

Microsoft is building an Xbox mobile gaming store to take on Apple and Google

Microsoft is building an Xbox mobile store to directly offer games on mobile devices, challenging Apple and Google. The software giant first hinted at a “next-generation” store it would “build for games” earlier this year but has now quietly revealed details of the plans in filings with the UK’s Competition and Markets Authority (CMA).

The CMA is currently investigating the \$68.7 billion Activision Blizzard acquisition and has asked Microsoft for context. In its filings, Microsoft says a big motivation for the purchase is to help build out its mobile gaming presence. Its plans for this space apparently include creating an Xbox mobile gaming platform and store. Here’s what the company says in the filings:

The transaction will improve Microsoft’s ability to create a next generation game store which operates across a range of devices, including mobile as a result of the addition of Activision Blizzard’s content. Building on Activision Blizzard’s existing communities of gamers, Xbox will seek to scale the Xbox Store to mobile, attracting gamers to a new Xbox Mobile Platform. Shifting consumers away from the Google Play Store and App Store on mobile devices will, however, require a major shift in consumer behavior. Microsoft hopes that by offering well-known and popular content, gamers will be more inclined to try something new.

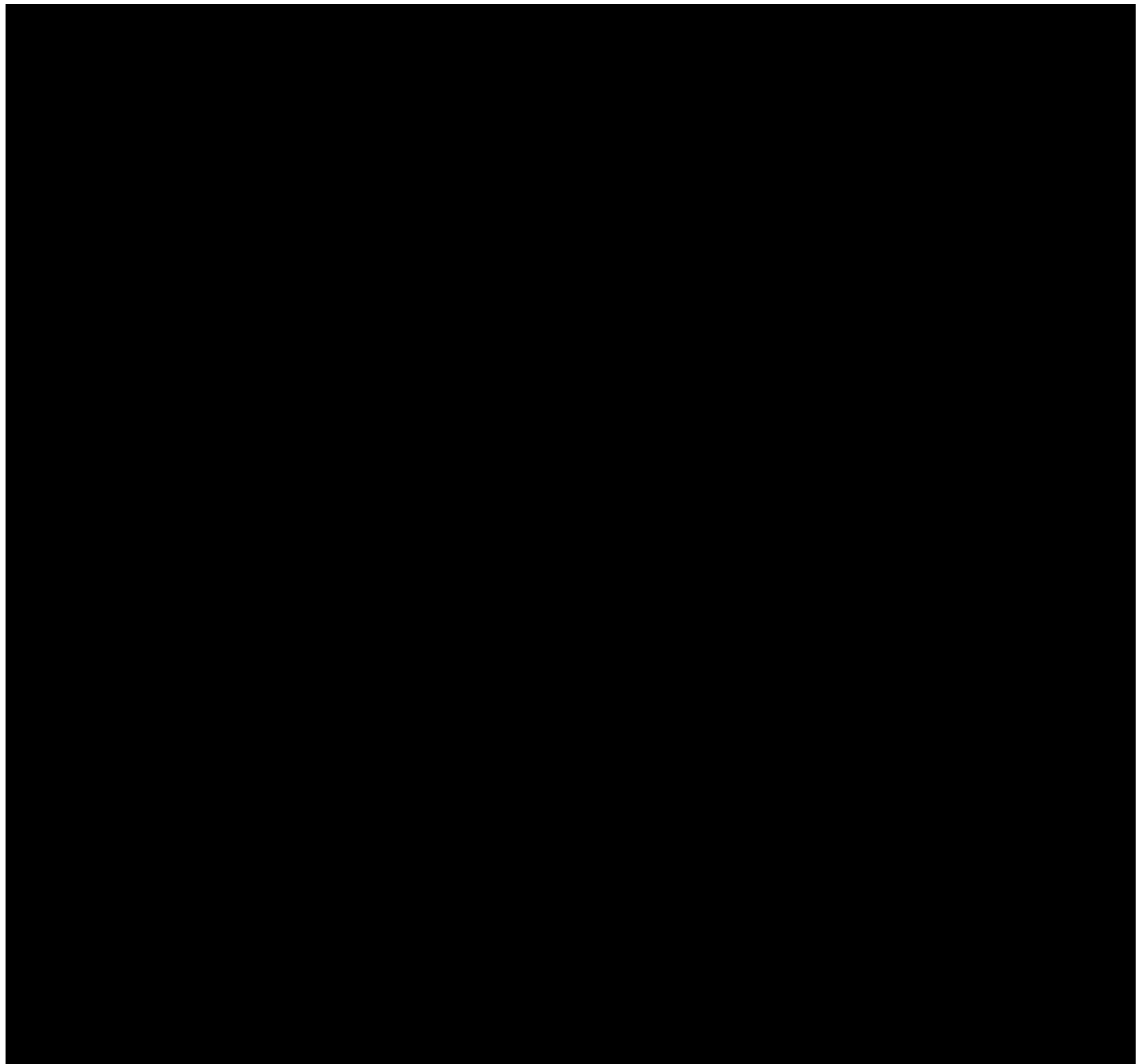
Call of Duty: Mobile and Candy Crush Saga are two hugely popular mobile games published by Activision and King, respectively, and Microsoft could leverage these titles to help build out a game store to rival Google Play and the App Store. Given Apple’s policies blocking third-party app stores on iOS, it’s difficult to imagine Microsoft competing on iPhones anytime soon. But that’s clearly not stopping it from envisioning an Xbox mobile app store.

