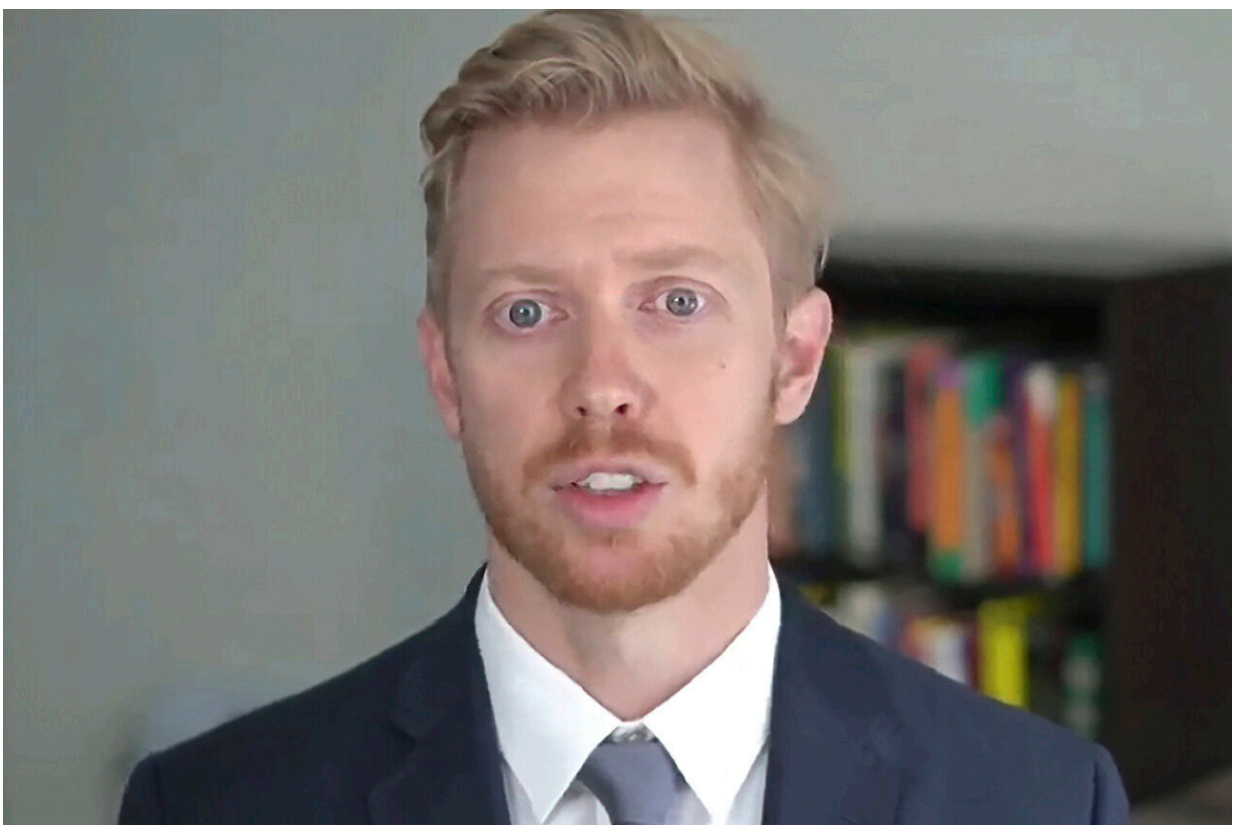


Despite widespread protest, Reddit CEO says company is 'not negotiating' on 3rd-party app charges

June 17 2023, by Wyatt Grantham-Philips



In this image from video provided by the House Financial Services Committee, Steve Huffman, chief executive officer and co-founder of Reddit, testifies during a virtual hearing on GameStop in Washington, Thursday, Feb. 18, 2021. Reddit is facing an ongoing blackout from some of its most active users. After outrage erupted over plans to charge some third party apps for API, thousands of communities within the online discussion network went dark this week — and

many organizers say their protest is not over. Credit: House Financial Services Committee via AP, File

If you hopped on Reddit to scroll through your favorite forums this week, you may have encountered "private" or "restricted" messages. That's because thousands of subreddits chose to go dark in an ongoing protest over the company's plan to start charging certain third-party developers to access the site's data.

But Reddit's CEO Steve Huffman told The Associated Press he's not backing off.

"Protest and dissent is important," Huffman said. "The problem with this one is it's not going to change anything because we made a business decision that we're not negotiating on."

