

***Case No COMP/M.5626 -  
ADECCO/SPRING***

Only the English text is available and authentic.

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

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Article 6(1)(b) NON-OPPOSITION  
Date: 16/10/2009

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 16.10.2009

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In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus [...]. Where possible the information omitted has been replaced by ranges of figures or a general description.

PUBLIC VERSION

MERGER PROCEDURE  
ARTICLE 6(1)(b) DECISION

**To the notifying party:**

Dear Sir/Madam,

**Subject: Case No COMP/M.5626 – ADECCO/ SPRING  
Notification of 11.09.2009 pursuant to Article 4 of Council Regulation  
No 139/2004<sup>1</sup>**

1. On 11 September 2009, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004 ("the Merger Regulation") by which the undertaking Adecco S.A. ("Adecco", Switzerland) acquires within the meaning of Article 3(1)(b) of the Council Regulation control of the whole of the undertaking Spring Group PLC ("Spring", United Kingdom) by way of a public bid.

**I. THE PARTIES**

2. **Adecco** is an international provider of human resources and recruitment services, including temporary staffing, permanent staffing, consulting and outplacement. Adecco is active in Europe, the Americas and the Middle East.
3. **Spring** is an international full service recruitment provider. Its activities comprise three core business divisions: general staffing, professional staffing and managed solutions. Spring specialises in permanent, temporary and contract recruitment with a focus upon specific sectors. Spring generates revenues in several countries in- and outside of the EU/EAA but its activities are mainly centered in the UK.

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<sup>1</sup> Council Regulation (EC) No 139/2004 of 20 January 2004 on the control of concentrations between undertakings, OJ L 24, 29.1.2004 p. 1.

## II. THE TRANSACTION AND THE CONCENTRATION

4. The operation concerns the acquisition by Adecco of sole control over Spring by way of a public bid for 100% of the issued share capital of Spring. The transaction constitutes therefore a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

## III. COMMUNITY DIMENSION

5. The undertakings concerned have a combined aggregate worldwide turnover of more than EUR 5 billion (EUR 19 965 million for Adecco and EUR 651 million for Spring)<sup>2</sup>. Each of the undertakings concerned have a Community-wide turnover in excess of EUR 250 million (EUR [...] million for Adecco and EUR [...] million for Spring). Although Spring achieves more than two thirds of its Community wide turnover in the United Kingdom, Adecco does not achieve more than two thirds of its turnover within one and the same Member State. The notified operation therefore has a Community dimension pursuant to Article 1(2) of the Merger Regulation.

## IV. RELEVANT MARKET

6. The concentration results in horizontally affected markets in the area of temporary employment services.
7. The activities of Adecco and Spring also overlap in the provision of permanent employment services and in the provision of human resource consultancy (HRC) services. However, in relation to these activities, the parties' combined market shares do not exceed 15% under any alternative market definition, thereby not giving rise to affected markets.

### Temporary employment services (TES)

#### Relevant product market

8. The notifying party submits that the relevant product market is that for overall temporary employment services (TES). However, the notifying party has also provided market shares for certain jurisdictions on the basis of narrower definitions of the TES market.
9. In previous decisions, the Commission pointed at a product market for the provision of TES that is distinct from the provision of permanent employment services due to the type of service offered by TES firms to undertakings (e.g. training of the employees), the long-lasting relationship that such firms establish with job seekers, as well as the differences in the legal and regulatory requirements covering permanent and temporary employment.<sup>3</sup>
10. With respect to a possible sub-segmentation of the TES market, the Commission has left open the question whether this market should be subdivided according to the level of education of temporary worker into a market for general staffing (provision of TES in the traditional, generalist sector of general staff), and a market for professional staffing

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<sup>2</sup> Turnover calculated in accordance with Article 5(1) of the Merger Regulation.

<sup>3</sup> Case No IV/M.765 Adia/Ecco; Case No COMP/M.5009 – Randstad/Vedior.

which would include higher educated and specialised staff.<sup>4</sup> Similarly, the question of segmenting the market by reference to the worker's specialisation (i.e. IT, Engineering/Technical, Finance/Legal, Medical/Science) has also been left open.<sup>5</sup>

11. The results of the market investigation widely supported a segmentation of TES into a market for general staffing and a market for professional staffing. Indeed, a large majority of the respondents were of the opinion that this distinction is relevant due to the different skill sets required as well as the strong network of contacts needed by professional TES providers.
12. With regard to a possible further sub-segmentation of general staffing into specialised segments for office & administration (e.g. secretarial and clerical staff) and industry (e.g. technical and engineering staff), some respondents to the market investigation considered such a distinction appropriate because the activities differ in their (regulatory) characteristics, candidate requirements and pricing structures. However, other respondents considered that no further subsegmentation of general staffing is needed due to supply side substitution, pointing out that general TES providers are able to provide employees in both office & administration and industry.
13. In relation to a possible sub-segmentation of the professional staffing market by specialisation (e.g. IT, Engineering/Technical, Finance/Legal, Medical/Science), the market investigation has broadly confirmed such a segmentation due to the generally high level of expert knowledge required from the TES providers for the different segments. To this end, certain respondents also pointed out to the fact that there is a multitude of expert "niche" competitors in each specialised segment.
14. However, it is not necessary to determine whether the market for temporary employment services should be subdivided as under any considered sub-segmentation the proposed transaction does not give rise to any competition concerns.

