

# Apple changes course on app store, cuts fees for small developers

November 18 2020

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Apple is cutting its commission for its online marketplace in half to 15 percent, but only for app developers earning less than \$1 million annually

Apple said Wednesday it would cut in half its App Store fees for small developers, moving in the face of lawsuits over its 30 percent

commission and increased antitrust scrutiny of the online marketplace.

The iPhone manufacturer said that developers who make less than \$1 million from selling apps on its store will see Apple's revenue bite cut to 15 percent.

The announcement, however, will have no effect on developers that generate huge amounts of cash from wildly popular apps from the likes of music giant Spotify and video game sensation Epic Games.

Apple said the "vast majority" of developers will benefit from its program launched to give companies a boost during the pandemic, which will become effective January 1.

"Small businesses are the backbone of our global economy and the beating heart of innovation and opportunity in communities around the world," Apple chief executive Tim Cook said.

"We're launching this program to help small business owners write the next chapter of creativity and prosperity on the App Store, and to build the kind of quality apps our customers love."

According to research firm Sensor Tower, the move by Apple affects apps generating less than five percent of its revenue from the App Store.

Apple says its marketplace has some 1.8 million apps, most of them free. The App Store in 2019 generated some \$519 billion in commerce in 2019, with about 85 percent flowing to the developers, according to the company.

But Apple's policies have been coming under increasing scrutiny.

Apple and the developer of the blockbuster game Fortnite, Epic Games,

are fighting in court over whether the California-based company's tight control of its App Store, and its 30 percent cut of revenue, counts as monopolistic behavior.

Apple pulled Fortnite from its store in August after Epic released an update that dodges revenue sharing. A trial to resolve the dispute is expected year.

Spotify meanwhile has filed a complaint with EU authorities alleging Apple has abused its dominant position to extract unfair fees from online services.

The Coalition for App Fairness, a newly formed association with includes Spotify, Fortnite and several other app developers, expressed disappointment with Apple's move.

"Developers want a level playing field from Apple, NOT a symbolic gesture," the coalition said in a Twitter statement.

"Apple's announcement today is a calculated move and ignores fundamental flaws with the App Store, specifically."

The group said the \$1 million threshold is arbitrary and that Apple's policies are still hurting many app developers.

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