

January 28, 2025

The Honorable Ted Cruz
Chairman
Committee on Commerce, Science, and
Transportation
United States Senate
Washington, District of Columbia 20510

The Honorable Maria Cantwell
Ranking Member
Committee on Commerce, Science, and
Transportation
United States Senate
Washington, District of Columbia 20510

Dear Chairman Cruz and Ranking Member Cantwell,

ACT | The App Association supports the nomination of Howard Lutnick to serve as United States Secretary of Commerce. Mr. Lutnick has a track record of success in business and demonstrated unwavering dedication to advancing American interests. We welcome his confirmation.

The App Association is the leading trade group representing small business application developers and connected device companies in the United States and around the world. These companies drive a global app economy worth \$6.3 trillion, which supports 6.1 million American jobs. App Association members leverage the connectivity of smart devices to create innovative solutions that introduce new efficiencies across consumer and enterprise use cases. They rely on forward-thinking government that prioritizes unleashing small business growth and success in the app economy.

Mr. Lutnick's demonstrated leadership in bringing Cantor Fitzgerald back from the brink following the September 11 attacks and his dedication to both innovation and philanthropy are evidence of his strong management capabilities that make him a solid choice to lead the Department of Commerce. Notably, Mr. Lutnick's experience in sourcing investment for growing companies positions him well to understand the perspectives of App Association members. Small businesses in the app economy need the Commerce Department to support policies that enable them to attract investment, compete domestically and abroad, and engage in pro-competitive transactions.

Government policies—both in the United States and abroad—that have cast a pall of uncertainty over markets for investing in fast-growing firms in the app economy have had a cascading effect on the ecosystem. The Commerce Department should decline to limit innovation with overregulation and instead implement a risk-based approach to emerging technologies like artificial intelligence oversight and guardrails. Further, previous government policies have enabled bad actors to prevent small businesses from innovating on top of technical standards. If the United States is to lead in technological innovation, the Department of Commerce must join the entire Administration in taking a strong stand against abusive standard-essential patent (SEP) licensing practices that undermine U.S. supply chain integrity as well as economic and national security; and deny American innovators the opportunity to license SEPs on fair, reasonable, and non-discriminatory (FRAND) terms.

With respect to mergers and acquisitions, U.S. government policy changes in the last few years have reduced potential returns on equity investment; curtailed willingness to invest in companies like our members; depressed companies' enterprise value; made it more costly for new companies to borrow; and obstructed the ability to export U.S. innovations, all of which have raised barriers to entry and slowed startup and small firm growth and job creation. As another leading example,

interventions into digital platform and other emerging technology markets have undermined curated online marketplace (COM) management, which small business innovators leverage and benefit from more than their larger competitors. The next Secretary of Commerce must pivot to broadly advance pro-innovation, regulatory approaches scaled to actual harms, and further oppose efforts by other countries, both directly and in key multilateral fora, to disadvantage U.S. small businesses seeking to compete abroad so they can grow and create jobs here.

We urge this Committee to quickly confirm Mr. Lutnick and look forward to working with you on related issues that affect App Association members in the 119th Congress.

Sincerely,

A handwritten signature in black ink that reads 'Morgan Reed' in a cursive script.

Morgan Reed
President
ACT | The App Association