

Testimony for the Record

On Behalf of

ITVAR Modernization Coalition

House Committee on Small Business Contracting
and Infrastructure Subcommittee Hearing

“Leveling the Playing Field: Fostering Opportunities
for Small Business Contractors”

September 10, 2025

The ITVAR Modernization Coalition submits the following testimony for the record. The Coalition would like to thank the Subcommittee for holding this hearing, providing the opportunity for industry to share their input. The ITVAR Coalition consists of small and midsize government contractors that provide information technology (IT) reseller services to the federal government and commercial marketplace. The Coalition's mission is to educate the federal buyer ecosystem on the critical role ITVARs play in technology infrastructure and to advocate for policies that ensure their full utilization.

Background

More than 6,000 companies in the United States identify as value-added resellers, including ITVARs. ITVARs have seen remarkable growth in the last ten years as a key component of this sector, developing into a unique economic activity. This growth reflects a rise from roughly \$200 million in 2013 to \$422.4 million in 2023, with an anticipated 8.3% Compound Annual Growth Rate (CAGR) by 2030.

Contributions of IT Value-Added Resellers to the Federal Supply Chain

In both federal and commercial markets, Information Technology Value-Added Resellers (ITVARs) serve as a vital bridge between manufacturers and end users – a model known as the “channel.” These small and mid-sized businesses specialize in integrating products and services into turnkey solutions. While cost control is important, focusing narrowly on markup percentages or VAR margins risks creating false economies – short-term savings that result in long-term inefficiencies, reduced service quality, and lost strategic value in the federal IT supply chain.

Examples of key contributions of ITVARs to the federal supply chain include:

- Support Beyond the Sale: Provide integration, configuration, deployment, lifecycle management, and technical support, often at no additional cost, ensuring mission readiness and productivity, especially in complex or classified environments.
- Supply Chain Agility: Navigate federal logistics, manage just-in-time inventory, and respond quickly to urgent needs, reducing supply chain fragility.
- Contracting & Compliance Expertise: Interpret and adapt OEM terms to meet FAR requirements, accept flow-downs OEMs may reject, and reduce acquisition risk.
- Market Access & Pricing Leverage: Consolidate buying power to secure volume discounts and preferred pricing tiers, sometimes beating direct OEM pricing – particularly when OEMs lack direct government sales infrastructure.
- Small Business Participation: Many VARs are small or veteran-owned firms, supporting the governmentwide small business goals assigned to each federal agency.
- Customization & Specialized Bundling: Bundle products with niche software, hardware, and custom configurations not directly supported by OEMs – such as

DOD-specific embedded solutions from electronics manufacturers integrated with OEM technologies.

- Post-Award & Warranty Support: Manage Return Merchandise Authorizations (RMAs), warranties, license renewals, and serve as a single point of contact, saving agencies time and resources.

Unlike traditional resellers that merely facilitate transactions, ITVARs actively enhance the value of technology products, creating a service-based economy that extends far beyond the initial sale, bridging the gap between manufacturers and end-users and translating complex technologies into practical, revenue-generating solutions for businesses. These companies deliver capabilities that extend far beyond product sales – offering critical services, compliance expertise, and market access that strengthen the federal IT supply chain and directly support mission success.

A Call for Collaboration

While the Coalition agrees with many of the efforts by the Administration to streamline federal buying practices and revamping regulations that cost the buyers and sellers in the federal marketplace time and money, we believe the process to achieve those savings should be carefully considered with industry consultation. GSA's OneGov strategy is an example of the importance of understanding the complex IT infrastructure present in federal agencies. As GSA moves to consolidate IT buying under OneGov, ITVARs should be an important part of the discussion and the solution to achieving cost savings and modernization of IT purchases.

Congress should help facilitate these efforts, given its oversight of small business contracting laws and the Small Business Administration (SBA). Small businesses, such as ITVARs, play an important role in assisting federal agencies meet small business goals set in statute. Socioeconomic contracting programs provide much needed resources and opportunities to 60,000 small business contractors nationwide, strengthening the industrial base. We ask the Congress to protect the role of small contractors considering major changes proposed by federal agencies.