

July 25, 2024

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

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

Dear Chairman Rogers, Ranking Member Smith:

The Software in Defense Coalition, The Alliance for Commercial Technology in Government, and the National Venture Capital Association represent a diverse and innovative base of software technology startups and small businesses, industry thought leaders, and investors committed to ensuring the competitive advantage of the United States. We congratulate you for the successful markup and passage of bipartisan provisions within the “Servicemember Quality of Life Improvement and National Defense Authorization Act for Fiscal Year 2025” (FY25 NDAA).

The nation’s ability to plan and execute operations for any future conflict will depend upon its ability to identify, integrate, and leverage software across the breadth of the Joint Force’s capabilities. Over the course of the last two years, there has been a successive cadence of studies, reports, and commissions identifying the urgent need for reforms across nearly all aspects of the defense ecosystem to ready the formation for an increasingly digital fight. From the 2024 National Security Innovation Base scorecard to the January 18, 2024 Defense Innovation Board study, “Lowering Barriers to Innovation,”¹ recent studies articulated a number of similar concerns and challenges regarding impediments to true modernization of the Department of Defense, and also provided a series of accessible – and achievable – recommendations to counter these obstacles, which align to the policies captured in the Committee’s FY25 NDAA.

We especially appreciate the efforts to modernize the Department’s Authorization to Operate processes and increasing access to shared classified commercial infrastructure. The bill further captured two key recommendations of the final report of the Commission on Planning, Programming, Budgeting, and Execution (PPBE) Reform, issued in March 2024 focusing on the establishment of a Cross Functional Team to implement the Commission’s recommendations, as well as very necessary revisions to the Department of Defense’s Financial Management Regulation. As echoed by members of the House Armed Services Committee, true modernization will always remain elusive unless the established resourcing structure, created more than sixty years ago and calcified from decades of defense industrial

¹ Defense Innovation Board, [Lowering the Barriers to Innovation](#), January 18, 2024

growth, can evolve to meet and complement the current defense innovation base, and the Committee's bill achieves the necessary first steps in achieving that modernization.

We believe that the provisions highlighted below empower start-ups, small- and medium-sized technology companies while also strengthening the funding and acquisition pathways necessary to assist decision-makers in the Department of Defense in the identification and integration of the best technologies faster and more effectively. These provisions will also enable increased participation from American innovators who are acutely focused on building unique emerging technologies that can be used to the United States Government's advantage.

In accordance with the above themes, the following provisions, as contained in the final legislation, are catalysts for a truly modernized, technologically-enhanced national security apparatus:

- **Sec. 814 – Clarification of other transaction authority for follow on production.** This provision amends section 4022 of title 10, United States Code, to clarify the designation and implementation of subsequent contracting opportunities following successful prototyping of innovative technologies for the Department of Defense.
- **Sec. 831 – Updated Adaptive Acquisition Framework training.** This provision requires the Defense Acquisition University to collaborate with industry representatives to ensure that the curriculum offered to the defense acquisition workforce reflects contemporary technologies and innovative capabilities as well as evolving acquisition pathways and funding sources.
- **Sec. 865 – Expansion of pilot program for access to shared classified commercial infrastructure.** This provision requires the Secretary of Defense to establish no less than six new locations of shared commercial classified space in which small businesses and other participants may leverage classified space to conduct cleared, classified conversations for the sake of applying for new funding, conduct necessary work in such spaces so as to continue partnering with the Department of Defense, and create coherence between defense innovation hubs and those small businesses leveraging these shared classified commercial spaces.
- **Sec. 1002 – Revision of Department of Defense Financial Management Regulation.** This provision directs the Under Secretary of Defense for Comptroller, in coordination with the Cross-Functional Team established in section 1003 of this Act, to revise the Department's Financial Management Regulation to ensure contemporary and clear reflection of modern-day

financial practices and policies while requiring removal of outdated guidance that would prove contradictory to guidance provided by the annual appropriations acts.

- **Sec. 1003 – Cross-functional team for implementation of recommendations of the Commission on Planning, Programming, Budgeting, and Execution Reform.** This provision directs the Secretary of Defense to establish a Cross-functional team to manage the implementation of recommendations provided by the Commission on PPBE Reform.
- **Sec. 1522 – Modernization of the Department of Defense’s Authorization to Operate processes.** This provision directs the Secretary of Defense, in coordination with the Chief Information Officer of the Department of Defense, to establish timely and efficient processes to allow for the integration and transition of cloud-based softwares can services amongst military departments, which is to be communicated and shared through the development of a new system to communicate and make accessible such cloud-based softwares and services so that any stakeholder in the Department of Defense may identify and make decisions based upon accessible and transparent information.

Moreover, the House Report to accompany the NY25 NDAA contains a number of directive report language provisions which further enhance the bill’s efforts to modernize the Department of Defense:

- **Assessment of Cost Assessment and Program Evaluation Analysis** – This language directs the Comptroller General to conduct a review of the sufficiency and accuracy of the strategic and operational analyses developed by the Cost Assessment and Program Evaluation Office (CAPE) that is submitted as cost and budget estimate analysis in support of the development of the Department’s Future Years Defense Program (FYDP) as part of the President’s Budget.
- **Chief Digital and AI Office Data and Artificial Intelligence Hub Briefing** – This language directs the Chief Digital and Artificial Intelligence Officer (CDAO) to provide a briefing on the Office’s role as the data and Artificial Intelligence (AI) hub for the Replicator Initiative and as a provider of the development, security, and operational infrastructure necessary for sustainment of autonomy software.
- **National Guard Cyber Capability Modernization** – This language directs a briefing on opportunities to enhance use of the National Guard and Reserve Equipment Account (NGREA) for the delivery of enhanced cyber capabilities to National Guard units.

- **The Joint Operating System** – This language directs the Chief Digital and Artificial Intelligence Officer (CDAO) to provide a briefing to the committee on its FY25 spend plan for the Joint Operating System (JOS), the Data Integration Layer, the Global Information Dominance Experiment, and related MCA projects.
- **Briefing on Immersive Commercial Acquisition Program** – This language directs the Director of the Defense Innovation Unit, in coordination with the Director of the Defense Acquisition University, to provide a briefing on the sufficiency of the Immersive Commercial Acquisition Program (ICAP) as a function of the training provided to the defense acquisition workforce and its ability to convey and impact the diversity of contemporary software-based technologies, flexible funding options, and congressionally-provided acquisition pathways.

We believe the Committee’s promotion of the above annotated provisions eases the barriers to entry for those technology start-up companies and small businesses endeavoring to partner with the Department of Defense and signals a commitment by the House Armed Services Committee to support and enable those innovative, nontraditional businesses in such pursuits to bring mission-focused technologies to the warfighter. This legislation provides the opportunity for them to participate more fulsomely and at a more impactful scale, and ensures that American ingenuity and technological superiority will continue upholding the competitive advantage of the United States. Thank you so much for your service and your combined continued accomplishments in the 118th Congress.

Sincerely,

Software in Defense Coalition

Alliance for Commercial
Technology in Government

National Venture Capital
Association

cc:

Senate Armed Services Committee

The Honorable Lloyd Austin, Secretary of Defense