Competition Policy Priorities

Throughout the last several years, regulators and policymakers have been taking a hard look at "big tech" while raising concerns about competition in digital marketplaces. This scrutiny has put a spotlight on the app development community and our relationship with app stores like Apple's App Store and the Google Play store. The app stores link mobile operating systems to form two-sided software platforms, the trusted marketplaces that connect app companies with millions of potential clients and customers across the globe. While many regulators have talked about "small developers," it's become clear that both policymakers and platforms need to listen to small developers, not just discuss them in the abstract. And while discussions have centered on what app stores charge for their services, we want to highlight what we seek in return for these fees and commissions, how app store services should benefit us, and what we stand to lose if software platforms are dismantled.

We pay software platforms for developer services that range far beyond just payment processing. The full list of bundled services includes:

- Customer trust in the marketplace
- Immediate distribution to hundreds of millions of customers across the globe
- Marketing through the platform
- Platform level privacy controls
- Assistance with intellectual property (IP) protection
- Security features built into the platform
- Developer tools, including accessibility features
- Access to hundreds of thousands of application programming interfaces (APIs)
- Payment processing

From these services, small app companies obtain ready access to a global market and the ability to offload overhead like managing payment options and preventing app piracy. Most importantly, app stores give us the ability to leverage consumer trust.

No platform ecosystem will ever be perfect for every app maker, and we are OK with that. The lack of perfection creates the itch to build something better by solving the newly discovered problems while maintaining things that work.

Each improvement cycle comes with costs, challenges, and opportunities for developers. So far, software platforms have responded and evolved to address the needs of developers and customers. Our concern is that if government actors are not aware of the needs of smaller companies, they will move forward with regulation that locks in current winners. The biggest losers will be small companies, and ultimately customers.

We look to the platforms to work with our community to implement meaningful updates to their stores, and we recognize the interest that regulators at all levels of government have in the issue. Government-mandated "technology at the speed of government" would harm our ability to provide great products. Instead, this document plainly describes what small app companies really need from software platforms and/or regulators to be able to grow and challenge the current leaders. Policymakers and platforms should both consider these imperatives as platforms seek to respond to the needs of developers and as policymakers continue to explore antitrust and oversight of online marketplaces.

FOR GOVERNMENT:
Maintain and Improve Trust

Customer trust is fundamental for competitors in the app economy, especially for smaller firms that may not have substantial name recognition that popular apps like Spotify or Instagram enjoy.

Therefore, government action should preserve the ability for platforms to assure customer trust, including removing applications that violate Terms of Service or otherwise mislead customers.

FOR PLATFORMS:
Remove Fraudulent Apps and Reviews

While government must preserve the ability for platforms to assure customer trust, platforms must act. Fraudulent apps harm consumers, and fraudulent reviews hurt developers and harm their ability to have their work reflected honestly.

Therefore, platforms must move more quickly to remove scam apps, fake reviews, and fraudulent actors.

FOR GOVERNMENT:
Improve Security

App companies depend on software platforms to provide a trusted marketplace. Software platforms ensure security by both reviewing proposed apps and by pushing out security updates for a device operating system. These functions are exceptionally important for a trusted marketplace, and investment should reflect this importance.

Therefore, government must ensure the ability for platforms to remove bad actors and to improve security, including the ability to provide encrypted products and services.

Increase Transparency

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. Similarly, any rules, programs, or changes to the platforms need to be clearly defined and communicated.

> *Therefore, when platforms change their developer guidelines, they must communicate clearly and ensure developers understand what the changes mean for them and their customer relationships. These changes must give developers the appropriate time and resources they need to implement any changes before new terms or requirements go into effect.*

Preserve Access to Global Markets

App stores and digital marketplaces have made even the smallest companies "micro-multinationals," providing companies of all sizes tremendous opportunities to reach a global audience.

> *Therefore, government must work to remove trade barriers, discourage data-localization requirements and taxes on digital goods, and encourage harmonization of regulation regarding lawful access, privacy, and taxation.*

Uphold IP Protections

Developers and small businesses look to the platforms to help protect their own intellectual property and maintain the high standards and expectations that customers have come to expect from the software they download from app stores. IP is the lifeblood for many developers. Things like gameplay, unique characters, stories, and content set their app apart. If bad actors that have copied, stolen, or duplicated their apps for malicious intent aren't removed from app stores, the impact could be devastating for small companies.

> *Therefore, platforms must invest in the protection of IP at the platform level to give developers the freedom and peace of mind they need to create the apps that customers love and trust while fueling competition throughout the app economy.*

Require Better Privacy Protections

App companies compete on privacy. They are constantly working to meet and exceed consumer expectations while balancing the compliance requirements of federal, global, and platform level privacy rules and structures. The privacy functions of software platforms are also critical to foster a trusted ecosystem in which companies operate. Continued investment in the privacy features of platforms will ensure small businesses can continue to meet the needs and expectations of their consumers and regulatory frameworks. Unfortunately, the swirling morass of state, federal, and international privacy requirements places small developers at the greatest disadvantage.

> *Therefore, Congress must act to pass comprehensive privacy legislation so that small companies can compete with the behemoths on improving consumer privacy.*

Deliver Great Service to Developers

Throughout each interaction, developers depend upon the platforms to provide quality and timely assistance. Complex processes such as app review are not always predictable, so clear communications and well-defined expectations are essential. Developers want to know that they have human contacts so that as issues large and small arise for them, that they have personal contact with someone at the software platform who can work with them to resolve those issues.

> *Therefore, software platforms must invest in the personal developer relations experience, including optimizing processes for efficiency and clarity in communications, working to reduce uncertainty as much as possible.*

FOR GOVERNMENT AND PLATFORMS:

Keep Market Entry Accessible

Low barriers to enter a global market have created immense opportunity for app makers. Among our members, we have countless stories of people with a bright idea who started a company and are now thriving.

> *Therefore, Congress must refrain from dictating business models, and software platforms must keep fees low and easily accessible for even one-person startups, favoring business models that tie fees directly to revenue, rather than up-front costs.*

The app economy is a $1.7 trillion ecosystem led by U.S. companies. Small companies continue to drive the app economy and further innovation, but platforms and Congress need to keep up. It is imperative that both Congress and the platforms hear the needs of small businesses and work to ensure the continued growth of the app economy.