

EN

Case No COMP/M.7563 - COMMSCOPE/ TE BNS

Only the English text is available and authentic.

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

Article 6(1)(b) NON-OPPOSITION
Date: 22/06/2015

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EUROPEAN COMMISSION

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Brussels, 22.6.2015
C(2015) 4358 final

PUBLIC VERSION

MERGER PROCEDURE

To the Notifying Party:

Dear Sir/Madam,

**Subject: Case M.7563 - COMMSCOPE/ TE BNS
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 13 May 2015, the European Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004 by which CommScope, Inc. ("CommScope" or the "Notifying Party"), part of the Carlyle Group ("Carlyle"), acquires within the meaning of Article 3(1)(b) of the Merger Regulation sole control over the Broadband Network Solutions ("BNS") business unit of TE Connectivity Ltd ("TE BNS", Switzerland) by way of purchase of shares³ and assets.⁴ CommScope and TE BNS are collectively referred to as "the Parties".

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").

³ The definition of shares includes all rights, titles and interest in and to certain entities ultimately controlled by TE Connectivity Ltd (for example Tyco Electronics Denmark A/S, River Italia Holding S.r.l., ADC Europe N.V., ADC Czech Republic, s.r.o., ADC Telecommunications (Shanghai) Distribution Co., Ltd., etc).

⁴ The definition of assets includes certain assets, properties and rights owned, ultimately controlled by TE Connectivity Ltd. Those assets include real estate properties, tangible personal properties, contracts, IT and other assets included in the Stock and Asset Purchase agreement. Those assets are spread across the world (for example the United States, China, Spain, Germany, France, the Netherlands, Switzerland, etc.).

1. THE PARTIES

- (2) **CommScope** is a global network infrastructure and connectivity provider offering broadband, enterprise, and wireless solutions. CommScope is controlled by Carlyle,⁵ a global alternative asset manager, which manages funds and invests globally across different investment disciplines. It operates its business across three sectors. In the broadband sector, CommScope provides cable and communications products that support the multichannel video, voice and high-speed data services provided by Multiple-system operators ("MSO"). In the enterprise sector, it provides connectivity solutions for data centres and commercial buildings. In the wireless sector, CommScope provides merchant RF ("Radio Frequencies") wireless network connectivity solutions and small cell Distributed Antenna System ("DAS") solutions.
- (3) **TE Connectivity Ltd** is a technology company that designs and manufactures connectivity and sensors solutions for a variety of applications, including transportation, industrial, telecommunications and data communications and consumer devices and appliances. **TE BNS** comprises the Telecom, Enterprise and Wireless businesses of TE Connectivity Ltd. TE BNS consists of assets and over 40 subsidiaries, including companies active in the EEA, such as Tyco Electronics Denmark A/S and ADC Europe N.V., and companies active outside the EEA, such as TE Connectivity Networks, Inc. which is active in the United States. TE BNS designs, manufactures, sells, installs and distributes fibre, copper and wireless infrastructure components, cabling and systems for telecommunications and enterprise customers.

2. THE OPERATION

- (4) The proposed transaction involves the acquisition of sole control over TE BNS by CommScope. Under the terms of the Stock and Asset Purchase Agreement concluded on 27 January 2015, CommScope will purchase assets and equity interests related to the BNS business unit of TE Connectivity Ltd. The proposed transaction will broaden the product offering of CommScope and enable the creation of more efficient entity offering a broader set of complementary solutions for communications services and with a more balanced revenue base.
- (5) The proposed concentration constitutes a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

3. EU DIMENSION

- (6) The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 000 million⁶ (Carlyle: EUR [...] million, TE BNS: EUR [...] million). Each of them has an EU-wide turnover in excess of EUR 250 million (Carlyle: EUR [...] million, TE BNS: EUR [...] million), but they do 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.

⁵ Commission decision of 9 December 2010 in Case M.6057 – *Carlyle/CommScope*.

⁶ Turnover calculated in accordance with Article 5 of the Merger Regulation.

4. RELEVANT MARKETS

- (7) The proposed transaction gives rise to horizontal overlaps between the Parties' activities in a number of relevant markets. CommScope and TE BNS are both active in the manufacture and supply of telecommunications equipment to enterprises and telecoms carriers. The Parties' activities overlap in:
- (i) the manufacture and supply of (wireline) passive equipment (cable and hardware) and accessories for carrier networks;
 - (ii) the manufacture and supply of passive equipment (cable and hardware) for enterprise networks; and
 - (iii) the manufacture and supply of telecommunications equipment for wireless coverage and capacity solutions.

4.1. The manufacture and supply of (wireline) passive equipment (cable and hardware) for carrier networks

- (8) This market relates to the manufacture and supply of equipment and cables for wireline networks (i.e., fixed networks), such as fixed telecoms, video and data communications operators. The market includes: (i) copper, coaxial and fibre optic cables which enable the transmission of the data; (ii) connectivity hardware, used to connect the different elements of a wireline carrier network together; and (iii) closures, used to protect cables that have been joined together. These products form the components of a fixed telecoms network.

4.1.1. Product market definition

- (9) In previous decisions,⁷ the Commission distinguished between active and passive components of a network solution. Passive equipment does not have any active electronic components: it does not alter the data transmission in any way; it simply supports the network. The present transaction concerns only passive equipment.
- (10) In order to transport data, carriers need access to a physical transmission network, which consists of a series of equipment connected together to enable telecommunication between users of the network. The equipment necessary to construct the network can be divided into two basic elements: cables (e.g., horizontal cabling) and equipment (e.g., work-area components).

The Notifying Party's views

- (11) Three different types of cables may be used for carrier networks: copper, coax and fibre cables. Those cables transmit data through electronic signal and may differ in terms of security, distance and protection from electrical interference. In line with previous Commission's findings,⁸ the Notifying Party submitted that the coaxial

⁷ Commission decision of 31 March 2000 in Case M.1880 - *3M/ Quante*, paragraph 10; Commission decision of 6 December 2010 in Case M.5983 - *Tyco Electronics / ADC Telecommunications*, paragraphs 8-21 and Commission decision of 3 December 2007 in Case M.4819 - *Commscope / Andrew*, paragraphs 11-16.

⁸ Commission decision of 3 December 2007 in Case M. 4819 - *Commscope / Andrew*, paragraphs 11-16.

cables segment can be potentially subdivided into sub-segments for 50Ω⁹ and 75Ω coaxial cables.

- (12) The Notifying Party submitted that equipment for carrier networks may be segmented based on the type of cables for which they are used.
- (13) Hardware for coax carrier network encompasses a number of accessories that can be combined with coax cables (e.g., connectors, closures, adapters).
- (14) Within the copper connectivity equipment, the Notifying Party claimed that four types of hardware can be distinguished:¹⁰ (i) magazines, protection and accessories; (ii) terminals; (iii) digital signals cross connectors (DSX); and (iv) discrete and modular connectors. According to the Parties, within copper closures, three types of closures can be distinguished: (i) copper closures; (ii) passive cabinets and enclosures; and (iii) active cabinets and enclosures.
- (15) Fibre hardware may be segmented between fibre connectivity equipment and outside plant fibre closures.¹¹ Fibre connectivity equipment consists of two further sub-categories: (i) central office and other fibre management hardware; (ii) and other speciality products.
- (16) The Notifying Party argued that competition takes place in the market for the manufacture and supply of passive equipment (cable and hardware) for carrier networks and no segmentation should be made between the different types of cables and hardware. Those products are manufactured by the same large group of competitors, are offered as overall solutions to customers and serve the same customers for similar applications. As a result, the Notifying Party argued that copper and fibre cabling and hardware are largely substitutable from both a supply-side and customer-side perspective.

The Commission's assessment

- (17) In previous Commission decisions¹² the Commission considered potential segmentations of the relevant product market for the provision of equipment for carrier networks but ultimately left the exact product market definition open.
- (18) The Commission notes that no affected markets would arise with regard to passive equipment for carrier networks under any possible product market definition.

⁹ The ohm (symbol: Ω) is the standard derived unit of electrical resistance. The ohm is the electric resistance between two points of a conductor when a constant potential difference of 1 volt, applied to these points, produces in the conductor a current of 1 ampere, the conductor not being the seat of any electromotive force.

¹⁰ Commission decision of 6 December 2010 in Case M.5983 - *Tyco Electronics / ADC Telecommunications*, paragraph 12.

¹¹ Commission decision of 6 December 2010 in Case M.5983 - *Tyco Electronics / ADC Telecommunications*, paragraphs 8-21.

¹² Commission decision of 6 December 2010 in Case M.5983 - *Tyco Electronics / ADC Telecommunications*, paragraph 21; Commission decision of 3 December 2007 in Case M.4819 *Commscope / Andrew* paragraph 11-16.

- (19) For the purpose of the present decision, the exact product market definition can be left open as the proposed transaction would not raise competition concerns under any possible product market definition, as set out in paragraph (92).

4.1.2. *Geographic market definition*

The Notifying Party's views

- (20) The Notifying Party submitted that the geographic scope of each of the product markets described above is at least EEA-wide, if not worldwide, in light of the fact, inter alia, that (i) the main companies active in these sectors operate on a global scale, (ii) products are standardised at an EEA-level, (iii) customers source at a EEA-level, (iv) there are significant imports from outside the EEA.

The Commission's assessment

- (21) In previous Commission decisions¹³ the Commission considered whether the geographic scope of the product markets described above is worldwide or at least EEA-wide, or in the case of 75Ω coaxial cables possibly national, due to customer specified technical requirements. However, the Commission ultimately left the exact market definition open.
- (22) The Commission notes that no affected markets would arise with regard to passive equipment for carrier networks and any possible narrower markets under any possible geographic market definition.
- (23) For the purpose of the present decision, the exact geographic market definition can be left open as the proposed transaction would not raise competition concerns under any possible geographic market definition, as set out in paragraph (92).

