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**LIZ CLAMAN, THE CLAMAN COUNTDOWN:**

By the way, we're not done with AI because it has been the fuel behind the NASDAQs 32% gain this year and the 35% gain year-to-date in VMware stock. VMware CEO Raghu Raghuram is here next as his company extends its AI partnership with Chip Giant NVIDIA.

As we've been telling you, big tech executives, there's the door, live picture here, still in hour five and a half, meeting with senators on Capitol Hill. Live look at the Kennedy caucus room behind those doors. They're hashing out the future of AI and the regulation of it. The meeting is expected to end later this evening, but it comes right at the time that, can I say thousands, hundreds and hundreds and hundreds of companies are piling into the AI craze. VMware was ahead of it. The cloud software company had already teamed up 10 years ago with AI semiconductor leader NVIDIA, but today is extending that partnership to create a suite of products focusing on generative AI training and security of it using data stored in VMware's cloud infrastructure. VMware stock right now is up three quarters of a percent, $165 and change. Joining us now in a Fox Business exclusive, CEO Raghu Raghuram. Raghu, great to have you. Please explain to us in the simpler terms what the software stack you've created with NVIDIA and what you're creating with that company will do.

**RAGHU RAGHURAM, VMWARE:**

Absolutely, happy to be on with you. So what we announced within NVIDIA is a giant solution. It is targeted at businesses and what it enables businesses to do is it solves their number one concern with using generative AI, which is how do I use all of this great technology and the potential it has while safeguarding my data and being compliant and of course doing it in a cost-effective manner. So that is really the problem we're trying to solve within NVIDIA and we are thrilled with the result and that was the product that we announced.

**CLAMAN:**

But does it do deep learning? Can it scale up workload, things like that?

**RAGHURAM:**

Yes, it absolutely can do deep learning. Well, the way it works is it takes a standard large language model and then helps companies tailor it to their data and build applications on using that language model and the tailored data that they've got and build these new exciting applications that every enterprise CEO is interested in.

**CLAMAN:**

Raghu, when you talk about privacy, especially as it pertains to AI, is that keeping private the proprietary models of AI that your clients are coming up with? Is it keeping proprietary the searches that your clients do? I would imagine that if you've got one CEO searching for certain answers from AI, if that were to get out in public, that would not be a good thing, if it's perhaps they're thinking about, I'm just throwing this out, an acquisition of some sort.

**RAGHURAM:**

Yep, yep, exactly. It's all of the above, but to take the question in order, let's say you are like VMware and you want to use your VMware proprietary data to tailor the AI model so that it can do the kind of searches you want. You don't want VMware proprietary data to be widely available out on the web for competitors of VMware to use it. So, in fact, the way we got into this journey is we decided to build a solution internally within VMware that would protect VMware's data and like you just pointed out, protect the searches that people are doing using VMware. And also, if we are using a model, we don't want to be sued by some other company so there are copyright and other considerations involved. So, that is the problem that we were tackling with the solution. And like I said, we are excited to be working with NVIDIA on this.

**CLAMAN:**

Well, it is no big surprise and no shock that NVIDIA CEO Jensen Huang is in that room in the Senate building right now behind closed doors with dozens of other CEOs who are very much involved in AI speaking with senators, a bipartisan group of senators about future regulation. What do you think is the number one thing that needs to be guard-railed or helmed in that AI has the power to explode out into the world that we really need to watch out for?

**RAGHURAM:**

Yeah, I think in my opinion, the number one thing here is not moving too fast. The state of art of this technology is advancing so rapidly, right? And understanding what is possible and what is not possible is also changing so rapidly that it would be a mistake to hastily run into regulation right now. I think what is happening in that Senate building that you just talked about is good in the sense it's a public- private dialogue that's happening and that's needed so that everybody has a deeper understanding of what is possible and what is probable.

**CLAMAN:**

Right, let me just jump in here. You say it's important not to move too quickly, right? We don't want to make mistakes on regulation, but again, if you wait too long, it's very hard to unscramble that egg. Everything is out there and it's hard to then kind of ring fence it once again, don't you think? And even Elon Musk was out there saying it's got to happen? Sam Altman is saying we need to do it.

**RAGHURAM:**

Yeah, absolutely. The smart people are all looking at the range of probabilities and for what could happen for sure, right? However, if you go back to last Thanksgiving, nobody was talking about chatGPT, right? So, obviously it was under development in OpenAI and companies similar to that, but for the broad public and for the broad economy at large, the consequences were ill understood. So that is why I'm saying, between last Thanksgiving and now, the advances in technology have been so accelerated that it's hard even for people in the industry to sit here and say, what is it going to be by the next Thanksgiving? So I would say we have to move cautiously here and pay attention to what is possible and what's not possible and make sure regulation does not get in the way of innovation. Remember, we are competing in a global economy here as well. We got to be cognizant of all these factors.

**CLAMAN:**

Gotcha. Raghu Raghuram, great to have you. VMware, we're watching it. Thank you so much. Dow down 106. We're coming right back.