Gener8's response to the CMA's statement of issues in relation to mobile browsers and cloud gaming

About Gener8

The open secret within the digital economy is that it is built on exploiting people's data. Gener8 changes that. We build tools that empower people to control and be rewarded from their data by giving them a simple choice: Rewards Mode or Privacy Mode.

With rewards mode activated, users of our desktop browser and our newly launched (in beta) mobile app give us their explicit consent to process and monetise their data in anonymised form on their behalf. In return, our users earn points, which can be redeemed for rewards such as free products, discounts, and gift cards.

While our offer is simple, our impact could be profound. Gener8's business model can simultaneously topple two of the most significant barriers to effective competition in digital markets: (i) unequal data access; and (ii) the zero price floor.

While not currently operating a mobile browser, Gener8 has a keen interest in the developments of the CMA's market investigation. In particular, Gener8 approaches the issues within your investigation's scope from the following perspectives:

- We are a UK-based tech start-up operating a desktop browser, which has had some success in entering the market with a differentiated product. We have a strong interest in potential remedy design, to the extent that the remedies could have some future application to the desktop market.
- We understand what it takes to build a browser, and the challenges that need to be overcome to succeed. We have actively considered entry with a mobile browser, but to date have chosen a different path.
- Through our own browser, and the data we can access through our app, we have an in-depth understanding of how people use browsers on different devices. For example, in relation to pages visited, time spent browsing, and value of purchases made through the browser etc.
- Our mobile app interacts with Safari on mobile through a browser extension, enabling our iOS users to access and earn from their browsing data.
- We do not have any insights in relation to distribution of cloud gaming.

In principle, Gener8 is supportive of outcomes that create a more level playing field, where competition and innovation within the online ecosystem can flourish. We look forward to engaging with your investigation in support of this aim.

Views on the issues identified

We broadly agree with the framing of each of the possible theories of harm identified within the statement of issues in relation to mobile browsers. In particular, in relation to the harmful impacts of Apple's WebKit requirement, and the power of pre-installation and default settings for browsers.

We make two observations regarding the impact of the various barriers to competition that you have identified.

Successful entry and expansion into the mobile browser market is improbable

We are supportive of the theories of harm set out in the statement of issues being explored by the investigation. Our view is that, collectively, they serve to make material growth in the mobile browser market extremely challenging. This is as true for small start-ups such as Gener8 as it is for global corporations such as Microsoft with near-limitless resources.

We are certain that entry is being held back; that this harm is not theoretical. Gener8 launched back in 2017 with a desktop browser extension, then going on to launch our own desktop browser in 2021. Our browser has seen steady growth and high retention rates, and in recent years we have faced repeated calls to launch the browser on mobile.

But last year when we started development of a mobile app we opted not to enter the mobile browser market, instead taking a different path. While there were a number of reasons behind our decision to launch a different product on mobile, the competitive landscape for mobile browsers was certainly a contributing factor. As the market currently operates, we considered it unlikely that a new mobile browser would have grown to sufficient scale to serve our business model, regardless of the quality or innovation we brought to market.

We may reconsider this position in future, including in light of any positive changes to market dynamics.

Apple's WebKit requirement adds costs for browser vendors

There is no doubt that Apple's WebKit requirement adds costs to mobile browser vendors.

With free choice, mobile browser vendors would be able to build for the same rendering engine across both iOS and Android. There are still substantial costs of developing a browser for two different operating systems, even when using the same underlying rendering engine. But this is substantially easier and less resource intensive than building on two separate engines in parallel. It would result in duplication of engineering resources that could otherwise be reduced.

If we were to develop a mobile browser in-house, we estimate that Apple's WebKit requirement would introduce a substantial uplift to several core development costs along with material additional ongoing maintenance and development needs, relative to a world where we could build on Blink across both ecosystems. While this is highly uncertain, we estimate this would represent up to £250k additional up-front development costs for a new entrant, and potentially in the region of £100k additional ongoing maintenance and development costs on an annual basis. For a small company such as Gener8, these additional costs would represent a significant drain on limited resources.

Rather than maintaining the appearance of competition to Google's Blink engine by protecting WebKit from alternatives, the entire ecosystem would stand to benefit if Apple was competing directly with Google and Mozilla for browser vendors across both iOS and Android.

A further issue that has not been identified

Browser extensions are important for competition and innovation on the web

We were surprised to note the absence of any mention of browser extensions in the statement of issues, either in the description of the market or in the list of theories of harm.

Browser extensions (also sometimes referred to as plug-ins) are small software applications that can add functionality and features to an existing browser, as well as enabling a user to customise their experience. They are important for competition between browser vendors, and for innovation across the web.

