



COMPETITION COMMISSION OF SOUTH AFRICA

In the matter of

ONLINE INTERMEDIATION PLATFORMS MARKET INQUIRY PUBLIC INQUIRY (OIPMI)

held at

***DTI Building
Sunnyside and virtually via MS TEAMS***

on

19 November 2021

PANEL: *James Hodge – Chairperson
and Doris Tshepe*

TECHNICAL TEAM

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PROCEEDINGS ON 19 NOVEMBER 2021

Samsung – Represented by: Dominique Arteiro, Mark Grobler, Yun-Chi (Debbie)

5 CHAIRPERSON: Good morning and welcome to the Friday session of the third week of the public hearings in the Online Platforms Market Inquiry. Today we are beginning with Samsung and we are joined from Seoul as well as South Africa. That will be followed by PriceCheck which is a
10 comparison shopping site and the Red Puppy an eCommerce store.

Maybe just to inform the public as to how we are wrapping up the public hearings on Monday morning. We have two food delivery platforms, Paarl Easts and Dryver.
15 So that will run from 10:00 to 12:00 on Monday morning. And then on Monday, the 29th at 15:30 p.m. we have Roposo and Takealot going into the evening to 19:30 and that should wrap up all the public hearings.

So let me welcome the Samsung team from both
20 Johannesburg and Seoul. Ms Wang, I believe you will introduce the team and who we have available. Let me pass over to

MS BUYN: Good morning, Chair. So Mark Grobler will be introducing the Samsung South African team today. Thank
25 you very much, Chair. Apologies, Chair, for that. So we have

an instruction to start the hearing. Thank you very much once again for this opportunity for rescheduling this public hearing sessions. So today on the team, I will be
5 introducing the Samsung South African team.

So we have Justin Hume, which is the Head of IM. Then we have David Monkher(?) who is the Senior Professional in the Marketing/Technical Group and we have Duduzile Mokolo(?) who is the Chief Marketing Officer.

10 So today we will be presenting – Justin Hume will be presenting on behalf of – for the portion for Samsung South Africa. I will now hand over to SQ(?) which her name just Yun Sun-Kim who will be introducing the SQ Team. Thank you very much, Chair.

15 MS YUN SUN-KIM: Thank you, Debbie. Good morning. My name is Yun Sun-Kim(?) and I am a Senior Legal Counsel at Samsung Electronics. It is our great pleasure to be here to share Samsung Galaxy Store business to the people in South Africa. Before introducing my colleagues from the
20 head office, I would like to say a few words by way of introduction.

First. I would like to thank Mr Chairperson and the panel members for organising this hearing and for being so kindly flexible in accommodating our availability. We would
25 like to emphasise that we deeply appreciate and welcome

very much for this opportunity to assist the inquiry and address the issues which the people in South Africa might be interested to hear from us.

5 As the Commission has kindly shared the topics and issues for us to cover today, we have arranged for our colleagues who we believe would be the best people to answer shared inquiries. If there are any questions which require confidential information or fall outside our speaker's
10 stark knowledge, we are happy to take the questions away and provide written submissions upon request.

 As the interpreter has not been arranged and we have asked for the Commission's understanding, during the Q&A session, there might be moments we need the inhouse
15 council's translation of questions being asked or answers thereof. Let me introduce my colleagues from the head office. First, Stacie Buyn, our Senior Product Manager of Galaxy Store Team. Next, Heylim Noh, our Manager of Business Development Team. Also, I am here with Kyan(?)
20 Kim, Senior Legal Counsel of the Legal Team.

 So these are our head office members and here and if Mr Chairperson allows us to proceed, Stacie from the head office will start the presentation on Galaxy Store. Thank you very much.

CHAIRPERSON: Thank you very much, Ms Kim. And I do want to also extend our appreciation that Samsung has accommodated the session in the public hearings. I know it
5 has become Friday evening in Seoul and I appreciate that your team is available to us at this late hour where you are. So, we welcome your submission and I will allow Ms Stacie Buyn to proceed with the presentation. You can load it up and then talk through it.

10 MR ARTEIRO: Chair, sorry, it is Dominique Arteiro from Werksmans assisting Samsung. I will put up the presentation now and share content.

CHAIRPERSON: Thank you, Dominique.

MS BUYN: Hello, Mr Chairperson Sorry, for the noise. I am
15 Stacie Buyn, a Senior Product Manager of Galaxy Store and first of all, I would love to be here this morning, sharing your time with all of your members to share the history and detailed story of the Galaxy Store. Next, please. Dominique, sorry, can you just go the next slide, please?

