

EN

*Case No IV/M.561 -
S E C U R I C O R
DATATRAK*

Only the English text is available and authentic.

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

Article 6(1)(b) NON-OPPOSITION
Date: 20/03/1995

*Also available in the CELEX database
Document No 395M0561*



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 20.03.1995

MERGER PROCEDURE
ARTICLE 6(1)b DECISION

PUBLIC VERSION

To the notifying parties

Dear Sirs,

Subject: Case No. IV/M.561 - SECURICOR DATATRAK
Your notification of 17.2.1995 pursuant to Article 4 of Council Regulation No 4064/89.

1. On 17 February 1995 two British undertakings Securicor International Limited and Securicor Datatrak Limited and the Dutch undertakings, Centraal Beheer Pensioenverzekering NV (Centraal Beheer) and Parcom Services BV notified to the Commission the creation of a joint venture which will provide vehicle tracking services within the territory of the Netherlands.
2. After examination of the notification, the Commission has concluded that the notified operation falls within the scope of application of Council Regulation No 4064/89 and does not raise serious doubts as to its compatibility with the common market and with the functioning of the EEA Agreement.

I. THE PARTIES

3. Securicor International Limited and Securicor Datatrak Limited are both subsidiaries of the British undertaking Securicor Group plc whose main activities, carried out in the UK and internationally, include express parcels, freight haulage, document delivery and mail services; the transportation and care of cash and valuables; security guards and patrol; custodial services; the manufacture, sale, installation and maintenance of communication products, electronic surveillance and alarm systems.

4. Central Beheer is part of the Achmea Group created as a result of a recent merger between two Dutch insurance undertakings the AVCB Group and the Zilveren Kruis Group. The Achmea Group is active in both life and non-life insurance.
5. Parcom Services BV is an investment company belonging to the Banking and Insurance Dutch Group ING.

II. THE AGREEMENTS

6. Securicor International, Central Beheer and Parcom Services will first create a holding company Security Datatrak Europe BV (SDE) which will hold all the share capital of an operating subsidiary to be created, Security Datatrak Netherland BV (SDN). SDN will carry out in the Netherlands a new telecommunication service, namely, a vehicle tracking system which will provide fleet operators with real time information on the position and status of all vehicles under their control.
7. SDN and Securicor Datatrak Limited will enter into an exclusive supply and licence agreement for the Netherlands by which Securicor Datatrak Limited will supply the infrastructure equipment (the base stations), the vehicle equipment (the locators) and will license the know how, including the software, necessary to run the system.

III. CONCENTRATION

8. SDN will be jointly controlled, through SDE, by Securicor International, Central Beheer and Parcom Services as each of the parent companies will hold 33.33% of the share capital of SDE and major decisions concerning the activity of SDN such as the approval of the business plan, the appointment of senior staff will require the consent of all parents.
9. SDN will be an autonomous full function undertaking which will provide specific telecom services, namely a vehicle tracking services within a national geographic market (the Netherlands). To perform these services SDN has to build a terrestrial infrastructure of LF and VHF radio stations and to benefit from the service the customers must have the appropriate vehicle equipment. These infrastructure and vehicle equipments are manufactured in the UK by another subsidiary of the Securicor Group, Securicor Datatrak Limited, which will supply them on an exclusive basis for the Netherlands. SDN will then sell and install the vehicle equipment to the customers either directly or through a network of agreed service providers established by SDN throughout the Netherlands. The primary objective of SDN is not to be a sales agency to distribute Securicor Datatrak equipment but to provide a specific service requiring a specific technology and equipment which is currently only marketed by Securicor Datatrak Limited.
10. SDN will therefore be an autonomous full function undertaking with its own assets and personnel and it will not give rise to the coordination of the competitive behaviour of its parents since only one parent, the Securicor Group, will be active in the JV services market although in a different geographic market.

11. Thus the notified operation constitutes a concentration within the meaning of the Merger Regulation.

IV. COMMUNITY DIMENSION

12. The operation has a Community dimension. The worldwide turnover of all undertakings concerned amounts to more than 5,000 million ECU. The Community wide turnover of each parent exceeds 250 million ECU and the undertakings concerned do not achieve more than two thirds of their aggregate Community-wide turnover within one and the same Member State.

V. COMPATIBILITY

13. The vehicle tracking services which will be provided by the JV in the Netherlands will use the automatic vehicle location (AVL) technology developed by Securicor Datatrak Limited. The Datatrak system consists of a new technology which combines the accurate position determination of the vehicles with the reliable transmission of the position information.
14. The infrastructure of the Datatrak system in the Netherlands will comprise three main integrated elements: a network of 5 low frequency (LF) transmitters allowing position determination, a two way data transmission network which will comprise 21 UHF base stations connected to a central computer by means of land lines and a network control centre which will inter alia monitor and control the LF stations and operate a customer service desk for answering customer queries.

In order to operate the base stations a licence attributing the radio frequencies has to be obtained from the Dutch Authorities.

15. The service will be marketed to fleet operators. Potential customers include inter alia distribution companies, emergency services (police, ambulance, fire brigades), national courier services, public transport and taxi services. The standard customer vehicle equipment includes the locator, an electronic device combining the positioning and the data communications equipment in a single compact unit and a single whip antenna. In addition to the basic standard equipment, customers will be offered additional equipment to perform more specific functions. Customers will also need a display system located at their premises to present the vehicle location and status data in a form understandable to the user.
16. According to the parties, this is a new service and there are currently no competitive systems in the market. However the parties indicated that other systems developed by competitors, which will combine both elements, may be offered in the future in the Netherlands subject to prior authorization for the use of radio frequencies by the Dutch authorities. Both positioning systems and mobile data transmission systems are available but there is at present no other system which offers the integration of both.
17. The service to be provided will be quite a new one in the Dutch market and therefore there are no affected markets in the sense of the Merger Regulation. Besides, both the Achmea Group and the ING Group are not active at all neither in the operation of vehicle tracking services nor in the up stream market of

development, manufacture and sale of vehicle tracking systems and equipment. Therefore, there is neither any addition of market shares outside the jv geographic market nor any risk of foreclosure of the up-stream market for systems and equipment since there will be any pooling of technological know-how or manufacturing capacities.

VI. ANCILLARY RESTRAINTS

18. Securicor Datatrak Limited, a company belonging to the Securicor Group will enter in an exclusive supply and licence agreement for the Netherlands to supply SDN with all the infrastructure equipment and the vehicle equipment. However, SDN may purchase equipment from a third party if better conditions are offered providing that such equipment meets the technical criteria of Security Datatrak and no know-how of Securicor Datatrak is used on the manufacture of such equipment.
19. The supply and licence agreement also deals with the exclusive licence for SDN to use, within the geographic area covered by the agreement, the trade names, trade marks, know-how, software and other rights owned by Securicor Datatrak in connection with the vehicle tracking system.
20. The supply and licence agreement is directly related to the concentration. However, the exclusive nature of these agreements goes beyond what is strictly necessary for the implementation of the concentration and therefore the supply and licence agreement cannot be considered as ancillary to the proposed concentration and should be assessed under the provisions of Article 85 of the Treaty.

VII. CONCLUSION

21. Based on the above, the proposed concentration does not raise serious doubts as to its compatibility with the common market and the functioning of the EEA Agreement.

*

* *

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

For the Commission