



Testimony of

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**“Restoring America’s Industrial Base: The Role of Small
Businesses in National Security”**

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Chairman Williams, Ranking Member Velázquez, and Members of the Committee, it is an honor to appear before you today. My name is Anthony Closson, and I am the Founder and CEO of Colossal Contracting.

My path to starting this company began during my service in the United States Air Force. While deployed in Iraq as a communications specialist affectionately known as a Wire Dawg and later serving at Joint Base Andrews as an IT Project Manager, I saw firsthand the critical relationship between government agencies and civilian contractors supporting mission success. Those experiences shaped my understanding of leadership, accountability, and the importance of reliable technology and operational support. During my final assignment at Joint Base Andrews, I began laying the foundation for what would eventually become Colossal Contracting. In the company's earliest days, I relied heavily on trusted former military colleagues, friends, and family members who believed in the vision and joined me in building the business. From the beginning, we committed ourselves to operating under the same military core values that shaped our service: integrity, accountability, teamwork, and mission focus.

Colossal Contracting was officially founded in 2009 with the goal of delivering high-quality IT integration, program management, and professional services to government customers. As a small business entering a highly competitive industry, growth did not come easily. We had to earn trust – project by project – and customer by customer. But our team maintained a “can-do attitude,” and that culture became central to our long-term success. Over the years, the company has grown from a small startup into an organization supporting mission-critical systems and services across numerous federal agencies. Even as we have expanded, we have worked hard not to lose sight of the importance of taking care of customers, while also investing in veterans and military families within our workforce.

My experience as a veteran and small business owner has reinforced for me how important it is that government contracting remains accessible to innovative small businesses that are willing to compete, hire, and serve. Companies like ours create jobs, contribute specialized expertise, and help strengthen the missions of the agencies we support every day. Like many veteran-owned businesses, Colossal has also served as a pathway for veterans to continue supporting national security after military service. We have been proud to create opportunities for veterans, military spouses, and other mission-focused professionals to bring their experience and leadership into the federal contractor workforce.

I remain deeply optimistic about the role that small businesses, particularly veteran-owned businesses, can continue to play in supporting federal missions and strengthening our economy. Beyond our business operations, we have worked hard to give back to the veteran community and the communities where we live and work. Through initiatives like our annual “22 For You Day” partnership with Mission 22, we have helped raise awareness and funding to address veteran suicide and support veterans and their families nationwide.

By way of background, Information Technology Value-Added Resellers (ITVARs), like my company, play a critical role in both the federal and commercial technology marketplaces. ITVARs operate within what is commonly referred to as the “channel,” serving as the bridge between original equipment manufacturers (OEMs) and end users. The channel is typically made up of small and mid-sized businesses that specialize in taking technology products, related

services, and customer requirements and combining them into practical, turnkey solutions. In the federal marketplace, this role is particularly important because agencies often require more than the purchase of a product alone. They need hardware, software, cybersecurity tools, cloud solutions, configuration, integration, installation, support, training, and other related services to be delivered in a manner that meets mission-specific requirements.

OEMs frequently rely on ITVARs to tailor their products to the needs of the purchasing agency. ITVARs integrate hardware, software, and related components with value-added services such as system design, configuration, installation, customization, technical support, troubleshooting, maintenance, and user training. This model allows federal agencies to acquire end-to-end technology solutions rather than isolated products. While some OEMs sell directly to federal customers, a significant share of federal technology sales is made through the channel. Industry estimates indicate that only approximately 20 to 30 percent of federal sales are made directly from OEMs to agencies, while roughly 70 to 80 percent are conducted through channel partners.

Our industry has also become an increasingly significant part of the broader technology economy. There are more than 6,000 companies in the value-added reseller sector in the United States, including ITVARs. Over the last decade, ITVARs have experienced substantial growth and have developed into a distinct economic activity within the technology marketplace. Industry estimates reflect growth from approximately \$200 million in 2013 to \$422.4 million in 2023, with an anticipated compound annual growth rate of 8.3 percent by 2030. This growth demonstrates that we are not merely incidental participants in federal procurement, but rather a mature and expanding sector that supports both commercial and government customers.

