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**February 8, 2023**

**Representative Justin Wilmeth**

Chair, House Committee on Commerce  
1700 W. Washington Street  
Phoenix, AZ 85007

**Representative Michael Carbone**

Vice Chair, House Committee on Commerce  
1700 W. Washington Street  
Phoenix, AZ 85007

**RE: House Bill 2206, Concerning the Procurement of Information Technology Resources**

Dear Mr. Chairman and Mr. Vice Chair,

On behalf of our organizations, we ask for your consideration and approval of House Bill 2206, which aims to maximize choice and flexibility for state agencies in the procurement of information technology products and services throughout the tech stack.

Arizona and its agencies have an incredible opportunity to transform their IT on the cloud, and unleashing cutting-edge technologies like machine learning and artificial intelligence. Moving workloads to the cloud can dramatically increase the State's capabilities, reduce costs, and free up much-needed resources. For example, the nonpartisan Government Accountability Office (GAO) found that 13 federal agencies saved \$291 million in taxpayer dollars between 2014 and April 2019 alone by moving to the cloud. These savings can be realized at the state level as well.

Transitioning state mainframes to the cloud as an on-demand delivery of IT resources allows the State to effectively buy, own, and maintain its own data centers and servers, acquiring technology and other services on an as-needed basis. It is similar to how consumers flip a switch to turn on the lights in their homes, and the power company sends electricity.

To fully achieve the benefits of digital transformation, state governments must ensure agencies have the proper resources to modernize their existing IT infrastructure through a seamless and dynamic procurement process.

An essential part of this transition is the ability to operate and maintain innovative technologies while keeping within the parameters of agency procurement budgets. By utilizing Arizona Strategic Enterprise Technology as a centrally managed procurement office, state agencies will have the flexibility to seek innovative IT solutions using the resources provided.

Arizona should have the ability to choose software solutions that best suit its budgetary and strategic needs. It should also have the freedom and flexibility to choose a cloud service provider without arbitrary restrictions. Unfortunately, we have heard from state executives across the country describing how some legacy providers are using their dependence on core and/or dominant software as leverage to push them into cloud service contracts that do not take into account their needs or digital transformation strategy.

Restrictive licensing practices – such as inflexible licensing agreements, limited integration capabilities, and tying of core products to adjacent services – can prevent States from accessing or utilizing the most cost-effective software available. This dynamic undermines digital transformation. It also puts taxpayer dollars at risk of waste, fraud and abuse. By further examining this issue, Arizona can practice better stewardship of taxpayer dollars and even uncover cost-savings that can be diverted to other projects or priorities that benefit Arizonans.

HB 2206 will ensure that Arizona software license negotiations and pricing remain independent and are not tied to cloud or hardware contracts. This will ensure that Arizona has the funding and flexibility to fulfill their mission as they see fit, while encouraging fair competition through the procurement process.

For these reasons we respectfully urge you to support HB 2206. If you have any questions regarding our support, please feel free to reach out to our organizations directly.

Sincerely,

**Ryan Triplette**

Executive Director  
The Coalition for Fair Software Licensing

**Ross Nordruft**

Executive Director  
Alliance for Digital Innovation

**Steve DelBianco**

President & CEO  
NetChoice

**Matt Schruers**

President  
Computer & Communications Industry Association