

***Case No COMP/M.7476 -
HOLTZBRINCK
PUBLISHING GROUP /
SPRINGER
SCIENCE+BUSINESS
MEDIA GP
ACQUISITION SCA / JV***

Only the English text is available and authentic.

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

Article 6(1)(b) NON-OPPOSITION
Date: 31/03/2015

***In electronic form on the EUR-Lex website under document
number 32015M7476***



EUROPEAN COMMISSION

Brussels, 31.3.2015
C(2015) 2325 final

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 Where possible the information omitted has been replaced by ranges of figures or a general description.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

To the notifying parties:

Dear Sir/Madam,

**Subject: Case M.7476 – Holtzbrinck Publishing Group/Springer Science + Business Media GP Acquisition SCA/JV
Commission decision pursuant to Article 6(1)(b) of Council Regulation No 139/2004¹ and Article 57 of the Agreement on the European Economic Area²**

- (1) On 24 February 2015, the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation, by which the undertakings Holtzbrinck Publishing Group (“Holtzbrinck”, Germany), controlled by Georg von Holtzbrinck GmbH & Co. KG, and Springer Science + Business Media G.P. Acquisition SCA (“SSBM”, The Netherlands), ultimately controlled by BC Partners Holdings Limited (“BC Partners”, UK), acquire joint control within the meaning of Article 3(2) of the Merger Regulation of a newly created joint venture (the “Joint Venture”) within the meaning of Article 3(4) of the Merger Regulation by way of purchase of shares (the

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.

² OJ L 1, 3.1.1994, p. 3 ("the EEA Agreement").

“Transaction”).³ Holtzbrinck and SSBM are collectively referred to as the “Notifying Parties” or the “Parties”.

1. THE PARTIES

- (2) Holtzbrinck is an international media company active in trade publishing, education and science, newspaper and magazines, as well as electronic media and services. Holtzbrinck offers publishing services under three operational divisions: Macmillan Science and Education (academic publishing in science and education), Macmillan Publishers (publishing in fiction and non-fiction) and Holtzbrinck Digital, Information & Services (internet companies, news media and services). Holtzbrinck’s Macmillan Science and Education publishes, among others, under the publishing brands “Nature Publishing Group” and “Palgrave Macmillan”.
- (3) SSBM is the parent company of SSBM Group, active mainly in the publishing of academic journals and books, primarily in the science, technology and medical fields, and with some operations in the area of online databases and workflow tools and local language professional publishing, amongst other, in Germany and the Netherlands. The SSBM Group is active, among others, under the publishing brands Springer, Adis and BioMedCentral. SSBM is indirectly solely controlled by limited partnerships collectively constituting BC European Capital Fund IX (“BC Fund”), acting through its general partner CIE Management IX Limited, which own [...]% of the shares of SSBM.⁴ BC Fund and CIE Management IX Limited are in turn ultimately controlled by BC Partners.

2. THE CONCENTRATION

- (4) Pursuant to the Business Combination Agreement (the “BCA”) and a joint venture agreement (the “JVA”) of 22 and 23 December 2014, all the activities of SSBM and its subsidiaries and most of the activities of Holtzbrinck’s business division Macmillan Science and Education, will be transferred to a newly created Joint Venture.

2.1. Joint control

- (5) Upon completion of the Transaction, Holtzbrinck, through the acquisition vehicle GvH Vermögensverwaltungsgesellschaft XXXIII mbH (“GvH33”), will hold a co-controlling 53% shareholding in the Joint Venture, whereas SSBM will hold the remaining 47% of the shares.
- (6) Under the provisions of the JVA and of the corporate governance documents, SSBM and Holtzbrinck are granted rights that allow each of them to exercise decisive influence over the Joint Venture.
- (7) According to the corporate governance documents, the resolutions of the Joint Venture’s shareholder meetings generally require, depending on the matter, a majority of [...]% of the votes present or of [...]% of the total voting rights. Therefore, the

³ Publication in the Official Journal of the European Union No C74 of 03.03.2015, p. 10.

⁴ The acquisition of sole control over SSBM by BC Fund was approved by the Commission in Case COMP/M.6972 – *BC Partners/Springer Science + Business Media*.

consent of both Holtzbrinck and SSBM is required for matters decided at the level of the shareholder meeting.

- (8) The Joint Venture will also have a supervisory board deciding on strategic matters and a management board conducting the day to day business. The management board consists of four directors, out of which three appointed by SSMB and one by Holtzbrinck. While the Parties already jointly agreed on the composition of the management board, [details of the Parties' agreements], all future decisions regarding the appointment and revocation of the management board, business plan, and annual budget will be adopted at the supervisory board level. The supervisory board has a total of six members with three for each Party. [Details of the supervisory board's governance]. Given that [details of the decision making process.], consent of both Notifying Parties is required in relationship with all strategic matters.
- (9) Therefore, upon completion of the Transaction SSBM and Holtzbrinck will jointly exercise control over the Joint Venture, as defined by Article 3(2) of the Merger Regulation.⁵

2.2. Full functionality of the Joint Venture

- (10) The Joint Venture qualifies as a full function joint venture within the meaning of Article 3(4) of the Merger Regulation,⁶ as it will perform on a lasting basis all the functions of an autonomous economic entity.
- (11) The Joint Venture will have sufficient resources to operate independently on a market. It will have a management fully dedicated to its day-to-day operations as well as access to sufficient resources including finance, staff, and assets in order to conduct on a lasting basis its business activities. In particular, it will combine the staff (more than 12,000 employees worldwide) and assets of SSBM and Holtzbrinck's Macmillan Science and Education business unit, enabling it to continue and expand autonomously the businesses contributed to it by its Parents.
- (12) The Joint Venture will perform activities beyond one specific function for the parents, as it will have its own access to and presence in the markets. The Joint Venture will carry out all the functions that are normally carried out by undertakings operating in the markets in which the Joint Venture will be active. It will develop its own publishing products and sell these products with its own sales force. Thus, the Joint Venture will neither be a mere production nor a sales/distribution joint venture.⁷
- (13) The Joint Venture will act autonomously from the Notifying Parties. Outside of the Joint Venture, Holtzbrinck will [details of the future relation between Holtzbrinck and the Joint Venture]. These relations between Holtzbrinck and the Joint Venture are of minor importance and do not affect the Joint Venture's full-functionality.

⁵ See also Commission Consolidated Jurisdictional Notice under Council Regulation (EC) No 139/2004 on the control of concentration between undertakings ("Consolidated Jurisdictional Notice"), OJ C 95, 16.4.2008, p. 1., paras. 62 and following.

⁶ See also Consolidated Jurisdictional Notice, paras. 91 and following.

⁷ Consolidated Jurisdictional Notice, para. 95.

- (14) Finally, the Joint Venture is also intended to operate on a lasting basis.⁸ The Joint Venture is not limited to a specific time period and brings about a lasting change in the structure of the undertakings concerned.

2.3. Conclusion

- (15) Given that Holtzbrinck and SSBM will acquire joint control over a full-function joint venture within the meaning of Article 3(4) of the Merger Regulation, the Transaction constitutes a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

3. EU DIMENSION

- (16) The Transaction meets the turnover thresholds of Article 1(2) of the Merger Regulation. The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 000 million⁹ (Holtzbrinck: EUR [...] million; SSBM EUR [...] million¹⁰). Each of them has a EU-wide turnover in excess of EUR 250 million (Holtzbrinck: EUR [...] million; SSBM EUR [...] million), but they do not achieve more than two-thirds of their aggregate EU-wide turnover within one and the same Member State.
- (17) The notified operation therefore has an EU dimension.

