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***Case No COMP/M.
4662 - SYNIVERSE /
BSG***

Only the English text is authentic.

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

Article 8(1)

Date: 04/12/2007



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 04/12/2007

C(2007) 5984

PUBLIC VERSION

COMMISSION DECISION

of 04/12/2007

**declaring a concentration to be compatible with the common market
and the EEA Agreement**

(Case No COMP/M. 4662 - SYNIVERSE / BSG)

(Only the English text is authentic)

(Text with EEA relevance)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to the Agreement on the European Economic Area, and in particular Article 57 thereof,

Having regard to Council Regulation (EC) No 139/2004 of 20 January 2004 on the control of concentrations between undertakings¹, and in particular Article 8(1) thereof,

Having regard to the Commission's decision of 5 June 2007 to initiate proceedings in this case,

1 OJ L 24, 29.1.2004, p. 1.

Having regard to the opinion of the Advisory Committee on Concentrations²,

Having regard to the final report of the Hearing Officer in this case³,

WHEREAS:

I. INTRODUCTION

- (1) On 5 June 2007, the Commission received a notification pursuant to Article 4, following a referral pursuant to Article 4(5) of Regulation (EC) No 139/2004 ("the Merger Regulation"), of a proposed concentration by which the undertaking Syniverse Technologies, Inc ("Syniverse", United States of America) acquires within the meaning of Article 3(1)(b) of the Merger Regulation control of the wireless business of Billing Services Group Limited (Bermuda) by way of purchase of shares.
- (2) By decision dated 10 July 2007, it was found that the notified operation raised serious doubts as to its compatibility with the common market and the functioning of the EEA Agreement. Accordingly, proceedings were initiated in this case pursuant to Article 6(1)(c) of the Merger Regulation.

II. THE PARTIES

- (3) Syniverse is a wholly owned subsidiary of Syniverse Holdings, Inc. Syniverse is a global provider of technology services to wireless telecommunications companies and is publicly traded on the New York Stock Exchange. Syniverse's customers are based in more than 50 countries across North America, Central and Latin America, Asia Pacific, Europe, the Middle East and Africa. The services offered by Syniverse include roaming data clearing; number portability solutions; SS7⁴ intelligent network signalling solutions; voice and data roaming facilitation; and various other interoperability solutions.
- (4) The BSG Group⁵, listed on the London Stock Exchange, is a global provider of payment processing, data clearing, financial settlement and risk management solutions for fixed-line (wireline), wireless and Wi-Fi communication service providers. The BSG Group operates two businesses, namely a wireless business and a wireline business. The proposed transaction only concerns the wireless business. The two main

² OJ C ...,...200. , p....

³ OJ C ...,...200. , p....

⁴ SS7 is a signalling protocol used to set up telephone calls.

⁵ In 2003, the private equity fund ABRY Partners simultaneously acquired BC Holdings I Corporation, the parent company of Billing Concepts, Inc. and Enhanced Services Billing, Inc., and from Avery Communications its Thurston Communications Corporation with its two local exchange carrier billing subsidiaries ACI Billing Services, Inc. and HBS Billing Services Company, to create Billing Services Group, LLC. In June 2005, Billing Services Group LLC was floated on the London Alternative Investment Market as Billing Services Group Limited ("BSG"). In August 2005, BSG, through a holding company, acquired EDS IOS GmbH which it renamed BSG Clearing Solutions GmbH and in March 2006 it acquired United Clearing Limited.

subsidiaries of the BSG Group operating the wireless business are Billing Services Group Luxembourg S.a.r.l. (“BSG Luxembourg”) and BSG Clearing Solutions Asia Limited (“BSG Asia”) (BSG Luxembourg and BSG Asia together with their subsidiaries, are referred to hereinafter as “BSG”). BSG mainly provides data and financial clearing services to wireless telecommunication companies around the world. The BSG Group retains its wireline business which it operates in North America.

III. THE CONCENTRATION AND THE REFERRAL

- (5) The proposed transaction involves the acquisition by Syniverse of the wireless business of BSG (the BSG Target Business) pursuant to the share purchase agreement concluded on 1 April 2007. The acquisition confers sole control and the transaction therefore constitutes a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.
- (6) This proposed transaction does not have a Community dimension within the meaning of Article 1 of the Merger Regulation because the combined global turnover of all the undertakings concerned does not exceed EUR 2 500 million. However, the operation is reviewable under the national merger control laws of five Member States, namely Germany, Greece, Spain, Portugal and Slovenia.
- (7) The notifying party filed a reasoned submission (Form RS) for a referral request pursuant to Article 4(5) of the Merger Regulation on 24 April 2007. As no Member States expressed their disagreement the case was automatically referred to the Commission and is deemed to have a Community dimension.

IV. RELEVANT MARKETS

A. Relevant Product Market

- (8) The notifying party submits that the relevant businesses for the purposes of this transaction are part of a multi-billion dollar global billing services market for mobile network operators ("MNOs"). They estimate the total global value of the billing services market to be in excess of USD 5 billion. Billing services comprise a number of functions. At the retail end, billing vendors provide MNOs with platforms to enable them to bill subscribers directly for all mobile services used by subscribers including telephone calls, SMS messages and data transfers. At the wholesale end, billing vendors provide backroom clearing functions to MNOs for roaming. Those services enable a visited network operator to charge a home network operator for the use made by the latter's subscribers of the former's network. The home network's charge to its subscribers for use of roaming facilities is part of the retail billing function.
- (9) This proposed transaction, however, concerns only a part of this billing services market, namely the data and financial clearing services for GSM⁶ roaming⁷. The value of

⁶ GSM ("Global System for Mobile Communications") is the main worldwide standard for mobile communications, and is defined by the GSM Association ("GSMA").

⁷ Roaming allows an MNO's retail customer to use their mobile device on wireless networks other than those to which they are a subscriber. A mobile device could be a mobile telephone, a PDA (personal digital assistant) or a laptop computer.

GSM data and financial clearing services is estimated to be approximately USD 300 million worldwide and in the EEA this is calculated to be worth approximately EUR 53 million.⁸ Data clearing and financial clearing services represent a niche in the billing services function. It enables the processing of records relating to the number and length of wireless calls or message transmission, thus allowing the MNOs both to reconcile their charges with each other and to charge their subscribers for the use of the visited network.

- (10) Syniverse offers GSM roaming data clearing services and BSG offers both. The notifying party claims that Syniverse is today the only leading data clearing house which does not have financial clearing capabilities and that this places Syniverse at a competitive disadvantage because many MNOs seek a “one-stop” solution when outsourcing their data and financial clearing needs. By way of example, they describe how, in the past, Syniverse has had to respond to requests for proposals requiring both data and financial clearing services in concert with Cibernet who could offer the financial clearing required. As Cibernet was acquired by Syniverse's competitor Mach S.A. ("Mach") in March 2007, Syniverse states that it can no longer do this. The parties to the transaction cite the acquisition of BSG's financial clearing services as an essential part of the rationale for the transaction.
- (11) Within the global billing services market, the notifying party submits that a product segment can be defined as the relevant product market for the purposes of the proposed transaction as that of billing services to MNOs, and in particular the markets for GSM roaming data clearing and financial clearing services. Therefore the assessment is confined to this area.
- (12) Roaming allows subscribers to make and receive voice calls, send and receive data, or access other services when they are outside their home network. The subscriber “roams” when he or she uses the visited network. In order for MNOs to be able to provide services across different networks and across different countries, they enter into roaming agreements with each other. These agreements are standard agreements and the entire GSM roaming process is standardised under the auspices of the GSMA⁹.
- (13) Under GSM roaming agreements, an MNO can act as both a visited network and as a home network. When the MNO acts as a visited network, it provides services to visiting subscribers of other GSM networks. These subscribers use the visited network for all their regular wireless needs. When a roaming call or SMS message is completed the visited network creates what is called a Call Detail Record ("CDR"). This record contains subscriber identifying information, the mobile numbers involved, time and date stamps, call duration, whether incoming or outgoing and all other data items needed to generate a charge to the customer. The charges are ultimately calculated based upon the Inter-Operator Tariffs ("IOT") agreed between the relevant MNOs, together with discounts. In any given month a visited network can create

⁸ The notifying party's figures for 2006.

⁹ The GSM Association (GSMA) is the global trade association representing more than 700 GSM mobile operator Members across 218 countries and territories in the world and around 200 service suppliers, including Syniverse, BSG and Mach. The GSMA was founded in 1987 by 15 operators committed to the joint development of a cross border digital system for mobile communications. Source: GSM association brochure 2007 (www.gsm.org).

hundreds of thousands or even millions of these CDR records especially if the visited network contains a popular holiday destination. At the end of each day, a package of CDR records or TAP files¹⁰ has to be sent to each MNO roaming partner who had a subscriber visiting the home network. An MNO doing its own data clearing would potentially have to send a package of CDRs to all their roaming partners who had visiting subscribers on their home network. Equally the home network would also have subscribers visiting other networks and would need to accept and reconcile the CDRs of its customers who roamed abroad. Alternatively they could send their visitors' CDRs to a data clearing house who would deal with all their roaming partners.

