



DETERMINATION OF MERGER NOTIFICATION M/14/012 -

Rathcush/AMT-Sybex

Section 21 of the Competition Act 2002

Proposed acquisition by Rathcush Limited of sole control of AMT-Sybex Group Limited

Dated 13 May 2014

Introduction

1. On 15 April 2014, in accordance with section 18(1)(a) of the Competition Act 2002 ("the Act"), the Competition Authority ("the Authority") received a notification of a proposed acquisition whereby Rathcush Limited ("Rathcush") would acquire sole control of AMT-Sybex Group Limited ("AMT-Sybex"). Rathcush is a wholly-owned subsidiary of Capita plc ("Capita").

The Undertakings Involved

Capita

2. Capita provides business process outsourcing ("BPO") and professional services. Capita delivers back office administration and front office customer contact services to private and public sector organisations across the United Kingdom and in the State and also has offices in Europe, India and the Middle East. Key BPO activities include life and pensions, financial services, insurance outsourcing, property consultancy, human resource solutions, local government services, and IT services.
3. Since the early 1990s, Capita has been operating in Northern Ireland where its business activities include life and pensions and human resource solutions. Capita's Northern Ireland clients include Northern Ireland Civil Service and the Police Service of Northern Ireland.
4. Capita has been operating in the State since 1999. Capita's business activities in the State include life and pensions, financial services, asset services, fund administration, financial accounting software, and IT services support for life and pensions.
5. Capita provides financial accounting software in the State through its subsidiary Capita IB Solutions (Ireland) Limited. This business specialises in providing financial accounting and purchasing software solutions to help clients achieve cost savings and operational efficiencies.

6. In 2013, Capita acquired Northgate Managed Services Limited¹ (now renamed Capita Managed IT Solutions Limited) which provides cloud-based and infrastructure IT services and specialist managed services to public and private companies across the United Kingdom and in the State, primarily in the education and utilities sectors. Capita Managed IT Solutions Limited's headquarters are based in Northern Ireland where it carries out much of its activities.
7. The parties divide Capita Managed IT Solutions Limited's activities into the following four categories:
 - Managed Services – this can range from outsourcing a single element of a firm's IT system to a full IT infrastructure outsource;
 - Infrastructure Services - designing and delivering tailored infrastructure services for firms in areas such as network access and archiving;
 - Cloud Services in areas such as archiving, back-up and consulting; and,
 - Professional Services – the parties divide this category into five sub-categories: project management, business consultancy, implementation services, onsite services, and technical consultancy.
8. The parties state that Capita Managed IT Solutions Limited does not provide software and associated consultancy/implementation services which is the activity in which AMT-Sybex is active.
9. For the year ending 31 December 2013, Capita's worldwide turnover was €4,588 million. Capita's turnover in the State for the same period was €[...].

AMT-Sybex

10. AMT-Sybex provides enterprise software and associated services to utilities, energy and infrastructure businesses, with clients in the gas, electricity, water and transport sectors, including a presence in the emerging smart-meter sector. Its products are embedded within its clients' core activities, providing asset management, smart operations and mobile business processes to industries managing data.
11. AMT-Sybex is active in providing these software and related services to utilities (primarily in the UK) comprising:
 - distribution, recording and capturing of work information and business data on mobile devices;
 - management of the flow of large data volumes from multiple sources between utility providers;
 - collection, validation, management, and dissemination of meter readings and events;

¹ This acquisition was cleared by the Authority on 6 March 2013. See Determination of Merger Notification M/13/002 – Capita/Northgate.

- provision of intelligent network management capabilities including energy balancing and demand forecasting; and
 - core functional modules that reduce the need for tailoring and customised configurations of enterprise systems.
12. AMT-Sybex also builds, sells and implements an aircraft leasing software package which is used by a number of aircraft leasing organisations worldwide, including in the State. This activity represents a small proportion of AMT-Sybex's total revenue.
 13. AMT-Sybex has offices in Dublin, Belfast, Glasgow and Letchworth in Hertfordshire in the United Kingdom. Although its head office is in Dublin and the company is registered in the State, the majority of its operations are in Letchworth. AMT-Sybex's clients are spread across the United Kingdom (e.g. National Grid, United Utilities, British Gas, Network Rail, Transport for London and Scottish Power).
 14. AMT-Sybex provides software and related product development services to the Department of Agriculture and Rural Development in Northern Ireland.
 15. In the State, AMT-Sybex has clients such as Bord Gais Eireann to whom it provides its software and associated services in relation to the management of large data volumes. It also provides support and maintenance services to Bord Gais Eireann resulting from the purchase of a perpetual licence for AMT-Sybex's software.
 16. For the financial year ending 31 January 2014, AMT-Sybex's worldwide turnover was €43 million. AMT-Sybex's turnover in the State for the same period was €[...].²

Rationale for the Proposed Acquisition

17. The parties state in the notification:

"Capita considers that AMT-Sybex fits within its investment strategy and ultimately wishes to make a profitable realisation of its investment and the existing shareholders of AMT-Sybex wish to realise a return on their investments."

Third Party Submissions

18. No submission was received.

Competitive Analysis

19. The Authority does not need to come to a definitive view on the precise relevant product market because its conclusions concerning the competitive impact of the proposed transaction would be unaffected.
20. Both parties provide broad business process solutions, IT solutions and support services to clients. Capita provides these solution across a broad range of industries and sectors while AMT-Sybex has a particular speciality in the provision of bespoke enterprise software and

² [...].

associated services to customers in the utilities sectors. Post-transaction, the merged entity will continue to face competition from a variety of IT service providers providing similar services. Worldwide this competition will come from companies such as Fujitsu, HP, Atos, Logica, IBM, Accenture, BT, Civica, Viglen, RM Education, Wipro, 2E2, Computacenter, Logicalis, SCC and Phoenix. In the State, the merged entity will compete post-transaction with Accenture, BT, Fujitsu, HP, IBM, Wipro and 2E2.

21. In light of the above, the Authority considers that the proposed transaction will not raise any competition concerns in the State.

Ancillary Restraints

22. The parties have entered into an agreement which includes a [...] non-compete clause for [...]. The parties state that such a restriction is necessary in order to protect the goodwill and know-how passing to Rathcush as a result of the proposed transaction.
23. The Authority considers this restriction to be directly related and necessary to the implementation of the proposed transaction.

DETERMINATION

The Competition Authority, in accordance with section 21(2)(a) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition whereby Rathcush Limited would acquire sole control of AMT-Sybex Group Limited will not be to substantially lessen competition in markets for goods or services in the State, and, accordingly, that the acquisition may be put into effect.

For the Competition Authority

Stephen Calkins

Member of the Competition Authority

Director, Mergers Division