Organizers of the protest say Reddit's new policy threatens to end key ways of historically customizing the platform using an API, or application programming interface, which allows computer programs to communicate with each another. Third-party developers rely on API data to create their apps, which offer access to features that are unavailable in the official Reddit app, particularly for content moderation and accessibility aids.

But Reddit says that supporting these third-party developers is too expensive and that the new policy is necessary to become a self-sustaining business.

Reddit has more than 100,000 active subreddits, and nearly 9,000 of them went dark this week. While some returned to their public settings after 48 hours, others say they plan to stay private until Reddit meets

their demands, which include lowering third-party developer charges—set to go into effect July 1—so that popular apps don't shut down.

As of Friday, more than 4,000 subreddits were still participating in the blackout—including communities with tens of millions of subscribers like r/music and r/videos—according to a [tracker](#) and live Twitch stream of the boycott.

Reddit notes that the vast majority of subreddit communities are still active. And while Huffman maintains that he respects users' rights to protest, he also says that the subreddits currently participating in the blackout are "not going to stay offline indefinitely"—even if that means finding new moderators.

The company's response to the blackout has fueled further outrage among protest organizers, who accuse Reddit of trying to remove moderators—or "mods"—of subreddits who are protesting this week. Subreddit "mods" are volunteers who often use tools outside of the official app to keep their forums free of spam and hateful content, for example, and many of them are angry with Reddit's new fees.

"A lot of what's going on here is ... (Reddit) burning goodwill with users. And that's so much more expensive than trying to collaborate," said Omar, a moderator of a subreddit participating in this week's blackout who asked not to be identified by their full name due to safety concerns that have come up while moderating their subreddit.

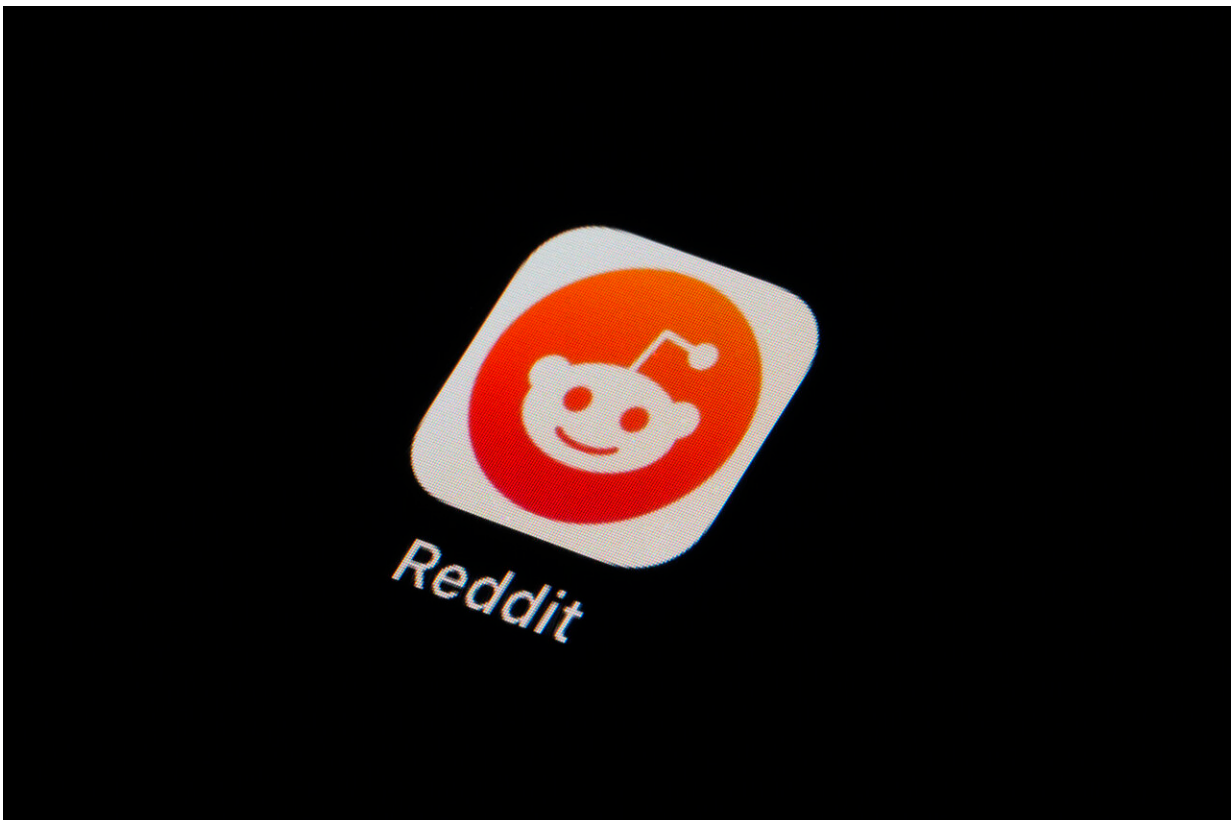
Reddit denies that it is removing moderators for protesting, asserting that it is simply enforcing its code of conduct.

