



February 28, 2023

Committee on Energy and Commerce  
Subcommittee on Innovation, Data, and Commerce  
2125 Rayburn House Office Building  
Washington, D.C. 20515

Honorable Members of the Subcommittee on Innovation, Data, and Commerce:

Engine is a non-profit technology policy, research, and advocacy organization that bridges the gap between policymakers and startups. Engine works with government and a community of thousands of high-technology, growth-oriented startups across the nation to support the development of technology entrepreneurship. Data-driven innovation plays a central role in technology development and entrepreneurship, and Engine accordingly appreciates the subcommittee's longstanding interest in and work toward a federal privacy framework, including by holding tomorrow's hearing on "Promoting U.S. Innovation and Individual Liberty through a National Standard for Data Privacy."

The attached document contains high-level takeaways from forthcoming research about the impacts of the current data privacy landscape upon startups. The research is to be published in full in the coming weeks, but we wanted to share with the subcommittee because it speaks to several of the questions highlighted in the "Issues" section of the hearing memo. We hope the subcommittee finds this information useful and takes into account the experiences of startups as it explores a national standard for data privacy. Engine is committed to being a resource for the subcommittee on these and other issues impacting technology entrepreneurship.

Sincerely,

Engine  
700 Penn Ave SE  
Washington D.C. 20003

# Startups need a federal privacy framework that works for them



Startups need a federal privacy framework that creates uniformity, promotes clarity, limits bad-faith litigation, accounts for the resources of startups, and recognizes the interconnectedness of the startup ecosystem.

**Startups care about the privacy of their users and invest heavily in data privacy and security.**

**\$100,000 – \$300,000+**

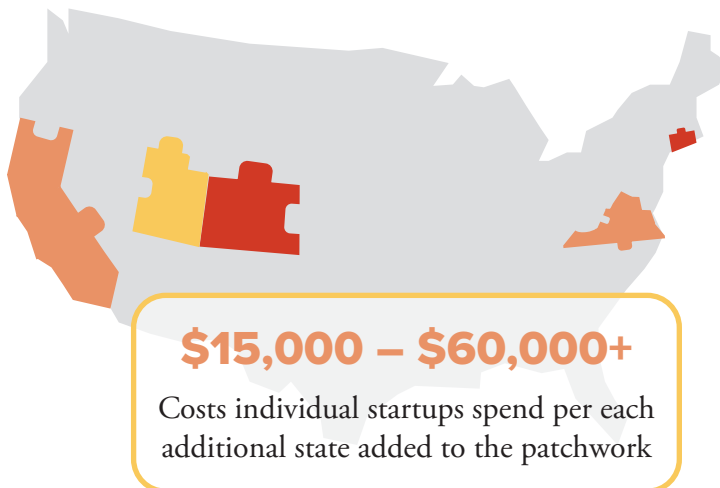
Amount individual startups have invested in their data privacy infrastructure and compliance with current or soon effective privacy laws

*"We care a great deal about privacy and we want to be compliant, but it can be very expensive and complex."*

**Ben Brooks, Founder & CEO, PILOT, New York, NY**

*"Working with children, our priority is protecting their data."*

**Katherine Grill, Co-Founder & CEO, Neolth, Walnut Creek, CA**



**A patchwork of privacy laws creates confusion and duplicative costs for startups.**

Five states have passed and enacted comprehensive data privacy legislation and already this year more than a dozen states have introduced at least three dozen privacy laws. The rapidly shifting landscape of state privacy laws makes compliance difficult for startups leads them to spend considerable time and resources navigating these disparate, complex frameworks.

*"The rules can vary significantly on a state-by-state level. On top of that, our attorneys keep telling us that they're still changing fast, which means it's hard to have a stable, up-to-date privacy policy you feel confident is fully compliant."*

**Camila Lopez, Co-Founder, People Clerk, Miami, FL**

*"In the U.S., many states have their own rules—or no rules—and we have to approach compliance in every state on a case-by-case basis...trying to figure out how to build a business in an environment with differing rules about the same issue becomes hard and expensive."*

**Aditya Vishwanath, Co-Founder & CEO, Inspirit VR, Palo Alto, CA**

**\$55,000**

Average monthly resources of a venture-backed, seed-stage startup

*"As a high-growth and early-stage startup trying to grow fast, you're at a major competitive disadvantage...I would have to raise an entire second Series A to navigate many of these frameworks."*

**Sam Caucci, Founder & CEO 1Huddle, Newark, NJ**

**Startups need Congress to act.**

*"It would be helpful to have a nationwide standard when it comes to data privacy policy, especially since we're looking to expand into new states"*

**Andrew Prystai, CEO & Co-Founder, EventVesta, Omaha, NE**

*"One uniform, consistently enforced federal policy framework could help make running RAVN easier."*

**Tani Chambers, Co-Founder & CEO, RAVN, New York, NY**