



STATEMENT BY

DAN TADROSS  
HEAD OF PUBLIC SECTOR  
SCALE AI

BEFORE THE  
SENATE ARMED SERVICES COMMITTEE  
SUBCOMMITTEE ON CYBERSECURITY

MARCH 25, 2025

Chairman Rounds, Ranking Member Rosen and Members of the Subcommittee on Cybersecurity, thank you for the opportunity to be here today. My name is Dan Tadross and I have the honor of leading Scale AI's (Scale) Public Sector business. Everyday my team is singularly focused on how to bring best-in-class Artificial Intelligence (AI) into the Department of Defense (DOD) and other Agencies.

## **Introduction**

Scale was founded in 2016, and since that time has powered nearly every AI innovation. From our earliest days working with the leading autonomous vehicle companies, to our work today with the leading frontier AI labs and governments around the world, we have always been on the forefront of innovation. Our role in this critical ecosystem provides us a unique opportunity to understand how to build high quality AI systems, powered by the world's best data.

Our work is deeply personal to me as I have worked nearly my entire career at the intersection of AI and the Government. During my time as an Active Duty Marine, I had the privilege of helping to stand up the Joint Artificial Intelligence Center where I established the Joint Warfighting National Mission Initiative and led project Gargoyle, which focused on deploying Computer Vision for enhancing force protection, and developing the data pipelines necessary to support airborne autonomy. This work enabled me to see firsthand the challenges and struggles associated with the DOD's implementation of AI.

## **The global race is on and the Chinese Community Party is running full steam ahead to win**

This hearing comes at a critical time for the future of AI leadership. Over the past few years, no single topic has dominated global discussions like AI and it's clear that the governments who implement and deploy AI the fastest will create asymmetric deterrents and advantages over their adversaries. Around the world, we are currently seeing many countries look to do this, but no two are racing ahead faster than the United States and China.

Prior to looking at what the United States must do to win, it's important to analyze where things stand today. AI is made up of three main pillars—compute, data, and algorithms. More than one year ago, the United States was clearly ahead on all three. However, today that is no longer the case. Advancements from China, most

notably with the launch of Deepseek, have shown that they have closed the gap. From Scale's perspective, today, China is leading on data, we are tied on algorithms, while the United States remains ahead on compute. It's clear that the race is neck and neck.

In order to compete more aggressively, the CCP has implemented a whole of country approach, utilizing its government, industry, and military to superdrive its pursuit of becoming the global standard for AI. From an investment standpoint, and for the first time in history, China is benchmarking AI investments off of leading tech companies and not the United States government.

When it comes to building out their data pipeline, China is sparing no expense. Last year, our analysis of publicly available materials found that China spent at least \$1.2 billion dollars on data labeling alone. Additionally, as part of China's AI plus initiative, the government established data labeling centers around the country with the lion's share of this work supporting public sector applications. In fact in May 2024, the National Data Bureau announced seven data labeling industrial bases will undertake the construction of specialized data annotation bases<sup>1</sup>: Chengdu (Sichuan), Shenyang (Liaoning), Hefei (Anhui), Changsha (Hunan), Haikou (Hainan), Baoding (Hebei), and Datong (Shanxi).<sup>2</sup> In addition to setting up these hubs, they have also begun to heavily subsidize data labeling through vouchers, and other forms of tax breaks.<sup>3</sup>