4.2. The manufacture and supply of passive equipment (cable and hardware) for enterprise networks

- (24) Enterprise networks comprise building or site telecommunications cabling infrastructure. They are used in office buildings (such as airports, banks or other offices). These consist of backbone, which are cables connecting the entrance facilities, equipment rooms and telecommunications rooms and horizontal cabling which connect the telecoms rooms to individual outlets or work areas in the building. Within enterprise networking, two product segments may be distinguished: cable (e.g., horizontal cabling) and hardware (e.g., work-area components).

¹³ Commission decision of 6 December 2010 in Case M.5983 – *Tyco Electronics / ADC Telecommunications*, paragraph 24; Commission decision of 3 December 2007 in Case M.4819 *Commscope / Andrew* paragraph 18-23. Commission decision of 31 March 2000 in Case M.1880 - *3M/Quante*; Commission decision of 6 January 2006, paragraph 15; Commission decision of 6 January 2006 in Case M.4050 - *Goldman Sachs/Cinven/Ahlsell*, paragraph 9; Commission decision of 20 September 2001 in Case M.2574 - *Pirelli/Edizione/Olivetti/Telecom Italia*, para. 38; Commission decision of 5 July 2005 in Case M.3836 - *Goldman Sachs/Pirelli Cavi e Sistemi Telecom*, paragraph 20; Commission decision of 16 November 1999 in Case M.1711 - *Tyco/Siemens*, paragraph 11; Commission decision of 15 September 2008 in Case M.5255 - *TDK Corporation/EPCOS*, paragraph 19.

- (25) There are differences between carrier and enterprise cabling and equipment because the carrier sector has higher performance requirements and also needs the network to work in an outdoor environment.

4.2.1. *Product market definition*

Background

- (26) Enterprise networks comprise building or site telecommunications cabling infrastructure and associated hardware. In previous decisions,¹⁴ the Commission distinguished between active and passive components of a network solution. Passive equipment does not have any active electronic components: it does not alter the data transmission in any way; it simply supports the network. The present transaction concerns only passive equipment.
- (27) The passive equipment is composed of cable and hardware used in two types of enterprise networks, local area networks ("LANs")¹⁵ and data centres ("DCs").¹⁶ The market for the manufacture and supply of passive components for enterprise networks can be further segmented in copper-based and optical fibre-based networks.

Copper passive equipment (cable and hardware)

- (28) Copper is the traditional medium for enterprise cabling. Within copper enterprise networking, two product segments may be distinguished: cable (e.g., horizontal cabling) and hardware (e.g., work-area components).
- (29) Copper cables that are used for telephone and network cabling are composed of thin-diameter wires that are twisted around each other to minimise interference from other twisted pairs in the cable. Two types of copper cables are used in the EEA in structured cabling, namely shielded twisted pairs ("STP") and unshielded twisted pair (UTP). STP cables are intended to reduce electromagnetic interference and are protected by a metallic foil with a grounding wire and wrapping. They are generally designed to be connected with shielded connectors to ensure end-to-end shield continuity. There are two types of shielded cable, namely shielded twisted pair ("STP") and foiled twisted pair ("FTP") cable. In STP cables a foil is wrapped around the four twisted pairs. UTP cables suffer from greater interference and are generally connected to unshielded components. In certain EEA countries, in particular Germany, Austria and to some extent France, businesses show a clear preference for STP cable and hardware. On the other hand, in other countries, such as the UK, UTP cable and hardware are more prevalent. The reason for this difference in national preference is historic.¹⁷

¹⁴ Commission decision of 31 March 2000 in Case M.1880 - *3M/ Quante*, paragraph 10; Commission decision of 6 December 2010 in Case M.5983 - *Tyco Electronics / ADC Telecommunications*, paragraphs 8-21 and Commission decision of 3 December 2007 in Case M.4819 - *Commscope / Andrew*, paragraphs 11-16.

¹⁵ Networks within buildings.

¹⁶ Data centres are the physical structures where enterprises, carriers and other entities house their servers and connect to other entities' networks.

¹⁷ Conference call with a distributor: "Non confidential minutes - Conference call with a distributor", dated 2 June 2015; Conference call with a distributor: "Non confidential minutes - Conference call with a

- (30) Similarly, in relation to hardware shielded copper hardware is different from unshielded due to grounded terminations of metallic shielding. Hardware for shielded copper cable is usually more expensive because of performance (amount of signal loss). The shielded material is heavy duty to assure solid connections to both the drain wire and also the shielding connection of the receptacle body.
- (31) In the EEA, six performance categories of cable are used in copper structured cabling: 5, 5E, 6, 6A, 7, 7A. Higher performance cables are being developed frequently to anticipate customers' needs for greater bandwidth. The first category introduced was Category 1, which is no longer used today. The most recent is Category 7A. Categories from 5 to 6A are available under both type of cable STP and UTP while only STP cable are used for category 7.
- (32) The copper enterprise networks hardware includes outlets, cross connects ("patch panels") and patch cords. These components enable customers to manage and optimise their copper network. Outlets are the hardware into which voice and data terminal equipment is connected. They are typically wall-mounted and the back of the outlets connects to horizontal cabling which terminates at the floor's patch panel. A patch panel is the hardware that allows telecommunication circuits to be arranged in an efficient manner. Patch panels connect network computers to each other and to outside lines. A patch panel uses a cable called patch cord which is used to connect ("patch in") one device to another.
- (33) Different hardware components are used depending on the type of cable to which they are connected. STP cables are generally designed to be connected with shielded hardware, typically metal-based, to ensure end-to-end shield continuity. UTP cables suffer from greater interference and are generally connected to unshielded components, which are typically plastic-based.

Fibre passive equipment (cable and hardware)

- (34) Fibre optic networks are gradually replacing the traditional copper enterprise network due to higher security and quality of data transferred. As with copper enterprise networks, the equipment necessary to construct the fibre optic structure can be divided into two basic elements: cable (e.g., horizontal cabling) and hardware (e.g., work-area components).
- (35) In the EEA, two types of cable are used for fibre optic structured cabling: single mode and multi-mode. Single-mode fibre cable is less affected by modal dispersion than multi-mode fibre cable and ensures less distortion of the data being transferred. Although single-mode cables provide higher quality of the data transferred, they only carry one mode, and therefore have lower capacity.
- (36) On the other hand, multi-mode fibre cables can carry more than one mode and have higher capacity. For these reasons multi-mode fibre cable is mostly used for communications over shorter distances, such as within a building.

distributor", dated 5 June 2015; Conference call with a competitor: "Non confidential minutes - Conference call with a competitor", dated 1 June 2015; Conference call with a distributor: "Non confidential minutes - Conference call with a distributor", dated 9 June 2015.

- (37) Fibre optic hardware includes outlets, patch panels and work area cords, as well as connectors. These components enable customers to manage and optimise their network. The hardware used in conjunction with single mode fibre cable is more expensive than hardware for multi-mode fibre optic cable, but the single mode fibre cable itself is usually cheaper in bulk.

Automated Infrastructure Management

- (38) In addition to the above copper and fibre cables and hardware, manufacturers of passive equipment (cable and hardware) for enterprise networks also offer automated infrastructure management ("AIM") solutions. AIM is a system of hardware and software that provides visibility / control over network connectivity to facilitate the management of cabling infrastructure (fibre or copper) of data centres. The information provided by the AIM reduces the time to establish connections and implement changes to the physical infrastructure, resulting in high efficiency/productivity gains within the IT and facility management departments.

The Notifying Party's views

- (39) The Notifying Party distinguished between active and passive components of an enterprise network solution.
- (40) In relation to a distinction between LANs and DCs, the Notifying Party argued that a distinction between the two types of networks should not be made since the passive components and cables are used in both types of enterprise networks and, when CommScope and TE BNS sell enterprise equipment, they generally do not know whether that equipment is destined for LAN or DC usage. In relation to a distinction between copper and fibre cables and hardware, the Notifying Party considers that copper and fibre cabling and hardware products are all part of the same enterprise solution market and should not be further segmented.
- (41) In particular, the Notifying Party argued that the relevant product market should not be further segmented into copper cables of different performance categories (5, 5E, 6, 6A, 7, 7A) or shielding types (shielded, unshielded) and the corresponding (shielded, unshielded) hardware. Similarly, in relation to fibre networks, the Notifying Party argued that the relevant product market should not be further segmented into single-mode and multi-mode fibre cables.
- (42) The Notifying Party argued that both copper and fibre cabling and hardware products are manufactured by the same large group of competitors and serve the same customers for the same applications. The Notifying Party submitted that customers in the enterprise segment request a complete solution to equip their facilities, regardless of the type of cable and hardware they choose. As a result, the Notifying Party argued that copper and fibre cabling and hardware are largely substitutable from both a supply-side and customer-side perspective.