4. RELEVANT MARKETS

- (18) The Transaction mainly concerns the sector of academic publishing in the English language. Following the Transaction, the entirety of the activities of SSBM in the field of academic publishing in the English language will be transferred to the Joint Venture, together with the activities of Holtzbrinck in the same area, where Holtzbrinck is present with its Macmillan Science and Education division.
- (19) The Joint Venture will also have limited activities in the areas of scientific online databases and workflow tools, marketing and communication services, popular science magazine publishing, professional publishing, educational publishing and services related to publishing. Of these activities, the Parties' activities do not overlap in popular science magazine publishing, professional publishing, and educational publishing.¹¹ There is, however, an overlap between the Parties' activities in scientific online databases and workflow tools, marketing and communication services, and services related to publishing. These areas of overlap are analysed as relevant markets for the purposes of this decision.
- (20) Additionally, the Joint Venture will acquire from SSBM some limited activities in the publishing of academic journals and books in languages other than English, in

⁸ Consolidated Jurisdictional Notice, para. 103.

⁹ Turnover calculated in accordance with Article 5 of the Merger Regulation.

¹⁰ The turnover of SSBM includes the turnover of BC Fund, which indirectly solely controls SSBM through its general partner CIE Management IX Limited ([...] % of the shares of SSBM).

¹¹ In popular science magazines, only Holtzbrinck is active. In professional publishing, only SSBM is active. In educational publishing, SSBM offers adult educational materials, whereas Holtzbrinck's business that will be transferred to the Joint Venture comprises school books and supporting materials for primary and secondary schools.

particular German, and – to a more limited extent – Italian, French and Spanish. After the Transaction, Holtzbrinck will retain some activities in academic publishing in the German language. Finally, after the Transaction Holtzbrinck will be active to a limited extent in book distribution in the EEA. Given that the distribution of books is vertically linked to the market of academic publishing on which the Joint Venture will be active, book distribution is also analysed as a relevant market.

4.1. Academic Publishing

4.1.1. Introduction

- (21) Academic publications can be distinguished from so-called (fiction or non-fiction) trade publications in that they are aimed at a highly specialized scientific community of academics and researchers, whereas (fiction or non-fiction) trade publications are of general interest and are directed to the general public. Academic publishing can also be distinguished from professional publishing, which entails the publishing of books and periodicals intended for professional use and to provide information to practitioners and professionals.
- (22) Customers of academic publishing include academic research libraries, libraries of (semi-) governmental institutions and libraries of research-intensive institutions and companies (corporate customers). Leading libraries have formed several consortia and mainly acquire academic content in the form of a license for several journal titles and books. Sometimes academic journal and book content is also sold via so-called subscription agents to universities or smaller institutes. Academic books are also sold through (stationary or online) bookstores and book distributors, such as Amazon and Baker & Taylor. To a limited extent and limited to certain groups of academic publications, academic publications are also directly sold to individual researchers and graduate students.
- (23) Academic publications are predominantly in the English language and can be further categorized according to several criteria, such as the type of publication, the academic discipline, the format of the publication and the publishing model. A further possible distinction can be made depending on the types of academic publisher.
- (24) **Type of publication.** Traditionally, the two main types of academic publications are academic journals and academic books.
- (25) Academic journals are peer-reviewed periodical collections of articles or primary research papers on scientific subjects that report and document the latest research in a particular area. Journals are used to certify, formalise, improve, preserve and communicate scientific findings and as such provide much of the primary output that drives the rest of the academic publishing industry.
- (26) Researchers typically submit a research paper to a journal based on the journal's substantive characteristics and its academic fit. The journal's editorial board reviews the submitted papers for novelty, quality and relevance to the journal and its scientific field of study. The editorial board will subsequently either reject the paper or direct the article through a peer review process.¹² Alternatively, the editorial board may also

¹² The peer review, which is carried out by a panel of experts in a particular academic field, is implemented as a system of quality control to ensure the integrity and excellence of the published

reject the paper, but make a suggestion to the author to submit the paper to another, better suited academic journal.

- (27) Academic books provide an outlet to disseminate research information and findings; they are usually written by academics and are generally aimed at academic researchers, post-graduate students, other professionals and applied researchers in different industries. There are several types of academic books, in particular monographs, handbooks or authoritative sources of foundation content, including encyclopedias (“major reference works”), professional reference books, conference proceedings and graduate level textbooks.
- (28) With respect to academic books’ editorial review process, the publishers either employ editors who work together with the author and oversee the process to ensure a high-quality end product or the manuscript is reviewed by external peer reviewers who are experts in their academic field. In academic book publishing, the author’s reputation (or the reputation of editors contributing to a book or book series) and the publisher’s brand establish credibility in addition to peer review.
- (29) **Academic disciplines.** Academic publications can also be classified in different segments depending on the academic discipline treated by each relevant publication. At a very high level, academic publications can be distinguished between those falling in the field of Science, Technical and Medical (“STM”) and those falling in the field of Social Sciences and Humanities (“SSH”). Each of these disciplines can be further sub-segmented.¹³ This distinction applies both to academic books and academic journals.
- (30) **Format of the publication.** Academic publications can be distributed in electronic or print form. Print publications have traditionally been the only or, more recently, the primary form of distribution of academic publications. However, as end users have over time adopted new technologies to access content, electronic publications have gradually become more important. This is because the electronic format enables a wider and simpler dissemination method, allows for the publication of academic research with additional features and forms of content.
- (31) Through online publishing, book and journal content is delivered online to allow for constant remote access and to enable a wider or unlimited number of individuals to access the same content. While some specific journals – pure open access journals – are typically distributed exclusively online, print copies generally remain important and are typically sold for archiving purposes or to accommodate regional preferences. Online journals are stored in online databases and made accessible by publishers through various business models and channels. In addition, publishers make their journal backlists available online as well.

research, i.e. it verifies that the paper provides sufficient insights to advance thinking in that field, and attempts to verify the integrity of research methods and conclusions. Members of editorial boards and peer reviewers are typically neither employees of the publisher (or the journal) nor paid a salary; rather, these functions are attractive because they confer prestige and grant access to the latest research in a particular field.

¹³ For STM: medicine; biomedical & life sciences; earth and environmental sciences; chemistry and materials science; physics and astronomy; engineering; computer sciences; mathematics and statistics; other disciplines. For SSH: art& music; business & economics; education; geography; history; language & linguistics; law; literature; philosophy and ethics; political sciences; psychology; religion; social sciences; other.

