

3 July 2025

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Chief Executive
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RE: ACT | The App Association comments, *Draft rules for digital markets competition regime levy*

ACT | The App Association appreciates the opportunity to provide comments on the Competition and Markets Authority's (CMA) approach to a levy for the digital markets competition regime.¹

ACT | The App Association is a trade association representing small business technology companies from across the United Kingdom (UK) and around the world. 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. For more information on the App Association, please visit <https://actonline.org/uk/>.

The single most important factor in the app ecosystem's dynamic growth and success is the presence of curated platforms or app stores. Trusted app stores serve as a vital foundation for the growing uses of apps across industries and enterprises. Three key attributes led to the revolution in software distribution. Today every successful platform for mobile, desktop, gaming, and even cloud computing must provide these features or risk failing in the marketplace:

1. The provision of a bundle of services that reduces overhead costs;
2. Instantaneous and cost-effective consumer trust mechanisms; and
3. Cost-effective access to a global market.

One of the central markets at issue in the debate around the role of antitrust in the platform ecosystem—informally, we could call it the market for developer services, where a developer pays a platform for various services including distribution, marketing, etc.—also experience vigorous competition. Certainly, app markets offer immense value that developers realise through lower overhead and compliance costs, built-in customer trust, increased speed to market, and wider distribution and market access. With lower costs and barriers to entry, both fledgling and established app developers can find success. These platforms provide a centralised framework for

¹ <https://connect.cma.gov.uk/sms-levy-consultation>.

app developers to engage and secure visibility with the billions of app users worldwide while also serving consumers and enterprise users.

A platform's safety and security are also important elements of developer services. Platforms' security features improved markedly over the course of their existence. Whereas unlocking a device used to require a four-digit passcode, devices are now capable of biometric-based authentication, and platforms make these authentication measures available to developers as well so that they can also benefit from these heightened security measures. But the high stakes game of cat-and-mouse between cybersecurity professionals and hackers will never end, and security must continue to evolve to meet and beat the threats. Although some platforms do not control device security, developers want the platforms' security features to work seamlessly with any relevant hardware and that they account for all attack vectors. Platforms should continue to improve their threat sharing and gathering capabilities to ensure they protect developers across the platform, regardless of where threats originate. Moreover, they should approve and deploy software updates with important security updates rapidly to protect consumers as well as developers and their clients and users. The same is true when it comes to privacy controls. App developers want platform-level privacy controls they can adapt to their products and services. The types and nature of these controls vary among platforms, and this variation should result in continuously improving options that iterate with end-user expectations and privacy risks.

Platforms play an important role in helping small developers enforce their intellectual property (IP) rights. Our member companies' IP helps eliminate the inherent disadvantages of being a small, innovative company by enabling them to protect the fruits of their ingenuity from larger firms that might want to take it. Compared to the past, IP resolution processes have significantly improved across the board, and they are important and in-demand developer services that platforms should improve to compete for developers.

In paragraph 2.5 the CMA commits refers to its ongoing publication of performance and financial outturn in its annual report and accounts, which are audited by the National Audit Office. The App Association believes that additional annual reporting is necessary to give an accurate assessment of the effects of the CMAs interventions on market conditions. Reporting should address both interventions in the previous year as well as an ex post review of previous interventions.

The UK's intervention represents an incredibly significant change to the digital markets our members drive competition across, and must be carefully monitored for unintended or unexpected results. It is vital that CMA undertake this exercise to understand how the market and economic theory behind the CMA's interventions translate into the real world experiences of both businesses and consumers. Because the dynamic digital markets at issue home to many micro-, small-, and medium-sized entities (MSMEs), including those in ACT | The App Association membership, and because these MSMEs far outnumber larger technology firms in the UK, the impacts are going to be most acutely experienced by this community.

An annual assessment of effectiveness will enable the public and industry to fairly assess whether the CMA's interventions are having the desired impact on market conditions and crucially if conditions for consumers and industry are improved by those changes. Resulting feedback will give the CMA the chance to make adjustments to their efforts to accomplish their mission under the Digital Markets, Competition and Consumers Act 2024.

Annual effectiveness reporting will ensure transparency and give businesses, especially those who are smaller, the opportunity to fairly assess if their opportunities are being improved or harmed by the CMA's interventions. Reporting will further demonstrate the value for money of this additional levy and CMA expenditure.

The flexibility and accessibility offered by platforms are crucial for the growth and sustainability of small companies across the UK. These platforms reduce overhead costs and provide effective distribution channels, allowing these businesses to compete globally. Ultimately, CMA should ensure that its implementation of the DMCC does not negatively alter today's hyper-competitive app economy that directly correlates to the MSME developer community's unprecedented growth, competition, and job creation.

Thank you for the opportunity to share our perspectives on this important issue. We welcome further discussion on how best to support digital economy competition and innovation in the UK.

Sincerely,

A handwritten signature in black ink that reads "Morgan Reed". The signature is fluid and cursive, with the first name "Morgan" and last name "Reed" clearly distinguishable.

Morgan Reed
President

ACT | The App Association