



March 7, 2025

The Honorable Joni Ernst
Chair, Senate Small Business Committee
U.S. Senate
Washington, DC 20510

The Honorable Ed Markey
Ranking Member, Senate Small
Business Committee
U.S. Senate
Washington, D.C. 20510

The Honorable Roger Williams
Chairman, House Small Business
Committee
U.S. House of Representatives
Washington, DC 20515

The Honorable Nydia Velazquez
Ranking Member, House Small
Business Committee
Washington, D.C. 20515

The Honorable Brian Babin
Chairman, House Committee on Science
Space & Technology
U.S. House of Representatives
Washington, DC 20515

The Honorable Zoe Lofgren
Ranking Member, House
Committee on Science Space &
Technology
Washington, D.C. 20515

Subject: Strong Endorsement of the INNOVATE Act

Dear Chairs Ernst, Williams, Babin, and Ranking Members Markey, Velazquez, Lofgren:

The Alliance for Commercial Technology in Government is delighted to provide our enthusiastic endorsement of, and support for the INNOVATE Act, released March 5th by the Senate Small Business Committee. The Small Business Innovation Research (SBIR) program, known as America's Seed Fund, is a highly effective research program with commercialization of government funded research by small business its main goal. It should be reauthorized with much-needed reforms included in INNOVATE.

For more than 40 years, SBIR has provided seed capital to some of our nation's greatest companies, including Anduril, Aerovironment, AMGEN, Boom Technologies, Broadcom, Ginkgo Bioworks, GoTenna, IRobot, JDS Uniphase, Millennium Pharmaceuticals, Qualcomm, Symantec and ViaSat. Our members leverage SBIR awards, often combined with private capital, to commercialize state-of-the-art defense and dual-use capabilities and get them into the hands of our warfighters, keeping us ahead of our adversaries while providing our nation a return on investment many times over. These successes generate economic growth and tax revenue, build America's technology infrastructure, and train the next generation of innovators.

In our recommendation letter of October 3, 2024, we suggested several improvements to the program that would fix long-standing barriers to commercialization and broaden the appeal of the program to the commercial innovation ecosystem, a community that historically has avoided the defense market, but one that our national defense can no longer do without. 95%+ of global research now occurs outside of the defense industry, making it imperative for DoD to join forces with and leverage commercial investment. We are delighted to see so many of our suggestions appear in the INNOVATE Act.



Specific things we love about the INNOVATE Act:

- 1) **Strategic Breakthrough awards:** effectively a formalized Phase III transition program, modeled after the highly successful Air Force STRATFI program, funded with an additional 0.25% permanent budget, and requiring both matching external funding and an end-user customer. \$60M max contract awards to be used exclusively for manufacturing scaleup, inventory, production, and delivery.
- 2) **Clever 1A program:** only open to first-time applicants with a very lightweight 2-page proposal format will entice first time entrants into the program, debunking the perception that the program is rigged for insiders.
- 3) **90 day “Shot Clock” for award notification and contract award:** putting some certainty/timeliness into the process.
- 4) **Clear, consistent standards in Foreign Malign Influence Assurance.**
- 5) **Firm Fixed Price as a default purchasing method for both Phase I and II:** begins to align SBIR to commercial business practices.
- 6) **Legitimate curbs on SBIR Mills:** \$75M lifetime cap on SBIR awards per company, 1:1 minimum revenue threshold for external revenue to SBIR awards after 25 Phase IIs, below \$40M annual revenue size standard, limits on number of proposals submittable per company and per agency
- 7) **Clear definition of Open Topic:** Fixes problem of agencies merely slapping the word “open” on their otherwise conventional topics

These long-overdue reforms go a long way towards eliminating the Valley of Death, neutralizing the perceived and justified reputation of the program being rigged for incumbents, confirming the program is a seed funding program to help startups get into a product business and not a business unto itself, and establishing firm fixed price purchasing as the default buying mechanism to align with commercial business practices enabling companies to have a single business model for both markets. We stand ready to assist with passage of this groundbreaking legislation.

Thank you so much for your service in the 119th Congress.

Sincerely,

Warren Katz
Chairman
The Alliance for Commercial Technology in Government

cc: House Appropriations Subcommittee on Defense
House Select Committee on the Chinese Communist Party
House Oversight and Accountability Committee
Senate Appropriations Subcommittee on Defense
Senate Committee on Homeland Security and Governmental Affairs