Microsoft’s acknowledgment of a mobile gaming push comes as the company increasingly positions Xbox Cloud Gaming as an option for mobile gaming on emerging handhelds. Microsoft was quick to support Xbox Cloud Gaming on Valve’s Steam Deck, followed by a partnership with Logitech and Razer for their cloud gaming-focused handhelds. That means a push into mobile gaming could happen on multiple fronts — not just on phones and tablets.

Beyond hardware, there’s a lot of revenue at stake here, too. Games are some of the most popular downloads on mobile and drive in-app purchases on app stores. Microsoft clearly wants a piece of that pie. Look at how the company describes the opportunity:

The transaction gives Microsoft a meaningful presence in mobile gaming. Mobile gaming revenues from the King division and titles such as Call of Duty: Mobile, as well as ancillary revenue, represented more than half of Activision Blizzard’s ... revenues in the first half of 2022. Mobile customers account for around three-quarters of its MAU. Microsoft currently has no meaningful presence in mobile gaming and the Transaction will bring much needed expertise in mobile game development, marketing and advertising. Activision Blizzard will be able to contribute its learnings from developing and publishing mobile games to Xbox gaming studios.

However, the CMA has barely discussed the potential for Microsoft’s entrance into mobile gaming as part of its investigation and is instead largely focusing on console gaming, which Microsoft argues is an increasingly smaller part of the overall market. In a graph posted at Microsoft’s Activision Blizzard acquisition site, the company depicts the entire gaming market as worth \$165 billion in 2020, with consoles making up \$33 billion (20 percent), PCs at \$40 billion (24 percent), and mobile gaming at \$85 billion (51 percent).



Gaming market revenue.

Image: Microsoft

Building a successful rival to the Google Play Store or App Store would be a huge challenge, though, and Microsoft will need to woo third-party developers if it hopes to make inroads.

The company seems to be laying the groundwork here by committing to a set of principles that would allow developers to freely run their own app stores on its Xbox mobile platform and offer their own payment systems to process in-app purchases. That’s a benefit Apple certainly doesn’t offer. (These commitments don’t fully extend to Xbox consoles yet, but Microsoft said earlier this year it’s “committed to closing the gap on the remaining principles over time.”)

