



# DETERMINATION OF MERGER NOTIFICATION M/18/068 – BLACKSTONE / TASKUS

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## Section 21 of the Competition Act 2002

**Proposed acquisition by funds managed by affiliates of The Blackstone Group L.P.,  
of sole control of TaskUs, Inc.**

**Dated 24 September 2018**

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### **Introduction**

1. On 16 August 2018, in accordance with section 18(1)(a) of the Competition Act 2002, as amended (the “Act”), the Competition and Consumer Protection Commission (the “Commission”) received a notification of a proposed acquisition whereby funds managed by affiliates of The Blackstone Group L.P. (“Blackstone”) would acquire sole control of TaskUs, Inc. (“TaskUs”) (the “Proposed Transaction”).

### **The Proposed Transaction**

2. The Proposed Transaction will be implemented pursuant to a stock purchase agreement (the “SPA”) by and among: TaskUs; TU Topco, Inc. (“Topco”); TU Midco, Inc.; TU Bidco, Inc.;<sup>1</sup> Bryce Maddock and Jaspar Weir (collectively the “Founders”); the Sellers<sup>2</sup>; Shareholder Representative Services LLC<sup>3</sup>; and Western Alliance Bancorporation<sup>4</sup> dated 4 August 2018.
3. Pursuant to the SPA, the Sellers will transfer their collective 100% interest in TaskUs to TopCo (through a series of transfers). BCP FC Aggregator L.P., a wholly owned [subsidiary] affiliate of Blackstone, the Founders and the current and former management of TaskUs will hold [...]%, [...]% and [...]% of TopCo’s shares respectively.

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<sup>1</sup> TopCo, TU MidCo, Inc. and TU Bidco, Inc. are the buyer parties.

<sup>2</sup> The Sellers are [...].

<sup>3</sup> A Colorado limited liability company, solely in its capacity as the representative of the Sellers.

<sup>4</sup> The company warrant holder.



As a result of the Proposed Transaction, Blackstone, through BCP Aggregator L.P.'s control of TopCo, will acquire sole control of TaskUs,<sup>5</sup> within the meaning of section 16(1)(b) of the Act.

## The Undertakings Involved

### *The Acquirer – Blackstone*

4. Blackstone, a limited partnership, is controlled by its General Partner, Blackstone Group Management L.L.C. Blackstone is a global alternative asset manager and provides financial advisory services. It operates as an investment management firm, and through various investment vehicles, makes private equity, real estate, credit and hedge fund investments worldwide.
5. The parties state in the notification that the following portfolio companies owned and controlled by Blackstone (“Blackstone Portfolio Companies”) generated turnover in the State in 2017:

Portfolio Company	Business Activity
[...]	A benefits administration platform and services provider for cloud-based HR management systems.
[...]	A producer and provider of flexible insulation foams and engineered foams for equipment insulation.
[...]	A provider of educational content and software and analytics.
[...]	Event organiser.
[...]	A provider of energy saving products and water treatment solutions.
[...]	A provider of orthopaedic devices.
[...]	An asset management firm.
[...]	A provider of power transmission and fluid power solutions and services.
[...]	A multi-channel home shopping retailer.
[...]	A provider of end-to-end, integrated retail, omni-channel, and supply chain planning and execution enterprise application software solutions.
[...]	A global messaging service provider in India.

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<sup>5</sup> TopCo's minority shareholders will not have 50% or more of TopCo's board seats, nor will they have any veto rights over important strategic business decisions.



[...]	An information technology services provider with domain expertise in the banking, financial services and insurance sectors.
[...]	A provider of end-to-end payment solutions.
[...]	A provider of inventory supply chain management services.
[...]	A U.S. based music rights organisation.
[...]	A manufacturer of sugar confectionery and branded popcorn.
[...]	A provider of solutions which enable organisations to discover, classify, protect, analyse and confidently share information.
<b>Source: the parties</b>	

6. For the financial year ending 31 December 2017, Blackstone’s worldwide turnover was approximately €[...] billion, of which approximately €[...] million was generated in the State.