Extensions can be used to lower the cost of entry. DuckDuckGo has a browser extension on desktop rather than operating its own standalone desktop browser, while Ecosia uses an extension to enable people to set its search engine as the default. As mentioned above, Gener8 also started out with an extension on desktop. This substantially lowered our initial cost of entry.

There are popular extensions enabling a wide range of additional features and functionality, including:

- productivity and project management tools;
- grammar and spell-checking;
- password storage;
- storing selected content to read later;
- calendars and clocks;
- screen capturing
- customisation of the appearance of web pages;
- ad blocking;
- privacy protection;
- and many more.

While extensions were initially introduced on Internet Explorer, Google has since driven forward progress with browser extensions and others have been forced to conform around it. Google operates the Chrome Web Store on desktop, with reportedly around 180,000 extensions available,[1] and some that have had tens of millions of downloads.

So what's the problem?

Despite their popularity on desktop, and their contribution to Chrome's success in capturing the market from Internet Explorer, Google does not yet support extensions for Chrome on Android. In contrast, Apple rolled out browser extensions on iOS in Sept 2021 with iOS 15.

It appears there are a few possible explanations for Google's extension restriction on mobile. With strong parallels to Apple's approach to developing its WebKit browser engine, Google is either:

- very slow off the mark, behind Apple in the browser development race;
- choosing not to introduce extensions on mobile due to potential negative impacts on user experience, such as concerns related to security or privacy; or
- choosing not to develop them due to a perceived threat they may pose to its business model.

While we cannot speculate as to Google's motives, the evidence and analysis set out in the CMA's market study into mobile ecosystems would appear to suggest the first two explanations are unlikely.

Why does this matter?

Despite having gone under the radar of regulators, this restrictive approach by Google on mobile is having real-world effects:

- **Google's extension restriction acts as a barrier to entry into the mobile browser market.** Gener8 first entered the desktop browser market as an extension on Firefox and Chrome, yet this is not currently possible for Chrome on mobile. DuckDuckGo also has an extension on desktop, yet it recently launched its own browser on mobile. There may be other would-be entrants with an innovative idea for mobile web browsing, potentially other UK-based start-ups like Gener8, that cannot afford to take the risk of developing a new browser from scratch from the outset.

- **Google's extension restriction means that more than 40% of mobile users in the UK are missing out on the innovative benefits that browser extensions offer.** While Google might theoretically have a strong incentive to introduce extensions if operating in a competitive market, that is not the case for Chrome on Android, where the CMA previously concluded it has substantial and entrenched market power.

[1] https://truelist.co/blog/google-chrome-statistics/

- **Google's extension restriction is harming competition and innovation within the market for browser extensions.** This situation is directly comparable to Apple's restrictive approach towards web apps. Browser extensions can be a major source of innovation, and an increasingly important route to market for start-ups as an alternative to building a native app. The acquisition by PayPal of browser extension Honey in 2020 for $4bn is proof of this potential.[2]

- **Google's extension restriction is holding back disruptive innovation in the broader mobile ecosystem.** On iOS, Gener8's users can connect up our app to their Safari browsing data then passively earn from that data on an ongoing basis with minimal friction. This is achieved with a browser extension. The equivalent solution is not available to us for Chrome, and so our Android users receive a degraded experience, with observable and measurable impacts on retention rates and rewards earned.

We urge the CMA to urgently add an additional theory of harm to the scope of its investigation in relation to Google's extension restriction on mobile. Specifically, we propose that the CMA formally adds the following question to its list of theories of harm to be the focus of the market investigation into mobile browsers and cloud gaming:

- Whether Google is restricting the use of browser extensions in a way that is weakening the threat of entry from rival browser vendors, and/or holding back innovation relating to the functionality of mobile browsers.

We hope that the CMA's market investigation can swiftly probe with Google why extensions on mobile have yet to be supported, and establish whether this is down to slow pace of development, or otherwise. If Google has no immediate plans to implement mobile browser extensions, then it is clear that this is having **a material adverse effect on competition that must be remedied by mandating support for extensions to Chrome on Android.**

We hope that this issue will be the focus of a dedicated working paper in the coming months, in order to establish the facts, and to obtain views and evidence from a broader range of affected stakeholders (e.g. browser extension providers), particularly as this issue has not been consulted on to date.

Data and insights

With a desktop browser of our own, as well as consented access to our mobile users browsing data on Safari and Chrome,[3] we have a strong understanding of how people use browsers across desktop and mobile. We note the issues in focus of the investigation, and would be open to providing insights from our data on request, such as descriptive statistics on browser usage, or the value of online purchases.

[2] https://www.prnewswire.com/news-releases/paypal-completes-acquisition-of-honey-300981363.html
[3] Due to the issues discussed in this submission, we have less data for Chrome users than Safari.

We would be happy to meet with your team to discuss the issues raised in this submission, as well as how we could support the investigation with additional data and insights.