling capability that ends up transforming nearly every industry and institution. So, while the experience helps in understanding infrastructure and productization, you have to be careful not to assume that the same playbook applies.

Q Bryce: One place that difference is becoming especially clear is around sovereign AI. Governments everywhere are starting to think about national infrastructure for AI. What are you hearing from leaders about why that matters?

A Raghu: We spend a lot of time talking with country leaders about this. I was also involved in the earlier conversations around sovereign cloud, and the contrast with AI is striking. With cloud, governments realized they needed a certain level of independence and control over their data and infrastructure. But with AI, the stakes are much higher.

But going back to the analogy of the Industrial Revolution—whether it was the Industrial Age itself, the transistor, or other foundational technologies—the countries that controlled those technologies captured disproportionate economic advantage. That advantage ultimately translates into military capability and geopolitical influence. All of that applies in the AI space. So, if you’re not able to have a say in how AI is built or adopted in your country, it becomes a material weakness for the long-term security of the nation.

AI models also reflect the data they’re trained on. Early models were trained by scraping the web, which means the distribution of ideas, perspectives, and cultural norms embedded in that data shows up in the models themselves. For countries whose culture, history, or values aren’t well represented in those datasets, that becomes a real issue. They want their own models that reflect their own societal perspectives.

Q Bryce: a16z has made a number of investments in defense technology through the American Dynamism Strategy. How do you think about national security in the context of emerging technologies like AI?

A Raghu: The foremost thing to understand about a16z is that we are massively long on America. Clearly, we believe in building great companies and delivering strong returns for our investors. But a third pillar of how we think about the world is strengthening the United States and the countries that are allied with it.

AI is one of those technologies that is instrumental both to national economic strength and national security. It also plays a role in the propagation of culture and values. That’s why we’ve invested heavily in strengthening the American defense industrial base through the American Dynamism Strategy.

Q Bryce: You mentioned earlier how the nature of warfare itself is changing. What are you seeing there?

A Raghu: If you look at the technology industry, we’ve seen waves of commoditization reshape how computing was delivered, from mainframes to client-server systems to commodity servers and eventually the cloud. You’re starting to see something similar in defense. Commercial off-the-shelf technologies are increasingly being used on the battlefield. The clearest example is what’s happening in Ukraine with drones and other systems being built and deployed in completely different ways.

When you combine commercial technologies with massive intelligence—AI, autonomy, and data—you have the opportunity to rethink how you defend or project power on the battlefield. Autonomy and AI become a huge part of that, creating opportunities to challenge industries that have had very strong incumbents for a long time.

Q Bryce: So, what separates the defense tech companies that will actually matter from those that fade away?

A Raghu: Some things stay the same. If you look at what made the current incumbents great, they combined cutting-edge innovation with tremendous execution and a strong focus on delivery. That triangle doesn’t really change.

But the nature of innovation is evolving. Companies now can take advantage of the best commercial technologies available and combine them with AI to drive down costs while increasing capability. Execution still matters enormously. These systems are used in environments where lives are at stake, so reliability and quality are critical.

And finally, there’s delivery—actually getting these technologies into large organizations like governments that have a lot of constraints and requirements. You must understand how those institutions work and how to translate innovation into something they can actually deploy.

Q Bryce: You’ve seen firsthand how difficult it can be for promising defense technologies to move from prototype to real deployment. How does a16z think about helping companies make that leap from innovative technology to something that actually gets adopted at scale?

A Raghu: If you think about what it takes for any technology to succeed, people tend to focus on the innovation. But execution is just as important. Innovation is the starting point, but the real

challenge is making that innovation work in the real world—getting it into the hands of customers and making sure it actually delivers value. There’s a huge gap between those two things. Most startups get funded because of the innovation, but the reason technologies become enduring businesses is because of execution. From the very beginning, a16z has focused heavily on that execution side.

Q Bryce: How does that show up in the way the firm operates?

A Raghu: If you look at the composition of our team, the majority of people at the firm are focused on helping our portfolio companies operate, execute, and succeed in their markets. Internally, we often describe what we do with four words: “find,” “pick,” “win,” and “build.”

“Find, pick, win” refers to the core venture work: finding great companies, selecting the ones we believe in, and earning the opportunity to invest in them. The fourth is “build,” and the build is helping those companies become global leaders. It creates a virtuous cycle. We believe the more we help companies succeed, the easier it becomes for us to win the opportunity to partner with the next generation of founders.

Q Bryce: What does “build” look like in practice for your portfolio companies?

A Raghu: It can take many forms. Sometimes, it’s helping companies find the right talent. Sometimes it’s helping them find customers. It also involves helping them build the right partnerships so they can deliver their technology into real markets. That’s an area where we’ve been putting more emphasis recently—helping portfolio companies connect with partners who can help them reach customers and deploy technology at scale.

Q Bryce: You mentioned partnerships as a key part of helping companies execute. That’s something we’ve been working on together. Why was Booz Allen the right partner for this moment?

A Raghu: If you go back to what we talked about earlier, we are massively long on America. We believe one of the most important things we can do in acting on that belief is strengthening the capabilities of the U.S. government—defense, civilian agencies, and the broader national security ecosystem—by helping bring the latest and greatest technology into those institutions.

If you think about innovation, execution, and delivery, our role as a venture firm is primarily around innovation and helping companies execute. We know how to recognize great innovation, and we help companies build and scale. But we’re not built to deliver those technologies directly into government.

“I’ve never been more excited about technology than where we are today.”

—Raghu Raghuram

That’s where Booz Allen comes in.

