



EUROPEAN COMMISSION
DG Competition

Case M.11132 - CONCENTRIX / WEBHELP

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

Article 6(1)(b) NON-OPPOSITION
Date: 12/09/2023

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EUROPEAN COMMISSION

Brussels, 12.9.2023
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PUBLIC VERSION

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 Where possible the information omitted has been replaced by ranges of figures or a general description.

Concentrix Corporation
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Subject: Case M.11132 – CONCENTRIX / WEBHELP
Commission decision pursuant to Article 6(1)(b) of Council Regulation No 139/2004 ⁽¹⁾ and Article 57 of the Agreement on the European Economic Area ⁽²⁾

Dear Sir or Madam,

1. INTRODUCTION

- (1) On 8 August 2023, the Commission received notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004, by which Concentrix Corporation (**‘Concentrix’** or the **‘Notifying Party’**, USA), acquires within the meaning of Article 3(1)(b) of the Merger Regulation sole control over the whole of Webhelp S.A.S. (**‘Webhelp’**, or the **‘Target’**, France) (the **‘Transaction’**). Concentrix and Webhelp are hereinafter together 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’).

2. THE PARTIES

- (2) Concentrix is a customer experience services company, which uses technology to provide outsourcing services to enable its clients to manage their end-customer and end-user experience. Concentrix offers IT services, with a focus on business process outsourcing ('BPO') services and in particular customer experience management ('CXM') BPO services and, to a lesser extent, finance and accounting BPO services. Concentrix also offers other complementary services, including IT consulting services, and application implementation and managed services.
- (3) Webhelp is a provider of BPO services, which offers a broad service portfolio to provide end-to-end support for clients, including technical assistance for customers, customer loyalty services, customer claims management services, multichannel customer data collections, digital and marketing services and enterprise solutions. Webhelp is currently controlled by Groupe Bruxelles Lambert ('GBL', Belgium), a public investment holding company, through Marnix Lux S.A. (Luxembourg).

3. THE TRANSACTION

- (4) Pursuant to a Put Option Agreement that was signed on 29 March 2023 and executed on 2 June 2023, and a Share Purchase Agreement ('SPA') ⁽³⁾ that was signed on 12 June 2023, Concentrix will indirectly acquire the entire share capital of Webhelp, through the acquisition of the entire share capital of Marnix Lux S.A., the company that wholly-owns Webhelp, and which is pre-Transaction controlled by Groupe Bruxelles Lambert ('GBL').
- (5) [...].
- (6) Post-Transaction, Webhelp will therefore be solely controlled by Concentrix.
- (7) Therefore, the Transaction constitutes a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

4. EU DIMENSION

- (8) In 2022, the Parties had a combined aggregate world-wide turnover of more than EUR 5 000 million (Concentrix: EUR 5 970 million; Webhelp: EUR [...]). Each of them had an EU-wide turnover of more than EUR 250 million (Concentrix: EUR [...]; Webhelp: EUR [...]), and they did not achieve more than two-thirds of their respective aggregate EU-wide turnover within one and the same Member State.
- (9) Thus, the Transaction has an EU dimension within the meaning of Article 1(2) of the Merger Regulation.

5. MARKET DEFINITION

- (10) The Parties' activities overlap in the provision of IT services, and the subsegments thereof of BPO services and IT consulting services.

⁽³⁾ the Form CO Annex 002.

- (11) The Parties' activities as IT service providers are overwhelmingly focused on the provision of CXM BPO services. More specifically, out of the Parties' total IT services revenues in the EEA, CXM BPO services represent [...] of Concentrix' revenues ([...] worldwide) and [...] of Webhelp's services ([...] worldwide).⁽⁴⁾
- (12) CXM BPO services include the contracting out of direct customer contact activities (including customer acquisition and targeting, marketing and customer services) within an organisation to a third-party service provider. Suppliers engage with customers using call centres, email response management, SMS text services and mobile applications, web-chat and social CRM services, knowledge management for web-based self-service and automated services, including virtual assistance.⁽⁵⁾

