

CCI order after-effect: Device makers may now pay Google for Android OS

OEMs may charge tech giant to pre-install its apps

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Google is in talks with mobile device brands on the broad contours of an agreement in which the latter will be paying the American tech major for using the Android operating system (OS), according to sources. Android is powered by Google Play. Google, on the other hand, is willing to pay original equipment manufacturers (OEMs) to pre-install certain apps.

Currently, the Android OS is licensed free to device makers but with a

mandatory bouquet of nine apps.

The tech giant will now be unbundling the bouquet and will offer each of the nine apps separately free to mobile device brands, as part of its adherence to an order from the Competition Commission of India (CCI). Mobile device companies have the choice to choose all, some, or none of them. They can also negotiate for financial consideration from Google in pre-installing any app and not do it for free. The move, sources negotiating the deal say, will increase the cost of mobile devices, though the amount to be paid

SYSTEM REBOOT

▶ **Android OS with Play Store is currently licensed free to device makers with a mandatory bouquet of 9 apps**

▶ **9 default Google apps are:** YouTube, Chrome, Google Search, Duo, Google Play Music, Google Play Movies, Google Photos, Gmail, and Google Drive

▶ **Google made money through advertising revenues derived from these apps**

▶ **A fee for Android OS to increase the cost of mobile devices**



per phone is a matter of discussion.

It's expected that the higher price can be partly neutralised by the income which mobile device players can make for the first time by Google paying them for apps that they are not willing to pre-

install free of cost. Mobile device players can also negotiate the terms for pre-installing other competing app stores and earn additional revenues, with no restrictions. Before the CCI fined Google for allegedly indulging in uncompetitive

practices, the company used to offer the Android operating system with Play free to mobile device makers as part of the licencing agreement known as the Mobile Applications Distribution Agreement (MADA).

The operating system was bundled with nine other apps which had to be pre-installed on phones and these included YouTube, Duo, Gmail, Chrome with Search, Google Play Music, Google Play Movies, Google Photos, and Google Drive

While mobile device makers got the operating system and the apps for free, Google made money through advertising revenues derived from the apps.

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Android case: SC refuses to modify January 19 order on Google



The Supreme Court on Friday refused to modify the January 19 order on Google LLC, and said the company can raise its grievances during the

hearing of its appeal before the NCLAT. A bench of Chief Justice DY Chandrachud and Justices PS Narasimha and JB Pardiwala said at most the bench can add "without prejudice" in the January 19 order and nothing more.

▶

million for January 2023, up 29 per cent YoY.

Google...

This all changed when the CII order compelled Google to change its business model. Now it will now make some money per phone from mobile device makers installing the Android operating system.

This will compensate Google for the loss of advertising revenue because many of its apps might now not be pre-installed at all because it is

entirely up to the mobile device players.

Sources party to the negotiations say that it is pretty much a given that most mobile device players will pre-install Google's apps for free owing to their popularity.

“There is clearly no alternative to YouTube, Gmail or Google search in the country. Also, customers don't have an alternative operating system. However, for other apps such as Duo or Google Play Movies or Music, for instance, we can always negotiate a fee now. It is the beginning for hardware

makers to also generate revenues from services,” said a senior executive of a mobile device company.

The negotiations between the two sides have centered around tweaking the MADA licence agreement. Mobile device makers have taken the stand that they should be paid for pre-installing Google apps as the latter is merely leveraging the access that it gets to their mobile subscribers to earn advertising. Alternatively, Google should go for revenue share of its advertising revenues.