Competition and Markets Authority's
Strategic Market Status ('SMS') investigations into Apple's and Google's mobile ecosystems

Response from Mobile UK

February 2025

About Mobile UK

1. Mobile UK is the trade association for the UK's Mobile Network Operators (MNO) – EE, Virgin MediaO2, Three and Vodafone. Our goal is to realise the power of mobile to improve the lives of our customers and the prosperity of the UK.

2. As mobile increasingly becomes the device of choice for running daily life both at home and at work, customers want improved coverage and greater capacity. Mobile UK's role is to identify the barriers to progress and work with all relevant parties to bring about change, be they Government, regulators, industry, consumers, or citizens more generally.

Scope of the SMS investigation

3. Mobile UK welcomes the opportunity to respond to the Competition and Markets Authority's ("CMA") Strategic Market Status investigations into Apple's and Google's mobile ecosystems.

4. Mobile UK agrees with the CMA that mobile ecosystems are very important, as they enable so much of what people do across communications, retail, payments, healthcare and many other applications, both now and into the future.

5. We agree with the three elements the CMA has identified in a 'mobile ecosystem' (as set out in paragraph 2). However, should the CMA decide to make an SMS designation, the CMA should define the concept of an 'operating system' broadly, to reflect that the operating system effectively gives the provider control over the whole mobile ecosystem, including control over connectivity. The way that operating systems providers interact with connectivity is central to how competition and innovation works within the ecosystem. This will be an important factor when considering potential interventions for those designated as having SMS.

6. Other than a few other basic features, such as the torch, the functionality and utility of a smartphone (and other connected devices) is almost entirely derived from there being connectivity, whether that is Bluetooth, wi-fi, satellite (newly emerging), cellular, or some other technology.

7. The connectivity portion of the ecosystem is a key part of the overall competitive landscape, as it is a driver of innovation, resilience and pricing. For this competitive and innovation function to be fulfilled, and for consumers to derive maximum benefit from

choice and innovation, the interface with the providers of connectivity must be open and transparent and not be controlled or determined by the platform operators.

8. In this context, Mobile UK is **particularly concerned** with **5G** and the ability of the network operators to develop products which rely on 'network slicing'.

9. The slicing feature is very much at the nascent stage of its market development, but it offers many opportunities for operators to develop tailored services and applications alongside basic internet connectivity.

10. The delivery of services using network slicing <u>must have</u> interoperability with the mobile operating systems that run on a customer's handset. We are therefore very concerned that Apple/Google, through market power/gatekeeping, could impose standards, terms or other conditions that would have a very detrimental effect on operators' ability to develop products and services based on network slicing.

11. As such, Mobile UK agrees with the investigation's opening assessment that there are a number of features in the markets for mobile browsers, browser engines and in-app browsing technology which restrict competition. As Mobile UK has highlighted, we are particularly concerned with the impact on the wider mobile value chain (including connectivity), which the CMA should consider as this work progresses into SMS designation and remedies.

Response to Questions 1 & 2

1. *Do you have views on the scope of our investigations and descriptions of Apple's and Google's mobile ecosystem digital activities.*

    Yes. The scope of the investigation must include the impacts that Apple and Google's market power can have on the connectivity providers within the value chain. As we have explained in the paragraphs above, without appropriate mitigations and safeguards, Apple and Google's market power can have a detrimental effect on the ability of mobile network operators to develop products and services.

2. *Do you have any submissions or evidence related to avenues of investigation set out in paragraph 70-72? Are there issues we should take into account, and if so why?*

12. Mobile UK agrees that the CMA should be investigating Apple and Google's substantial and entrenched market power in the digital activities they have set out.

13. However, the investigation should extend to the connectivity element. While they may not have substantial market power in 'connectivity', they are in a position to determine the interfaces to connectivity which can impair the ability of connectivity providers to innovate and compete.

Potential remedies

14. Mobile UK supports the potential interventions set out in paragraphs 83 to 88.

15. However, for the reasons set out above, the remedies must address <u>all</u> concerns which stem from the gatekeepers' control over the mobile ecosystem, including, where relevant, over the **connectivity** providers.

16. This is a prime example of where the CMA and Ofcom need to be working closely together to assess the potential impacts on the mobile ecosystem and adjacent markets within Ofcom's remit. This would be consistent with the stated intent set out by Ofcom in the December 2024 update on [digital markets, communications and media](#) (*"We will focus our work on understanding if Apple and Google could influence the development of network slicing and whether this could give rise to potential adverse outcomes for businesses and consumers in the UK mobile sector. If warranted, we will consider whether specific concerns are likely to be addressed by the new DMCC regime or could be addressed by our regulatory powers"*.)

17. The resulting regime should drive open competition both across the value chain and up and down the value chain on an open and non-discriminatory basis, so that the overall ecosystem enjoys the benefits of competition throughout. Points of particular note are:

   - **Quality of Service:** Parties in the value chain must be able to manage the quality of their service. This means ensuring that access to the operating system is available and that permissions (technical or contractual) are given without friction, delay or cost.

   - **Collaboration in the setting of standards:** The ecosystem must co-operate to set and to follow fair and reasonable standards. Apple and Google have a particular role in facilitating the interoperability of standards across the ecosystem e.g. 3GPP for mobile connectivity and chipset manufacturers and App developers.

   - **Open access and non-discrimination**: In app browsers, platform services, OEM devices, CDNs all now have a role in determining a user's experience of "internet access" and the performance of services. Rules on open access and non-discrimination should be applied broadly across the ecosystem to ensure a consistent approach is applied.

   - **Platform security and privacy:** Mobile operators must continue to have access to the data required to deliver services to their customers and to meet regulatory and legislative requirements. This becomes even more important as 5G network slicing is deployed, so as to be able to deliver the connectivity appropriate to the users' current activity and service level. With TSR, UK MNOs operate to some of the highest security standards associated with public communication networks. Privacy and security concerns cannot be used by the browser providers to justify discriminatory practices that limit innovation, competition and service development within the wider mobile ecosystem. A robust regulatory approach is needed to address these matters.