5.1. Product market

5.1.1. *The Commission's past decisional practice*

- (13) In its past decisions,⁽⁶⁾ the Commission considered, but ultimately left open, whether the market for the supply of IT services may potentially be segmented by (i) functionality based on reports by the market intelligence company Gartner,⁽⁷⁾ (ii) by industry sector, or (iii) by both.⁽⁸⁾
- (14) Segmentation by functionality. According to the 2022 Gartner report, the overall market for IT services can be segmented by functionality into: (i) business process services (meaning BPO), (ii) consulting, (iii) application implementation and managed services, (iv) infrastructure implementation and managed services, (v) infrastructure as a service, and (vi) hardware support,⁽⁹⁾. These functionalities are also referred to in the industry as 'service level 2' of the Gartner report.
- (15) The Commission has further considered, but ultimately left open, whether the market for IT services, segmented by functionality, could be further sub-segmented by the different categories of a specific service (i.e., by service levels beyond service level 2 of the Gartner report).⁽¹⁰⁾ The sub-segments of business process services according to the Gartner report are: (i) administration (ii) customer management (also referred to as customer experience management or CXM) (iii) finance and accounting (iv) human resources (v) operations and (vi) supply chain management.⁽¹¹⁾

⁽⁴⁾ Form CO, paragraph 165. Out of their BPO services revenues in the EEA, CXM BPO services represent [...] of Concentrix's revenues ([...] worldwide), and [...] of Webhelp revenues ([...] worldwide), see Form CO paragraphs 140 and 145.

⁽⁵⁾ Form CO, paragraph 107.

⁽⁶⁾ M.6127 Atos/Siemens IT Solutions & Services, dated 25 March 2011, paragraph 14; M.7458 IBM/INF Business of Deutsche Lufthansa, dated 15 December 2014, paragraphs 15-29; M.8765 Lenovo/Fujitsu/FCCL, dated 16 April 2018, paragraphs 23-24; and, M.9460 — Capgemini/Altran, dated 23 October 2019, paragraph 15.

⁽⁷⁾ See Gartner's "Market Definitions and Methodology: IT services" report dated September 2022 submitted as Annex 065 to the Form CO.

⁽⁸⁾ M.9460 Capgemini/Altran dated 23 October 2019, paragraph 15.

⁽⁹⁾ See Gartner's "Market Definitions and Methodology: IT services" report dated September 2022 submitted as Annex 065 to the Form CO, page 7.

⁽¹⁰⁾ M.6921 IBM ITALIA / UBIS dated 19 June 2013, paragraphs 14-17 and 25.

⁽¹¹⁾ Form CO paragraph 104.

- (16) Segmentation by industry sector (also sometimes referred to as industry verticals). In addition, the Commission has previously considered, but ultimately left open, whether the overall market for the provision of IT services, as well as its relevant segments (by functionality) can be further segmented by industry sector into (i) banking & securities; (ii) communications, media & services; (iii) education; (iv) government; (v) healthcare providers; (vi) insurance; (vii) manufacturing & natural resources; (viii) retail; (ix) transportation; (x) utilities; and (xi) wholesale trade.⁽¹²⁾

5.1.2. *The Notifying Party's view*

- (17) The Notifying Party submits that the relevant product market is either the supply of IT services or at least a product market that is as wide as the provision of (a) business process outsourcing services and (b) IT consulting services. ⁽¹³⁾
- (18) The Notifying Party argues that IT services and its possible sub-segments should not be segmented by industry sector/vertical since the majority of providers operate across each or a large number of industry sectors/verticals, and thus there is significant supply-side substitutability between those. ⁽¹⁴⁾
- (19) Furthermore, while the Parties' activities focus on BPO services, and in particular in the supply of CXM BPO services, the Notifying Party submits that BPO services should not be further segmented by the different categories of a specific service (e.g., CXM), because (i) from a supply-side perspective, there is a high degree of substitutability between each type of BPO service, and, major global BPO service providers are active (to varying degrees) across many different types of BPO services, including CXM BPO, whereas to the extent that there are any remaining differences between the capabilities of different BPO service providers, these differences are likely to diminish over time; and, (ii) from a demand-side perspective, many customers purchase all or various BPO services from a single provider or a limited number of preferred providers.⁽¹⁵⁾

