

THE LAW OF INTENDED CONSEQUENCES

An After Action Report by Red ThreadX on Fed Supernova 2026



FIG SIGNING THE EXECUTIVE ORDERS

SAUL LOEB/AFP/GETTY IMAGES

277

EXECUTIVE ORDERS
ISSUED

\$1T

FY2026 DEFENSE
BASELINE

105

SPONSORS &
EXHIBITORS

6

CRITICAL TECHNOLOGY
AREAS

EVENT SUMMARY

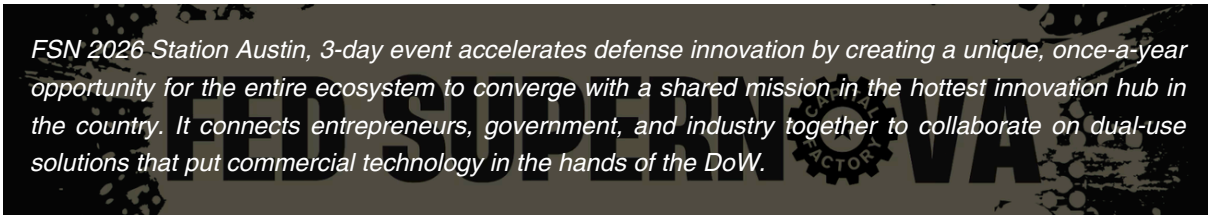
Every August since 2021, Austin's Capital Factory has thrown open its doors for Fed Supernova, and each year the gathering has grown a little louder, a little more consequential, a little harder to ignore. What started as a scrappy, pandemic-born experiment ,a virtual stand-in after SXSW was canceled, drawing a modest two thousand registrants and some hundred and forty speakers ,has, over five years, become something closer to an institution: the marquee event where the country's dual-use technology ecosystem convenes, deliberately and unapologetically, to close the gap between what Silicon Valley builds and what the Department of War can actually deploy. This year's edition, held August 18th through 20th at Capital Factory's STATION Austin campus and the subject of this Red ThreadX After Action Report, carried on that trajectory in full: by the event's own accounting, 105 sponsors and exhibitors packed the Innovation Expo 'Start Up Crawl' anchored by gold-level partners including Advanced Technology International and X-Bow Systems, alongside STRIKEWERX, Moonshots Capital, and a roster of banks, law firms, and defense primes ,a floor thick enough, and a crowd almost certainly numbering well into the thousands, to justify the event's own description of itself as a "force multiplier for defense innovation."

What makes Fed Supernova worth watching isn't just its scale but its premise ,that the Valley of Death, the graveyard where promising commercial technology quietly dies before it ever reaches a soldier or a contract, is a solvable problem, if only the right people are made to stand in the same room. Year after year, that has meant deep tech start ups and AI developers are

sharing floor space with Army acquisition officers, hardware startups pitching alongside venture capitalists, and policy conversations spilling out of panel rooms into happy hours across downtown Austin. It is, by design, unglamorous, granular work ,SBIR paperwork and Technology Readiness Levels rather than headlines ,and yet it has become, by most measures, one of the most productive matchmaking operations in American defense tech.

This year's gathering carried additional gravitas. Fed Supernova was built, quite literally, by one person's unique vision to redefine Dual-Use and served as a commemoration to Joshua Baer ,Capital Factory's founder, the man who had built the event from nothing and who for years delivered its opening remarks himself ,who the community lost when the business jet carrying him home from Mexico crashed onto a Laredo highway. Baer was, by the account of nearly everyone who worked alongside him, less an entrepreneur than an infrastructure builder: the person who put ambitious founders in rooms with the Army officials and corporate executives who could actually scale their ideas, work that turned Capital Factory into the most active early-stage investor in Texas and Austin into something more than a punchline about barbecue and live music.

This year's Fed Supernova convened, this time, not just to bridge the gap between invention and deployment, but as a tribute to that life's work and to the lasting mission he set in motion, carried forward now by the community he built. We too honor Josh's vision.