20 MR ARTEIRO: Sure. I am just trying to move it along.

MS BUYN: Thank you. As you might know, Galaxy Store is a contents store which is operated by Samsung and providing Samsung manufactured devices. Before I begin to start sharing the detailed story of the store, I would like to

share and brief video clip of the Galaxy Store. Let us play the video.

[Video playing]

5 MS BUYN: Thank you. As you can see in the video, Galaxy Store Team is now working with partners to provide good quality of contents for store users. Ja, next, please. Yes. Our journey has started in 2010 when Samsung started to launch Smart devices with Galaxy Apps Team with the name
10 of Samsung Apps. And Samsung Apps tried to improve the quantity of application to upgrade users. So, there was a problem of app quality with Galaxy Apps Team to be struggle.

So during after this season and finally on 2014,
15 Samsung decided to change the concept and to rebrand Samsung Apps as ...[indistinct] and market was selective and quality application was the name of Samsung Galaxy Apps. Further, for using Smart devices there are various types of content for Smart devices not just application.

20 For example, Samsung provides contents which can decorate a device such as wallpaper. However, those kinds of contents have provided in separated store Galaxy themes. So, a user needed to check different stores based on the type of contents they want to use.

To minimise the inconvenience of the users, in 2019 we launched Samsung Galaxy Store by integrating various type of contents such as themes and ...[indistinct] capsule and finally became a unified content store for Galaxy device users not just gathering all contents but we try to provide those efficiently to help users find wanted contents easily. So we introduced recommendation system as well.

Our furthest journey, we have tried to maximise the benefit for Galaxy device features. So I would like to introduce major features and characters of the store and how we are now helping users. Next, please.

First of all. Galaxy Store consists of two sections, namely games and apps. For the first section, games, selected games are featured in various ways. Slightly more in detail where are highlighting one game at a time in each of these sections which means sensor game pick at the top of the page with video play which can represent the game and its benefit the most.

And not only providing lost contents but we also give a highlight on coming soon games and user can do pre-register for them. Also user preferred for other users to exist. So we are having ranking system section with four types of ranking by expecting the help the user choose contents they want.

And finally, we are introducing a new type of content, instant games which do not require the user to download content played but can just be played in the store immediately by clicking the icon. Next, please.

And in ad section we are highlighting user ads and Galaxy content to enrich user's device as similar as we do in games app. Introsections are working based on recommendation algorithm and providing the most needed content for users. And in themes section we provide ...[indistinct] and content to user ...[indistinct] And the last one, Inclusive provides educational contents for Galaxy devices which is created by third party named made with by Samsung and created by user party named made with made by Samsung.

The Galaxy Store do not actually focus or on users but we do care a lot about our customer or the sellers. So, we are truly believe that Galaxy Store can grow when sellers run and make good use on their business knowledge store. So we do have been providing Galaxy Store portal to support all this.

Simple explaining, sellers can upload, update or modify their contents to the ...[indistinct] portal and when their contents are available on the store sellers can track the performance of their contents in the store so that

...[indistinct] as they want. And not just tracking any data, we also provide financial and sales report for the ...[indistinct] sections. So sellers could check any sales
5 being made through this store and also to maximise the business user and to reduce ad(?) ...[indistinct] contents.

It provides them efficient tools as for example for API or batches. And for sellers to ...[indistinct] to be efficiently with the channel and functions, we also provide
10 support channels for sellers to make them to understand the channel clearly and use it as they wish to. So we provide seller portal guide ...[indistinct] menu(?) and ...[indistinct] Also on our enquiry section are also provided.

So with all these kinds of efforts, we try to help
15 sellers that run their business through user portal. And as explained until now, Galaxy Store has renewed several times and now currently where we are. But the simple idea laying under all the changes, to provide the most beneficiary in ...[indistinct] context for users and to support ...[indistinct]
20 expand their business through our store.

As we have been doing, we will keep trying to make these simple idea to be real life service store. Thank you for listening to my presentation. Thank you.

CHAIRPERSON: Thank you, Ms Kim.

MR HUME: Good morning, Chair and to the panel. As introduced previously, my name is Justin Hume. I look after the mobile business here in South Africa for Samsung. And I
5 thought, really, today was an opportunity, based on some of the questions that were proposed to us by the Commission, looking at part of the RFI to address a few issues taking the lens or the perspective of any handset manufacturer and hopefully that will add maybe a different dynamic to some of
10 the thinking or enhance some of that current thinking.

