



EUROPEAN COMMISSION
DG Competition

***Case M.8248 - TECH DATA / AVNET'S TECHNOLOGY
SOLUTIONS***

Only the English text is available and authentic.

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

Article 6(1)(b) NON-OPPOSITION
Date: 23/02/2017

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 Where possible the information omitted has been replaced by ranges of figures or a general description.

Brussels, 23.2.2017
C(2017) 1391 final

PUBLIC VERSION

To the notifying party

Subject: Case M.8248 - TECH DATA / AVNET'S TECHNOLOGY SOLUTIONS
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

Dear Sir or Madam,

- (1) On 19 January 2017, the European Commission received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which the undertaking Tech Data Corporation ("Tech Data" or the "Notifying Party", United States of America) acquires within the meaning of Article 3(1)(b) of the Merger Regulation control of the Technology Solutions business of Avnet, Inc. ("Avnet TS", United States of America) by way of purchase of shares (the "Proposed Transaction").³ Tech Data and Avnet TS are designated hereinafter as the "Parties".

1. THE PARTIES

- (1) Tech Data is a distributor of technology products. Tech Data has 11 logistics centers in the EEA from which it delivers products. Tech Data can also provide its customers with a range of services, including logistics, after-sale technical

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 Publication in the Official Journal of the European Union No C 27, 27.01.2017, p. 20.

support and training, marketing support, financial services, and strategic management consultancy and sales training. Tech Data, which is listed on NASDAQ Stock Market Inc., achieved global revenues of approximately EUR 23.9 billion in its last financial year (ended 31 January 2016), of which approximately EUR [...] billion were generated in the EEA.

- (2) Avnet TS is one of the two operating groups of Avnet, Inc. ("Avnet") (the other operating group being Electronics Marketing). Avnet is active globally in the distribution of electronic components, computer products and technology services. Through Avnet TS, Avnet is active in the value-added distribution of technology products, services and solutions. In the EEA, Avnet TS delivers its products and services through 3 own logistic centres and via 8 centres operated by third parties. Avnet is listed on the New York Stock Exchange. In its most recent fiscal year (ended 2 July 2016), Avnet TS achieved worldwide revenues of approximately EUR 8.7 billion, of which approximately EUR [...] billion were generated in the EEA.

2. THE CONCENTRATION

- (3) On 19 September 2016, Tech Data concluded a definitive agreement to buy Avnet TS, which was announced publicly on the same day. The Proposed Transaction will be implemented by way of an Interest Purchase Agreement. After completion of the Proposed Transaction, Tech Data will become the sole shareholder of Avnet TS.
- (4) The Proposed Transaction therefore constitutes a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

3. EU DIMENSION

- (5) The undertakings concerned have a combined aggregate world-wide turnover of more than EUR 5 000 million⁴ (Tech Data: EUR 23 910 million; Avnet TS: EUR 8 706 million). Each of them has an EU-wide turnover in excess of EUR 250 million (Tech Data: EUR [...] million; Avnet TS: 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 pursuant to Article 1(3) of the Merger Regulation.

4. RELEVANT MARKETS

4.1. Overview of the IT distribution sector

- (6) Information technology ("IT") distribution involves the supply of IT products (such as servers, software, storage devices, PCs, etc.), by different IT manufacturers (or "vendors," e.g., IBM, HPE, Dell, Cisco, Apple and Microsoft) to wholesale distributors (such as Tech Data, Ingram, Arrow, Esprinet, and

⁴ Turnover calculated in accordance with Article 5 of the Merger Regulation.

ALSO) and to resellers (such as Insight, Systemax, Computacenter, Atea, Bechtle, and Media-Saturn), who then sell the products to end customers.

- (7) In general, IT manufacturers have two ways of getting their product to end consumers: direct sales to end users and indirect sales to distributors and resellers. “Direct sales” are made by manufacturers to end customers directly, without using any intermediary. “Indirect sales” are sales where the product passes through one or more intermediaries (IT distributors or resellers) before reaching the end user. IT manufacturers choose direct or indirect routes to market based on factors such as geographical reach, logistical capability and efficiency, and familiarity with the relevant product; almost all manufacturers use both channels. Similarly, IT product purchasers have two basic options for acquiring almost any product: buying directly from the manufacturer or buying from a reseller.
- (8) Indirect sales can occur through one-tier or two-tier routes to market. In one-tier distribution, manufacturers supply resellers, which then supply end users. In two-tier distribution, manufacturers supply wholesale distributors, such as the Parties, which in turn supply resellers, which then supply end users. Resellers may operate simultaneously under both one-tier and two-tier models, acquiring some products directly from manufacturers and others from wholesale distributors.
- (9) A range of different services may be associated with the distribution of IT products. Basic, large-scale delivery of products is generally referred to as “broadline” distribution. Broadline distribution is typically complemented by services such as credit services, e-commerce, logistical services and certain marketing services. Additional services, such as consulting or system configuration support, sales training, marketing, repair and financial solutions can also be offered by IT distributors. These services are generally referred to as “value added” services (or value added distribution, “VAD”). Resellers who also offer such additional services are commonly referred to as value-added resellers (“VARs”).

4.2. Product market definition

4.2.1. Previous Commission decisions

- (10) In previous decisions, the Commission concluded that the distribution of IT products should be distinguished from the distribution of other electronic products.⁵ Related services such as after-sales support, training and financial services to customers were considered as part of the same market.⁶ Further

⁵ See, for example, Commission decision M.6323 – Tech Data Europe/ MuM VAD Business, dated 27 October 2011, paragraph 12; Commission decision M.6577 – Avnet/ Magirus, dated 21 September 2012, paragraph 10; Commission decision M.7708 – ALSO/ PCF, dated 21 October 2015, paragraph 10.

⁶ See, for example, Commission decision M.6323 – Tech Data Europe/ MuM VAD Business, dated 27 October 2011, paragraph 12; Commission decision M.6577 – Avnet/ Magirus, dated 21 September 2012, paragraph 10; Commission decision M.7708 – ALSO/ PCF, dated 21 October 2015, paragraph 10.

distinctions between different product categories⁷ or different sales channels⁸ have been considered but left open.

