

WRITTEN TESTIMONY OF FRANCE HOANG

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Committee on Small Business

“AI on Main Street: How AI Is Shaping the Future of Small Business”

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Introduction

Chairman Williams, Ranking Member Velázquez, and Members of the Committee, thank you for the opportunity to testify.

My name is France Hoang. In 1975, when I was a small boy, American forces evacuated my family from Vietnam. That single act gave me a life. It allowed me to graduate from West Point, serve as an Associate Counsel to the President, and deploy to Afghanistan as the Executive Officer of a U.S. Army Special Forces company.

It also allowed me to become an entrepreneur. Over the past fifteen years, I helped start a law firm, Fluet; helped build a defense services company, MAG Aerospace; and today I lead a collaborative artificial intelligence company, BoodleBox. Together, these businesses have employed more than 1,200 Americans. So when this Committee talks about small business, I have lived the journey, including the weight of meeting a payroll and the knowledge that the doors of opportunity that opened for me did so only because someone made them possible.

I do not come to this subject in theory. Today, more than 130 small businesses operate on BoodleBox, and more than 100,000 students and faculty at over 1,000 colleges and universities use it to teach and to learn. I speak with these owners and educators every week, and this testimony reflects what they tell me.

My message is simple. Getting access to AI is no longer the hard part for a small business. Learning to use it well is. If Congress wants Main Street to benefit from this technology, the most valuable thing it can do is help small businesses build the capacity to use AI, not merely the ability to acquire it.

I. Access to AI Is No Longer the Barrier. Readiness Is.

This Committee has already done meaningful, bipartisan work to put AI within reach of small business, including the AI for Main Street Act¹ and the AI-WISE Act². That work matters.

But the ground has shifted faster than many policy conversations assume. Basic AI is now inexpensive and nearly universal. A small business owner in Detroit can reach more computing intelligence today, for little or no cost, than a Fortune 500 company could purchase five years ago.

The real challenge is what comes next, and it has two parts.

First, a gap is widening in access to the *best* tools. The premium AI that produces genuinely reliable results still costs real money, and the businesses that can afford it are pulling steadily ahead of those that cannot. Left unattended, this becomes a new divide between Wall Street and Main Street. It is not a divide over whether a business can use AI at all, but over whether it can use AI that is good enough to matter.

There is, however, real reason for optimism on cost. A new generation of open-weight models, including NVIDIA's Nemotron family and others³, is narrowing the distance between what a small business can afford and what the frontier can do. They can offer Main Street two things at once: lower cost, and genuine data sovereignty. This is a problem we work on directly. At BoodleBox, we have built routing and compression technology that cuts the tokens — the units a business pays for — needed to complete a task by up to 96 percent, which means an owner can get frontier-quality results at a small fraction of the cost. The most practical path for a small business is a platform that lets an owner combine open and premium models and choose the right one for each task, so she gains enterprise-grade capability without an enterprise budget, and without being locked into a single vendor.

Second, and more important, is the readiness gap. The most powerful AI in the world is useless to an owner who does not know how to use it well. Today, too many small businesses are effectively handed the keys to a Ferrari and sent down a muddy road. They use AI to go faster, with faster emails, faster proposals, and faster reports, but too often the output only looks finished. A person still has to redo it. The result is not progress. It has even earned a name:

¹AI for Main Street Act, H.R. 5764, 119th Cong. (2025). Passed the U.S. House of Representatives 395–14 on January 20, 2026. Directs the Small Business Administration's Small Business Development Centers to provide AI guidance, training, and outreach to small businesses.

²AI Wisdom for Innovative Small Enterprises (AI-WISE) Act, 119th Cong. (2025–2026). Directs the Small Business Administration to develop plain-language AI best-practice guidance and learning modules for small businesses on a tool- and vendor-neutral basis.

³NVIDIA's Nemotron is a family of open-weight (openly downloadable) AI models released for enterprise and developer use. It is cited here as one example of a broader category of open models, not as an endorsement of a specific product.

workslop, the confident-looking, low-value output that AI produces when it is pointed at the wrong task or used without discernment.⁴

This inversion is worth making explicit, and a framework developed by Colonel Chris Lowrance of the United States Military Academy at West Point⁵ captures it precisely. Consider any project in four phases: define the problem, design an approach, create the work, and validate the result. In traditional work, human effort is heaviest in the two middle phases. AI turns that upside down. It collapses the effort of designing and creating almost to nothing, and shifts the real human work to the two ends: defining the right problem at the outset, and validating the result at the finish.

