

Case No COMP/M.6577 - AVNET/ MAGIRUS

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

Article 6(1)(b) NON-OPPOSITION
Date: 21/09/2012

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EUROPEAN COMMISSION

Brussels, 21/09/2012

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 Where possible the information omitted has been replaced by ranges of figures or a general description.

SG-Greffe(2012) D/
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PUBLIC VERSION

MERGER PROCEDURE

To the notifying party:

Dear Sir/Madam,

**Subject: Case No COMP/M.6577 – Avnet/ Magirus
Commission decision pursuant to Article 6(1)(b) of Council Regulation
No 139/2004¹**

1. On 17.08.2012, the European 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 Avnet, Inc. ("Avnet", USA) acquires within the meaning of Article 3(1)(b) of the Merger Regulation sole control of the undertaking Magirus AG ("Magirus", Germany) by way of purchase of shares.

I. THE PARTIES

2. Avnet is a US-based company acting globally in the wholesale distribution of electronic components, computer products and technology services. Avnet distributes a wide range of electronic components and technology products, services and solutions (for example hard disks, CPUs, server motherboards, graphics cards and memories).
3. Magirus is a German-based company mostly active in the EU in the distribution of IT products (for example hardware such as servers, storage systems and network products, software for virtualization and system management, data centre solutions

¹ OJ L 24, 29.1.2004, p. 1 ("the Merger Regulation"). With effect from 1 December 2009, the Treaty on the Functioning of the European Union ("TFEU") has introduced certain changes, such as the replacement of "Community" by "Union" and "common market" by "internal market". The terminology of the TFEU will be used throughout this decision.

and secure networking services), as well as the provision of associated services such as consultancy and training in support of these products.

II. THE OPERATION AND THE CONCENTRATION

4. Avnet will acquire 100% of Magirus' shares. As a result, Avnet will acquire sole control of Magirus.
5. The proposed operation therefore constitutes a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

III. EU DIMENSION

6. The undertakings concerned have a combined aggregate worldwide turnover of more than EUR 5 000 million² (Avnet: EUR 19 550 million, Magirus: EUR [Confidential] million). They had a combined aggregate EU-wide turnover of more than EUR 250 million each in 2011 (Avnet: EUR [Confidential] million, Magirus: EUR [Confidential] million) but did not achieve more than two-thirds of their aggregate EU-wide turnover within one and the same Member State. The notified operation therefore has an EU dimension.

IV. ASSESSMENT

IV.1. Relevant markets

IV.1.1. Product markets

Wholesale distribution of all IT products and related services versus specific IT product categories.

7. Views of the notifying party. The notifying party submits that the relevant product market on which both undertakings are active is the market for the wholesale distribution of all IT products (for example servers, storage devices, network devices, peripherals, software, etc.) and services in a one-stop-shop facility³.
8. It considers that narrower product market definitions for the wholesale distribution of separate IT product categories (servers, storage devices, networking products, peripherals, software, etc.) are inconsistent with the latest technology trends as cloud services create a substitute to the traditional approach to purchases of IT hardware, software and services and key manufacturers are driving convergence between these categories, as they are more and more offering complete data centre solutions.
9. Furthermore, in particular as regards the wholesale distribution of servers, the notifying party submits that any further segmentation according to the price range of servers (high-end, mid-range, low-end) is not appropriate. This is because distributors supply all types of servers and a distinction by price range is increasingly blurred by the common

² Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Notice on the calculation of turnover (OJ C66, 2.3.1998, p. 25).

³ Form CO, paragraph 88 and paragraph 130.

application of discounts and a constant decline in prices. Also, technological improvements including "blade servers" – enabling a group of entry-level servers to function as an equivalent to a "high-end" server – have reduced the differentiation in product characteristics and expanded the operational scope of smaller servers. Hence, the mix of servers in the market has shifted over time with high-end/mid-range servers losing ground to industrial standard servers (that is, lower-end volume servers).