- (32) **Publishing model.** Under the traditional publishing model, an academic publisher generates revenues primarily from content users by means of subscription fees for journals¹⁴ and from sales of books.
- (33) Under the open access model, users receive free and unrestricted access via the internet to academic journals and journal articles, as well as to other content, such as theses, scholarly monographs and book chapters. In contrast to the traditional publishing model, in the open access model academic publishers generate revenues not from customers and users of the content, but mostly from authors by means of a so-called “article processing charge” (“APC”).
- (34) The open access publishing model can be further distinguished between so-called “gold open access” and “green open access”.
- (35) The gold open access model refers to open access publishing in peer-reviewed academic journals, where the entire journal or selected articles are accessible free of charge. While under the traditional publishing model access to published peer-reviewed research is restricted and the costs of the publishing process (peer review, editing and publication) are recouped through subscription fees, under the gold open access publishing model an APC is levied from the author upon acceptance by the journal, while universal access to the publication is granted freely. Usually the authors do not have to pay the APC themselves, but pass the APC on to institutions and funders.
- (36) Gold open access content is published either in dedicated, online-only open access academic journals (“pure” open access journals) or in traditional journals, which continue to be sold on a subscription basis (“hybrid” journals). Hybrid journals are journals that continue to be sold on a subscription basis and do not provide open access to their full content, but only to individual, selected articles, for which an APC was paid.
- (37) Typically, publishers of traditional academic journals offer an open access option so that authors can have the prestige of publishing their paper in a subscription-based journal based on the journal’s substantive characteristics and its academic fit while at the same time enjoying open access benefits. Hybrid journals therefore offer a link between traditional publishing and pure open access publishing both for authors and for publishers.
- (38) Under the green open access model, authors self-archive their work and make it freely available by posting it in institutional, funder or central repositories. Articles or research papers are often first published in a regular subscription-based journal and after an embargo period (typically six or twelve months) are made available freely in the form of the final author manuscript in a repository. Social networks and online

¹⁴ Subscription fees, in particular with consortia of universities or of libraries are traditionally the most important revenue source from academic journals. Typically, arrangements are made on an at least yearly basis, in many cases multi-year contracts. Since the early 2000s, subscription agreements are made mostly in the form of the so-called “Big Deal” format. Under these agreements, libraries for a fixed fee obtain access not only to a group of subscription journals, but also to the publisher’s remaining electronically available content (the non-subscribed content). Other revenues in the academic journals segment are generated in particular from (i) the sale of reprints – that is, the customized bulk reproduction of articles previously published in academic journals either for commercial purposes (for instance to pharmaceutical companies) or to authors –; (ii) (to a limited extent) the sale of advertisement; and (iii) advertising and license fees paid by third-party aggregators.

platforms, such as Mendeley, Researchgate or Academia.edu, provide further outlets for authors to share many of their (final) author manuscripts and research findings free of charge.

- (39) **Type of publisher.** In the academic publishing sector, there are three main types of academic publishers: (i) commercial publishers (such as the Notifying Parties, Reed Elsevier, Wiley and Informa), (ii) academic societies (such as the American Chemical Society), and (iii) university presses (such as Cambridge University Press and Oxford University Press).

4.1.2. *Product Market*

- (40) The Notifying Parties submit that the relevant product market is the overall market for academic publishing in the English language comprising all academic publications, without further distinctions based on the type of publication or academic publisher, the academic discipline, the publishing format or publishing model.
- (41) While acknowledging that there is very limited demand-side substitutability among single academic publications, the Notifying Parties, referring to Commission precedents, submit that, on the supply side, most academic publishers have the necessary resources, skills and reputation to publish in any segment or category of academic publishing.
- (42) In the Notifying Parties' view, these supply-side considerations warrant a broad market definition including both academic books and journals in all academic disciplines. In this respect, the Notifying Parties further note that academic books and academic journals are essentially sold to the same customer group, namely libraries being part of universities or other research institutions. These institutions generally purchase the full range of academic publications in order to provide their customers, in particular scientists and researchers, with the full portfolio of up-to-date scientific content.
- (43) For similar reasons, the Notifying Parties submit that it is not appropriate to distinguish separate markets depending on the type of academic publisher, that is, commercial publishers, academic societies and university presses, given that these publishers offer the same products to the same customers and fully compete with each other. The Notifying Parties note that academic publications published by commercial publishers, such as themselves or Reed Elsevier, are fully interchangeable with publications from academic societies and university presses, from the perspective of both authors and customers. Authors choose the publisher for their research based on factors such as reputation, reach, substantive characteristics and academic fit of the publication, irrespective of the commercial identity of the publisher. Similarly, customers generally purchase the full range of academic publications in order to provide their customers, in particular scientists and researchers, with the full portfolio of up-to-date scientific content – irrespective of the type of publisher.
- (44) As regards a possible segmentation of academic publications depending on the relevant academic discipline, the Notifying Parties argue that this distinction is not necessary and the question can be left open. The Notifying Parties submit that there are no significant differences in competitive conditions or supply-side considerations between different academic disciplines, in particular between STM and SSH. Moreover, most academic publishers are active with offerings in all or most of the relevant disciplines, or can easily extend their catalogue to new sub-segments therein, and customers usually purchase both in the STM and SSH segments.

- (45) With respect to a possible distinction between print form and electronic publications, the Notifying Parties submit that this is also not a basis to define separate markets. The Notifying Parties argue that the print and electronic format are interchangeable, that academic publishers usually offer both formats and that the conditions of competition are uniform.
- (46) Finally, the Notifying Parties argue that academic journals based on the open access model should not be distinguished from academic journals based on the traditional publishing model. In the Notifying Parties' view, open access academic publications are not a different product, but merely reflect a different revenue model for the same product offered by publishers to authors and users of content under the traditional publishing model.
- (47) The Notifying Parties note that both publishing models have the same production process. In particular, publishers provide the same service to authors by carrying out the peer review, editing and publication processes. Ultimately, the product characteristics of an academic journal or article are the same irrespective of whether it is accessible in an open access or in a subscription-based model, and an academic publisher can easily convert a traditional journal into an open access one.
- (48) According to the Notifying Parties, authors also do not distinguish journals depending on whether they are open access or traditional. The Notifying Parties submit that authors, when deciding among journals for the publication of their research, consider factors such as the journal's reputation, the quality of the journal's papers, the quality of peer review, the journal's international scope and the speed of publication. Thus, authors choose the journal based on its substantive characteristics and its academic fit. In this regard, publications in traditional, subscription-based journals, hybrid journals or pure open access journals are completely interchangeable.
- (49) In its previous decisions, the Commission found that there is an overall market for academic publishing in the English language.¹⁵
- (50) The Commission found that a strict demand-side approach is not appropriate for the purpose of market definition.¹⁶ In particular, from a demand-side point of view, it is rare that two different publications can be viewed as perfect substitutes, as there are differences in the coverage, comprehensiveness and content provided. Therefore, in terms of functional interchangeability, two different publications could hardly be regarded as substitutable by the end-users, the readers. On that basis, the Commission found that consumers will rarely substitute one publication for another following a change in their relative prices and concluded that a strict demand approach would lead to the definition of a multitude of relevant markets of imprecise boundaries and small dimensions.¹⁷
- (51) In previous decisions the Commission also noted that customers of academic publications are seldom individuals, but usually libraries that are part of universities or other academic institutions. To what extent publications belonging to different

¹⁵ Case M.3197 - *Candover/Cinven/Bertelsmann-Springer*, Commission decision of 15 February 1999.

¹⁶ Case IV.M.1377 – *Bertelsmann/Wissenschaftsverlag Springer*, Commission decision of 15 February 1999, recitals 9-10; Case M.3197 - *Candover/Cinven/Bertelsmann-Springer*, recitals 13 and 17.