"If mods abandon a community, we find new mods. If mods keep private a large community with folks who want to engage, we find new mods

who want to reinvigorate it," the company said in an email. "The rules that allow us to do this are not new and were not developed to limit protests."

Most people visiting Reddit probably don't think about APIs but access to these third-party resources is critical for moderators to do their jobs, experts note.

"Reddit is built on volunteer moderation labor, including the creation and maintenance of many tools," said Sarah Gilbert, postdoctoral associate at Cornell University and Citizens and Technology Lab research manager, in a statement. "Without Reddit's volunteer moderators, the site could likely see less helpful content, and more spam, misinformation and hate."



The Reddit app icon is seen on a smartphone, Tuesday, Feb. 28, 2023, in Marple Township, Pa. Reddit is facing an ongoing blackout from some of its most active users. After outrage erupted over plans to charge some third party apps for API, thousands of communities within the online discussion network went dark this week — and many organizers say their protest is not over. Credit: AP Photo/Matt Slocum

Reddit has pushed back on some of these concerns, saying that 93% of moderator actions are currently taken through desktop and native Reddit apps.

Huffman and Reddit management also note that the new fees will only apply to eligible third-party apps that require high usage limits. According to Thursday metrics published by the company, 98% of apps will continue to have free access to the Data API as long as they're not monetized and remain below Reddit's data-usage threshold.

The company has also promised that moderator tools and bots will continue to have free access to the Data API and has made agreements with some non-commercial, accessibility-focused apps to exempt them from new fees.

Still, some moderators say they rely on popular apps that are shutting down over the new costs. [Apollo](#) and [Reddit Is Fun](#), for example, have already announced plans to shutter at the end of June. Apollo developer Christian Selig estimated fees would total about \$20 million a year.

Huffman has pushed back on that estimate and Reddit argues that the upcoming fees for high usage third-party apps—which stand at a rate of 24 cents for 1,000 API calls—is reasonable.

With more than 500 million active monthly users globally, Reddit is one of the internet's top sites. It's hard to anticipate the total amount of money Reddit will save—and earn—after implementing the new fees. But Huffman says the "pure infrastructure costs" of supporting these apps costs Reddit about \$10 million each year.

"We can't subsidize other people's businesses," Huffman said. "We didn't ban third-party apps—we said, 'You need to cover your costs.'"

Reddit's changes to its API coincide with the San Francisco-based company's reported plans to go public later this year. While Huffman couldn't directly address the rumored initial public offering, he underlined the need for Reddit to become self-sustaining.

"I think every business has a duty to become profitable eventually—for our employees shareholders, for our investors shareholders and, one day as a [public company](#), hopefully our user shareholders as well," said Huffman, who co-founded the site in 2005.

Reddit first filed for an IPO in 2021, but paused its plans amid a plunge in tech stocks. With eyes on the possibility of a renewed IPO for the second half of 2023, finance experts speculate that the company may be trying to display increased revenue and profitability to investors.

"My guess is that they feel strong pressure in advance of the IPO to show that they can generate revenue from other sources," Luke Stein, a finance professor at Babson College, told The Associated Press, noting that monetizing API could create another avenue for revenue streams, rather than relying on advertising and new users as Reddit has done in the past.

Experts also pointed to the significance of Reddit showing a way to charge AI companies that have historically used Reddit data at no cost to

develop large-scale and for-profit AI models.

Still, the IPO is uncertain and the API changes could have consequences as well.

"If they actually manage to make the changes stick, (they could) increase their revenue," said James Angel, an associated professor at Georgetown University's McDonough School of Business. "On the other hand, if they alienate their best users, it could cause issues down the road, especially if those users decide to move to other platforms."

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