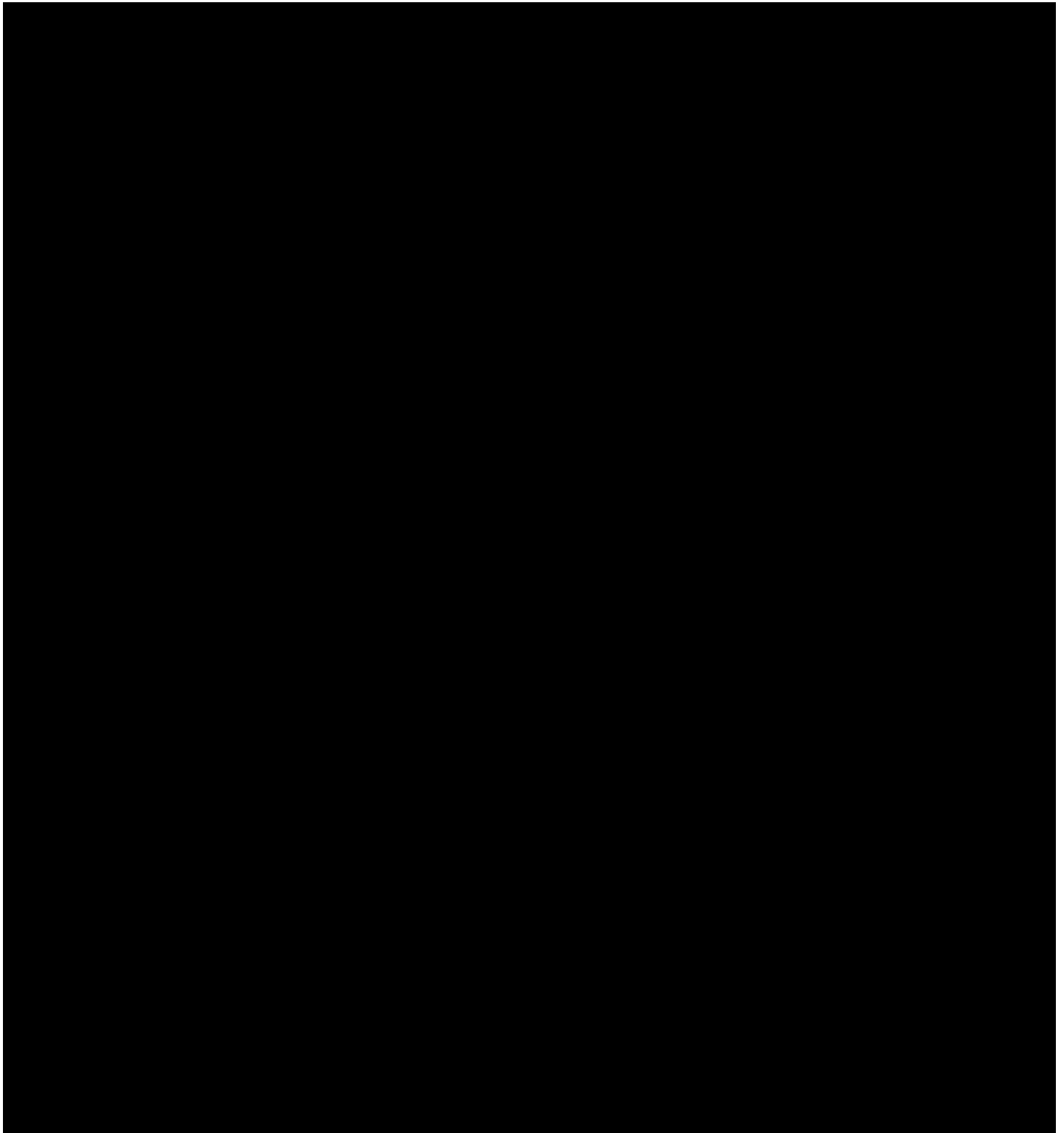
Microsoft says these same principles will also apply to the future Xbox mobile store, which could be enough to lure developers onto the platform. One company that might be particularly interested is Epic Games, which has allied itself with Microsoft in the past few years in the fight against Apple's App Store policies.

Epic Games CEO Tim Sweeney welcomed Microsoft's first hints at an open app store model in 2019 ahead of a giant battle between Epic and Apple a year later that saw Fortnite disappear from iPhones. Epic has been arguing that Apple should allow third-party payment systems in its App Store or even allow rival app stores to function on iPhones and iPads.

Epic eventually called on Microsoft to help argue its case in court, and Microsoft cranked up the pressure on Apple with some significant Windows store changes days ahead of the Epic v. Apple trial last year.

Epic didn't win its legal argument, and Fortnite still isn't back on the iPhone. But Epic did turn to Microsoft to bring Fortnite to Xbox Cloud Gaming earlier this year after court documents revealed Epic originally blocked the game from Xbox Cloud Gaming as the service was "competitive with our PC offerings."

This closer partnership between the companies could help persuade Epic to come on board early with Microsoft's mobile gaming plans. Epic has already embraced Samsung's Galaxy Store on Android, and having Fortnite and Call of Duty: Mobile on Microsoft's Xbox mobile game store would be a good start in a difficult task to take on Apple and Google.