¹⁷ Case M.3197 - *Candover / Cinven /Bertelsmann-Springer*, recital 13.

disciplines may be substitutable as regards the library budget depends on the scope of the collection of the library, the organisation of its budget and its internal organisation. However, the Commission also noted that these customers usually purchase academic publications in several sectors, albeit some focus more specifically on certain disciplines. Therefore, the Commission considered that this diversity of purchases blurred the boundaries of a market definition based on different academic disciplines.¹⁸

- (52) For these reasons, the Commission took into account supply-side considerations when defining the relevant market, noting that the elements necessary for academic publishers to be active in the sector are mostly common across the various possible disciplines and segments.¹⁹ In the case of academic publishing, the Commission found that certain factors (such as access to reputed authors and editors and to libraries and institutions, or having highly renowned academics for journal peer review to maintain the quality, reputation and attractiveness of the journals) are common to the various academic disciplines, though the precise boundaries are unclear. The Commission also noted that usually larger academic publishers are active in several segments and disciplines of academic publishing, and can easily enter a new segment should there be profitable opportunities, which also warranted a broader market definition.²⁰
- (53) In *Candover/Cinven/Bertelsmann-Springer*, the Commission found that it was possible to draw a distinction between academic publications in the STM and SSH fields. However, the Commission ultimately left the question open, as the concentration did not raise concerns even under this possible narrower product market definition.²¹ The Commission also considered whether distinct product markets should be identified between books and journals or on the basis of the format of the publication (online versus print), but, for the same reason, left also these questions open.²²
- (54) The results of the market investigation in the present case confirmed the relevance of supply-side considerations for the definition of the relevant product market in the academic publishing sector. Publications in different academic subjects are indeed not substitutable from the readers' perspective. However, many academic publishers appear to be active across most of the possible segmentations of the market, and offer publications covering several disciplines and consisting of both journals and books in print and electronic format, though certain publishers put more emphasis on a specific discipline or segment. Moreover, the main customers of academic publications are libraries, universities, research institutions and academic consortia. These customers purchase a vast array of academic publications across several sectors and disciplines, though some have a more specific focus.

¹⁸ Case M.3197 - *Candover/Cinven/Bertelsmann-Springer*, Commission decision of 15 February 1999, recital 18.

¹⁹ Case IV.M.1377 – *Bertelsmann/Wissenschaftsverlag Springer*, Commission decision of 15 February 1999, recitals 9-13; Case M.3197 - *Candover/Cinven/Bertelsmann-Springer*, recital 14.

²⁰ Case M.3197 - *Candover/ Cinven/Bertelsmann-Springer*, Commission decision of 15 February 1999, recital 19.

²¹ Case M.3197 - *Candover/Cinven/Bertelsmann-Springer*, Commission decision of 15 February 1999, recital 20.

²² Case M.3197 - *Candover/Cinven/Bertelsmann-Springer*, Commission decision of 15 February 1999, recital 21.

- (55) Respondents to the market investigation agreed that academic publishing must be distinguished from professional and trade publishing. One respondent explained that academic publications can be generally distinguished from professional and trade publications because of their different marketing channels and pricing models. Academic publications are often sold on an institutional basis to academic libraries. Professional and trade publications more often have a mass market profile and individual sales as they are being sold mainly to practitioners or professionals (in the case of professional publications) or to a general audience of readers (in the case of trade publications).
- (56) Respondents to the market investigation also agreed that academic publishing is mostly in the English language. Most academic publications are in English, which is the *de facto* international standard, as it enables to reach a broad scientific audience. However, some respondents noted that local languages may also be of relevance in certain segments and that other languages have gained importance.
- (57) On the basis of the results of the market investigation, the Commission concludes that academic publishing is a separate market from professional and trade publishing and consists of academic publications in the English language.
- (58) The Commission further investigated whether the overall market for academic publications in the English language could be further distinguished depending on the type of publication, the academic discipline, the format of the publication, the publishing model, or type of publisher.
- (59) As regards a possible distinction within the market for academic publishing based on the type of publication, the Commission on the basis of the market investigation considers that academic books differ from academic journals, as they are not interchangeable with each other. However, the Commission also notes that while, from the demand-side perspective of the final users (the readers), books and journals indeed appear to be different, most libraries purchase to a large extent both books and journals. Respondents among customers indicated that books and journals are complementary, and are equally needed to offer readers a broad catalogue across all relevant academic disciplines. Moreover, as regards the supply-side, it appears that most academic publishers offer both books and journals.
- (60) As regards the question whether the market for academic publishing should be further delineated on the basis of different academic disciplines, some respondents among customers indicated that academic publications in the field of STM are different from those in the field of SSH as they pertain to different disciplines and audiences. Other respondents did not see this distinction as relevant, given that most publishers and customers generally have both of these disciplines. This is further confirmed by the fact that most libraries indicated that they purchase both STM and SSH publications in almost all the relevant subdisciplines. On the supply side, academic publishers generally appear to be active in both STM and SSH and their relevant subdisciplines, though some publishers are more present and specialized in one of the two segments. Accordingly, while some academic publishers agreed that STM and SSH are different disciplines, each with their own features, others found that these differences were not such as to warrant separate markets.
- (61) As regards a possible distinction within the market for academic publishing depending on the type of format, in particular between electronic and print academic publications, on the basis of the results of the market investigation, the Commission considers that

the type of format appears not to be a significant distinctive factor among academic publications. Respondents among customers indicated that they purchase both electronic and print academic publications, and that the two formats are interchangeable. Some respondents indicated that print publications are becoming less important and residual, and that electronic publications offer more functions and are more immediate. From the supply side, academic publishers indicated that their offering consists of publications in both electronic and print format. These respondents also added that the content of publications is the same in both formats, though electronic publications offer some additional functions, such as online searching and reference linking.

- (62) Similarly, in light of the market investigation, the Commission considers that a distinction within the market for academic publishing depending on the publishing model is likely not relevant. Among customers, most respondents found that open access publications are not different from other academic publications. These respondents explained that open access publications may differ from traditional publications as regards the payment and financing mechanism, but the intrinsic product and content, as well as the audience and final users, ultimately remain the same. From the supply side, academic publishers also indicated that the main difference between open access academic publications and traditional academic publications is mainly one of funding, but that the content and creation processes largely are the same. Moreover, it appears that most academic publishers offer their publications through both the traditional publication model and various open access solutions.
- (63) Finally, the Commission considered whether the market for academic publishing should be more narrowly defined on the basis of the type of academic publishers, more specifically whether academic publishing by non-commercial publishers, such as university presses and academic societies, belongs to a separate market than academic publishing by commercial publishers.
- (64) On the basis of the results of the market investigation, the Commission finds that non-commercial publishers appear to compete with commercial publishers. Respondents to the market investigation generally indicated that non-commercial publishers usually compete with commercial publishers on the same market. Additionally, the results of the market investigation indicated that authors and customers choose academic publishers and their products on the basis of factors such as content, reputation and other features, irrespective of the commercial or non-commercial nature of the publisher. Therefore, in the present case it does not appear that the market for academic publishing differs depending on whether the publishers are commercial or non-commercial.
- (65) In any event, the Commission considers that the question whether the market for academic publishing should be more narrowly defined on the basis of the type of publication, the academic discipline, the format of the publication, the publishing model, or the type of publisher, is not relevant for the purpose of this case.
- (66) While there are some indications that the market for academic publishing can be further segmented, in particular with regard to the type of publication or the academic discipline, the exact scope of the product market for academic publishing can be left open for the purpose of this case, as the Transaction does not raise competition concerns under any plausible product market definition.

