



NEWS RELEASE

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SBA Proposes New Rule Changes to Assist Small Businesses in the Information Technology and Testing Lab Industries

WASHINGTON – Two new rule changes will help more small businesses in the information technology and testing lab industries qualify for small business contracting opportunities and assistance from the U.S. Small Business Administration. Both rules were published in the *Federal Register* on December 29, 2003, and become effective on January 28, 2004.

The SBA established a new industry category for Information Technology (IT) Value Added Resellers and set the maximum size standard to qualify as small at 150 employees. Under the new rule, a small business would be classified as an IT Value Added Reseller if it provides IT equipment and multi-vendor hardware and software along with significant services on a federal contract.

The SBA also increased its receipts-based size standard for small businesses in the testing lab industry from \$6 million in average annual receipts to \$10 million.

“After an in-depth analysis of these industries, we recognized their potential for growth,” said SBA Administrator Hector V. Barreto. “That’s why we created a new size category for IT firms and increased the size standard for small businesses in the testing lab industry - to ensure that they receive access to capital and their fair share of federal contracting opportunities.”

Before the IT reseller change, small businesses that contracted with the government to provide IT equipment and computer-related services were classified as manufacturers or non-manufacturers (distributors) with a size standard based on employees. Small businesses that provided services along with information technology equipment were classified as a computer services provider with a size standard based on receipts.

For purposes of receiving SBA assistance other than federal procurement, an IT Value Added Reseller must be primarily engaged in providing IT equipment and computer software, and provide value added services, which account for at least 15 percent of its receipts, but not more than 50 percent. Value added services consist of, but are not limited to, systems integration, configuration consulting and design, training and product technical support.

The change will allow smaller IT firms to better compete for IT-related federal contracts and may result in an additional \$10 to \$25 million in contracts. The SBA estimates that more than 1,700 small businesses will qualify for SBA assistance as a result of this new rule.

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The testing lab rule change was the result of requests from testing laboratories to review the size standard because of upgraded capacities and skills that federal agencies have recently required of laboratories. SBA examined factors including average firm size, distribution of firms by size, start-up costs, industry competition and patterns of federal procurement. Under this new rule, the SBA estimates that 120 additional firms generating 10 percent of sales in this industry will obtain small business status.

For additional information on the new size standards, visit the SBA's Office of Size Standards Web page at www.sba.gov/size, and click on "What's New?"

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For more information about all of the SBA's programs for small businesses, visit the SBA's extensive Web site at www.sba.gov.

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