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Proton response to the CMA invitation to comment on SMS investigations into Apple and Google's mobile ecosystems

Proton AG ('Proton') is one of the fastest growing consumer and business communications and collaboration companies in Europe. Proton provides an encrypted services ecosystem that enables everyone to have full control over their online information. It was founded in 2014 by scientists who met at European Organization for Nuclear Research (CERN). Since then, it has grown at a fast pace and now has more than 100 million sign ups. In addition to protecting millions of individuals, Proton also secures tens of thousands of businesses, including many of the world's largest public and private organizations. Our principal product, Proton Mail, is the world's largest secure email service. We also offer other products such as encrypted calendar, Proton Calendar, VPN service Proton VPN and password manager, Proton Pass.

Proton strongly supports the Competition and Markets Authority (CMA) in its investigations to potentially designate Apple and Google with Strategic Market Status (SMS) in relation to their mobile ecosystems. As a company that has encountered significant barriers due to the restrictive practices of these dominant platforms, we recognise the urgent need for regulatory intervention to ensure a fair and competitive digital ecosystem in the UK.

The mobile ecosystem is a fundamental gateway for businesses to reach consumers. One could argue that for younger generations in particular, the mobile ecosystem is the most important if not the only way to go online. However, Apple and Google have managed to entrench themselves as gatekeepers, leveraging their control over operating systems, app stores, and browser technologies to stifle competition, limit consumer choice, and extract excessive fees from developers. Their dominance results in significant harm to innovation, competition, and consumer welfare.

One of the most pressing concerns globally for Proton is the restrictive nature of Apple's App Store policies. Apple enforces a monopoly on app distribution for iOS devices, prohibiting alternative app stores and side-loading. This not only limits consumer choice but also allows Apple to dictate the terms under which third-party developers operate, often imposing commissions of up to 30% on in-app transactions. This model creates an uneven playing field where independent developers, including Proton, can be forced to pass on higher costs to consumers or limit the functionality of their apps to comply with Apple's stringent policies.

Google, while allowing some degree of app distribution flexibility, maintains a de facto monopoly over Android app distribution through the Google Play Store. Google's bundling of Play Services with its Play Store and its financial arrangements with device manufacturers to prioritise its own services further distort competition. While alternative app stores exist, their viability is severely hampered by Google's policies, limiting meaningful competition in the Android ecosystem. Similarly, Google leverages Android OS to push for its other services, from cloud storage to search. Google's apps are often impossible to uninstall from Android terminals and as they are automatically activated and connected, they are often used out of convenience by the average user. Google's control over the Android operating system makes it extremely hard to compete for other developers.

The CMA's investigation is crucial to restoring competition and innovation within the mobile ecosystem. By designating Apple and Google as SMS, the CMA will have the necessary tools to implement targeted regulatory measures that can address these anti-competitive behaviours. Potential interventions, such as mandating alternative app stores, allowing side-loading, ensuring fair commission structures, and preventing browser engine restrictions, easy default app setting, will foster a more open and competitive market.

The European Union's Digital Markets Act (DMA) aims to address most of the issues highlighted above. While it has only been fully applicable for less than a year, it proves that concrete progress is achievable in restoring competition in the mobile ecosystem. However, during the first few months of DMA implementation, it became clear that Google and Apple do not hesitate to actively attempt to counter and circumvent their new legal obligations. Hence, we urge the CMA to pay attention to any circumvention attempts and bad faith tactics that could be deployed by Apple and Google following their potential designation as SMS.

Proton urges the CMA to move forward with its investigation and to implement robust remedies that promote competition, innovation, and consumer choice. An open and fair digital market is essential for fostering a thriving ecosystem where businesses of all sizes can compete on merit, ultimately benefiting UK consumers and the broader digital economy.