Fortnite arrived on Xbox Cloud Gaming earlier this year.

Image: Xbox

However, a big potential stumbling block for Microsoft's mobile gaming ambitions could be its control of Call of Duty on both mobile and console. Microsoft has seen success with Xbox Game Pass, and it has made it clear it wants to bring Activision games to the service. Regulators are now weighing how this would impact competition.

Xbox Game Pass is also at the heart of the ongoing battles between Microsoft and Sony over Call of Duty. Sony is arguing that Microsoft could take Call of Duty away from PlayStation entirely, while Microsoft says that wouldn't make business sense. This disagreement has spilled out into a public war of words between Sony's PlayStation chief and Microsoft's head of Xbox, but the real conflict is happening behind closed doors.

Microsoft now says keeping Call of Duty on PlayStation is a "commercial imperative for the Xbox business and the economics of the transaction" and that it would put revenue at risk if it pulled Call of Duty from Sony's consoles. "Microsoft has been clear that it is counting on revenues from the distribution of Activision Blizzard games on Sony PlayStation."

But even if Call of Duty stays on PlayStation, Sony could still lose out on serious revenue if Microsoft offers the title on Xbox Game Pass. Microsoft previously claimed that Sony is paying for "blocking rights" to keep some games off Xbox Game Pass and now says that's the case with Call of Duty. "The agreement between Activision Blizzard and Sony includes restrictions on the ability of Activision Blizzard to place Call of Duty titles on Game Pass for a number of

years," says Microsoft in its filings.

The CMA and other regulators now have the unenviable task of untangling these arguments between Sony and Microsoft and figuring out exactly how this deal could harm consumers or competition. Microsoft still hopes to close this deal out by spring 2023, but there's a good chance we have months of battles ahead — as well as the opportunity to gain rare insights, as with these mobile plans, into the secret ambitions of the gaming industry.

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economic outlook

Why 2023 should be easier on your wallet

With falling stock markets, soaring inflation and terrifying energy bills, this year has been tough. Things can only get better, says Ali Hussain

INVEST

How to make money from wine, whisky and modern art

Having lived for 25 years in Cannes, where his children grew up, Otello Finetto, 70, is fond of a glass of wine or two — a good burgundy would be his ideal tippie. Finetto, a retired lawyer from Sweden but now living in Marylebone, London, began...Having lived for 25 years in Cannes, where his children grew up, Otello Finetto, 70, is fond of a...

obituary

George Cohen

Footballer whose speed and stamina were crucial to England's 1966 World Cup victory, but who later sold his medal and suffered family tragedy

Obituary

Priscilla Tolkien

JRR Tolkien's youngest child and recipient of his Father Christmas letters. Her death earlier this year was overlooked by newspapers

OBITUARY

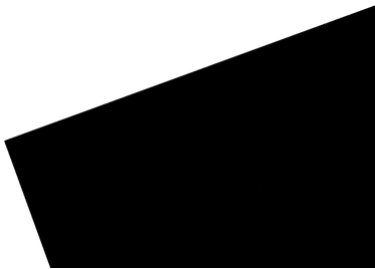
Ali Ahmed Aslam

Glaswegian restaurateur who claimed to have invented chicken tikka masala when a customer complained his meal was too dry

COURT CIRCULAR

December 23, 2022

St James's Palace23rd December, 2022The Princess Royal, Patron, the Butler Trust, was represented by Brigadier...St James's Palace23rd December, 2022The Princess Royal, Patron, the Butler Trust, was...St James's Palace23rd December, 2022The Princess Royal, Patron, the Butler Trust, was...



Word Watch

Can you spot the real definition among the fakes?

