Mobile SMS Investigations

App Developer Workshop

24 March 2025

Introduction

As part of its Strategic Market Status (**SMS**) investigations into Apple's and Google's mobile ecosystems, the CMA held a workshop for app developers and associations to explore the issues and hear their views.

This note summarises the content of the workshop held with app developers and associations. The event was led by the Senior Director in the Digital Markets Unit (DMU) responsible for the SMS investigations and the CMA Director leading the investigations and was attended by CMA staff including the DMU's Executive Director and the case team. There were 13 representatives from app developers and associations.

The views expressed in this note are those of the participants, on an anonymised basis.

Overview of the Mobile SMS investigations

The CMA thanked attendees for participating in the workshop and stressed the importance of their engagement with the case team during its SMS investigations.

CMA staff explained the scope and process of the SMS investigations, the issues the CMA intends to explore during the investigations, as set out in the Invitation to Comment, and the expected timelines. Attendees were then given an opportunity to ask questions.

The agenda was then split into two sessions:

- Session 1: What drives innovation and investment in app development in the UK?

- Session 2: What are the current barriers to developing new apps or app features for use on mobile devices? What is needed to overcome such barriers?

In practice there was significant overlap in the points and discussion across both sessions so to avoid repetition the below provides a summary of key points made across the two.

Overarching points

Some participants stated that they generally face substantial difficulty in developing effective commercial strategies in app development because of the **unpredictability of Apple's and Google's rules and policies across the three digital activities**, but in particular in regard to the App Store and the Play Store. Participants noted that third-party developers might have highly innovative commercial strategies and ideas, but they **may be limited in their ability to bring their products to market** because of the need to channel distribution through Apple's and Google's mobile ecosystems.

Participants also discussed their concern that **AI markets could be tipped in favour of Apple and Google given the importance of AI development in mobile ecosystems**.

One participant urged the CMA to focus on regulating the commercial incentives that drive Apple's and Google's commercial strategies.

App Store/Play Store policies

There were contrasting views with regards to Apple's App Store and Google's Play Store policies.

There were a number of participants who agreed that the **App Store and the Play Store provide benefits such as access to a globally established customer base and payment management systems.** One participant cautioned about over-regulating as the App Store and the Play Store can be beneficial to smaller developers.

Multiple participants stated that Apple and Google have an **unfair advantage in app development innovation because of their control over mobile ecosystems.** In this context, participants stated that Apple and Google have the ability to unfairly copy innovation that is driven by third-party developers because they have access to third-party code and data, allowing them to use this to unfairly improve their own first-party apps.

Some participants stated that **app review guidelines are too stringent and that there is a need for flexibility and transparency.** One participant stated that Apple's and Google's control over the app review and verification process limits innovation opportunities for third-party developers. This participant stated that a key barrier to innovation is the inability of third-party developers to have full control over the end-to-end user experience on their apps. A number of participants noted that Google is

generally more flexible and responsive than Apple, which allows for a better process for third-party apps.

Multiple participants raised concerns that the commission fees were unfair and that these fees could force app developers to find alternative channels to distribute their apps. Several participants noted that the fees impact a developer's profitability which may deter investors from investing in app developers. A couple of participants stated that they had additional costs to factor in, such as search advertising on app stores. Other participants considered that app store commission fees were often unfair, and they did not guarantee them being the first result when their app was name searched.

A few participants noted that larger app developers may gain a competitive advantage as they have greater bargaining power and are able to negotiate better terms or lower fees. One participant also stated that Apple and Google may not subject their own apps to commission fees.

Alternative App Distribution

There was some support for alternative app distribution as a solution to stimulate competition, although other participants were concerned about the potential risks of this approach. Some participants stated that they wished to see action tackling current issues in app stores, such as commission fees, rather than enabling alternative app distribution methods, which participants said could result in worse outcomes for third party app developers.

Some participants stated that **app store network effects may make it difficult for alternative distribution to work well**. As one example, one participant stated that alternative app stores may become 'gatekeepers' themselves, given that they will need to charge commission fees on their stores.

Another participant stated that while alternative app distribution may be a good idea in theory, in practice **discoverability via alternative routes may be difficult for smaller developers.** A few participants stated that app stores are not a key gateway for users to discover apps, as this usually takes place via online search and social media. However some participants stated that smaller app developers may prefer to use Apple's and Google's app stores as their brand recognition is not strong enough to rely solely on search engines and social media. They also noted that smaller app developers may not have the capital or resources for a strong marketing campaign.

Several participants mentioned sideloading as an alternative since Apple has enabled sideloading in the EU. Some participants were worried about the security risks with one

participant noting an increase in piracy and hacking of its app. In contrast, one participant stated that sideloading would be highly beneficial and countered that digital signatures could be used to mitigate the risks. Another participant noted that consumers should be able to trust app developers as security standards are already robust.

Operating systems and interoperability

Multiple participants stated that Apple and Google's control over their respective mobile operating systems allows them to **limit innovation by third-parties by restricting access to certain key operating system features and functionalities**.

Participants noted that the ability to develop one app that is compatible with both iOS and Android would support innovation in app development. However, participants stated that currently interoperability between ecosystems is limited. A few participants stated that they had encountered interoperability issues with Apple's ecosystem.

- One participant provided the example of the Apple Watch not being interoperable with an app which was built using a non-Apple SDK.
- Another participant added that small businesses struggle with obtaining responses within good time as, in many cases, Apple are unresponsive to interoperability requests from app developers.
- A few participants stated that they face difficulties moving subscriptions between the App Store and the Play Store and one participant stated that making subscription renewals manual would be detrimental to app developers.
- One participant pointed out that third-party apps have limited access to background execution which makes third-party apps function less effectively than Apple's and Google's first-party apps.
- Another participant stated that Apple attempted to limit functionality for third-party software development kit (SDK) providers by forcing them to use Apple's own SDK.

A number of participants considered that **Apple's and Google's entrenched market power gives them a competitive advantage**: through their access to data and an international customer base; by pre-installing and self-preferencing their own apps; and by limiting access and functionality for app developers.

One participant also stated that Apple and Google's potential control of network slicing could limit what features network operators are able to offer to individual applications.