5.1.3. *The Commission's assessment*

5.1.3.1. Segmentation of IT services by functionality

- (20) As explained below, the market investigation as well as evidence in the Commission's file, support the view that CXM BPO services could be considered a separate product market.
- (21) **First**, the Parties' internal documents, that have been prepared in the ordinary course of business, indicate that the Parties refer to and consider CXM BPO as a separate market, and that they regularly monitor market dynamics and the behaviour of competitors in the CXM BPO market specifically, rather than in the broader market for BPO or IT services. ⁽¹⁶⁾

⁽¹²⁾ M.9460 Capgemini/Altran, dated 23 October 2019, paragraph 10 and the precedents cited therein.

⁽¹³⁾ Form CO, paragraphs 80 and 96.

⁽¹⁴⁾ Form CO, paragraphs 110-114.

⁽¹⁵⁾ Form CO, paragraphs 85-86 and 105-108.

⁽¹⁶⁾ See for example, Form CO Annex 20, page 6; Annex 22, pages 4, 12-13; Annex 027, page 19; Annex 034, page 4;

- (22) **Second**, there are independent industry reports, such as the Everest Report, that focus exclusively on the CXM BPO market and provide detailed information on trends and competitors active in this market. ⁽¹⁷⁾
- (23) **Third**, the results of the Commission’s market investigation are mixed as to the appropriate definition of the relevant product market in this case. On the one hand, some market participants explained that from a supply-side perspective, BPO functionalities at Gartner level 2 are deeply interwoven, even if different in nature, as they each require a robust understanding of the technology and ability to manage large teams.⁽¹⁸⁾ In this context, a competitor argued that customers often evaluate and select service providers based on their ability to address needs that originate from the whole or a large spectrum of the aforementioned functionalities (i.e., Gartner’s level 2 functionalities), as they often favour a one-stop shop approach.⁽¹⁹⁾ On the other hand, other market participants consider that there are also differences between those functionalities, and thus, it is not possible for providers to offer cross-function services, using the exact same know-how and teams, and that additional knowledge and adjustments are required for each functionality. In this context, a customer respondent indicated that it typically would choose service providers who focus on CXM services which would offer their services separately from other BPO services. ⁽²⁰⁾
- (24) Overall, a majority of market participants that expressed a view consider that IT services should be segmented according to functionality as per Gartner report service level 2.⁽²¹⁾ A majority of those who expressed a view also agreed that BPO services should be further segmented according to the specific service (i.e., segmenting the market into (i) administration, (ii) CXM, (iii) finance and accounting, (iii) human resources, (iv) operations, and, (v) supply chain management).⁽²²⁾ As one market participant explained, this segmentation is “*relevant because the solutions for each sub-market will in some cases vary from sub-market to sub-market.*” ⁽²³⁾ Another market participant considered that “[t]his proposed subsegmentation is closer to the business. As an example, different segments have different regulations that impact directly in the quality and the cost of] the services.” ⁽²⁴⁾ In contrast, a competitor considered that the segmentation is not warranted, since “*Clients expect BPO service providers to offer wider functionality across the client’s business activities.*”⁽²⁵⁾
- (25) Finally, a majority of respondents who expressed a view, considered that there exists a separate product market for CXM BPO services. ⁽²⁶⁾ One competitor respondent even stated that “*CXM BPO services are not comparable to IT services. Although it has an IT element to it this is in a supporting and enabling role and is*

⁽¹⁷⁾ Form CO Annexes 038, 039, 067.

⁽¹⁸⁾ Response of competitors to the Commission’s Questionnaire Q1, question C.6.

⁽¹⁹⁾ Minutes of a pre-notification conference call with [a competitor], dated 25 July 2023, paragraph 5.

⁽²⁰⁾ Minutes of a call with [a customer] dated 8 August 2023, paragraph 5.

⁽²¹⁾ Response of a customer to the Commission’s Questionnaire Q2, question C.1.