So Samsung Electronic South Africa, we are a wholly owned subsidiary of the Samsung Electronics company based out of Korea and very much we are concerned with the sale and supply of electronic goods. So those goods that
15 basically plug in to all the TV's, washing machines and the like, and then the mobile category which I look after in that regard.

Obviously, as my colleagues in Korea announced, we have been running the Galaxy Store for more than ten years
20 and it is utilised to offer both broad ranging applications to the consumer as well as some of the bespoke applications for Samsung products. And again, just - we would like to reinforce that we are an open system, effectively, to the various geographical regions wherever these developers

might be found and we looked to operate in an environment of inclusivity.

Take a look on the next slide to what is the actual
5 handset market in South Africa. It is a fascinating environment. There is – just in the Smart phone environment alone excluding feature phones, there are over 22 active brands in our market and that is before we consider additional devices like the wearable or shareable
10 products.

From a Samsung perspective we note that the mobile operator, mobile network operator environment by far our largest distribution partner. And it serves a very relevant purpose in South Africa because unlike other markets where
15 it is predominantly cash based sales and the handset purchase and the SIM purchase are disassociated, here in South Africa we have the instalment programme, effectively, on our post papers as model.

And so we work extensively with these mobile
20 network partners. And I suppose giving consideration to where the Commission is coming from at this point and time for the phone manufacturers and certainly an entity like Samsung, hardware and software optimisation are our key grounds for competition and ...[indistinct – distortion]

So we spend a lot of time thinking about how to bring innovation into the hardware that allows for better rendering of the applications, better operations of those applications.

5 And some examples of that would be, you might have seen on our Galaxy S21 Series as an example. We have 120 hertz refresh rate. Now, I mean, just makes it an incredible device for mobile gaming coupled with Dolby ...[indistinct], coupled with five nanometer process that drive artificial
10 intelligence, neuro processes and units and the likes. So that is really where our grounds of competition come from.

And so I put to you that maybe that the operating system and the app availability associated with that is not – it has historically been important from the mobile handset
15 perspective but it is not a current basis of differentiation in the general sense, if I can put it that. It is, nonetheless, critically important and that is why we partner with the likes of Android and Google.

And we find that application developers publish
20 pretty much across the operating environment. So there is a high degree parity across the different systems. And really from our perspective, these days is that the eco-system into operability is becoming a more fundamental ground of differentiation in the market and by interoperability, I am
25 talking about how we have the seamless transition between

what I start on my phone I can continue on my tablet and complete on my computer.

So I think from a South African perspective. We
5 have a very strong history in terms of supporting local application development. We have done a number of what I call it here, the developer lab partnership.

And I must just note, my apologies and the version sent there were two errors here. It references the University
10 of Cape Town and University of Johannesburg. It is actually University of Western Cape and the WITS University but, nonetheless.

We have programmes for application and software development that we actively participate in. We have run
15 two cohorts so far thought these programmes and these were part with other entities such as Microsoft and the like, very much focused on how do we upscale on how do we upscale young people in terms of being or having a competency in software development particularly with the mobile mindset in
20 that regard.

And then we have also partnered with the Vegas School of Advertising where we have looked at theme and content design programmes that they had been enable to take their work that they have actively engaged in and get
25 that through into the public domain.

And then as you are maybe aware, Samsung used to run a number of different operating systems on our handsets one of which was the Tizen Operating System. That was part of our range up until 2018 whereafter we were consolidated under Android effectively. So then we supported a host of local developments in applications and like specifically for that platform up until that point in time.

And then basically at a global level, we give access to local developers into our development portal as well as the annual Samsung Develop Conference. So, again, you know, I think I actually speak about an area of inclusivity. These local developers have free access to these platforms that are shared on a globalised basis from Samsung.

And then looking at the Android OS enhancement. How do we actually create opportunity is through the additional API's that are added for our mobile devices. Developers can take advantage of this and just give an example, is we have the, let us call it the Vanilla Android Platform, and into that Samsung creates API's that allow integration with our S Pen that is so well-known in South Africa. It allows integration with our Nox Security Platform that is perfect for enterprise grade security. o we take the baseline platform and drive it to a new level.

I referenced earlier on that we have partnered

predominantly with the mobile operators in South Africa and so from a contents and services utilisation perspective, we do have a programme whereby we customise the handset, the interface of the handset with the leading mobile networks in South Africa particularly around their homepage start up and browser homepage environment. So in the Vodacom case as an example your browser would point to Vodacom Live which is a phenomenal source of both local and international applications and content.