- (14) Subsequently, MNO's need to settle the costs of the usage of their respective subscribers. This is the financial clearing process.
- (15) Generally MNO's either do their wholesale and retail billing functions in-house or they may purchase a billing platform from a global billing vendor which provides a total billing package, either as a software package that allows the operator to run some of these functions through its internal IT department or as an outsourced service. Alternatively, MNOs may outsource part of their billing functions and conduct the remainder of the functions in-house.
- (16) If an MNO uses two different service providers for its clearing needs, namely, one for data clearing and one for financial clearing, the data clearing house will need to provide to the financial clearing house all details of processed, re-submitted and / or re-processed billing data both to and from a given MNO with all of its partners. This data is exchanged in an agreed data format. There is a need for ongoing interaction between the data clearing house and the financial clearing house as the data clearing house must be available to respond to any queries that the financial clearing house might have in the event that the financial clearing house detects any anomalies with the data or if a dispute is later raised between an MNO and a roaming partner based upon the billing data included with an invoice.
- (17) To date, the Commission has not defined those markets. The notifying party proposes that it can be left open whether data clearing and financial clearing are separate markets. However, they have accordingly provided estimated market shares based upon these proposed markets both at a world-wide and at an EEA level.
- (18) The market investigation clearly confirmed that there are separate markets for data clearing and financial clearing services. The vast majority of respondents considered them to be separate markets.¹¹ Accordingly the purposes of the two services are considered to be different and do not seem substitutable. They can be contracted for separately. The market investigation showed that MNOs frequently use a different data clearing service provider and a different financial clearing service provider. Financial clearing services are much more frequently done in-house than data clearing services, as MNOs tend to outsource their data clearing services (only one major

¹⁰ CDR files are packaged into a standard record and file format known as Transferred Account Procedure (TAP), prepared in accordance with GSMA standards.

¹¹ 30 customers out of 34 defined data clearing and financial clearing services as separate product markets.

MNO in the EEA does it in-house).¹² In contrast to what the notifying party suggests, customers do not require that a service provider provides both data clearing and financial clearing services.¹³ The market investigation did not reveal evidence of a trend away from that practice. Some respondents in the market investigation even proposed that it would be good to have different suppliers for data and financial clearing services as the MNO could control and cross-check the two service providers easier and would not be dependent on one of them.

- (19) Accordingly, data clearing and financial clearing services should be considered as different product markets. As the parties' activities do not overlap in the market of financial clearing services, the further analysis only deals with the market for GSM roaming data clearing services.
- (20) Nevertheless, the results of the market investigation have also shown that the data clearing market is closely related to markets comprising other services to mobile network operators. Data clearing houses ("DCHs") usually provide a number of additional services to MNOs¹⁴ especially other services from the wider area of

¹² Only one MNO out of 38 answered that it does data clearing in-house. Five others responded that they have outsourced 70-95% of their data clearing needs. 32 MNOs have completely outsourced this service.

¹³ Only 10% of the MNOs that responded indicated that they require both services from the same supplier. The other 90% were very clear that it was not a requirement for them.

¹⁴ Syniverse, for example, offers the following services:

Access S&E	GSM data clearing.
CCNS	Resale of point to point circuits to MNOs.
CNAM/LIDB STORAGE	Database storage of telephone numbers and associated names for wireline networks to enable calling name display service.
E-911	Connection between MNOs and local emergency response agencies to exchange location information for wireless subscribers who dial the United States of America emergency response number (911).
EVENT MANAGER	Used by operators to provide flexible mediation and billing between MNOs and wireless data content providers.
FALLOUT MGMT	A workflow management tool used in number portability by operators in North America.
FRAUD RESOURCE CENTER	Outsourced service operations for fraud identification and elimination.
FRAUD-X	A fraud identification application that uses subscriber behavior profiles to identify potentially fraudulent activity on an operator's network.
GSM Transport	Provides a means for transporting the SS7/C7 messages (GSM signaling) between GSM MNOs to enable subscriber roaming.
INPACK	Gives subscribers seamless access to their data network while roaming nationally and internationally.
ITHL	Mobile data charging engine, Personalised ringback tone service, Interactive Video Response System
LATALINK	A network service for call routing and termination services.
LINKS/PORTS	Circuits used for providing INLink and GSM Transport.
LNP SOA	Enables the exchange of data between operators, and with the centralised database for mobile number portability in North America.
LNP	Database access for proper routing of calls to a subscriber who has ported between network providers, both wireless and wireline.
LOCAL SERVICE REQUEST	Enables the exchange of data between wireless and wireline network providers to enable porting of numbers between the technologies in North America.
MESSAGE MGMT	Enables the exchange of SMS messages between MNOs.
MMS-IG	Enables the exchange of MMS messages between MNOs.
SOFTWRIGHT SOLUTIONS	Mobile number portability solution provided to the MNOs in the United Kingdom.
STREAMLINER	A corporate account billing platform for MNOs.
VISIBILITY	A customer service tool that captures subscriber activity from the network to allow operators to troubleshoot roaming problems.

billing services. MNO customers also stated that when selecting a DCH, they would take into account whether or not this supplier could also offer additional services. In this respect, the market investigation has shown that some of the other players active in particular in the field of billing services could enter the data clearing market in order to provide several related services to their client. This is discussed in the section on Assessment.

- (21) Considering the results of the market investigation, it may be concluded that there is a separate market for GSM roaming data clearing services.

B. Relevant Geographic Market

- (22) The Commission has not defined the geographic scope of the relevant geographic markets in previous cases. The notifying party suggests that as the broader market for billing services is global in nature, the geographic market for GSM data clearing and financial clearing services is also worldwide in scope.
- (23) They submit, firstly, that roaming data, by its very definition has an international dimension and is not limited to national borders. This is confirmed by the market investigation. However, the fact that data clearing services are wider than national does not necessarily imply that the relevant geographic market is global. Nor does it preclude a market which is EEA-wide in scope.
- (24) Secondly, they maintain that global standards apply to the way that roaming data is exchanged and cleared. The provision of GSM data and financial clearing services must follow the global standards set by the GSMA. This is also confirmed by the market survey.
- (25) Thirdly, the notifying party maintains that the geographic location of the customer and of the service provider is irrelevant as the service provider can provide services from any location worldwide. They claim that clearing houses (as well as billing vendors) operate on a global basis and that the location of their operations and that of their customers is irrelevant to the provision of the services or to the purchasing decision of the MNOs. In addition, they suggest that as many customers of GSM data and financial clearing services are large operators, such as Vodafone, T-Mobile and Orange, MNOs often procure on a wider than national basis and may negotiate a framework agreement with a data clearing house with terms available to their affiliates around the world, or at least in a region, thereby gaining a volume discount and a pricing model for the totality of all transactions processed by the clearing house.
- (26) Therefore, they argue, that from a practical point of view, services provided by data clearing houses can be provided from any location around the world and that customers of data clearing houses use these services irrespective of their location. By way of example, the notifying party describes how Syniverse provides its data clearing services to all of its worldwide customers, including all of its customers in the EEA, from its headquarters in Tampa, Florida. GSM data clearing customers of both Syniverse and the BSG Target Business include MNOs based in numerous EEA and overseas countries.
- (27) The market investigation partly confirmed the view of the notifying party that the geographic market could be considered to be global. In reply to the general question on the scope of the market, a majority of the customers who responded considered the market for data clearing to be world-wide. A number of respondents, however,

considered the market to be EEA-wide.¹⁵ This may also be supported to a certain extent as there is a Regulation in place with respect to the underlying activities.¹⁶

- (28) The market investigation also showed some indications that the market could be limited to the EEA. Requests for proposals by MNOs are addressed internationally, but, according to the market investigation, the practicalities are that if a service provider wants to win contracts for servicing MNOs in the EEA it is advisable to have a presence in the EEA. Half of the respondents (which included large MNO customers) place a high value on geographic proximity for reasons of data integrity and after sales service. Some customers like to meet regularly with their service providers and others need assistance in the same time zone, as data clearing is a function which is critical to their business. The reason is simple: it represents roaming revenue.
- (29) Within the EEA three data clearing competitors are currently doing business: Mach, Syniverse and BSG. All of them have more than one EEA office. These suppliers are also the only competitors who have actually won any contracts in the EEA since 2003.
- (30) Nevertheless, the market investigation also showed that establishing an EEA presence only requires limited efforts. When Syniverse decided to bid for MNOs in the EEA in 2003, Syniverse initially employed [less than 10]* persons in the EEA as part of their local sales force. By 2004, they had customers in France and in Luxembourg. Today, Syniverse has [10-30]* employees in the EEA involved both in generating new business and in servicing current accounts which also now include customers in the Nordic countries¹⁷. All data clearing activities for their EEA customers are, however, run from Syniverse's base in Tampa, Florida, United States of America. The notifying party claims that the costs involved in maintaining an EEA presence are limited to salaries and the rental of office space.¹⁸
- (31) Whereas an EEA presence would therefore be an advantage in order to service EEA customers, the costs of opening an EEA office are limited and one competitor also explained that it would not be absolutely necessary as the data processing server may in any case be operated outside the EEA.
- (32) In addition, the market investigation showed that data processing reliability and data protection issues are of a high relevance and that, at least for some EEA countries, an administrative authorisation to process data outside the borders of a Member State or outside the European Union would be required. For that reason, an operator explained that it would not enter into a services contract with data clearance operators located in areas of the world which do not seem stable. A number of MNOs responding to the market investigation stressed the importance of their data being subject to European Union data protection laws as laid down in Directive 95/46/EC of the European

¹⁵ 30 respondents indicated that the geographic market would be global, 5 others suggest EEA-wide.

¹⁶ Regulation (EC) No 717/2007 of the European Parliament and of the Council of 27 June 2007.

* Parts of this text have been edited to ensure that confidential information is not disclosed; those parts are enclosed in square brackets and marked with an asterisk.

¹⁷ E-Mail submission by notifying parties sent to the Commission on 20 July 2007.

¹⁸ E-mail submission by the notifying party sent to the Commission on 25 June 2007.

Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data¹⁹ and Directive 2002/58/EC of the European Parliament and of the Council of 12 July 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector (Directive on privacy and electronic communications)²⁰. In addition, as referred to in Recital (13), the transmitted data includes sensitive, personal information.

