

***Case No COMP/M.1702 -  
VEDIOR / SELECT  
APPOINTMENTS***

Only the English text is available and authentic.

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

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Article 6(1)(b) NON-OPPOSITION  
Date: 18/10/1999

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## COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 18.10.1999  
SG (99) D/8221

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 Where possible the information omitted has been replaced by ranges of figures or a general description.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 party

### **Subject: Case No IV/M.1702 – VEDIOR/SELECT APPOINTMENTS**

Notification of 16.09.1999 pursuant to Article 4 of Council Regulation No 4064/89

1. On 16.09.1999 the Commission received the notification of a proposed operation by which the Dutch company Vedior N.V. will acquire control over the whole of the undertaking of Select Appointments (Holdings) PLC, a UK company.
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 AND THE OPERATION**

3. Vedior N.V.'s ("Vedior") principal activity is the provision of temporary employment services to undertakings. In addition, it provides permanent recruitment services, though only to a very small degree. Vedior also operates a trademark bureau based in the Netherlands offering services to customers in several Member States, and provides vocational training, primarily in Germany.
4. Select Appointments (Holdings) PLC ("Select") is a company principally active in the provision of temporary employment services to undertakings. It also provides some permanent recruitment, outsourcing, training and other employment related services.
5. The proposed operation consists of a public offer posted 15.09.99 for acquisition by Vedior (through a wholly owned subsidiary) of the entire issued and to be issued share capital of Select, which will thus become a wholly-owned subsidiary of Vedior.

## II. CONCENTRATION

6. The transaction, involving the acquisition of control by Vedior over Select, through the acquisition of the entire issued and to be issued share capital of Select is a concentration within the meaning of article 3(1) (b) of the Merger Regulation.

## III. COMMUNITY DIMENSION

7. The combined aggregate worldwide turnover of the undertakings concerned is less than EUR 5 000 million [€ 4812 million, Vedior: € 3456 and Select: € 1356 million]. However, their combined aggregate worldwide turnover is more than €2500 million; the aggregate Community wide turnover of each of the parties is more than € 100 million; in each of at least three Member States the combined aggregate turnover is more than €100 million and in these Member States [...], the aggregate turnover of each of the parties is more than €25 million. Neither of them achieves more than two-thirds of their turnover in one and the same Member State. The operation has therefore a Community dimension.

## IV. THE RELEVANT MARKETS

### A. Relevant product markets

8. The parties are both active on the market for the provision of temporary employment services, making staff available to customer undertakings. In the sectors for permanent employment services and outsourcing services, Vedior does not compete with Select within the EEA on a regular basis. According to the notifying party, both parties provide training to own employees, which activity cannot be considered a separate market since it is ancillary to their activities in the provision of temporary employment. Therefore the relevant product market may be considered as that for the provision of temporary employment to undertakings.
9. In previous decisions in this sector (M.765, Addia/Ecco, M.879, Vendex (Vedior/Bis) and M. 1476 Adecco/Delphi)<sup>1</sup> the Commission concluded that the relevant market was the market for the provision of temporary employment services to undertakings. Within this market a very large number of firms operate in supplying workers to undertakings that use such firms to manage part of their human resources function by temporary staff. This market differs from the market for provision of permanent employment services. In its decision Adecco / Delphi, the Commission left open whether the relevant market should be defined more narrowly, distinguishing between the market for provision of temporary employment in the traditional, generalist sector of general staff, and the market for higher educated, professional specialist staff, like for the temporary employment services in the information technology (“IT”) sector.
10. Thus, a narrower definition of the product market may be employed, i.e. that for the provision of temporary employment services by placement of specialist staff in certain sectors, like in the IT-sector. However, for the purpose of this Decision, it is not necessary to define the market, since in any market definition employed, the concentration would not raise any competitive concerns. (see paragraphs 12-15 below).

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<sup>1</sup> Case IV/M.765, OJ C 226/15,3.8.96 (Adia/Ecco) and Case IV/M.879,OJ C 162/3,29.5.97(Vendex(Vedior)/BIS, Case M. 1476 (Adecco/Delphi) .

B. Relevant geographic market

11. Although smaller firms on this market tend to operate on a local or regional basis, basically all larger firms operate throughout the national market. In spite of the fact that, in general, there may be a strong tendency towards contracts and consolidation of temporary employment firms at an international level, the relevant geographic market is however not wider than national. This geographic definition is suggested by several factors such as language differences, personal preferences regarding relocation and differing legal and regulatory regimes between Member States<sup>2</sup>

In any event, for the purpose of this decision it is not necessary to decide whether the geographic market may be wider than national for temporary employment services, including provision of temporary specialist staff, because even in an alternative geographic market definition, the operation would not raise serious doubts as to its compatibility with the common market and the EEA Agreement.

V. **ASSESSMENT**

12. Based on the definition of the product market as the market for the provision of temporary employment services in general and on a national basis, the only markets affected by the operation are the French market, where Vedior's market share is [15-20] % and Select's market share is [0-5] %, and Belgium, where Vedior's market share is [20-25] %, Select's share being [0-5] % (estimates by the parties).
13. In view of this very small addition of market shares, the Commission considers that the concentration would not lead to the creation or strengthening of a dominant position on those markets. This must be considered especially in view of the presence of other strong competitors there, also active on a international scale, being, for France, Adecco, with an estimated share of [25-30] % (likely to increase after their recently announced acquisition of Olsten Corporation) and Manpower, with an estimated share of [20-25] %, and for Belgium, Randstad with [25-30] %, Creyf's with [10-15] % and Adecco with approximately [5-15] %, along with a number of smaller competitors in both Member States. (All market shares are estimates by the notifying parties).
14. As the new company's market share will nowhere exceed [20-25] % and since other strong competitors are present on the market, which is characterised by growth and low entry barriers and frequent new entries, it may be concluded that, taking into consideration the very limited increase of market shares stemming from the proposed concentration, the operation does not raise doubts as to its compatibility with the common market and the EEA Agreement.
15. Based on a narrower definition of the product market, i.e. the market of provision of temporary employment services by placement of specialists in certain sectors, there would be an overlap between the parties' activities on the market for provision of specialists only in the IT- sector in France. Market shares for this segment could not be provided by the parties. However, these activities account for a very limited part of the parties' turnover (between [...] % and [...] %). Therefore, there are no indications that, even within this segment, the concentration might create or strengthen a dominant position as a result of which effective competition in the Common Market and in the EEA or a substantial part thereof is significantly impeded.

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<sup>2</sup> See footnote 1

**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 in application of Article 6(1)(b) of Council Regulation No 4064/89.

For the Commission,