

***Case No COMP/M.2122 -
BAT / CAP GEMINI /
CIBERION***

Only the English text is available and authentic.

**REGULATION (EEC) No 4064/89
MERGER PROCEDURE**

Article 6(1)(b) NON-OPPOSITION
Date: 11/09/2000

*Also available in the CELEX database
Document No 300M2122*



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 11.09.2000

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EEC) No 4064/89 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus [...]. Where possible the information omitted has been replaced by ranges of figures or a general description.

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

To the notifying parties

Dear Sirs,

Subject: Case No IV/M.2122 BAT / CAP GEMINI / CIBERION

Notification of 07.08.2000 pursuant to Article 4 of Council Regulation No 4064/89

1. On 7. August 2000, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89 by which the undertakings British American Ventures Limited ("BAV") controlled by British American Tobacco ("BAT") and Cap Gemini Ernst & Young UK Limited ("CGEY") controlled by Cap Gemini S.A. ("Cap Gemini") acquire within the meaning of Article 3(1)(b) of the Council Regulation joint control of the undertaking Ciberion by way of purchase of shares in a newly created company constituting a joint venture.
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of Council Regulation (EEC) No 4064/89 and does not raise serious doubts as to its compatibility with the common market and with the EEA Agreement.

I. THE PARTIES' ACTIVITIES AND THE OPERATION

3. BAV is a currently empty investment holding company. It is planned to hold all non-tobacco businesses of BAT. CGEY is active in the market for consulting and professional services related to Information Technology. The newly created joint-venture Ciberion will provide Information Technology Services ("IT services").
4. As regards the mother companies, Cap Gemini is active in the market for consulting and professional services related to Information Technology, and BAT is active in manufacture and sales of tobacco products.
5. The parties are not contributing any pre-existing businesses and enterprises to the joint venture.

6. The joint venture will be jointly controlled by BAV and CGEY. Both parties will have equal representation on the board. The appointment of the CEO and approval of business plans and budgets will require unanimity, giving each parent veto rights over such decisions. Furthermore, the joint venture will perform on a lasting basis all the functions of an autonomous economic entity. Although BAT will initially be the main customer of the joint venture Ciberion, it is planned that by 2003 about [...] of the turnover will be made with third parties.

II. COMMUNITY DIMENSION

7. BAV and CGEY have a combined aggregate world-wide turnover in excess of EUR 5,000 million¹ [...]. Each of them has a Community-wide turnover in excess of EUR 250 million [...], and they do not achieve more than two-thirds of their aggregate Community-wide turnover within one and the same Member State. The notified operation therefore has a Community dimension, and does not constitute a co-operation case under the EEA Agreement, pursuant to Article 57 of that Agreement.

III. COMPETITIVE ASSESSMENT

A. Relevant product market(s)

8. The notifying parties state that there is a relevant product market for IT-services. The joint venture Ciberion will provide Customer Relation Management (“CRM”) services in several European countries and will compete with CRM specialists and general IT service providers, including Cap Gemini. CRM systems are computer-based systems which are used to improve and strengthen customer relationships.
9. However, it is not necessary to further delineate the relevant product markets because, in all alternative market definitions considered, effective competition would not be significantly impeded in the EEA or any substantial part of that area.

B. Relevant geographic market

10. The notifying parties state that the relevant geographic market is at least EEA wide. Ciberion as well as its major competitors are active either EEA wide or world-wide, and their customers and potential customers are mainly multinational enterprises.
11. It is not necessary to further delineate the relevant geographic markets because, in all alternative geographic market definitions considered, effective competition would not be significantly impeded in the EEA or any substantial part of that area.

C. Assessment

12. There are no overlaps between the notifying parties. BAV is currently an empty holding company and BAT is a tobacco company, while CGEY and Cap Gemini are

¹ Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Notice on the calculation of turnover (OJ C66, 2.3.1998, p25). To the extent that figures include turnover for the period before 1.1.1999, they are calculated on the basis of average ECU exchange rates and translated into EUR on a one-for-one basis.

IT service providers and consultants. Therefore only one of the parents, namely CGEY, will be active on the same market as the newly created joint venture Ciberion.

13. The broad market for IT services as well as the narrowest possible market for CRM services are very fragmented. Although CGEY are ranked second on both markets, their EEA-wide market share is [less than 5 %]. On a national basis CGEY has the largest market shares in Norway and the Netherlands with [less than 10%] and France and Sweden with [less than 10%]. In all other countries their market share is [less than 5%] or less.
14. In view of the market position of the parties to the concentration, the notified operation will have no impact on competition in the EEA. Consequently, the proposed concentration does not create or strengthen a dominant position as a result of which effective competition would be significantly impeded in the EEA or any substantial part of that area.

IV. ANCILLARY RESTRICTIONS

15. The parties submitted no ancillary restrictions with the notification.

V. CONCLUSION

16. For the above reasons, the Commission has decided not to oppose the notified operation and to declare it compatible with the common market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of Council Regulation (EEC) No 4064/89.

For the Commission,
Michaele SCHREYER
Member of the Commission