⁽²²⁾ Response of competitors to the Commission’s Questionnaire Q1, question C.3; and, Response of customers to the Commission’s Questionnaire Q2, question C.3.

⁽²³⁾ Response of a competitor to the Commission’s Questionnaire Q1, question C.4.

⁽²⁴⁾ Response of a competitor to the Commission’s Questionnaire Q1, question C.4.

⁽²⁵⁾ Response of a competitor to the Commission’s Questionnaire Q1, question C.4.

⁽²⁶⁾ Response of competitors to the Commission’s Questionnaire Q1, question C.5; and, Response of customers to the Commission’s Questionnaire Q2, question C.5.

not the main driver of focus of CXM services.”⁽²⁷⁾ Some customer respondents explained that managing a customer contact centre is a specific line of business, requiring specific business capabilities, which only partially overlap with the business capabilities / competences to run other outsourced services (such as IT support/maintenance, financial management).⁽²⁸⁾

5.1.3.2. Segmentation of IT services by customers’ industry sector (‘verticals’)

- (26) As explained in paragraph (16), the Commission has previously considered segmenting the market for the provision of IT services and its sub-segments by industry sector into (i) banking & securities; (ii) communications, media & services; (iii) education; (iv) government; (v) healthcare providers; (vi) insurance; (vii) manufacturing & natural resources; (viii) retail; (ix) transportation; (x) utilities; and (xi) wholesale trade.
- (27) The Commission’s market investigation as well as evidence in its file provided mixed results as to whether a segmentation of the market for the supply of IT services (and its plausible segments by functionality), by industry sector/vertical is appropriate.
- (28) On the one hand, the Parties’ internal documents, that have been prepared in the ordinary course of business indicate that the Parties regularly monitor their revenues per industry sector.⁽²⁹⁾ In addition, independent industry reports, such as the Everest Report, look into the main CXM BPO suppliers’ capabilities by industry vertical.⁽³⁰⁾ For example, the Everest Report states in reference to Concentrix, that *“it primarily serves clients across industries such as telecom & media, technology, BFSI, retail, consumer packaged goods, manufacturing, travel & hospitality and healthcare”*.⁽³¹⁾ With respect to Webhelp, the report states that *“although it has a strong presence in industries such as telecom and retail, its experience in catering to other key industries such as insurance, healthcare and consumer packaged goods (...) is slightly untested”*⁽³²⁾. Finally, the report states with respect to another of the Parties’ competitors, Atento, that *“its expertise in serving clients in industry vertical such as healthcare, manufacturing, technology, and travel & hospitality is relatively untested (...)”*.⁽³³⁾
- (29) On the other hand, the Parties’ internal documents also show that (i) the Parties and many of their competitors provide CXM BPO services in a number of industry verticals; that (ii) there is high supply-side substitutability between the different verticals, and that, (iii) significant specialisation is not required by service providers to operate in a number of verticals.⁽³⁴⁾ This is broadly supported by the results of the market investigation, as demonstrated below.

⁽²⁷⁾ Response of a competitor to the Commission’s Questionnaire Q1, question C.6.

⁽²⁸⁾ Response of a customer to the Commission’s Questionnaire Q2, question C.6.

⁽²⁹⁾ Form CO Annex 025, page 42; Annex 036 to the Form CO, page 40.

⁽³⁰⁾ Everest Group, ‘Customer Experience Management (CXM) in EMEA -Service Provider Landscape with PEAK Matrix Assessment 2022’, dated August 2022, submitted as Annex 067 to the Form CO.

⁽³¹⁾ Form CO Annex 067, page 32.

⁽³²⁾ Form CO Annex 067, page 41.

⁽³³⁾ Form CO Annex 067, page 44.

⁽³⁴⁾ Form CO, Annex025 and 5.3.7. page 42; and Annex 036, page 40.

