

***Case No COMP/M.3872 -  
UNITED SERVICES  
GROUP/SOLVUS***

Only the English text is available and authentic.

**REGULATION (EC) No 139/2004  
MERGER PROCEDURE**

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Article 6(1)(b) NON-OPPOSITION  
Date: 02/08/2005

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 02.08.2005

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In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 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 Where possible the information omitted has been replaced by ranges of figures or a general description.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: Subject: Case No COMP/M.3872 – UNITED SERVICES GROUP / SOLVUS**  
**Notification of 30/06/2005 pursuant to Article 4 of Council Regulation 139/2004<sup>1</sup>**

1. On 30 June 2005, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004 by which the undertaking United Services Group N.V. (“USG”, The Netherlands) acquires within the meaning of Article 3(1)(b) of the Council Regulation (EC) No 139/2004 control of the whole of the undertaking Solvus N.V. (“Solvus”, Belgium) by way of a public bid, published on 14 June 2005.
2. After examination of the notification, the Commission has concluded that the operation falls within the scope of the Merger Regulation and does not raise serious doubts as to its compatibility with the common market and the EEA agreement.

**I. THE PARTIES**

3. USG is a provider of temporary employment services with businesses in The Netherlands, Belgium, Germany, Italy and Spain. USG is listed on Euronext Amsterdam. USG focuses on the following activities: general and specialist temporary employment, professional secondment & projects, training and customer contact centres. A range of service offerings are provided via a number of independent operating undertakings including Unique, Start, Secretary Plus and Technicum (temping & secondment), United Restart

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<sup>1</sup> OJL 24, 29.1.2004 p. 1.

(career intervention, reintegration and job coaching), United Capacity, United Technical Solutions (recruitment & selection, secondment and project-type activities for professional specialists), Luzac College and InterCollege (education) and Telecom Direct and Call it (customer contact centres).

4. Solvus is a provider of temporary employment services with businesses in Belgium, The Netherlands, Luxembourg, France, Germany, Austria, Italy, Spain, Poland and Switzerland. Solvus is listed on Euronext Brussels. Solvus focuses on three activities: temporary staffing, secondment & projects and services & consultancy. Solvus' international brand portfolio comprises Acea, Beaver IT Services, Creyf's and Innotiv. It also possesses strong national brands including, ABI, Carela, Content, Express Medical, Finances Forces, HR Forces, Legal Forces, Receptel and Starjob.

## **II. THE OPERATION**

5. The notified operation concerns the acquisition of the entire share capital of Solvus by USG by means of a public bid for all the shares, options and warrants of Solvus. The Belgian investment company Ackermans & Van Haaren N.V., Solvus' major shareholder, has in principle agreed to tender its block of 41,78% of Solvus' issued and outstanding share capital. In principle Solvus' Executive Board supports the offer.
6. On 12 July 2005 the Belgium Finance Banking and Insurance Commission approved the draft prospectus for the public offer. The offer period has started on 18 July and will run until 12 August 2005. Under Belgian law the initial offer period has a maximum duration of 20 working days. A possible re-opening of the offer (required if more than 90%, but less than 95% of the shares are tendered) and/or a squeeze-out procedure (possible if USG holds more than 95% of the shares) will take longer.

## **III. CONCENTRATION**

7. The bid is conditional on USG being able to obtain at least 95% of the share capital of Solvus. This allows it to squeeze-out the remaining shareholders. Once USG has acquired 100% of the share capital of Solvus, it may request Euronext Brussels to terminate the listing of Solvus.
8. If successful, the bid will allow USG to acquire sole control over Solvus. The proposed transaction therefore constitutes a concentration within the meaning of Article 3(1)(b) of Council Regulation (EC) No 139/2004.

## **IV. COMMUNITY DIMENSION**

9. The combined aggregate worldwide turnover of the undertakings concerned is more than €2,5 billion (USG €1,3 billion, Solvus, €1,45 billion). Neither USG nor Solvus achieves more than two-thirds of its Community-wide turnover in one Member State. In the following Member States the combined aggregate turnover of all the undertakings concerned is more than € 100 million: Belgium (USG €[...] million, Solvus €[...] million), The Netherlands (USG €[...] million, Solvus €[...] million) and Spain (USG €[...] million, Solvus €[...] million). In the following Member States the aggregate turnover of each of the undertakings concerned is more than €25 million: Belgium (USG €[...] million, Solvus €[...] million), The Netherlands (USG €[...] million, Solvus €[...] million) and Spain (USG €[...], Solvus €[...] million). The operation has therefore a Community dimension within the meaning of Article 1(3) of Council Regulation (EC) No 139/2004.