4.2.2. *Notifying Party's view*

- (11) The Notifying Party submits that the relevant product market consists of the distribution of all electronic products, including IT, consumer electronics and telecom products. However, if one were to distinguish between the distribution of IT, consumer electronics and telecom products, the Notifying Party considers that the relevant product market should not be narrower than an overall IT distribution market.
- (12) As regards a potential differentiation by products or by product categories, the Notifying Party argues that the services provided by distributors would be largely the same for all products. In addition, in the view of the Notifying Party, the growth of cloud services would further blur the distinctions between different IT products as they would be offered on a pay-per-use basis substituting a number of different categories of traditional IT equipment.
- (13) Concerning a potential distinction between direct sales by manufacturers to end-customers and indirect sales via an IT distributor, the Notifying Party submits that both sales channels would form part of an overall market for IT distribution because end-users and resellers would often switch between procuring products via direct or indirect sales channels and that almost all IT manufacturers would also sell directly to end users.
- (14) Furthermore, the Notifying Party claims that no distinction should be made between broadline distribution and VAD. The Notifying Party argues that there are no clear boundaries between these distribution models and that such boundaries could change throughout the life cycle of a product. Moreover, the type of services would often depend on the complexity and costs of the product. For this reason, a distinction between broadline distribution and VAD within high-end and midrange enterprise servers, enterprise network or enterprise storage equipment would not change significantly the shares in such market compared to the overall shares within such product category.

4.2.3. *Results of the market investigation and Commission's assessment*

- (15) A small majority of respondents to the market investigation, including competitors, customers and vendors, considered that there is an overall market for the distribution of IT products that should not be further subdivided, while most of the others indicated that the market for IT distribution should be further

⁷ See, for example, Commission decision M.5091 – Tech Data/ Scribona, dated 28 April 2008, paragraph 24; Commission decision M.6577 – Avnet/ Magirus, dated 21 September 2012, paragraph 16.

⁸ See, for example, Commission decision M.6323 – Tech Data Europe/ MuM VAD Business, dated 27 October 2011, paragraph 24; Commission decision M.6577 – Avnet/ Magirus, dated 21 September 2012, paragraph 20.

subdivided.⁹ Differentiations by product categories, between direct and indirect sales and by distribution models have been considered relevant each by those respondents which were in favour of additional distinctions within the market for IT distribution.¹⁰

- (16) As regards the conditions of supply by wholesale distributors of different categories of IT products, a small majority considered that there are no significant differences between different categories.¹¹ The market investigation also confirmed that the majority of distributors typically distribute several types of products.¹²
- (17) Concerning the sales channels, a small majority of the respondents to the market investigation considered that end customers would buy products indifferently directly from manufacturers or indirectly from wholesalers.¹³ Moreover, in the view of the respondents, the supply in indirect sales channels is to some extent constrained by the direct supply of manufacturers.¹⁴
- (18) As regards different distribution models, a majority of respondents replied that resellers and end-users would not consider broadline distribution and VAD as interchangeable.¹⁵
- (19) Based on the above, the Commission considers that the market investigation does not provide clear indications as to the exact scope of the relevant product market. In any event, the definition of the relevant product market can be left open for the purposes of the present Decision as the Proposed Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible product market definition.

⁹ See replies to Q1 – questionnaire to competitors, question 5; replies to Q2 – questionnaire to customers, question 5; replies to Q3 – questionnaire to vendors, question 5.

¹⁰ Multiple answers have been possible, see replies to Q1 – questionnaire to competitors, question 5.1; replies to Q2 – questionnaire to customers, question 5.1; replies to Q3 – questionnaire to vendors, question 5.1.

¹¹ See replies to Q1 – questionnaire to competitors, question 6; replies to Q2 – questionnaire to customers, question 6; replies to Q3 – questionnaire to vendors, question 6.

¹² See replies to Q1 – questionnaire to competitors, question 7; replies to Q2 – questionnaire to customers, question 7; replies to Q3 – questionnaire to vendors, question 7.

¹³ See replies to Q1 – questionnaire to competitors, question 8; replies to Q2 – questionnaire to customers, question 8; replies to Q3 – questionnaire to vendors, question 8.

¹⁴ On a scale between 1 (very much constrained) and 5 (not constrained), the average responses over all respondents in relation to price, speed of delivery, trade credit and after-sales support rank slightly below the middle; see replies to Q1 – questionnaire to competitors, question 9; replies to Q2 – questionnaire to customers, question 9; replies to Q3 – questionnaire to vendors, question 9.

¹⁵ See replies to Q1 – questionnaire to competitors, question 12; replies to Q2 – questionnaire to customers, question 12; replies to Q3 – questionnaire to vendors, question 12.

4.3. Geographic market definition

4.3.1. Previous Commission decisions

- (20) In previous decisions, the Commission left the exact geographic market definition for the distribution of IT products open.¹⁶ Geographic market definitions considered for the distribution of IT products are EEA-wide, regional or national.

4.3.2. Notifying Party's view

- (21) The Notifying Party submits that the relevant geographic market is EEA-wide or at least regional.
- (22) The Notifying Party argues that, on the supply side, the leading manufacturers would operate on a global basis and would often have EEA-wide price lists. In addition, expanding into neighbouring countries would require only minimal investments for distributors and the growth of cloud services would further decrease national boundaries.
- (23) On the demand side, according to the Notifying Party, prices of products would be often similar or identical in different Member States, resellers would receive shipments centrally and distribute them to other countries themselves and the requirements by customers in different Member States would be very similar and usually available in several language versions at no or limited extra costs.

4.3.3. Results of the market investigation and Commission's assessment

- (24) During the market investigation, competitors of the Parties and manufacturers have been asked for which area distribution contracts are typically entered into. A majority of the respondents ticked the checkbox "national" (multiple answers have been possible), while less than half answered "regional (several countries within the EEA)", followed by the replies "EEA-wide" and, least often, "worldwide".¹⁷ According to competitors and customers of the Parties, contracts between distributors and their customers are most often entered into on a national basis, followed by regional, EEA-wide and world-wide.¹⁸
- (25) As to price lists used by manufacturers, a similar number of respondents stated that such price lists would typically cover each of the EEA, regions within the EEA or individual Member States.¹⁹ Asked whether a national presence would be

¹⁶ See, for example, Commission decision M.6323 – Tech Data Europe/ MuM VAD Business, dated 27 October 2011, paragraph 28; Commission decision M.6577 – Avnet/ Magirus, dated 21 September 2012, paragraph 27; Commission decision M.7708 – ALSO/ PCF, dated 21 October 2015, paragraph 17.

¹⁷ See replies to Q1 – questionnaire to competitors, question 14; replies to Q3 – questionnaire to vendors, question 14.

¹⁸ See replies to Q1 – questionnaire to competitors, question 15; replies to Q2 – questionnaire to customers, question 14.

¹⁹ See replies to Q1 – questionnaire to competitors, question 16; replies to Q3 – questionnaire to vendors, question 15.

a key requirement for the distribution of IT products, more respondents answered "no" than "yes", without, however, providing detailed reasons to support their answer.²⁰

- (26) The Commission notes that these responses do not provide a clear indication as to the exact scope of the relevant geographic markets. In any event, the definition of the geographic scope of the relevant product markets can, however, be left open for the purposes of the present Decision as the Proposed Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible geographic market definition.