FSN 2026 Station Austin, 3-day event accelerates defense innovation by creating a unique, once-a-year opportunity for the entire ecosystem to converge with a shared mission in the hottest innovation hub in the country. It connects entrepreneurs, government, and industry together to collaborate on dual-use solutions that put commercial technology in the hands of the DoW.

EXECUTIVE SUMMARY

Red ThreadX at Fed Supernova

We have now entered a new kind of Quantum Economics, one in which two states functionally exist at the same time: we are now living simultaneously in both a "Pre and Post War" Economy, one that has been mandated by Executive Order whose firestorm of funding has been stoked by the budgeted and supplemental appropriations now required to support a perpetual global war footing and the now urgent need to address contested logistics and shorten the kill chain ,that many now say is ushering in a "Golden Age" of reindustrialization and rapid technological innovation that will advance everything, the likes of which we have never seen: AI, Additive Manufacturing, Quantum, Communications and Perimeter Protection, Propellants, Nuclear Fusion and Fission, SMRs, Data Delivery, Data Storage, Space... every technology ever, all exponentially accelerated by this strategic shift in the American defense and technology landscape and the Executive Orders that have mandated these as National Priorities.

And that means that the blood-brain barrier that used to exist between Defense Tech and Civilian Tech ,what used to be referred to as "dual-use" ,has now dissolved into "use technologies" in an era that looks to be rising all boats on this single tide. At an unprecedented rate, driven by the need to "replace the boom as fast as we boom the boom," according to Jake Glassman, Deputy Assistant Secretary of War for Enabling Technologies, representing the Department of War/War, all aspects of the U.S. economy now look poised to benefit equally.

This report seeks not only to summarize the events, technology, and learnings from the Fed Supernova

event but to offer lateral insights from the perspective of this quantum duality. Over the course of the event, two opposing, quantum facts became clear:

First, that the U.S. military has been radically altered by many of the over 277 Executive Orders issued by this administration. Issued exclusively by the President, the primary purpose of an executive order is to manage the operations of the federal government by directing executive branch agencies and officials on how to implement or enforce laws. Executive orders have the force of law but, vitally, do not require congressional approval to take effect, essentially averting Congressional oversight. The current pace of the issuance of these Executive Orders represents an unprecedented volume of unilateral directives in contemporary Presidential history (for context, Trump signed a total of 220 executive orders during the entirety of his first four-year term, 2017,2021). This deliberate, intentional set of EO actions is what we are calling "The Law of Intended Consequences" ,that this President seeks to "go fast and break things if necessary," legislating by mandate rather than consensus. The outcomes of this newly empowered Presidency are now becoming clear.

Secondly, the war footing we are presently committed to further advances ,and some would say streamlines ,this "Law of Intended Consequences" by redirecting technology investment from deliberate, debated, Congressionally budgeted, planned, and appropriated funding to a direct Department of War-mandated need-now/fund-now procurement model, and the capital now available is impressive:

WAR-FOOTING CAPITAL

Fiscal Year 2026: Regular annual defense appropriations reached a baseline of **\$1 trillion** (achieved through a combination of traditional discretionary spending and mandatory funds from the One Big Beautiful Bill Act).

Supplemental Appropriations 2026
(Emergency Funding):

The \$87.6 Billion Supplemental Request: Submitted to Congress in June 2026, this emergency proposal seeks funding outside the stalled annual appropriations cycle.

Military Re-supply (\$67.1 Billion): The vast majority of the supplemental request is allocated to the Department of War to cover active operational costs in the Middle East and to refill depleted munitions stockpiles.

Fiscal Year 2027 (Proposed): The White House's FY27 budget request asks for a historic **\$1.5 trillion total defense budget**. This annual base plan includes \$1.15 trillion in discretionary funding alongside a proposed \$350 billion mandatory component meant to fast-track through reconciliation.

This is now likely a permanent state.