And then lastly, in terms on our support to South Africa. Apart from the various programmes I have mentioned and the application development, we see sustainability as a critical role in the mobile and electronics field and as such we have partnered strongly with the DTI around our eWaste Management Programme that we rolled out two years ago and that continues to back up the investment, if I can say, of Samsung into South Africa.

So that is the end of from my side. Hopefully, that gave you a bit of context into the mobile handset perspective from Samsung South Africa.

CHAIRPERSON: Thank you very much, Justin. I think we will proceed to questions and I am very happy if you could call me James and my fellow panel member, Doris, that helps make it less formal. The first question I had was just

as the Galaxy Store is on an Android device, I assume that a developer has developed an app for the Play Store has to make no changes to put it on the Galaxy Store. They just
5 have to sign an agreement with Samsung. Is that correct?

MS BUYN: Yes. James, yes just an answer to your question. Yes, the developer does not need to make any change on it.

CHAIRPERSON: And then I just want to take the history
10 before your relaunch and then the relaunch but in the past many developers who listed on the Play Store, did most of them also list on the Galaxy Store or was it only a fraction of them?

MS BUYN: Sorry, I could not hear your question clearly.
15 Can you repeat, once again, if you do not mind? Thank you.

CHAIRPERSON: Sure. I just want to ask. As developers did not need to do anything to list on Galaxy, did most of them also list on Galaxy in addition to the Play Store?

So the question is. In the past, did most ...[intervenes]

20 MS BUYN: Ah, sorry, I ...[intervenes]

CHAIRPERSON: ...on Play Store.

MS BUYN: Sorry, I have a different language ...[indistinct]
If you do not mind, may I ask my legal team to translate this question? Thank you.

25 MS BUYN: So, Mr Chairperson, James, may we turn off the

mic while translating, if you do not mind, or should we just...

Oh, thank you.

CHAIRPERSON: That is fine, that is fine.

5 MS BUYN: Thank you very much.

CHAIRPERSON: [No audible reply]

MS BUYN: Mr Chairperson, James, ...[indistinct] the developers choice. So, you know, a fraction, yes.

CHAIRPERSON: Thank you. And I understand the
10 language difficulty. So I will try and keep my question short.

MS BUYN: Thank you.

CHAIRPERSON: It seems before your relaunch there seem
to be very little reason why developers should list on the
Galaxy Store as they have the Play Store on the same
15 device. I mean, is that correct? As a fraction only did, there
did not seem to be much incentive to also list because they
could be available on play and consumers could access them
on a Samsung phone anyway. Is that right?

MS BUYN: Oh, yes, exactly. Based on the choice of the
20 users and developers but Galaxy, they are actually trying to
create some our own benefits for users and that is the one
we are doing in partnership.

CHAIRPERSON: Yes, that is what I understand and I will
come to the relaunch because that is very interesting for us,
25 I think. I mean, we know that Google had agreements with

Samsung that Play Store appeared on the default screen and would that have contributed to Play Store being more successful?

5 MS NOH: Sorry, about the delay. Can you hear us?

CHAIRPERSON: I can hear you.

MS NOH: Alright, can you hear me?

CHAIRPERSON: I can.

MS NOH: Sorry, I was cut off during what I – during the
10 explanation. As you have mentioned, Samsung has agreement with Google to get the rental license of the Play Store and the agreement has a term, as you mentioned, having Play Store on the home screen and that gives our accessibility to Play Store on Samsung devices.

15 CHAIRPERSON: And I just wanted to know if that has contributed to Play Store's success? That would seem to be what most courts have said.

MS BUYN: That can be one of the factors. They may contribute to Play Store's awareness, user awareness. For
20 Samsung also have this question to reinstall Galaxy to our own app store which is Galaxy Store on the home screen together with the Play Store.

CHAIRPERSON: And Google showed us that but it has not been the South African experience as I understand. So can I
25 ask, maybe Justin, is that the case for South Africa that

Galaxy is ow alongside Play and when did that happen if it is now the case?

MR HUME: Certainly. So both Play Store and Galaxy Store
5 are available on the home screen. One point I would note is that we do customisation based upon the different operators and on certain product categories. So I could state that for the majority that would be correct.

CHAIRPERSON: And from when did that change because
10 we are aware that the previous agreements did not allow that?

MR HUME: I would need to check exact dates but it has been for some time that it has been available alongside both the Play Store on the home screen.

15 MS NOH: Mr Chairperson, I would like to offer more explanations here. That there is no such agreement between Google and Samsung that restricts Samsung from preinstalling Galaxy Store with playstore on the home screen.

