

Dear MEPs,

We are writing to you as the Coalition for Competitive Digital Markets, which represents 50+ companies from 16 countries (12 Member States) as well as the European DIGITAL SME Alliance, a business association of more than 45,000 digital SMEs, to promote more competition in digital products and services through appropriate requirements in the Digital Markets Act (DMA).

We welcome the Commission's proposal that aims to update competition law in digital markets, and we agree in principle that timely action in this space is of utmost importance. On the other hand, we urge the European Parliament to consider that weak interoperability and pre-installation of default apps requirements will not achieve a satisfactory level of effectiveness in restoring the current imbalance in digital markets between the dominant platforms and the challengers. Namely, we strongly recommend you to:

- **Extend the interoperability provision to all core platform services in Article 6 (1) (f), for all business and consumer offerings.** An interoperability provision extended to all consumer platform services would result in more efficiency for businesses and public administrations, thus fuelling competition and innovation in the digital markets, by enabling companies of any size to compete with the gatekeepers on the basis of their merits;
- **Prohibit the gatekeepers' harmful self-preferencing by introducing an explicit pre-installation and default setting ban for core platform services in Article (5) (gb).** End-users should be able to select their preferred core platform service through for example a preference menu. Just the possibility to uninstall applications or to more easily change defaults is by far not enough to address the core of the problem, since 95% of users never change the defaults that come with their device. This is especially harmful on smartphones, now the main gateway to the Internet for most users.

Digital markets where incumbent companies already benefit from large user bases are extremely hard to challenge due to the so-called "network effect", even when other companies and startups conceive better, more innovative products. Gatekeepers build closed ecosystems - "walled gardens" - through the lack of interoperability, and then use self-preferencing like pre-installation of apps to expand them into other products and services. Enforcing competition, consumer choice and interoperation with other service providers would allow European challengers to compete on the merits of their services.

Therefore, with a view to the upcoming vote on the Digital Markets Act in plenary sitting, we would like to provide our technical and industry expertise to support their strengthening.

## Chapter I

### *Interoperability*

#### **Why is Interoperability the most important tool for the Digital Markets Act?**

Interoperability, a basic architectural principle of the Internet since its beginnings, allows online

services to communicate through standard protocols and interfaces, allowing end-users to choose and change their service providers of choice for each separate service. This naturally creates competition for the provision of each component, fostering innovation and business opportunities.

This is especially important given the current market structure for many core and ancillary platform services, each dominated by one or a few players from outside the European Union that make new competition harder by creating “walled gardens” and denying interoperability.

### **Myth debunking - busting the common misconceptions around interoperability**

We know that questions around the interoperability principle exist. We think, however, that basic services of the Internet built on an interoperable model, such as email and the Web, show that issues can be effectively addressed and interoperable services can be at least as good and successful as closed ones, while creating incomparably larger numbers of market players and product and service niches for companies of all sizes.

In brief, the three main myths being spread out around this principle relate to security, innovation and content moderation rules. Firstly, there is no evidence that open protocols and distributed platforms are less secure than closed software and centralized services; it is actually the opposite. Openness helps collective scrutiny and the prompt addressing of any newly discovered issue.

Secondly, standardising protocols and interfaces to introduce interoperability does not hamper innovation; in fact, it creates new opportunities for it. By allowing new operators to enter new markets, it creates an incentive for all operators to innovate and provide new features.

Finally, different content moderation approaches, adopted by new challengers in the markets, would offer more opportunities for better public discourse and cultural diversity, while all service providers would still be bound to all existing and upcoming rules around liability and content removal.

### **Interoperability in the Digital Markets Act**

The main interoperability requirement in the DMA is laid down in Art. 6 (1) (f). At the moment, the IMCO Committee adopted an extension of the article, enlarging the provision to cover two other core platform services, namely number-independent interpersonal communication services (NI-ICS) and online social networking services, respectively addressed in Art. 6 (1) (fa) and Art. 6 (1) (fb).

We appreciate that mandatory interoperability requirements have now been added for instant messaging and social media, but we think that this is too focused on today’s priorities and stops short of establishing future-proof legislation. There are other markets, such as automotive and Internet of Things, that would benefit from an interoperability requirement extension to core platform services the likes of operating systems and virtual assistants.

For example, our homes are filling up with closed, incompatible IoT products, such as virtual assistants and home automation gadgets. While open IoT standards exist, many gatekeepers are pushing their own products which do not interact with others, or impose unbalanced contractual conditions to third parties that want to interoperate with them. And even markets where Europe is currently strong, such as automotive, could be quickly disrupted by the expansion of the current

'walled garden' models by dominant platforms, through well-known practices like bundling and self-preferencing. Ensuring competition in automotive operating systems, data collection and analysis modules, is paramount.

If the goal of the European Parliament is to increase market contestability and create a market where all platforms can compete on the merits of their services, then interoperability is a necessary architectural principle and we urge you to extend such provision to all core platform services.

