



State of the App Economy

App Economy Continues Growth



Small businesses have seen dramatic changes over the past year, from operations and personnel needs to customer preferences around purchasing and delivery of products and services.

But one thing that's remained constant is small businesses' integral role within the app economy. Contributing to the nation's overall rebound, the app economy grew by 6 percent and employs more than 6.1 million Americans. And consumers and businesses look to the app economy for products and services they need, with more than 81 percent of businesses planning to invest in digital applications in the coming year.

To better position America's innovation ecosystem for success in the future, the government should be looking to address key challenges in 2023 . Legislation must be more responsive to change to fully capture potential gains in productivity and economic growth. Well-informed policies can unleash the power of innovations to solve some of our nation's and the world's most intractable problems.

Outpacing the General Economy



\$1.8T

App economy value in 2022

40%

**App economy skilled workers
work for a private company**

\$121K

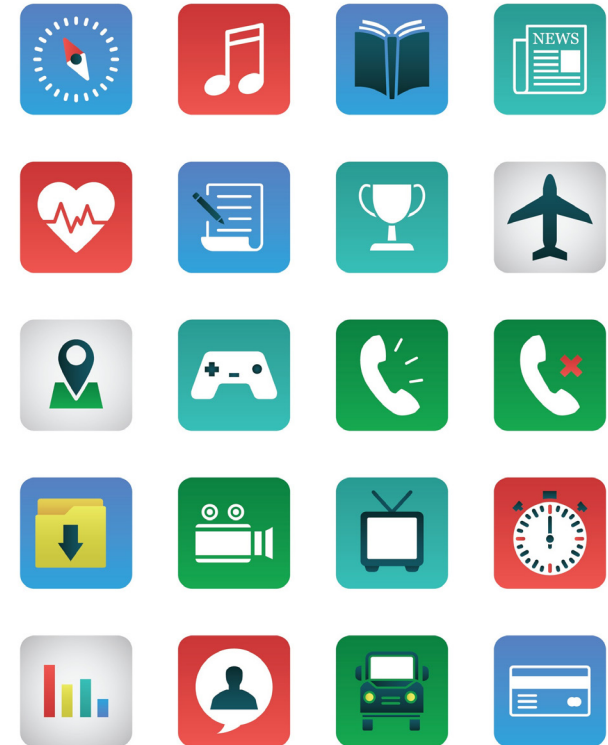
**Average salary in the
App economy**

500k

**Number of new jobs created by the
app economy since 2020**

Who Is In the App Economy

The App Association members, primarily small and medium-sized businesses, are the foundation of the app economy. The app economy includes device manufacturers, operating system developers, app distribution platforms, mobile app and game publishers, software companies and API / SDK developers, ad networks and other mobile advertising companies, app data and analytics companies, and more.

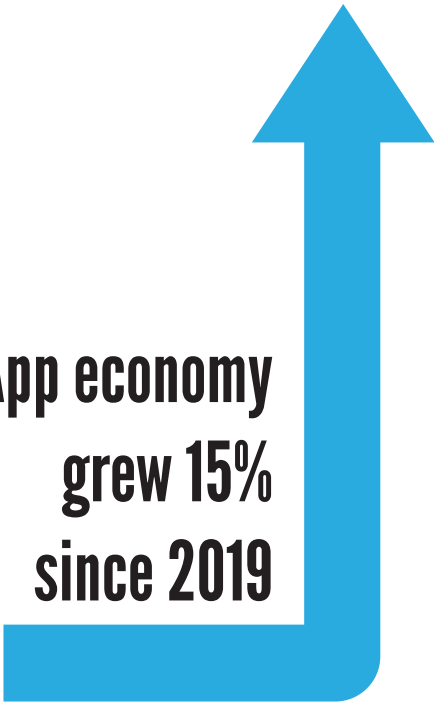


App Economy Empowers Small Business



The app economy is the backbone of innovation in America. Since 2020, the app economy has created jobs, sparked greater innovation, and boosted economies locally and nationally. The data presented in the report shows that 770,000 small businesses operate within the app economy, and the app economy has experienced a 15 percent revenue growth since 2019.

Additionally, small businesses in the app economy have been awarded 8,165 patents, and there were 5 million small business registration applications filed in 2022.



**App economy
grew 15%
since 2019**

App Economy Creates Jobs

The app economy has created 6.1 million employment opportunities for people in all parts of the country with a variety of skill sets, including developers and engineers, marketing and sales experts, and both white-collar and blue-collar workers. The app economy has seen 6 percent job growth and has had 2.5 million job postings in 2022 with an average salary of \$120,000. Additionally, 40 percent of app economy jobs are with private companies.



