



# DETERMINATION OF MERGER NOTIFICATION M/20/016 – SS&C TECHNOLOGIES HOLDINGS, INC. / CAPITA LIFE AND PENSIONS SERVICES (IRELAND) LIMITED

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## Section 21 of the Competition Act 2002

**Proposed acquisition by SS&C Technologies Holdings, Inc. of sole control of Capita Life and Pensions Services (Ireland) Limited and certain assets of Capita Life & Pensions Regulated Services Limited.**

**Dated 29 May 2020**

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### Introduction

1. On 20 April 2020, 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 SS&C Technologies Holdings, Inc. (“SS&C”) would acquire the entire share capital and, thus, sole control of Capita Life and Pensions Services (Ireland) Limited (“CLPSI”) and certain assets of Capita Life & Pensions Regulated Services Limited (“CLPRS”) (the “Proposed Transaction”).

### The Proposed Transaction

2. The Proposed Transaction is to be implemented pursuant to: (i) a share purchase agreement dated 17 April 2020 between SS&C European Holdings S.a.r.l, a wholly-owned indirect subsidiary of SS&C, and CLPSI (the “SPA”); and (ii) a business transfer agreement



dated 17 April 2020 between SS&C Financial Services International Limited, a wholly-owned indirect subsidiary of SS&C, and CLPRS (the “BTA”).

3. Under the terms of the SPA, SS&C will acquire the entire share capital of CLPSI such that, following completion of the Proposed Transaction, SS&C will have sole control of CLPSI and CLPSI will become an indirect wholly-owned subsidiary of SS&C.
4. Under the terms of the BTA, SS&C will acquire certain of the business and assets of CLPRS in relation to its life and pensions outsourcing operations located in Belfast, Northern Ireland and Craigforth, Scotland.

## The Undertakings Involved

### *The Acquirer – SS&C*

5. SS&C provides software products and software-enabled services, principally to financial service providers in North America, Europe, Asia, Australia, and Africa. SS&C is incorporated in Delaware, headquartered in Connecticut, USA and is publicly listed on the NASDAQ Stock Market.
6. SS&C’s products and services are used to automate and integrate front-office functions (such as trading and modelling); middle-office functions (comprising portfolio management and reporting); and back-office functions (including accounting, performance measurement, reconciliation, reporting, processing, and clearing).
7. In the State, SS&C’s operations comprise of the following: (i) the provision of software services to alternative investment funds, asset managers and financial institutions located in the State; (ii) provision of fund administration services to alternative investment funds, asset managers and financial institutions located in the State; (iii) the provision of software solutions and services to life insurance firms and pension funds; and (iv) the provision of BPO services.<sup>1</sup>

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<sup>1</sup> SS&C activities in the State have included the provision of software solutions and services to life insurance firms and pension funds and the provision of BPO services since its acquisition of DST Systems, Inc. in April 2018. The



8. For the financial year ending 31 December 2018, SS&C generated worldwide revenues of US\$[...] (approximately €[...]), of which approximately €[...] was generated in the State.

*The Target - CLPSI*

9. CLPSI is a wholly-owned subsidiary of Capita plc. CLPSI's customers are predominantly located in Ireland, and CLPSI is registered as an insurance intermediary under the European Communities (Insurance Distribution) Regulations 2018.

10. CLPSI's operations in the State comprise of the following:

a. The supply of BPO services, including:

- i. Onboarding of customers' open and closed books of underlying insurance policies;
- ii. Undertaking of customer policy administration and investment fund administration; and
- iii. Providing support for clients' change and development needs (e.g. new product launches and changes to existing products), IT services, and evolving regulatory and digital requirements.

b. Actuarial consulting.

11. CLPSI services its customers in the State from its office in Dublin and from CLPRS's locations in Belfast and Craigforth in the United Kingdom.<sup>2</sup>

12. For the financial year ending 31 December 2018, CLPSI generated revenues of €[...], [...] of which was generated in the State.<sup>3</sup>

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Commission's determination M/18/013 SS&C/DST Systems is available at: [https://www.ccpc.ie/business/wp-content/uploads/sites/3/2018/02/M-18-013-SSC-DST-Systems\\_Public.pdf](https://www.ccpc.ie/business/wp-content/uploads/sites/3/2018/02/M-18-013-SSC-DST-Systems_Public.pdf)

<sup>2</sup> The services provided by CLPRS from these locations encompass a subset of the range of BPO services provided by CLPSI.

<sup>3</sup> [...].



## Rationale for the Proposed Transaction

13. The parties state in the notification:

“[...]”

## Third Party Submissions

14. No submission was received.

## Competitive Analysis

### Horizontal Overlap

15. The Commission considers that there is a horizontal overlap between the business activities of the parties in the State because both SS&C and CLPSI are active in the provision of BPO services to the life insurance, pensions, and related investments sector in the State.