(67) In light of the above, the Commission considers that the relevant overall product market in this case is the market for academic publishing in the English language.

4.1.3. *Geographic Market*

4.1.3.1. Notifying Parties' view

(68) The Notifying Parties submit that the geographic market for academic publishing is worldwide in scope, as scientific content and research are worldwide and research results in any academic field are of worldwide interest. For that reason, academic publications, in particular in STM, are predominantly written in English, which enables authors to reach a broad international readers' community.

(69) The Notifying Parties also argue that publishers of academic books and journals sell their products to customers around the world, which need to offer a broad portfolio of titles and content and to source academic books and journals on a worldwide basis. Moreover, authors of academic content may also choose their publishers and publications on a worldwide basis and their choices are not limited to the publishers in their respective home country or continent.

4.1.3.2. Commission's assessment

(70) In its decision in *Candover/Cinven/Bertelsmann-Springer*, the Commission found that there is a worldwide market for academic publishing in the English language.²³

(71) The market investigation in the present case suggests that market for academic publishing in the English language is likely worldwide in scope.

(72) Most respondents among customers indicated that the market for academic publishing in the English language is worldwide in scope. These respondents reported that academic publications are sold and purchased on a worldwide basis, that authors chose academic publishers across the world and that academic content and research are of global interest.

(73) Academic publishers also agreed that there is a worldwide market for academic publishing in the English language. These respondents also indicated that they offer their products on a worldwide basis.

4.1.3.3. Conclusion

(74) In light of the above, the Commission concludes that the market for academic publishing in the English language is worldwide.

4.2. Scientific online databases and workflow tools

4.2.1. *Product market*

(75) Scientific online databases and workflow tools allow research communities to quickly access information and data in an organized manner, supporting research efficiency and collaboration. They typically integrate and analyse primary and secondary data from

²³ Case M.3197 - *Candover/Cinven/Bertelsmann-Springer*, recital 23.

multiple sources and facilitate the assimilation of data to produce base information. They enable scientists to share and discuss research-related content and address other workflow needs, such as reference management. For instance, abstract and indexing databases, and factual and aggregator databases contain article abstracts linked to all citations of that article.

- (76) Scientific online databases and workflow tools form part of the wider area of technology and software solutions that support academic research, such as desktop software products (that allow individual scientists to better organize their work and manage their research findings), decision support software and analytics platforms (that are designed to trawl and analyse large collections of primary and secondary data with specific research or business goals in mind) and databases and software supporting the analysis of geophysical and geospatial information.
- (77) The Notifying Parties submit that the relevant product market should include all technology and software solutions that support academic research or at least comprise all scientific online services, including online databases, as well as other online workflow solutions that allow for the collaboration of researchers.
- (78) The Commission considers that market investigation in the present case did not lead to findings that differ from the Notifying Parties' submissions.
- (79) In this case, the exact scope of the product market for scientific online databases and workflow tools can be left open as the Transaction does not raise competition concerns with regard to scientific online databases and workflow tools under any plausible market definition.

4.2.2. Geographic market

- (80) In the Notifying Parties' view, the market for scientific online databases and workflow tools is worldwide in scope.
- (81) The Commission considers that market investigation in the present case did not lead to findings that differ from the Notifying Parties' submissions.
- (82) In this case, the exact geographic scope of the market for scientific online databases and workflow tools can be left open as the Transaction does not raise competition concerns with regard to scientific online databases and workflow tools under any plausible market definition.

4.3. Marketing and communication services

4.3.1. Product market

- (83) Marketing and communication services comprises an array of disciplines and services (including advertising, information and consultancy, public relations, consumer relationship management, direct marketing, event management, brand identity and design) covering different types of media.
- (84) In line with previous Commission decisions, the Notifying Parties submit that the relevant product market is that for marketing and communication services overall, including the healthcare sector, which is the sector in which the Notifying Parties are active.

- (85) In previous decisions, the Commission considered that the relevant product market for the provision of marketing and consulting services encompasses an array of disciplines including advertising, insight and consultancy, public relations, consumer relationship management/direct marketing/event management, brand identity and design and other areas of specialist communications.²⁴
- (86) The Commission considered that these services all belonged to the same relevant market and that a further segmentation would not have reflected the way in which these disciplines were demanded and offered.²⁵ In particular, the Commission found that marketing and consulting services for the healthcare sector belong to this overall market.²⁶
- (87) In this case, the exact scope of the product market for marketing and communication services can be left open, as the Transaction does not raise concerns under any plausible market definition.

4.3.2. *Geographic market*

- (88) In the Notifying Parties' view, the geographic scope of the market for marketing and communication services is more likely EEA-wide than national.
- (89) In its past decisions, the Commission found that the market for marketing and communication services is national in scope.²⁷
- (90) In this case, the exact scope of the geographic market for marketing and communication services can be left open, as the Transaction does not raise concerns under any plausible market definition.

4.4. **Services related to publishing**

4.4.1. *Product market*

- (91) Services related to publishing comprise activities such as scientific editing, advice on scientific manuscripts and language editing. In the area of books, these services include the management and organization of the production of books (from the preparatory process prior to printing to the printing and manufacturing) and the binding and finishing process of books (seeking out sources of supply for the placement of print orders, tracking schedules, controlling quality, seeking out suppliers for services such as binding and print finishing, organizing shipping for the delivery of books, and buying and stocking paper).
- (92) The Notifying Parties do not take a position on the precise scope of the product for services related to publishing. In their view, the market definition can be left open, as the Transaction in any event does not give rise to competition concerns.

²⁴ Case M. 3579 – *WPP/Grey*, recital 13; Case M.7023 – *Publicis/Omnicom*, recitals 60-61 and 69.

²⁵ Case M. 3579 – *WPP/Grey*, recital 13; Case M.2000 - *WPP Group/ Young & Rubicam*, recitals 10 and following.

²⁶ Case M.7023 – *Publicis/Omnicom*, recitals 76 to 79.

²⁷ Case M.7023 – *Publicis/Omnicom*, recital 87; Case M. 3579 – *WPP/Grey*, recitals 16 and following.

- (93) In previous decisions, the Commission considered service activities relating to printing, in particular pre-press services (such as file management, colour separation, preparation of the rotogravure cylinders, digital imposition, and page layout) and after-press services (such as cutting, folding, stitching, binding and stapling of printed products), but ultimately left the product market definition open.²⁸ The Commission also considered the production of print books as distinct from the production of other print products such as newspapers, magazines and commercial brochure.²⁹
- (94) In this case, the exact scope of the market for services related to publishing can be left open, given that the Transaction does not raise competition concerns under any plausible market definition.

4.4.2. *Geographic market*

- (95) The Notifying Parties do not take a position on the precise scope of the geographic for services related to publishing. In their view, the market definition can be left open, as the Transaction in any event does not give rise to competition concerns.
- (96) In this case, the Commission finds that the question of the geographic scope of the market for services related to publishing can be left open, given that the Transaction does not raise competition concerns under any plausible market definition.