10. The assessment of the Commission. In its previous decisions, the Commission has considered a separate market for the wholesale distribution of IT products⁴. Furthermore, related services such as after-sales support, training and financial services to customers were also considered in past decisions as part of the same market⁵.
11. In its previous decisions, the Commission has also considered the existence of separate markets along different IT product categories, but ultimately left open whether the market should be divided further according to segments⁶. Relevant categories of products previously considered include software, storage products, and servers.
12. As regards servers in particular, the Commission envisaged in its previous decisions - but ultimately left open – the existence of a further distinction between high-end, mid-range and entry level servers⁷.
13. All manufacturers / vendors which replied to the market investigation agree that distributors already supply, or increasingly supply, a range of IT products (e.g. servers, storage devices, network devices, software) and services in order to provide their customers with a "one-stop-shop" facility⁸. A large majority of competitors and customers also confirmed that this was either the case or increasingly the case⁹.
14. A majority of customers also agree with the submission from the Notifying Party that it is now inconsistent with the latest technology trends to segment between the distribution of servers, storage devices and networking products as cloud computing services create a substitute to the traditional approach to purchase of IT hardware, software and services and key OEMs are driving convergence between these categories¹⁰. However, only a

⁴ Commission decision of 24 March 2003 in Case COMP/M. 3107 – *Tech Data Corporation/Azlan Group plc.*; Commission decision of 5 October 2007 in Case COMP/M. 4868 - *Avnet/Magirus EID*; Commission decision of 28 April 2008 in Case COMP/M. 5091 – *Tech Data/Scribona*; Commission decision of 19 May 2008 in Case COMP/M.5099 - *Arrow Electronics/Logix*; Commission decision of 2 July 2010 in Case COMP/M.5864 - *Avnet/Bell Micro*.

⁵ Commission decision of 24 March 2003 in Case COMP/M. 3107 – *Tech Data Corporation/Azlan Group plc.*

⁶ Commission decision of 27 October 2011 in Case No COMP/M.6323 – *Tech Data Europe/MuM VAD Business* paragraph 18; Commission decision of 22 September 2010 in Case No COMP/M.5903 – *Tech Data Europe/Brightstar/Triade Holding* paragraph 16; Commission decision of 2 July 2010 in Case No COMP/M.5864 – *Avnet/Bell Micro*; Commission decision of 26 June 2008 in Case No COMP/M.5162 – *Avnet/Horizon* paragraphs 14-15; Commission decision of 19 May 2008 in Case No COMP/M.5099 - *Arrow Electronics/Logix* paragraph 21.

⁷ Commission decision of 19 May 2008 in Case No COMP/M.5099 – *Arrow Electronics/Logix*, paragraph 36; Commission decision of 5 October 2007 in Case No COMP/M.4868 – *Avnet / Magirus EID*, paragraph 10.

⁸ See replies to Questionnaire to Suppliers sent on 14 August 2012, question 7.

⁹ See replies to Questionnaire to Customers sent on 14 August 2012, question 8, and replies to Questionnaire to Competitors sent on 14 August 2012, question 7.

¹⁰ See replies to Questionnaire to Customers sent on 14 August 2012, question 9.

small majority of competitors and vendors agreed that this was the case, essentially because while such changes were taking place, in-depth knowledge and specialisation per type of product was still necessary at this point in time¹¹.

15. As regards a possible segmentation between the distributions of different types of servers, a small majority of customers and competitors consider that entry-level, mid-range and high end servers are increasingly substitutable from an end-perspective¹². However, a majority of vendors disagreed that this was the case¹³.
16. For the purpose of the assessment of the present operation, the question of whether the relevant product market encompasses the wholesale distribution of all IT product categories or should be defined along separate IT products segments can be left open as the conclusion of the competition analysis will remain unchanged.