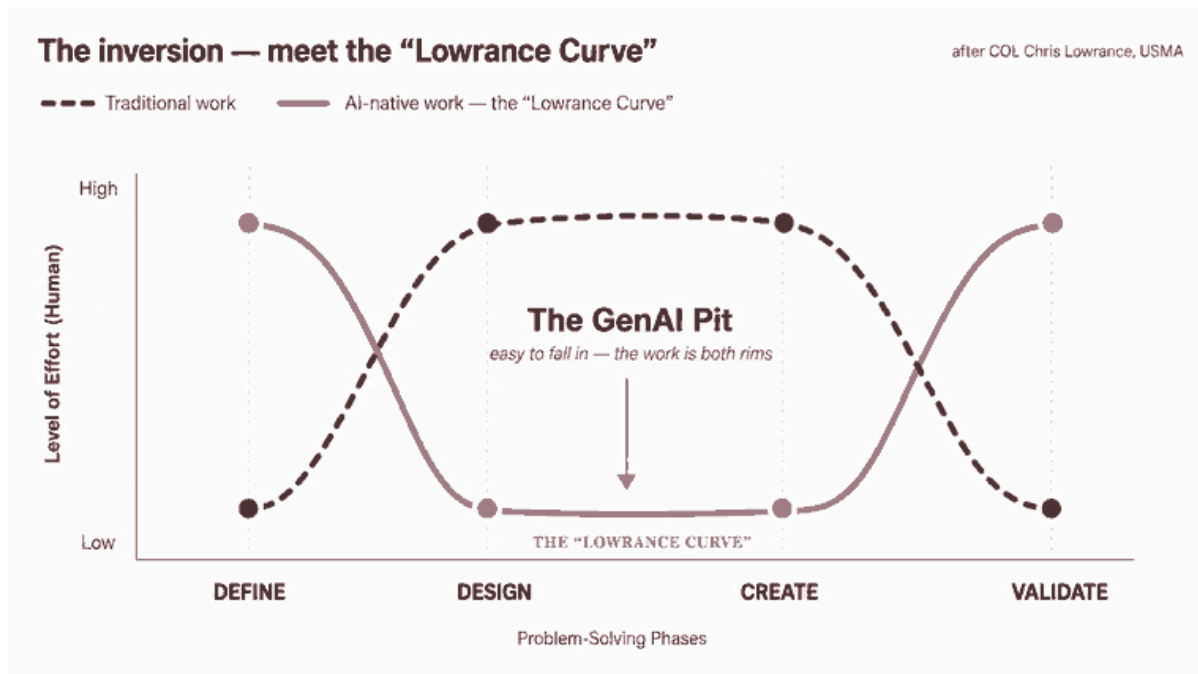


Figure 1. The inversion of work, or the “Lowrance Curve.” As AI collapses the effort of design and create, human value shifts to defining the problem and validating the result. After COL Chris Lowrance, USMA.

I call that low middle the “GenAI Pit,” and it is easy to fall into. An owner lets AI race through the design and create phases and assumes the job is done. But the value, and the risk, live at the two ends. Skip them and you get workslop. Invest your judgment in defining the problem and validating the answer, and you get genuine leverage. This is precisely why training matters more than tools. A 2024 RAND analysis found that more than 80 percent of AI projects fail, roughly twice the rate of information-technology projects that do not involve AI, and traced the leading cause not to weak models but to organizations misframing the problem they set out to solve,

⁴Kate Niederhoffer et al., “AI-Generated ‘Workslop’ Is Destroying Productivity,” Harvard Business Review (Sept. 22, 2025), reporting research by BetterUp Labs and the Stanford Social Media Lab. In a survey of 1,150 U.S. desk workers, 41% reported receiving “workslop,” with each instance requiring roughly two hours of rework.

⁵The framework depicted here, and the term “Lowrance Curve,” are credited to Colonel Chris Lowrance, U.S. Military Academy (West Point). The term “GenAI Pit” is the author's own.

applying powerful tools to poorly defined problems and shipping unverified results.⁶ Speed without judgment is not an advantage. It is a faster way to travel in the wrong direction.⁷

The lesson for small business is straightforward. Tools alone will not close the gap. Training, workflows, and coaching will.