20 CHAIRPERSON: Alright, thank you. I mean, we obviously have the history of agreements but I understand that is not the case now from you?

MS BUYN: I am sorry, Mr Chairperson. We have some issues in here. So, if you do not mind, can you repeat that
25 question once again? Sorry.

CHAIRPERSON: Maybe it is not a question. I hear from Ms Kim that currently there is no agreement that prevents Samsung installing Galaxy on the home screen.

5 MS BUYN: Yes, that is right.

CHAIRPERSON: Good. Can I ask, Mr Hume, just for the customisation for mobile operators whether a Vodacom Store can also be on the default screen or is that restricted?

10 MS NOH: There is no restriction imposed by Google for Samsung about Samsung offering other app stores on the home screen.

CHAIRPERSON: Thank you very much.

MR HUME: ...that is. Yes, I can confirm that.

15 CHAIRPERSON: And has this always been the case or is this a more recent development?

MS HON: It has been all the same but it means it is now a recent trend.

20 CHAIRPERSON: Thank you. I suppose what is interesting about Galaxy is that on the Android you sit alongside Google Play and as we have discussed, the app developers can put them on both apps, there is no redevelopment. So, you must find some point of differentiation in order to compete and attract customers to your store as opposed to the Play Store. Is that right?

25 MS BUYN: Yes, Mr Chairperson. Yes, in respect of Galaxy

store, Google Plays is a competing platform so we need to find our way to differentiate service vehicle of Google. So, we are actually providing some customised contents for Samsung devices and also some special promotion and in case of customised contents also includes partnerships with partners.

CHAIRPERSON: And that is just what I wanted to understand. I mean, as I understand when you launched or relaunched the Galaxy Store you had a partnership with Epic Games to have a short term exclusive on Fortnite and I think you also ...[intervenes]

MS BUYN: Yes, we have a partnership with Epic Games on Fortnite, yes.

CHAIRPERSON: And as I would understand, if I have downloaded Fortnite on the Galaxy Store any in app payments I then make through the Galaxy Store, not through the Play Store. Is that right?

MS BUYN: Yes, that is right.

CHAIRPERSON: And so it seems having launched exclusives can be a useful tool to also bring people back to your store. Is that correct?

MS BUYN: We are, as explained, we are trying to provide any kind of customised with special contents for a Galaxy use have our own apps. And also this Fortnite is a part of it,

yes.

CHAIRPERSON: Can I just ask? We have talked about the different types of paid apps that exist but the impression we get is that games is a big part of the revenue for an app store. I mean, is that right? It seems they are the most popular to download.

MS BUYN: Sorry, Mr Chairperson, I have – you do not have detail of the information as you ask for me. So if you want, I could respond in writing.

CHAIRPERSON: Yes, we do not need the exact amounts. I just wanted to know whether games was a big part of the revenue of an app store. Just, that is our impression.

MS BUYN: Yes. Games are actually important character(?) for the store. So we, that is known as a one big part of our section instore.

CHAIRPERSON: Yes, because I see from your slides and also your video, games feature quite prominently, obviously, as a category and it is likely to us that people may download many, many games whereas I might just subscribe to one newspapers. So there is a difference with games. That is all.

MS BUYN: Okay, yes.

CHAIRPERSON: In the sort of partnerships for exclusivity and the launch. I might assume you have to offer your

partner some benefit too. Some of that benefit may be marketing and promotion that you do that promotes their game in combination with Samsung. Would that be correct?

5 MS BUYN: Yes, there could be various types of partnership. Yes, promotion can be one part of the support.

CHAIRPERSON: And would it also involve discounting on the commission fees or in app payment fees?

MS BUYN: Yes, we are basically based on the 70/30
10 revenue share but it is negotiable. Yes.

CHAIRPERSON: Because – I mean, Epic Games to be launched exclusively, then there – they are going to lose out on other phones other than Samsung, obviously, because they will not be on Play Store. So I just want to find out if
15 that 30 is negotiable for an exclusive?

MS BUYN: Mr Chairperson, yes, there could be various types of partnerships. So I can find out details but various types of support can be possible and revenue share can be part of it but it does not directly integrate between exclusive
20 and revenue share ratio.

CHAIRPERSON: Thank you. You have also said that you have got some of your own content, wallpapers and the like. How else do you try and get people back to your store repeatedly? I understand that is quite an important part in
25 the success of a store.