### Product Market Definition

16. The European Commission has previously considered BPO services in the context of the wider IT outsourcing services market in a number of merger decisions.<sup>4</sup>

17. In its decision in Case M.7458 - *IBM/INF Business of Deutsche Lufthansa*,<sup>5</sup> the European Commission considered whether segmentation of the product market according to different functionalities or industry sectors<sup>6</sup> of IT outsourcing services would be

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<sup>4</sup> See, for example, Case M. 8765 *Lenovo/Fujitsu/FCCL* (2018), available at: [https://ec.europa.eu/competition/mergers/cases/decisions/m8765\\_387\\_3.pdf](https://ec.europa.eu/competition/mergers/cases/decisions/m8765_387_3.pdf) and Case M.6127 *Atos Origin/Siemens IT Solutions & Services* (2011), available at: [https://ec.europa.eu/competition/mergers/cases/decisions/m6127\\_292\\_2.pdf](https://ec.europa.eu/competition/mergers/cases/decisions/m6127_292_2.pdf)

<sup>5</sup> Available at: [https://ec.europa.eu/competition/mergers/cases/decisions/m7458\\_20141215\\_20310\\_4043465\\_EN.pdf](https://ec.europa.eu/competition/mergers/cases/decisions/m7458_20141215_20310_4043465_EN.pdf)

<sup>6</sup> For example, the Commission considered the following industry sectors based on market reports by Gartner: (i) agriculture, mining and construction; (ii) process manufacturing; (iii) discrete manufacturing; (iv) utilities; (v) wholesale; (vi) retail; (vii) transportation; (viii) communications; (ix) financial services; (x) healthcare; (xi) services; (xii) education; (xiii) national and international government; and (xiv) local and regional government. See, e.g., Cases M.6237 – *Computer Sciences Corporation / iSoft Group*, Commission decision of 20 June 2011 and M.5197 – *HP / EDS*, Commission decision of 25 July 2008.



appropriate. For example, the European Commission noted that in previous decisions<sup>7</sup> it had considered the following categories of functionalities: (i) hardware maintenance; (ii) software maintenance and support; (iii) consulting; (iv) development and integration; (v) IT outsourcing; (vi) BPO; (vii) management services; and (viii) education and training. However, the European Commission has consistently left open the precise product market definition in previous merger decisions involving IT services.

18. The Commission has previously considered the supply of BPO services in a number of its determinations. In case M/13/014 *Arvato/Gothia*,<sup>8</sup> the Commission's predecessor, the Competition Authority, considered the area of BPO service provision in the State. In case M/18/013 *SS&C/DST Systems*,<sup>9</sup> the Commission considered the provision of BPO services to life insurance companies and pension funds in the State. In case M/19/045 *Telus/Triple C*,<sup>10</sup> the Commission considered the provision of content moderation BPO services and customer relationship management BPO services in the State. In case M/20/008 *Kiwi/IPS*,<sup>11</sup> the Commission considered the provision of third party administration, also sometimes referred to as BPO services, in the life assurance sector.

#### *Views of the parties on product market definition*

19. The parties submit in the notification that it is not necessary for the Commission to reach a firm view on the precise product market. The parties state in the notification that segmentation of the overall category of BPO services by functionality or by industry sector is not necessary or appropriate, as the overall IT services sector is “*dynamic with a degree of supply-side substitutability between the various IT services*” and many BPO services do not require industry-specific expertise and are not subject to regulatory obligations.

<sup>7</sup> See, for example, Case M.6921 – *IBM Italia / UBIS*, decision of 19 June 2013, available at: [https://ec.europa.eu/competition/mergers/cases/decisions/m6921\\_304\\_2.pdf](https://ec.europa.eu/competition/mergers/cases/decisions/m6921_304_2.pdf)

<sup>8</sup> Available at: <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/04/M-13-014-Arvato-Gothia-Determination-Public.pdf>

<sup>9</sup> The Commission's determination M/18/013 *SS&C/DST Systems* is available at: [https://www.ccpc.ie/business/wp-content/uploads/sites/3/2018/02/M-18-013-SSC-DST-Systems\\_Public.pdf](https://www.ccpc.ie/business/wp-content/uploads/sites/3/2018/02/M-18-013-SSC-DST-Systems_Public.pdf)

<sup>10</sup> Available at: <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2019/12/2020.04.02-M-19-045-Public-Determination.pdf>

<sup>11</sup> The Commission's review of the transaction is available at: <https://www.ccpc.ie/business/mergers-acquisitions/merger-notifications/m-20-008-fnz-ipsi/>



### *The Commission's conclusions on product market definition*

20. 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 the precise relevant product market as the Proposed Transaction is unlikely to raise any competition concerns, regardless of whether the potential product markets are narrower (the supply of BPO services to the life insurance, pensions, and related investments sector) or wider (the supply of all IT outsourcing services to all industry sectors).
21. However, for the purposes of assessing whether the Proposed Transaction might result in a substantial lessening of competition, the Commission has analysed its impact by reference to the narrowest market, the supply of BPO services to the life insurance, pensions, and related investments sector.