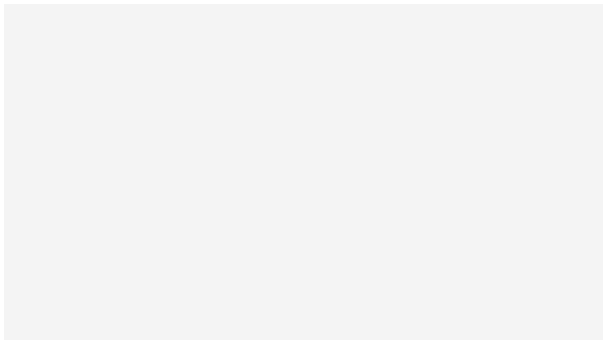
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Literary Quiz

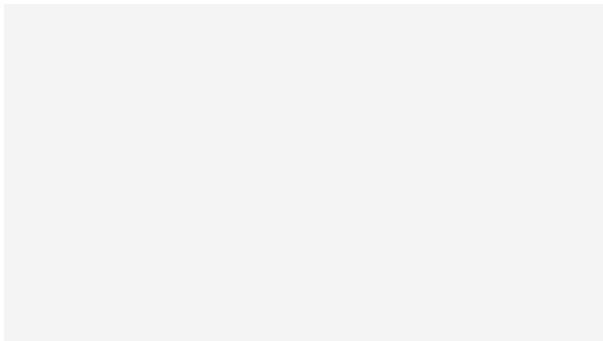
Celebrity News: Latest Celeb News & Celebrity Gossip - Us Weekly



Comfy-Chic

21 Best Comfy Lounge Pieces You Can Actually Wear Out

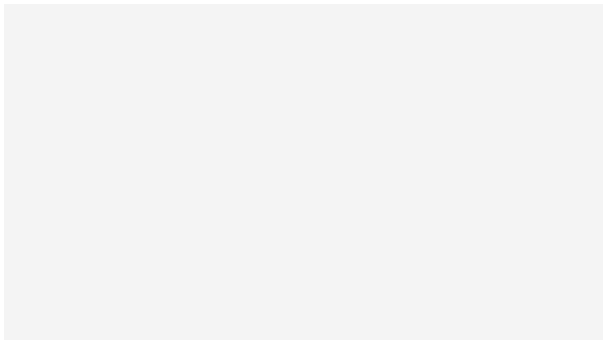
Take your loungewear looks out on the town with these different pieces you can style and wear practically anywhere — details



OMG

90 Day's Stephanie Matto Selling Farts in Ornaments After Hospitalization

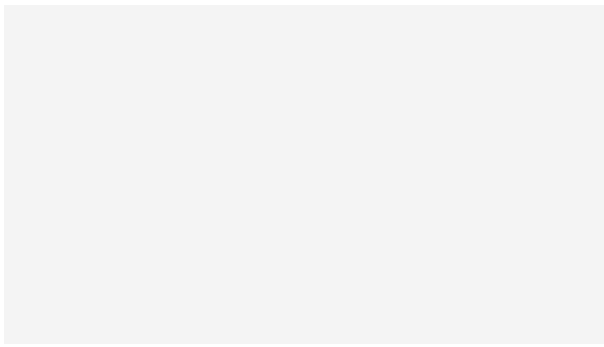
Back at it! Stephanie Matto is continuing her popular fart selling business following her recent health scare. "Shipping out just in time for Christmas, thousand dollar fart filled ornaments for your by Tania [Maduro] and Stephanie," the 90 Day Fiancé alum, 32, captioned an Instagram video earlier this month. In the clip, she and fellow 90 Day alum Maduro, 31, [...]



Legal Trouble

'RHOSLC' Star Jen Shah's Legal Drama: Everything We Know

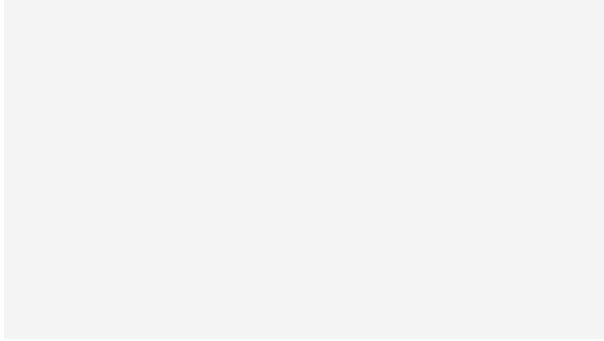
Jen Shah was indicted for her alleged role in a long-running telemarketing scheme while filming season 2 of The Real Housewives of Salt Lake City — and all eyes are on the Bravo star as she faces up to 14 years in prison. Bravo viewers met Shah during season 1 of RHOSLC, which filmed in [...]



