

14 January 2025

Feedback of

ACT | The App Association
(Transparency Reg. # 72029513877-54)

to the

European Commission

regarding its

Consultation on the proposed measures for
interoperability between Apple's iOS operating
system and connected devices

Introduction and statement of interest

ACT | The App Association (hereafter ‘App Association’) welcomes the opportunity to submit comments to the European Commission’s consultation on the proposed measures for interoperability between Apple’s iOS operating system and connected devices.

However, we must express concern regarding the constrained timeframe provided for this consultation, much of which coincided with the holiday season. This limited window does not allow for adequate stakeholder engagement or thorough analysis of the proposed measures, especially given the significant implications for the app economy and innovation within the European Union (EU).

The App Association is a policy trade association for the **small business technology developer community**. Our members are entrepreneurs, innovators, and independent developers within the global app ecosystem that engage with verticals across every industry. We work with and for our members to promote a policy environment that rewards and inspires innovation while providing resources that help them raise capital, create jobs, and continue to build incredible technology. Today, the ecosystem the App Association represents—which we call the app economy—is valued at approximately €86 billion globally and is responsible for over 1.3 million jobs in the European Union (EU).¹

The App Association’s position on the proposed measures for interoperability between Apple’s iOS operating system and connected devices

Platforms have revolutionised market access for smaller companies in a way that has transformed how these businesses connect with consumers. While the advent of the internet itself was a significant leap forward in enabling global connections, platforms have streamlined this process even further, making it easier for businesses to enter markets and interact with consumers.

There is a symbiotic relationship between app stores, developers, and users. Increased platform traffic attracts more developers, which brings in more consumers who then benefit from a higher quantity of high-quality apps. For small and medium-sized entities (SMEs) and start-ups, the network effects of this multi-sided market are particularly beneficial. They allow small developers to reach new consumers instantly across borders. This also makes it possible for app stores to invest substantial resources into research and development (R&D). Investment in R&D means app stores can offer a variety of high-quality services and other benefits to developers. Programming and advertising integration tools and ready-to-use payment and billing services are particularly advantageous for the smallest app developers who would not otherwise have the resources to develop such features. The more attractive these offerings are, the more app developers flock to the app stores. Today, the largest app stores compete amongst themselves for app developers’ products. All developers pay the same low entry fee to make their products available online. No matter their size, they all have access to the same built-in benefits and compete under the same terms and conditions.

¹ See <https://actonline.org/wp-content/uploads/Deloitte-The-App-Economy-in-the-EU-2020.pdf>.

For SMEs, consumer trust in app is essential

One of the most important aspects of digital markets today is consumer trust. While online buying and selling have made transactions more accessible, they've also increased the threat of fraud, scams, and privacy risks. This has made consumers more cautious about protecting their personal data and privacy, driving a growing interest in cybersecurity. Platforms play a crucial role in fostering consumer trust. By offering consumer protections such as secure payment systems, data privacy guarantees, and vetting processes for products and services, platforms create an environment where users feel more comfortable exploring offerings. This built-in consumer trust benefits all providers on the platform, but it is especially valuable for SMEs, which often lack the brand recognition and established reputation that bigger competitors enjoy.

In digital markets like app marketplaces, one of the largest barriers to entry for SMEs is overcoming the network effects and brand loyalty enjoyed by more established players. In these highly competitive markets, platforms help smaller providers by giving them access to the trust and loyalty consumers have in the platform itself. This allows consumers to feel safer exploring products from less-established businesses, levelling the playing field and making it easier for small companies to thrive.

Large companies have the resources to build their own solutions, and the brand loyalty for consumers to continue buying their products even after significant security breaches. For example, people continue to buy Fortnite even after its creator, Epic Games, was fined \$520 million in the United States for violating the Children's Online Privacy Protection Act (COPPA) by deploying design tricks, known as dark patterns, to dupe millions of young players into making unintentional purchases. Small businesses do not enjoy the same level of brand trust and so any unintended security issue created by these regulations will likely reduce consumers' willingness to download from that business again. Worse, overall trust in small developers may be reduced. Small developers often lack the resources to handle the heightened security risks and lack the resources to compete in a complex market that has been forced to fragment by regulation.

Because consumer trust is so vital to the competitive capacity of smaller businesses in the app ecosystem, we caution against regulatory interventions that could disrupt this delicate balance and erode consumer confidence.

Interoperability must not come at the expense of security and privacy

Safeguarding privacy and security is essential to maintaining consumer trust, which is the foundation of the app economy. Our members operate in an environment where consumers expect robust protections for their data and secure interactions with digital services. Therefore, we urge the Commission to ensure that proposed measures for interoperability align with established best practices for security and privacy. It is vital that interoperability frameworks do not introduce vulnerabilities or weaken the integrity of operating systems and connected devices.

The scope of the proposal goes beyond the intent of the Digital Markets Act (DMA)

We are concerned about the scope of the document, which goes beyond the intention of the DMA. The resulting compliance complexities could lead to delays in launching new technologies and services in Europe, as it has been the case with artificial intelligence. For developers, this translates into a fragmented and less rewarding market, ultimately stifling innovation and growth within the app economy.

The EU needs to remain a strong supporter of intellectual property (IP)

We are concerned that the current approach of forcibly undermining IP rights in the name of operability, which could set a troubling precedent, particularly for small businesses. If IP rights are not adequately respected and protected, it risks stifling innovation by discouraging investment in new technologies.

Conclusion

In conclusion, the App Association supports efforts to enhance interoperability where such measures are carefully crafted to preserve security, privacy, IP rights, and consumer trust. These principles should remain paramount as the Commission considers the proposed measures, ensuring that innovation continues to flourish in a secure and trusted digital environment.

Sincerely,



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