- (33) However, the market investigation has also revealed that MNOs must address data security in the same manner as any other company in other industries having to transfer personal data outside the EEA. The issue of data protection is primarily the responsibility of the MNOs. To discharge their responsibility in the cases MNOs use a data clearing house, they have to make sure that data clearing houses, irrespective of whether they are located inside the EEA or outside, comply with the directions of the MNOs (as a data controller) by including contractual arrangements in their agreements with the data clearing houses (which act as data processors)²¹. The obligations which data clearing houses have to fulfil in dealing with the data of the MNOs are then subject to contractual penalties. In any case, European Union data protection laws do not hinder the processing of the data of EEA MNOs and that of their customers outside the EEA. This is already shown by the example of Syniverse which processes the data of its EEA customers only via its servers located in the US. If the legal requirements are fulfilled, the administrative authorisation procedure established by some Member States is not opposed to the processing of data outside the EEA.
- (34) Therefore, it may be concluded that data protection issues are not a hindrance with respect to the processing of data outside the EEA and would not as such be an indication that the market is only EEA-wide.
- (35) In any case, the exact definition of the relevant geographic market may be left open for the purposes of the present case, as the proposed transaction does not significantly impede effective competition in the common market even in the narrowest possible EEA-wide geographic market.

V. ASSESSMENT

A. Market Structure

Players in the market

¹⁹ OJ L 281, 23.11.1995, p. 31. Directive as amended by Regulation (EC) No 1882 (OJ L 284, 31.10.2003, p. 1).

²⁰ OJ L 201, 31.7.2002, p. 37.

²¹ Articles 16 and 17 of Directive 95/46/EC specify the requirements placed upon the controller (the MNO) and the processor (the data clearing house) with respect the confidentiality and security of processing personal data such as that stored and handled on behalf of MNOs during data clearing operations.

- (36) Outsourcing of data clearing services started back in the early 1990s with companies such as DanNet, Mach and EDS GmbH (in co-operation with T-Mobile of Germany), providing data clearing services. In 2000, EDS also launched a data clearing service in the United States of America. Syniverse²² started data clearing operations in the United States of America. In 1996 and by 2004, the marketplace was further populated with vendors such as Cibernet (financial clearing and data clearing in the United States of America), United Clearing (financial clearing in the United Kingdom), Comfone (Switzerland, data clearing and financial clearing), VeriSign (data clearing and by 2006 financial clearing also in the United States of America), Emirates Data Clearing House ("EDCH" of Dubai, data clearing and financial clearing) and ARCH (China Mobile, data clearing services in China)²³.
- (37) From 2004 onwards, the markets witnessed a number of acquisitions. 2004 saw Syniverse acquire the EDS United States data clearing business while Mach bought DanNet. In 2005 and 2006, BSG acquired both EDS GmbH (data clearing) and United Clearing (financial clearing) respectively and in early 2007, Mach acquired Cibernet. In the EEA, three data clearing houses currently supply data clearing services to MNOs: Mach, BSG and Syniverse.
- (38) The market leader, Mach has its headquarters in Luxembourg and has been doing data clearing since the 1990's. Mach has more than 400 data clearing clients around the world serviced by their 700 employees from offices in the United States of America, South America, India, Dubai, Singapore, Hong Kong and six other offices in Europe (including Moscow and London)²⁴.
- (39) As referred to in the description of the concentration in Recital (4), BSG was created in 2003 from an amalgamation of companies by the private equity fund ABRY Partners. In June 2005, it was floated on the London Stock Exchange. BSG describes how it has grown both organically and through acquisitions²⁵. Today it has around [...] employees and provides data clearing services for [more than 100] clients worldwide including T-Mobile, [...], [...], [...], O2 (Ireland, Germany, and the United Kingdom), [...] and Cable & Wireless. With the acquisition of EDS' data clearing service and United Clearing's financial clearing service, it entered the USA market in 2006 with a [...] investment, a small sales and administrative staff of [0 – 10] people in total and [...] office space. It has also licensed [...] which is supported from [outside the United States]²⁶ in order to establish a market presence as a data clearing house in the United States of America. According to the notifying parties, BSG's top [...] customers represent approximately [...] % of its GSM data clearing

²² Until 2004, Syniverse used to trade under the name of Telecommunications Services Inc. ("TSI"). TSI was a wholly-owned subsidiary of Verizon Information Services, Inc.

²³ Interestingly, most of the currently active data clearing houses began life as part of an MNO. What is now Syniverse had its origins in Verizon; VeriSign in Cingular; DanNet in TDC; BSG in Deutsche Telekom; EDCH in Etisalat; ARCH in China Mobile; Mach in Millicom.

²⁴ www.mach.com

²⁵ Annexes 10, 11 Form CO

²⁶ Section 1 of the notifying party's response to the decision adopted pursuant to Article 6(1)(c) of the Merger Regulation ('the 6(1)(c) Decision'), which was received on 1 August 2007

service and approximately [...] *% of their EEA GSM data clearing revenues are derived from MNOs that are part of larger corporate groups.

- (40) Syniverse describes itself as a global provider of technology services to wireless communications companies and is publicly traded on the New York Stock Exchange. Its data clearing operation started with customers in the United States of America which today include Cingular Wireless, Dobson Communications, Centennial Cellular and Rural Cellular. Syniverse first established an EEA data clearing presence in 2003 based upon what it termed a modest investment. Its first customer was Société Française de Radiotéléphone ("SFR") of France. In 2005, it won a framework contract to service Vodafone's subsidiaries in the EEA. Every Vodafone subsidiary is entitled to benefit from the contract on the basis of the group terms and conditions negotiated with Vodafone. Syniverse's customer list in the EEA now includes TeliaSonera of Sweden, Telia of Denmark and Voxmobile and LuxGSM of Luxembourg. Today, their top three EEA group customers ([...]*, [...]*, and [...]*) represent over [80-95] *% of its GSM data clearing revenue in the EEA.
- (41) Another competitor that used to be directly active in data clearing in the EEA is Comfone of Switzerland. Comfone sells mobile-related services and training to MNO's worldwide which since 1998 included their own data and financial clearing solutions. In 2003, they ceased selling their data clearing product and became a re-seller of BSG's clearing services. Today Comfone on-sells BSG's data and financial clearing services for which they receive a financial incentive. The market investigation has shown that Comfone is a credible bidder in the data clearing and financial clearing market. The Commission considers that Comfone would be able to re-enter the market for GSM data clearing within the near future.
- (42) Emirates data Clearing House ("EDCH") was founded in 1994 as part of Etisalat, the United Arab Emirates telecommunications company. While it has been focusing its activity in the Middle East, EDCH has been attempting to grow its business in other parts of the world (in the Far East and in Africa) and has, currently over [...] * customers. Although EDCH is not active in the EEA, it has participated in tender procedures in the EEA and would appear to exhibit the incentive and the intention to enter the EEA market. The Commission considers that EDCH may have the incentive to enter an EEA market for GSM data clearing.
- (43) VeriSign is a public company based in the United States of America (NASDAQ) which offers a variety of internet and telecommunications services. VeriSign operates the systems that manage the .com and .net domain names, handling as many as 31 billion Web and e-mail lookups every day. They claim to run the largest telecommunications signalling networks in the world²⁷, enabling cellular roaming, text messaging²⁸ and multimedia messaging. VeriSign is probably best known for its digital authentication and security services for internet retail transactions²⁹. It also supplies GSM fraud detection and data clearing services to MNOs in the United States of America. As yet it does not provide data clearing services in the EEA. However, it does provide related

²⁷ VeriSign supplies SS7 services which is a signalling protocol used to set up telephone calls

²⁸ VeriSign delivers 200 million SMS message a day

²⁹ VeriSign claims to monitor 300 million retail internet transactions per day.

services to its customers through its EEA offices³⁰. On the basis of the market investigation, the Commission considered it likely that VeriSign would have the incentive to enter the market in the EEA, in particular if sponsored by an MNO. VeriSign has almost [...] data clearing customers in the Americas. VeriSign have a large number of customers for SS7 services worldwide and transfers SMS and MMS messages for customers within the EEA³¹.

- (44) Another competitor providing data clearing services is Advanced Roaming Clearing House ("ARCH") a subsidiary of China Mobile with offices in Hong Kong and in Shenzhen in the People's Republic of China. ARCH services the world's largest MNO, China Mobile as well as other MNOs. It has no presence in the EEA and, although during the market investigation some customers considered ARCH to be a credible bidder, the Commission did not find it likely that ARCH would imminently enter an EEA market for data clearing.

Market Shares

- (45) The area of overlap between Syniverse and BSG is in the provision of GSM roaming data clearing services. The notifying party has supplied estimates of worldwide shares (Table 1) as well as estimates for market shares at the European Union level (Table 2).

³⁰ VeriSign has offices in Denmark, France, Germany, Italy, Norway, Sweden, Spain, Switzerland and the United Kingdom.

³¹ Estimates of the notifying parties received 24 October 2007.