## Chapter II

### ***Pre-installation and default settings***

#### **What is a default app/service?**

A default app is a software application that your device's operating system uses as the primary app to handle a specific task, like the browser that automatically opens when you follow a link. Most smartphone default apps come pre-installed with the device. Defaults are set by the operating system, which in almost all cases is either Android or iOS, giving Google and Apple control over the default app selection in almost all mobile devices sold today.

#### **Why are default apps/services harmful?**

Apple and Google say they make their apps the default option on iOS and Android devices to make it easier for users to use a smartphone right out of the box. However, these companies also know that 95% of people never change their smartphone's default settings. This psychological phenomenon is known as "default bias".

- *Pre-installed apps undermine users' privacy, especially default apps from Google whose business model relies on collecting user data to create detailed user profiles for advertising.*
- *Pre-installed apps lock in users and hinder their choice. Gatekeepers use their pre-installed defaults to generate new users by cross-tying their defaults to further services, making it easy for users inside its ecosystem to use all its other services.*
- *Gatekeepers use default apps to kill competition. Non-gatekeeper companies cannot overcome default bias or pay billions of euros for access to mobile devices. This means that they struggle to access smartphones, the most popular and fastest-growing method for accessing the internet.*
- *Pre-installed apps stifle innovation. Apple and Google's dominance of smartphones gives them little incentive to improve because they know they will always have users thanks to default bias. At the same time, they block out innovative competitors who are trying to improve user experiences and privacy.*

#### **IMCO's report on the DMA does not solve the problem of default setting**

IMCO's report on the DMA only allows users to uninstall apps and to change their default settings easier. Yet, just the possibility to uninstall applications or to more easily change defaults is by far not

enough to address the core of the problem since 95% of people never change their default settings due to “default bias”.

**How can the European Parliament empower challenger tech companies and consumers?**

Setting a service as default is the most harmful form of self-preferencing. ECON, ITRE and CULT committees in their opinions on the DMA have proposed to ban the default setting for core platform services and to empower consumers to freely choose which apps and services they would like to have on their devices.

If the goal of the European Parliament is to increase market contestability, empower consumers and create a market where all platforms can compete on the merits of their services, then **we urge you to ban default setting through pre-installation for core platform services and to empower end-users to select their preferred core platform service through for example a preference menu.**

**Conclusion**

Interoperability has been a founding principle of the Internet, before a few big dominant players started to close it down. We believe that interoperability is as key to the success of the products and markets of the future, as it was to the success and growth of those of the past. Not mandating it will reinforce the monopoly of a few gatekeepers, restraining innovation and data sovereignty. We stand ready to continue this discussion at the most detailed level to address any concerns that you might still have, and we attach to this letter reference materials that address specific issues.

For more information, please visit our website at: <https://competitivedigitalmarkets.eu/>

We look forward to a productive interaction and we thank you for your attention.

Kind regards,

 <p>Abilian (France)</p>	 <p>AICO EDV-Beratung (Austria)</p>	 <p>Alinto (France)</p>
 <p>ArtabroTech (Spain)</p>	 <p>Artellando e-soluciones (Spain)</p>	 <p>Benno MailArchiv (Germany)</p>

 <p>BlueMind (France)</p>	 <p>CapOne Research (Spain)</p>	 <p>CEO-Vision (France)</p>
 <p>Collabora (United Kingdom)</p>	 <p>DHH (Croatia)</p>	 <p>eCorp (France)</p>
 <p>Ecosia (Germany)</p>	 <p>Egroupware (Germany)</p>	 <p>Element (United Kingdom)</p>
 <p>European DIGITAL SME Alliance (Belgium)</p>	 <p>FranceLabs (France)</p>	 <p>Greensoft Ltd (Romania)</p>
 <p>Halless (Italy)</p>	 <p>Hideas (Italy)</p>	 <p>idcert (Italy)</p>
 <p>Input Objects (Germany)</p>	 <p>Iodé (France)</p>	 <p>Liberbyte (Germany)</p>
 <p>Logilab (France)</p>	 <p>Mailfence (Belgium)</p>	 <p>Mailo (France)</p>
 <p>Meetecho (Italy)</p>	 <p>Mojeek (United Kingdom)</p>	 <p>nabnet (Germany)</p>

 Nextcloud Nextcloud (Germany)	 Nightingale HQ (United Kingdom)	 Omnis <i>Private &amp; Hybrid Cloud</i> Omnis Cloud (Luxembourg)
 Open X-change (Germany)	 PaloServices (Greece)	 Photoprism (Germany)
 PowerDNS (The Netherlands)	 Proton AG (Switzerland)	 Proventa (Germany)
 RENVIS (Greece)	 Seeweb (Italy)	 Smarthink (Italy)
 StartMail (The Netherlands)	 StartPage (The Netherlands)	 Tanaza (Italy)
 Tutanota (Germany)	 Univention (Germany)	 Univrses (Sweden)
 Vivaldi (Norway)	 Xwiki (France)	 Yelp (United States)
 YouChoose AI (United Kingdom)	 Zextras (Italy)	