**Professional Issues – Coursework 3 Case Study**

**Apple Vs. Epic Lawsuit**

Conflicts of Interest

* Main stakeholders:
  + Apple (and other monopolies; Google (Play Store))
  + Epic
* Agreement on what the system/project should do:
  + To be able to deploy Fortnite on the Apple App store Epic Games had to agree with Apple’s terms of service which states that Apple would take a 30% cut from all in-app purchases (digital services/goods). Thereby meaning Epic Games directly violated this agreement by providing an option to bypass Apple’s payment system.
* Professionals facing conflict of interest: (how each outcome will affect each stakeholder)
  + App developers:   
    This 30% cut is massive on developers, where after taxes may only receive 48% of the revenue. Not only would having smaller cuts give developers much better margins but as Tim Sweeney the CEO of Epic Games said that reducing this cut would allow them to provide their customers with better deals.
  + Apple & other stores:   
    This 30% cut has been standard since the distribution of hardware goods where these goods needed to be indexed, warehoused, and transported. Despite the much lower maintenance costs of distributing software goods this revenue cut has not changed across practically all software distribution platforms (Steam, Google Play Store, Apple App Store) excluding the Epic Games Store which takes a 12% cut illustrating they can cover operating costs and still make a profit.  
    Apple argues this cut is justified for providing developers with a secure platform that provides them with much needed exposure. I do agree with the fact they deserve a good cut for the services they provide, however, this does not justify 30%. Along with this, to even attempt to deploy an iOS app on Apple’s store a developer must join Apple’s Developer Program which costs 99USD per annum and 299USD for the Enterprise version.
* Behaviour after conflicts of interest:
  + Epic’s payment bypass:

Apple removed Fortnite immediately off their App store after Epic tried to bypass their payment system. This almost appeared as a trap by Epic as they filed a 60-page lawsuit against Apple on that day.

* + Epic’s 198-fortnite:  
    Apple’s 1984 advert was to show they were taking down the IBM monopoly. Epic Games’ Fortnite mimicked this obviously inferring Apple as being a monopoly.
* Epics game plan:
  + Either force these software distribution platforms to lower their revenue cuts or allow for competing app stores.
* Possible outcomes

Epic’s lawsuit

-They agreed to Apple’s Developer Agreement which states they must not bypass Apple’s in-app payment system (not allowed to re-direct to another payment platform such as website, and not allowed to offer competitive payments)

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