770,000 small businesses operate within the app economy



6% increase in jobs in the app economy

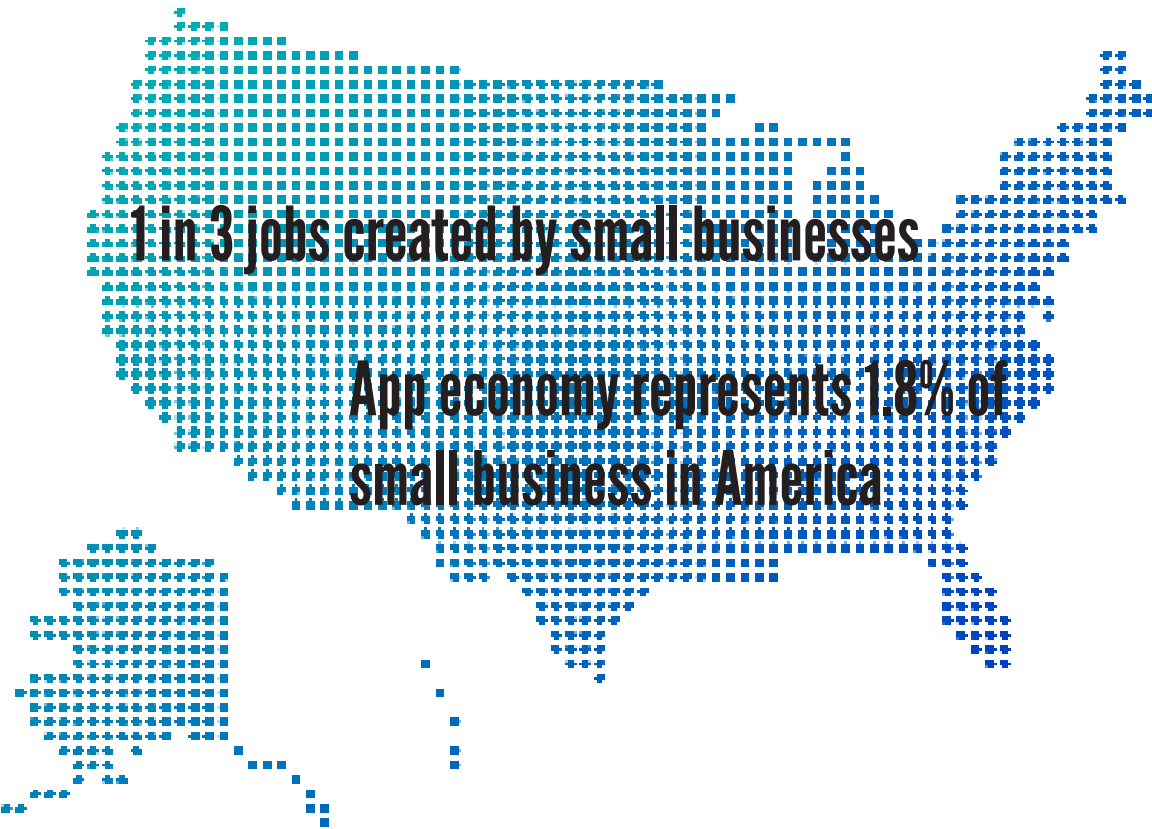
App Economy: By Small Businesses, For Small Businesses

Our member companies are the launch pads for big ideas. In the app economy, small businesses innovate quickly and compete with big businesses, delivering life-changing products, services, and experiences. Small businesses built ninety percent of apps in the app stores with 3,700+ apps added to app stores daily. Additionally, 48 percent of small businesses use an app in their operations, and 81 percent of businesses plan to invest in app economy products and services in 2023.



App Economy is the Engine of Growth

The app economy, fueled by small businesses, puts money back into the economy through paychecks and taxes, which then leads to the creation of new small businesses and improves local public services. In 2022, 1.8 percent of small businesses operating were within the app economy. App economy businesses active on the app stores saw their revenues double in the last three years. As an engine of growth, the app economy has helped people find new and often lasting ways to collaborate with colleagues, find entertainment, hone their creativity, and connect with friends and family.



App Economy as a Connector of Things

Thanks to the development of communication technologies such as 5G and data analytics using AI and machine learning, the internet of things (IoT) has become a reality.

Mobile software provides the user interface and connective tissue of the burgeoning IoT, which has applications varying from smart-watches to smart cities. But more than that, the app economy is the bridge to future economic growth, as there are currently 6 billion active IoT devices, with a potential economic value of \$4 trillion generated by IoT devices by 2025 and 29 percent of global IoT spending happening in the United States.