### *Geographic market definition*

22. The European Commission has previously considered the relevant geographic product market for the provision of IT outsourcing services on a national basis. However, in Case M.6237 *Computer Sciences Corporation/iSOFT Group* (2011),<sup>12</sup> the European Commission noted that the geographic scope of IT services could be broader in scope than national markets as major providers of IT services operate on a worldwide basis and customers frequently have worldwide/European Economic Area (EEA)-wide tenders.
23. In case M/19/045 *Telus/Triple C*, the Commission analysed whether the Proposed Transaction might result in a substantial lessening of competition by reference to the narrowest potential geographic market, i.e., the State.

### *Views of the parties on geographic market definition*

24. The parties in the notification submit that it is not necessary for the Commission to reach a firm view on the geographic scope of BPO services. The parties state in the notification that there are a number of factors which support a geographic market that is broader than

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<sup>12</sup> See Case M.6237 *Computer Sciences Corporation/iSoft Group*, available at:  
[https://ec.europa.eu/competition/mergers/cases/decisions/m6237\\_20110620\\_20310\\_1850463\\_EN.pdf](https://ec.europa.eu/competition/mergers/cases/decisions/m6237_20110620_20310_1850463_EN.pdf).



national, which are (i) that there are typically no material barriers limiting the supply of BPO services within the EEA (or globally); (ii) that many BPO service providers are active on an international basis, including CLPSI; and (iii) that BPO service providers typically offer the same services across territories with limited variations to account for language differences or other country-specific factors.

*The Commission's conclusions on geographic market definition*

25. It is not necessary for the Commission to conclude on the potential scope of the relevant geographic market for the supply of BPO services to the life insurance, pensions, and related investments sector since regardless of whether the potential geographic market is narrower (i.e., the State) or wider (i.e., EEA-wide), the Proposed Transaction is unlikely to raise any competition concerns.
26. However, for the purposes of assessing whether the Proposed Transaction might result in a substantial lessening of competition, the Commission has analysed its impact by reference to the narrowest potential geographic market, which is the supply of BPO services to the life insurance, pensions, and related investments sector in the State.

Competitive Assessment

27. Market share data regarding the BPO sector in the State is unavailable. As demonstrated in Table 1, the parties estimate that their combined market share of the supply of BPO services to the insurance sector in the State is approximately [...]%.<sup>13</sup>

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<sup>13</sup> The parties calculated their estimated market share by reference to DBEI's figures on the total spend on BPO services worldwide and Europe's estimated share. The total size of the BPO sector in the State was calculated by reference to the State's share of EU gross domestic product, and data compiled by Elixirr Consulting was used to estimate the size of the BPO services to insurance sector within the State.



**Table 1: Shares of the supply of BPO services to the insurance sector in Ireland, 2018**

Supplier	By Value	
	€'000s	%
SS&C	[...]	[5-10]%
CLPSI	[...]	[5-10]%
<b>Combined</b>	<b>[...]</b>	<b>[10-20]%</b>
Others	[...]	[80-90]%
<b>Total</b>	<b>[...]</b>	<b>100%</b>

Source: Information provided by the parties, based on DBEI data for global BPO values and data from Elixirr Consulting.

28. A breakdown of the parties combined market share of the supply of BPO services to the life insurance, pensions, and related investments sector in the State is unavailable, but the parties do not expect that their share would differ to a significant extent.
29. There are a large number of alternative providers of BPO services capable of providing BPO services to the life insurance, pensions, and related investments sector in the State, such as *Accenture*, *Equiniti*, *Diligenta*, and *Irish Progressive Services International*. These providers include third party administrators, software-focused operators, and IT service providers. [...].
30. [...].
31. Alternatively, customers of BPO service providers in the life insurance, pensions, and related investments sector tend to be large and sophisticated purchasers with significant countervailing buyer power and the ability to retain in-house functions that were previously outsourced. [...].
32. As part of the Commission's assessment, contact was made with customers of BPO service providers to ascertain their views on the Proposed Transaction. The large majority of customers contacted by the Commission did not report a negative impact as a result of the Proposed Transaction, and furthermore, some customers expect benefits including technological innovation, an enhanced level of expertise, and cost savings.





### *Vertical Overlap*

33. The parties have stated in the notification that there is no vertical relationship between the parties in the State. The Commission has not identified any vertical relationship between the parties. On this basis, the Commission considers that the Proposed Transaction does not raise any vertical competition concerns in the State.

### **Conclusion**

34. 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**

35. No ancillary restraints were notified.



### **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 SS&C Technologies Holdings, Inc. would acquire the entire share capital and, thus, sole control of Capita Life and Pensions Services (Ireland) Limited and certain assets of Capita Life & Pensions Regulated Services Limited, 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**