

**Statement of Tim Cook
Apple Inc.**

**U.S. House of Representatives Judiciary Committee
Subcommittee on Antitrust, Commercial and Administrative Law**

July 29, 2020

Chairmen Cicilline and Nadler, Ranking Members Sensenbrenner and Jordan and Members of the Subcommittee, thank you for the opportunity to offer testimony.

Before I begin, I want to recognize the life and legacy of John Lewis. I join you in mourning a hero and someone I knew personally. Getting to host Congressman Lewis at Apple was one of the great honors of my life, and his example inspires and guides me. Every American owes him a debt, and I feel fortunate to hail from a state and a country that benefitted profoundly from his leadership.

My name is Tim Cook. I have been Apple's chief executive officer since 2011 and a proud employee since 1998.

Apple is a uniquely American company whose success is only possible in this country. Motivated by the mission to put things into the world that enrich people's lives, and believing deeply that the way we do that is by making the *best* not the *most*, Apple has produced many revolutionary products, not least of which is the iPhone.

We do this, in part, by making ourselves and our customers a promise—a promise that we will only build things that make us proud. Apple's founder Steve Jobs used to put it a little differently: we only make things that we would recommend to our family and friends.

Since 2007, the iPhone has been one such product. The iPhone has redefined the mobile phone through its seamless integration of hardware and software, its effortless user experience, its simplicity of design and a high-quality ecosystem.

To our customers, these are essential to why they choose Apple—and why they keep coming back. We focus ceaselessly on our users and their experience, and we see the iPhone's 99% satisfaction rating in consumer surveys as not only a key driver of the product's growth over time, but also our best measure today that we are still on the right track.

As much as we believe the iPhone provides the best user experience, we know it is far from the only choice available to consumers.

The smartphone market is fiercely competitive, and companies like Samsung, LG, Huawei and Google have built very successful smartphone businesses offering different approaches.

Apple does not have a dominant market share in any market where we do business. That is not just true for iPhone; it is true for any product category.

What motivates us is the continuous improvement of the user experience, and we focus relentlessly on and invest significantly in new breakthroughs, innovative features and deepening the principles that set us apart.

Privacy and security are key examples of this drive. This is true for the iPhone and for every device we make. We build products that, from the ground up, help users protect their fundamental right to the privacy of their personal data. This principle is foundational and touches everything else we do.

We created the App Store in 2008 as a feature of the iPhone. Launching with a little more than 500 apps, it was our ambitious attempt to dramatically expand the features and customizability of every user's device. We wanted to create a safe and trusted place for users to discover apps—and a means of providing a secure and supportive way for developers to develop, test and distribute apps to iPhone users globally.

Curation has always been one of the App Store's chief features and sources of value for our users. We held a quality department store as a model: a place where customers can find a great variety of options, but can feel confident that the selection is high-quality, reliable and current.

But we held ourselves to an even higher standard. In our pursuit of improving the user experience, we wanted to provide a venue for creators large and small to not only bring their ideas to life, but to reach many millions of users and build a successful business in the process.

When the App Store was created, the prevailing distribution options available to software developers at the time did not work well. Brick-and-mortar stores charged high fees and had limited reach. Physical media like CDs had to be shipped and were hard to update.

From the beginning, the App Store was a revolutionary alternative.

App Store developers set prices for their apps and never pay for “shelf space.”

Apple continuously improves, and provides every developer with cutting-edge tools like compilers, programming languages, operating systems, frameworks and more than 150,000 essential software building blocks called APIs. These are not only powerful, but so simple to use that students in elementary schools can and do make apps.

The App Store guidelines ensure a high-quality, reliable and secure user experience. They are transparent and applied equally to developers of all sizes and in all categories. They are not set in stone. Rather, they have changed as the world has changed, and we work with developers to apply them fairly.

For the vast majority of apps on the App Store, developers keep 100% of the money they make. The only apps that are subject to a commission are those where the developer acquires a customer on an Apple device and where the features or services would be experienced and consumed on an Apple device.

Apple's commissions are comparable to or lower than commissions charged by the majority of our competitors. And they are vastly lower than the 50 to 70 percent that software developers paid to distribute their work before we launched the App Store.

In the more than a decade since the App Store debuted, we have never raised the commission or added a single fee. In fact, we have reduced them for subscriptions and exempted additional categories of apps. The App Store evolves with the times, and every change we have made has been in the direction of providing a better experience for our users and a compelling business opportunity for developers.

I am here today because scrutiny is reasonable and appropriate. We approach this process with respect and humility. But we make no concession on the facts.

After beginning with 500 apps, today the App Store hosts more than 1.7 million—only 60 of which are Apple software. Clearly, if Apple is a gatekeeper, what we have done is open the gate wider. We want to get every app we can on the Store, not keep them off.

More than 1.9 million American jobs in all 50 states are attributable to the App Store ecosystem—from Fortune 500 companies that got their start on the iPhone, to small independent developers and students bringing the next big idea to life.

An Apple-commissioned study by economists at the Analysis Group found that, in 2019 alone, the App Store ecosystem facilitated over half a trillion dollars in commerce worldwide and \$138 billion just in the United States. This is nothing short of an economic miracle in a relatively brief span of time.

We continue to invest heavily and constantly in the App Store's improvement, giving every developer access to the very latest technology. We relentlessly evangelize coding education at all levels, from elementary schools to community colleges. We do these things not out of obvious financial interest, but because we realize that we have a long-term stake in the health, dynamism and vitality of the whole system.

We recognize that with pride in what we have built, comes responsibility for what it contains. Our users expect and deserve the highest standard of privacy, security and quality in what they discover on the App Store.

I share the Subcommittee's belief that competition is a great virtue, that it promotes innovation, that it makes space for the next great idea and that it gives consumers more choices.

Since Apple was founded, these things have defined us. The first Mac brought opportunity and possibility into the home. The iPod created new opportunities for musicians and artists to share their creations and be paid fairly for it.

This legacy does much more than make us proud. It inspires us to work tirelessly to make sure tomorrow will be even better than today.

Thank you very much. I look forward to answering your questions.

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Tim Cook Biography

Tim Cook is the chief executive officer of Apple Inc. and serves on its board of directors.

Before being named chief executive officer in August 2011, Tim was Apple's chief operating officer and was responsible for all of the company's worldwide sales and operations. He also headed Apple's Macintosh division and played a key role in the continued development of strategic reseller and supplier relationships, ensuring flexibility in response to an increasingly demanding marketplace.

Prior to joining Apple, Tim was vice president of Corporate Materials for Compaq and was responsible for procuring and managing all of Compaq's product inventory. Previous to his work at Compaq, Tim was the chief operating officer of the Reseller Division at Intelligent Electronics.

Tim also spent 12 years with IBM, most recently as director of North American Fulfillment where he led manufacturing and distribution functions for IBM's Personal Computer Company in North and Latin America.

Tim earned an MBA from Duke University, where he was a Fuqua Scholar, and a Bachelor of Science degree in Industrial Engineering from Auburn University.