ITVARs also provide agencies with access to engineers, architects, and subject matter experts who assist with designing and implementing scalable technology solutions. Many ITVAR personnel maintain certifications across multiple vendors and platforms, which allows them to support agencies using complex, multi-vendor environments. In addition, because of their position between OEMs and government customers, ITVARs are often well situated to support cybersecurity, supply chain risk management, and other government-required standards that are increasingly central to federal technology procurement. These services are frequently embedded in the ITVAR business model and supported through narrow product margins or overhead costs, rather than charged separately to the government.

As an ITVAR prime contractor, Colossal has successfully supported numerous Department of Defense agencies, including the Pentagon J6, by delivering complex IT infrastructure solutions and large-scale technology procurements. On one significant networking equipment acquisition, our customer lacked sufficient warehouse capacity to receive the entire order, while the OEM was unable to hold the equipment pending deployment. Leveraging our expertise as an IT Value-Added Reseller (ITVAR), Colossal coordinated closely with the OEM and distribution partners to provide secure warehousing, inventory management, and logistics services. This enabled a phased deployment schedule that aligned with the customer's operational requirements, minimized project risk, and ensured mission continuity without disrupting ongoing operations.

In addition to our prime contract experience, Colossal has served as a Service-Disabled Veteran-Owned Small Business (SDVOSB) subcontractor supporting major defense programs throughout

the Indo-Pacific region. Acting as the small business technical expert on these efforts, our engineering teams designed and delivered comprehensive IT solutions encompassing enterprise networking, compute, storage, cybersecurity, and end-user technologies supporting mission-critical defense systems. Our ability to combine deep technical expertise with agile small-business responsiveness has enabled government customers and large systems integrators to successfully execute complex modernization initiatives in some of the most demanding operational environments in the world.

As our federal contracting system continues to emphasize consolidated buying, efficiency, modernization, and acquisition reform, small businesses are playing an increasingly important role in delivering technology solutions to the government. In many cases, those small businesses are ITVARs. The ITVAR community should be recognized as a distinct and essential component of the federal acquisition ecosystem and a critical contributor to the nation's technology and defense industrial base.

ITVAR Role in OneGov Initiative

Recent developments surrounding the General Services Administration's (GSA) OneGov strategy further demonstrate both the importance of the ITVAR industry and the evolving nature of the federal technology acquisition marketplace. GSA has described the OneGov initiative as a governmentwide effort to modernize and streamline the acquisition of technology products and services by leveraging the federal government's collective purchasing power, standardizing terms and conditions, and improving pricing consistency across agencies. The goals underlying this effort – increasing efficiency, reducing duplication, strengthening cybersecurity, and delivering better value to taxpayers – are objectives the ITVAR community understands and supports.

At the same time, it is important that implementation of these reforms fully recognize the critical role ITVARs play within the federal technology ecosystem. While portions of the OneGov strategy place greater emphasis on direct engagement between the federal government and original equipment manufacturers (OEMs), the reality is that federal agencies continue to rely heavily on ITVARs to deliver the integration, configuration, customization, deployment, training, technical support, and ongoing customer service necessary to successfully implement complex technology solutions. ITVARs serve as the operational bridge between manufacturers and agency end users, helping translate commercial technologies into mission-ready federal solutions.

As the federal government continues pursuing centralized buying strategies and procurement reform initiatives, it is essential that implementation not unintentionally hinder the small and medium-sized businesses that make up much of the ITVAR community. These companies have long provided agencies with cost-effective access to innovative technologies, specialized technical expertise, and mission-focused customer support, often while operating on narrow margins and without separately charging the government for many of the advisory and integration services they provide. As GSA continues implementing OneGov, preserving meaningful opportunities for small business ITVARs will be essential to maintaining a diverse, competitive, and resilient supplier base. Small businesses provide specialized expertise,

innovation, and customer-focused support that complement broader governmentwide acquisition strategies and strengthen the overall technology ecosystem.