Competitor	2006		2005		2004	
	Market Share	Estimated value EURO €Millions	Market Share	Estimated value EURO €Millions	Market Share	Estimated value EURO €Millions
Mach	[50-60]*%	€[...]*	[45-55]*%	€[...]*	[50-60]*%	€[...]*
Syniverse	[15-25]*%	€[...]*	[10-20]*%	€[...]*	[10-20]*%	€[...]*
BSG	[10-20]*%	€[...]*	[15-25]*%	€[...]*	[20-30]*%	€[...]*
EDCH	[0-10]*%	€[...]*	[0-10]*%	€[...]*	[0-10]*%	€[...]*
VeriSign	[0-10]*%	€[...]*	[0-10]*%	€[...]*	[0-10]*%	€[...]*
Cibernet (now Mach)	[0-10]*%	€[...]*	[0-10]*%	€[...]*	[0-10]*%	€[...]*

Source: Notifying party's estimates

(46) On a world-wide basis, Mach would remain the clear market leader also after the proposed transaction, in particular taking into account that Mach acquired Cibernet in March of this year, leading to a market share on a 2006 basis of [50-60]*%. Syniverse and BSG, currently the second and third players, respectively, would become the second player in the market with a combined market share on a 2006 basis of [30-40]*%. It is worth noting that Syniverse doubled its market share between 2004 to 2006 and almost tripled its revenues, whereas BSG's share decreased from [20-30]*% to [10-20]*% during the same period. VeriSign also doubled its share in the same period, but from a much lower starting point. The notifying party were not able to estimate the market share of the Chinese data clearing house ARCH, although they have indicated that it supplies the largest Chinese MNO.

(47) The total market grew by around 18% from 2004 to 2006, namely from EUR 123.3 million to EUR 146.1 million. In a global market, although the proposed transaction would result in the combination of the strong number two and number three players, customers could still generally be served by other global players such as EDCH, ARCH and, of course Mach.

Competitor	2006		2005		2004	
	Market Share	Estimated value EURO €Millions	Market Share	Estimated value EURO €Millions	Market Share	Estimated value EURO €Millions
Mach	[55-65]*%	€[...]*	[50-60]*%	€[...]*	[50-60]*%	€[...]*
BSG	[30-40]*%	€[...]*	[40-50]*%	€[...]*	[40-50]*%	€[...]*
Syniverse	[10-20]*%	€[...]*	[0-10]*%	€[...]*	[0-10]*%	€[...]*

Source: Notifying party's estimates, Form CO, Annex 13

(48) On the basis of an EEA-wide market, Mach would still be the market leader in data clearing after the proposed merger with a market share of [55-65]*%. The combination of BSG & Syniverse (currently number two and three in the market) would come closer with a combined share of [35-45]*%. The concentration would

reduce the number of competitors from three to two in the EEA-wide market for data clearing services for GSM roaming. While Syniverse's market share increased from [0-10]*% to [5-15]*% between 2004 and 2006, BSG's market share was reduced by a similar amount (between 2005 and 2006) and Mach's share remained constant. Nevertheless, the revenues generated by Syniverse in this market remained limited to EUR [less than 7.5]* million in 2006.

- (49) The total market in the EEA grew by around 10% from 2004 to 2006, from EUR 38.5 million to EUR 42.2 million.

The role of the GSMA and of Data Clearing Houses

- (50) A customer in the market for GSM data clearing services is any mobile network operator (large or small) which has roaming agreements with other mobile network operators. As explained in footnote 9, there are over 700 MNOs as full members of the GSM Association³² and over 200 associate members across 218 countries³³. MNOs need to enter into bilateral roaming agreements with other operators because their subscribers travel and they take their mobile phones with them. Roaming agreements deal with, amongst other things, the roaming tariffs to charge subscribers who visit another MNO's network. When a visiting subscriber uses their mobile phone on a visited network (such as in another county), the call details are logged (as CDRs) and then sent back to the home network operator who then bills the travelling subscriber³⁴. But in order to produce the bill for a call made abroad, the home operator needs to receive all the CDR records from all networks where their subscribers have roamed and then have the correct roaming tariffs applied to them. Equally, the home network operator is obliged to reciprocate (through the bilateral roaming agreement) by sending to other MNO's the CDRs generated on his network by visiting subscribers. This, in essence, is the data clearing process.
- (51) Roaming agreements are standard agreements and the entire GSM roaming process is standardised under the auspices of the GSMA³⁵. Thus, the standards and protocols for exchanging roaming data are defined by the GSMA. Because of the high number of MNOs with roaming subscribers, roaming would not be possible if they were not to adhere to a standardised procedure for exchanging roaming files. Data clearing and the exchange of data files is therefore a standardised service. The data format in which roaming records are exchanged is also standardised by the GSMA. Over time, such formats change to cater for advances in technology

³² According to the GSM Association; source: www.gsmworld.com.

³³ Full members can only be licensed 2G or 3GSM mobile network operators. Associate membership of the association is open to suppliers of what are called "GSM technology platforms" and associate members include providers of GSM applications, GSM billing systems, data and financial clearing houses, infrastructure suppliers security systems suppliers, signalling providers and SIM card suppliers. Each Full Member is allocated a number of votes, which enable the member to participate in the decision making process of the Association. Associate members do not have voting rights.

³⁴ A similar process happens for SMS messages.

³⁵ Section 6, Form CO

and when they do change, the changes are co-ordinated by the GSMA. In order to keep in step with the latest changes, all GSM data clearing houses must incur the costs of incorporating these new changes in their systems regardless of the number of MNOs they support³⁶. As a condition of their roaming agreement, MNOs are obliged to exchange roaming data with each other in the form of TAP files. However, rather than formatting and exchanging the TAP files between each other, (and in practice, a number of MNO's do this) most MNOs use data clearing houses to do this for them.

- (52) Data clearing houses exchange roaming data with other data clearing houses without restriction and without the need to enter into any bilateral agreements. If an MNO were to ask a new data clearing house to do its data clearing for it (or if an MNO were to decide to do its own data clearing in-house) the other clearing houses would be obliged by their contracts with their client MNO's to exchange data with the new clearing house (or with any MNO doing its own data clearing) without any other agreement or restrictions. Therefore, a new competitor would not need the co-operation of other data clearing houses in order to enter the market, but would only rely on its contractual relationship with their MNO customer.

Customers in the market

- (53) The parties to the transaction point to what they describe as a trend towards consolidation in the mobile telephony industry. As a result, their customers, they claim, are getting bigger³⁷. Both Syniverse and BSG report that more than 90% of their respective revenues are derived from MNOs that are part of larger corporate groups³⁸. The market investigation has confirmed the notifying party's assertion that a growing number of MNOs have launched consolidated purchasing tenders on behalf of multiple subsidiaries in order to further lower data clearing prices. Such group tenders were launched in the cases of Vodafone, T-Mobile, Orange, Hutchison 3G, the Telia Sonera Group, the Mobilkom Group, VimpelCom and the Orascom Group³⁹. The ensuing result is that the group's parent company and the data clearing house agree on a framework contract under which the subsidiaries located in different countries benefit from the same terms and conditions. As the number of data clearing transactions to be processed increases, the discounts offered will consequently be higher. Accordingly, the notifying party argues that the net effect is that there are more sophisticated buyers dealing from a position of strength when negotiating contracts for services such as data clearing.

³⁶ Section 9.2, Form CO

³⁷ Evidence of such consolidation is presented and discussed in Recitals (99) to (100) on countervailing buyer power

³⁸ Section 4.9 of the notifying parties' response to the 6(1)(c) Decision which received on 1 August 2007

³⁹ Section 4.11 of the notifying party's response to the 6(1)(c) Decision which was received on 1 August 2007

Self-supplying

- (54) An MNO could conceivably set up a data clearing exchange connection with every foreign mobile operator that their subscribers could roam with. With over 700 MNO's registered as full members of the GSMA, the number of data exchange operations could become unwieldy. Nevertheless, there are a number of MNO's such as Telefonica, Swisscom Mobile and Jersey Airtel who still do their data clearing in-house. The notifying party contends that the practice that they term "*self-supplying*" is a genuine option for MNO's and that it shows that MNO's do have the ability and the in-house know-how to switch from outsourcing their data clearing to doing it in-house.
- (55) However, that has not been confirmed by the market investigation. Firstly, the investigation has revealed that there are no recent examples of an MNO switching from outsourcing to in-house data clearing, but a number of MNOs which switched from self-supply to outsourcing data clearing to a data clearing house. One example is Vodafone, which, according to the parties was partly engaged in self-supply before it awarded the framework contract to Syniverse in 2005. Secondly, the MNOs which responded to the Commission's market investigation also indicated that self-supplying was not a realistic option for them. Whereas they considered it technically feasible, they considered it commercially unattractive. They stated that only a price increase far in excess of 5-10% would make self-supply a viable option. Consequently, self-supplying does not seem to be a competitive constraint on the supply of data clearing services by clearing houses.

The Procurement Process

- (56) Data clearing services are typically procured by MNOs using a tender or a bidding process. Negotiations are often done by e-mail. The market investigation has shown that the bidding process is competitive and is also characterised by an absence of price transparency. All respondents to the customer questionnaire, with the exception of one, indicated that bidders do not know the price offered by their competitors in the previous round. Most respondents reported that they negotiate with the incumbent supplier before launching a tender and that, when launched, it usually consists of more than one bidding round. In addition, the parties describe an increasing sophistication of the tendering process where in one bidding procedure, respondents were invited to participate in a "blind on-line" auction, where none of the clearing houses saw the prices offered by their competitors but only saw their relative position in relation to each other⁴⁰.
- (57) According to the data submitted by the notifying party thirty-five tenders have taken place in the EEA between 2004 and 2006, in other words slightly less than one per month. The volume of the contracts offered differs significantly: the smallest contracts are for as few as a hundred thousand international roaming transactions per month, while the largest contracts exceed a hundred million international roaming transactions per month.

⁴⁰ Section 8.7(g) of Form CO

- (58) Whereas there is evidence from the market investigation that some contracts are awarded for up to five years, it is more common to contract for between two to three years for data clearing services. The notifying party describe the data clearing contracts as "lumpy": that is to say, they are infrequent and revenues can be considerable as individual large MNOs can account for a significant proportion of total annual revenues for a data clearing house⁴¹.

