Executive Summary

The Navy and Marine Corps can certainly benefit from technologies funded by venture capital, but they need not become venture capitalists themselves to do so. The panel found that:

It is not necessary to form a "Naval venture capital fund" to gain access to emerging technologies.

There is little point in the Department of the Navy (DON) imitating venture-like initiatives recently established elsewhere in the Defense and Intelligence Communities.

Venture capital has been most successful in a relatively focused range of technologies. The Navy and Marine Corps should devote their attention to harvesting venture backed technologies from these areas:

- Computing

- Wired and wireless communication

- Enterprise applications

- Devices, sensors, and integrated circuits

- Input/output devices and user interfaces

For the venture capital community to successfully acquire and exploit technologies the DON has developed in-house, the Navy must be willing to part with the key scientists and engineers as well as the technical intellectual property. If the DON wishes to attract venture capital, it should restructure its laboratory and warfare center personnel policies along the lines of those that prevail at research universities.

A strengthened demand-pull, led by a revitalized Naval Research Science Advisors program, and a better-informed capabilities-push, led by a revitalized Commercial Technology Transition Office, could help bring emerging technologies to the Fleet and Force.

Closer relations with the venture capital community alone are unlikely to speed the insertion of new technology into programs of record. A better system of incentives (for both acquisition officials and prime contractors) and a better system of rapid prototyping and experimentation are particularly important reforms.