---

<sup>1</sup> See, <https://www.globaltimes.cn/page/202404/1309974.shtml>

<sup>2</sup> See,

[https://www.cnfin.com/yw-lb/detail/20240525/4053351\\_1.html#:~:text=%E2%80%A2%E6%8D%AE%E5%9B%BD%E5%AE%B6%E6%95%B0%E6%8D%AE%E5%B1%80%E5%85%AC%E4%BC%97%E5%8F%B7%E6%B6%88%E6%81%AF%EF%BC%8C%E6%9C%8824%E6%97%A5%E4%B8%8B%E5%8D%88%EF%BC%8C%E5%9B%BD%E5%AE%B6%E6%95%B0%E6%8D%AE%E5%B1%80%E5%85%9A%E7%BB%84%E4%B9%A6%E8%AF%B0%E3%80%81%E5%B1%80%E9%95%BF%E5%88%98%E7%83%88%E5%AE%8F%E5%9C%A8%E7%AC%AC%E4%B8%83%E5%B1%8A%E6%95%B0%E5%AD%97%E4%B8%AD%E5%9B%BD%E5%B3%B0%E4%BC%9A%E4%B8%BB%E8%AE%BA%E5%9D%9B%E4%B8%8A%E5%8F%91%E5%B8%83%E4%BA%86%E6%89%BF%E6%8B%85%E6%95%B0%E6%8D%AE%E6%A0%87%E6%B3%A8%E5%9F%BA%E5%9C%B0%E5%BB%BA%E8%AE%BE%E4%BB%BB%E5%8A%A1%E7%9A%84%E5%9F%8E%E5%B8%82%E5%90%8D%E5%8D%95%EF%BC%8C%E5%88%86%E5%88%AB%E6%98%AF%EF%BC%9A%E5%9B%9B%E5%B7%9D%E7%9C%81%E6%88%90%E9%83%BD%20%E5%B8%82%E3%80%81%E8%BE%BD%E5%AE%81%E7%9C%81%E6%B2%88%E9%98%B3%E5%B8%82%E3%80%81%E5%AE%89%E5%BE%BD%E7%9C%81%E5%90%88%E8%82%A5%E5%B8%82%E3%80%81%E6%B9%96%E5%8D%97%E7%9C%81%E9%95%BF%E6%B2%99%E5%B8%82%E3%80%81%E6%B5%B7%E5%8D%97%E7%9C%81%E6%B5%B7%E5%8F%A3%E5%B8%82%E3%80%81%E6%B2%B3%E5%8C%97%E7%9C%81%E4%BF%9D%E5%AE%9A%E5%B8%82%E3%80%81%E5%B1%B1%E8%A5%BF%E7%9C%81%E5%A4%A7%E5%90%8C%E5%B8%82%E3%80%82%E4%B8%83%E4%B8%AA%E5%9F%8E%E5%B8%82%E6%89%BF%E6%8E%A5%E4%BA%86%E6%95%B0%E6%8D%AE%E6%A0%87%E6%B3%A8%E5%9F%BA%E5%9C%B0%E5%BB%BA%E8%AE%BE%E4%BB%BB%E5%8A%A1%E4%B9%A6%E3%80%82](https://www.cnfin.com/yw-lb/detail/20240525/4053351_1.html#:~:text=%E2%80%A2%E6%8D%AE%E5%9B%BD%E5%AE%B6%E6%95%B0%E6%8D%AE%E5%B1%80%E5%85%AC%E4%BC%97%E5%8F%B7%E6%B6%88%E6%81%AF%EF%BC%8C%E6%9C%8824%E6%97%A5%E4%B8%8B%E5%8D%88%EF%BC%8C%E5%9B%BD%E5%AE%B6%E6%95%B0%E6%8D%AE%E5%B1%80%E5%85%9A%E7%BB%84%E4%B9%A6%E8%AF%B0%E3%80%81%E5%B1%80%E9%95%BF%E5%88%98%E7%83%88%E5%AE%8F%E5%9C%A8%E7%AC%AC%E4%B8%83%E5%B1%8A%E6%95%B0%E5%AD%97%E4%B8%AD%E5%9B%BD%E5%B3%B0%E4%BC%9A%E4%B8%BB%E8%AE%BA%E5%9D%9B%E4%B8%8A%E5%8F%91%E5%B8%83%E4%BA%86%E6%89%BF%E6%8B%85%E6%95%B0%E6%8D%AE%E6%A0%87%E6%B3%A8%E5%9F%BA%E5%9C%B0%E5%BB%BA%E8%AE%BE%E4%BB%BB%E5%8A%A1%E7%9A%84%E5%9F%8E%E5%B8%82%E5%90%8D%E5%8D%95%EF%BC%8C%E5%88%86%E5%88%AB%E6%98%AF%EF%BC%9A%E5%9B%9B%E5%B7%9D%E7%9C%81%E6%88%90%E9%83%BD%20%E5%B8%82%E3%80%81%E8%BE%BD%E5%AE%81%E7%9C%81%E6%B2%88%E9%98%B3%E5%B8%82%E3%80%81%E5%AE%89%E5%BE%BD%E7%9C%81%E5%90%88%E8%82%A5%E5%B8%82%E3%80%81%E6%B9%96%E5%8D%97%E7%9C%81%E9%95%BF%E6%B2%99%E5%B8%82%E3%80%81%E6%B5%B7%E5%8D%97%E7%9C%81%E6%B5%B7%E5%8F%A3%E5%B8%82%E3%80%81%E6%B2%B3%E5%8C%97%E7%9C%81%E4%BF%9D%E5%AE%9A%E5%B8%82%E3%80%81%E5%B1%B1%E8%A5%BF%E7%9C%81%E5%A4%A7%E5%90%8C%E5%B8%82%E3%80%82%E4%B8%83%E4%B8%AA%E5%9F%8E%E5%B8%82%E6%89%BF%E6%8E%A5%E4%BA%86%E6%95%B0%E6%8D%AE%E6%A0%87%E6%B3%A8%E5%9F%BA%E5%9C%B0%E5%BB%BA%E8%AE%BE%E4%BB%BB%E5%8A%A1%E4%B9%A6%E3%80%82)