Market Prices

- (59) Prices usually depend on the number of roaming transactions processed and there can also be significant potential follow-on revenues from the provision of other services. However, the net effect of MNO consolidation, according to the notifying party has been an historical downward spiral of data clearing prices and the resulting commoditisation of the data clearing service. This downward pressure on prices, they argue, has been a feature of the market over the last few years. This trend has been confirmed by the market investigation. Indeed, MNOs indicated almost unanimously during the market investigation that prices have declined over the last three years⁴². In addition, MNOs that provided estimates of the price decrease indicated that prices had fallen by between 30-50%. These numbers are broadly consistent with the Commission's analysis of the pricing data provided by the various data clearing houses⁴³.

Capacity

- (60) The market investigation has revealed that the costs of catering for extra capacity are not significant. Servicing the extra volume of transactions of a new MNO customer has less to do with the total number of subscribers they have and more to do with the number of visiting subscribers they host. An MNO situated in a holiday destination is more likely to have more visiting roaming subscribers and is therefore also susceptible to seasonal trends. For this reason, data clearing houses already have to be able to deal with the increased volume that seasonal roaming brings. Because of the nature of the data clearing process as well as the "off-the-shelf" availability of extra processing hardware, the marginal costs of serving additional customers are relatively low and so any additional customer revenue would largely constitute profit for the successful winning bidder⁴⁴.
- (61) The data clearing process involves delivering TAP records to the data clearing house by electronic data transfer ("EDT"). Thereafter they are processed in large batches. Such processing, by definition is not an online, real-time application which needs

⁴¹ Annex I of the notifying party's response to the 6(1)(c) Decision which was received on 1 August 2007.

⁴² 24 out of 27 customers indicated that prices decreased over the last three years, while only 3 customers indicated that prices were stable and no customer indicated that prices rose during this period.

⁴³ An analysis of the pricing data received from competitors shows that January 2007 prices for data clearing had declined by in excess of 30% when compared to January 2004 prices.

⁴⁴ Section 7.3 (iv) of the notifying party's response to 6(1)(c) Decision which was received on 1 August 2007.

to cater for human interaction and instant response times. It can be scheduled to run on computers at off-peak times. Data clearing houses literally process billions of transactions per month. Whereas some initial customisation may be required to set up a new customer, the software that actually processes the TAP records is designed to be scalable⁴⁵ and typically does not need modification in order to handle extra volume. Any incremental computer hardware needed to provide extra processing power, whether server or mainframe based, can be added quickly as it is available of-the-shelf.

Technological Developments in the Market

- (62) The market investigation has shown that the markets concerned are quickly developing technology markets. As such, there are on-going technical developments. Within the next few years the market for data clearing services may appear different with respect to the services provided and even the players involved. On-going technological developments fostered by the GSMA are to do with "Near Real-Time Roaming Data Exchange" technology ("NRTRDE") and the "Hubs-concept" (part of what is termed the "Open Connectivity project").

NRTDE technology

- (63) GSM operators have pointed out⁴⁶ that international roaming fraud has increased significantly since 2004 and that it causes substantial losses for MNOs. Prevention and early detection of fraud requires the sharing of information between MNOs in a timely manner and a widespread utilisation by MNOs of state-of-the art tools to analyse subscriber information for the purpose of recognising fraudulent patterns of behaviour. Currently GSM operators use High Usage Reports ("HURs") in order to identify high usage patterns which can be indicative of fraudulent usage. These reports can be generated as part of the normal data clearing process and therefore can take up to thirty-six hours to produce. Within that time, MNOs can sustain significant financial losses.
- (64) In April 2006, the GSMA Executive Management Committee endorsed submissions from the GSMA Fraud Forum Working Group ("FF") and GSMA Billing, Accounting and Roaming Group ("BARG") which concluded that existing roaming fraud prevention procedures were inadequate to prevent roaming fraud. The Executive Management Committee backed proposals by FF and BARG to replace the current roaming fraud prevention procedure (namely, HUR) with NRTRDE. For that reason, the GSMA has mandated NRTRDE as an information exchange standard for all GSM operators. NRTRDE is a specification⁴⁷ of the technical and

⁴⁵ The term "scalable" in the IT industry means capable of handling capacities of both small and large scale without modification.

⁴⁶ During a Forum of the GSMA in January 2006, 37 operators responded to a survey by the GSMA and reported that their collective losses from international roaming fraud in the period between January 2004 to December 2005 were approximately EUR 17.5 million. The report noted that some operators were reluctant to disclose fraud losses and the estimated reported are believed to be a fraction of the total mobile industry impact of international roaming fraud.

⁴⁷ GSMA specification TD.35

commercial standards that enable MNOs to reduce the time taken to exchange roaming call records to within four hours or less. This standard is expected to be implemented by the GSMA members and the implementation date is currently set to be in October 2008.

- (65) The market investigation has revealed that NRTRDE could be the first step towards enabling a "real-time direct data clearing" model. In other words, using this new specification, the visited network will have to exchange GSM roaming subscriber usage data directly with the home network and this must be done as expeditiously as possible without the use of the intermediate data clearing cycle⁴⁸. NRTRDE specifies that CDR usage data from roaming subscribers should be sent to the home network within four hours. The notifying party submits that it would not be a quantum leap in technology for an NRTRDE provider to add inter-operator tariff rating information to these real-time usage records and then instantaneously transmit them as, what would essentially be TAP records⁴⁹. These TAP records could then be exchanged directly with the home operator thereby eliminating the need for an intermediate data clearing house.
- (66) Several software companies which specialise in fraud prevention and what the industry terms "revenue assurance" already offer an NRTRDE solution. These vendors are associate members of the GSMA. Additionally, data clearing houses have already developed NRTRDE solutions or have entered into alliances with software companies to sell NRTRDE products which will replace the HUR previously generated by data clearing houses themselves.
- (67) Therefore the GSMA recommendation for the implementation of NRTDE may provide an opportunity for software billing companies to enter the field of today's data clearing service providers.⁵⁰ Companies that have announced NRTRDE solutions include: Syniverse, Fair Isaac of the United States of America, Optel of Germany, Bassett labs of Sweden, InfoBrain of Switzerland, AllRound of Hungary⁵¹, StarHome of Israel, EDCH, VeriSign, BSG and Mach. Syniverse's own NRTRDE product is called DataNet and they intend to begin implementing it by the end of 2007.

The Open Connectivity project

- (68) The "Open Connectivity project" will allow clearing "hubs" to co-ordinate clearing positions between MNO's instead of having a contract with each of the more than 700 MNO's. In particular, instead of having a roaming agreement with each

⁴⁸ NRTRDE is intended to reduce the current thirty-six hour window in the data interchange between roaming partners to less than four hours. The GSMA recommends that its members implement by October 2008.

⁴⁹ The NRTRDE specification caters for the inclusion of roaming tariff data.

⁵⁰ The NRTRDE specification does not mandate the exchange of tariff data.

⁵¹ AllRound have, as recently as August 2007, announced the availability of a set of NRTRDE software tools to complement what it calls its full-featured NRTRDE product offering, RealIXS. See www.allround.eu.

separate MNO, one single agreement with that hub would be enough. The first phase is to develop an Open Connectivity SMS hubbing solution⁵². The next phase is to have an Open Connectivity roaming solution, with a target date of 2008. Participants in Open Connectivity trials that have indicated their intention to offer commercial Open Connectivity systems as of now include Mach, VeriSign, Syniverse, Sybase 365, TynTec, Clickatel, CITIC, Aicent and Comfone. Participation in the Open Connectivity roaming project includes MNOs and many service providers. This project may well alter the market for the provision of data clearing significantly and may even allow companies which are active in adjacent markets to enter this field.

B. Unilateral Effects

- (69) The proposed transaction will not result in a significant impediment to effective competition and in particular with respect to unilateral price increases. The following analysis is carried out on the basis of an EEA-wide market as the narrowest conceivable geographic scope of the market. However, this conclusion would be even more valid for a market considered as global in geographic scope. In this market, the market shares of a combined entity of Syniverse and BSG would be lower than on an EEA-wide market and VerisSign, EDCH and ARCH would currently be active in such a market, in addition to Mach, BSG and Syniverse which are currently the only ones active on an EEA-wide market. Even if, in a global market, BSG and Syniverse were to be considered close competitors as they are both active in the EEA, the conclusions remain even more valid than if the market is limited to the EEA from the outset.
- (70) Indeed, the analysis of the bidding and switching data has shown that Syniverse and BSG do not form particular competitive constraints upon each other and that Mach has exerted a stronger competitive constraint on each of Syniverse and BSG. In addition, the characteristics of the market for data clearing services give suppliers a strong incentive to compete aggressively for every contract that comes up for renewal.
- (71) Despite the high market shares of the post acquisition entity, existing and potential suppliers would have the ability and the incentive to enter the market for data clearing services in the EEA in the event of a price rise. This would prevent the merged entity from unilaterally affecting competition. In addition, during the next few years, the market may appear different in terms of the players and services as a result of ongoing technical developments related to the provision of data clearing services.

⁵² The GSMA describe SMS Hubbing as: "SMS Hubbing allows operators to interwork SMS with other operators connected to the same or inter-connected hubs via a single, multilateral agreement. This is far simpler and quicker than having to manage one bilateral agreement for SMS with every interworking SMS partner. With this new approach, operators can easily expand the reach of their SMS services while benefiting from operational efficiencies and financial savings". Source www.gsmworld.com.