Distribution channels - Direct sales versus indirect sales

17. Views of the notifying party. The notifying party submits that the wholesale distribution of IT products should comprise both direct sales by manufacturers and indirect sales by distributors. It submits that manufacturers and wholesale distributors constitute alternative sources of supply from the point of view of the final customers.
18. The assessment of the Commission. The Commission, in previous decisions¹⁴, has left open whether direct sales should be included in the relevant product market but pointed out that the market investigation showed that direct and indirect sales are not fully interchangeable¹⁵.
19. A small majority of customers continued to consider that the wholesale distribution of IT products is still not substitutable with direct supplies from manufacturers, because of differences in the range of product offering and the added value such as holding of inventory and logistics capability that distributors offer¹⁶. A majority of competitors also consider that the wholesale distribution of IT products is still not substitutable with direct supplies from manufacturers, essentially for the same reasons (higher cost of distribution for vendors, larger choice of products from distributors, offer of value added services such as offer of financing services, holding of stock, etc.)¹⁷. However, a small majority of vendors considered that direct and indirect sales are substitutable. The main

¹¹ See replies to Questionnaire to Competitors sent on 14 August 2012, question 8, and replies to Questionnaire to Suppliers sent on 14 August 2012, question 8.

¹² See replies to Questionnaire to Customers sent on 14 August 2012, question 10, and replies to Questionnaire to Competitors sent on 14 August 2012, question 9.

¹³ See replies to Questionnaire to Suppliers sent on 14 August 2012, question 10.

¹⁴ Commission decision of 27 October 2011 in Case No COMP/M.6323 – *Tech Data Europe/MuM VAD Business* paragraph 24, Commission decision of 19 May 2008 in Case No COMP/M.5099 - *Arrow Electronics/Logix* paragraphs 16-17, Commission decision of 5 October 2007 in Case No COMP M.4868 - *Avnet/Magirus EID*, paragraph 8.

¹⁵ In one of its several decisions relating to the wholesale distribution of IT products (decision of 27 November 2011 in Case No COMP/M.6323 – *Tech Data/MuM VAD Business*), the Commission has left open whether the wholesale distribution of IT products and services should be further segmented according to sales to "value added distributors" (VADs) and "value added resellers" (VARs). The notifying party submits that such distinction would not make a difference in the competitive assessment, since VAD and VAR all supply hardware and services to customers, only in varying proportion and importance (whereas VAD needs a certain level of volume VAR offers more sophisticated ancillary services to customers).

¹⁶ See replies to Questionnaire to Customers sent on 14 August 2012, question 6.

¹⁷ See replies to Questionnaire to Competitors sent on 14 August 2012, question 5.

reasons for this are that they sell their products through both the direct and indirect channels. Nevertheless, several vendors recognised the importance of distributors for their business, pointing to the value added that they provide versus vendors (larger market reach, higher supply chain expertise, possibility to provide customers with a complete solution made of products from different vendors, etc.)¹⁸.

20. For the purpose of the assessment of the present operation, the question of whether the relevant product market encompasses both direct and indirect sales or whether indirect sales should constitute a separate product market can be left open as the conclusion of the competition analysis will remain unchanged.

Conclusion

21. For the purpose of the present decision, the exact product market delineation can be left open, since, under any possible alternative definition the proposed transaction does not raise serious doubts as to the compatibility with the internal market.

IV.1.2. Geographic markets

22. Views of the notifying party. The notifying party submits that the relevant geographic market is EEA-wide or at least not smaller than regional in scope (and therefore larger than national).
23. It submits that the distribution of IT products and support services are increasingly realized through centralized warehouses on a global scale. In addition, customers are mainly multinational corporations purchasing on a European-wide basis. Finally, there are no technical barriers to the use of IT products across the different Member States and there are no material price differences between countries within the EU.
24. It however considers that if a narrower market definitions should be considered, the market is at least regional and divided in five areas: the Benelux countries; the Nordic Region (Denmark, Sweden, Norway, and Finland); Germany, Austria, and Switzerland; Slovakia and the Czech Republic; the UK & Ireland. This is due to a strong regional element based on language and culture. Similar considerations supporting an EEA-wide scope of the geographic market definition apply.
25. The assessment of the Commission. In its previous decisions¹⁹, while the ultimate geographic market definition was left open, the Commission indicated that the geographic market was probably national in scope due to language differences between Member States, the national organization of distributors and re-sellers, the methods of delivery, and the after-sale services.
26. A small majority of vendors explained that their organisation was structured per country in the EU (in terms of national sales force, sales support, logistics distribution, etc.)²⁰ and a majority of them explained that they were selling their IT products on a national basis, as well as to customers from abroad²¹. A majority of distributors explained that their

¹⁸ See replies to Questionnaire to Suppliers sent on 14 August 2012, question 5.