FIG. SIMULATED SEARCH

NAVY PETTY OFFICER 1ST
CLASS AUSTIN INGRAM

"What's amazing: this GOLDEN AGE... Offense AND defense technologies, The AMAZING EO's (!) unblocking Technology inertia in every domain..." ,David DeWalt (Founder and CEO of NightDragon)

DAVID DEWALT (FOUNDER AND CEO OF NIGHTDRAGON)

At the Fed Supernova, high-level officials from the SBA, NASA, and Department of War detailed initiatives outlined in the Executive Orders that would accelerate the deployment of critical technologies such as autonomous systems, modular nuclear energy, and directed energy weapons. They emphasized a transition from slow, traditional acquisition cycles to a "minimum viable bureaucracy" that prioritizes speed, scalable manufacturing, and dual-use applications to deter global adversaries. Key conversations included the vital role of venture capital in bridging the "valley of death," the urgency of securing domestic supply chains, and the integration of AI-driven logistics to enhance battlefield lethality. Collectively, it is clear there is a unified national effort to operationalize these mandates so that we maintain technological dominance by empowering small businesses, leveraging private-sector ingenuity, and modernizing the U.S. industrial base.

This approach is literally game-changing.

Between the Law of Intended Consequences and with appropriations now so directed, we can neither ignore the EO mandates and the dramatic streamlining changes they have already set in motion, nor can we now imagine abandoning the current and perpetual forward deployed footing that funds these initiatives. Too much has already been seed invested in everything from Data Centers to Low Earth Orbit to see these initiatives suddenly defunded. We now see ourselves living perpetually and simultaneously in both a 'Pre and Post War' Economy where we both defend and grow the homeland, the paradox that has created the unique conditions for this new Golden Age of Technology to flourish.

WHAT'S NEXT , FOR COMPANIES



Naveen Krishnamurthy

C-Suite Advisor & Distinguished RTX Contributor

The nation needs a foe. And we found one.

For years, the U.S. has had to manage coexistence with a single sovereign that seeks to deny us unhindered access & passage of minerals, materials, and munitions. Meanwhile, the U.S. posture is unambiguous, the nation is resolved to exert dominance on sea, land, and air, and beyond. At the Defense Industrial Base Accelerator (DIBX) 2026 in Philadelphia last month, Hon. Michael Cadenazzi, Assistant Secretary of War for Industrial Base Policy, asserted “Space is a warfighter’s domain.”

Assertions aside, we are not assured of fair weather for the duration.

CHALLENGES & SOLUTIONS

At that same event, several voices underscored the hurdles (and ongoing mitigations) associated with the Defense Industrial Base (DIB) as the nation enters the next decade.

- Industry structure:** Vertical integration in DIB has its virtues but it also results in conglomerates that appear to be configured as black boxes inside black boxes, which, during a time of need, can surface multiple points of failure. Mr. Palmer Luckey, the founder of Anduril, a non-traditional defense prime, made the argument against vertical integration, he built Anduril around only the minimal capabilities the company needs to outcompete the adversary, and not anymore. Not being vertically integrated allows Anduril to source parts from, as Mr. Luckey said, “...every machine shop in the country.” This is the organizing principle that also guides Anduril’s design. As an example, Anduril designed the landing gear of its drone assemblies heavier than they needed to be, in order that they be simple enough to be mass produced in a high school machine shop during a time of need.
- Built to be rebuilt:** On a panel that illuminated the warfighter’s perspective on DIB, Lt. General Mark Pyle, Deputy Director, Critical Weapon Systems, U.S. Air Force talked about instilling within his command a new discipline of building first of a kind equipment not to last but rather to iterate. Brigadier General Tamara Campbell, Commander, Marine Corps Systems Command bolstered the rationale for this idea. The recruit that enters the Marine Corps today is an 18,24-year-old, i.e., someone who is innately a tinkerer, who will want to break things down before building them back up in a new, fit-for-purpose manner, whether on the battlefield or on base. Lt. General Luke Cropsey, Military Deputy, Office of the Assistant Secretary of the Air Force for Acquisition, Technology and Logistics, U.S. Air Force highlighted that DoW’s procurement of innovative technologies needs to transition from favoring the first developer to instead favoring the fast follower. The former invites the DoW to share in the developer’s risks related to technology and supply chain; the latter enjoys the advantage of letting the DoW learn from those who learn from others.