Syniverse and BSG did not form a significant competitive constraint upon each other

- (72) This section analyses the bidding and switching data provided by the notifying party and customers in order to determine whether Syniverse and BSG exert particular competitive constraints upon each other and consequently whether the proposed transaction is likely to result in unilateral price increases. The analysis focuses on the participation of the data clearing houses in tenders and on the ranking data provided by customers. In addition, it studies bidding prices and the MNOs' switching behaviour, in particular between Syniverse and BSG and vice versa⁵³.
- (73) This analysis is conducted on two different datasets, one dataset is based on information received from the customers and the other one is based on data received mainly from the parties.

Participation in tenders

- (74) Both the notifying party's and the customers' data on tender participation indicated that each of BSG and Syniverse faced strong competition from Mach. The analysis of the bidding data, gathered through the market investigation has shown that BSG and Syniverse were never the only two bidders in a tender. In fact, in the cases where only two clearing houses took part in a tender, they were either BSG and Mach⁵⁴ or Mach and Syniverse⁵⁵. This means that in nearly half of the cases, the MNOs determined that the tender process was sufficiently competitive with two bidders, namely Mach and BSG or Mach and Syniverse.
- (75) For the remaining cases, there is at least a third bidder, which in most instances is Mach. The ranking data discussed in the next section indicates that Mach would remain a very effective competitive constraint on the merged entity. In addition to BSG, Syniverse and Mach (and companies acquired by Mach), the data revealed that other players, namely EDCH and Comfone, also took part in tenders.

⁵³ These two datasets contain information on tenders for data clearing services by MNOs that took place in the EEA since 2003. For each question addressed (participation in tenders, ranking, bidding price analysis, switching data clearing suppliers), the analysis is first conducted on the customer data. However, most of the replies have been received from customers of BSG and Syniverse, which means that Mach is not represented in this sample according to its market share and the data may even overstate the competitive relationship of Syniverse and BSG. As second step, the analysis is conducted on the dataset received from the parties, which was also complemented with data from third parties, such as Mach.

⁵⁴ Customer data: 7 out of 20 tenders; notifying party's data: 21 out of 53 tenders.

⁵⁵ Customer data: 1 in 20 tenders; notifying party's data: 4 in 53 tenders.

Ranking

- (76) The analysis of the ranking data received from customers⁵⁶ has shown that BSG and Syniverse did not exert a strong competitive constraint on each other. Indeed, the analysis of the ranking data received from customers showed that Syniverse and BSG were only very rarely both the winner and the runner-up in the same tender. In particular, out of the 20 tenders for which customers' information was available, BSG and Syniverse were ranked first and second in only one case. With the exception of this one case, Mach was the runner-up in all the tenders that were won by BSG or Syniverse.
- (77) From this analysis it may therefore be concluded that Mach exerted a much stronger competitive constraint on each of Syniverse and BSG than either BSG or Syniverse did on each other.

Bidding price analysis

- (78) As discussed in Recital (59) the market investigation has shown that prices for GSM data clearing in the EEA have come down significantly over the last few years. In addition, bidding prices were analysed in order to determine whether BSG and Syniverse exerted a strong competitive pressure on each other and, in particular, whether the participation of Syniverse in a tender affects the price offered by BSG.⁵⁷ The results of the analysis indicate that prices offered by BSG are unaffected by whether or not Syniverse participated in a tender, which implies that Syniverse does not exert a strong competitive pressure on BSG's prices.⁵⁸ Consequently, the proposed operation would not remove a significant competitive constraint on BSG and the combined entity would not have the ability to increase prices unilaterally as a result of the proposed operation.

⁵⁶ The notifying party was not able to provide ranking data since they do not typically know how the various bidders were ranked by customers.

⁵⁷ Since BSG took part to nearly all tenders in which Syniverse participated, it is not possible to perform the reverse analysis, namely by studying whether Syniverse's bidding prices are affected by the presence of BSG in the tender.

⁵⁸ The analysis compared the weighted average and the median effective bidding price offered by BSG in tenders in which Syniverse took part to those in which Syniverse did not take part. The effective bidding price is defined as the lowest bid price expressed per transaction (TAP OUT) and calculated according to each MNO's volume. The second dataset described in footnote 50 was used for the analysis to ensure that prices are computed consistently across tenders. The results of the analysis indicate that BSG's effective bidding price in a tender is not statistically different whether Syniverse did or did not take part in the tender. Indeed, the weighted average effective bidding price was EUR [...] (standard error: [...]) in cases where Syniverse participated to the bidding process and EUR [...] (standard error: [...]) in tenders in which Syniverse did not take part (similar results were obtained for the median price). A regression analysis was also used to investigate whether this result holds when additional control variables, such as, for example, the size of the MNO, the contract length, the identity of the incumbent or the year of the tender, are also taken into account. Although not too much weight should be given to the regression analysis given the limited number of observations and the possibility of omitted variables, it provides further evidence that Syniverse's participation in a tender is not associated with a lower bidding price offered by BSG.

Switching Data Clearing Suppliers

- (79) The notifying party maintains that an MNO can easily switch data clearing providers and that switching occurs frequently. The notifying party claims that "*there are no financial or operational constraints when an MNO decides to switch suppliers. If an MNO switches suppliers it simply informs its current data clearing house to transfer the necessary files to the new supplier*"⁵⁹. In support of this, they cite numerous instances of MNO's switching their data clearing services both to Syniverse and to BSG. They argue that switching is a straightforward process involving standardised testing procedures and telecommunications protocols; that the costs involved are limited; that it involves only a small personnel resource commitment from the customer (one or two staff members); that it can usually be achieved within three to twelve weeks⁶⁰.
- (80) Contrary to the notifying party's description of switching as a matter of a simple instruction to the incumbent to transfer the necessary files to the new supplier, a majority of customers reported that switching was not that simple.⁶¹ Customer estimates of the costs involved in switching suppliers vary considerably depending on the size of the MNO and on average it would appear to take between one to six months to accomplish. Nevertheless, although there is a certain amount of time and cost involved in switching data clearing suppliers, a majority of MNOs considered that the possibility of switching does exist.
- (81) Irrespective of the different costs and efforts needed to switch, the market investigation confirmed that switching can be done and that there are many instances of MNOs switching data clearing suppliers. Costs incurred in switching can be offset by the savings made in switching suppliers. The Commission has found several instances of switching suppliers in the EEA occurring between 2004 and 2007. The switching data can be described as follows. The customer data indicates that five tenders resulted in the MNO switching, which corresponds to 25 % of the sample (28% if the two MNOs without a previous provider are excluded) and the notifying party's data indicates ten instances of switching, or 19% of the sample⁶². The notifying party describes more examples occurring between 2003 and 2007 world-wide⁶³. The market investigation has also shown that switching between BSG and Syniverse (or vice-versa) is very rare. In relation to all data received, only one tender resulted in a switch between BSG and Syniverse, while in all the other cases MNOs have switched either to or from Mach.

⁵⁹ Point 48 of Annex 1 of the notifying party's response to 6(1)(c) Decision received on 1 August 2007.

⁶⁰ Section 5 of the notifying party's response to 6(1)(c) Decision received on 1 August 2007.

⁶¹ Of the 33 customers responding, 55% said it was not easy to switch, 30% said it was and 15% did not indicate either way.

⁶² 21% if the five MNOs without a previous provider and one pending tender are excluded.

⁶³ Section 5 of notifying party's response to 6(1)(c) Decision received on 1 August 2007.

The characteristics of the market for data clearing services

- (82) The characteristics of the market for data clearing services provide incentives for suppliers to compete intensely, which would make a unilateral price increase by the merged entity unlikely.
- (83) Firstly, the lack of capacity constraints, as explained in Recitals (60) to (61), in the market for data clearing services implies that competitors could easily serve additional customers if the combined entity were to increase prices unilaterally.
- (84) Secondly, the provision of data clearing services is characterised by low marginal costs for those suppliers providing these services on their own equipment. In other words, the incremental costs of serving an additional customer are relatively limited, which implies, as explained in Recital (60), that additional revenue would largely constitute profit for the successful bidder, resulting in high opportunity cost from losing either an existing or a potential customer. Suppliers therefore have a strong incentive to compete aggressively for every contract that comes up for renewal and win as many contracts as possible to increase incremental revenues.
- (85) Revenues from individual customers can be considerable. An individual large MNO customer can account for a significant proportion of total annual revenue and pre-tax profits for a data clearing house. For BSG, the top six customers represent approximately [55-65]*% of its GSM data clearing revenue and for Syniverse, the top three customers in the EEA ([...]*, [...]*, and [...]*) represent over [80-95]*% of its EEA GSM data clearing revenue, with [...]* and [...]* alone accounting for [...]*%. The loss of any one of these contracts would have a significant impact on the financial performance of the merged entities. The notifying party maintains that data clearing providers would be highly sensitive to any change in pricing that created any material risk of losing such contracts.
- (86) Finally, data clearing houses face significant potential follow on revenues from other services. As already referred to in Recital 20, the market for data clearing services is closely related to other products and services which give data clearing houses the incentive to compete aggressively for every MNO in order to sell related products and services. In the course of the market investigations, MNOs stated that when selecting a DCH, they would take into account whether or not this supplier could also offer additional services. After the completion of the proposed transaction, Syniverse's revenues from its global data clearing activities will represent approximately [15-25]*% of its total revenues on a worldwide basis. Therefore, as a result, Syniverse would have a strong incentive to compete for every MNO in order to be able to sell its other products and services, such as messaging interoperability, GPRS network roaming or number portability. Equally, BSG has been able to provide additional services to its data clearing customers such as to Orange Group (SNOBS – a customized solution for Orange, WLAN), T-Mobile Austria (WLAN), KPN and Orange Caraibe (Interconnect). Mach, EDCH, VeriSign and ARCH also all offer other services in addition to data clearing.

