



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 15.01.1998

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

[To the notifying parties]

Dear Sirs,

Subject : Case No IV/M.1005 - Maersk Data/Den Danske Bank - DM Data
Notification of 01.12.1997 pursuant to Article 4 of Council Regulation No 4064/89.

1. On 1 December 1997, the Commission received a notification of a transaction whereby the two Danish companies Maersk Data A/S ("Maersk Data") and Den Danske Bank Aktieselskab ("Den Danske Bank") acquire joint control of DM Data A/S ("DM Data"). The operation concerns the information technology (IT) sector, more specifically the market for centralised electronic data processing services.
2. After examination of the notification the Commission has concluded that the notified operation falls within the scope of application of Council Regulation 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

3. Maersk Data is one of Denmark's suppliers of information technology services and belongs to the Danish A.P. Møller Group.
4. Den Danske Bank is a provider of banking and other financial services in Denmark.
5. DM Data takes over the parents' activities in centralised data processing services.

II. THE OPERATION

6. The concentration consists of the acquisition by Maersk Data of 50 per cent of the shares in DM Data (formerly Danske Data A/S), which was a previously existing, wholly-owned subsidiary of Den Danske Bank. The Acquisition Agreement was concluded on 16 April 1997. The Commission will therefore consider a possible application of Article 14 of the Merger Regulation.

III. CONCENTRATIVE JOINT VENTURE

A. Joint control

7. DM Data is a joint venture owned 50/50 by the parents. All strategic business decisions of the joint venture will be taken unanimously. Therefore, DM Data is jointly controlled by both parent companies.

B. Full-function joint venture

8. DM Data encompasses all former activities of the parents in the centralised data processing services sector. The JV commenced its activities on 16 April 1997. Its main customers are still its parents but supplies to third party customers have, within the last 6 months, increased to more than 15% of its production and are estimated to amount to 55% in 1999 and 65% in year 2000. DM Data will thus perform on a long-lasting basis all the functions of an autonomous economic entity.

C. Absence of coordination

9. Neither of the parties will be active any longer in the joint venture's market, since they have transferred all their activities and capabilities to the joint venture. Therefore there is no scope for co-ordination of competitive behaviour between the parents.
10. Based on the above, the Commission concludes that the operation constitutes a concentration within the meaning of Article 3(1)(b) of Council Regulation No 4064/89.

IV. COMMUNITY DIMENSION

11. The parties have a combined aggregate worldwide turnover in excess of ECU 5,000 million (A.P.Moller: ECU [...] ¹ million; Den Danske Bank: ECU [...] ¹ million). Each of them has a Community-wide turnover in excess of ECU 250 million (A.P. Moller: ECU [...] ¹ million; Den Danske Bank: ECU [...] ¹ million), but they do not achieve more than two-thirds of their aggregate Community-wide turnover within one and the same Member State. The notified operation has therefore a Community dimension.

V. COMPETITIVE ASSESSMENT

¹ Deleted for publication.

A. Relevant service and geographic markets

12. The parties submit that the relevant product market is centralised data processing services, which form part of the overall outsourcing services market where undertakings outsource to an external supplier the operative performance of computer assignments. The processing services market is based on an application, which has a standardised format and where the customer can gain from the suppliers' high-volume computer processing capabilities. Examples of processing services include the customer payment credit and debit cards, payroll systems, and electronic data inter-changes (EDI) matching invoices with purchase orders.
13. The parties also submit that the relevant geographic market is probably world-wide, or at least in the process of becoming world-wide. It has been stated in the Commission's previous case law that the relevant geographic markets may be national on account of the importance of being able to communicate in the customer's own language and the importance of local presence.² The parties contend, however, that the important key factors are costs, efficiency and security. In particular, the costs of data transmission are important. They state by way of example of the market becoming global, that it has been possible to make a competitive bid for a contract in Australia to be processed on the hardware installed in Denmark. This is an illustration of the market becoming global.
14. For the assessment of the present case it is not necessary to decide upon the scope of the relevant service and geographic markets since even on the narrowest definition, effective competition would not be significantly impeded in the EEA or in a substantial part of that area.

B. Assessment

15. The only market affected within the meaning of Form CO is the Danish market for the provision of processing services where the joint venture holds a market share of approximately [...] ³ %. In its enquiries, the Commission has confirmed the presence in Denmark and in the Nordic region of a number of significant competitors (Computer Sciences Corporation, IBM Global Services, Electronic Data Systems, Sema Group and WMdata AB) which would have the power to effectively compete with DM Data. The investigation undertaken by the Commission shows that the proposed joint venture will not result in the creation or reinforcement of a dominant position in the affected market.

² Case N° IV/M.798 General Electric/Compunet.

³ Deleted for publication: less than 25%.

VI. 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 functioning of the EEA Agreement. This decision is adopted in application of Article 6 (1)(b) of Council Regulation (EEC) N° 4064/89.

For the Commission,