



October 23<sup>rd</sup>, 2024

The Honorable Gary Peters, Chair  
274 Hart Senate Office Building  
Washington, D.C. 20510

The Honorable James Comer, Chair  
2410 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable Rand Paul, Ranking Member  
295 Russell Senate Office Building  
Washington, D.C. 20510

The Honorable Jamie Raskin, Ranking Member  
2242 Rayburn House Office Building  
Washington, D.C. 20515

Chairs Peters and Comer, and Ranking Members Paul and Raskin:

We are writing today in strong support of H.R. 9595, the *Federal Improvement in Technology Procurement Act of 2024 (FIT Act)*. This bill helps modernize the federal procurement process, particularly by removing outdated barriers that prevent agencies from accessing the latest commercial cloud-based technologies from companies of all sizes.

In today's rapidly evolving landscape, the federal government's ability to efficiently procure emerging technologies is paramount to maintaining operational agility, improving public services, and safeguarding national security. As federal agencies strive to meet the increasing demands of a digital-first world, H.R. 9595, if passed, will facilitate a competitive, flexible procurement environment that encourages innovation, reduces acquisition delays, and creates new opportunities for businesses to enter the federal contracting space.

The Alliance for Digital Innovation (ADI) is a nonpartisan alliance of technology companies that works to streamline the U.S. public sector's acquisition and adoption of innovative commercial technologies to enhance the efficiency and effectiveness of government services. Our members provide key critical technologies to the federal government, including cloud infrastructure, digital identity solutions, human resources software, quantum computing, digital services, and a range of sophisticated cybersecurity tools and services. Our members range from some of the most prominent technology firms in the nation to smaller companies and startups who are also interested in sharing their innovations to support the missions of government agencies.

In addition to our general support for H.R. 9595, ADI principally endorses the following provisions:

### **Increase of the Micro-Purchase Threshold**

ADI strongly supports the proposed increase to the micro-purchase threshold (MPT) from \$10,000 to \$25,000. The current MPT threshold has provided federal government agencies the opportunity to rapidly acquire low-cost technical solutions. As evidenced by successful solicitations by the General Services Administration's IT Modernization Centers of Excellence, agencies have been able to employ, learn, and test cutting-edge prototypes, while avoiding bureaucratic delays and preparing for future, larger and more informed technical solicitations.

Raising the MPT threshold to \$25,000 will position federal agencies to build upon this governmental tool, with greater flexibility to leverage necessary solutions which enhance efficiency and productivity. Further, the MPT not only empowers the federal government to move with agility to embrace modern technology, but it also incentivizes agencies to engage and build rapport with smaller startups and businesses who can compete and demonstrate performance in a rapidly growing and competitive market. Increasing the MPT is critical in maintaining agencies' access to rapidly evolving technology.

### **Increase of the Simplified Acquisition Threshold**

The proposed increase in the simplified acquisition threshold from \$250,000 to \$500,000 is also a critical and necessary step forward. As the costs of products and services have steadily risen, the current threshold has become increasingly restrictive, limiting federal agencies' ability to procure the tools and technologies needed to fulfill their missions. Moreover, increasing the SAT will encourage and enable additional non-traditional small and mid-sized businesses to compete for federal contracts. Many of these businesses have solutions that could drive improvements in agency operations, but have been deterred by the complexities and cost limitations of the current acquisition process. Coupled with an increase to the MPT, modernizing the SAT threshold will ensure that large companies and startups alike, are able to climb the acquisition ladder from small-value, experimental acquisitions all the way to larger contracts. Overall, raising the threshold will lead to a more diverse market, providing agencies with a wider range of solutions that can enhance efficiency in government services.

### **Subscription-Based Pricing**

Finally, ADI supports the enablement of subscription-based pricing by authorizing additional exceptions to advanced payments. We support the need for protections that ensure the government receives a product or service prior to payment and understand that the current nature of subscription software-as-a-service ("SaaS") and other "as-a-service" models makes this approach inefficient. This provision in the legislation would be foundational to unlocking the value proposition of cloud-based products and services by moving towards a true consumption-based pricing across government. Furthermore, this provision will help U.S. federal government agencies continue to have access to the latest commercial cloud-based technologies, ensuring efficiency and cost effectiveness.

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ADI extends its sincere thanks to Rep. Burlison for his leadership on this bill. Additionally, ADI greatly appreciates the Committee's willingness to engage on the important topic of federal technology acquisition. A bipartisan focus on updating federal acquisition policy enables the government to be more efficient and effective in a modern digital world. We look forward to further collaboration in the future.

Sincerely,

The Alliance for Digital Innovation