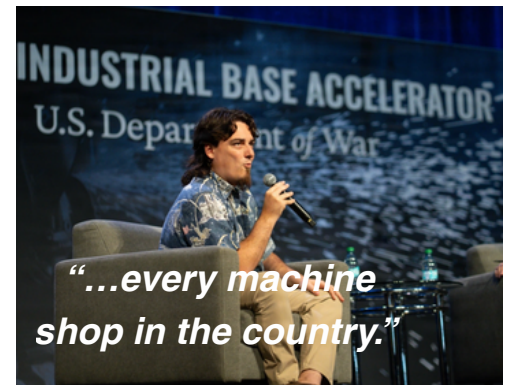


FIG. PALMER LUCKEY AT DIBX 2026



FIG. AIR & SPACE FORCES MAG



- **Investor appetite:** An investor interested in DIB will soon find that asset classes do not neatly align with technology maturity levels. For example, many emerging-technology explorations within DIB require hundreds of millions of dollars, not single-digit millions that early-stage investors are accustomed to investing in their portfolio companies. Debt investors, who may be willing to hold relatively risky debt in other sectors, are hesitant to participate given DIB's characteristically long/uncertain procurement cycles, the absence of a government backstop for cost overruns, and inability to ascertain the value of assets that may have little repurposable use in civilian industries. Mr. Kyle Bass, Co-Chief Executive Officer and Founder, Rochefort Asset Management, indicated that the pooling of private capital across asset classes could help address risk-capital insufficiency in DIB.
- **Innovation and innovators:** On a panel, Mr. Lukas Czinger, the CEO and co-founder of Divergent, a maker of metal structures, emphasized the importance of accelerated technology development. He built Divergent with the idea that startups that take as long as 4 years to pilot their technology will likely find themselves obviated by competing technologies/companies. At his firm, Mr. Czinger compresses timelines, so concepts reach pilot stage in less than 2 years.
- **Congressional authority:** DoW is among a select group of agencies that can summon Other Transactional Authority, which allows for agreements, especially with non-traditional contractors, for R&D, prototyping, and production. But large and specific budget requisitions still require Congressional authority. On his panel, Mr. Luckey shared an insight that, he believes, has worked in Anduril's favor over the years. Rather than convincing risk-averse congressional staff and elected representatives that they need to approve an entirely novel idea, Anduril has sought to convince them that what they're currently doing has turned old. Not a distinction without a difference for the target audience.

Repeatedly, DoW speakers highlighted the elements that are energizing their activities, including:

- mapping the U.S. supply chain
- focusing funding programs
- unlocking logjams
- embedding risk acceptance as a capability
- heightening accountability at each level within DoW
- tracking the pace of decision-making as a strategic metric.



If that reads like an ambitious list, it is. In other news, as DIB is transforming, the physical world continues to rely on molecular building blocks.



Those molecular building blocks are acutely needed in building/rebuilding the nation's critical minerals capacity.

At the event, Hon. Michael Cadenazzi announced a new \$750 million investment as part of a \$1.55 billion program to extract rare-earth elements at Serra Verde's project in Central Brazil. Separately, the DoW is launching Project Vault, a \$12 billion stockpile of critical minerals that will be made available to domestic manufacturers in civilian and defense sectors.

At the startup pitch competition , from among 9 startups engaged in critical minerals, expeditionary electronics manufacturing, and fuel distribution , **the winner was 5N Plus**, a Utah-based critical minerals company that makes specialty semiconductors. The company received \$7.27 million to grow its domestic production of gallium arsenide within the U.S. With that choice, the four-member panel comprising leaders within DoW's buying organizations reiterated their single-minded focus on expanding domestic critical minerals capacity.

5N Plus is among many startups that now populate the critical minerals landscape , and yet companies in this space are rare. Many critical minerals startups are yet to start. Several good ideas lie languishing in academic research labs , trapped in post docs' imagination, tech transfer offices' deliberations, and protracted entanglements with agencies in the pursuit of agency grants. Even if an innovator is able to develop credible technology, acquire patient capital, attract the right R&D bench strength, he/she is now faced with a domestic supply chain that is not ready to scale.

