

**Testimony of Kyle Andeer
Chief Compliance Officer, Apple, Inc.**

**Rhode Island House of Representatives
Committee on Innovation, Internet, and Technology
Hearing on H. 6055**

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Chairwoman Ruggiero, and Members of the Committee, my name is Kyle Andeer and I am Apple's Chief Compliance Officer. I appreciate the opportunity to submit this testimony in opposition to H. 6055.

Some of you probably have an iPhone in your pocket right now. I hope that's the case—we believe our products deliver the best possible customer experience. To do that, we work constantly to innovate.

The App Store is one of those innovations. For consumers across Rhode Island, it provides access to nearly two million apps—everything from ride sharing and food delivery to personal banking and wellness. For software developers, it provides an opportunity to build and distribute all of those apps in the first place. Today, an entrepreneur with a great idea in Rhode Island can use the App Store to build an app and instantly reach customers across the entire world—all from her home. In fact, Rhode Island is home to over 400 developers who have built and deployed apps through the App Store, supporting jobs and economic activity in the state. We should be celebrating these successes, not tearing them down—yet that is what H. 6055 would do.

H. 6055 would jeopardize consumers' privacy, safety, and security. Your iPhone is not just a phone. Today, we use our mobile devices to store our most sensitive information—communications with loved ones, photos of our kids, our location, our banking information, our health information, and more. Bad actors try to infiltrate our devices and access that sensitive information using something called “malware”—which is software that is used for nefarious purposes. You can think of it like a Trojan horse—it's software that gets into your phone under the guise of a legitimate app and then wreaks havoc once it's there—maybe it gains unauthorized access to your camera or contacts, or it tracks your location without your consent, or it causes your iPhone to perform poorly.

At Apple, we are relentless about protecting your iPhone from these types of attacks. One of the ways we do this is through curation—the process of screening apps to make sure they meet standards for privacy, safety, security, and performance *before* they are placed on the App Store's shelves, where they can be downloaded to your iPhone. Each week, we review about 100,000 submissions, and we reject about 40% of them because they don't meet our standards. And we know that our approach works: research shows that iPhone has far fewer malware infections than other platforms.

Simply put, we work hard to keep bad apps out of the App Store; H. 6055 would require us to let them in. This would be unfathomable in the brick-and-mortar world. For a store owner,

it would be like the government forcing you to stock your shelves with products you know lack in quality, authenticity, or even safety. In fact, when we launched the App Store in 2008, we held a quality department store as a model: a place where customers could find a great variety of options while being confident that the selection is high-quality, reliable, and current. You can shop the App Store with confidence that the apps you download will not jeopardize the privacy, safety, security, and performance of your iPhone. H. 6055 would destroy that model by allowing apps to get into iPhones without going through the App Store's curation process.

H. 6055 would open the door to consumer fraud, and it would eliminate critical parental controls that keep kids safe. Apple's in-app purchasing system is safe, secure, and convenient, and it provides a variety of consumer protection and fraud prevention capabilities. H. 6055 would allow bad actors to circumvent those protections. Today, if you are defrauded when you make an in-app purchase, Apple can step in to help. If this bill were passed, our hands would be tied.

This is especially bad for parents and their kids. Parents should have control over their children's use of technology. That is why Apple constantly is designing new features to help parents ensure that their children are using Apple products in the ways their parents want them to. For example, parental controls allow parents to set limits on the amount of time their children can spend on apps and to place restrictions on what content your child can access or who can communicate with your child. If you do not want your children to access a particular app or to communicate with certain people or to be on their devices at certain times, you can control that.

Apple's in-app purchasing technology provides parents with one of the most important controls available to them. It can be configured to prevent unintentional or unauthorized purchases from the App Store and other Apple services, meaning parents can require a parental approval for purchases, restrict certain types of purchases, or disable purchasing completely. The benefits of these safeguards are obvious: when enabled, children cannot purchase digital content—like videos or subscriptions or features in games—unless their parents authorize them to do so. It is like having a lock on the cookie jar, with the parents holding the key. This legislation would give the key to anyone who wants it, regardless of where they are located and whether they have your kids' best interests in mind.

H. 6055 would undermine a model that has been great for innovation, entrepreneurship, and economic activity in Rhode Island. When we introduced the App Store in 2008, creating and distributing software was difficult and expensive. Developers had to pay for the tools they needed to build their products; they had to pay to put software on a disk; and they had to pay (upwards of 70%) to get shelf space in a store. Software development was the province of the few. The App Store changed all of that, providing developers a safe and trusted marketplace to distribute their apps along with the tools they need to build those apps in the first place. It's not just a gallery to showcase and sell works; it's also a studio in which to create them. This is how the App Store empowers everyone to build apps, from elementary school kids to small businesses—not just the big guys.

The special interests supporting this bill—a handful of billion-dollar video game companies and dating apps—want you to do away with that model, and they want you to do it based on false statements about commissions and competition. Here are the facts:

Apple makes the App Store commission-free for the vast majority of developers. Of Rhode Island's 439 developers, 379 of them (over 86%) get all of the benefits of the App Store—they can build and distribute their apps and earn money off them—without paying a single penny in commissions. Apple charges app developers a commission in just one type of situation: where the developer is acquiring a customer *in the App Store* and selling them a *digital* good or service that is used *on the iPhone*. (You can think of this like a video game you buy in the App Store and play on your iPhone, which is different from a sandwich you order or a ride you hail using an app.) In almost all of those situations, the commission is just 15%. In fact, only *two* of Rhode Island's 439 developers (or less than one-half of one-percent) are required to pay a 30% commission, and that is only because they make over \$1 million per year in the App Store.

The special interests supporting this bill also want you to believe that Apple is a monopoly. We're not. Walk into Best Buy, and you'll see how fierce the competition is—there is a wide selection of phones available. In fact, Apple does not have a dominant market share in any market where we compete. And the App Store is by no means the only way for developers to reach customers. There are as many distribution channels as there are devices in the market. Even on the iPhone, if a developer does not want to use the App Store, all they need to do is set up a website and they can reach all the consumers they want.

The bottom line is that the App Store model is the product of fierce competition, and it has been resulted in enormous benefits for Rhode Island's consumers, software developers, and economy, but H. 6055 would require Apple to abandon it.

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