## V. COMPETITIVE ASSESSMENT

The proposed concentration leads to horizontally affected markets with regard to the provision of temporary employment services to undertakings.

### *Relevant product market*

#### Temporary employment services to undertakings

10. According to the notifying party the relevant product market consists of the market for temporary employment services to undertakings. According to the notifying party this market should be distinguished from the market for the provision of permanent employments services and direct employment. This distinction is confirmed by previous Commission decisions<sup>2</sup>.
11. The notifying party argues that the market for temporary employment services should include related activities, such as secondment and projects based temporary employment services: they are variations on the regular agency services for temporary staff. The terms secondment and projects are generally used for more tailor made employment services, for instance for the supply of more specialised staff or for a group of temporary workers. Secondment personnel may also be permanently employed by the agencies, although they are still temporarily hired by the customer. Secondment and project services may also involve more co-ordination or management by the agency. However, the notifying party underlines that the basic service remains the same, i.e. the provision of temporary staff.
12. The market investigation largely confirmed the view of the notifying party that there is no need to distinguish separate markets for secondment and project based temporary employment services.
13. The notifying party submits that the market for temporary employment services (including secondment and projects) should not be defined more narrowly by specialisation (categories of work). According to the notifying party in countries where the market for temporary employment services is more developed, temporary employment agencies try to distinguish themselves through specialisation, e.g. agencies for secretaries, agencies for (para) medical staff and agencies for technical staff. For example, in The Netherlands the trade association for temporary employment agencies (“ABU”) distinguishes between the categories administrative, medical, industrial and technical personnel, whereas in Belgium the trade association Federgon distinguishes between “white collar workers and blue collar workers. Some specialised agencies do not specialise by category of work, but by level of skills or education (“professional staff” vs. “general staff”).
14. Although the larger temporary employment agencies use different brand names for specific types of temporary staff, in addition to their general agency and brand names, the notifying party stresses that these specialised agencies continue to compete with the general temporary employment agencies. Moreover, the barriers to entry into the specialised segments are low. For temporary employment agencies it is easy to start a specialised agency or brand name. Existing general temporary employment agencies that already supply temporary secretaries, nurses or ICT personnel can easily bundle one or more categories in a specialised agency. The notifying party argues that for new entrants

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<sup>2</sup> Case M. 765 ADIA / ECCO, par. 15

on the market for temporary employment services it is in principle not more difficult to start a specialised agency than a general agency. In general, the entry barriers are equally low.

15. In previous decisions, the Commission has left open the question whether the market for temporary employment services should be defined more narrowly by specialisation<sup>3</sup>. It did point out however, that in spite of a trend for providers of temporary employment services to seek specialisation, customers can still get a broad range of different types of employees from the same temporary employment services firm. In addition, the Commission held that most firms are able within a short time to extend their services to additional categories of employees. A majority of the respondents to the market investigation in the present case confirmed that there is no need for a further segmentation of the market for temporary employment services.
16. In the present case the question can be left open whether the market for temporary employment services should include secondment and project related temporary employment services, or should be segmented by specialisation, since the transaction will not raise competition concerns on any of the alternative market definitions considered above.

*Relevant geographic market*

17. The notifying party argues that the relevant geographic market for temporary employment services is national. It refers to factors such as language differences and differing legal and regulatory regimes. At the same time the notifying party claims that such national markets should not be defined narrower and segmented on a local or regional basis. All the larger temporary employment agencies operate nationally. The competition between the larger temporary employment agencies does not differ substantially between regions. The prices, advertising and contractual conditions used are similar for the national market as a whole and do not differ from region to region.
18. In a previous decision the Commission confirmed that although smaller firms tend to operate on a local or regional basis, all larger firms operate throughout the national market<sup>4</sup>. Further, in spite of the fact that, there may be a strong tendency towards consolidation of temporary employment firms at an international level, the Commission considered that the relevant geographic market is not wider than national, in view of language differences, personal preferences regarding relocation and differing legal and regulatory regimes between Member States. This conclusion was confirmed by the market investigation. Consequently, the relevant geographic market for the provision of temporary employment services is considered to be national.

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<sup>3</sup> Case M.1702 Vedior / Select appointments, par 9.

<sup>4</sup> M 1702 Vedior / Select appointments, par 11.