The results of the market investigation and the Commission's assessment

- (43) In previous Commission decisions the Commission distinguished between active and passive components of an enterprise network solution but ultimately left the precise market definition open.¹⁸
- (44) The market investigation tested whether the segmentation proposed by the Notifying Party was appropriate or whether alternative broader or narrower product market definitions should be considered.
- (45) In relation to a distinction between active and passive enterprise networks, as discussed in paragraph (40) the large majority of respondents to the Commission's market investigation responded that a distinction should be made between active and passive component of a network.¹⁹ According to the respondents to the market investigation, the most basic functions of active and passive components of a network are fundamentally different. Both components are mostly complementary and not substitutable. Active and passive components require very different development and manufacturing capabilities. Also the channels to the market are different. Typically, active and passive components are purchased on separate purchase agreements and from separate suppliers for the enterprise networks.
- (46) On the other hand, the majority of competitors and customers agreed with the Notifying Party's claims that a distinction between the DC and LAN networks should not be made.²⁰ A number of customers responded that when business is done through distribution, end customers are not identified. Some entities purchasing for both data centre and enterprise applications may purchase equipment for both applications at one time. Similarly, a number of competitors argued that partly the same copper and fibre cables and hardware can be used both in LAN and in DC. It is not possible for the manufacturer of such products to know the final application, when selling through distributors. However, a few competitors argued that lately, DCs have increased in complexity and that the physical infrastructure and network designs have become more specialised and purpose-built for the application.
- (47) In relation to a distinction between copper and fibre cables and hardware, contrary to Notifying Party's view, the majority of competitors responding to the Commission's investigation considered that, even if copper and fibre network fulfil a similar customer need, a distinction should be made between the two. This is due to the different technical specifications, manufacturing process and intended use in the enterprise network. Fibre is used in the backbone (for longer length connections, such as longer than 100 meters in LAN as well as high bandwidth network core connections and connections to storage area networks) while copper is used in the horizontal part (i.e., for networks out to the desk, to wireless access points, as well as

¹⁸ Commission decision of 31 March 2000 in Case M.1880 - *3M/ Quante*, paragraph 10; Commission decision of 6 December 2010 in Case M.5983 - *Tyco Electronics / ADC Telecommunications*, paragraphs 8-21 and Commission decision of 3 December 2007 in Case M.4819 - *Commscope / Andrew*, paragraphs 11-16.

¹⁹ See replies to Commission questionnaires to competitors Q1 and to customers Q2 of 22 May 2015, question 4.

²⁰ See replies to Commission questionnaires to competitors Q1 and to customers Q2 of 22 May 2015, question 5.

in connections to servers in DCs). The economics of manufacturing are also quite different. The core element of a copper cable is a metal that is available to anyone at a London Metal Exchange ("LME") price. On the other hand, having access to the optical fibre technology means to own the technology or to be licenced by one competitor or to buy the optical fibre from one competitor. Finally, the manufacturing equipment needed to make copper cable is significantly different from the one needed in copper.²¹ Customers, on the other hand, are divided on this point.²² Half of the respondent customers argued that copper and fibre are very different technologies with different parameters, design and installation guidelines. The other half of the respondent customers argued that they are different but interchangeable mediums and that most networks include both copper and fibre components.

- (48) In relation to a distinction between shielded and unshielded cable and hardware, within the potential market for copper passive cable and hardware the market investigation yielded mixed results. A number of market respondents did not consider that a further segmentation of the market is needed and in particular responded that a distinction should not be made between STP and UTP products cable and hardware.²³ Both are distinguished only by service application and specific installation but both serve the same market space. For the majority of applications, the use of unshielded and shielded cable is interchangeable. They have comparable performance and can substitute each other if interferences are solved by different methods than shielding. Some market respondents argued that for the vast majority of applications, unshielded and shielded cable and hardware are interchangeable.²⁴ On the other hand, other market respondents considered that there are differences in product quality and price between STP and UTP, with shielded products providing greater protection against interference and better performance.²⁵
- (49) The market investigation also revealed that preference for a shielded cable is driven by local country market preference where in particular countries as Germany, Switzerland and Austria the majority of customers would prefer to have shielded passive equipment in their networks. Technical decisions on the use of shielding are normally dependent on the typical installations in the territory or national custom and practice.²⁶
- (50) In relation to the segmentation of cables by different categories (for example Cat 5, Cat 6 etc.), the market investigation respondents were split. The majority of competitor respondents argue that different categories of copper cables are not substitutable. On the other hand, the majority of customers consider that they are

²¹ See replies to Commission questionnaire to competitors Q1 of 22 May 2015, question 6.

²² See replies to Commission questionnaire to customers Q2 of 22 May 2015, question 7.

²³ See replies to Commission questionnaires to competitors Q1 and to customers Q2 of 22 May 2015, questions 7 and 12.

²⁴ See replies to Commission questionnaire to customers Q2 of 22 May 2015, questions 8, 9, 10 and 11.

²⁵ See replies to Commission questionnaire to competitors Q1 of 22 May 2015, questions 8, 9, 10 and 11.

²⁶ Conference call with a distributor: "Non confidential minutes - Conference call with a distributor", dated 2 June 2015; Conference call with a distributor: "Non confidential minutes - Conference call with a distributor", dated 5 June 2015; Conference call with a competitor: "Non confidential minutes - Conference call with a competitor", dated 1 June 2015; Conference call with a distributor: "Non confidential minutes - Conference call with a distributor", dated 9 June 2015.

substitutable. Both competitors and customers noted that only a one way substitution is technically possible.²⁷ The category system for cable is hierarchical. Therefore, a cable of category 5 is not substitute for one of category 6A. However, a 6A cable is a substitute for a category 5. Different categories provide some advantages of over the others, such as data / video speed of transmission.

- (51) Within the potential market for fibre passive equipment, from one side, market respondents did not consider a further segmentation should be made in relation to hardware equipment.²⁸
- (52) On the other side, in relation to a distinction between single-mode and multi-mode fibre cable, the majority of market respondents considered that single-mode and multi-mode fibre cables are not substitutable and a distinction should be made between the two types of cables.²⁹ Those are used for different type of networks since single-mode cables are more performant and used mainly in the telecom sector in wide area network to cover long distance, while multi-mode cables are used mainly in indoor networks for LAN and DC applications.
- (53) The Commission concludes that, for the purposes of this decision, the questions whether cable and hardware; fibre and copper passive equipment; and/or different types of cables constitute separate markets can be left open, as the Commission considers that, as set out in section 5.2.3, the transaction would not raise competition concerns under any possible product market definition.

4.2.2. *Geographic market definition*

The Notifying Party's views

- (54) The Notifying Party submitted that the geographic scope of each of the product markets described above is at least EEA-wide, if not worldwide, in light of the fact, inter alia, that (i) the main companies active in these sectors operate on a global scale, (ii) products are standardised at an EEA-level, (iii) customers source at a EEA-level, (iv) there are significant imports from outside the EEA.

The market investigation and the Commission's assessment

- (55) In previous Commission decisions³⁰ the Commission considered whether the geographic scope of the product markets described above is worldwide or at least EEA-wide but ultimately left the exact market definition open.

²⁷ See replies to Commission questionnaires to competitors Q1 and to customers Q2 of 22 May 2015, question 9.

²⁸ See replies to Commission questionnaires to competitors Q1 and to customers Q2 of 22 May 2015, question 14.

²⁹ See replies to Commission questionnaires to competitors Q1 and to customers Q2 of 22 May 2015, question 13.

³⁰ Commission decision of 31 March 2000 in Case M.1880 - *3M/ Quante*; Commission decision of 6 January 2006, paragraph 15; Commission decision of 6 December 2010 in Case M.5983 - *Tyco Electronics / ADC Telecommunications*, paragraph 24; Commission decision of 6 January 2006 in Case M.4050 - *Goldman Sachs/Cinven/Ahlsell*, paragraph 9; Commission decision of 20 September 2001 in Case M.2574 - *Pirelli/Edizione/Olivetti/Telecom Italia*, para. 38; Commission decision of 5 July 2005 in

- (56) The overwhelming majority of the respondents to the market investigation confirmed that the geographic dimension of the market is worldwide due to sales on a global scale and standardised products at global level.³¹ Customers argued that they buy enterprise equipment from a diverse range of providers both globally and regionally, as products need to comply with global standards. Similarly, most competitors argued that these products are standardised and produced by local players, with many suppliers from outside the EEA.
- (57) A few competitor respondents argued that the market may be narrower, at national level, due to the presence of certain local competitors and certain national characteristics. They refer to local market influences on customer buying decisions. These respondents mention in particular the preference for shielded cable in Germany and France as against the UK which favours unshielded cable.
- (58) The Commission examined the geographic market delineation in detail, in relation to the presence of national characteristics. On the basis of the responses to its market investigation, the Commission confirmed that the market for enterprise networks is at least EEA-wide. A number of customers and competitors highlighted that companies and products are sold on a global basis, with most major competitors operating globally. The products are standardised and apart from the shielded / unshielded preferences, there are no significant product differentiations on a national basis.³²
- (59) On this basis, the Commission concludes that the relevant geographic market definition is at least EEA-wide. The exact geographic market definition, i.e. whether the market is wider than the EEA, may be left open as the proposed transaction, as set out in section 5.2.3, does not raise competition concerns under any of the alternative geographic market definitions.

4.3. The manufacture and supply of telecommunications equipment for wireless coverage and capacity solutions

- (60) This market relates to the manufacture and supply of equipment used for wireless networks such as the network of a mobile network operator, for example Verizon or Vodafone.
- (61) The wireless coverage and capacity solutions improve mobile coverage and capacity in places where carriers and enterprises have difficulty delivering wireless voice and data services to their customers or employees. These locations include urban and rural canyons, subways and stadiums, tall buildings and on campuses such as universities and enterprises, in residences and neighbourhoods, on cruise ships and along coastal areas.

Case M.3836 - *Goldman Sachs/Pirelli Cavi e Sistemi Telecom*, paragraph 20; Commission decision of 16 November 1999 in Case M.1711 - *Tyco/Siemens*, paragraph 11; Commission decision of 15 September 2008 in Case M.5255 - *TDK Corporation/EPCOS*, paragraph 19.

³¹ See replies to Commission questionnaires to competitors Q1 and to customers Q2 of 22 May 2015, question 21.