That effectively means the nation needs to build/rebuild two types of supply chains:

- 1. Supply Chain #1: A supply chain that is sequestered for defense production , within the Organic Industrial Base and elsewhere, and**
- 2. Supply Chain #2: A supply chain that primarily specializes in scaling new-to-the-world technologies & approaches , i.e., a strategic, dual-use supply chain that routinely commercializes technologies within several deep-tech sectors including defense, and that can redirect its activities to favor defense output during time of need.**

Today, that latter supply chain will encounter the equivalent of a cold start. Even in civilian sectors, expertise in scaling almost never meets expertise in R&D seamlessly.

In Supply Chain #2, think of a medium-size company that produces additives that go into lubricants that are applied on the threads of structural cylinders within industrial warehouses, railway bridges, and military munitions. The task now is to match this company's Director of Strategic Partnerships with a postdoc at a top-tier engineering program, who is building a promising startup that refines critical minerals. This task will not be easy. At the DIBX event, Administrator Kelly Loeffler, who leads the U.S. Small Business Administration, highlighted that approximately 70% of DIB comprises small businesses across the country. These small businesses may indeed be stellar in what they can currently accomplish; but lending expertise outside their own domains to help novice entrepreneurs to scale lab-stage technologies , perhaps not.

Critical minerals , as well as other parts of DIB , bring up uncomfortable tradeoffs.

WHAT DO WE HAVE TO GIVE UP?

Even if technology maturity, economics, and DoW participation validate attractiveness, many deep-pocketed investors , some of them domestic , may not wish to participate. For example, a large sovereign wealth fund may require that asset managers do not invest in defense primes or defense Tier 1 companies on the basis of ESG principles.

Which brings up the evolving dynamic between DoW and the U.S. Environmental Protection Agency. In a time of need, the agency that gains the upper hand is obvious. But in times of peace, as the nation rebuilds DIB, we may realize that the environmental movement of the 1960s is no longer fringe. Since then, communities have managed to make safeguarding the environment a bipartisan issue. So, how can the nation perform best on DIB readiness as well as environmental stewardship?

In stark terms, specially around the mining, processing, and disposal of critical minerals, the nation has two choices. We could outsource our waste problem to other geographies. We have previously done this with post-consumer plastic waste, and we continue to do so today with forestry biomass. But a relatively less-messy solution is to build a circular supply chain as a salient feature within our domestic critical minerals industry. That would require technologies that subject waste slurry to ongoing valorization. Some residual waste will continue to be generated, and legislators, regulators, and communities will have to determine what to do with those residuals. Not all that exemplary in this context, however, is our record on nuclear waste treatment, reprocessing, and ultimate disposal.

Suffice to say, legislators and regulators will continue to face thorny issues , in critical minerals and beyond.

SUPPORT YOUR LOCAL LEGISLATOR

Just in the last 7 years, the nation's primary adversary has morphed from the world's second largest economy to a zoonotic virus to unbridled proliferation of AI/ML models to the buildout of data centers. And legislators/regulators have had to respond.

During this month's Climate Week in New York City, entrepreneurs, investors, and corporates from Argentina, Australia, the U.K., the Netherlands, Denmark, Japan, New Zealand, Korea, Lebanon, and elsewhere, all converged on one hurdle that prevents them from collaborating even more keenly in the U.S. And that hurdle is the U.S.'s uneven legislative & regulatory setup. From the perspective of these willing & able potential partners, regulatory risk may turn out to be the single point of failure in this nation's national security apparatus.

More broadly, despite the ingenious solutions the nation is able to crystallize when called upon, in R&D, manufacturing, policymaking, finance, and within DoW, our ability to settle for collective inertia also remains formidable. It's no small feat that DIBX even came about this year.

The U.S.'s singular sovereign rival does not suffer the same shortcomings. Not gladly, and not for long.

The nation needs a foe. And we found one.

It's us.

THE END.

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