Ultimately, the goals of procurement modernization and support for the ITVAR community are not mutually exclusive. The federal government can continue pursuing smarter, more efficient acquisition strategies while also recognizing that ITVARs remain an essential component of the federal technology supply chain. Ensuring that future acquisition reforms are implemented in a manner that preserves a robust and competitive reseller ecosystem will benefit agencies, industry partners, and taxpayers alike.

Creation of ITVAR NAICS

Determining whether a business qualifies as “small” should be a straightforward exercise. For the ITVAR community, however, that determination has become increasingly difficult because the North American Industry Classification System (NAICS) has not kept pace with the modern technology marketplace. Federal agencies rarely purchase technology products or services in isolation. Instead, procurements often combine hardware, software, cloud solutions, cybersecurity tools, integration, installation, and ongoing technical support into a single requirement. The current NAICS structure does not adequately reflect this reality.

Because contracting officers must assign a single NAICS code to each procurement, ITVARs are often forced into classifications that do not accurately represent the work being performed. Over time, agencies have attempted to address this challenge through varying interpretations and workarounds, creating inconsistency across the federal marketplace. Recognizing the issue, the Small Business Administration (SBA) established the ITVAR exception under NAICS 541519, commonly known as “Footnote 18.” While helpful, this approach has not resolved the underlying problem. Many small businesses continue to face uncertainty regarding compliance requirements that do not align with the blended products-and-services model that defines much of today's federal technology market.

This uncertainty places compliant small businesses at a competitive disadvantage and creates confusion regarding eligibility and performance requirements. More fundamentally, it highlights the absence of a NAICS classification specifically designed for the ITVAR industry. In December 2024, the Office of Management and Budget (OMB) issued a Federal Register notice seeking public comment on potential revisions to NAICS as part of the 2027 review process. In response, industry stakeholders submitted recommendations supporting the creation of a dedicated NAICS code for IT value-added resellers. These submissions reflect a growing recognition that the current framework no longer accurately captures the role ITVARs play in federal procurement.

The ITVAR community remains hopeful that the Economic Classification Policy Committee's ongoing review will result in meaningful modernization of the NAICS structure. A dedicated ITVAR classification would provide greater clarity for agencies and contractors, improve consistency in small business determinations, and better align federal acquisition policy with the realities of today's technology marketplace.

Rightsizing SBA's Size Standards

An equally important issue is whether current small business size standards accurately reflect the realities of today's federal technology marketplace. The question of how SBA defines a "small business" is particularly important for the IT value-added reseller industry, and I want to thank the Committee for your work on this issue since 2024.

The current 150-employee threshold was established quite some time ago, before the widespread adoption of cloud computing, modern cybersecurity requirements, supply chain security mandates, and the increasingly complex technology solutions agencies rely on today. As federal requirements have evolved, so too have the workforce demands placed on ITVARs. Companies must employ engineers, solution architects, cybersecurity specialists, compliance professionals, contract managers, and vendor-certified technicians to support agency missions and meet federal requirements. Exceeding 150 employees often reflects these operational demands rather than market dominance. It is worth noting that at 151 employees, a business would be considered large and forced to compete with multibillion dollar, global IT firms with thousands of employees.

Unlike many industries that scale through physical assets, ITVARs scale through people. Success depends on maintaining a highly skilled workforce capable of designing, implementing, securing, and supporting complex technology solutions. At the same time, companies must absorb growing compliance obligations related to cybersecurity, supply chain risk management, and federal acquisition requirements. These investments are essential to serving government customers, but they also require larger and more specialized workforces than were contemplated when the current size standard was established. As a result, many growing firms face a difficult transition. They may outgrow the current small business threshold while still lacking the scale and resources of the largest participants in the federal marketplace. This creates a "missing middle" within the industry, where capable companies are forced to compete against much larger firms before they have had the opportunity to mature and scale fully. The result can be reduced competition, fewer independent suppliers, and increased pressure toward consolidation.