³² Conference call with a distributor: "Non confidential minutes - Conference call with a distributor", dated 2 June 2015; Conference call with a distributor: "Non confidential minutes - Conference call with a distributor", dated 5 June 2015; Conference call with a competitor: "Non confidential minutes - Conference call with a competitor", dated 1 June 2015; Conference call with a distributor: "Non confidential minutes - Conference call with a distributor", dated 9 June 2015.

- (62) Carrier (i.e., wireline) networks and wireless networks are different because of the fundamental technological differences between the equipment used for wireless networks.

4.3.1. *Product market definition*

Background

- (63) Within the wireless transmission networks, it is possible to distinguish between the network management and business management system software ("OSS/BSS"),³³ the Core Network Systems ("CNS"), and the Radio Access Networks ("RAN").³⁴
- (64) The Parties are active only within the RAN market in the segment of telecoms equipment for the wireless coverage and capacity solutions for carrier and enterprise networks. This segment can be further divided in: (i) DAS; (ii) Small cells; (iii) RRHs; and (iv) Wi-Fi.
- (65) A Distributed Antenna System ("DAS") is a network of spatially separated antenna nodes connected to a common radio that provides wireless service within a geographic area or structure.
- (66) DAS aims at providing and enhancing coverage and capacity throughout large buildings, areas and public and private venues (e.g., college campuses, hospitals, stadiums, office buildings, airports). DAS is intended to be used either indoor or outdoor in dense and congested areas or hard-to-reach places, in the event that cell towers fail to optimise coverage and capacity. DAS operates on radio frequency ("RF") spectrum licensed to wireless operators. It can be sold to end users such as municipalities and businesses or to telecoms carriers.
- (67) A further distinction could be made between active and passive DAS and the specialty equipment required to support DAS.
- a. Active DAS converts the RF signal received by roof antennas into an optical signal through a conversion unit. It uses fibre optic cabling to transport the RF signal along considerable distances to a remote access unit ("RAU"), which amplifies and boosts the signal in order to deliver strong and consistent signals at every antenna point regardless of the distance from the signal source. Active DAS offers also remote monitoring capability to provide the status of all remote antennas that are part of the network.
 - b. Passive DAS uses coaxial cables to distribute RF signals received horizontally from a base station or repeater throughout each floor of a building. It consists of a number of passive components, such as splitters and couplers, to divert a fraction of the RF energy through each floor of the building. Passive DAS does not resort to signal amplification or congestion and does not require power.

³³ Commission decision of 15 December 2010 in Case M.6007 *Nokia Siemens Networks/Motorola Network Business*, paragraphs 10-12.

³⁴ RAN performs the radio functions of the mobile network by providing the radio access between the mobile handset and the mobile network via multiple transceiver stations and a smaller number of base station controllers.

- (68) Small cells are base stations, scattered throughout a venue, whose coverage radius is smaller, typically ranging from ten meters to several hundred meters. Small cells can be further segmented in: (i) femtocells; (ii) picocells; and (iii) microcells.
- (69) RRHs are used inside buildings and public venues to distribute the wireless signals throughout the venue. They are deployed around the world as part of more advanced 3G and LTE implementations, resulting benefit in the reduction of the site footprint and the leasing or installation costs.
- (70) Wi-Fi consists of wireless access points which connect a group of wireless devices, such as personal computers, smartphones, tablets and TVs to an adjacent wired LAN. The range of Wi-Fi Hotspots is about 6-60 meters indoors.

The Notifying Party's views

- (71) The Notifying Party distinguishes between wireline transmission networks and wireless transmission networks.
- (72) In relation to wireless transmission networks, the Notifying Party submitted that all these technologies have been growing significantly in the past few years to address the increasing demand for ubiquitous and high-quality mobile data and to supplement the capacity of the traditional macrocell network.
- (73) The Notifying Party submitted that, since DAS, small cells, RRHs and to some degree Wi-Fi are substitutable solutions from a customer perspective, are all part of the same product market.

The results of the market investigation and the Commission's assessment

- (74) In previous decisions, the Commission distinguished between wireline transmission networks and wireless transmission networks but ultimately left the exact product market definition open.³⁵ The Commission has not examined the exact product market definition for wireless transmission networks in previous decisions.
- (75) The market investigation tested whether the segmentation proposed by the Notifying Party was appropriate or whether alternative broader or narrower product market definitions should be considered.
- (76) The overwhelming majority of market respondents confirmed the Notifying Party's view that wireline and wireless transmission networks should be considered as different product markets. The ecosystem involved for wireline versus wireless networks varies dramatically as each leverage different channels to market, different integrators and different service providers. The network topologies are very different. There are different solutions to a transmission requirement and there are functional technological differences between the two.
- (77) Within the wireless market, the overwhelming majority considered that a distinction should be made between the network management and business management system software ("OSS/BSS"), the Core Network Systems ("CNS"), and

³⁵ Commission decision of 6 December 2010 in Case M.5983 - *Tyco Electronics / ADS Telecommunications*, footnote 4.

the Radio Access Networks ("RAN").³⁶ Market respondents also confirmed that within the RAN sector, there is a separate market for telecoms equipment for wireless coverage and capacity solutions.³⁷ Each of these systems has different functionalities and purposes inside a network. OSS/BSS is used to manage General Packet Radio Service ("GPRS") flows. RAN is used to manage radio access flows. There are many companies working on all segments but many just focus on one. Different network expertise is required to manage different parts of the wireless transmission network. Segmenting between OSS/BSS, CNS and RAN takes into account the different levels of expertise required.

- (78) The majority of the competitor respondents to the market investigation noted that DAS, small cells, RRH and Wi-Fi are substitutable. They are different solutions but they perform a similar function providing data and voice communication in high density venues. On the other hand, customer respondents were split on this point. Some argued that these systems are not interchangeable and need to be selected on the basis of the service requirements. Others argued that DAS, small cells and RRHs are largely substitutable. Whether these solutions are substitutable depends on the venue in which it is being deployed. All three solutions might be appropriate for one venue, and only one might be appropriate for another venue. On the other hand Wi-Fi is not considered substitutable to a DAS.³⁸
- (79) In particular, a number of competitors highlighted that DAS, small cells; RRH and Wi-Fi are not substitutable but rather complementary. RRH are used to increase the range of a cellular base station or to reach into an area that is difficult to reach with a distant antenna and are used for longer distance. Wi-Fi is used mainly to support in-building data communication over short distance.
- (80) DAS and Small Cells address mobile voice and data traffic within a building and of the four are the one that tend to be more closely related but they are used to solve different business solutions, small cells are used in large venue where only one mobile operator is active, while DAS provides coverage solutions in mixed environment where several operators are available (i.e., airports, hospitals, etc.).³⁹
- (81) In particular, market respondents highlighted that there are significant difference in price and quality due to different product specifications and price structure. In particular, DAS solutions are more expensive and require more complex and costly installation.⁴⁰

³⁶ See replies to Commission questionnaire to competitors Q1 of 22 May 2015, question 17.

³⁷ See replies to Commission questionnaires to competitors Q1 and to customers Q2 of 22 May 2015, questions 15 and 16.

³⁸ See replies to Commission questionnaires to competitors Q1 and to customers Q2 of 22 May 2015, question 18.

³⁹ Conference call with a competitor: "Non confidential minutes - Conference call with a competitor", dated 5 June 2015; Conference call with a competitor: "Non confidential minutes - Conference call with a competitor", dated 5 June 2015; Conference call with a competitor: "Non confidential minutes - Conference call with a competitor", dated 8 June 2015.

⁴⁰ See replies to Commission questionnaires to competitors Q1 and to customers Q2 of 22 May 2015, question 20.

- (82) The Commission concludes that, for the purposes of this decision, the question whether within the RAN sector, DAS, small cells, RRH and Wi-Fi constitute separate markets can be left open, as the Commission considers that the transaction would not significantly impede effective competition irrespective of the conclusion on this point and no serious doubts as to the compatibility of the transaction with the internal market are likely to arise under any plausible product market definition, as set out in section 5.3.3.

4.3.2. *Geographic market definition*

The Notifying Party's views

- (83) The Notifying Party submitted that the geographic scope of each of the product markets described above is at least EEA-wide, if not worldwide, in light of the fact, inter alia, that (i) the main companies active in these sectors operate on a global scale, (ii) products are standardised at an EEA-level, (iii) customers source at a EEA-level, (iv) there are significant imports from outside the EEA.

The results of the market investigation and the Commission's assessment

- (84) The Commission has not examined the geographic scope of the wireless market in previous decisions.
- (85) The majority of the respondents to the market investigation considered that the geographic dimension of the market is worldwide due to sales on a global scale and standardised products at global level.⁴¹
- (86) In any case, as set out in section 5.3.3, the exact geographic market definition can be left open as the proposed transaction would not raise competition concerns under any of the alternative definitions.

5. COMPETITIVE ASSESSMENT

5.1. The overall market for the manufacture and supply of passive equipment (cable and hardware) for carrier networks and potential narrower markets

- (87) The Parties are both active in the market for the manufacture and supply of passive equipment (cable and hardware) for carrier networks. However, as can be seen in

⁴¹ See replies to Commission questionnaires to competitors Q1 and to customers Q2 of 22 May 2015, question 22.

Table 1 which provides an overview of the product segments in which the Parties are active in the market, the Parties operate in different sub-segments.

- (88) The Parties only overlap in the fibre closures segments where their combined world-wide market share is below [5-10]%. At EEA level, the Parties' activities do not overlap.