Potential bidders

- (87) As referred to in Recital (20), existing data clearing houses operating on a worldwide basis have shown that they have the ability and the incentive to enter the EEA market for data clearing services. In this regard, the market investigation has shown that several MNOs would clearly consider ARCH, EDCH, VeriSign and Comfone as credible bidders.

Potential competitors

- (88) The market investigation has also shown that potential entrants are likely and in particular if prices were to rise after the merger. Besides the existing data clearing houses operating worldwide, there are other players who may have the incentive to enter the EEA market. Because of ongoing technological developments, wider services offered by MNOs and the convergence in the telecommunication sector, MNOs are expected to move away from multiple billing systems towards less systems that are capable of supporting multiple services and technologies. As already specified in the section on the Relevant Product Market, the results of the market investigation have shown that the data clearing market is closely related to markets comprising other services to mobile network operators. In this context, other existing and potential competitors in related or neighbouring markets can be identified for which it would seem likely that they also may provide data clearing services.

(1) Allround

- (89) Allround is a private European company with its headquarters in Hungary with a global customer base in North America, Europe, the Middle East, Africa and in more than 20 other countries. Allround provides software solutions for telecom operators with applications for Billing System Testing, CDR Handling and Analysis, TAP Conversion, Roaming Management, Fraud Detection, and Revenue Management. Allround offers advanced technology and know-how in the area of CDR and TAP handling (such as editing, filtering, comparison, compilation, analysis and fixing). The company has been an Associate Member of GSM Association since April 2002.
- (90) In the course of the market investigation, Allround explained that, although the traditional GSM data clearing field is a well-established and saturated market, the reshaping and changing of the market situation, due to the new inter-operator Hub initiative fostered by the GSM Association and the NRTDE procedure, as referred to in Recitals (63) to (67) would offer new business opportunities for them. In fact, in a response to what they see as this new market need, Allround has developed a range of products and services to help operators to meet the NRTRDE requirement. In addition, it offers alternative and complementary solutions at the same time to the data clearing services currently available on the market.
- (91) More specifically, Allround is currently offering their ALLRoamer product which is a complete and integrated roaming management system that allows mobile operators to exchange traffic data (TAP) both directly and through data clearing service providers. It is a license-based product installed at operator's site.

AllRoamer is an application suite that provides a complete and integrated solution to all roaming business needs including: inter-operator roaming; contact and partner management; file formatting and transmission; call rating and re-pricing; testing; integration to financial, billing, CRM and data warehouse systems. Although, this product could be considered to be a full substitute for data clearing services, the fact that almost every operator has a few hundred of roaming partners can make the direct data exchange un-manageable.

- (92) In addition, Allround is developing their RealXS product and additional services, including clearing, related to NRTRDE. RealXS, as a new generation NRTRDE solution, a standalone system running on an operators' site enabling them to be NRTRDE compliant both on the sender and the receiver side. RealXS will also be either a full substitute for traditional data clearing services or can work together with NRTRDE clearing providers.
- (93) In particular, once the market undergoes the technological developments in relation to the introduction of NRTRDE, as referred to in Recitals (63) to (67), this may give Allround the opportunity to provide data clearing services also.

(2) Infobrain

- (94) Infobrain, a European company with headquarters in Switzerland, provides software for GSM Operators and for Clearing Houses worldwide. It offers a full data clearing and roaming management outsourcing services. Its product, Roamit can perform all the functions needed to do GSM data clearing.
- (95) Currently InfoBrain's Roamit product is offered both in the EEA and in several countries around the world (Saudi Arabia; Paraguay; Chile; Venezuela). Infobrain has stated that, generally, their Roamit product is sold to MNO's but they could also sell it to data clearing houses. In fact, although Roamit covers all aspects of data clearing, some MNOs choose to not make use of the full featureset but leave some of these tasks with the DCH for various reasons, for example, the of experience or of personnel or simply for reasons of convenience.
- (96) InfoBrain currently has the ability to enter the GSM data clearing market in the EEA because: (i) it is already active in the GSM data clearing business through its partner Wireless Solutions International ("WSI"), which provides GSM data clearing services in the United States of America; (ii) its products provide data clearing services on oceangoing liners at sea; (iii) it has offices in Austria, Germany, Romania and Switzerland. In addition, in the course of the market investigation, InfoBrain has exhibited an incentive to enter the data clearing market in the EEA because: (i) InfoBrain is competitive on price, even though prices are falling; and (ii) its software does not rely on the old mainframe systems but runs on Unix, Linux and Windows which are less costly options.
- (97) Within the last three years, InfoBrain has competed for several bids launched by MNO's, although they have not won any. In addition, it should be noted that BSG decided to extend its data clearing services in North America by licensing Infobrain's Roamit platform, as already referred to in Recital (39). Infobrain offered BSG an outsourced service whereby Infobrain would operate its system in its data centre, thereby effectively becoming a clearing house on BSG's behalf. Because of this BSG did not have to install any software in the United States of

America and could simply electronically forward TAP usage records to Infobrain in Switzerland.

(3) Ericsson

- (98) Ericsson is a multinational undertaking which offers software solutions that contain all the functions necessary for data clearing. In particular, it provides the Ericsson Roaming Billing Solution, with associated professional services, the scope of which is to cover all commonly required GSM data clearing services. The solution supports multiple TAP and RAP formats and allows the management of roaming billing and settlements processes without the dependency and costs associated with using clearing houses. During the course of the market investigation, Ericsson has also stated that it intends to provide software products and services for NRTRDE.

Countervailing buyer power

- (99) The results of the market investigation have shown that the recent consolidation of MNO's⁶⁴ as well as a more sophisticated bidding process may give MNOs countervailing power. In particular, MNOs may have a strong bargaining position by virtue of their relative financial size and the scale of their operations. MNOs may use their financial resources and scale to influence the buying process and to sponsor new entry. As referred to in Recital (56), they are able to design sophisticated procurement processes in order to derive the best possible price and service level agreements.
- (100) Several players active in the data clearing market outside the EEA have clearly indicated that one possibility of entering the EEA market would be for MNOs to sponsor their entry. Most of the current data clearing providers had their origins in mobile network operators. The MNOs, therefore are knowledgeable, informed buyers who could give the precise specifications to an outsourcing company and charge it with the task of coming up with a solution. Such sponsoring of new entry could take two forms. First, MNOs based in the EEA could invite data clearing houses who are currently only active outside the EEA to participate in their tender procedures and award contracts to them (also subject to the conditions that those players would, for example, set up a office in the EEA. Second, MNOs could invite players active in the provision of billing software for roaming to enter the

⁶⁴ The notifying party cites the following as evidence of consolidation amongst MNO's: Deutsche Telekom (Germany) acquired One2One (United Kingdom) in 1999; Mannesmann (Germany) acquired Orange (United Kingdom) in 1999; France Telecom acquired Mobilcom (Germany) in 2000; France Telecom acquired Orange (United Kingdom) in 2000; Vodafone acquired Mannesmann (Germany) in 2000; BPL merged with Bula-AT&T-Tata in India in 2001; British Telecom (United Kingdom) acquired Viacy (Germany) in 2001; British Telecom acquired Digifone (Ireland) in 2001; Vodafone acquired Airtel (Spain) in 2001; Vodafone acquired Eircell (Ireland) in 2001; Telia (Sweden) acquired Sonera (Sweden) in 2002; Vodafone acquired Arcor (Germany) in 2002; Vodafone acquired Singleport (United Kingdom) in 2003; Cingular acquired AT&T Wireless in the United States of America in 2004; TeliaSonera A/S acquired Orange A/S (Denmark) in 2004; T-Mobile (Europe and the United States) acquired Polska Telefonii Cyfrowa (Poland) in 2004; France Telecom acquired control of Amena in Spain in 2005; Telefonica (Spain) acquired O2 (United Kingdom) in 2005; Tele2 (Sweden) acquired Versatel (Belgium and the Netherlands) in 2005; Vodafone acquired Oskar Mobile and Mobifon (Czech Republic and Romania) in 2005; T-Mobile Austria acquired Telering in 2006.

outsourcing space and to provide data clearing services to them. This could make the entry of the players referred to in Recitals (88) to (98) even more likely.

Conclusion on Unilateral Effects

- (101) From the above analysis, it may be concluded that the proposed operation does not lead to concerns with respect to unilateral effects. Indeed, the analysis of the bidding and switching data has found that Syniverse and BSG have not exerted a significant competitive constraint on each other and that stronger competitive constraints have been exercised by Mach on each of BSG and Syniverse. It may be expected that, in the future, Mach will remain a strong competitive constraint on the combined entity, and prevent it from unilaterally raising prices.
- (102) In addition, the market investigation has shown that, in addition to Mach, BSG and Syniverse, many customers see EDCH, VeriSign, and Comfone as potential credible bidders and, at least partly, the market investigation showed that they have the ability and the incentive to enter the EEA market. It has further shown that other potential competitors, in particular software houses, are capable of entering the EEA market for data clearing services as they already supply software tools which can perform data clearing. Their incentive to enter the EEA data clearing market could be reinforced by on-going technological developments. MNOs also have the possibility of making such an entry much more likely by sponsoring entry.
- (103) These conclusions are drawn for a market whose geographic scope is limited to the EEA. They apply even more so to a market which is defined as global in scope for the reasons set out above.

