

Apple now lets some video streaming apps bypass the App Store cut

Apple on Wednesday confirmed the existence of a program for streaming video providers that allows those platforms to bypass its standard 30 percent App Store fee when selling individual purchases, like movie downloads and TV show rentals. The program first became public earlier today when Amazon updated its Prime Video iOS and Apple TV apps to allow in-app purchases for the first time. It is not clear how long the program has existed, but there are at least two other providers, Altice One and Canal+, currently participating, Apple confirmed.

In a statement given to *The Verge*, Apple said the program has been “established” for some time and designed for “premium” providers that allows those companies to use their own payment methods and exist outside the App Store’s standard financial ecosystem. The requirement: those platforms must be able to integrate core Apple services, apps, and features – including AirPlay 2, universal search and Siri support, and single or zero sign-on, among others.

It is only for individual purchases, and not for subscriptions. A new Prime Video subscription for instance, is still processed as a standard in-app purchase. Video games, like Epic Games’ *Fortnite*, would not seem to qualify, despite Epic CEO Tim Sweeney’s attempts to circumvent app store policies.

Apple’s new streaming video program exempts certain platforms from its 30 percent cut

“Apple has an established program for premium subscription video entertainment providers to offer a variety of customer benefits – including integration with the Apple TV app, AirPlay 2 support, tvOS apps, universal search, Siri support and, where applicable, single or zero sign-on,” the company said. “On qualifying premium video entertainment apps such as Prime Video, Altice One and Canal+, customers have the option to buy or rent movies and TV shows using the payment method tied to their existing video subscription.”

The program is a big deal for Apple for a number of reasons. The company has long maintained that its 30 percent App Store fee is a mandatory requirement of doing business on iOS. The revenue is supposed to offset the costs of maintaining the App Store and enforcing its stringent content, privacy, and security guidelines. It also ensures the iOS platform remains a big moneymaker for Apple at a time when services are becoming a bigger and more vital part of its business now that the iPhone has matured.

Some app makers, including large companies like Netflix and Spotify, have long abhorred this arrangement, seeing the 30 percent cut as an “Apple tax” no longer justified by the scale of the iOS platform. Apple has gotten into contentious public spats with some of those providers in the past. Spotify, which used to charge more for new sign ups on iOS but has since discontinued the option for new subscribers, filed an antitrust complaint against Apple in the European Union over the 30 percent cut. The complaint is currently under formal investigation.

Platforms like Netflix and Spotify have long fought against the 30 percent cut

Netflix, on the other hand, still advises customers sign up for a subscription outside the iOS app, writing in the sign-up window that “we know it’s a hassle.” Up until today, Amazon did the same for Prime Video, sending customers to a browser to purchase full shows and movies, as well as rentals, before

they could be accessed on an iPhone, iPad, or Apple TV device.

Yet over the years, Apple has begun loosening its terms and allowing developers more flexibility. Back in 2016, the company started allowing subscription services to keep an extra 15 percent of revenue if a customer signed up for and maintained a subscription through iOS for longer than a year. This new program is a further extension of that approach, exempting certain partners from its 30 percent cut so long as they work closely to help promote the Apple ecosystem.

More recently, Apple has been facing down claims the App Store is a monopoly and increasing scrutiny from regulators over the past year since the Department of Justice and Federal Trade Commission began more closely examining Big Tech for antitrust violations. Last month, Apple was fined \$1.2 billion by French antitrust authorities over restrictions it places on wholesalers.

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