5. COMPETITIVE ASSESSMENT

- (27) The activities of the Parties overlap horizontally on the market for the wholesale distribution of IT products and some of its segments in the EEA and at the national level.
- (28) The Proposed Transaction does not give rise to any vertical relationships as the Parties are not active in markets which are upstream or downstream from one another.

5.1. Wholesale distribution of all IT products

- (29) On a market for the wholesale distribution of all IT products (including direct and indirect sales) the Proposed Transaction does not give rise to affected markets. At EEA level the Parties' combined market share in 2015 would be [5-10]% (Tech Data: [0-5]% and Avnet TS: [0-5]%) and at national level below [10-20]% in all Member States where the Parties' activities overlap.
- (30) Similarly, on a market for the wholesale distribution of all IT products including indirect sales only, there are no affected markets. The market share of the Parties would be [5-10]% at EEA level (Tech Data: [5-10]% and Avnet TS: [0-5]%) and below [10-20]% at national level.

5.2. Wholesale distribution of narrower product segments

- (31) Under possible narrower markets for the wholesale distribution of different IT products (including narrower markets for indirect and direct sales), the Proposed Transaction gives rise to affected markets in potential national markets for the distribution of enterprise storage (Austria, Belgium, Czech Republic, Germany, Luxembourg and the Netherlands), enterprise network (Belgium, Czech Republic, France, Germany, Luxembourg, the Netherlands, Poland and the United Kingdom), non-enterprise storage and components (France); and, servers (high-end and midrange on the one hand, and volume servers on the other) (Austria, Belgium, Czech Republic, France, Germany, Ireland, Luxembourg, the Netherlands and the United Kingdom).

²⁰ See replies to Q1 – questionnaire to competitors, question 18; replies to Q2 – questionnaire to customers, question 16; replies to Q3 – questionnaire to vendors, question 16.

- (32) Conversely, the potential markets for the wholesale distribution of devices²¹, infrastructure²² and software²³ product segments would not give rise to affected markets.
- (33) In addition, the Proposed Transaction gives rise to affected markets in potential regional markets for the wholesale distribution of different IT products (including narrower markets for indirect and direct sales), within the EEA.²⁴ The following potential markets would be affected: (i) high-end and midrange enterprise servers in Czech Republic Served Region, GerAus and the UK region; (ii) volume servers in Benelux, Czech Republic Served Region, GerAus and the UK region; (iii) enterprise storage in Benelux, Czech Republic Served Region and GerAus; and, (iv) enterprise network in Benelux, Iberia and the UK region.
- (34) Finally, according to data submitted by the Notifying Party, the Proposed Transaction does not give rise to affected markets²⁵ if the overall market for IT distribution would be split between VAD and broadline distribution on an EEA-wide, regional or national level. In addition, a further distinction between broadline distribution and VAD at the level of specific product categories in

²¹ The Parties' combined market share for the wholesale distribution of devices (direct and indirect sales) is [5-10]% at EEA level (Tech Data: [5-10]% and Avnet TS: [0-5]%) and below [10-20]% at the national level. Excluding direct sales, the Parties' market share would be [5-10]% at EEA level (Tech Data: [5-10]% and Avnet TS: [0-5]%) and below 20% at the national level.

²² On the potential market for the wholesale distribution of infrastructure, the Parties' combined market share is, at EEA level, [5-10]% (Tech Data: [0-5]% and Avnet TS: [0-5]%(direct and indirect sales) and [10-20]% excluding direct sales (Tech Data: [5-10]% and Avnet TS: [0-5]%). On this potential market the Parties' market share would be below [10-20]% at the national level (direct and indirect sales). Excluding direct sales, the Parties' combined market shares would be below [10-20]% at the national level, except in Luxembourg, where the Parties' combined market share would be [20-30]% (Tech Data: [10-20]% and Avnet TS: [0-5]%). However, the Commission notes that in Luxembourg, the market share increment resulting from the Proposed Transaction will be low [0-5]%. In addition, there appear to be strong competitors active in Luxembourg including Arrow Electronics, Westcom-Comstor, Ingram Micro, Exclusive Networks and Nuvias.

²³ The Parties' combined market share on the potential market for the wholesale distribution of software, is, at EEA level, [0-5]% (Tech Data: [0-5]% and Avnet TS: [0-5]%(direct and indirect sales) and [5-10]% excluding direct sales (Tech Data: [5-10]% and Avnet TS: [0-5]%). On this potential market the Parties' market share would be below [5-10]% at the national level (direct and indirect sales). Excluding direct sales, the Parties' combined market shares would be below [10-20]% at the national level.

²⁴ The affected regional markets considered for the purpose of this decision are [...]: "Benelux" (Belgium, the Netherlands, Luxembourg); "GerAus" (Germany and Austria); "Iberia" (Spain and Portugal); and, the "UK region" (UK and Ireland). In addition, [...] Austria, Czech Republic, Germany and Slovakia ("Czech Republic Served Region").

²⁵ The Notifying Party provided market share estimates for 2013, 2014 and 2015. On the basis of the data for 2013, the potential markets for VAD and for broadline distribution (indirect sales only) in the Netherlands would be affected (with market shares of [10-20]% and an increment of [0-5]% for VAD and of [20-30]% and an increment of [0-5]% for broadline distribution). However, on the basis of the data for 2014 and 2015, these potential markets would not be affected.

individual Member States would not lead to a significant change of the Parties' market shares on such markets.²⁶

- (35) Sections 5.2.1 and 5.2.2 below describe respectively the Notifying Party's views on the Proposed Transaction and the Commission's assessment of the affected markets.

5.2.1. *Notifying Party's view*

- (36) The Notifying Party argues that no competition concerns can be expected to arise in potential national or regional markets for the wholesale distribution of specific product segments for the following reasons.
- (37) The Notifying Party submits that the IT distribution sector is highly fragmented as the Parties compete with manufacturers, other distributors and resellers. In most affected national markets, the Parties would have a low combined market share with low increments.²⁷ If the market within the EEA were sub-segmented in regional markets the Parties' shares at the regional level would not be materially higher than those at the national level.
- (38) According to the Notifying Party, there are many strong competitors in each potentially affected market segment (including ALSO, Ingram Micro, Arrow, Esprinet, Westcon-Comstor). Resellers who sell the products on to end users (such as Bechtle, Computacenter, Media-Saturn, FNAC and Amazon), would also constitute alternatives to the Parties. In addition, manufacturers would typically use several distributors in each geographic region.²⁸ Therefore, reseller customers²⁹ would also have a range of options to switch to. For a given product,

²⁶ According to the Notifying Party, certain products – generally higher priced, complex products – would typically be purchased via VAD services while other products – generally more commoditised products – would typically be purchased via broadline distribution services. The Notifying Party states that most of the affected markets concern products that tend to be sold by VADs. Notably concerning products in the Infrastructure market segment, which includes inter alia the product categories "Enterprise Storage", "Enterprise Network" and "High-End & Mid-Range Servers", the Notifying Party states that [a very large part] of the sales of Tech Data can be attributed to its VAD business units. Therefore, even if one would consider further distinguishing between VAD and broadline distribution on markets for specific product categories in individual Member States, the shares in such potential markets would not change significantly and the assessment of such markets as laid out in this decision would also apply to them.

