Background:

As of this year Apple became the most valuable public trading company. And now its long disputes with app developers are coming into public view.

This summer Epic Games publicly rebelled against Apple’s app stores 30% fees and urged the people to join them.

It is not just Epic Games but also Spotify, Airbnb, Tinder, Facebook, and Netflix have all had dispute with Apple’s app store rules.

Lawmakers are scrutinizing Apple and other tech companies with regards to antitrust violations. These violations fall into two categories: agreements to restrain competition, and efforts to acquire a monopoly.

Within Apple’s developer terms they have discussed the right to change their tax cut by however much at any point.

To analyse the stakes, we must analyse how significant the app store is to Apple’s business. In recent years, Apple has shifted its focus from selling devices such as iPhones to selling more software and services. Analysts estimated Apple’s app store revenue for fiscal year 2020 ending on September 26th is $17.5 billion.

Some apps and services are particularly important for the app store ecosystem, like Fortnite. The game has more than 100 million registered users on apple devices. That has produced around $1.2 billion in global app store spending as of August 2020.

Apple’s 30% fee applies to paid apps, in-app purchases, and subscriptions.

In late September, Spotify, the owner of Tinder, and Epic Games teamed up to pressure other app store operators to change their rules. Apple and Google have defended their fees given their security, developer exposure, and privacy.

Battle of app store fees has also spilled over into accusations of Apple allegedly stifling competition. Spotify’s fight with Apple:

In 2019 Spotify accuses Apple of stifling competition in EU complaint. To curb Apple’s subscription tax Spotify only enables sign-up on their website. However, Apple’s terms prevent Spotify from directing users to its site.

Netflix followed in the same way. Tinder charges a higher price on the app vs its website.

When we see big companies make this move, we can imagine many other companies are considering doing the same. The only difference is Netflix and Spotify are in a much better position to market themselves in contrast to smaller companies.

As an app developer your business largely depends on just two companies: Apple and Google. Roughly 95% of mobile app spending in the US happens on the app store and Google Play.

In September 2020, Apple said it would exempt some apps from paying commissions on virtual events hosted during the pandemic. However, most app developers say they want to review their entire commission policy altogether.

UPDATE:

Apple reduces app store commission to 15% for small businesses earning up to $1 million per year