

Testimony of
Eric Snelgrove
Senior Fellow, National Defense Industrial Association
Hearing on “Clearing the Path: Reforming Procurement to Accelerate Defense
Innovation”
11 June 2025

Chairman Timmons, Ranking Member Subramanyam, and Members of the Committee.

Good morning and thank you for the opportunity to testify today on military procurement and defense innovation, and specifically the critical role that small businesses and defense technology startups play in securing our nation’s future. The views expressed below are my own and are not necessarily those of the National Defense Industrial Association.

I come before you to underscore an urgent truth: the strength of America's national security innovation base - and thus our long-term military and economic advantage - depends on our ability to recruit, retain, and scale small businesses and startups that are developing the technologies of tomorrow.

As a military officer and veteran of the wars in Iraq and Afghanistan, a former congressional staffer on the House Armed Services Committee, and now a small business owner working in national security, I’ve seen firsthand how innovation thrives in America - but too often fails to reach the warfighter. The challenge is not a lack of ideas or ambition; it is a system that is encumbered by red tape and resists change.

I am not the first to sound the alarm on the challenges of the military procurement process - far from it. Numerous bipartisan efforts have documented the structural and cultural barriers that prevent the Department of Defense (DoD) from fielding advanced capabilities at the speed required by modern threats. Most notably, the Congressionally mandated Commission on Planning, Programming, Budgeting, and Execution (PPBE) Reform concluded that the current system is “inflexible, slow, and risk-averse,” and recommended sweeping changes to align resources more effectively with national security priorities [1]. Their findings echo years of warnings from GAO reports, defense innovation leaders, and former acquisition officials who have all highlighted how legacy budgeting and contracting processes

impede innovation, disadvantage small businesses, and ultimately put U.S. military readiness at risk [2].

The Reagan Institute's National Security Innovation Base (NSIB) Report Card [3] and the National Defense Industrial Association (NDIA) Vital Signs report [4] also provide a clear-eyed assessment of how we are performing, and what we as a nation are capable of. While the private sector is making accelerated progress in developing breakthrough capabilities - in artificial intelligence, autonomous systems, and space - the government side of the ecosystem continues to lag behind in procurement, budgeting, and industrial mobilization.

We are operating at two speeds: one fast, adaptive, and entrepreneurial; the other, constrained by outdated processes and paralyzing uncertainty. Despite growth in venture capital and new entrants into the defense marketplace, small businesses still account for a disproportionately small share of defense contract obligations. Promising technologies remain locked in pilot programs or mired in procurement cycles that outlast the companies themselves. For early-stage defense technology companies, the financial realities are stark. The average time between venture funding rounds is just 12 months, placing immense pressure on founders to quickly demonstrate product-market fit, validate their technology, and secure meaningful government contracts. Yet the DoD's procurement cycle operates on a much longer timeline and is further complicated by asymmetric Authority to Operate (ATO) approvals fielding software on DoD information networks, limited access to classified information and facilities, and lengthy continuing resolutions. This delay not only hampers a company's ability to align its solutions with mission needs, but also leaves investors hesitant to commit additional capital without a clear and timely demand signal. As a result, many promising startups either pivot away from national security or fail outright - not because of technological shortcomings, but because the system is simply too slow to keep pace with the private sector's tempo.

Fortunately, America's national security innovation base is resilient and determined. **We are at a pinnacle moment - one where years of frustration have matured into a focused, bipartisan conversation about reform.** The urgency is understood, the stakes are clear, and for the first time in a generation, we are seeing real momentum for change. Legislative interventions like the FORGED Act [5] reflect this shift, offering pragmatic solutions to unlock acquisition speed, empower portfolio-based decision-making, and formalize the recent willingness to change decades-old behaviors from the White House and Pentagon. The pieces are finally on the table - we must now summon the will to act, and match the resolve of those in the private sector who continue to build for the mission despite these headwinds.

To meet this moment, I respectfully offer four core recommendations:

1. We must reform acquisition pathways and adopt a commercial first system to capitalize off private sector research and development and ensure that pilot programs can transition to scaled production. Defense innovation doesn't emerge from rigidly executing outdated requirements - it thrives when companies take risks, anticipate emerging threats, and build capabilities the Department of Defense didn't yet know it needed. True innovation comes from entrepreneurs and engineers willing to invest their own time, talent, and capital to push the boundaries of what's possible, not just what's asked. If we want to outpace our adversaries, we must empower those who are building the future, not just fulfilling the past. "As-a-service" models for autonomous systems are one way to do this, creating sustained demand for new capabilities without being tied to pre-obsolete requirements, and shortening the feedback loop between operators and developers. As we've seen in Ukraine, constant iteration is critical to fielding effective weapons systems in a constantly changing battlefield. The recent executive order from the *White House on Modernizing Defense Acquisitions and Spurring Innovation in the Defense Industrial Base* [6] is an important step toward adopting a commercial first acquisition framework, standardizing commercial procurement processes and contracting, and properly incentivizing and training the acquisition workforce.