- (30) A market participant explained that there is high demand-side substitutability between the different verticals, no specialisation is required and service providers can use the same team and service across different industry verticals, and, in fact the main competitors are active across all industries. ⁽³⁵⁾ The same market participant also explained that its customers do not necessarily procure services from CXM BPO providers that have specific experience in a specific vertical because experience in other industries could be sufficient. ⁽³⁶⁾
- (31) Overall, market investigation respondents were split on the question whether IT services should be segmented according to the industry in which the customer is active.⁽³⁷⁾ Some respondents considered that such segmentation would not appropriately capture the competitive dynamics or the way in which competition takes place,⁽³⁸⁾ also pointing out that the core of the services remains the same regardless the vertical in which these services are being provided.⁽³⁹⁾ Others suggested that different industries may have unique IT service needs due to their specific characteristics and requirements.⁽⁴⁰⁾

5.1.4. *Conclusion*

- (32) For the purpose of this decision, the definition of the relevant product market can be left open, as the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement under any of the plausible alternative product market definitions.
- (33) For the purpose of this decision, the Commission will examine the effects of the Transaction in the markets for the provision of CXM BPO services, segmented by industry verticals, noting that the Transaction does not give rise to affected markets if a broader product market definition is retained.

5.2. **Geographic market**

5.2.1. *The Commission's past decisional practice*

- (34) In its previous decisions, the Commission considered whether the geographic market definitions for IT services were EEA-wide or national in scope, but ultimately left the precise geographic market definition open. ⁽⁴¹⁾

5.2.2. *The Notifying Party's view*

- (35) The Notifying Party submits that the geographic scope of the market for the provision of IT services is world-wide, or alternatively, at least EEA/Europe-

⁽³⁵⁾ Minutes of a call with [a competitor] dated 25 July 2023 paragraph 5.

⁽³⁶⁾ Minutes of a call with [a competitor] dated 25 July 2023 paragraph 7.

⁽³⁷⁾ Response of competitors to the Commission's Questionnaire Q1, question C.7; and, Response of customers to the Commission's Questionnaire Q2, question C.7.

⁽³⁸⁾ Response of a competitor to the Commission's Questionnaire Q1, question C.8

⁽³⁹⁾ Response of a customer to the Commission's Questionnaire Q2, question C.8.

⁽⁴⁰⁾ Response of a customer to the Commission's Questionnaire Q2, question C.8.

⁽⁴¹⁾ M.7458 IBM/INF Business of Deutsche Lufthansa, dated 15 December 2014, paragraphs 30-32; M.8765 Lenovo/Fujitsu/FCCL decision, dated 16 April 2018, paragraphs 35-36; and, M.9460 — Capgemini/Altran, dated 23 October 2019, paragraph 23.

wide.⁽⁴²⁾ In this context, the Notifying Party submits that, (i) major providers are active globally through a single brand; (ii) large customers often procure IT services through global tenders; (iii) IT services are provided on a standardised global basis; and (iv) often, the Parties offer their services cross-country, through multilingual delivery centres.

5.2.3. *The Commission's assessment*

- (36) The evidence in the Commission's file is inconclusive with regard to the exact geographic scope of the market for the provision of IT services, and its possible segments, and suggest that the scope is most likely wider than national.
- (37) On the one hand, Concentrix' internal documents, prepared in the ordinary course of business, indicate that the company operates 13 single-language delivery centres in the EEA, namely in France, the Netherlands, Germany, Latvia, Italy, Norway, Switzerland, Poland, Denmark, Austria, Estonia, Finland, and Lithuania.⁽⁴³⁾ Similarly, the Parties' internal documents indicate that the Target is structured in a "[...]",⁽⁴⁴⁾ supporting the view that the markets are national in scope.
- (38) On the other hand, Concentrix' internal documents, prepared in the ordinary course of business, indicate that the company operates 5 multilingual delivery centres within the EEA, namely in Spain, Portugal, Greece, Romania and the Czech Republic.⁽⁴⁵⁾ In this respect, the Everest Report indicates that multilingual delivery centres represent one of the '*major trends shaping up the future for CXM [BPO]*'.⁽⁴⁶⁾
- (39) Furthermore, in the course of the Commission's market investigation, some respondents explained that local presence in the specific EEA Member State in which the service is provided is not required, as the service could be offered from multilingual centres located in different countries.⁽⁴⁷⁾ Moreover, a majority of customer respondents who expressed a view in the market investigation indicated that they procure IT services globally.⁽⁴⁸⁾ Some also explained that while national presence is not in itself a key requirement, services should be tailored to the specific countries due to language barriers.⁽⁴⁹⁾ Sometimes, language support might not be scalable outside the country being served,⁽⁵⁰⁾ rendering local presence a requirement. For this reason, a majority of customer respondents who expressed a view in the course of the market investigation considered that the ability to offer IT services in a national language is a key requirement to select IT service providers in specific countries.⁽⁵¹⁾ Some customers explained that CXM BPO services being offered in a national language enhances communication, customer experience, and

