**North American Industry Classification System (NAICS) Information Technology Reform**

The Small Business Administration (SBA) has established a methodology for determining “size standards” for Sectors of the economy, which are applicable to the North American Industry Classification System Codes, as modified by the Office of Management and Budget (OMB) in 2007. “The size standards are expressed in either millions of dollars (those preceded by “$”) or number of employees (those without the “$”).” A size standard is the largest that a concern can be and still qualify as a small business for Federal Government programs.

This paper proposes that OMB establish a new NAICS Code for “Information Technology Services,” and that SBA establish a size standard of 1,500 employees *for this ITS NAICS Code.*  SBA has precedence in establishing a size standard of 1,500 employees targeted for Telecommunications (NAICS 517110, Wired Telecommunications Carriers; 517120, Wireless Telecommunications Carriers (except Satellite); and 517911, Telecommunications Resellers). By establishing a new NAICS Code for “Information Technology Services” and a size standard of 1,500 employees the Government would recognize the changes that have occurred in the information technology space over the past 10-15 years, *especially the widespread prevalence of mission-critical  IT Services support to government agencies worldwide.*  The new ITS NAICS Code would encompass the full life cycle of information technology services from design and development to sustaining operation and maintenance.  This would reflect the current “state of the market” and business conditions that negatively impact firms which have outgrown the $25M receipts- based NAICS Codes, are required to compete against the largest systems integrators, and often who must merge with larger businesses or restrict business operations to stay within the applicable size standards in the current Information Technology NAICS Codes, OR go out of business and remove jobs from the economy!  This change would not create a threat to existing small businesses that comfortably operate within the framework of the receipts- and employee-based size standards.  There would be no new bureaucracy created by establishing an “Information Technology Services” NAICS Code and a 1,500 employee-based size standard.  Rather, the landscape of Federal Contracting and Assistance would be further enabled, by retaining the innovation and flexibility of small firms who have *successfully* *graduated from* and outgrown the current size standards, but are unable to effectively compete against the large system integrators for multidisciplinary “information technology services” contracts.