

July 13, 2022

The Honorable Adam Smith
Chairman
U.S. House of Representatives
Washington, DC 20515

The Honorable Mike Rogers
Ranking Member
U.S. House of Representatives
Washington, DC 20515

The Honorable Jack Reed
Chairman
U.S. Senate
Washington, D.C. 20510

The Honorable James Inhofe
Ranking Member
U.S. Senate
Washington, D.C. 20510

Dear Chairman Smith, Chairman Reed, Ranking Member Rogers, and Ranking Member Inhofe:

We are the leading software technology startups and small businesses dedicated to the national security mission. Software is critical in the new battlespace to ensure proactive defense, responsiveness, and adaptability when competing with near-peer adversaries. We stand ready to serve the Department of Defense (DoD) and the warfighter in providing the best technology to ensure the country sustains its intelligence and security advantage.

We thank the House Armed Services Committee for their bipartisan work to promote faster adoption of emerging technology in the FY 2023 National Defense Authorization bill, which we believe will help foster a software innovation ecosystem within the defense industrial base. DoD's Software Modernization Strategy describes its vision as "deliver[ing] resilient software capability at the speed of relevance."¹ There are, however, some key challenges in the defense acquisition process that slow the cycle time and impede innovative software companies' ability to quickly deliver. We look forward to supporting and appreciate further bicameral efforts and conference negotiations to close these gaps with consideration of the following proposals, below.

- **Create a pathway for buying readily available Software-as-a-Service (SaaS) offerings.** We recommend funding and authorization to allow Military Services to contract directly with SaaS product providers for software capabilities within programs of record for the acquisition of hardware platforms. Open standard SaaS business models allow DoD to acquire best-in-class solutions from the most capable and advanced software providers. The SaaS model allows software companies to provide products that are continuously updated and enhanced, so they meet ever-evolving needs. Fortune 500 companies today routinely use SaaS-based systems to stay competitive in the commercial world; our national defense community urgently needs to leverage SaaS products, so we can stay ahead of our adversaries in the rapidly-evolving digital battlespace.

¹ See:

<https://media.defense.gov/2022/Feb/03/2002932833/-1/-1/1/DEPARTMENT-OF-DEFENSE-SOFTWARE-MODERNIZATION-STRATEGY.PDF>

- **Standardize the application of existing acquisition pathways across Military Services.**
 - Clarify the use of Other Transaction Authority (OTA) to include innovative software and SaaS prototypes and require all DoD elements to implement OTA to award follow-on production contracts to successful competitively-awarded prototypes, aiding in transition. Current legislation does not explicitly address the innovative nature of SaaS software solutions as meeting that definition. Moreover, efforts that fall under OTA for research or prototypes can only transition to production if such a transition is specifically allowed for in the original contract. The ability to transition to production should be made inherent in all OTA research and prototype contracts.
- **Reauthorize the Small Business Innovation Research (SBIR)/Small Business Technology Transfer Research (STTR) program and institute targeted reforms to assist small businesses in scaling contracts with the government from prototypes to production.** The SBIR/STTR program was designed to help small businesses quickly bring innovative products to the marketplace. The current limitation of one sequential Phase II award inhibits SBIR/STTR innovative projects' ability to bridge the valley of death. Increasing the number of Phase II awards provides the government with continued opportunities to participate in grooming prototypes to best meet mission needs, while supporting small businesses providing an extended runway for testing and improving on prototypes, so they can reach commercialization. Additionally, expanding the SBIR program eligibility criteria for companies with greater than 50% Venture Capital investment will remove another barrier to entry for innovative technology companies seeking to work with the government. Venture capital backing supports small, innovative companies' ability to reach commercialization, so providing SBIR opportunities for these companies is a good investment for the government.
- **Create a clear pathway for extensive use of continuous Authority To Operate (cATO).** DoD's new policy on continuous ATO is commendable, but additional steps are required for the cATO promise to be fully realized. Obtaining ATOs can take months, if not up to a year, and often processes have to be replicated within programs, Services and DoD entities. There is a definite need to streamline and modernize the process of certifying software applications are sufficiently secure and resilient to deliver the competitive advantage desired.
 - A joint standard or common definition of ATO is required to ensure consistency across DoD. Some military departments have policies that require ATO reciprocity among their systems. However, there are repeated indications that such policies may not be followed. With the evolution from static ATO to cATO, the need for consistency and portability will increase, as systems and software will move into continuous evaluation and approval.

We believe the above recommendations would significantly ease barriers to entry and allow small businesses dedicated to building mission-focused software the opportunity to break through the valley of death more quickly, thereby increasing innovation and technological superiority for the Department of Defense.

Thank you so much for your service and consideration.

Sincerely,

Christopher Ahlberg
Chief Executive Officer
Recorded Future

Ted Elliott
Chief Executive Officer
Copado

Krishna Gade
Chief Executive Officer
and Founder
Fiddler AI

Balan Ayyar
Chief Executive Officer
Percipient.ai

Darren Guccione
Chief Executive Officer
and Co-Founder
Keeper

Neil Serebryany
Chief Executive Officer
CalypsoAI

Jennifer Bisceglie
Chief Executive Officer
Interos

Jack Hidary
Chief Executive Officer
SandboxAQ

Thomas Stanford
Chief Executive Officer
Nuvolo

Dan Ceperley
Chief Executive Officer
LeoLabs

Logan Jones
President & General
Manager

Tyler Sweatt
Chief Revenue Officer
Second Front Systems

Dror Davidoff
Chief Executive Officer
Aqua

SparkCognition
Government Systems

Kevin Thompson
Chief Executive Officer
Tricentis

Yevgeny Dibrov
Chief Executive Officer
and Co-Founder
Armis

Chris Lynch
Chief Executive Officer
and Co-Founder
Rebellion Defense

Marc van Zadelhoff
Chief Executive Officer
Devo Security

Brian Dye
Chief Executive Officer
Corelight

Marc Osofsky
Chief Executive Officer
Jama Software