



FEDERAL ANTIMONOPOLY SERVICE

**COMPETITION POLICY
IN THE DIGITAL MARKETS**

Skolkovo, December 2016

Digital markets: features

The main source of production – information:

- Does not end during the process of consumption;
- Freely renewable;
- Distributed with minimal costs;
- Main sphere of distribution – globally through Internet;
- Value in use is formed by collection, processing and provision of information.

ICT sector develops systematically, it includes telecommunications basis development, innovative development of standards, development of hardware products manufacture.

Change of product circulation in the ICT markets

Product's features

- Immateriality
- Protected results of intellectual activity
- Zero value of replication and transformation
- Global circulation
- Various mechanisms of manufacturing monetization: free-of-charge provision
- Interdependence with hardware markets

Analysis parameters

- Product boundaries
- Interchangeability of products
- Geographical boundaries
- Market volume calculation
- Profit estimation
- Sellers (buyers) share calculation

Ensuring competition in the markets of mobile software – Google case example

Product boundaries: Google play, pre-installed on devices, sold in Russia

Geographical boundaries: global

Consumers: mobile devices' (smartphones, tablets)
manufacturers

Connected market: mobile devices retail market

Valuable opinions: consumers' opinion about pre-installed software on mobile devices

Infringements: related to dominating product,
prohibition of competitors' products pre-installation

Main aspects of economic analysis (Google case)



Product characteristics – national adaptation: language and distribution requirements

Google gains a dominant position on the market of pre-installed app stores on Android localized in the Russian Federation

- Users prefer mobile devices with app store:
 - 63% on smartphones
 - 67% on tablets
 - User cannot install Google Play
- Mobile devices manufacturers are interested in having Google Play on their devices

Software consumer behavior defines behavior of mobile devices manufacturers

Consumers do not intend to install competitors' apps on their own

Violations revealed (Google case)

The main way of user software distribution is pre-installation on mobile devices
– fully reserved for Google

- Google requirement to mobile devices manufacturers to connect Google Mobile Services with app store as a condition to get Google Play app store;
- Google requirement to pre-install Google search as a default search engine;
- Google requirements on Google apps placement on the main screen of mobile devices;
- Prohibition of competitors' apps and services pre-installation.

Conditions for competition insurance

Challenges for an antimonopoly body:

- ensure competition in the market;
- ensure stability and balance of interests of IT markets participants;
- ensure motivation to innovative development;
- long-term security of consumers' interests.

Order addressed to Google:

To stop Google Play pre-installation requirement

- Requirement to pre-install other apps;
- Requirement to pre-install Google search as a default search engine;
- Google products priority placement;
- Prohibition to pre-install competitors' apps (also for a fee).

To inform consumers about a possibility to change setting

Thank you for your attention