II. What Small Business Owners Actually Face

When I sit with small business owners, I hear the same concerns again and again.

They are exhausted. They have no time to evaluate and learn new tools. They have no staff to run those tools and no budget to hire specialists. And they are genuinely afraid that the moment they put their data into an AI system, it stops being theirs, that their customer lists, their pricing, and their proprietary work will be absorbed into someone else's model.

These concerns are rational, and they are well documented. In a 2025 survey by the Small Business & Entrepreneurship Council, 88 percent of small businesses said they would increase or maintain their investment in AI over the coming year.⁸ Demand is not the problem. But across the research, small firms point to the same obstacles to turning these tools into results: too little time, too little in-house expertise, and real concern about how their data will be used.⁹ The demand is there. The support is not.

Any federal approach that ignores these realities, that assumes a busy owner will teach herself, or that treats access to a tool as the same thing as the ability to use it, will leave most of Main Street behind.

III. What “Doing It Right” Looks Like

I have seen what it looks like to close the readiness gap, and I want to describe it concretely.

The University of Michigan operates the Detroit Neighborhood Entrepreneurs Project, or DNEP, which serves more than 400 small businesses each year. More than nine in ten are minority-owned. Last year, DNEP partnered with BoodleBox to put collaborative AI into the

⁶James Ryseff, Brandon F. De Bruhl & Sydne J. Newberry, “The Root Causes of Failure for Artificial Intelligence Projects and How They Can Succeed,” RAND Corporation (2024). Drawing on interviews with experienced data scientists and engineers, the report identifies misunderstanding or miscommunicating the problem to be solved as the leading cause of failure, and finds that AI projects fail at roughly twice the rate of information-technology projects that do not involve AI.

⁷For a fuller discussion of the Lowrance Curve and the evolving nature of work in an era of AI, see <https://boodlebox.ai/blog/manifesto>.

⁸Small Business & Entrepreneurship Council, “Small Business Check Up and Tech Use Survey” (conducted by TechnoMetrica, Oct. 3–9, 2025; n = 530 small-business employers; credibility interval ±4.4 percentage points).

⁹See, e.g., JPMorgan Chase Institute, “Understanding the Use of AI Among Small Businesses” (2026); U.S. Small Business Administration, Office of Advocacy, “AI in Business: Small Firms Closing In” (Sept. 2025); and OECD, “AI Adoption by Small and Medium-Sized Enterprises” (2025). Commonly cited barriers include limited time and technical expertise, cost, and data-privacy or data-readiness concerns.

hands of Detroit entrepreneurs, not simply a subscription, but a shared workspace, trained workflows, and the human coaching required to use it well.

The difference that support makes is visible in the results.

Pairing business-school instruction with hands-on AI, DNEP ran a series of co-learning sessions in which owners used AI to identify their customer segments, define their brand voice and value proposition, and build social-media calendars tailored to their businesses. This is work that would normally take weeks, completed in a couple of hours.

A cohort of construction-related businesses tackled one of their most expensive pain points, the job estimate. Normally it takes a busy contractor a week or more to prepare a price quote after a walk-through, and that delay often costs them the job. By using AI to combine a job's floor plan with their dictated notes, these contractors can now finish an estimate in their truck, before they leave the driveway.

Consider one entrepreneur in particular. Tekeyah Gaines runs GT Coffee Co. Through BoodleBox, she uses AI as a thought partner across her business, choosing the right model for each task. She used AI to calculate her cost of goods for each product and to analyze her website traffic, so that she could understand her customers and set prices based on data rather than instinct. She used it to build her marketing campaigns. As a result, her website's conversion rate rose from 1.5% to 2.3% of visitors, her average order grew from \$38 to \$47, and her revenue is up.

Ms. Gaines does not outsource her judgment to AI. She amplifies it.

Just as important is what this made possible. Ms. Gaines estimates that the work she now does with AI would have cost roughly \$30 an hour to hire out, money her business could not spare. AI allowed her to scale and to build her operations before she had to take on payroll. For a small business, that is the difference between growing and stalling.

