U.S. to Award Quantum Computing Firms $2 Billion and Take Equity Stakes

Trump administration hopes to spur 'a new era of American innovation,' Commerce's Lutnick says

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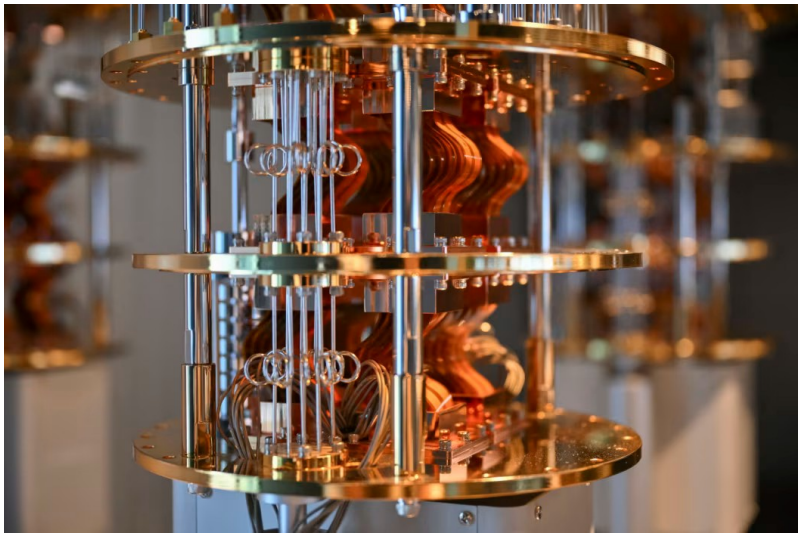

Parts of the IBM Quantum System Two on display. Companies like IBM are working to build more stable and scalable quantum computer systems. ANGELA WEISS/AFP/GETTY IMAGES

Quick Summary

- The Trump administration is awarding $2 billion in grants to nine quantum-computing companies, including U.S. government equity stakes.

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WASHINGTON—The Trump administration is awarding $2 billion in grants to nine quantum-computing companies in deals that include U.S. government equity stakes, the Commerce Department said.

The move accelerates the administration's plans to boost the nascent industry, which has attracted a wave of investment from investors and businesses in recent months.

The department has agreed to give $1 billion of the package to IBM IBM 1.20% ▲ , a leader in the race to build computers that use quantum mechanics to solve problems much faster than traditional supercomputers.

Coupled with advances in artificial intelligence, quantum computing has the potential to turbocharge scientific research, making it an economic and national security priority for President Trump.

IBM and other companies are working to develop specialized chips for quantum computing, a focus for the government in its bid to spur domestic supply chains. Chip maker GlobalFoundries GFS 6.16% is receiving $375 million in funding. The rest of the firms are expected to receive $100 million, except for startup Diraq, which is slated to get $38 million.

A slew of companies pursuing various approaches to quantum are slated to be awarded funds, including publicly traded firms D-Wave Quantum, Rigetti Computing and Infleqtion.

The deals still need to be completed.

The funding for the quantum deals comes from the 2022 Chips and Science Act, which includes money for earlier stage technology projects. Commerce Secretary Howard Lutnick has overhauled the office, asking semiconductor companies to increase their domestic investments and taking a nearly 10% stake in Intel, which has seen shares surge since the unusual deal.

The government will receive a minority equity stake in each quantum company, adding to a string of similar deals including rare-earths magnet maker Vulcan Elements and mining company MP Materials. The department didn't provide details about the exact size and structure of each equity stake.

"The Trump administration is leading the world into a new era of American innovation," Lutnick said in a statement.

The new funding comes as the administration works on an executive order focused on the industry, according to people familiar with the matter. Companies including Microsoft and Alphabet's Google are also investing heavily in the space after recent quantum breakthroughs, attracting investors to the industry.

The sector is in a much better position and there is more line of sight to quantum really becoming a reality, a senior Commerce Department official said.

The Wall Street Journal previously reported the department was talking to quantum companies about funding and equity stakes.

Some tech analysts have said the quantum sector and others are too risky for the government to make equity investments, but Lutnick has argued that the deals are structured so taxpayers will ultimately benefit. The senior Commerce official said the agency did so many different deals to spread out its bets, acknowledging that it could take years for them to pan out.

“Everybody is excited about quantum because it is the next big thing. A lot of the expectations and hopes have yet to be realized,” said Dana Goward, president of the Resilient Navigation and Timing Foundation, a charity advocating for policies and systems to protect GPS satellites, signals, and users. One application of quantum has the potential to replace GPS, tech analysts say.

Quantum executives say the amount of time it takes to make advancements in the field is falling thanks to the investments and research breakthroughs such as more powerful chips. “We think now the time frames have actually collapsed,” IBM Chief Executive Arvind Krishna said in a March interview. He compares quantum to where AI chips were a decade ago.

The other quantum startups expected to receive funding are Atom Computing; PsiQuantum; and Quantiniuum.

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