Raising the size standard from 150 to 300 employees would better align federal policy with the way ITVARs operate today. It would allow successful small businesses additional room to grow, invest in talent and compliance, and continue supporting agency missions while remaining competitive. Just as importantly, it would strengthen the federal supplier base by preserving a larger pool of independent technology providers capable of delivering innovative, cost-effective solutions to government customers.

DoW's Cybersecurity Maturity Model Certification (CMMC) 2.0

Cybersecurity remains one of the most important challenges facing the federal government and its contractor base. As cyber threats continue to evolve in both sophistication and frequency, it is essential that federal contractors maintain strong safeguards to protect government information and systems. The ITVAR community recognizes the importance of these responsibilities and supports the Department of War's (DoW) efforts to strengthen cybersecurity across the defense industrial base through the Cybersecurity Maturity Model Certification (CMMC) 2.0 program.

At the same time, the implementation of CMMC has introduced significant compliance obligations for many small businesses. Beyond the investments required to enhance cybersecurity controls, companies must dedicate substantial time, personnel, and financial resources to documentation, assessments, training, monitoring, and ongoing compliance activities. For larger organizations, these costs can often be absorbed across broader operations. For small businesses, however, this is not necessarily the case. At Colossal, it took an array of dedicated internal resources, including building a CUI compliant system, procuring software licenses, purchasing pre-audit services for gap analysis and additional for the actual audit and certification to get CMMC certified. In the same breath of stating the large lift for our small business we also understand the importance of protecting our customers' missions and believe the program has immense value to the defense industrial base.

Many small contractors fully support the objectives of CMMC but remain concerned about the cumulative impact of compliance requirements layered on top of existing federal acquisition regulations, supply chain security mandates, and other reporting obligations. In some cases, the costs associated with achieving and maintaining compliance may discourage otherwise qualified small businesses from pursuing defense-related opportunities altogether. This outcome would reduce competition and limit the pool of innovative small businesses available to support government missions.

As policymakers continue overseeing implementation of CMMC 2.0, it will be important to ensure that cybersecurity requirements remain risk-based, scalable, and achievable for small businesses. Strong cybersecurity and robust small business participation should not be viewed as competing objectives. The federal government benefits most when it can protect sensitive information while also preserving a diverse and competitive industrial base capable of delivering innovative technology solutions to support national security and agency missions.

Codifying the Rule of Two

An underlying principle key to small business participation is codifying the Rule of Two in H.R. 2804, the *Protecting Small Business Competitions Act of 2025*. As federal acquisition strategies increasingly rely on large multiple-award contracts and task-order-based procurement vehicles, preserving meaningful opportunities for small businesses to compete becomes more important than ever.

The Rule of Two has long served as one of the federal government's most effective tools for ensuring small businesses have access to contracting opportunities. The principle is straightforward: when there is a reasonable expectation that at least two qualified small businesses can perform the work at fair market prices, the acquisition is reserved for small business competition. Prior to the significant changes made in the Revolutionary FAR Overhaul, its application remains inconsistent across the federal marketplace. For companies like Colossal and many others across the ITVAR community, the Rule of Two creates opportunities to compete based on technical capability, innovation, and mission understanding. These opportunities enable small businesses to build past performance, invest in their workforce, and grow into stronger contributors to the federal industrial base. Without consistent application and the proposed expansion of the Rule of Two, small businesses face increasing exclusion from opportunities consolidated into larger procurement vehicles dominated by much larger firms.