Table 1. Market shares by product and geographic segment in the market for the manufacture and supply of passive equipment (cable and hardware) for carrier networks

Passive equipment for carrier networks						
Sector	Product		Worldwide /EEA	Comm Scope	TE BNS	Combined
Coax	Coax cables	50Ω	EEA	[10-20]%	[0-5]%	[10-20]%
		75Ω	EEA	[5-10]- [10-20]%	[0-5]%	[5-10]- [10-20]%
	Coax accessories	For 50Ω	EEA	[0-5]%	[0-5]%	[0-5]%
		For 75Ω	EEA	[0-5]%	[0-5]%	[0-5]%
Fibre	Fibre cables		EEA	[0-5]%	[0-5]%	[0-5]%
			Worldwide	[0-5]%	[0-5]%	[0-5]%
	Fibre connectivity equipment		EEA	[0-5]%	[10-20]%	[10-20]%
			Worldwide	[0-5]%	[10-20]%	[10-20]%
	Fibre closures		EEA	[0-5]%	[5-10]%	[5-10]%
			Worldwide	[0-5]%	[5-10]%	[5-10]%
Copper	Copper cables		EEA	[0-5]%	[0-5]%	[0-5]%
			Worldwide	[0-5]%	[0-5]%	[0-5]%
	Copper connectivity equipment		EEA	[0-5]%	[10-20]%	[10-20]%
			Worldwide	[0-5]%	[10-20]%	[10-20]%
	Copper closures		EEA	[0-5]%	[30-40]%	[30-40]%
			Worldwide	[0-5]%	[20-30]%	[20-30]%

Sources: Form CO - Parties' actual sales and estimated market shares.

- (89) On the basis of the above table, the overall market for passive equipment for carrier networks is not affected, given the de minimis activities of the Parties and a resulting combined share below 20%.
- (90) Similarly, even if the market is segmented further, the proposed transaction would not lead to any horizontally affected markets,⁴² as the Parties activities are largely complementary. The only potential narrower market where the Parties overlap is the worldwide market for fibre closures. In that potential market, TE BNS has less than [5-10]% market share and CommScope has less than [0-5]% market share. Thus, even in the potential market for fibre closures, the proposed transaction would not lead to an affected market, as the combined market share of the Parties would remain significantly under 20%.
- (91) The Notifying Party has confirmed that no affected markets would arise with regard to passive equipment for carrier networks under any possible geographical market definition, including national EEA markets.
- (92) The Commission therefore concludes that the proposed transaction does not raise competition concerns as to its compatibility with the internal market on the market for

⁴² The Commission considers the market to be horizontally affected when two or more of the parties to the concentration are engaged in business activities in the same relevant market and where the concentration will lead to a combined market share of 20% or more. See, e.g. Annex 1 to the Commission Regulation (EC) No 802/2004 of 21 April 2004 implementing Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings ('Implementing Regulation'), as amended.

the manufacture and supply of passive equipment (cable and hardware) for carrier networks and any potential narrower markets.

5.2. The overall market for the manufacture and supply of passive equipment (cable and hardware) for enterprise networks and potential narrower markets.

(93) On the market for the manufacture and supply of passive equipment (cable and hardware) for enterprise networks, the proposed transaction would lead to affected markets, where the Parties have a combined share above 20%, in the above potential narrower markets: (i) **overall (i.e., shielded and unshielded) copper cables** for enterprise networks, (ii) **overall (i.e., shielded and unshielded) copper hardware** for enterprise networks; (iii) **unshielded copper cables** for enterprise networks, (iv) **unshielded copper hardware** for enterprise networks; and (v) **fibre hardware** for enterprise networks.

5.2.1. The Notifying Party's views

(94) The Notifying Party argued that both on the overall market and on all narrower potential markets, there is a large number of strong competitors. Following the transaction, there would remain a significant number of competitors in the market, leaving customers with ample opportunity to switch.

(95) The Notifying Party argued that competitors are active in all potentially affected product markets – namely copper cables (overall and unshielded), copper hardware (overall and unshielded) and fibre hardware. Thus, the competitive analysis is applicable to all potentially affected markets. In addition, the competitive assessment applies to further potential narrower markets such as copper cables of different performance categories or shielding types and the corresponding hardware and single-mode and multi-mode fibre cables.

(96) Some competitors, such as Daetwyler, Leoni, Kerpen and the Prysmian group are particularly strong in shielded cables, while Belden, Nexans and LS Cable are strong in unshielded cables. In addition, R&M, Mets Connect GmbH and 3M are particularly strong in shielded hardware, while Panduit, Legrand and Leviton are more active in unshielded hardware.

(97) According to the Notifying Party, the market is not concentrated, with a significant number of independent competitors. The Notifying Party also argued that private labels have been increasing slowly but steadily in the past years.

(98) In addition, the Notifying Party argued that purchasers of cable and hardware for enterprise networks have strong buyer power. Customers include large distributors, system integrators, large corporations as well as established wireless carriers.

(99) Furthermore, CommScope submitted that most of its enterprise sales are indirect and made through Anixter, an established distributor recognised as a global supplier of communications and security products, electrical and electronic wire and cable, fasteners and other small components. Anixter also distributes products from many of the Parties' competitors, as a result of its position and its various sources of supply from different solutions partners, Anixter can put the different providers of cable and hardware for enterprise networks in competition.

(100) Moreover, according to the Notifying Party, the market for the manufacture and supply of cable and hardware for enterprise networks has low barriers to entry and has seen a number of new entrants in the past years. These new entrants are all active in each of the potentially affected narrower markets for copper cables, copper hardware and fibre hardware. For example, AT&T Cabling Systems re-entered the cabling market in 2014. Other examples of recent entry referred to by the Notifying Party are Excel, Rosenberg OSI and Huber+Suhner, all of which entered the enterprise segment recently.

(101) In relation to the standard making process, the Notifying Party submitted that, following CommScope's integration of TE's BNS business, [...]

5.2.2. The results of the market investigation and the Commission's assessment

(102) Table 2 below shows the market shares of the Parties in the EEA and worldwide based on the BSRIA Worldwide Market Overview.

Table 2: Market shares and sales by product and geographic segment in the market for the manufacture and supply of passive equipment (cable and hardware) for enterprise networks

Passive equipment for enterprise networks							
2013		Sales (€m)			Market share (%)		
		EEA/ Worldwide	Comm Scope	TE BNS	CommS cope	TE BNS	Combined
Copper	Cables	EEA	[...]	[...]	[5-10]%	[5-10]%	[10-20]%
		Worldwide	[...]	[...]	[10-20]%	[10-20]%	[20-30]%
	Hardware	EEA	[...]	[...]	[5-10]%	[5-10]%	[10-20]%
		Worldwide	[...]	[...]	[10-20]%	[10-20]%	[20-30]%
Fibre	Cables	EEA	[...]	[...]	[5-10]%	[5-10]%	[10-20]%
		Worldwide	[...]	[...]	[5-10]%	[5-10]%	[10-20]%
	Hardware	EEA	[...]	[...]	[10-20]%	[10-20]%	[20-30]%
		Worldwide	[...]	[...]	[10-20]%	[10-20]%	[30-40]%

Source: BSRIA.⁴³ The Parties' sales worldwide are based on the actual sales of the Parties.

(103) Based on the above market shares, the Parties would not hold a significant combined market share in any of the potential narrower markets within the enterprise sector.

(104) The highest combined market shares are [20-30]%, [30-40]% and [20-30]% at worldwide level (for, respectively, copper cables, fibre hardware and copper hardware) and [20-30]% at EEA level for fibre hardware.

(105) In potential narrower market segments for the manufacture and supply of copper cables and hardware based on the type of cable (i.e., shielded and unshielded) as set out in paragraphs (48) above and (49) above, the Parties would have slightly higher combined market shares in relation to unshielded copper cable and hardware (respectively, [30-40]% and [30-40]% in the EEA).

⁴³ Source: BSRIA for 2013. Please note that BSRIA covers only 13 EEA countries, namely: Austria, Belgium, Denmark, Germany, Finland, France, Italy, the Netherlands, Norway, Spain, Sweden, Poland and the UK.

Table 3: Market shares for copper passive equipment for enterprise networks

2013			CommScope	TE BNS	Combined
Copper cables		EEA/ Worldwide			
Unshielded	UTP	EEA	[20-30]%	[5-10]%	[30-40]%
		Worldwide	[10-20]%	[5-10]%	[20-30]%
Shielded	STP	EEA	[0-5]%	[5-10]%	[5-10]%
		Worldwide	[0-5]%	[5-10]%	[5-10]%
	FTP	EEA	[0-5]%	[5-10]%	[5-10]%
		Worldwide	[0-5]%	[10-20]%	[10-20]%
Copper hardware					
Unshielded		EEA	[20-30]%	[5-10]%	[30-40]%
		Worldwide	[10-20]%	[10-20]%	[30-40]%
Shielded		EEA	[0-5]%	[5-10]%	[5-10]%
		Worldwide	[0-5]%	[10-20]%	[10-20]%

Source: BSRIA for 2013.⁴⁴

(106) In relation to fibre cables in potential narrower market segments for the manufacture and supply of single-mode and multi-mode fibre cables as set out in paragraph (52), the Parties would still have a market share below 20% in all potential narrower market segments. Those potential markets are not affected given that the activities of the Parties are very small.

Table 4: Market shares for fibre cables for enterprise networks

2014			CommScope	TE BNS	Combined
		EEA/ Worldwide			
Single-mode cables		EEA	[0-5]%	[0-5]%	[5-10]%
		Worldwide	[0-5]%	[0-5]%	[5-10]%
Multi-mode cables		EEA	[0-5]%	[0-5]%	[5-10]%
		Worldwide	[5-10]%	[0-5]%	[10-20]%

Source: Parties' estimates for 2014.

(107) The Commission observes that a large number of competitors would remain in the EEA in the market for the manufacture and supply of passive equipment (cable and hardware) for enterprise networks and all potential narrower markets after the transaction.