<sup>3</sup> See, <https://babl.ai/china-unveils-comprehensive-plan-to-boost-data-labeling-industry-growth/>

Beyond data, the United States has been stuck in a research and pilot mindset, while the CCP started to rapidly increase their investment in AI research and fielding AI capabilities. In the first half of 2024 alone, the People's Liberation Army issued 81 contracts—up from only one contract in 2023—with Large Language Model companies to rapidly grow their capabilities.<sup>4</sup>

President Trump rightly called the proliferation of Deepseek a “wake up call<sup>5</sup>” and so the question remains, how should the United States respond?

### **Winning requires immediate action and three key first steps**

In order to win, the US needs to unleash our technology to the Warfighter at an unprecedented pace. As China has correctly identified, the best way to leverage AI is to start using it. While that may seem obvious, and despite the uneven playing field, the United States Government has fallen behind China when it comes to military use of AI.

In our analysis, when it comes to adopting and implementing AI, the Department of Defense has not launched a new AI program in nearly a decade.<sup>6</sup> For the past four years, DOD leadership spent countless hours developing potential use cases for AI, researching and piloting AI systems, and even putting out guidance to stop users from utilizing AI.<sup>7</sup> But with limited widescale adoption. In contrast, China is rapidly deploying AI systems and there could be serious consequences for United States national security.

Fortunately, we still have time to catch up but the window is closing. If we want to win, we must not only buy into a vision, but also start to take clear and decisive actions on it. This includes:

#### **1. Put the right AI foundation in place**

---

<sup>4</sup> See, <https://www.scmp.com/tech/tech-trends/article/3267866/chinas-public-sector-accelerates-ai-adoption-2024-zhipu-and-iflytek-emerge-winners>

<sup>5</sup> See, <https://www.nbcnews.com/tech/innovation/trump-china-deepseek-ai-wake-call-rcna189526>

<sup>6</sup> See, <https://www.defense.gov/News/News-Stories/Article/Article/1254719/project-maven-to-deploy-computer-algorithms-to-war-zone-by-years-end/>

<sup>7</sup> See, <https://www.doncio.navy.mil/ContentView.aspx?ID=16442>

To start and despite being nearly 30 years into the DOD's AI journey<sup>8</sup>, it still lacks the foundational pieces necessary to build, scale and implement widespread AI solutions. This needs to change, and we must put in the elements necessary to expand the use of AI programs. This starts with data. The DOD has long recognized the need to prioritize AI-ready data, even calling it a national priority, but there has been little action taken to implement this priority.

To truly prioritize and execute a strategy to have AI-ready data it requires two main aspects—AI-ready data requirements and enterprise-wide AI data infrastructure. As discussed above, China has recognized that winning on AI relies on a runaway data advantage. In 2024 alone, the DOD spent under \$100 million on AI-ready data whereas China spent over \$1 billion.<sup>9</sup> The United States government is the world's leading producer of both quantity and diverseness of data, but nearly all of this data is going unused with AI. If the US wants to turn our data into an advantage this must change.