4.5. **Book distribution**

4.5.1. *Product market*

- (97) Book distribution consists of the logistical operations involved in supplying books to customers, from the taking of orders, through the management of returned copies to the collection of payment.
- (98) Book distributors receive and stock works as they emerge from the printer, take and check orders, issue delivery notes and invoices, prepare and dispatch orders, deal with customer relations (information, disputes, etc), keep customers' accounts, recover debts, manage returns, take books back into stock, renew or pulp returned works and draw up credit notes for customers.
- (99) In line with previous Commission decisions, the Notifying Parties submit that there is a separate product market for third-party book distribution.
- (100) In previous decisions concerning trade publishing, the Commission defined a separate product market for third-party book distribution, which covers all logistical operations involved in supplying books to customers for all types of books, and is downstream to the trade publishing markets.³⁰

²⁸ Case M.4893 – *Quebecor World/RSDB*, recitals 18 and following; Case M.3322 – *Polestar/Prisa/Inversiones Ibersuizas/JV*, recitals. 21 and 23.

²⁹ Case M.6789 – *Pearson/Penguin Random House*, recitals 317 and following.

³⁰ Case M.2978 – *Lagardère/Natexis/VUP*, recitals 25, 124 and following, and 151; Case M.6789 – *Bertelsmann/Pearson/Penguin Random House*, recitals 301 and following.

(101) In this case, the exact scope of the market for book distribution can be left open, as the Transaction does not raise vertical competition concerns under any plausible market definition.

4.5.2. *Geographic market*

(102) Referring to previous Commission decisions, the Notifying Parties submit that the market for third-party book distribution is supranational in scope, but that the geographic market definition can be ultimately left open.

(103) In previous decisions, the Commission considered the market for third party book distribution to be supranational in scope.³¹

(104) In this case, the exact geographic scope of the market for book distribution can be left open, as the Transaction does not raise vertical competition concerns under any plausible market definition.

5. **COMPETITIVE ASSESSMENT**

(105) The Transaction mainly gives rise to horizontal overlaps between the Notifying Parties' activities in the field of academic publishing and further sub-segments thereof, on which both of Holtzbrinck and SSBM are active.

(106) The Transaction also gives rise to horizontal overlaps in the areas of (i) scientific online databases and workflow tools, (ii) marketing and communication services, and (iii) services related to publishing, where both Notifying Parties are active.

(107) Moreover, the Joint Venture will also acquire from SSBM some limited activities in the publishing of academic journals and books in languages other than English, in particular German, and – to a more limited extent – Italian, French and Spanish. Outside the Joint Venture, Holtzbrinck will have some activities in academic publishing of books in the German language, which therefore overlap with the activities of the Joint Venture.

(108) Finally, a vertical link exists between Holtzbrinck's book distribution activities outside the Joint Venture and the Joint Venture's activity in academic publishing.

5.1. **Horizontally affected markets**

5.1.1. *Academic publishing*

(109) On a worldwide market comprising all academic publishing services in English, the Transaction does not give rise to affected markets as the Notifying Parties' combined market shares are below 20%.³² Moreover, the Transaction does not give rise to competition concerns under any other possible subsegment of the academic publishing in English, as the Joint Venture will hold, on the basis of the estimations provided by

³¹ Case M.2978 – *Lagardère/Natexis/VUP*, recital 338; Case M.6789 – *Bertelsmann/Pearson/Penguin Random House*, recital 305.

³² All market share estimations provided by the Notifying Parties relate to the year 2013. The Parties presented figures based on the total market size estimates published by Simba Information, data published by the competitors and Parties own sales data.

the Notifying Parties, only a moderate market share (in vast majority of cases below 20%) whereas the increment brought about by the Transaction is very small in any such possible subsegment.

- (110) Based on the Notifying Parties' estimations, the Joint Venture will become the second largest market player with a share of around [5-10]% in terms of revenue in the overall worldwide market for academic publishing. Reed Elsevier will remain the market leader with [10-20]% of the worldwide market in terms of revenues, more than double the size of the Joint Venture. Several other large science and professional publishing companies such as Wiley ([5-10]%), Informa ([0-5]%), Sage ([0-5]%), and Wolters Kluwer ([0-5]%) as well as non-commercial publishers such as Oxford University Press ([0-5]%), Cambridge University Press ([0-5]%) and the American Chemical Society ([0-5]%) will continue to actively compete in this market. While the top 10 academic publishers only represent approximately [30-40]% of the market, the rest (approximately [60-70]%) is being accounted for by small players.
- (111) As already indicated in section 4.1, the market for academic publishing consists of very heterogeneous products, including journals and books published in different disciplines and subdisciplines.
- (112) According to the Notifying Parties' estimations, the Joint Venture will have low market shares even under narrower product market definitions. For that purpose, the Notifying Parties provided market shares for a number of possible market segments, including: (i) STM and SSH disciplines, (ii) academic books and academic journals, and (iii) within each of the possible segments for academic books and journals, each STM and SSH discipline.
- (113) In all these possible product markets, according to the estimations of the Notifying Parties' shares in terms of revenue remain low and in any event below 20%.
- **STM/SSH.** The Notifying Parties hold a combined market share of [5-10]% in the STM discipline and of [0-5]% in the SSH discipline worldwide.
 - **Journals/books.** The Notifying Parties hold a combined market share of [5-10]% for all academic journals and of [0-5]% for all academic books worldwide.
 - **Journals/books in STM/SSH.** Within the STM discipline, the Notifying Parties have a combined market share of [5-10]% in STM journals and of [0-5]% in STM books worldwide. Within the SSH discipline, the Notifying Parties have a combined market share of [0-5]% in SSH journals and of [0-5] % in SSH books worldwide.
- (114) The Notifying Parties also submitted that the competitive assessment does not change even in case of separate product markets for print and electronic publications and on a possible separate product market for open access academic publishing only. Specifically, on a hypothetical separate market for open access publications of academic journals and articles only, the Joint Venture would have a market share of [20-30]% based on revenues. However, as explained in recital 48, the Notifying Parties submit that open access publications are no different from other publications and that open access publishing is a fast expanding segment of growing size and value, with many competitors whose shares will increase in the near future, whereas the Notifying Parties' shares are declining or stable at best.