You have a long history of helping government organizations adopt and implement new technologies. You’re trusted across multiple parts of the U.S. government and across allied governments as well. And you understand how to translate cutting-edge innovation into systems that institutions can actually deploy. So, the partnership was very natural for us. We can help identify and support the most innovative companies, and by working with Booz Allen, those companies have a path to deliver their technologies into real mission environments.

Q Bryce: Can you give me an example of how we’re helping a portfolio company get to market faster?

A Raghu: One early example is our newly announced investments in Ulysses, a maritime robotics company backed by a16z’s American Dynamism Practice. While the partnership is just beginning, the thesis is clear: Ulysses brings breakthrough autonomous surface and undersea systems, and Booz Allen brings the mission understanding and pathways that promise technological reach into national security customer sets faster.

Your role is to ensure Ulysses’s autonomy platforms are aligned to real operational needs from the start—everything from mission engineering insights to navigating government adoption. By combining their innovation with your deep experience delivering emerging tech into mission environments, we’re creating the conditions for Ulysses to accelerate toward fielded impact much sooner than they could alone.

Bryce: Exactly. Ulysses brought the autonomy; we focused on mission engineering and accelerating deployment pathways.

"In many ways, the closest historical analogy (to the impact of AI) might be something like electricity—an enabling capability that ends up transforming nearly every industry and institution." —Raghu Raghuram

Q Bryce: Looking ahead, what would success for that ecosystem look like in five years?

A Raghu: If you look back at the early days of Silicon Valley, many of the most important innovations had the U.S. government as their first customer. Defense and other government agencies played a major role in driving early adoption of breakthrough technologies.

Over time, that connection weakened. And that's not a criticism, but just a fact of the matter that Silicon Valley doesn't always think of government as the first place to deploy innovation, and government doesn't always look to the startup ecosystem as its first source of new technology.

If we look five years ahead, success means reversing that dynamic. It would mean showing clear examples where some of the best technologies coming out of the startup ecosystem are successfully deployed inside the U.S. government, because the right partners came together to make that happen.

If Booz Allen, a16z, and the companies in our portfolio can demonstrate that model working, that is a very powerful outcome.

Q Bryce: Also looking ahead a few years, let's shift back to AI for a moment. How do you see agentic AI shaping mission environments?

A Raghu: If you look at the waves of AI before the current one, the early applications were largely predictive. AI could analyze data and predict outcomes. For example, whether a financial transaction might be fraudulent or whether a particular pattern of behavior might indicate a security threat.

The next wave was generative AI. With systems like ChatGPT, AI became capable of creating new content, such as writing text, generating code, producing images, and so on.

More recently, we've seen a third stage emerge, which is reasoning. AI systems are becoming capable of working through problems in a more structured way, like solving math problems, analyzing complex questions, and generating more sophisticated outputs.

The next frontier is action. Once a system can understand a problem and generate solutions, it can begin to act. That's where agentic AI comes in. An agent is essentially a piece of software that

can reason about inputs and then take actions in the digital world on your behalf. It might monitor information, trigger workflows, or execute tasks automatically. Initially, those agents will operate with humans supervising them, but over time, you'll see agents trusted to carry out actions independently.

Q Bryce: What does that mean for government organizations and mission environments?

A Raghu: Governments face the same pressures as any large organization: the need to move faster, operate more efficiently, and continuously innovate. Agents can help address all three. If you look at coding agents, for example, they can help build software faster while lowering the cost of development. And because AI can analyze large volumes of existing code, it can often identify new ways to approach problems. You can imagine similar applications across nearly every category of knowledge work.

Government agencies have enormous backlogs of tasks they want to accomplish. They're also constantly balancing budget pressures and the need to innovate. Agents have the potential to help address those challenges.

Q Bryce: Beyond AI itself, are there other emerging technologies that excite you when you think about national security and defense missions?

A Raghu: Many of the most exciting developments are derivatives of AI. One example is robotics. Robotics has existed for a long time, but, traditionally, robots were limited to fixed, repetitive tasks. A robotic arm might pick something up here and place it there, but it couldn't adapt very easily. With AI integrated into robotics, those systems can learn and respond dynamically to real-world environments. That expands what robots can do, both commercially and in mission environments.

Another area is crypto and decentralized networks. As AI systems become more autonomous, they'll need ways to transact and interact with other systems. Today, for example, an AI system can't easily hold a bank account or execute financial transactions. Technologies like crypto provide mechanisms for identity and trusted transactions between software systems. In that sense, decentralized networks could become an important part of how AI systems operate and coordinate with each other.

LIGHTNING round

Bryce: Finish this sentence: The United States will maintain its technology edge if...

Raghu:...if you let the industry cook.

Bryce: One myth about defense tech that the Valley needs to retire?

Raghu: Modern defense tech is not science experiments but is being propelled forward by significant growth companies that are providing thousands of jobs across the United States and are producing drones, sea vessels, missiles, and other critical technologies at scale and speed.

Bryce: And one myth about Silicon Valley that government needs to retire?

Raghu: Big Tech is not representative of all tech. In fact, most builders in Silicon Valley are small teams with ambitious entrepreneurs tackling big problems, taking on enormous risk, and operating in intensely competitive environments.

Bryce: What is one a16z portfolio company in defense national security that Velocity readers should know about?

Raghu: Cursor!

SPEED READ

Former VMware CEO and current a16z managing partner Raghu Raghuram explains why today's AI wave represents a fundamentally different, industrial-scale technological shift—one he compares more to electricity than to prior cloud eras.

Sovereign AI, national security needs, and shifting defense technologies are reshaping the relationship between Silicon Valley and government.

a16z is partnering with Booz Allen to accelerate government adoption of emerging technologies from breakthrough innovation to mission ready deployment.



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