DNEP is now going further, building AI tools purpose-built for small businesses: a legal and regulatory assistant for Detroit daycares navigating licensing requirements, and a “CFO dashboard” that lets an owner extract real financial insight without a business-school education. This is what the frontier of small-business AI actually looks like. It is not a chatbot. It is targeted capability, delivered with support, aimed at the specific problems owners face.

A rural example makes the same point from the opposite direction. Rocky and Johanna Johnson run several small businesses from their ranch in Rogers County, Oklahoma, forty-five minutes from the nearest town, where the closest designer, engineer, or marketing agency is not an option. At their woodworking business, Rocky uses AI to design the intricate cutting templates that make his products possible; when equipment more than twenty years old breaks, he uses it to design replacement parts and 3D-print them on-site, turning a weeks-long wait for a thirty-dollar part into a matter of hours. The reach goes further. Across a martial-arts curriculum he

developed, a family publishing company, and Johanna's jewelry business, they use AI for research, lesson plans, inventory, and marketing, letting one family do work that once required an entire team. Like the entrepreneurs in Detroit, the Johnsons do not outsource their judgment to AI; Rocky still knows wood, his land, and his students. AI extends that expertise rather than replacing it. In the city, the gap is training and support. In the country, it is distance, and AI collapses it. For a family far past the last spotlight, that can be the difference between an idea and a livelihood.

The common thread is simple. In every case, the value came not from the AI alone, but from AI *plus* training, workflows, and coaching. That is the road. The tool is only the car.

IV. Data, Privacy, and Trust

Small business owners are right to be cautious about their data, and earning their trust is a precondition for adoption, not an afterthought.

We built BoodleBox to be private by design. We maintain SOC 2, GDPR, HIPAA, and FERPA compliance. We do not permit models to be trained on our customers' data, and we anonymize prompts. We are one of the few platforms that the House's own Chief Administrative Officer has approved for use by congressional staff. I mention that standard to make a point: when data protection is built in from the start, even the most security-conscious institutions can adopt AI with confidence. Small businesses deserve the same assurance.

V. Recommendations

I respectfully offer the Committee three recommendations.

First, fund the roads, not just the cars. The AI for Main Street Act rightly directs the Small Business Development Center network to provide AI training, guidance, and outreach, and the Committee's work to clarify that SBA 7(a) loans may be used for software, cloud, and AI tools¹⁰ rightly helps small businesses acquire them. But acquisition is not adoption. I urge the Committee to ensure that training, workflow design, and coaching, the elements that actually produce results, are funded and delivered through the SBDCs and their partners, using proven models like DNEP. A subscription without support is a car without a road.

Second, protect small businesses' data. No owner should have to fear that using AI means giving her work away. I encourage the Committee to promote clear, plain standards for data protection, for non-training on customer data, and for transparency, so that a small business can tell quickly and reliably whether a given tool will keep its information private. This Committee

¹⁰Small Business Technological Act, H.R. 915, 119th Cong. (2025), clarifying that SBA 7(a) loans may be used for software, cloud-computing services, and business tools that utilize artificial intelligence. Passed the U.S. House of Representatives 414–4 on June 24, 2026.

has already recognized how exposed small businesses are on cybersecurity¹¹; the same concern should extend to how AI tools handle their data. Trust is the gateway to adoption, and the federal government is well positioned to help establish it.

Third, take care that rules meant to do good do not wall out the small. As Congress considers how to govern AI, I ask you to weigh the cumulative compliance burden on small providers and small users alike. Requirements that only the largest companies can afford will, however well-intentioned, hand this technology to a handful of incumbents and lock out the smaller innovators, including the ones building the most useful tools for Main Street. The principle behind the AI-WISE Act, that federal AI support should remain neutral among specific tools and vendors, is exactly right, and it should guide the Committee's broader approach. Keep the field open.

Conclusion

For forty years, America has built roads that let me and others like me move forward. Today it is our turn to build one for every small business in the country. Our task is not to hand them a faster car. It is to help them build a road worth driving. If we do that, if we pair access with the training, trust, and support that turn a tool into a capability, Main Street will take it from there.

Thank you for the opportunity to testify. I look forward to your questions.

¹¹See Small Business Cybersecurity Assistance Evaluation Act, H.R. 8880, 119th Cong. (2026). Rep. Rob Bresnahan has noted that small businesses are roughly 210 percent more likely than larger companies to experience a cyber incident, and that more than half have no cybersecurity measures in place.