²⁷ According to the Notifying Party, the possible affected markets in which the Parties' combined shares are higher are the possible market for indirect sales of high- and mid-range servers in Ireland ([50-60]%) and the possible market for indirect sales of volume servers in Luxembourg ([50-60]%). The Notifying Party submits that the total size of these markets is small (EUR [...] million and EUR [...] million, respectively) and that due to cross-border trade and commonality of market participants between Ireland and the UK, and Belgium and Luxembourg, the Parties' combined market shares for the UK ([10-20]%) and Belgium ([30-40]%) would be more reflective of market reality.

²⁸ As far as vendors are concerned, the Notifying Party submits that several vendors (such as Cisco, IBM, Lenovo, and HPE) all have policies of having two to three distributors at a time per country or region. For a given country or region, vendors typically work with a combination of pan-European distributors and local/regional distributors.

²⁹ According to the Notifying Party, resellers in the EEA typically multi-source products from between 4 to 8 separate distributors and they constantly shift orders between these suppliers.

most customers multisource from distributors of varying sizes and product portfolios. The key factors of competition are price and service quality, on which all distributors compete.

- (39) Furthermore, manufacturers who sell directly to end-users establish end-user prices and therefore, distributors would have negligible pricing power. In addition, barriers to entry and expansion would be low, the Parties would not be particularly close competitors and technological innovation in the IT sector (notably the growth in cloud services) would give rise to increased competitive pressure. Finally, the Proposed Transaction would benefit consumers.

5.2.2. Commission's assessment

5.2.2.1. General assessment of the affected markets

- (40) The Parties' and their competitors' market shares on each of the affected national markets are discussed in Sections 5.2.2.2 to 5.2.2.5. Section 5.2.2.6 addresses specifically the potential regional markets.
- (41) As will be shown, in most of the affected markets the combined market shares of the Parties are below 25% or the market share increment is small. According to the Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings (the "Horizontal Guidelines")³⁰, combined market shares below 25% may indicate that the concentration is not likely to impede effective competition. The market investigation has not revealed special circumstances which would indicate otherwise.
- (42) The Commission notes that the Parties' combined market shares in countries where both Parties operate (*i.e.*, have a physical presence) may not necessarily be representative since vendors who have few distributors (including the Parties), could decide to appoint additional distributors to compensate for the reduction in distributors compared to the volume of business.³¹ As stated by a competitor: "*the Transaction will open up opportunities for some distributors to obtain licences and grow their business. It is not unusual for a vendor to terminate an agreement with a distributor following an acquisition. Vendors who previously used both Avnet and Tech Data will wish to maintain the diversity of their route to market and will therefore appoint new distributors. Customers will also seek to diversify their sources of supply.*"³²

³⁰ Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ C31, 5.02.2004, p. 5, paragraph 18.

³¹ Several respondents to the market investigation stated that, following the Transaction, they would assess the distribution landscape for their products and services. As a manufacturer stated: "*we will take the opportunity to nominate additional Distributors in countries in the EEA, where the number of Distributors is low in comparison to the potential volume of business*". Other respondents stated that they would not likely enter into a distribution agreement with an additional distributor. A manufacturer responded that it "*already entrusts the distribution of the products in scope to a sufficient number of distributors*". See replies to Q3 – questionnaire to vendors, questions 20.2 and 20.2.1.

³² See replies to Q1 – questionnaire to competitors, question 34.6.

- (43) On all of the affected markets (including those where the combined market shares of the Parties would be higher than 25%) the merged entity will continue to face competition from several strong competitors which are present on these markets and will continue to exert competitive constraint on the merged entity.
- (44) During the market investigation the claims of the Parties were tested. Respondents to the market investigation stated that manufacturers entrust the distribution of their IT products usually to three or four distributors per geographic area.³³ While for certain manufacturers the Parties distribute the same products in the same countries³⁴, following the Transaction manufacturers will still have a choice between a sufficient number of distributors.³⁵ These alternative distributors include Ingram Micro, Arrow, ALSO, Esprinet, Copaco, Exertis and others.³⁶ The market investigation also did not bring to light any element that would indicate that vendors would not be able to appoint additional distributors for their products if they choose to do so.³⁷
- (45) With regard to the customers of distributors, respondents to the market investigation stated that customers have many sources of supply and a large part of them procure from more than 5 distributors.³⁸ Most customers and competitors who responded to the market investigation consider that post-Transaction customers will have a sufficient number of distributors for the wholesale supply of IT products.³⁹ Distributors from which customers could purchase IT products post-transaction include Ingram Micro, Arrow, ALSO, Copaco, Exertis, Westcon, TIM and others.⁴⁰

³³ See replies to Q1 – questionnaire to competitors, question 20; see replies to Q3 – questionnaire to vendors, question 18. Respondents to the market investigation mentioned that the number of distributors per vendor depends on factors, such as the size of the market, the size of the vendor or the range of products distributed.

³⁴ See replies to Q3 – questionnaire to vendors, questions 20 and 20.1.

³⁵ See replies to Q1 – questionnaire to competitors, question 22; see replies to Q3 – questionnaire to vendors, question 21.

³⁶ See replies to Q1 – questionnaire to competitors, question 23; see replies to Q3 – questionnaire to vendors, question 22.

³⁷ See replies to Q3 – questionnaire to vendors, question 20.2.1.

³⁸ See replies to Q1 – questionnaire to competitors, question 24; see replies to Q2 – questionnaire to customers, question 18.

³⁹ See replies to Q1 – questionnaire to competitors, question 26; see replies to Q2 – questionnaire to customers, question 20.

⁴⁰ See replies to Q1 – questionnaire to competitors, question 27; see replies to Q2 – questionnaire to customers, question 21.