¹⁹ Commission decision of 19 May 2008 in Case COMP/M.5099 - *Arrow Electronics/Logix*; Commission decision of 5 October 2007 in Case COMP M.4868 - *Avnet/Magirus EID*.

²⁰ See replies to Questionnaire to Suppliers sent on 14 August 2012, question 11.

²¹ See replies to Questionnaire to Suppliers sent on 14 August 2012, question 12.

organisation was structured per country²², and that they were distributing their products mainly to national customers²³. This was also confirmed by a large majority of customers, which explained that they purchase their IT products mainly from national distributors²⁴.

27. For the purpose of the assessment of the present transaction, the exact geographic scope can be left open as the notified operation does not raise serious doubts as to the compatibility with the internal market even on the narrowest possible geographic market.

IV.2. Competitive assessment

28. The proposed operation does not give rise to vertical relationships as neither Avnet nor Magirus is vertically integrated on any of the affected markets. The activities of the merging parties overlap horizontally on the market for the wholesale distribution of IT products and some of its segments in the EU and at national level.

IV.2.1. Wholesale distribution of all IT products

29. On a market for the wholesale distribution of all IT products including direct and indirect sales, the combined market share of the merging parties was negligible on an EU-wide level ([0-5]%) in 2011.
30. On a market for the wholesale distribution of IT products including indirect sales only, the combined market share of the merging parties amounts to [0-5]% at EU level and remains below [0-5]% in each of the Member States where the activities of the merging parties overlap.
31. In view of these figures, the operation is unlikely to raise serious doubts on the market for the wholesale distribution of all IT products in the internal market or any substantial part of it.

IV.2.2. Wholesale distribution of narrower product segments

32. Under a possible narrower product market definition for the wholesale distribution of different IT products (excluding direct sales), the combined market share of the merging parties would remain below 15% in the potential markets for the wholesale distribution of software, peripherals, and networking products, in the EU and in each national market where the activities of the merging parties overlap.
33. In view of these figures, the operation is unlikely to raise serious doubts on the potential markets for the wholesale distribution of software, peripherals, and networking products in the internal market or any substantial part of it.

Wholesale Distribution of Data Storage Products

34. In the potential market for the wholesale distribution of data storage products (excluding direct sales), the merging parties' combined market shares in 2011 would

²² See replies to Questionnaire to distributors sent on 14 August 2012, question 11.

²³ See replies to Questionnaire to distributors sent on 14 August 2012, question 12.

²⁴ See replies to Questionnaire to Customers sent on 14 August 2012, question 12.

remain below 15% in the EU and in each of the Member States where the parties' activities overlap, except in Austria, Slovakia, the Netherlands, and the United Kingdom. The combined market share of the merging parties is indicated in the table below:

2011	Total Market Size (EUR million)	Avnet	Magirus	Combined	Competitors
Austria	[Confidential]	[10-20]%	[0-5]%	[10-20]%	Tech Data (20-25%), Arrow Electronics (15-25%), Also / Actebis (10-20%), and Ingram-Micro (10-20%).
The Netherlands	[Confidential]	[30-40]%	[0-5]%	[30-40]%	Ingram Micro (10-15%), Copaco (5-10%), Tech Data (5-10%), ETC (5-15%), SNE/ultimate (5-10%), and Global Distribution (0-5%).
Slovakia	[Confidential]	[40-50]%	[0-5]%	[40-50]%	Asbis (10-15%), Coma (5-10%), Arrow Electronics (0-5%), ED System (0-5%).
United Kingdom	[Confidential]	[20-30]%	[0-5]%	[20-30]%	Arrow Electronics (35-45%), Tech Data (10-15%), SCH Group (10-15%), and Ingram Micro (5-10%).