The narrower potential markets for copper cables and unshielded copper cables

(108) In the EEA, in the potential market for copper cables (consisting of both shielded and unshielded copper cables), Brand-Rex, Leoni Kerpen and Prysmian have a market share of, respectively, [5-10]%, [5-10]% and [5-10]%. The analysis would not change if we observe the potential markets at worldwide level as shown in the Table below.

⁴⁴ Source: BSRIA for 2013. Please note that BSRIA covers only 13 EEA countries, namely: Austria, Belgium, Denmark, Germany, Finland, France, Italy, the Netherlands, Norway, Spain, Sweden, Poland and the UK.

Table 5: EEA/Worldwide 2013 - Market shares in potential narrower market segments: copper cables total and unshielded

Copper Cables				Copper Cables Unshielded			
EEA		Worldwide		EEA		Worldwide	
CommScope	[5-10]%	CommScope	[10-20]%	CommScope	[20-30]%	CommScope	[10-20]%
TE BNS	[5-10]%	TE BNS	[5-10]%	TE BNS	[5-10]%	TE BNS	[5-10]%
Combined	[10-20]%	Combined	[20-30]%	Combined	[30-40]%	Combined	[20-30]%
Brand-Rex	[5-10]%	Belden	[5-10]%	Excel	[10-20]%	Belden	[5-10]%
Leoni Kerpen	[5-10]%	Nexans	[5-10]%	Brand-Rex	[10-20]%	Nexans	[5-10]%
Prysmian	[5-10]%	LS Cable & System	[5-10]%	Schneider Electric	[5-10]%	LS Cable & System	[5-10]%
Dätwyler	[5-10]%	General Cable	[0-5]%	Nexans	[0-5]%	General Cable	[5-10]%
Others	[50-60]%	Others	[50-60]%	Others	[30-40]%	Others	[40-50]%

Source: BSRIA for 2013.⁴⁵

(109) The Parties' market shares would be slightly higher in the potential narrower market for unshielded copper cables. This is due to the fact that CommScope is mostly not active in the supply of shielded cables in the EEA.

(110) Even under this possible segmentation, a large number of competitors would remain in the market after the transaction, both in the EEA and worldwide (i.e. Excel, Brand-Rex, Nexans). These competitors are established market players with stable market shares in the last few years, strong brand reputation and a complete set of cabling systems for enterprise networks.

The narrower potential markets for copper hardware and unshielded copper hardware

(111) In the EEA, in the potential market for copper hardware (consisting of both shielded and unshielded copper hardware), Schneider Electric, BTR and Brand-Rex will remain with respectively [5-10]%, [5-10]% and [5-10]% market shares. The analysis would not change if we observe the potential markets at worldwide level as shown in the Table below.

⁴⁵ Source: BSRIA for 2013. Please note that BSRIA covers only 13 EEA countries, namely: Austria, Belgium, Denmark, Germany, Finland, France, Italy, the Netherlands, Norway, Spain, Sweden, Poland and the UK.

Table 6: EEA/Worldwide 2013 - Market shares in potential narrower market segments: copper hardware total and unshielded

Copper Hardware – total				Copper Hardware Unshielded			
EEA		Worldwide		EEA		Worldwide	
CommScope	[5-10]%	CommScope	[10-20]%	CommScope	[20-30]%	CommScope	[10-20]%
TE BNS	[5-10]%	TE BNS	[10-20]%	TE BNS	[5-10]%	TE BNS	[10-20]%
Combined	[10-20]%	Combined	[20-30]%	Combined	[30-40]%	Combined	[30-40]%
Schneider Electric	[5-10]%	Panduit	[10-20]%	Schneider Electric	[5-10]%	Panduit	[10-20]%
BTR	[5-10]%	Legrand	[5-10]%	Brand-Rex	[5-10]%	Legrand	[5-10]%
Brand-Rex	[5-10]%	Schneider Electric	[5-10]%	Panduit	[5-10]%	Leviton	[5-10]%
3M	[5-10]%	Leviton	[0-5]%	Connectix	[0-5]%	Schneider Electric	[0-5]%
Others	[50-60]%	Others	[40-50]%	Others	[30-40]%	Others	[30-40]%

Source: BSRIA for 2013.⁴⁶

- (112) The Parties' market shares would be slightly higher in the potential narrower market for unshielded copper hardware. This is due to the fact that CommScope is mostly not active in the supply of shielded hardware in the EEA.
- (113) Even under this potential segmentation, a large number of competitors would be present in the market after the transaction, both in the EEA and worldwide (i.e. Schneider Electric, Brand-Rex, Panduit). These competitors are established market players with stable market shares in the last few years, strong brand reputation and a complete set of cabling systems for enterprise networks.

The narrower potential market for fibre hardware

- (114) In the EEA, in the potential narrower market for fibre hardware, the Parties will continue to compete with Corning ([20-30]% market share), Rosenberger and Panduit (with a market share of [5-10]% each). Parties' market shares would be slightly higher in the potential narrower market for fibre hardware at worldwide level.

⁴⁶ Source: BSRIA for 2013. Please note that BSRIA covers only 13 EEA countries, namely: Austria, Belgium, Denmark, Germany, Finland, France, Italy, the Netherlands, Norway, Spain, Sweden, Poland and the UK.

Table 7: EEA/Worldwide 2013 - Market shares in potential narrower market segments: fibre hardware

Fibre Hardware			
EEA		Worldwide	
CommScope	[10-20]%	CommScope	[10-20]%
TE BNS	[10-20]%	TE BNS	[10-20]%
Combined	[20-30]%	Combined	[20-30]%
Corning	[20-30]%	Corning	[30-40]%
Rosenberger	[5-10]%	Panduit	[10-20]%
Panduit	[5-10]%	Legrand	[5-10]%
R&M	[0-5]%	Schneider Electric	[5-10]%
Others	[30-40]%	Others	[40-50]%

Source: BSRIA for 2013.⁴⁷

- (115) Even under this possible segmentation, a large number of competitors would remain in the market after the transaction, both in the EEA and worldwide (i.e. Corning, Panduit, Schneider Electric). These competitors are established market players with stable market shares in the last few years, strong brand reputation and a complete set of cabling systems for enterprise networks which would enable to actively compete with the Parties.
- (116) Purchasers of cable and hardware for enterprise networks include large distributors, system integrators, large corporations as well as established wireless carriers which have strong buyer power according to the Notifying Party. In 2014, CommScope's top end users in Europe were [...]. These are all large and sophisticated companies with purchasing departments that generate competition between solutions providers and strive for the best value for money solution.
- (117) The majority of market respondents considered that the market for the manufacture and supply of passive equipment (cable and hardware) for enterprise networks are characterised by a large number of suppliers, this is due in particular to product standardisation.⁴⁸ The finding is confirmed since the respondents to the market investigation identify several operators as the Parties' closest competitors. Among these are Nexans, Schneider Electric, Corning, Panduit, Brand-Rex, R&M and Prysmian. In particular, different players are more specialised in different segments. Thus, Corning has stronger presence in fibre passive equipment, including fibre cables and fibre hardware. Similarly, Brand-Rex and Panduit are specialised in copper cables and copper hardware.⁴⁹ However, most competitors have been confirmed to be active in all relevant segments.

⁴⁷ Source: BSRIA for 2013. Please note that BSRIA covers only 13 EEA countries, namely: Austria, Belgium, Denmark, Germany, Finland, France, Italy, the Netherlands, Norway, Spain, Sweden, Poland and the UK.

⁴⁸ See replies to Commission questionnaires to competitors Q1 and to customers Q2 of 22 May 2015, question 24.

⁴⁹ See replies to Commission questionnaires to competitors Q1 and to customers Q2 of 22 May 2015, question 25.

- (118) Product standardisation enables the presence of a large number of competitors. Market respondents highlighted that there is a difference between providers based on the different value they provide to customers. Some respondents considered that certain white label manufacturers of cabling, especially from Asia, might not offer such high quality cables and hardware as the established branded manufacturers. However, all large branded manufacturers (i.e., Corning, Panduit, etc.) are able to offer cabling systems which may compete and even in some cases outperform by quality and performance the offering of the Parties.⁵⁰
- (119) The majority of respondents sell their products mainly through indirect channels, composed by distributors and installers,⁵¹ while tenders are launched for larger building infrastructure projects. Those tenders are launched on a frequent basis, usually monthly, both for greenfield and brownfield projects.⁵² The duration of the projects is typically dependant of the size of the project which may be up to three years.⁵³ On the other hand, price, reputation and product portfolio are the main factors on which customers base their choice.⁵⁴ One of the customers replied that, in choosing different suppliers, it considers products of similar quality and performance from three manufacturers and among those choose the one with the most competitive price.⁵⁵
- (120) Both customers and competitors confirmed that various suppliers can be present on the same site and that there are no interoperability problems due to product standardisation.⁵⁶ While customers consider it possible to switch suppliers for major replacements or upgrades / extensions, this is not usual due to significant cost to upgrade an existing network infrastructure and since switching components would usually invalidate system warranties.⁵⁷
- (121) Entry in the market is not dependent on technical requirements but it is mainly constrained by brand reputation and time-to-market which makes entry more difficult for companies that want to offer complete enterprise network solutions.⁵⁸ The majority of market respondents also consider the market to be characterised by the

⁵⁰ See replies to Commission questionnaires to competitors Q1 and to customers Q2 of 22 May 2015, question 26.

⁵¹ See replies to Commission questionnaire to competitors Q1 of 22 May 2015, questions 27 and 29 and questionnaire to customers Q2 of 22 May 2015, questions 27 and 32.

⁵² See replies to Commission questionnaire to competitors Q1 of 22 May 2015, question 28.