- (46) Therefore, despite the fact that the market investigation has indicated that the distribution of IT products entails significant investment costs that make it difficult to enter this market⁴¹, sufficient players will remain post-transaction.
- (47) While Tech Data and Avnet TS are seen by a large group of respondents as competing head-to-head for the distribution of IT products of manufacturers⁴², the market investigation did not provide a clear indication whether Tech Data and Avnet TS compete closely for the supply of their IT products to customers.⁴³
- (48) Most respondents do not see any negative impact of the transaction on their business⁴⁴ or in the affected markets.⁴⁵ A minority of competitors and customers stated that the transaction would have a negative impact in certain Member States due to the reduction of distributors without further substantiating their concerns.⁴⁶ However, based on the feedback received by the vast majority of the respondents to the market investigation, it seems that, post merger, a sufficient number of distributors will continue to be active, including in those Member States where these unsubstantiated concerns were raised.
- (49) With regard to the claims by certain respondents to the market investigation that the Proposed Transaction would have an impact in (all or some) affected markets⁴⁷, the Commission refers to Sections 5.2.2.2 to 5.2.2.5 discussing the markets shares of the main distributors active in each affected market. For example, a few respondents claimed that the Proposed Transaction would have a negative impact in Austria, France, Germany, the Netherlands and the United Kingdom. Based on the submissions of the Notifying Party, in these countries, among others, are active ALSO, Arrow Electronics, Ingram Micro, Westcon-Comstor and Nuvias.

⁴¹ See replies to Q1 – questionnaire to competitors, question 31; see replies to Q2 – questionnaire to customers, question 25; see replies to Q3 – questionnaire to vendors, question 26.

⁴² See replies to Q1 – questionnaire to competitors, question 21; see replies to Q3 – questionnaire to vendors, question 19.

⁴³ See replies to Q1 – questionnaire to competitors, question 25; see replies to Q2 – questionnaire to customers, question 19. Of the competitors who provided a meaningful response to this question, a majority considers that the Parties compete head-to-head. However, at the same time a majority of customers stated that the Parties do not compete head-to-head for the supply of IT products to customers.

⁴⁴ See replies to Q1 – questionnaire to competitors, question 35; see replies to Q2 – questionnaire to customers, question 29; see replies to Q3 – questionnaire to vendors, question 30.

⁴⁵ See replies to Q1 – questionnaire to competitors, questions 34.1-34.4; see replies to Q2 – questionnaire to customers, questions 28.1-28.4; see replies to Q3 – questionnaire to vendors, question 29.1-29.4.

⁴⁶ See replies to Q1 – questionnaire to competitors, questions 34.1-34.6; see replies to Q2 – questionnaire to customers, questions 28.1-28.6.

⁴⁷ See replies to Q1 – questionnaire to competitors, question 34.6; see replies to Q2 – questionnaire to customers, question 28.6.

5.2.2.2. Wholesale distribution of enterprise storage

- (50) The Proposed Transaction gives rise to affected markets in the potential market for wholesale distribution of enterprise storage (indirect sales only) in Austria, Belgium, Czech Republic, Germany, Luxembourg and the Netherlands. In addition, the Proposed Transaction would lead to an affected market in the potential market for wholesale distribution of enterprise storage (direct and indirect sales) in the Czech Republic.
- (51) An enterprise storage system is used to support the processing, management, and storage of digital data. International Data Corporation ("IDC"), a market analyst, defines an enterprise storage system (or disk system) as a set of storage elements, including controllers, cables, and (in some instances) a host bus adapter associated with three or more mass storage devices (hard disk drives ("HDDs") or solid state drives ("SSDs")) with the exception of entry-level business storage.
- (52) The Parties' combined market shares for enterprise storage (indirect sales only) in 2015 would be:

Table 1 – Overview of the Parties' market shares (by value) in wholesale distribution of enterprise storage (indirect sales only)

2015	Tech Data	Avnet TS	Combined
Austria	[5-10]%	[20-30]%	[30-40]%
Belgium	[10-20]%	[5-10]%	[20-30]%
Czech Republic	[0-5]%	[30-40]%	[30-40]%
Germany	[5-10]%	[10-20]%	[20-30]%
Luxembourg	[10-20]%	[5-10]%	[20-30]%
Netherlands	[5-10]%	[10-20]%	[20-30]%

Source: Form CO based on IDC, Context and the Parties

- (53) On the basis of the information provided by the Notifying Party, the Parties' combined market shares would be [30-40]% in Austria (Tech Data [5-10]% and Avnet TS [20-30]%). The merged entity would become the largest distributor of enterprise storage in Austria. However, the merged entity will continue to face competition from AXIANS ICT (5-10%) and numerous other players, such as Ingram Micro, Arrow Electronics, ALSO, Kapsch BusinessCom, Dimension Data, A1 Telekom Austria, with a limited market share (each with <5%), but, at least in some cases (such as, for example, for Ingram Micro, Arrow Electronics and ALSO), with the capability to significantly grow their business in case an important vendor decided to switch some of its business away from the merged entity.
- (54) In Belgium the Parties would have a combined market share of [20-30]% (Tech Data: [10-20]% and Avnet TS [5-10]%) on this potential market. Other competitors on this market include Arrow ([20-30]%), Ingram Micro ([5-10]%),

Copaco ([5-10]%), Getronics ([5-10]%), Econocom ([5-10]%), Cegeka ([5-10]%) and others.

- (55) In the Czech Republic, the merged entity would have a market share of [30-40]% (Tech Data [0-5]% and Avnet TS [30-40]%). However, the increment brought about by the Proposed Transaction would be [0-5]%, thus increasing only marginally Avnet TS' position in this potential market. Other players include DNS ([20-30]%), Arrow ([5-10]%) and others.
- (56) The Parties would have a combined market share of [20-30]% in Germany (Tech Data [5-10]% and Avnet TS [10-20]%). However, many other players remain, including TIM, ALSO, Ingram, Arrow, Westcon-Comstor and others. These distributors have a limited market share (each <5%), but, at least in some cases (such as, for example, for Ingram and Arrow), they have the capability to significantly grow their business in case an important vendor would decide to switch some of its business away from the merged entity.
- (57) The merged entity would have a market share in Luxembourg of [20-30]% (Tech Data [10-20]% and Avnet TS [5-10]%), thus becoming the largest distributor on this potential market. However, the merged entity will continue to face competition from Arrow ([10-20]%), Econocom Lux ([10-20]%), Copaco ([5-10]%), Ingram Micro ([5-10]%), Post Lux ([5-10]%), Dimension Data Lux ([5-10]%), Telindus Lux ([5-10]%) and other distributors.
- (58) In the Netherlands the Parties would have a combined market share of [20-30]% (Tech Data [5-10]% and Avnet TS [10-20]%). Post-Transaction, the Parties would become the largest distributor in the Netherlands in this potential market. However, a strong competitor of the Parties would be Copaco ([20-30]%) as well as other smaller distributors with each less than 5% market share (including Ingram, ALSO, Westcon-Comstor and many others).
- (59) The Parties' combined market share for enterprise storage (direct and indirect sales) in 2015 in the Czech Republic would be:

Table 2 – Overview of the Parties' market shares (by value) in wholesale distribution of enterprise storage (direct and indirect sales) (Czech Republic)

2015	Tech Data	Avnet TS	Combined
Czech Republic	[0-5]%	[20-30]%	[20-30]%

Source: Form CO based on IDC, Context and the Parties

- (60) The merged entity's market share in the Czech Republic would amount to [20-30]% (Tech Data [0-5]% and Avnet TS [20-30]%). As in the potential market including only indirect sales, the increment would be low ([0-5]%). In addition, other players on the market include DNS ([10-20]%) and many small players with less than 5% market share (including Arrow, AutoCont, ATOS, Comparex, HPE, IBM and Oracle).
- (61) Therefore, the Proposed Transaction does not raise serious doubts as regards its compatibility with the internal market with respect to the wholesale distribution of enterprise storage.