Table1: 2011 Parties' market shares (by value).

35. In these four affected markets, the increment in market shares would be limited as Magirus' market share is very small. Moreover, post-transaction, the combined entity would continue to face competition from a number of well-established distributors²⁵.
36. In addition, the notifying party considers that in the wholesale distribution of all IT products in general and therefore also of Data Storage products, a number of general market characteristics make it unlikely that the merged entity would be able to exercise market power. First, manufacturers/vendors typically use non-exclusive distribution agreements to increase market penetration and are able to influence prices at wholesale level. Second, manufacturers and customers/retailers can easily switch to other distributors which will remain in competition with the merging parties. Third, direct sales from manufacturers exert competitive pressure on indirect sales. Fourth, competitors of the merging parties are large distributors offering a full range of products. Fifth the distribution of computer/ IT products is characterized by substantial intra-brand and inter-brand competition. Sixth, barriers to entry are low so that other players can expand the range of distributed products. Finally, resellers themselves exercise a competitive constraint over distributors, as they compete in many instances with distributors to obtain business from the same customers.

25 Although the merging parties both sell HDD, their market shares' estimates do not include them. According to the notifying party, the consultancy IDC does not include HDD sales in its calculation of total storage market size as a large part of HDD sales are included in the sales of storage devices (and PCs and servers). Therefore, an estimate of market shares including HDD would be double counting the same HDDs and would actually overestimate the relative position of the merging parties. In the potential wholesale market for the distribution of data storage products including HDD, the merging parties' combined market shares in 2011 would amount to [10-20] % in the EU, however the increment in market shares would be limited as Magirus' market shares amount to [0-5]%. The increment will be limited also in each of the Member States where the parties' activities overlap with the exception of Austria where the combined entity market share would amount to [20-30]% (Avnet [10-20]%, Magirus [5-10]%).

37. As regards Austria, the Netherlands, Slovakia, and the United Kingdom, all customers who replied to the market investigation explained that the distribution of Data Storage products will continue to be competitive following the proposed merger, with a sufficient number of distributors competing to supply customers²⁶.
38. Furthermore, as regards Austria, the Netherlands, Slovakia, and the United Kingdom, either all or a large majority of competitors also confirmed that the distribution of Data Storage products will continue to be competitive following the proposed merger, with a sufficient number of distributors competing to supply customers²⁷.
39. Finally, as regards Austria, the Netherlands, Slovakia, and the United Kingdom, a large majority of suppliers also confirmed that the distribution of Data Storage products will continue to be competitive following the proposed merger, with a sufficient number of distributors competing to supply customers²⁸.
40. In view of the above, the operation is unlikely to raise serious doubts in relation to the potential market for the wholesale distribution of Data Storage products.

Wholesale Distribution of Servers

41. The merging parties' combined market shares (excluding direct sales) in 2011 would amount to [5-10]% in the EU, and would be below 15% in each of the Member States where the parties' activities overlap, except in Austria, Luxembourg, Slovakia and the United Kingdom. The combined market share of the merging parties is indicated in the table below:

²⁶ See replies to Questionnaire to Customers sent on 14 August 2012, question 26 (Austria), question 50 (Slovakia), question 62 (the United Kingdom). See also reply to question sent separately on 3 September 2012 (The Netherlands).

²⁷ See replies to Questionnaire to Competitors sent on 14 August 2012, question 26 (Austria), question 50 (Slovakia), question 62 (the United Kingdom). See also reply to question sent separately on 3 September 2012 (The Netherlands).

²⁸ See replies to Questionnaire to Suppliers sent on 14 August 2012, question 30 (Austria), question 62 (Slovakia), question 78 (the United Kingdom). See also reply to question sent separately on 3 September 2012 (The Netherlands).

