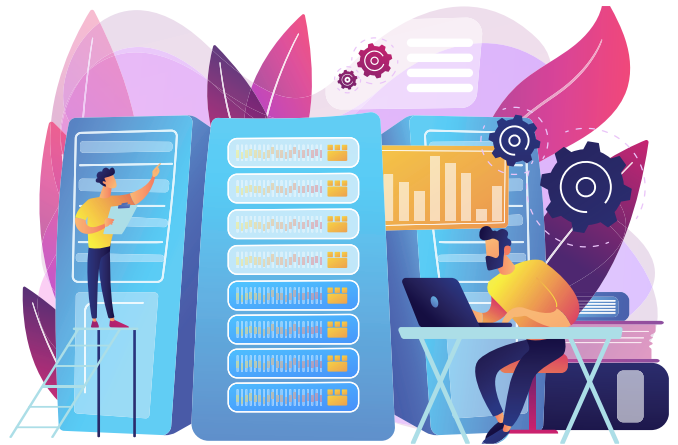


Platforms and Competition in the App Economy



There is no longer a “tech industry” as it was commonly perceived when personal computers (PCs) first connected to the internet. Ubiquitous connectivity and access to cloud computing superimposed a tech-driven element to virtually all industries across the economy from agriculture to venture capital. As a result, competition has new and dynamic characteristics not just in tech, but everywhere. App Association member companies are at the center of these market changes, and their continued ability to create jobs in your congressional district depends on robust enforcement of antitrust laws where appropriate and allowing competition to take place where intervention is inappropriate.



The proliferation and increased diversity of entrepreneurship creates less definable markets where value chains are not as easy to trace since they rely on data rather than tangible goods and are undergirded by two-sided platforms.

Policymakers Should Keep the Following Considerations in Mind on Competition in the App Economy:

- **App developers have direct relationships with their customers and clients—they are not “suppliers or manufacturers” of apps on behalf of software platforms.** Developers can choose the best platform through which to reach these customers and clients, and platforms compete with each other for the ability to provide developer services to our member companies.
- **Software platforms provide significant value for developers and consumers,** demonstrated by the increase in choices, access to new markets, and the reduction in prices for software since platforms entered the market. Consumers and developers experienced significant changes since the introduction of various mobile software platforms. In addition to having more choices, consumers also benefit from lower prices for software and even access to new markets that did not previously exist. Similarly, developers benefit from lower overhead costs, built-in customer trust, and wider distribution and market access.

Protecting Consumer Privacy, Growing Small Business



- Although developers can choose from multiple platforms, there is no such thing as a perfect platform. Developers want more transparency and continued improvements to security and safety. Our member companies pay a fee to platforms for developer services, and they expect those services to meet their needs. Just as online companies must clearly communicate their data practices to consumers, so must platforms clearly define the requirements and details of their terms of service to developers. For example, when platforms change their developer guidelines, they must communicate clearly and ensure developers understand what the changes mean for them and their customer relationships. Especially for enterprise app developers, a platform’s safety and security are important elements of developer services.
- Similarly, 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. Unfortunately, some of our member companies fall victim to IP thieves that succeed in selling the pirated content or using it to steal ad revenue on platforms.
- As successful as the past 12 years have been for the app economy, the next decade could be even better. In just the first half of 2019, the two major app stores generated \$39.7 billion in revenue—a robust 15.4 percent increase over the first half of 2018’s \$34.4 billion. This growth suggests the developer-platform model is still succeeding. Moreover, app economy growth is likely to endure because developers are continuing to create new products, services, and markets that did not exist prior to platforms.

To Support the Growth and Potential of the Dynamic American Economy, We Urge Congress to:

- Carefully consider how any potential changes to federal antitrust law would affect industries across the economy.
 - Government intervention—whether it’s the restructuring of markets with digital platforms or the creation of detailed regulations, or both—could substantially increase what are currently low entry costs for app makers and create an environment where only well-resourced companies can comply.