5.2.2.3. Wholesale distribution of enterprise network

- (62) The Proposed Transaction gives rise to affected markets in the potential market for wholesale distribution of enterprise network (indirect sales only) in Belgium, Czech Republic, France, Germany, Luxembourg, the Netherlands, Poland and the United Kingdom. In addition, the Proposed Transaction would lead to an affected market in the potential market for wholesale distribution of enterprise network (direct and indirect sales) in Belgium and the Netherlands.
- (63) IDC defines enterprise network as hardware purchased by enterprise customers for the implementation of wired and wireless computer networks, which may be utilized for the transfer of data and voice traffic. IDC’s definition of enterprise network includes the following products: router, switch, analog-to-digital converter, wide area network optimization (“WAN”), IP telephony, enterprise videoconferencing, and wireless local area network (“WLAN”).
- (64) The Parties' combined market shares for enterprise network (indirect sales only) in 2015 would be:

Table 3 – Overview of the Parties' market shares (by value) in wholesale distribution of enterprise network (indirect sales only)

2015	Tech Data	Avnet TS	Combined
Belgium	[20-30]%	[0-5]%	[20-30]%
Czech Republic	[10-20]%	[5-10]%	[20-30]%
France	[10-20]%	[0-5]%	[20-30]%
Germany	[10-20]%	[5-10]%	[20-30]%
Luxembourg	[20-30]%	[0-5]%	[20-30]%
Netherlands	[20-30]%	[5-10]%	[20-30]%
Poland	[10-20]%	[10-20]%	[20-30]%
United Kingdom	[10-20]%	[5-10]%	[20-30]%

Source: Form CO based on IDC, Context and the Parties

- (65) In Belgium the combined market share of the Parties would be [20-30]% (Tech Data [20-30]% and Avnet TS [0-5]%). The market share increment resulting from the Transaction would be low ([0-5]%), hence Tech Data will marginally increase its position on the market in Belgium. In addition, the merged entity will face competition from Westcon-Comstor ([20-30]%), Ingram Micro ([10-20]%), Dimension Data ([10-20]%) and others.
- (66) In the Czech Republic the merged entity's market share would be [20-30]% (Tech Data [10-20]% and Avnet TS [5-10]%). In this potential market there are numerous other players such as DNS, Arrow, AutoCont, Comparex, ATOS and other distributors, with a limited market share (each with <5%), but, at least in some cases (such as, for example, for Arrow), with the capability to significantly

grow their business in case an important vendor decided to switch some of its business away from the merged entity.

- (67) The Parties would have a combined market share in France of [20-30]% (Tech Data [10-20]% and Avnet TS [0-5]%). The market share increment resulting from the Proposed Transaction would be low ([0-5]%). Competitors of the Parties on this potential market would include Westcon-Comstor ([10-20]%), Arrow ([10-20]%), ALSO ([10-20]%), DistriWan ([5-10]%), Ingram ([5-10]%), Axians ([5-10]%), SCC ([5-10]%) and others.
- (68) The merged entity would have a [20-30]% market share in Germany (Tech Data [10-20]% and Avnet TS [5-10]%), thus becoming the largest distributor on this potential market. However, the merged entity will continue to face competition from Ingram ([10-20]%) and Westcon-Comstor ([10-20]%).
- (69) The market share in Luxembourg of the Parties would be [20-30]% (Tech Data [20-30]% and Avnet TS [0-5]%), resulting in a low increment ([0-5]%) of the market share of Tech Data. Therefore, the Proposed Transaction will only marginally increase Tech Data's position in this potential market. Competitors of the merged entity include Westcon-Comstor ([10-20]%), Ingram Micro ([5-10]%), Dimension Data Lux ([5-10]%), Telindus Lux ([5-10]%), Post Lux ([5-10]%), Econocom Lux ([5-10]%) and others.
- (70) The merged entity's market share in the Netherlands would be [20-30]% (Tech Data [20-30]% and Avnet TS [5-10]%). However, post-Transaction the Parties will continue to face competition from Westcon-Comstor ([20-30]%), Dimension Data ([10-20]%), Ingram ([5-10]%), KPN ([5-10]%) and others.
- (71) The Parties' market share in Poland would be [20-30]% (Tech Data [10-20]% and Avnet TS [10-20]%). While the Parties would gain a larger share of the market compared to pre-Transaction, RRC would still be the largest distributor in Poland ([20-30]%). Other competitors of the merged entity include Asseco Poland ([20-30]%), Qumak ([5-10]%), Wasko ([5-10]%) and others.
- (72) The merged entity would have a market share in the United Kingdom of [20-30]% (Tech Data [10-20]% and Avnet TS [5-10]%) and become the second largest distributor in the United Kingdom. However, the merged entity will be facing competition from the strong competitors including Westcon-Comstor ([20-30]%), Ingram ([10-20]%) and BT ([10-20]%). In addition, smaller players with less than 5% on this potential market include Westcoast, Arrow, Exertis, SCC, C-Center, CDW, Insight, Softcat and others.
- (73) The Parties' combined market shares for enterprise network (direct and indirect sales) in 2015 would be:

Table 4 – Overview of the Parties' market shares (by value) in wholesale distribution of enterprise network (direct and indirect sales)

2015	Tech Data	Avnet TS	Combined
Belgium	[10-20]%	[0-5]%	[20-30]%
Netherlands	[10-20]%	[0-5]%	[20-30]%

Source: Form CO based on IDC, Context and the Parties

- (74) The Parties' combined market share in Belgium would be slightly above [20-30]% if direct sales were included (Tech Data [10-20]% and Avnet TS [0-5]%). As in the market including indirect sales only, the market share increment resulting from the Transaction would be low ([0-5]%). In addition, the merged entity will face competition from Westcon-Comstor ([20-30]%), Cisco ([10-20]%), Dimension Data ([10-20]%), Ingram Micro ([5-10]%) and others.
- (75) In the Netherlands, the merged entity would have a market share (including direct sales) of [20-30]% (Tech Data [10-20]% and Avnet TS [0-5]%). In this larger potential market, the Proposed Transaction would result in a low increment ([0-5]%). Many other strong competitors would remain in this market, including Westcon-Comstor ([10-20]%), Dimension Data ([10-20]%), Cisco ([10-20]%), Ingram ([5-10]%), KPN ([5-10]%) and others.
- (76) Therefore, the Proposed Transaction does not raise serious doubts as regards its compatibility with the internal market with respect to the wholesale distribution of enterprise network.