⁽⁴²⁾ Form CO, paragraphs 80, 117-124.

⁽⁴³⁾ Annex 5.3.7. to the Form CO, page 4.

⁽⁴⁴⁾ Annex 5.3.6. to the Form CO, page 45.

⁽⁴⁵⁾ Annex 5.3.7. to the Form CO, page 4.

⁽⁴⁶⁾ Everest Group, 'Customer Experience Management (CXM) in EMEA -Service Provider Landscape with PEAK Matrix Assessment 2022', dated August 2022, submitted as Annex 1(b).1(i) to a Commission's pre-notification request for information (QP3), page 53.

⁽⁴⁷⁾ Minutes of a call with [a competitor], dated 25 July 2023, paragraph 7.

⁽⁴⁸⁾ Response of a customer to the Commission's Questionnaire Q2, question C.9.

⁽⁴⁹⁾ Response of a customer to the Commission's Questionnaire Q2, questions C10-C.12.

⁽⁵⁰⁾ Response of customers to the Commission's Questionnaire Q2, question C.12.

⁽⁵¹⁾ Response of customers to the Commission's Questionnaire Q2, question C.13.

compliance with local regulations. However, the importance of this requirement depends on the nature of the service, the specific customer base, and the extent to which language is crucial for effective service delivery. ⁽⁵²⁾

5.2.4. *Conclusion*

- (40) For the purpose of this decision, the exact geographic scope of the market for the provision of IT services and its sub-segments can be left open, as the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement, under any of the plausible alternative geographic market definitions.
- (41) In any event, the Commission will assess the effects of the Transaction at the narrowest plausible geographic market segment, i.e., at national level, noting that the Transaction does not give rise to affected markets at EEA level.

6. **COMPETITIVE ASSESSMENT**

6.1. **Analytical Framework**

- (42) Article 2 of the Merger Regulation requires the Commission to examine whether notified concentrations are compatible with the internal market, by assessing, pursuant to Articles 2(2) and (3), whether they would significantly impede effective competition in the internal market or in a substantial part of it, in particular as a result of the creation or strengthening of a dominant position.
- (43) Pursuant to Article 6(1)(b) of the Merger Regulation, where the Commission finds that the notified concentration does not raise serious doubts as to its compatibility with the internal market, the Commission shall decide not to oppose the concentration and declares it compatible with the internal market.

6.1.1. *Horizontal non-coordinated effects*

- (44) Horizontal effects are those deriving from a concentration where the undertakings concerned are actual or potential competitors of each other in one or more of the relevant markets concerned. The Commission appraises horizontal effects in accordance with the Horizontal Merger Guidelines. Horizontal effects may be non-coordinated or coordinated.
- (45) As regards horizontal non-coordinated effects, according to paragraph 26 of the Horizontal Merger Guidelines, a number of factors (the list of which is non-exhaustive) may be taken into account in order to determine whether significant non-coordinated effects are likely to result from a concentration, including the combined entity's market power, closeness of competition and barriers to entry and/or expand.

⁽⁵²⁾ Response of a customer to the Commission's Questionnaire Q2, question C.14.

