



U.S. ARMY COMBAT CAPABILITIES DEVELOPMENT COMMAND ARMY RESEARCH LABORATORY

**Venture Studios: A New Engine for Scaling Warfighting
Capabilities**

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CORE CHALLENGES TO THE “VALLEY OF DEATH”



- The Problem: Transitioning emerging S&T from our labs into the hands of Warfighters is a persistent, daunting challenge
 - Lab innovations often struggle to find a pathway to a Capability Program
 - The "push" model, where we simply make patents available, is insufficient
- Startups and small businesses—our most agile partners—struggle to navigate the defense bureaucracy and survive the long timelines.
- **The core question for the acquisition community:** What are new, more effective pathways for technology transition?

A POTENTIAL SOLUTION: THE VENTURE STUDIO MODEL



- What is a Venture Studio?
 - An organization that systematically builds, funds, and scales new companies from the ground up

- How is it Different?
 - Accelerators/Incubators support external companies
 - Venture Studios act as co-founders: internally generate the idea, build the initial team, provide the seed funding, and run the company using a shared platform of resources
 - Isn't just investment; active company building

THREE STUDIOS WITH COMPLEMENTARY OPERATING PHILOSOPHIES



- Conducted in-depth interviews with leading studios operating deep tech and/or national security space
- **Problem-First** (Share Ventures): Start by defining a compelling problem (e.g., "back pain costs the Army billions"). This "lightning rod" **principle** attracts the world's best talent and technology to solve it
- **Market-First** (Red Cell Partners): Target complex, bureaucratic markets like national security. By analyzing demand signals—even congressional budgets—they identify where money will flow and build companies to meet that future demand
- **Founder-First** (Roadrunner Venture Studios): Find a proven, coachable Entrepreneur and empower them to **validate a thesis, then shop and** license the right technology. "People invest in businesses, not patents."



LESSON 1: THE "PROBLEM" IS THE MOST POWERFUL SIGNAL



- The single most valuable asset we in the DOW possess isn't our patents—it's our problems. These offer technically challenge real world needs that motivate people to solve them
- When asked what one thing the DOW could do better, every studio leader said: Provide a clearer, more accessible feed of the problems you are trying to solve.
- A well-articulated problem acts as a “lightning rod” that attracts elite talent and, crucially, private capital.
- The venture ecosystem wants to solve our hardest challenges. We need to make it easier for them to find them.

LESSON 2: SELL THE PACKAGE, NOT JUST THE PATENT



- The startup “clock speed” is measured in months. Licensing “clock speed” could cause impedance in an otherwise urgent OPTEMPO
- A patent alone is often useless to a startup. By the time it’s issued, the tech may be old, and the inventor gone or working on a different project
- Venture studios and founders need a complete package:
 - The Intellectual Property (the patent)
 - Access to the Scientific Talent (the inventor)
 - Access to the Specialized Equipment used to develop it.
- Without this package, the friction is too high and the risk is too great.

LESSON 3: THE POWER OF THE PLATFORM



- Startups fail not just because the tech is hard, but because the business is hard. Navigating federal contracting, CMMC, and basic business operations could overwhelm otherwise very intelligent, technical teams.
- Venture studios solve this with a “Platform” of shared services.
- A central team provides fractional support for legal, finance, HR, engineering, and marketing.
- This “business foundation” frees the startup's leadership to focus on what only they can do: customer discovery and technology development.

ACTIONABLE INSIGHTS FOR THE ACQUISITION COMMUNITY



- Create a “Problem-as-a-Service” Model:
 - Develop a public, persistent, and clear feed of the DOW’s most pressing operational problems. This is a more powerful signal to private capital than a list of available patents.
- Pilot a DOW-Partnered “Platform”:
 - Sponsor a shared services entity that helps startups navigate the complexities of federal contracting, security, and compliance. De-risk the bureaucracy, not just the technology.
- Rethink “Tech Transfer” as “Team Transfer”:
 - Create mechanisms that make it easier to package IP with access to our scientists and equipment. Explore sponsoring Entrepreneurs-in-Residence to pull technology out of labs, rather than relying on us to push it out.