MS BUYN: Yes, as explained. Exclusive contents like themes or wallpapers are trying to us to bring the user to use the Galaxy Store, yes.

5 CHAIRPERSON: And the essential game, Pick or Pack, is that also to have people coming back frequently?

MS BUYN: I am not so sure whether that is a free or attracted to users but we are creating some videos for users to recognise the benefits or these kind of games with the
10 video clicks.

CHAIRPERSON: Alright, thank you. And since the relaunch, have you seen quite large growth in the Samsung Galaxy Store use in at least South Korea?

MS BUYN: Yes, but I – it might be a factor but I do not have
15 enough detailed information. So, if you want to know, I will work on providing you written submission upon request.

CHAIRPERSON: Alright. I just wanted to know whether it has been a success for relaunch. That is...

MS BUYN: Yes, yes, that is right. Ja, in – yes, it actually
20 that was to be our growth of the store.

CHAIRPERSON: And Mr Hume, in South Africa has that also been the case?

MR HUME: We have seen some steady growth in numbers over the years as the relaunch took place. Correct, ja.

25 CHAIRPERSON: But still I seem them trailing quite far

behind Play Store.

MR HUME: Certainly. I think – yes, we are certainly not playing at that level, so to speak.

5 CHAIRPERSON: So, one strategy is to differentiate on content and that seems to be the strategy Samsung has adopted. Can I ask? There is another strategy, maybe, to charge lower commission fees, not the 70/30 and to allow or ask the app developers to offer the apps at a lower price to
10 consumers. Is that a strategy that Samsung has considered in the past?

MS BUYN: Well, actually the prices itself is the developers decision, so we are not considering on it but as you explained, the revenue share is one of the points that we
15 discuss with the developers, yes.

CHAIRPERSON: But you have indicated that the standard model is the 70/30 model. Do you just with selected developers differentiate that revenue share or is – have you considered changes it for all developers?

20 MS BUYN: Well, it is upon the developer so separate negotiations needed for that.

CHAIRPERSON: And so would that really be the large developers, I assume, because you will not negotiate with every small developer.

25 MS BUYN: Well, it depends on the users benefit. So I

cannot tell the numbers on it but yes it depends on the users benefit.

CHAIRPERSON: I mean, recently Google has dropped their
5 revenue share, we are calling it that, but the share that they
take to 15% for those earning – for the first million dollars
earned and they also recently announced productions from
next year for subscriptions to start at 15% and for a certain
digital content at 10%. Has Samsung also adjusted their
10 revenue share in line with this?

MS BUYN: Basically, the Galaxy store provides 70/30 ratio
but the negotiation point, so we do not change in the ratio
itself but it is negotiable for the developers based on the
users they have.

15 CHAIRPERSON: I mean, you hear you, Ms Buyn. The
question I have is. These are – you – adjustments to the
standard conditions and has Samsung made those
adjustments or not?

MS BUYN: Well, we are not having any detail or decision
20 on that. Yes.

CHAIRPERSON: Are you considering making the changes
because are you are on the same device as the Play Store
and my question would be, if I am a developer, why would I
put my app on your store if you are going to charge me much
25 more than Google? Would I rather not just want to be on

Google Play Store?

MS BUYN: We are actually starting markets and other competitors. We are having some internal discussions but
5 nothing changes are decided yet.

CHAIRPERSON: Alright. So we will wait to hear whether Samsung does make a change or not.

MS BUYN: *With all due respect*, yes, it is very, very *changes we decide*, we are happy to share with you.

10 CHAIRPERSON: So the one change that has happened is South Korea has passed a law. I mean, it is well publicised that requires app stores operating in South Korea to provide app developers with alternate means for in app payments. And as I understood, the purpose of that law was to try and
15 reduce the commission fees for app developers. Is that correct?

MS BUYN: I am not so sure the intention of the law itself or we are aware of the new law and we are preparing it as well.

CHAIRPERSON: So we have seen public announcements
20 from Google and Apple as to how they are responding but I have not seen any announcement from Samsung. So can you just indicate how you are making changes to ensure compliance with the law?

MS BUYN: First of all, Samsung never have notify of the
25 new law because we have been allowed that the developers

use their own *IAP* or *AEP*. So there is nothing that Galaxy Store need to do for that.

CHAIRPERSON: So you allow a developer to bypass your
5 payment system, is that correct?

MS BUYN: Yes, that is right.

CHAIRPERSON: And is that for in app payments too?

MS BUYN: Yes, all – yes, that is right.

CHAIRPERSON: And are the app developers allowed to
10 communicate this to the Samsung phone owners?