The impact of these opportunities is significant. In FY2024, small businesses received \$183.5 billion in federal prime contract awards, representing nearly 29 percent of all federal contracting dollars. These contracts support innovation, job creation, competition, and supply chain resilience across the country. Codifying the Rule of Two provides greater clarity and consistency for agencies while helping ensure that small businesses maintain meaningful access to federal contracting opportunities. Preserving a diverse and competitive small business supplier base strengthens the federal acquisition system, promotes innovation, and supports the broader industrial base upon which our national security depends. Thank you to the Committee for unanimously passing this critical legislation.

Modernizing Small Business Sole-Source Thresholds

Congress should also modernize small business sole-source authorities through H.R. 7154, the *Streamlining Small Business Contracts Act*. Federal procurement has changed significantly over the last two decades. Contract values have increased, requirements have become more complex, and agencies are increasingly relying on integrated technology solutions rather than standalone products or services. Yet many of the acquisition thresholds governing small business contracting have not kept pace with these changes.

For small businesses, sole-source authorities serve as an important tool that allows agencies to move quickly when qualified firms are available to meet mission requirements. These authorities can be particularly valuable in the technology sector, where agencies often need rapid access to specialized expertise, emerging technologies, cybersecurity capabilities, and supply chain support. Increasing the sole-source threshold to \$10 million over the life of the contract would better align acquisition policy with the realities of today's marketplace while preserving opportunities for agencies to work with capable small business partners. Importantly, this change does not replace competition as the cornerstone of federal procurement. Rather, it would provide contracting officers with additional flexibility to utilize existing small business authorities in appropriate circumstances.

Global Memory Shortage Awareness

For agencies supporting our national security and critical infrastructure missions, delays in technology acquisition can have consequences that extend beyond procurement timelines. Ensuring continued access to critical technology components is an important part of maintaining mission readiness and strengthening supply chain resilience. Federal agencies are currently confronting growing supply chain pressures related to memory and storage components. The rapid expansion of artificial intelligence, cloud computing, and data center infrastructure has significantly increased global demand for these technologies. As manufacturers prioritize production to meet emerging AI-related needs, the availability of traditional memory components used in many government technology products has become increasingly constrained. These market conditions affect far more than component pricing. Memory technology is a critical part of laptops, desktops, servers, storage systems, and other infrastructure used across the federal government. When supply tightens, agencies face longer lead times, reduced product availability, and increased procurement challenges. The effects are

felt throughout the technology ecosystem, including manufacturers, distributors, integrators, and IT value-added resellers.

The ITVAR community supports efforts to strengthen supply chain security and expand domestic semiconductor production. However, acquisition policies must also recognize the realities of a rapidly changing technology market. Small businesses play a vital role in helping agencies acquire, deploy, and support mission-critical technologies. Procurement practices should remain flexible enough to account for supply chain disruptions that are outside the control of contractors, manufacturers, and government buyers alike. As agencies continue investing in cybersecurity, cloud modernization, and artificial intelligence, a resilient technology supply chain will become even more important. Supporting a healthy ecosystem of manufacturers, integrators, and ITVARs will help ensure agencies can obtain the technology they need while preserving competition, innovation, and small business participation in the federal marketplace.

In summary, the federal technology marketplace has changed dramatically over the last two decades, and small businesses have evolved alongside it. The Administration's goal of increasing efficiency across the government is one that our industry shares. Today's ITVARs provide far more than products alone. We deliver the integration, expertise, cybersecurity, supply chain support, and mission-focused services that federal agencies rely upon every day. As the federal government works to strengthen America's industrial base and national security posture, it is important that small business policies evolve as well. Our industry plays a critical role in connecting government agencies with innovative solutions, supporting mission readiness, strengthening supply chain resilience, and creating opportunities for veterans and other highly skilled professionals.

Modernizing industry classifications, size standards, and compliance frameworks will not only benefit small businesses; it will strengthen competition, expand the supplier base, and help ensure the government maintains access to the technology capabilities necessary to meet evolving national security challenges. A strong and resilient industrial base depends on the continued success of the small businesses that support it.

Thank you for the opportunity to testify today. I appreciate the Committee's continued attention to these issues and support of small business and veteran contractors across the country.