

# Tim Cook takes the stand to defend the "Apple Tax" in the Epic Games battle

Article

**The news:** Tim Cook took the witness stand in the **Epic Games v. Apple** antitrust trial on Friday. Cook's appearance wasn't nearly as entertaining as **bananas in tuxedos**, but he brought some Fortnite-worthy evasive moves when it came to pinning down Apple's financials.

**More on this:** Epic's primary claim against Apple is that its App Store 30% cut constitutes an illegal monopoly, so prosecutors circled back to **profitability** multiple times throughout questioning, **per** the Washington Post's liveblog. Cook evaded with an anecdote about Steve Jobs and "feels" the App Store is profitable, but wouldn't point to a number.

**Why it's worth watching:** The high-stakes trial addresses Big Tech's grip over the mobile app economy. At stake are some fundamental questions about:

- **Security:** Apple's stance is that commissions maintain the security and trust of its ecosystem. For the 100,000 app submissions reviewed a week, 40,000 are rejected. Cook claimed turning off app review would be a "toxic mess."
- **Profitability:** Apple has always been cagey on App Store profits, lumping App Store's margins into its reported "Services" revenues. Expert **witnesses** estimated operating profits between 70–80%, but Cook deflected focusing on P&L accounting technicalities without confirming.
- **Rates:** Cook testified that the commission **rate cut** for smaller developers making under \$1 million was due to COVID-19, rather than a response to antitrust scrutiny. Apple maintains its commissions match industry standards.
- **Market:** The case **hinges** on categorizing what market the App Store operates in. Epic wants to make it about the entire mobile app market, but Apple would like to consider Epic's claims in a more expansive gaming market alongside Sony's PlayStation and Microsoft's Xbox.

**What's next:** Closing arguments are scheduled for this week, but a final verdict could take months. It's been an uphill battle for Epic to prove Apple's commission is not only an illegal monopoly, but that Apple also uses its power to hurt competitors and distort the market in its own favor. The judge's own questioning Friday hints that it may come down to whether Apple's market terms serve users' best interests.

Regardless of the trial's outcome, Apple still **faces** scrutiny for its App Store fees from EU and US regulators. This is just the first epic battle in Big Tech's escalating antitrust wars ahead.

## App Store Revenues and Downloads for Mobile Games and Total Mobile Apps Worldwide, by OS, 2019 & 2020

billions

	2019		2020	
	Android	iOS	Android	iOS
<b>Gaming</b>				
Revenues	\$25.1	\$38.0	\$31.9	\$47.6
Downloads	33.1	9.2	46.1	10.1
<b>Total mobile apps</b>				
Revenues	\$29.7	\$55.5	\$38.6	\$72.3
Downloads	84.8	30.7	108.5	34.4

Source: Sensor Tower as cited in company blog, Jan 4, 2021

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