MS BUYN: There is no restriction, yes.

CHAIRPERSON: And how many app developers make use
of alternative payment systems currently?

MS BUYN: I have no data – such a data right now. So if
15 you like to take – but we are unable to check all data by
ourselves. So if you want, we can check the data and
submit some data in written request but you cannot - could
not – sorry, I have language limitations but yes we do not
actually have exact data right now.

20 CHAIRPERSON: And I do not need exact. I mean, is it a
small amount, a large amount?

MS BUYN: It is – actually developer data, so I cannot check
all the data right now in our system.

CHAIRPERSON: Ja, as I said, I am not really looking for
25 exact. I mean, I am sure Samsung has some idea whether it

is a small amount or large amount and you would have done that, I assume, you know certainly whilst this law has been drafted.

5 MS BUYN: Oh, I think – Samsung never restrict any using of IAP's, so we have never tracked such a data in detail but as assume that we are search our store there are a lot of such amount of users or sellers who are using their own IAP system without Samsung IAP.

10 CHAIRPERSON: Thank you. And if the user owned in app payment system, IAP, does Samsung still charge a fee for the services they provide as a store?

MS BUYN: We are not – sorry, Mr Chairperson, we cannot track Samsung other IAP. So we cannot... Sorry, Mr
15 Chairperson, can I ask our MS YUN SUN-KIM to respond on that on behalf of me

CHAIRPERSON: Sure.

MS YUN SUN-KIM: Sorry, for the holding. So regarding application that use a third party IAP. We have no way to
20 track those applications. And also, we do not charge any fees in regards to those.

CHAIRPERSON: Alright, thank you. Because it seems from the press that Google is intending to still charge other fees which I think I understand from the regulator's perspective
25 seems to defeat the purpose of the law which was trying to

bring down the fees but it is good to know that Samsung does not. And I assume these rules apply globally. So they would apply to South Africa too. Is that correct?

5 MS YUN SUN-KIM: Sorry, Mr Chairperson, we are muted. Yes, and actually, we do not have any specific for the South Africa.

CHAIRPERSON: Right, so it is the same rules here that I understand ...[intervenes]

10 MS YUN SUN-KIM: Yes, we have no ...[indistinct – distortion]

CHAIRPERSON: Just to go to then the South African store. Is there a separate – I mean, there is a separate store charged in rands as opposed to other currencies in South Africa. Is there a store curated especially for South Africa or do we have a generic global setting?

MS BUYN: We provide a general setting for South Africa.

CHAIRPERSON: Sorry, so if I am in South Africa and I search or I look for the ranking of the top sellers, would that be not for South Africa specific, it would be for global?

MS BUYN: Our ranking system is based on the South African users, right. But we – what I answered before is that we are not curating or making the store different for South Africa.

25 CHAIRPERSON: Alright. So, the top picks, top performers

would all be based on global Samsung users, not South African users?

MS BUYN: Yes, but problems it can be different from other
5 country stores as some of the contents might not be available or not available in South Africa. It depends on the developers decision.

CHAIRPERSON: Alright, I understand that and I suppose
for a local bank, for instance, their app may not be made
10 available globally because no one is banking with them globally.

MS YUN SUN-KIM: Yes, that is right.

CHAIRPERSON: So maybe, Mr Hume, to go back to you.
Can you just give us a little more detail on this app
15 developer lab, how long it has been running and what does it focus on and how many people have gone through this lab?
I think you have mentioned two cohorts?

MR HUME: Right, yes, so it has been two cohorts.
Unfortunately, I suppose last year's or the past year has
20 been a little bit more challenging based upon some of the Covid conditions that we have had but nonetheless we have completed that. So as I have mentioned that those are the two that are running. One in the Western Cape and one up here in Johannesburg. I need to just double-check, if you
25 give me a minute, the absolute number of people. I will have

it in a second here.

But I think – yes, very much – while I am looking for that –
very much focused upon, obviously, the developing
5 previously disadvantaged talent. And so predominantly this
programme is under part of our EEIP initiative that we have
been working with the DTI in that regard. So looking through
here. So I have got about, so far about 140 – between 140
and 150 people have successfully passed this course at this
10 point in time.

CHAIRPERSON: And what is the contribution – well, first
let me ask, how long it has been going for, I think otherwise
that if you can just give us an indication?

MR HUME: Yes. So that is the past two years it has been
15 in progress.

CHAIRPERSON: Two years, alright. And what is exactly
the contribution of Samsung as a partnership?