*The Target Company - TaskUs*

7. TaskUs, a Delaware corporation, principally operates in the Philippines, the USA and Canada. TaskUs provides the following business process outsourcing (“BPO”) services:
- Back-office support, which includes business process such as content moderation, product description, photo retouching, audio & video transcription, data input & analytics, online research and transactional services; and
  - Customer support outsourcing solutions, which include inbound & outbound support, omni-channel support, welcome calls, and upsell programs.
8. In the State, TaskUs generates turnover from the provision of customer support and content management solutions to the following two online retail companies:
- [...]: TaskUs provides customer support and upselling to [...]; and
  - [...]: TaskUs provides content management solutions (i.e., image retouching and product descriptions) to [...].
9. For the financial year ending 31 August 2017, TaskUs’ worldwide turnover was approximately €[...] million, of which €[...]million was generated in the State.



### Rationale for the Proposed Transaction

10. The parties state in the notification:

*“For Blackstone, the Proposed Transaction represents an investment opportunity for the purchaser which is consistent with its strategy of investing in attractive companies to increase the value of their business with the view of profiting from their eventual sale.”*

### Third Party Submissions

11. No submission was received.

### Competitive Analysis

#### *Horizontal Overlap*

12. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this instance, it is not necessary for the Commission to define precise relevant product and geographic markets since the Proposed Transaction does not raise competition concerns in any potential market in the State. As described above, TaskUs provides BPO services, in particular back-office support and customer support outsourcing solutions in the State. None of the Blackstone Portfolio Companies which generated turnover in the State in 2017 is engaged in the same business activities as TaskUs, i.e., providing back-office support and customer support outsourcing solutions in the State.<sup>6</sup>

13. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in the State.

#### *Vertical Relationship*

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<sup>6</sup> In the State, one of the Blackstone Portfolio Companies (i.e.[...]) provides transaction processing services to a telecoms and media customer and a property & casualty insurer. [...] transaction processing services include billing, collections, sales and retention. In 2017, [...] generated approximately €[...] million from the provision of transaction processing services to its two customers in the State. The parties state in the notification that TaskUs does not provide any billing or collections services to customers in the State and[...] does not provide content management or customer service solutions to customers in the State. Therefore, there is no horizontal overlap between TaskUs and [...] activities in the State.



14. The parties informed the Commission that there is no vertical relationship in the State between TaskUs and any of the Blackstone Portfolio Companies which generated turnover in the State in 2017. The Commission has not identified any vertical relationship between the parties. Therefore, the Proposed Transaction does not raise any vertical competition concerns in the State.

### **Conclusion**

15. In light of the above, the Commission considers that the Proposed Transaction will not substantially lessen competition in any market for goods or services in the State.

### **Ancillary Restraints**

16. The parties have informed the Commission that the Restrictive Covenant Agreements between TU BidCo, Inc. and each of the [...] of 13 August 2018, and between TU BidCo, Inc., [...] and [...] of 4 August 2018, contain non-compete, non-solicitation and confidentiality obligations. The duration of those restrictive obligations does not exceed the maximum duration acceptable to the Commission.<sup>7</sup> The Commission considers these non-compete, non-solicitation and confidentiality obligations to be directly related to and necessary for the implementation of the Proposed Transaction insofar as they relate to the State.

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<sup>7</sup> In this respect, the Commission follows the approach adopted by the EU Commission in paragraphs 20 and 26 of its “Commission Notice on restrictions directly related and necessary to concentrations” (2005). For more information see [http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305\(02\)&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305(02)&from=EN)



### **Determination**

The Competition and Consumer Protection Commission, in accordance with section 21(2)(a) of the Competition Act 2002, as amended, has determined that, in its opinion, the result of the proposed acquisition whereby funds managed by affiliates of The Blackstone Group L.P. would acquire the sole control of TaskUs, Inc. will not be to substantially lessen competition in any market for goods or services in the State, and, accordingly, that the acquisition may be put into effect.

For the Competition and Consumer Protection Commission

**Brian McHugh**

**Member**

**Competition and Consumer Protection Commission**