2011	Total Market Size (EUR million)	Avnet	Magirus	Combined	Competitors
Austria	[Confidential]	[20-30]%	[0-5]%	[20-30]%	Tech Data (20-25%), Ingram Micro (20-25%), Actebis (15-25%) Arrow 5-10%.
Luxembourg	[Confidential]	[10-20]%	[0-5]%	[10-20]%	Tech Data (15-25%), Ingram Micro (10-20%), Arrow (05-10%) Altimate (0-5%)
Slovakia	[Confidential]	[10-20]%	[0-5]%	[10-20]%	Tech Data (10-20%), ABC Data (10-15%), Arrow (15-20%) Asbis (10-20%)
United Kingdom	[Confidential]	[10-20]%	[0-5]%	[10-20]%	SCH Group (15-20%) Ingram Micro (10-20%) Arrow (5-15%) Tech Data (20-25%) Westcoast (5-10%) Northamber (0-5%)

Table 2: 2011 Parties' Market shares (by value)

42. However, the increment in market shares would be limited as Magirus' market share is very small. Moreover, post-transaction the combined entity would continue to face competition from a number of well-established distributors in all the affected national markets.
43. When considering a narrower segmentation of servers on the basis of their price range at an EU level, the merging parties' combined market share would be below 15% ([5-10]%) for high-end servers, and would be [20-30]% for mid-ranger servers. There is no overlap between the activities of the parties in the distribution of entry level servers. On a national basis, the merging parties' combined market share would be below 15% in each Member States, with the exceptions of the market / segment of high-end servers in Ireland, and of mid-range servers in Austria, Germany, Ireland, Luxembourg, the Netherlands, Slovakia, and the United Kingdom.
44. In the narrower segment of high-range servers, the parties' combined market share in Ireland would amount to [30-40]% (Avnet: [10-20]% and Magirus: [10-20]%). The combined entity would however face competition from a number of distributors, such as Tech Data (10-20%), DCC (10-20%), and Westcoast (20-30%).
45. In the narrower segment of mid-range servers, the combined market share (excluding direct sales) of the merging parties is indicated in the table below:

2011	Total Market Size (EUR million)	Avnet	Magirus	Combined	Competitors
Austria	[Confidential]	[40-50]%	[5-10]%	[40-50]%	Tech Data (10-20%), Ingram Micro (5-15%), Actebis (5-10%), Arrow (0-5%).
Germany	[Confidential]	[30-40]%	[0-5]%	[30-40]%	Tech Data (25-35%), Ingram Micro (5-10%), DNS/Arrow (5-10%), Actebis (0-5%)
Ireland	[Confidential]	[40-50]%	[0-5]%	[40-50]%	Tech Data (10-20%), DCC (5-15%), Westcoast (5-15%)
The Netherlands	[Confidential]	[20-30]%	[5-10]%	[20-30]%	ETC (15-25%), Arrow (10-20%), Tech Data (10-15%), Copaco (5-15%)
Slovakia	[Confidential]	[20-30]%	[0-5]%	[20-30]%	Asbis (20-30%), Arrow (15-20%), Tech Data (10-20%), ABC Data (10-15%)
United Kingdom	[Confidential]	[30-40]%	[5-10]%	[40-50]%	SCH Group (10-20%), Arrow (5-15%), Tech Data (0-10%), Ingram Micro (0-10%), Westcoast (0-5%)
Luxembourg	[Confidential]	[60-70]%	[0-5]%	[60-70] ²⁹	Tech Data (15-25%), Ingram Micro (5-10%), Arrow (10-20%), Altime (0-5%)

Table 3: 2011 Parties' market shares (by value).

46. The increment in market shares would be limited in Ireland and Slovakia as Magirus' market shares are very small. Moreover, post-transaction the combined entity would continue to face competition from a number of well-established distributors in all the affected national markets.