- (115) Additionally, the Notifying Parties provided the market shares in the possible market for academic journals (and its distinctions based on STM/SSH disciplines and further sub-segmentations³³) also under parameters different than revenues, such as: (i) the number of journals published; (ii) the number of articles published in journals; and (iii) the number of citations that articles published in journals receive.³⁴ . As regards academic books, the Notifying Parties provided market shares also based on the number of books published. Even under these different parameters, the combined market shares of the Notifying Parties remain below 20% worldwide, except with respect to three categories of STM journals (namely journals in physics and astronomy as well as computer science in terms of journal titles published and for STM multidisciplinary journals in terms of citations) for which the combined market shares of the Parties nevertheless remain below 30%, and with respect to the overall segment of STM books where the combined market share reaches [30-40]% in number of books published.³⁵
- (116) The Commission considers that, despite the overlap between the Notifying Parties' activities, the Transaction does not give rise to competition concerns for a number of reasons.
- (117) Firstly, the Notifying Parties combined market shares in terms of revenue will remain moderate, not exceeding 20% after the transaction in the overall market for academic publishing and its segments (STM, SSH, all academic books, all academic journals, STM books, STM journals, SSH books and SSH journals), with the exception of a hypothetical separate market for open access publications of academic journals and articles only, where the combined market share would be higher than 20% but still below 30%. Furthermore, under any parameter of market share estimation (see also recital 116), and for the narrowest possible sub-segment within STM at discipline level and on a possible market for open access publication of journals where the Parties' combined market share would exceptionally exceed 20%, the increment brought about by the transaction would be below [0-5]%.
- (118) Secondly, and as confirmed during the market investigation, while the Joint Venture would become the world's second largest market player after Reed Elsevier, enough competitors of similar size will remain available in the market and will continue to compete both on the overall market for academic publishing as well as on sub-segment level.
- (119) The Commission finds, on basis of the replies gathered during the market investigation as well as from industry sources³⁶, that the worldwide market of academic publishing features a limited number of large, financially strong companies, including the

³³ While the Notifying Parties could not provide revenue-based market shares for each of the relevant subdisciplines within STM and SSH in academic journals, they provided such shares under the alternative parameters mentioned in paragraph (115) of this Decision.

³⁴ To measure the importance of an article for the scientific community, the most important proxy is the number of its citations. Therefore, the overall number of citations in a given year of articles published in journals of a particular publisher provides an indication of that publishers' relevance. The Notifying Parties have provided data for article citations based on the Thomson Reuter's Journal Citation Reports ("JCR") data, which are the industry standard for accounting citations.

³⁵ Only for those subsegments where there are overlaps between the Parties' activities.

³⁶ The STM Report, Fourth Edition of March 2015 available at http://www.stm-assoc.org/2015_02_20_STM_Report_2015.pdf.

Notifying Parties. A second layer of competition is represented by non-commercial publishers, such as long established university presses and academic societies. A third layer of competition is represented by smaller publishers which are active in certain niches and only marginally compete with the well-established publishers belonging to the first two tiers. The market investigation confirmed that non-commercial publishers such as highly reputable university presses like Oxford University Press, Cambridge University Press, Harvard University Press and academic societies like the American Chemical Society, the American Physical Society, and the Institute of Electrical and Electronics Engineering ("IEEE") will continue to compete with the Joint Venture in numerous sub-segments of the market for academic publishing where they are particularly strong.

- (120) Thirdly, the Commission concludes on the basis on the market investigation that although the Notifying Parties compete in the same broad market for academic publishing, they are not close competitors. SSBM has a larger and broader portfolio of academic journals, whereas Holtzbrinck has a more limited and specialized presence, mainly in the biomedical sciences area through the "Nature" brand. The same applies to academic books, where the SSBM is stronger in the STM segment, while Holtzbrinck's Macmillan's focus is on the SSH segment. The majority of the respondents to the market investigation confirm that the Notifying Parties are not close competitors
- (121) In its decision in *Candover/Cinven/Bertelsmann-Springer*, the Commission found that certain academic journals enjoy a "must have" status, that is to say they are considered indispensable by customers due to a particular reputation or focus of the item. This means that customers cannot afford to lose those journals, and are willing to pay higher subscription fees for those journals, leading to inelasticity of demand.³⁷ As regards the existence of "must have" journals, respondents to the market investigation confirmed that Nature and a small number of other journals belonging to the Notifying Parties' competitors, such as Science, Cell and Lancet, enjoy this status. Nevertheless, while having such journals in a publisher's offering may represent a relevant element in the negotiations for contracts with the customers, respondents do not consider these journals as indispensable for competing successfully in the market. Some respondents indicated that the combination of its strong position in STM and the high quality 'Nature' brand may strengthen the competitive power of the merged entity. Nevertheless, the proposed transaction will not lead to a significant increment of combined must-have journals in the hands of the Joint Venture.
- (122) Finally, the Commission concludes, on the basis of the replies gathered from the market investigation, that customers, who already multi-source, will have enough choice for sourcing publications post-transaction from the remaining commercial as well as non-commercial publishers. As already mentioned, most respondents perceive the Transaction as the combination of two rather complementary companies, with strengths in different areas of publications. Some respondents even indicated that the Transaction might lead to a higher quality of offering due to the combination of the wider portfolio of SSBM with the high quality brand Nature, currently owned by Holtzbrinck.

³⁷ Case M.3197 - *Candover/Cinven/Bertelsmann-Springer*, paras. 30-33. It should be noted that the Commission qualified as "must have" the journals "Nature" and "Science". "Nature" belongs to Holtzbrinck's Macmillan Science and Education.

(123) Based on all the above, the Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market and the EEA Agreement regarding academic publishing in English language worldwide and its possible sub-segments.

5.1.2. Scientific online databases and workflow tools

(124) SSBM has an offering of scientific online databases, which consists of: a reference management software (“Papers”) that allows researchers to organize, use, share and cite their research literature more effectively; a database for clinical studies, pharmacovigilance and data on drug development (“Adis”); a database which is a resource for physical and chemical data in material sciences (“SpringerMaterials”); and a database for protocols in biomedical and life sciences (“SpringerProtocols”).

(125) Holtzbrinck has limited activities in scientific online databases and workflow tools. Holtzbrinck will contribute to the Joint Venture the database “Protocol Exchange” operated by the Nature Publishing Group. “Protocol Exchange” is a free and open interactive resource where researchers can share their experimental know-how to help accelerate scientific discovery.

(126) The Notifying Parties’ estimate that the Joint Venture would have a market share of less than [0-5]% in the market for scientific online databases and workflow tools worldwide. The Joint Venture’s market share would be similar and in any event be below 20%, even in a possible EEA-wide market for scientific online databases and workflow tools.

(127) In light of the above, the Commission concludes that the Transaction does not raise serious doubts with regard to the horizontal overlap in scientific online databases and workflow tools.

5.1.3. Marketing and communication services

(128) SSBM provides marketing and communication services mainly for pharmaceutical and biotechnology companies in the healthcare sector through Springer Healthcare Ltd., including inScience Communications (“inScience”). SSBM offers a range of media and communication services including the development of global communication strategies and marketing campaigns, scientific communications, custom scientific content for the healthcare community, custom publications solutions, digital solutions, clinical case studies, regional meeting management, and promotional medical education.

(129) Holtzbrinck provides marketing and communication services through its divisions Macmillan Medical Communications (“MMC”) and Macmillan Science Communications (“MSC”). MMC builds communication channels with doctors, medical researchers and medical representatives to provide marketing and communication campaigns and services for the pharmaceutical, healthcare and biotechnology industries. Its services include websites, newsletters, literature reviews and abstracting services, seminars, workshops and conference services, a medical education academy, customized multimedia learning tools for doctors, and marketing support services. MSC provides science communication services for scientific institutions and scientists, such as custom publications and custom solutions (multilingual websites, print publications, promotional booklets and magazines, reprint collections, webcasts, and podcasts), training services (workshops and training webinars), and consultancy and advice services.

