



DETERMINATION OF MERGER NOTIFICATION M/06/054 – PEARSON (FT)/MERGER MARKET

Section 21 of the Competition Act 2002

Proposed acquisition by Financial Times Group Limited of Mergermarket Limited

Dated 14/09/06

Introduction

1. On 15 August 2006, the Competition Authority (“the Authority”), in accordance with Section 18 (1) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposal whereby the Financial Times Group Limited (“FT”), a wholly-owned subsidiary of Pearson plc (“Pearson”), would acquire the entire issued share capital of Mergermarket Limited (“Mergermarket”) (“the proposed transaction”).
2. The Authority forwarded a copy of the notification to the Minister and notified the undertakings involved that it considers the acquisition to be a media merger, in accordance with section 23(1) of the Act.

The Undertakings Involved

3. FT, the acquirer, publishes the Financial Times newspaper and operates FT.com, an online version of the Financial Times with archive articles and updates and breaking news stories.
4. An additional service offered by FT is ‘FT Research Centre’. FT Research Centre is an international research service providing customised financial and economic research. The service is aimed at SMEs without an in-house research capacity.
5. ‘FT Interactive’ is a further service offered by FT comprising of the supply of time-sensitive financial market pricing data and decision-support tools for institutional and trading clients.
6. All of the above services and the Financial Times newspaper are offered by FT are available to customers in the State.
7. FT has a 50% share in the publication, The Economist. The Economist is also available online, however, like FT.com, access to most of its articles and news (“content”) is by subscription.
8. Some informational news services are available on-line on FT.com and on the online version of The Economist without subscription. These services, however, while allowing you to review current news topics, do not allow the user to download certain of the articles in question without having subscribed.

9. FT also publishes a business publication 'Les Echos'.
10. FT is a wholly-owned subsidiary of Pearson. Pearson is an international media company active in education through Pearson Education, business information through FT and consumer publishing products and services through the Penguin Group. Pearson is listed on the London Stock Exchange and the New York Stock Exchange. Pearson has no physical presence in the State related to its subscription-based on-line news information services or its business research and market reporting services.
11. For the financial year ended 31 December 2005, Pearson's turnover in the State from the operation of all of its activities was less than [..].
12. Mergermarket, the target, is active in the provision of electronic real-time subscription-based financial information services. The target offers electronic products aimed at customers such as investment banks, private equity houses, hedge funds, law and accountancy firms.
13. The target's core products include:
- Mergermarket, a real-time mergers and acquisition intelligence service available to customers in Europe, North America and Asia-Pacific;
 - Debtwire, a time-sensitive proprietary intelligence and research service concerning distressed and high-yield credits. Debtwire is available to customers in Europe, North America and Asia-Pacific;
 - DealReporter, a current informational service providing information in connection with 'live' deals, 'expected deals, lapsed deals and major events likely to affect a listed company's value. DealReporter is available to customers in Europe, North America and Asia-Pacific;
 - Weathmonitor, a newly-launched service providing a database of individuals who are newly-wealthy or potentially wealthy; and
 - Remark, a publishing and research division of Mergermarket which offers bespoke services to clients to enhance their corporate profiles through research reports. Remark is available to customers in Europe and Asia.
14. Mergermarket has no physical presence in the State. For the financial year ended 31 December 2005, Mergermarket achieved turnover derived from sales of its services to customers in the State of less than [..].

Analysis

15. The undertakings involved are both active in the supply of subscription-based on-line news information services and both provide business research and market reporting services to customers in the State.

Subscription-based on-line news information services

16. In respect of the supply of subscription-based on-line news information services, the undertakings involved have submitted that the service

offerings of the target and the acquirer differ in terms of content, use and consequently target audience.

17. The acquirer's subscription-based on-line news information services are provided through FT.com, The Economist and Les Echos and are derived from the content of the hard-copy copy publications for each of the respective Financial Times newspaper, The Economist and Les Echos. The category of consumer associated with the acquirer's offerings in this regard are generally considered to be individuals rather than corporate entities. The acquirer's offerings are multi-source verified content and are general in nature.
18. The target's product offerings in this regard attract consumers who are largely corporate entities seeking detailed real-time news information services, updated very regularly but not of a multi-source verified nature.
19. The target's product offerings have a 'niche' focus, unlike those of the acquirer's which can be understood from a content point of view, to be wider.
20. The undertakings involved submit, and the Authority accepts that the post-merger share of the merged entity in respect of subscription-based on-line news information services is relatively low. In 2005, the undertakings involved combined turnover from their respective activities in this sector was less than [..].
21. Consumers in Ireland may choose from a wide range of other subscription-based on-line news information services provided by many entities such as Reuters, Bloomberg, Dow Jones and AFX and also services offered by 'niche' subscription-based on-line news information services suppliers such as SDC, M&A Monitor, Capital and Zephyr.
22. The undertakings involved submit, and the Authority accepts that the barriers to entry to this dynamic and fast-changing sector are relatively low and that potential entrants will be able to enter in a likely and timely manner.
23. The costs associated with starting an on-line business and the costs of IT infrastructure are not substantial and the employment of business journalists to investigate and aggregate news items for an on-line news service do not appear to be prohibitive. Both the undertakings involved have their own teams of dedicated journalists in order to investigate and prepare content for their respective on-line offerings.
24. Mergermarket, describes itself as a news aggregator of third-party news, and it is submitted by the undertakings involved and accepted by the Authority that potential new entrants to the sector will also be able to summarise third-party news items in the same manner.
25. In respect of the supply of subscription-based on-line news information services, the Authority concludes that the proposed transaction will not give rise to competition concerns in the State.

Business research and market reporting services

26. Both the undertakings involved provide business research and market reporting services to customers in the State. Such services can be general or distinct services.

27. Customers in the State can source business research and market reporting services from companies such as large investment banks and management consultants such as IBM Global Business Services, Accenture and McKinsey as well as from small entities such as Euromoney and Initiative Europe Research.
28. In 2005, the undertakings involved provided business research and market reporting services in the State from which it derived a combined turnover of less than [...] representing less than 5% of the total supply of business research and market reporting services in the State.
29. It is argued by the undertakings involved and accepted by the Authority that the post-merger entity's share in this particular sector in the State will increase only marginally.
30. In respect of the proposed transaction's effect on business research and market reporting services offered in the State, the Authority has concluded that no competition concerns arise.
31. The Authority, therefore, has determined that the proposed transaction does not raise any competition concerns.

Determination

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition by Pearson plc of Mergermarket Limited will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

For the Competition Authority

Dr Paul K Gorecki
Member of the Competition Authority