47. As for the wholesale distribution of Data Storage products, the notifying party considers that in the wholesale distribution of servers, a number of general market characteristics make it unlikely that the merged entity would be able to exercise market power. First, manufacturers/vendors typically use non-exclusive distribution agreements to increase market penetration and are able to influence prices at wholesale level. Second, manufacturers and customers/retailers can easily switch to other distributors which will remain in competition with the merging parties. Third, direct sales from manufacturers exert competitive pressure on indirect sales. Fourth, competitors of the merging parties are large distributors offering a full range of products. Fifth the distribution of computer/ IT products is characterized by substantial intra-brand and inter-brand competition. Sixth, barriers to entry are low so that other players can expand the range of distributed products. Finally, resellers themselves exercise a competitive constraint over distributors, as they compete in many instances with distributors to obtain business from the same customers.

48. As regards Austria, Luxembourg, Slovakia, the United Kingdom, Ireland, and the Netherlands, all customers who replied to the market investigation explained that the

²⁹ The notifying party argues that the combined entity market shares in Luxembourg do not represent market reality, as Avnet's sales correspond to a single and complex project amounting to [Confidential] Million Euro. Outside of this project, the combined entity's market shares would amount to [10-20]% in 2011 (Avnet [10-20]%, Magirus [0-5]%).

distribution of servers (and in particular mid-range servers) will continue to be competitive following the proposed merger, with a sufficient number of distributors competing to supply customers³⁰. Only one customer in Germany - who did not substantiate its answer - believed that the distribution of servers in Germany would not remain competitive post-transaction. However, a large majority of them explained that the distribution of servers (and in particular mid-range servers) will continue to be competitive following the proposed merger, with a sufficient number of distributors competing to supply customers³¹.

49. Furthermore, as regards Austria, Luxembourg, Slovakia, the United Kingdom, Germany, Ireland, and the Netherlands, either all or a large majority of competitors also confirmed that the distribution of servers (and in particular mid-range servers) will continue to be competitive following the proposed merger, with a sufficient number of distributors competing to supply customers³².
50. Finally, as regards Austria, Luxembourg, Slovakia, the United Kingdom, Germany, Ireland, and the Netherlands, a large majority of vendors also confirmed that the distribution of servers (and in particular mid-range servers) will continue to be competitive following the proposed merger, with a sufficient number of distributors competing to supply customers³³.
51. In view of the above, the operation is unlikely to raise serious doubts on the potential market for the wholesale distribution of servers.

IV.2.3. Conclusion

52. Based on the results of the market investigation, the Commission concludes that, given the fact that the proposed operation only leads to affected markets if the narrowest plausible product and geographic market definitions are retained, that the merged entity continues to face sufficient competition from other distributors in all of these potential markets, and that vendors are able to exert competitive pressure on distributors, it is unlikely that the proposed will give rise to serious doubts as to compatibility with the internal market on any of the potentially affected markets for the wholesale distribution of specific categories of IT products.

³⁰ See replies to Questionnaire to Customers sent on 14 August 2012, question 20 (Austria), question 32 (Luxembourg), question 44 (Slovakia), question 56 (the United Kingdom), question 74 (Ireland), question 80 (the Netherlands), question 54 (Slovakia), .

³¹ See replies to Questionnaire to Customers sent on 14 August 2012, question 68.

³² See replies to Questionnaire to Competitors sent on 14 August 2012, question 20 (Austria), question 32 (Luxembourg), question 44 (Slovakia), question 56 (the United Kingdom), question 68 (Germany), question 74 (Ireland), question 80 (the Netherlands).

³³ See replies to Questionnaire to Suppliers sent on 14 August 2012, question 22 (Austria), question 38 (Luxembourg), question 70 (the United Kingdom), question 86 (Germany), question 94 (Ireland), and question 102 (the Netherlands).

V. CONCLUSION

53. For the above reasons, the European Commission has decided not to oppose the notified operation and to declare it compatible with the internal market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of the Merger Regulation.

*For the Commission
(Signed)*

*Joaquín ALMUNIA
Vice-President*