MR HUME: So we – firstly, there is a financial contribution
towards that in the form of scholarships. There is also
20 certain device support obviously in terms of the hardware
that is provided to the individuals. And then we have had a
number of direct interventions. So where – if I can use the
term expert member of our organisation facilitate certain of
the class conditions and courses. So there is a skills of
25 transfer.

One of the key objectives, if I can put in this, the ultimate outcome would be about the ability to place these individuals into formalised or self-starting employment effectively at the end of the programme to give them the skills and the competencies to do that. So I think that is what we are looking forward to in the future to be able to report on that would be our measure of success.

CHAIRPERSON: And would – look we will get more details from you in due course but is there a particular focus of the app development? We know games is quite specialised. Is it generic or does it have a focus?

MR HUME: It is not specific to gaming if that is the intention of the question. It is more about the platform covering as well as integration specifically with a mobile platform being, so that is the direction but note to your point, gaming is not a specific focus.

CHAIRPERSON: Then may be back to the head office. The – I mean, does Samsung provide similar initiatives in your home country and in other countries?

MS BUYN: Asia does not have any specific guideline or policy to running any special app like what South Africa do but any – all local countries are trying to bring their own system or services as they need it.

CHAIRPERSON: Thank you very much. The next question I

have is that app developers in South Africa have said they battle to get visibility on app stores because there are so many apps that it is difficult. Do you think it would help if we had a curation for South African apps to enable discoverability and does Samsung do that in other countries?

5 MS NOH: Currently there is no store in South Africa running basic global. So we are not specially creating the South African developers applications, but by proceeding your suggestion. Yes, we will consider if there is any way to develop the South African or we can help South African developers in that way.

10 CHAIRPERSON: Thank you, because we are exploring how app developers in South Africa and probably the continent more broadly can participate more in the online economy and app store seem to be one way of doing that. And certainly training people to work for organisations that develop apps is one thing. A lot of apps are free and driven by banks or others that offer their services to consumes but there is also a world of commercial apps and gaming apps where we seem to play a very small role.

20 So we would appreciate that Samsung give some thought to this and how we can further that but we think the visibility and discoverability is a critical element. We can train people but if they cannot develop apps that get the

attention of consumers then it will not be – it may be in vain.
We are almost out of time.

I just had a couple more questions. The Samsung
5 phones also have Google Assistant, the voice activated
service from Google, is that right?

MS NOH: Yes, Samsung has Google Assistant on Samsung
phones.

CHAIRPERSON: And just from Samsung's experience. Has
10 consumer use of the Assistant to do search been growing
and do you think it will be an important tool in the future?

MS NOH: In terms of any Google Assistant activities,
Samsung has...

[Background discussion interruption]

15 MS NOH: Oh. In terms of Google Assistant activities,
Samsung does not have visibility into its user interactions.

CHAIRPERSON: I see. So do you not get any information
as to how a user on your phone makes use of voice activated
search rather than typed search?

20 MS NOH: Since the activities are non-searchable
applications, Samsung does not collect such data.

CHAIRPERSON: And so do you – does your agreement with
Google not allow you to get basic data on this? Or are you
saying you get no data whatsoever?

25 MS NOH: In terms of Google Assistant related questions,

we definitely need to get back to our internal teams and take appropriate step, check the appropriate status but I think that is currently not checked on our side to answer at this moment.

CHAIRPERSON: Alright, thank you. We are out of time and we have our next participant waiting. I do want to thank Samsung for making available this team to us, both locally and also at the head office. There are a large number of questions that we do require answers to that we will send to the head office.

I think we have had difficulties in the past getting a response and I trust going forward we can send them to the head office and get those answered because it seemed that the South African office did not have the information. So, I look forward to that interaction in future. And Ms Kim I assume that we – do we channel it directly to you or do we go through the South African office?

MS BUYN: We prefer we get the RFI our Samsung staff, the South African team.

CHAIRPERSON: Alright, thank you. But if we send it through, I assume you will respond to our RFI. We would try and not make it too burdensome but there are obviously many confidential things we could not cover today and we would want answers.

MR HUME: Yes, I will do my best.

CHAIRPERSON: Thank you very much for cooperation. So
to the Samsung team in Seoul, enjoy your Friday evening
5 and your weekend. And to the South African team, thank you
for coming on this morning and also enjoy your weekend.

MS BUYN: Thank you very much.

MR HUME: Thank you, same to you.

MS NOH: Thank you, Chair.

10 MR ARTEIRO: Thank you

[End of session]

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