News

Government Requests RHOSLC's Jen Shah Be Sentenced to 10 Years in Prison

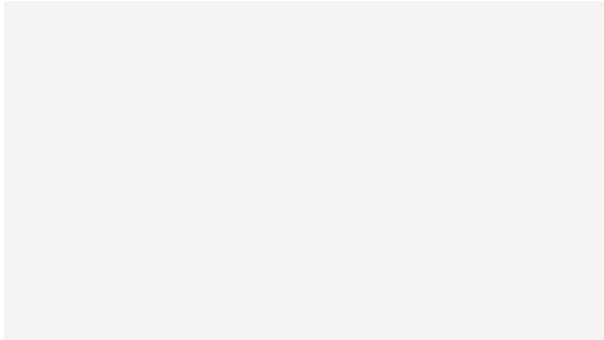
12/23/22 3 p.m. ET Less than a week after Shah requested a reduced prison sentence of three years, the United States government recommended a judge sentence the Bravo star to 10 years behind bars. In court documents shared on Friday, December 23, the government wrote that Shah "took a series of increasingly extravagant steps to [...]"



Moms

Best Big Sis! Chrissy Teigen's Daughter Luna Rubs Mom's Baby Bump

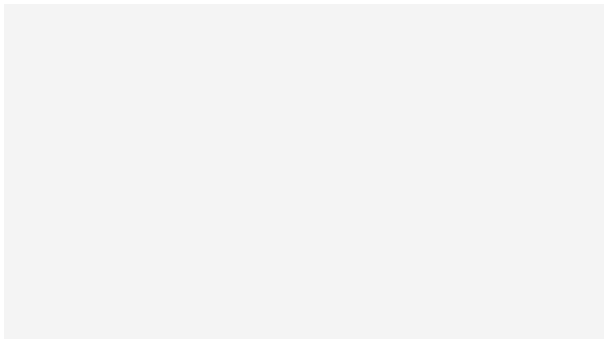
Growing family! After Chrissy Teigen announced that she and John Legend are expecting another child, she showed off her baby bump with a glamorous mirror selfie reveal. In August 2022, the 36-year-old Cravings author joked it took "44 people" to get her ready for the pictures, tagging members of her glam squad, including three hairstylists, [...]"



Health Scare

Tamar Braxton Is On the Mend After Being Rushed to the Hospital for the Flu

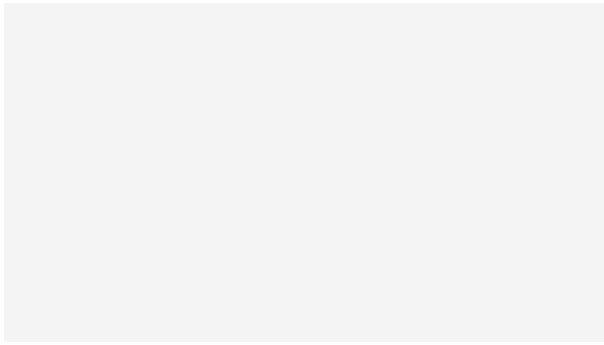
Tamar Braxton experienced a scary few days after being rushed to the hospital earlier this week following flu-like symptoms. "This isn't an attention post ... this is an ATTENTION post," Braxton, 45, wrote via Instagram on Thursday, December 22. The Braxton Family Values star revealed that after being at her "best friends" doing "Christmas fun [...]"



Real Talk

Hollywood Favoritism? Jamie Lee Curtis, More Stars React to 'Nepo Baby' Article

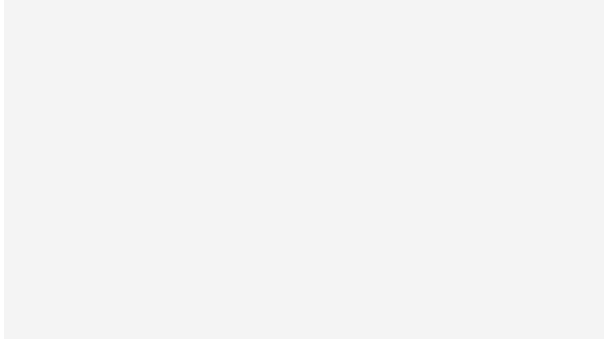
Lifestyles of the rich, famous and inherently privileged. Jamie Lee Curtis, Lily Allen and more "nepo babies" clapped back at claims they have it easier in Hollywood following New York Magazine's bombshell cover story. Stars whose parents or relatives are already in the industry — and the culture that rewards them — came under fire [...]"