**\$172B IoT device market size
in the United States**

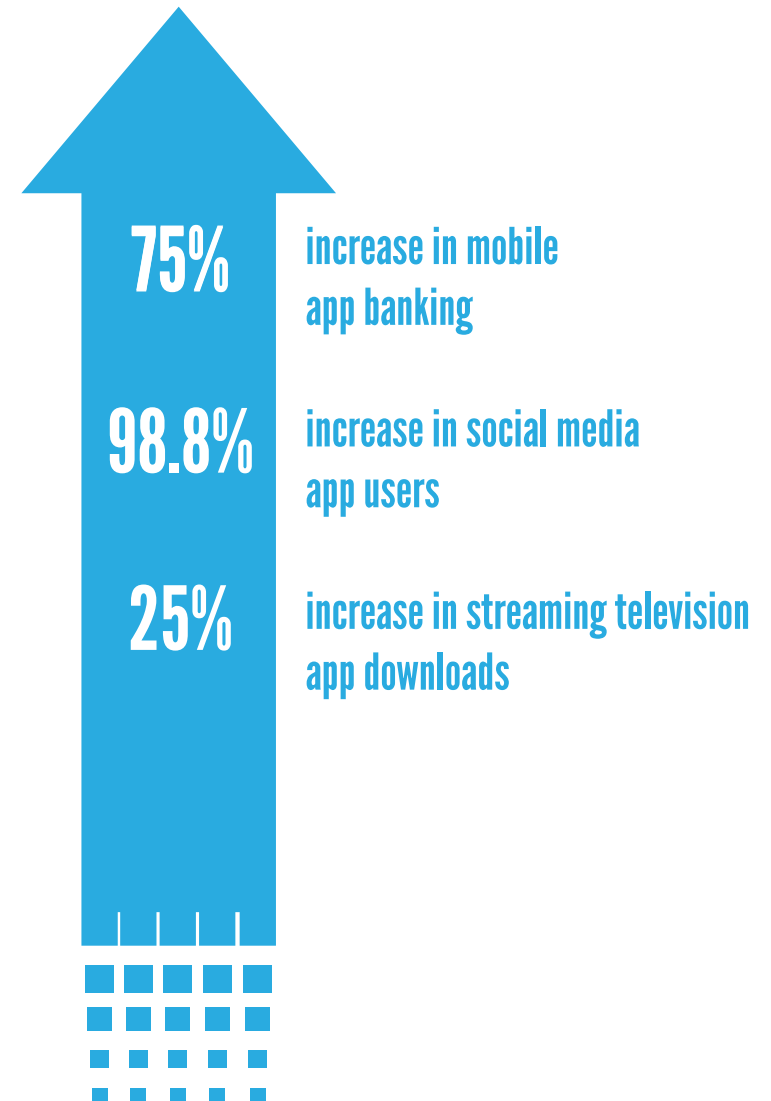
**20% increase in IoT market
size in 2022**

**6B IoT connected devices
in the United States**

App Economy as a Catalyst

The app economy delivers tactics to its customers to achieve a competitive edge, and the solutions created by our members play a crucial role in enhancing productivity and improving business operations.

Since 2020, the app economy has seen a 627 percent increase in downloads of video chat and online conference apps, a 75 percent increase in mobile app banking, a 25 percent increase in streaming television apps. And it was the app economy that catapulted online food delivery to a market size of \$111.32 billion.



App Economy as a Congressional Priority

Given the continued growth of the app economy, driven by U.S. small businesses, it is imperative that Congress continues to support innovation and the future of technology through thoughtful legislation and regulation, especially as it relates to tech. Small businesses have a critical role to play not only in the future of the U.S. economy, but in the future of our workforce. To better support small businesses and foster innovation, Congress should consider the following policy priorities as outlined by our members:

Data privacy

Congress should set a single, national set of data privacy and security rules across all states and territories, with stronger consumer protections.

Cybersecurity and encryption

Congress should address our cybersecurity posture by protecting encryption across the nation and enhancing information sharing capabilities for small businesses.

Competition and antitrust

Congress should encourage competition through a restrained enforcement approach that respects the consumer benefits platforms enable, while continuing to monitor tech-driven marketplaces to ensure competition is producing optimal results for consumers and small businesses.

Web3 and crypto assets

Congress should continue to increase policymakers' technical understanding of blockchain and crypto asset technologies as small businesses utilize these technologies to create jobs and grow the economy.

Digital health

Congress should support privacy, security, and interoperability for digital health tools to ensure their continued growth as part of the system.

App Economy as a Congressional Priority

Broadband

Congress should support fast, reliable, and affordable broadband to all, and treat internet access as a necessity in the modern age.

Diversity, Equity, Inclusion, and Workforce Development

Congress should enhance resources at all levels of workforce development, while also carving out additional resources and programs for historically disenfranchised communities.

Standards and standard-essential patents (SEPs)

Congress should stop SEP abuses and protect U.S. competitiveness and national security.

Intellectual property and copyright

Congress should support strong copyright protections for app developers.

Tax

Congress should update the tax treatment of digital health monitoring, telework, and research and development to better advantage small businesses in the digital marketplace.

If Congress strikes the right balance on these priorities, the app economy will continue to thrive and create jobs. It is important to balance privacy, competition, intellectual property, and creativity through laws that protect consumers, further national security, encourage development, and expand access to broadband and digital health.

About ACT | The App Association



ACT | The App Association is a global trade association for small and medium-sized technology companies. 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.

App Association members are located around the world, including the UK, all 27 member countries of the European Union, and all 435 congressional districts of the United States, showing that with coding skills and an internet connection, an app maker can succeed from anywhere.

Methodology



The State of the App Economy report by ACT | The App Association is a combination of original research and publicly available data from industry publications, company statements, and government agencies, including the U.S. Bureau of Labor Statistics, U.S. Census Bureau, and the Small Business Administration. The data is compiled from 2022 figures or the most recently available estimates at the time of publication. The national software developer jobs and projections are gathered by the Bureau of Labor Statistics using the North American Industrial Classification System (NAICS) and the Standard Occupational Classification (SOC) system.