⁵³ See replies to Commission questionnaire to competitors Q1 of 22 May 2015, question 34 and questionnaire to customers Q2 of 22 May 2015, question 38.

⁵⁴ See replies to Commission questionnaire to competitors Q1 of 22 May 2015, question 33 and questionnaire to customers Q2 of 22 May 2015, question 37.

⁵⁵ Conference call with a distributor: "Non confidential minutes - Conference call with a distributor", dated 2 June 2015.

⁵⁶ See replies to Commission questionnaire to competitors Q1 of 22 May 2015, question 31 and questionnaire to customers Q2 of 22 May 2015, question 34.

⁵⁷ See replies to Commission questionnaire to competitors Q1 of 22 May 2015, question 32 and questionnaire to customers Q2 of 22 May 2015, question 36.

⁵⁸ See replies to Commission questionnaire to competitors Q1 of 22 May 2015, question 35 and questionnaire to customers Q2 of 22 May 2015, question 39.

presence of sophisticated customers with strong buyer power leading to intense competition with a part of them differentiating between small projects based on standard products and large projects characterised by a higher level of customisation where customers tend to have lower buyer power.⁵⁹

- (122) The totality of the customers responding to the market investigation does not think that the transaction would have any impact on the market for the manufacture and sale of passive equipment for enterprise network neither in the segments for copper cables, copper hardware and fibre hardware.⁶⁰ One customer highlights that the transaction would enable CommScope to broaden its activities in relation to the copper shielded products.⁶¹
- (123) Competitors are split on the impact of the proposed transaction, with a small majority suggesting that there will not be significant change to competition in the market. A few respondents note that the merging of the number one and number two in the market will create a dominant player. Other competitors argue that the proposed transaction would enable significant cost reduction and ultimately price reductions.⁶² The majority of respondents, however, note that, even with the combined CommScope/TE BNS, there will be sufficient credible alternatives to the Parties.⁶³
- (124) Some market respondents believe that the merged entity will be in a position to control the technical development of both copper and fibre passive equipment and influence the standard setting bodies. One competitor expressed concerns that the combined voting powers of CommScope and TE BNS will influence the standard setting process.⁶⁴
- (125) In relation to the Parties' ability to influence the standard setting process in relation to enterprise cables and hardware, another competitor did not consider that this was a credible concern. Both CommScope and TE are active in the standard setting process, as are other cable and hardware providers. However, aside from the cable / hardware manufacturers, there are many different stakeholders involved in the standard setting process, such as customers and industry experts. It is therefore not easy for one company, even a strong one, to affect significantly the standard setting process.⁶⁵

⁵⁹ See replies to Commission questionnaire to competitors Q1 of 22 May 2015, questions 37 and 38.

⁶⁰ See replies to Commission questionnaire to customers Q2 of 22 May 2015, question 52.

⁶¹ Conference call with a distributor: "Non confidential minutes - Conference call with a distributor", dated 2 June 2015.

⁶² See replies to Commission questionnaire to competitors Q1 of 22 May 2015, question 51.

⁶³ Conference call with a competitor: "Non confidential minutes - Conference call with a competitor", dated 8 June 2015; Conference call with a distributor: "Non confidential minutes - Conference call with a distributor", dated 2 June 2015; Conference call with a distributor: "Non confidential minutes - Conference call with a distributor", dated 5 June 2015; Conference call with a distributor: "Non confidential minutes - Conference call with a distributor", dated 4 June 2015; Conference call with a competitor: "Non confidential minutes - Conference call with a competitor ", dated 1 June 2015.

⁶⁴ Conference call with a competitor: "Non confidential minutes - Conference call with a competitor", dated 1 June 2015.

⁶⁵ Conference call with a competitor: "Non confidential minutes - Conference call with a competitor", dated 9 June 2015.

(126) The Commission's investigation has established that it is highly unlikely that CommScope would be able to control future technical development since, in the international committees where CommScope and TE BNS are present (ISO, Cenelec, IEC), a large majority of votes is needed to approve a standard.

(127) ISO is an international standard body composed by several national ISO member bodies. Decisions are taken within ISO on the basis of votes cast by ISO member bodies, using the principle of one country, one vote. A standard is approved as an International Standard (IS) if a two-thirds majority of the participants of the technical committee or subcommittee is in favour and not more than one-quarter of the total number of votes cast are negative.⁶⁶ The same majority of two-thirds of voting in favour and not more than one-quarter of the total against are also needed in the voting process for IEC standards.⁶⁷

(128) A similar process is needed to approve a European Standard (EN) through Cenelec. Member countries have weighted votes corresponding to the size of the country they represent. For instance, the larger countries like France, Germany, Italy and the UK have 29 votes each while the smallest ones have three weighted votes. There are two requirements for a standard to be approved. The vote must yield a majority of national committees in favour of the document and at least 71% of the weighted votes cast are positive.⁶⁸

5.2.3. *Conclusion*

(129) The Commission therefore concludes that the proposed transaction does not raise serious doubts as to its compatibility with the internal market on the market for the manufacture and supply of cable and hardware for enterprise networks or any potential narrower markets.

5.3. **The overall market for the manufacture and supply of telecommunications equipment for wireless coverage and capacity solutions and potential narrower markets**

(130) On the market for the manufacture and supply of telecommunications equipment for wireless coverage and capacity solutions, the proposed transaction would lead to affected markets, where the Parties have a combined share above 20%, in the above potential narrower markets: (i) **DAS_+ Small cells**, (ii) **DAS only (i.e., including active and passive DAS)**; and (iii) **active DAS only**.

5.3.1. *The Notifying Party's views*

(131) The Notifying Party argued that the competitive assessment for the overall market for telecoms equipment for wireless coverage and capacity solutions also applies to the assessment for a narrower DAS, small cells and low power RHHs market. The reason is that these solutions are to a large extent substitutable.

⁶⁶ http://www.iso.org/sites/ConsumersStandards/voting_iso.html

⁶⁷ <http://www.iec.ch/standardsdev/how/processes/development/enquiry.htm>

⁶⁸ <http://www.cenelec.eu/aboutcenelec/whatwedo/standardsmakingprocess/index.html>

- (132) The Notifying Party argued that in the wireless segment competition takes place on the general market for the provision of wireless capacity and coverage solutions regardless of the type of equipment used (i.e., DAS, small cells etc). The reason for this is that customers request a full set of solutions to equip a specific space and will generally consider different alternatives solutions based on DAS, small cells and RHHs. Most providers of wireless capacity and coverage are able to offer a full spectrum of solutions and can easily work with other suppliers for products where offerings are more limited.
- (133) The Notifying Party argued that even when looking at a market only for DAS, the highest combined market share is [30-40]% at worldwide level and [30-40]% at EEA level. The impact of the transaction in the EEA is also reduced, given that TE has a marginal presence in the EEA, with less than [0-5]% in a potential DAS only market.
- (134) According to the Notifying Party, a large number of competitors are active on the market for the manufacture and supply of telecoms equipment for the wireless coverage and capacity solutions. In addition, some competitors recently entered the market and increased their market shares significantly over the last few years.
- (135) In the potential market for DAS only, the main competitors to the Parties are Axell Wireless, Corning and SOLiD Technologies. In the potential wider market for DAS, small cells and RHH, competitors would also include JMA/Teko, Comba Telecom, Alcatel-Lucent, Bravo Tech and Ericson.
- (136) In the potential narrower markets for active DAS and for passive DAS separately, the Notifying Party submitted that several competitors area active, as shown in the table below.

Table 8: Worldwide providers of Active and Passive DAS

DAS Vendors	Active DAS	Passive DAS
Axell Wireless	•	•
Corning	•	•
SOLiD Technologies	•	
JMA/Teko	•	•
Comba Telecom	•	•
Alcatel-Lucent	•	•
Bravo Tech Inc. (BTI)	•	
Ericsson	•	•
Huawei	•	•
Kathrein	•	•
Bird/Deltanode	•	
Dali Wireless	•	
Zinwave	•	•
Alvarion	•	

Source: Notifying Party

- (137) The Notifying Party submitted that switching from passive to active DAS is very feasible for a passive DAS vendor, as active DAS networks include passive components such as splitters, power dividers, combiners and couplers. The additional components that are part of an active DAS network are the conversion unit (required to convert the RF signal into an optical signal), the amplifier (that subsequently amplifies the signal throughout the venue) and the fibre optical cabling. The Notifying

Party argued that Ericsson and Comba are examples of passive DAS providers that switched, or are in the process of switching to producing active DAS.

- (138) The Notifying Party submitted that [...]. The Notifying Party argued that CommScope and TE BNS's DAS solutions are similar to their competitors' products. In particular, DAS vendors such as Dali Wireless offer similar digital DAS products while DAS vendors such as Corning and JMA/Teko offer similar DAS products resorting to analogue technology.
- (139) The Notifying Party argued that the market is characterised by strong countervailing buyer power. CommScope and TE BNS sell wireless capacity and coverage solutions to large providers, including large mobile carriers and large corporations.
- (140) According to the Notifying Party, a number of new players have entered the market in the past years and the quick take-offs of these new entrants is evidence that the market is dynamic and has low entry barriers. The Notifying Party notes the entry of Alvarion, which entered the market in 2011 in carrier grade Wi-Fi, Zinwave, a global provider of in-building wireless coverage providing solutions for hospitals, stadiums, shopping malls, airports and power stations, Dali Wireless, a Silicon Valley-based company, which provides DAS solutions through its "t-series", SpiderCloud Wireless, another Silicon Valley-based company, which is a small cell managed services platform for enterprises with a controller connected to access points and Kathrein, which is known for macro-base station antennas and small cells and antennas and which recently entered the DAS segment.
- (141) The Notifying Party also submitted that strong vendors such as Ericsson, Alcatel Lucent, Nokia Network Solutions (NSN) would require only a minor investment to enter the market as they already hold manufacturing sites and a supplier base besides available capital. In fact, in late 2013, Ericsson launched its small cell Radio DOT System while Huawei Technologies introduced LampSite and were able to increase their capacity levels very quickly.