In multiple National Defense Authorization Acts (NDAA) this Committee has directed, suggested and tried to require the DOD to prioritize AI ready data requirements, but it's clear that more must be done.

In parallel to implementing the requirement, the Department should also set up enterprise-wide AI data infrastructure. This commercial best practice ensures that AI programs are developed in the most efficient and cost effective manner. The leading tech companies have long realized this requirement for effectiveness and for that reason China is mirroring the same approach. To date, the Department of Defense has not yet taken the steps necessary to put in place this capability in a meaningful way and this year's NDAA presents a unique opportunity to change that.

## **2. Shift our mindset to be implementation-first**

Once the right data foundation is in place, the DOD must also look to build out and implement an AI strategy that will best position the United States to win. As stated above, the DOD has not launched and scaled a new AI program in nearly a decade instead resorting to a pilot and research mindset. In the early days of AI, this made

---

<sup>8</sup> See,

<https://militaryembedded.com/ai/machine-learning/artificial-intelligence-timeline#:~:text=1991%3A,to%20solve%20other%20logistical%20problems>.

<sup>9</sup> Per Scale's internal analysis of open source reporting

sense to better understand where and how it best made sense to implement systems, but if the United States is going to win, we must shift into an implementation-first mindset.

In order for this to occur, Scale believes that the DOD must first set a north star related to robust AI implementation in no more than 5 years. This should focus on agentic applications such as agentic warfare and would provide a “top right of the curve” vision and enable a tangible multi-year plan to reach it.

Agentic warfare presents the best opportunity for the United States to build asymmetric advantages given that it will eventually be able to complement human’s ability to process information. For example, AI agents could drastically improve our offensive and defensive cyber capabilities as well as intelligence gathering process by constantly monitoring for new information and immediately relaying that information to a human overseer. These examples are possible today and would provide immediate impact. Scale is actively working on deploying the first instance of this<sup>10</sup> in the INDOPACCOM through DIU’s Thunderforge effort<sup>11</sup>, but if the United States wants to beat China, this approach must be implemented through the entirety of the Department of Defense.

### **3. Ensure our acquisition system no longer slows us down**

AI is unique in that it resembles software, but needs to be maintained like hardware. The reason for this is due to the nature of how it must be trained and maintained. While this has long been recognized, it is clear that it presents challenges for the DOD given that it doesn’t neatly fit into the legacy acquisition system. Congress took a strong first step to fixing this in last year’s NDAA by passing a requirement that the DOD must begin to break out the AI elements of programs into individual budget lines in future President’s Budgets. While there has not been enough time for the DOD to implement this requirement yet, it is critical that Congress continues to provide oversight to push the DOD to do so as quickly as possible.

Changing the Program, Planning, Budgeting and Execution (PPBE) process is just the first step and more must be done. For that reason, Scale strongly supports

---

<sup>10</sup> See, <https://scale.com/blog/thunderforge-ai-for-american-defense>

<sup>11</sup> See, <https://scale.com/blog/thunderforge-ai-for-american-defense>

provisions in the FoRGED Act<sup>12</sup> which attempt to enable better and faster acquisition of emerging technologies like AI.

In addition to the FoRGED Act, Scale also believes that we need to continue to look at finding ways to break through the challenges of multi-year budgeting. This challenge has been well documented and long discussed when it comes to the DOD's ability to acquire emerging technologies, but it's clearly still holding back the DOD's implementation of AI. For example, ChatGPT launched in November 2022<sup>13</sup> but by then the President's FY2024 budget had been nearly finalized by the DOD. This means that there was no clear ability for the DOD to have adequate funding for acquiring generative AI until their FY2025 budget request which just passed Congress this past month—roughly 3 years after the launch of one of, if not the, most transformative technologies of our time.

## **CONCLUSION**

Thank you again for the opportunity to be here to discuss what is needed for the DOD to win on AI. Scale looks forward to continuing to work with this Committee on taking the bold and decisive actions needed to ensure this happens and I look forward to your questions.

---

<sup>12</sup> See, <https://www.congress.gov/bill/118th-congress/senate-bill/5618>

<sup>13</sup> See, <https://en.wikipedia.org/wiki/ChatGPT>