## *Assessment*

19. Based on a national market definition, the notifying party submits that the only geographic markets where the activities of the parties overlap are Belgium, Germany, Italy, The Netherlands and Spain. The combined market shares of the parties on these markets over 2004 remain below 15%, except for the Netherlands and Belgium: Germany [0-10%] (USG [0-10%], Solvus [0-10%]), Italy [0-10%] (USG [0-10%], Solvus [0-10%]) and Spain [10-20%] (USG [0-10%], Solvus [0-10%]).
20. The markets for temporary employment services in Germany, Italy and Spain are relatively smaller than in the Netherlands and Belgium and are characterised by general or traditional employment services without any distinction by category or specialisation. The notifying party confirms that the combined market shares of the parties will remain below 15% in Germany, Italy and Spain, even if narrower product markets are defined.

### The Dutch market

21. On the Dutch market for the provision of temporary employment services to undertakings the parties have a combined market share over 2004 of [10-20%] (USG [10-20%], Solvus [0-10%]). Their main competitors have the following market shares: Randstad [30-40%], Vedior [0-10%] and Adecco [0-10%].
22. If one would distinguish separate product markets for secondments and project related temporary employment services the parties would have an estimated combined market share over 2004 of [10-20%] (USG [0-10%], Solvus [0-10%]) on the market for secondments. The main competitors of the parties on the Dutch market for secondments are Randstad, Logica CMG and Hi Tecs BV. Randstad is market leader. USG is not active on the market of project related temporary employment services. Therefore, there is no overlap between the activities of the parties in this market segment.
23. If one would apply a narrower product market definition and segment the Dutch market for temporary employment services, in line with the segmentation usually applied on the Dutch market, i.e. by type of activities, the parties would have the following combined market shares over 2004: administrative [20-30%] (USG [10-20%], Solvus [0-10%]), medical [10-20%] (USG [10-20%], Solvus [0-10%]), industrial [10-20%] (USG [0-10%], Solvus [0-10%]) and technical [20-30%] (USG [10-20%], Solvus [10-20%]). The market investigation confirms that Randstad remains market leader for each of these segments, followed by the new combination of USG and Solvus and Vedior, Adecco and Manpower.
24. It follows from the above that, the proposed transaction will not significantly impede effective competition on the Dutch market, even if the market for temporary employment services is segmented by type of activities. The specialised temporary employment service providers compete to a large extent with the general temporary employment services providers and the barriers to entry are low. Further, it appears that customers can easily switch supplier, since switching costs are low, contracts are rarely exclusive and the duration of contracts is normally limited (maximum one year).
25. The same conclusion applies in case a separate market is identified for secondments.

## The Belgian market

26. On the Belgian market for the provision of temporary employment services to undertakings the parties have a combined market share over 2004 of [10-20%] (USG [0-10%], Solvus [10-20%]). Their main competitors have the following market shares: Randstad [20-30%], Vedior [10-20%], Adecco [10-20%].
27. If one would distinguish separate product markets for secondments and project related temporary employment services the parties would have an estimated combined market share over 2004 of [10-20%] (USG [0-10%] Solvus [10-20%]) on the Belgian market for secondment. The main competitors of the parties on the Belgian market for secondment are Dolmen and Randstad. USG is not active on the market of project related temporary employment services. Therefore, there is no overlap between the parties in this market segment.
28. If one would apply a narrower product market definition and segment the Belgian market for temporary employment services in line with the segmentation usually applied on the Belgian market, i.e. by distinguishing two types of activities, the parties would have the following combined market shares over 2004: blue collar [10-20%] (USG [0-10%], Solvus[10-20%]), white collar [10-20%] (USG [0-10%], Solvus [0-10%]). The notifying party submits that all major competitors are active in both segments. Randstad is market leader in both segments, followed by the new combination of USG and Solvus and the other main competitors, Adecco, Vedior and Manpower.
29. It follows from the above that, the proposed transaction will not significantly impede effective competition on the Belgian market, even if the market for temporary employment services is segmented by type of activities. The specialised temporary employment service providers compete to a large extent with the general temporary employment services providers and the barriers to entry are low. Further, it appears that customers can easily switch supplier, since switching costs are low, contracts are rarely exclusive and the duration of contracts is normally limited (maximum one year).
30. The same conclusion applies in case a separate market is identified for secondments.

## **VI. CONCLUSION**

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 (EC) No 139/2004.

For the Commission  
(signed)

Vladimir SPIDLA  
Member of the Commission