C. Co-ordinated Effects

- (104) Considering the market shares, the merger would lead to [70-90]*% market share of the two largest competitors ([50-60]*% for Mach and [30-40]*% for the merged parties) in the worldwide market, and [90-100]*% ([55-65]*% for Mach and [40-50]*% for the merged parties) in the EEA-wide market for data clearing. Given these relatively symmetrical market shares of Mach and the merged entity post merger, it is important to study whether the proposed transaction could significantly facilitate or could enable Mach and the merged parties to co-ordinate price increases
- (105) In order to assess whether a collective dominant position existed already in the market, the Commission verified whether the three conditions necessary to establish tacit co-ordination could be determined on the basis of a mixed series of indicia inherent in the presence of a collective dominant position. Past market behaviour does not point to any history of collusion. In particular, the market investigation has demonstrated that switching between different suppliers of data clearing services is relatively frequent as discussed in detail in Recital (79). In addition, the market investigation has shown that prices have been falling sharply over the last few years and that this trend predates Syniverse's entry in the EEA⁶⁵. As already referred to in Recital (62), further

⁶⁵ In addition, the analysis of bidding prices described in footnote 53 has shown that BSG's prices have decreased significantly irrespective of Syniverse's participation in the bidding process.

significant modifications to the industry are to be expected as a result of ongoing technological change. These developments would reduce the ability of market participants to reach and sustain a collusive agreement. This may be even more the case as these technological developments may lead to the potential entry of billing software providers into the market for data clearance services. Tacit collusion is generally considered incompatible with the dynamic and unstable nature of the relevant market in question.

- (106) Given the characteristics of the market for data clearing services, it also does not seem likely that the proposed merger would lead to co-ordinated effects. Indeed, for effective collusion to take place, the following conditions must be met.⁶⁶ Firstly, a common understanding on the terms of the co-ordination must be reached. Secondly, there must be sufficient transparency in the market so that the co-ordinating firms are able to monitor deviations from the collusive agreement. Thirdly, there must be the possibility of activating deterrent mechanisms when deviation by one of the firms is detected. And finally, the reaction of outsiders should not jeopardise the outcome of the expected co-ordination. The assessment of these criteria made for the case of creation of collective dominant position is equally valid for the assessment of possible strengthening of collective dominance.

Common understanding

- (107) Given the characteristics of the market as a bidding market with sophisticated bidding procedures, a common understanding on prices does not appear to be feasible. In principle, a common understanding in a bidding market could take place in the form of a customer allocation on the basis of the current allocation. However, given the dynamic nature of the market and the lack of stability in the customers' respective sizes, such an understanding would be difficult to reach and would need to be reassessed regularly. As already referred to in Recital (58), data clearing contracts awarded as part of what can be sophisticated bidding process tend to be "lumpy", that is to say infrequent and revenues can be considerable.

Transparency and retaliation

- (108) Although deviation may be detected easily after a tender has taken place, bidders would not be able to detect deviation during the tender. Indeed, the market investigation has shown that bidders' offers are not known by competitors. In these conditions, retaliation would only be possible by bidding very aggressively for the next contracts. Since tenders for new contracts are relatively infrequent, the duration of contract are typically between two and five years, and volumes vary strongly from one MNO to another, such a strategy does not constitute a credible deterrent mechanism. The possibilities of a swift retaliation are de facto non-existent. Also, the possibility of retaliation in small-scale tenders does not seem to be sufficient to deter deviation when a large contract comes up. As a result, the possibilities for retaliation appear to be insufficient.

⁶⁶ Guidelines on the Assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings OJ C 31, 5.2.2004 p. 5.

Reaction of outsiders

- (109) Finally, effective collusion is unlikely to take place as outsiders would most likely jeopardise the outcome of the expected co-ordination. In particular, the likely entry of additional competitors, as detailed in Recitals (42) to (43) and (88) to (98), would destabilise collusion by increasing the market share of the new entrants at the expense of the members to the collusive agreement.
- (110) As referred to in Recital (99), the market investigation also showed that MNOs would be able to exercise countervailing buyer power by making such entry even more likely by sponsoring entry of new competitors which will further destabilise any collusion.
- (111) As a result, it may be concluded that the proposed operation does not lead to concerns with respect to co-ordinated effects. Indeed, there are no indicia for any co-ordination in the pre-merger market. In addition, given the post-merger market structure, and in the light of past market behaviour, the market investigation has shown that data clearing providers would not be able to reach and sustain a collusive agreement after the proposed operation.
- (112) These conclusions are drawn for a market whose geographic scope is limited to the EEA. If the market is considered to be global in scope, they will apply even more strongly. In such a market, in addition to Mach, BSG and Syniverse, VeriSign, EDCH and ARCH are also currently active. A common understanding on an allocation of customers would not seem feasible among such market participants, or, if considering a common understanding between Mach and the merged entity, the reaction of such other competitors would destabilise any understanding reached between them. Therefore, if the market were to be considered global in scope, the conclusions of the above analysis would remain valid.

VI. CONCLUSION

- (113) For the reasons set out above, it is concluded that the proposed concentration would not significantly impede effective competition in the common market or in a substantial part of it. The concentration should therefore be declared compatible with the common market and the EEA agreement,

HAS ADOPTED THIS DECISION:

Article 1

The notified concentration whereby Syniverse Technologies, Inc acquires sole control of the wireless business of Billing Services Group Limited within the meaning of Article 3(1)(b) of Regulation (EC) No 139/2004 is hereby declared compatible with the common market and the EEA Agreement.

Article 2

This Decision is addressed to:

Syniverse Technologies, Inc
8125 Highwoods Palm Way
Tampa, Florida
United States of America - 33647-1765

Done at Brussels, 04/12/2007

For the Commission
(signed)
Neelie KROES
Member of the Commission



EUROPEAN COMMISSION

Competition DG

Policy and Strategic Support
Antitrust Policy and Scrutiny

OPINION

of the ADVISORY COMMITTEE on MERGERS

given at its meeting of 19 November 2007

regarding a draft decision relating to

Case COMP M.4662 SYNIVERSE / BSG

Rapporteur : France

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1. The Advisory Committee agrees that the proposed concentration by which the undertaking Syniverse Technologies, Inc acquires control of the wireless business of BSG constitutes a concentration within the meaning of Article 3(1)(b) of the Merger Regulation and that the Commission has become competent to review this concentration following the referral according to Article 4(5) of the Merger Regulation.
 2. The Advisory Committee agrees that there is a relevant product market for GSM roaming data clearing services.
 3. The Advisory Committee agrees that it can be left open for the purposes of the present case whether the relevant geographic market is to be considered EEA wide or global in scope.
 4. The Advisory Committee agrees that the proposed concentration does not lead to concerns with respect to unilateral effects.
 5. The Advisory Committee agrees that the proposed concentration does not lead to concerns with respect to coordinated effects.
 6. The Advisory Committee agrees that the proposed concentration would not significantly impede effective competition in the common market or a substantial part of it and that therefore the proposed concentration can be declared compatible with the common market and the EEA agreement.

<u>BELGIË/BELGIQUE</u>	<u>BULGARIA</u>	<u>ČESKÁ REPUBLIKA</u>	<u>DANMARK</u>	<u>DEUTSCHLAND</u>
	N. VALKOVA V. HRISTOVA			C. ZAPFE
<u>EESTI</u>	<u>ÉIRE-IRELAND</u>	<u>ELLADA</u>	<u>ESPAÑA</u>	<u>FRANCE</u>
			M. FERNANDEZ GARCIA	O. GUILLEMOT
<u>ITALIA</u>	<u>KYPROS/KIBRIS</u>	<u>LATVIJA</u>	<u>LIETUVA</u>	<u>LUXEMBOURG</u>
G. NIZI				
<u>MAGYARORSZÁG</u>	<u>MALTA</u>	<u>NEDERLAND</u>	<u>ÖSTERREICH</u>	<u>POLSKA</u>
		R. DE ROOY A. SIBLESZ		
<u>PORTUGAL</u>	<u>ROMANIA</u>	<u>SLOVENIJA</u>	<u>SLOVENSKO</u>	<u>SUOMI-FINLAND</u>
R. PIRES NEVES				H. KAIPONEN
<u>SVERIGE</u>	<u>UNITED KINGDOM</u>			
M. ULFVENJÖ BALTATZIS	T. GEER			



EUROPEAN COMMISSION

The Hearing Officer

FINAL REPORT OF THE HEARING OFFICER
IN CASE COMP/M.4662 – Syniverse/BSG

**(pursuant to Articles 15 and 16 of Commission Decision (2001/462/EC, ECSC)
of 23 May 2001 on the terms of reference of Hearing Officers
in certain competition proceedings – OJ L 162, 19.6.2001, p. 21)**

On 5 June 2007, the Commission received notification of a proposed concentration by which the undertaking Syniverse Technologies, Inc. (Syniverse), would acquire, within the meaning of Article 3(1)(b) of the Merger Regulation, control of the wireless business of Billing Services Group Limited (BSG) by way of purchase of shares.

After a preliminary examination of the notification, the Commission found that the transaction raised serious doubts as to its compatibility with the common market and the functioning of the EEA Agreement. Consequently, it decided on 10 July 2007 to initiate proceedings pursuant to Article 6(1)(c) of the Merger Regulation.

Syniverse was given access to the key documents in the file, in accordance with the Best Practices rules for merger cases, in the form of non-confidential versions of third parties' replies to the market investigation; these were provided on 17 July 2007.

Following an in-depth market investigation, the Commission services concluded that the proposed transaction would not significantly impede effective competition in the common market or a substantial part of it and is therefore compatible with the common market and the EEA Agreement. Accordingly, no Statement of Objections was sent to the notifying party.

No queries or submissions have been made to me by the parties or any third party. The case does not call for any particular comments as regards the right to be heard.

Brussels, 29 November 2007

(signed)
Karen WILLIAMS