2. We must invest in manufacturing and industrial resilience including workforce development, additive manufacturing, and targeted use of Defense Production Act authorities, which are set to lapse on 30 September. Programs like the DoD's Office of Strategic Capital (OSC) loan program [7] are critical for bridging the funding gap that often prevents innovative defense technologies from scaling beyond prototyping into full-rate production. By providing patient, flexible capital, the OSC helps accelerate the domestic manufacturing capacity needed to field emerging technologies at speed and scale while strengthening the resilience of the defense industrial base. The expansion of OSC's lending authority in the House-passed Reconciliation bill is an important step to making this program more accessible to defense technology startups.

3. We must confront the national security talent crisis with the seriousness it demands - recognizing that every breakthrough defense technology begins with an American mind, often shaped by a U.S. university and supported by federally funded research. While efforts to scale advanced capabilities are essential, they will falter without a sustained investment in the domestic talent pipeline that fuels our innovation base. Now is not the time to cut basic research funding; doing so would undermine the very foundation upon which future technologies - and future

companies - are built. We cannot afford to sacrifice long-term national security for short-term budget optics.

4. We must cut through the red tape that's holding back America's innovation base. We need to build a system that's faster, more responsive, and truly works for the national security innovation base and entrepreneurs developing the next generation of defense technology. Here's what we need to do:

- Use Artificial Intelligence and Automation
Artificial intelligence and automation offer transformative potential to streamline DoD bureaucracy by accelerating time-consuming processes and reducing administrative burdens. AI can assist with complex tasks such as classification and declassification reviews, audit readiness, and compliance tracking - areas that currently delay decision-making and consume significant manpower. By automating routine workflows and enabling data-driven insights, these technologies empower government employees to focus on higher-value tasks and deliver faster, more effective outcomes for the warfighter.
- Modernize Outdated Export Controls
Modernizing foreign military sales (FMS) and defense export reform policies is essential to ensure that U.S. allies and partners can rapidly acquire the technologies needed to deter shared threats in real time. The current system is too slow, complex, and risk-averse - often causing partner nations to turn to foreign competitors who can deliver faster and with fewer constraints. By streamlining approvals with automation and AI-enhanced capabilities, improving transparency, and aligning exports with national security strategy, we can strengthen alliances, expand domestic industrial capacity, and ensure the United States remains the partner of choice in a rapidly evolving global defense landscape.
- Facilitate Access to Classified Spaces
For decades, limited access to classified information and secure facilities has been a major impediment for small businesses and non-traditional vendors, stalling innovation and slowing integration of cutting-edge technologies into the defense enterprise. Congress, including many members of this committee, deserve recognition for supporting Section 874 of the Fiscal Year 2025 National Defense Authorization Act (NDAA)[8], which established a pilot program to streamline access for small businesses, non-traditional vendors, and academic institutions to shared, classified commercial facilities. This forward-leaning initiative not only serves the defense industrial base but also opens a critical window for the

Intelligence Community and other agencies to pilot innovative industry collaboration models in secure environments. By breaking down longstanding barriers around facility access and accreditation, Congress is actively enabling a more agile, secure, and inclusive national security innovation ecosystem.

- Refocus Federal Labs and Test Ranges

Federally funded laboratories, DoD labs, and Federally Funded Research and Development Centers (FFRDC) are essential components of the national security innovation ecosystem and should be empowered to deepen their collaboration with the private sector, not compete with it. By aligning their missions to more actively support private sector technology transition, joint experimentation, and access to test infrastructure, these institutions can help accelerate the development and deployment of critical capabilities. Continued investment in a robust, modern test and evaluation infrastructure will ensure both government and industry innovators have the tools and modern software needed to validate and scale emerging technologies efficiently and securely.

This Committee plays a vital role in ensuring accountability and progress. It is your oversight that ensures innovation mandates are implemented and that we do not allow bureaucracy to choke off opportunity. America's edge in innovation is not guaranteed. **It must be earned - and renewed - with deliberate policy, sustained funding, and a defense ecosystem that values speed, risk-taking, and new voices.** Small businesses are at the heart of that renewal. They are hiring the next generation of STEM talent, building technologies ahead of demand, and answering threats in real time. If we want to field the most advanced capabilities before our adversaries do, we must create a system that rewards these behaviors.

Thank you, and I look forward to your questions.

References

1. Commission on Planning, Programming, Budgeting, and Execution Reform, Final Report, March 2024. <https://ppbereform.senate.gov>
2. GAO, Defense Acquisitions: DOD Can Do More to Improve Outcomes for Pilot and Prototype Programs, GAO-23-114, December 2023.
3. Ronald Reagan Institute, 2025 National Security Innovation Base Report Card, March 2025.
4. National Defense Industrial Association, Vital Signs 2025: The Health and Readiness of the Defense Industrial Base, February 2025.
5. S.5618, FORGED Act of 2025, 118th Congress.
6. White House, Executive Order on Modernizing Defense Acquisitions and Spurring Innovation in the Defense Industrial Base, April 2025.
7. U.S. Department of Defense Office of Strategic Capital, Program Overview, 2024.
8. Servicemember Quality of Life Improvement and National Defense Authorization Act for Fiscal Year 2025, HR 118-52, Section 874.