Holidays With Us

12 Christmas Movies You Forgot About

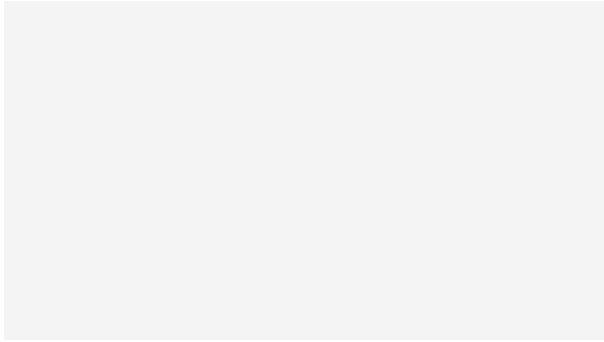
With the same old films in heavy rotation on television every December — think *Home Alone*, *A Christmas Story* and *Love Actually* — you may be sleeping on other yuletide favorites from the silver screen. 1988's *Scrooged*, for example, marked Bill Murray's first film since *Ghostbusters*, and it puts a modern-day spin on Charles Dickens' [...]



Love Lives

Bode Miller and Morgan Beck's Relationship Timeline

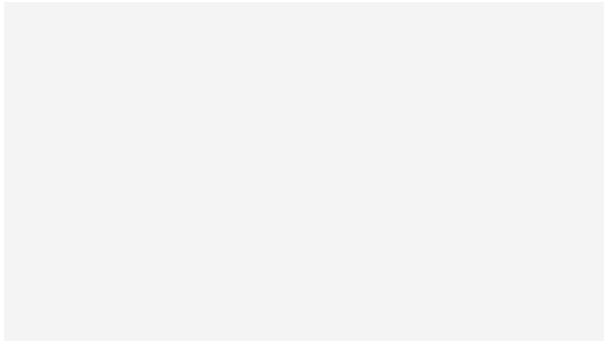
A gold medal-worthy love! Bode Miller found his forever teammate in now-wife Morgan Miller (née Beck) after connecting at one of her volleyball games. The Olympic skier first met Morgan in May 2012 — two weeks before he found out his ex-girlfriend Sara McKenna was pregnant with his child. Their son, Samuel, was born in [...]



Shoe Envy

These Tory Burch Sandals Feel Like You're Walking on Clouds — \$49 Off

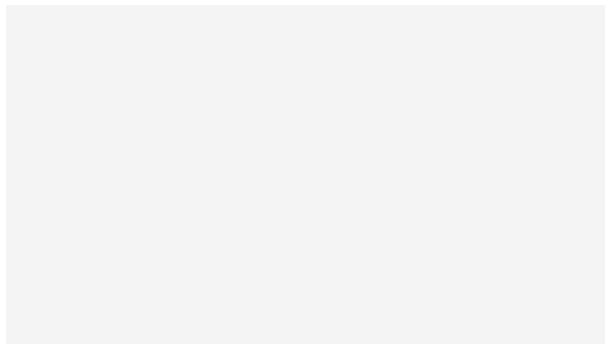
Us Weekly has affiliate partnerships so we may receive compensation for some links to products and services. We all love to look fashionable while wearing a pair of sandals, but sometimes, they're incredibly comfortable when it's time to walk. Well, these Tory Burch sandals are here to change your life. With these shoes, you'll be walking [...]



RIP

Ellen Shares Tearful Video 1 Week After tWitch Dies: 'Everyone Is in Pain'

Grieving a friend, Ellen DeGeneres is still sharing glimpses of her favorite moments with late DJ Stephen "tWitch" Boss nearly two weeks after he died by suicide. "He was magic," the comedian, 64, tweeted on Friday, December 23, alongside a clip from *The Ellen DeGeneres Show*, which aired its final episode in May. In the [...]



Exclusive

Tom Pelphrey Is 'Enjoying the Ride' After 'Ozark' Success

Tom Pelphrey isn't slowing down — and his next role is anyone's guess. The chameleon actor made his Broadway debut in 2012, won accolades for his role on the daytime soap *Guiding Light* and recently portrayed a real-life fugitive in this year's true-crime movie *American Murderer*. And audiences won't soon forget his standout arc on [...]

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