5.2.2.4. Wholesale distribution of non-enterprise storage and components

- (77) The Proposed Transaction gives rise to affected markets in the potential market for wholesale distribution of non-enterprise storage and components (indirect sales only) in France.
- (78) Non-Enterprise storage and components includes the Parties' sales of storage products which are not captured by the IDC segment "Enterprise Storage". This segment includes hardware products such as autoloaders, graphics cards, HDD/SSD accessories, HDDs, SSDs, and removable memory.
- (79) The Parties' combined market share for non-enterprise storage and components (indirect sales only) in 2015 would be:

Table 5 – Overview of the Parties' market shares (by value) in wholesale distribution of non-enterprise storage and components (indirect sales only)(France)

2015	Tech Data	Avnet TS	Combined
France	[10-20]%	[0-5]%	[20-30]%

Source: Form CO based on IDC, Context and the Parties

- (80) The Parties' combined market share in France would be [20-30]% (Tech Data [10-20]% and Avnet TS [0-5]%). Tech Data would reinforce its position as the largest distributor in this potential market. However, the market share increment resulting from the Proposed Transaction would be low ([0-5]%) and many other competitors remain on this market including Ingram Micro ([10-20]%), Acadia Infomatique ([5-10]%), Asialand ([5-10]%), ALSO ([5-10]%), Exertis ([5-10]%), Arrow ([5-10]%), and others.
- (81) Therefore, the Proposed Transaction does not raise serious doubts as regards its compatibility with the internal market with respect to the wholesale distribution of non-enterprise storage and components.

5.2.2.5. Wholesale distribution of servers

- (82) The Proposed Transaction gives rise to the following affected markets:
- (a) the potential markets for wholesale distribution of high-end and midrange enterprise servers (indirect sales only) in Austria, France, Germany, Ireland and the Netherlands;
 - (b) the potential market for wholesale distribution of high-end and midrange enterprise servers (direct and indirect sales) in Austria; and,
 - (c) the potential markets for wholesale distribution of volume servers (indirect sales only) in Austria, Belgium, Czech Republic, Germany, Luxembourg and the United Kingdom.
- (83) IDC defines a server system as a multi-user computing device that accesses and delivers services via a network. The server and the applications that run on it are typically shared by multiple users. Unlike a client device, a server does not usually have a user interface that is intended for human-machine interaction. IDC defines midrange enterprise server markets as all systems with an average selling value of USD 25 000–249 999, and high-end servers as those with an average selling value above USD 250 000.
- (84) The Parties' combined market shares for high-end and midrange enterprise servers (indirect sales only) in 2015 would be:

Table 6 – Overview of the Parties' market shares (by value) in wholesale distribution of high-end and midrange enterprise servers (indirect sales only)

2015	Tech Data	Avnet TS	Combined
Austria	[20-30]%	[5-10]%	[30-40]%
France	[20-30]%	[0-5]%	[20-30]%
Germany	[10-20]%	[0-5]%	[20-30]%
Ireland	[5-10]%	[50-60]%	[50-60]%
Netherlands	[10-20]%	[5-10]%	[20-30]%

Source: Form CO based on IDC, Context and the Parties

- (85) The merged entity would have a market share of [30-40]% (Tech Data [20-30]% and Avnet TS [0-5]%) and become the largest distributor of High-End and Midrange Enterprise Servers in Austria. However, the Parties will still face competition from Kapsch BusinessCom ([10-20]%), Ingram ([5-10]%), ALSO ([5-10]%), Dimension Data ([5-10]%), AXIANS ICT ([5-10]%) and others.
- (86) In France the Parties' combined market share would be [20-30]% (Tech Data [20-30]% and Avnet TS [0-5]%). The Proposed Transaction will result in a low market share increment ([0-5]%) and many other strong competitors remain on the market including SCC ([20-30]%), ITS ([10-20]%), Axians ([10-20]%), Arrow ([5-10]%), Also ([5-10]%) and others.

- (87) In Germany the merged entity would have a [20-30]% market share (Tech Data [10-20]% and Avnet TS [0-5]%). The market share increment resulting from the Proposed Transaction will be low ([0-5]%) and the merged entity will continue to face competition from such players as ALSO ([5-10]%), Arrow ([5-10]%), Ingram ([5-10]%) and others.
- (88) The Parties' combined market shares in Ireland would be [50-60]% (Tech Data [5-10]% and Avnet TS [50-60]%). However, based on the Notifying Party's submission Exertis is a stronger competitor than the Parties on this market. In addition, Commtech, as well as other distributors with smaller market shares, would also exert competitive constraint on the merged entity.⁴⁸ As a result, post-Transaction, vendors would have sufficient alternative distributors to switch to should they consider that the merged entity accounted for too high a share of their sales. In any event, during the market investigation, no respondent raised concerns concerning the impact of the Proposed Transaction on this potential market.
- (89) The merged entity would have a market share of [20-30]% in the Netherlands (Tech Data [10-20]% and Avnet TS [5-10]%). Other competitors on this market include Copaco ([5-10]%), SLTN ([5-10]%), KPN ([5-10]%) and numerous other players, such as Ingram, Westcon-Comstor, ALSO, Dimension Data, Infotheek, Insight and Comparex, with a limited market share (each with <5%), but, at least in some cases (such as, for example, for Ingram and ALSO), with the capability to significantly grow their business in case an important vendor decided to switch some of its business away from the merged entity.
- (90) The Parties' combined market share for high-end and midrange enterprise servers (direct and indirect sales) in 2015 would be:

Table 7 – Overview of the Parties' market shares (by value) in wholesale distribution of high-end and midrange enterprise servers (direct and indirect sales)

2015	Tech Data	Avnet TS	Combined
Austria	[10-20]%	[0-5]%	[20-30]%

Source: Form CO based on IDC, Context and the Parties

- (91) The merged entity would have a market share of [20-30]% (Tech Data [10-20]% and Avnet TS [0-5]%) and become the largest distributor of High-End and Midrange Enterprise Servers in Austria also if direct sales were included. However, the Parties would still face competition from Kapsch BusinessCom ([10-20]%), Dell-EMC ([10-20]%), Cisco ([10-20]%), Ingram ([5-10]%), Dimension Data ([5-10]%), HPE ([5-10]%) and others.

⁴⁸ The Parties submit that IDC's estimate of the indirect channel segment size for high-end and midrange servers in Ireland is too small, resulting in an overstatement of the Parties' presence in this segment. Likewise, the Parties' best estimates of competitors' sales by value in this segment would together represent more than 100% of the indirect channel based on the IDC estimate.