- (130) The Notifying Parties activities in marketing and communication services, which will be transferred to the Joint Venture, had revenues in 2013 of EUR [...] million for SSBM and of EUR [...] million for Holtzbrinck.
- (131) The Commission notes that the Notifying Parties are active in a very small niche of the market for marketing and communication services, which, according to the Notifying Parties' estimate, has a size of tens of billions of Euros worldwide. Additionally, the market is characterized by effective competition and had four strong larger players (WPP, IPG, Dentsu-Aegis and Havas). In light of the Notifying Parties' limited revenues in marketing and communication services, the Joint Venture will have a limited presence in this market, both at the worldwide and EEA level.
- (132) In light of the above, the Transaction does not raise serious doubts with regard to the horizontal overlap in marketing and communication services.

5.1.4. Services related to publishing

- (133) As regards publishing-related services, the Notifying Parties mostly provide these services internally to their respective subsidiaries, and only to a limited extent to other third parties.
- (134) SSBM provides services related to publishing through two subsidiaries in India, Scientific Publishing Services Private Ltd. ("SPS"), a joint venture of SSBM and Sharad Wasani, India, and Crest Premedia Solutions Private Limited ("Crest"). SPS and Crest offer a variety of services for English, German, and Dutch publications, including pre-publishing activities, page composition services and delivering files to printers.
- (135) Holtzbrinck provides publishing-related services through MSC and Macmillan Production (Asia) Ltd. ("MPA").
- (136) The Notifying Parties indicated that, the Joint Venture's share on this market will in any event be below 20% both worldwide and at the EEA level.
- (137) Therefore, the Transaction does not raise serious doubts with regard to the horizontal overlap in publishing-related services.

5.2. Co-operative effects of the joint venture - Overlap between the Joint Venture and Holtzbrinck

- (138) After the Transaction, outside of the Joint Venture, Holtzbrinck will have activities in academic publishing in the German language through its subsidiary Verlag J.B. Metzler + Verlagsbuchhandlung ("J.B. Metzler"). J.B. Metzler publishes academic books in the field of SSH, namely in the humanities fields of philosophy, history, language & literature research, music and media studies.
- (139) As mentioned in recital (20), the Joint Venture will also acquire from SSBM some limited activities in the publishing of academic journals and books in languages other than English, in particular German, and – to a more limited extent – Italian, French and

Spanish. Therefore, there is an overlap between the Joint Venture and Holtzbrinck in academic publishing in the German language.³⁸

- (140) As both the Joint Venture and Holtzbrinck will have activities in the academic publishing in the German language, it is necessary to examine pursuant Article 2(4) of the Merger Regulation whether the Transaction would give rise to a risk of coordination between independent undertakings which restricts competition within the meaning of Article 101(1) TFEU.
- (141) In light of the low market shares of the Joint Venture and Holtzbrinck, this overlap does not raise competition concerns.
- (142) In 2013, Holtzbrinck achieved revenues of EUR [...] million in academic books in the German language, in the SSH field. In the same year, SSBM achieved revenues of EUR [...] million in academic publications in German (revenues relating to activities that will be carried out by the Joint Venture).³⁹ More specifically, SSBM's revenues consisted of EUR [...] million from academic journals in the German language, and of EUR [...] million from academic books in the German language, of which EUR [...] million were accounted for by German-language academic books in the SSH fields. Approximately [...] % of SSBM's sales of German-language academic books as well as around [...] % of its sales of German-language SSH books were generated in Germany, while German-language academic books were also sold in other German-speaking countries (in particular, Austria and Switzerland).
- (143) Based on data from *Gesellschaft für Konsumforschung (GfK)* (Germany's leading market research institute) and the *Börsenverein des deutschen Buchhandels* (the German Publishers and Booksellers' Association), the Notifying Parties estimate that the total sales in 2013 of German-language academic books in Germany through bookstores amounted to not less than EUR [...] million, of which around EUR [...] million were accounted for by German-language SSH books. However, the Notifying Parties submit that since these data do not include direct book sales by publishers, they likely understate the total volume of a hypothetical German market for the sale of German-language academic books.
- (144) Based on these market estimates and on the Notifying Parties' own sales, the Joint Venture would have a share below [5-10] % with regard to all German-language academic books and below [5-10] % with regard to German-language SSH books. J.B. Metzler's share. would be less than [0-5] % for SSH books in Germany.
- (145) Under an even narrower perspective, the Joint Venture's revenues from German-language academic books in the fields of philosophy, history, language & linguistics and music (activities that will be carried out by the Joint Venture and that overlap with J.B. Metzler) amounted only to around EUR [...] million in 2013.
- (146) In light of these low market shares, the Commission considers that the overlap between the Joint Venture and Holtzbrinck as regards academic publishing in German does not raise competition concerns.

³⁸ There is no overlap as regards the academic publications of the Joint Venture in Italian, French and Spanish.

³⁹ Academic books: EUR [...] million; and academic journals around EUR [...] million.

5.3. Vertically affected markets - Relationship between the Joint Venture and Holtzbrinck's book distribution services

- (147) Outside of the Joint Venture, Holtzbrinck is, and will continue to be, active in book distribution in the EEA through its subsidiaries Macmillan Distribution Limited, UK ("MDL") and HGV Hanseatische Gesellschaft für Verlagsservice mbH, Germany ("HGV").
- (148) MDL distributes books for publishers to booksellers, wholesalers, institutions and members of the public. Its services include distribution (including journal storage and stock management), warehousing, order management and processing as well as mailing services. MDL is pre-dominantly active in-house and provides external services for third-party academic publishers only to a very limited extent. In 2013, MDL's turnover as a result of those external services was about EUR [...] million, of which about EUR [...] million was accounted for by [...] third-party trade publishers and about EUR [...] million by [...] third-party academic publishers. MDL mainly carries out activities in the United Kingdom.
- (149) HGV is pre-dominantly active in-house for German trade publishers that are part of Holtzbrinck HGV provides external services for third party academic publishers only to a limited extent (currently approximately [...] % of its total turnover). HGV's activities are focused on Germany, although export distribution services, in particular to other German-speaking countries, are offered as well.
- (150) MDL and HGV provide services to intra-group companies, including to companies that will be transferred from Holtzbrinck to the Joint Venture.
- (151) While book distribution is downstream of academic publishing, the Transaction does not raise vertical competition concerns.
- (152) Both MDL and HGV are mainly active in-house, and have limited distribution agreements with third party book publishers. Additionally, the Commission considers that the market shares of MDL and HGV are very low and do not give rise to vertically affected markets.
- (153) The Notifying Parties estimated that MDL's share of a hypothetical market in the United Kingdom for the distribution of (physical) academic books is less than [0-5] % and for the distribution of all (physical) books less than [5-10] % and in any event below 30%.
- (154) The Notifying Parties estimated that HGV's share of a hypothetical market in Germany for the distribution of (physical) academic books is around [5-10] % and for the distribution of all (physical) books around [5-10] % and in any event below 30%.
- (155) Finally, the Notifying Parties indicate that after completion of the Transaction, MDL and HGV will continue to offer their services to third parties and to the Joint Venture alike, on an arm's length basis. The Joint Venture will be free to use these services or to contract services from independent third parties.
- (156) In light of the above, the Commission concludes that the Transaction does not raise vertical competition concerns with regard to the markets for academic publishing and book distribution.

6. CONCLUSION

(157) 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 and Article 57 of the EEA Agreement.

For the Commission

(signed)
Cecilia MALMSTRÖM
Member of the Commission