5.3.2. *The results of the market investigation and the Commission's assessment*

- (142) On the market for the manufacture and supply of telecommunications equipment for wireless coverage and capacity solutions, the proposed transaction will lead to affected markets, since the Parties have a combined share above 20%. In particular, the combined entity will have a combined market share of [30-40]% in the potential worldwide market for DAS.
- (143) The table below shows the market shares of the Parties in the EEA and worldwide based on the Mobile Experts report submitted by the Parties.

Table 9: Market shares by product and geographic segment in the market for the manufacture and supply of telecommunications equipment for wireless coverage and capacity solutions

2014		CommScope	TE BNS	Combined
Copper cables	EEA/ Worldwide			
Telecoms equipment for wireless coverage and capacity solutions	EEA	[10-20]%	[0-5]%	[20-30]%
	Worldwide	[10-20]%	[5-10]%	[20-30]%
DAS + Small cells	EEA	[10-20]%	[0-5]%	[20-30]%
	Worldwide	[10-20]%	[5-10]%	[20-30]%
DAS	EEA	[20-30]%	[0-5]%	[30-40]%
	Worldwide	[20-30]%	[5-10]%	[30-40]%
Active DAS	EEA	[30-40]%	[0-5]%	[30-40]%
	Worldwide	[20-30]%	[10-20]%	[40-50]%
Passive DAS	EEA	[10-20]%	[0-5]%	[10-20]%
	Worldwide	[10-20]%	[0-5]%	[10-20]%

Source: Mobile Experts dated 15 June 2015. The Parties' sales worldwide are based on the actual sales of the Parties.

- (144) First, while the Parties' combined market share in the potential narrower market for DAS only would be [30-40]% at worldwide level and [30-40]% at EEA level, the impact of the transaction in the EEA is reduced given that TE BNS has a marginal presence (less than [0-5]% in any of the segments). This also explains why the HHI-delta in the EEA remains well-below 150 whatever the product segmentation retained.
- (145) Second, a large number of competitors would remain in the EEA in the market for the manufacture and supply of telecommunications equipment for wireless coverage and capacity solutions and all potential narrower markets after the transaction, including Axell (with a market share of [10-20]% in the overall market and [20-30]% for the potential narrower DAS only market), JMA/Teko (with a market share of [5-10]% in the overall market and [10-20]% for the potential narrower DAS only market) and Zinwave (with a market share of [5-10]% in the overall market and [10-20]% for the potential narrower DAS only market), leaving customers ample opportunity to switch.
- (146) The majority of market respondents argued that the market for the manufacture and supply of telecommunications equipment for wireless coverage and capacity solutions are characterised by a large number of suppliers.⁶⁹ In particular in the DAS segment, Corning and Comba have been indicated as strong competitors at worldwide level while Axell is more present in the European market.⁷⁰
- (147) Customers procure equipment directly from the supplier on a project-by-project basis with duration depending on each contract and being of approximately of one year.⁷¹ Customers have the possibility to use various suppliers in the same site for

⁶⁹ See replies to Commission questionnaire to competitors Q1 of 22 May 2015, question 39 and to customers Q2 of 22 May 2015, question 41.

⁷⁰ See replies to Commission questionnaire to competitors Q1 of 22 May 2015, question 40 and to customers Q2 of 22 May 2015, question 42.

⁷¹ See replies to Commission questionnaire to competitors Q1 of 22 May 2015, question 41 and 43 and to customers Q2 of 22 May 2015, question 45.

their wireless need but, usually, they tend to use just one supplier for each specific type of equipment (i.e. DAS, Small cells, etc.).⁷²

- (148) On the other hand, switching is not easy due to interoperability problems.⁷³ The possibility to enter the market is constrained due to the high R&D and manufacturing investments and necessary reputation needed to acquire customers settled with other operators.⁷⁴
- (149) The majority of market respondents had no concerns on the impact that the proposed transaction would have on the market for the manufacture and supply of telecommunications equipment for wireless coverage and capacity solutions and any potential narrower markets.
- (150) However, one competitor highlighted that CommScope will become the biggest player in the market.⁷⁵ In particular, in a potential narrower market for DAS only or for active DAS only, as set out in paragraphs (80) and (81) above, the merged entity will be the strongest competitor. On a worldwide basis, the merged entity will have a [30-40]% market share for DAS and a [40-50]% market share for active DAS only. However, after the transaction a number of other worldwide competitors will remain in the market, such as Corning, Comba, SOLiD, Axell, Bird, Teco and Zinwave.
- (151) In an EEA-wide market for DAS only or active DAS only, there are fewer competitors active. However, TE BNS's presence on this market is marginal, with only [0-5]% market share in DAS and [0-5]% market share in active DAS. Therefore, the increment resulting from the transaction is negligible and will not have an impact on competition in an EEA-wide market. The main competitor in the EEA is Axell, in addition to smaller competitors such as JMA/Teko, Zinwave, Comba, Corning, Bird and SOLiD. In relation to active DAS, the following competitors would remain in the market post transaction: JMA/Teko, Axell Wireless, SOLiD, Comba, and Corning.⁷⁶
- (152) In addition, geographic entry in the EEA market for active DAS is possible and anticipated, The Commission notes that the list of competitors presented in Table 8 above includes companies providing active and passive DAS worldwide, and thus includes companies which are not currently active in the EEA. However, these companies may be considered potential entrants and exercise a competitive constraint on the operators active in the EEA. A number of respondents to the Commission's investigation refer to potential entrants. One mobile carrier referred to a future expected entry in active DAS in the EEA.⁷⁷ In addition, one competitor active in the EEA argued that DAS providers which are not currently active in the EEA can enter

⁷² See replies to Commission questionnaire to competitors Q1 of 22 May 2015, question 44 and to customers Q2 of 22 May 2015, question 46.

⁷³ See replies to Commission questionnaire to competitors Q1 of 22 May 2015, question 45 and to customers Q2 of 22 May 2015, question 47.

⁷⁴ See replies to Commission questionnaire to competitors Q1 of 22 May 2015, question 47.

⁷⁵ See replies to Commission questionnaire to competitors Q1 of 22 May 2015, question 52 and to customers Q2 of 22 May 2015, question 53.

⁷⁶ Conference call with a competitor: "Non confidential minutes - Conference call with a competitor ", dated 5 June 2015.

⁷⁷ Non-confidential email from mobile carrier, dated 10 June 2015.

the EEA market, as they have the relevant expertise to move from one region to the other.⁷⁸

- (153) Third, purchasers of wireless coverage and capacity solutions include large mobile network operators and large corporations which have strong buyer power and the ability to play suppliers against each other.
- (154) In 2014, the Parties' largest customers were [...], all large and sophisticated companies with purchasing departments that can play out solutions providers against each other to obtain the best commercial conditions. In the market and each of its potential sub-segments of DAS, small cells and RRH, customers usually have two, three or more vendors at a time with whom they maintain continuous business relationships in order to switch when unsatisfied or in the event of a price increase.
- (155) One competitor argued that not all DAS suppliers or active DAS suppliers were approved to supply the high end of the market for telecoms carriers in the EEA. Mobile telecoms operators have higher requirements to other customers, such as municipalities and corporations. This competitor considered that only CommScope, TE and Axell were able to meet the technical requirements of the large telecoms carriers.⁷⁹ In any event, the same competitor considered that the mobile network operators had significant market power and that they could impose their standards and criteria on the relevant suppliers. In addition, a number of mobile carriers multi-source from three suppliers, to ensure security of supply. Thus, if the transaction eliminates a selected supplier, the mobile telecoms carriers would be in a position to switch to another supplier.
- (156) Contrary to the claims of the competitor above, one mobile carrier affirmed that it is currently sourcing its DAS from Kathrein and Huawei, rather than the Parties (or Axell) and that it expects another competitor to enter the market in the near future. On this basis, the telecoms carrier stated that it did not have concerns about the impact of the transaction on competition.⁸⁰
- (157) Lastly, the market has low barriers to entry and has seen a number of new entrants in the past years, in particular in the DAS segment where CommScope and TE BNS are mainly active. Zinwave, who launched its first commercial product in 2009, today has a market share of [10-20]%; Kathrein, established player in the macro base station and small cell antennas with strong relationships with large customers as Ericsson, recently also launched its DAS solution.
- (158) The market investigation confirmed that in the next two to three years entry in these markets is likely⁸¹ and that new entrants are successful in obtaining contracts with large mobile telecoms carriers.⁸²

⁷⁸ Conference call with a competitor: "Non confidential minutes - Conference call with a competitor ", dated 5 June 2015.

⁷⁹ Conference call with a competitor: "Non confidential minutes - Conference call with a competitor", dated 8 June 2015.

⁸⁰ Non-confidential email from mobile carrier, dated 10 June 2015.

⁸¹ Conference call with a competitor: "Non confidential minutes - Conference call with a competitor", dated 8 June 2015.

5.3.3. *Conclusion*

The Commission therefore concludes that the proposed transaction does not raise serious doubts as to its compatibility with the internal market on the market for the manufacture and supply of telecommunications equipment for wireless coverage and capacity solutions and any potential narrower markets.

6. **CONCLUSION**

- (159) 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)
Margrethe VESTAGER
Member of the Commission

⁸² Non-confidential email from mobile carrier, dated 10 June 2015.