- (92) The Parties' combined market shares for volume servers (indirect sales only) in 2015 would be:

Table 8 – Overview of the Parties' market shares (by value) in wholesale distribution of volume servers (indirect sales only)

2015	Tech Data	Avnet TS	Combined
Austria	[5-10]%	[10-20]%	[20-30]%
Belgium	[20-30]%	[5-10]%	[30-40]%
Czech Republic	[0-5]%	[10-20]%	[20-30]%
Germany	[5-10]%	[10-20]%	[20-30]%
Luxembourg	[50-60]%	[0-5]%	[50-60]%
United Kingdom	[10-20]%	[10-20]%	[20-30]%

Source: Form CO based on IDC, Context and the Parties

- (93) The merged entity would have a market share post-Transaction which is slightly above [20-30]% (Tech Data [5-10]% and Avnet TS [10-20]%) in Austria and would be the second largest distributor behind ACP Group ([40-50]%). The merged entity will still face competition from other competitors including Kapsch BusinessCom ([10-20]%) and Ingram ([5-10]%).
- (94) In Belgium, the Parties' combined market share would be [30-40]% (Tech Data [20-30]% and Avnet TS [5-10]%), strengthening Tech Data's position as the current largest player. However, the Parties will face competition from Ingram Micro ([10-20]%), Arrow ([5-10]%), Econocom ([5-10]%) and several other players.
- (95) In the Czech Republic, the merged entity would have a market share of [20-30]% (Tech Data [0-5]% and Avnet TS [10-20]%). The Proposed Transaction would result in a low market share increment ([0-5]%), slightly reinforcing Avnet TS' place as the distributor with the second largest market share behind DNS ([20-30]%). Other distributors with smaller market shares (<5%) on this potential market would include Arrow, AutoCont, ATOS and Comporex.
- (96) The Parties' combined market share in Germany would be [20-30]% (Tech Data [5-10]% and Avnet TS [10-20]%). The merged entity would become the largest distributor in Germany. However, other significant distributors on this potential market include ALSO ([10-20]%), Ingram ([10-20]%) and TIM ([5-10]%).

- (97) The market share of the merged entity in Luxembourg would be [50-60]% (Tech Data [50-60]% and Avnet TS [0-5]%), thus slightly increasing Tech Data's position as the largest distributor in Luxembourg. However, the market share increment resulting from the Proposed Transaction would be low ([0-5]%) and there are many other players on this market, such as Arrow ([5-10]%), Ingram Micro ([5-10]%), Copaco ([5-10]%), Econocom Lux ([5-10]%), Telindus Lux ([5-10]%), Dimension Data Lux ([5-10]%), Post Lux ([5-10]%) and others.
- (98) In the United Kingdom the combined market share of the Parties would be [20-30]% (Tech Data [10-20]% and Avnet TS [10-20]%). However, post-Transaction the Parties will face strong competition from Westcoast ([10-20]%), Ingram ([5-10]%), Exertis ([5-10]%), Westcon-Comstor ([5-10]%) and BT ([5-10]%). Other players with less than 5% on this potential market include Arrow, C-Center, Insight, Softcat, CDW, SCC and others.
- (99) Therefore, the Proposed Transaction does not raise serious doubts as regards its compatibility with the internal market with respect to the wholesale distribution of servers.

5.2.2.6. Assessment of potential regional markets

- (100) In potential regional markets for certain IT product segments, the Proposed Transaction would give rise to the following affected markets:
- (a) Excluding direct sales (i.e. indirect channel):
 - High-end and Midrange Enterprise Servers in Czech Republic Served Region, GerAus, and the UK region;
 - Volume Servers in Benelux, Czech Republic Served Region, GerAus, and the UK region;
 - Enterprise Storage in Benelux, Czech Republic Served Region, and GerAus; and,
 - Enterprise Network in Benelux, Iberia, and the UK region.
 - (b) Including direct sales: Enterprise Network in Benelux.
- (101) The Parties' combined market shares for these regions in 2015 would be:

Table 9 – Overview of the Parties' market shares (by value) in potential regional markets (indirect sales only unless indicated otherwise)

2015		Tech Data	Avnet TS	Combined
Enterprise Network (direct and indirect sales)	Benelux	[10-20]%	[0-5]%	[20-30]%
Enterprise Network	Benelux	[20-30]%	[0-5]%	[20-30]%
	Iberia	[10-20]%	[0-5]%	[20-30]%
	UK Region	[10-20]%	[5-10]%	[20-30]%
Enterprise Storage	Benelux	[5-10]%	[10-20]%	[20-30]%
	Czech Republic Served Region	[5-10]%	[10-20]%	[20-30]%
	GerAus	[5-10]%	[10-20]%	[20-30]%
Volume Servers	Benelux	[10-20]%	[5-10]%	[20-30]%
	Czech Republic Served Region	[5-10]%	[10-20]%	[20-30]%
	GerAus	[5-10]%	[10-20]%	[20-30]%
	UK Region	[10-20]%	[10-20]%	[20-30]%
High-end and Midrange Enterprise Servers	Czech Republic Served Region	[10-20]%	[5-10]%	[20-30]%
	GerAus	[10-20]%	[5-10]%	[20-30]%
	UK Region	[10-20]%	[5-10]%	[20-30]%

Source: Form CO based on IDC, Context and the Parties

- (102) The merged entity would have a market share below 25% in these potentially affected markets, except in enterprise network in Benelux ([20-30]%) and volume servers in the UK Region ([20-30]%). However, as discussed for the affected national markets in Sections 5.2.2.2 to 5.2.2.5, in all affected markets post-Transaction the merged entity will continue to face competition from numerous competitors.
- (103) The only additional geographic area where there is an affected market (compared to the potential national markets) is Iberia, where enterprise network is an affected market in the indirect channel, despite the fact that it is not an affected market in either Spain or Portugal.⁴⁹ In this potential market, the combined

⁴⁹ In Portugal, Tech Data's market share is [30-40]% and Avnet's is [0-5]%. In Spain, Tech Data's market share is [10-20]% and Avnet's share is [0-5].

market shares of the Parties post transaction would be [20-30]%. However, the market share increment brought about by the Proposed Transaction would be low ([0-5]%). Based on the Parties' submission, other distributors that remain active in this region include Esprinet, Exertis, ADVEO and Infotheek.⁵⁰

- (104) Therefore, the Proposed Transaction does not raise serious doubts as regards its compatibility with the internal market with respect to the wholesale distribution of high-end and midrange enterprise servers, volume servers, enterprise storage and enterprise network in potential regional markets.

6. CONCLUSION

- (105) 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*

⁵⁰ Form CO, Annex 8.