#### *Relevant geographic market*

15. In line with previous Commission precedents in this area, the parties submit that the relevant geographic market for TES is national in scope due to factors such as language differences, personal preferences regarding relocation of workers and differing legal and regulatory regimes among Member States.<sup>6</sup>
16. The market investigation largely confirmed that the geographic scope of the TES market is national, with the vast majority of the respondents considering the market to be national in scope. While some of the TES providers may be operating in a number of countries, customers typically continue to deal with these providers on a national basis, even if they have concluded multi-national contracts with them. Similarly, the actual recruitment of temporary workers takes place at a national level and not on a pan-European or cross-border basis.

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<sup>4</sup> Case No COMP/M.1476 – Adecco/Delphi; Case No COMP/M.1702 – Vedior/Select Appointments; Case No COMP/M.5009 – Randstad/Vedior.

<sup>5</sup> Case No COMP/M.1476 – Adecco/Delphi.

<sup>6</sup> Case No COMP/M.1702 – Vedior/Select Appointments; Case No COMP/M.3872 – USG/Solvus; Case No COMP/M.5009 – Randstad/Vedior.

17. Therefore, for the purpose of this decision it is considered that the geographic scope of the TES market is national.

## V. COMPETITIVE ASSESSMENT

### Temporary employment services

#### France, Greece, Italy, Norway, Spain and Slovenia

18. The proposed concentration results in technically affected markets for the provision of TES in France, Greece, Italy, Norway, Spain and Slovenia. The highest combined market share is [30-40%] in Norway in the professional staffing segment.<sup>7</sup> However, given Spring's limited presence in these markets, the parties' activities overlap to a minimal extent. In none of these markets does the market share increments brought about by the transaction amount to more than [0-5%] (highest incremental percentage in the overall temporary employment services market in Greece). Important larger competitors such as Randstad, Manpower, USG, Hays and ISS, as well as many (smaller) local competitors are also present in these markets. In light of these elements, the transaction does not give rise to any competition concerns with respect to the French, Greek, Italian, Norwegian, Spanish and Slovenian markets for TES or any of their potential (sub-)segments.<sup>8</sup>

#### The UK

19. The only jurisdiction in which Adecco's and Spring's activities overlap to an appreciable extent is the UK. However, due to the high fragmentation of the UK market, the parties' market shares are relatively low. More specifically, the Parties' combined market share in the market for overall TES in the UK is [5-10%] (Adecco: [0-5%], Spring: [0-5%]), thereby not giving rise to an affected market.

20. In relation to a possible segmentation of the TES market into general staffing and professional staffing, the parties' combined market shares amount to [5-10%] (Adecco: [5-10%], Spring [0-5%]) and [5-10%] (Adecco: [0-5%], Spring: [0-5%]) respectively, thereby not giving rise to affected markets.

21. With regard to a possible sub-segmentation of the professional staffing segment by specialisation, the proposed transaction gives rise to only one affected sub-segment, namely that for the provision of professional IT TES, where the parties' combined market shares amount to [30-40%] (Adecco: [10-20%], Spring: [10-20%]).

22. According to the notifying party's submissions, there are important competitors in the market, such as Sthree ([10-20%]), Lorien ([5-10%]), Networkers and Modis ([5-10%]) and Randstad ([5-10%]). The market investigation confirmed the existence of strong competition in the provision of IT TES, indicating that companies such as Hays IT, Computer Futures, Huxleys or Reed IT are close competitors to the parties.

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<sup>7</sup> All market share information according to the notification.

<sup>8</sup> The parties' activities also overlap in relation to the provision of TES in Austria, Belgium, Denmark, Finland, Germany, Ireland, the Netherlands, Poland, Portugal and Sweden; however in none of these countries do their combined market shares exceed 15% under any alternative market definition, therefore not giving rise to any competition concerns.

	Parties' Estimated Market Shares in IT TES in 2008	
	Revenue (EURm)	Market Share
<b>Adecco</b>	[...]	[10-20%]
<b>Spring</b>	[...]	[10-20%]
<b><i>Adecco and Spring combined</i></b>	<b><i>[...]</i></b>	<b><i>[30-40%]</i></b>
<b>Sthree</b>	[...]	[10-20%]
<b>Lorien Resourcing</b>	[...]	[5-10%]
<b>NetworkersMSB</b>	[...]	[5-10%]
<b>Modis</b>	[...]	[5-10%]
<b>Randstad</b>	[...]	[5-10%]
<b>ECRM People</b>	[...]	[5-10%]
<b>Manpower</b>	[...]	[0-5%]
<b>Alexander Mann Solutions</b>	[...]	[0-5%]
<b>Hays</b>	[...]	[0-5%]

23. In addition, although Adecco controls two IT TES providers, namely Computer People and Ajilon, which some respondents indicated as being close competitors to Spring in the provision of such services, the market investigation overall did not reveal Adecco and Spring as being particularly close competitors to each other in this potential sub-segment. Moreover, the respondents widely pointed out that pricing in the IT TES market is aggressive, volumes of recruitment are high, switching between different TES providers is easy and job seekers tend to use more than one agency to find work. In addition, the legal and regulatory barriers to enter the market are generally relatively low.

24. In light of the above, no competition concerns arise with respect to the UK overall TES market or any of its possible (sub-)segments, including that for professional IT TES.

## VI. CONCLUSION

25. For the above reasons, the Commission has decided not to oppose the notified operation and to declare it compatible with the common market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of Council Regulation (EC) No 139/2004.

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