6.2. Competitive Assessment

6.2.1. Introduction

- (46) Within IT services, the Parties' activities overlap in the provision of (a) BPO services, and in particular BPO CXM services and (b) IT consulting services. As explained above (paragraph (11), the Parties' activities as IT service providers are overwhelmingly focused on the provision of CXM BPO.
- (47) The Transaction does not give rise to any affected market in a potential global or EEA wide market for IT services and its subsegments.
- (48) The Parties' combined market shares in the markets for IT services, even when segmented by industry vertical, are below 5% on a worldwide and EEA-wide basis as well as on a national basis in the EEA.⁽⁵³⁾ The same applies for the Parties' combined market shares in the markets for IT consulting services.⁽⁵⁴⁾ The Parties' combined market shares in the markets for BPO services are below 5% on a worldwide basis and below 15% for an EEA-wide market and any national market (within the EEA).⁽⁵⁵⁾
- (49) Only when national markets for CXM BPO services, segmented by industry vertical, are considered, the Transaction gives rise to the following limited number of horizontally affected markets⁽⁵⁶⁾:
- a. The provision of CXM BPO services in the Travel and Hospitality sector in the Netherlands;
 - b. The provision of CXM BPO services in the Retail sector in Hungary; and,
 - c. The provision of CXM BPO services in the Technology sector in Poland.
- (50) The Transaction does not give rise to any vertical relationships between the Parties.⁽⁵⁷⁾

6.2.2. The Notifying Party's views

- (51) The Notifying Party submits that the Transaction would not give rise to competition concerns in any of the affected markets because the Parties' combined market shares are low, the markets are fragmented and the Parties will continue to face competitive pressure post-Transaction by a large number of competitors that are active in these markets.⁽⁵⁸⁾ The Notifying Party further submits that the customers in the affected markets are typically large multinational companies, that enjoy market power when procuring CXM BPO services.⁽⁵⁹⁾

⁽⁵³⁾ Form CO, Annex 066.

⁽⁵⁴⁾ Form CO, Annex 066.

⁽⁵⁵⁾ Form CO, Annex 066 and paragraph 147(c).

⁽⁵⁶⁾ With respect to the industry verticals used, due to limitations in the data available from Gartner, the Parties have provided information according to the broadly equivalent vertical segmentation set out in the Everest Group State of the Market report.

⁽⁵⁷⁾ Form CO, paragraph 81.

⁽⁵⁸⁾ Form CO, paragraphs 149- 157.

⁽⁵⁹⁾ Form CO, paragraphs 148, 268, 321.

6.2.3. The Commission's assessment

(52) Table 1 below lists the Parties' market shares in the provision of CXM BPO services in the affected markets in 2022.

Table 1: The Parties revenues and market share estimates in CXM BPO services in horizontally affected (possible) markets, 2022 ⁽⁶⁰⁾

	Concentrix		Webhelp		Combined	
	Revenue (EUR Million)	Market share (%)	Revenue (EUR Million)	Market share (%)	Revenue (EUR Million)	Market share (%)
Travel and Hospitality, <i>the Netherlands</i>	[...]	[5-10] ⁽⁶¹⁾	[...]	[10-20] ⁽⁶²⁾	[...]	[20-30] ⁽⁶³⁾
Retail, <i>Hungary</i>	[...]	[20-30] ⁽⁶⁴⁾	[...]	[5-10] ⁽⁶⁵⁾	[...]	[20-30] ⁽⁶⁶⁾
Technology, <i>Poland</i>	[...]	[10-20] ⁽⁶⁷⁾	[...]	[5-10] ⁽⁶⁸⁾	[...]	[20-30] ⁽⁶⁹⁾

Source: Form CO, Annex 066

(53) The Commission considers that, for the reasons set out below, the Transaction does not raise serious doubts as to its compatibility with the internal market or the functioning of the EEA Agreement as a result of possible horizontal non-

⁽⁶⁰⁾ The Parties provided market share data for 2022, however, they explained that, due to Webhelp's decentralised organisation, the provision of market share data for 2020-2021 was challenging. More specifically, the Parties argue that Webhelp cannot process such granular data (i.e., data per industry vertical at national level) for previous years. As an alternative, the Parties provided Concentrix' 2020-2021 market shares and for Webhelp they provided market share estimates in ranges (see reply to a Commission's pre-notification request for information (QP4), questions 4 and 8). In any event, the Notifying Party considers that the Parties' market shares have not significantly changed in the past three years, see Form CO, paragraph 134(a).

⁽⁶¹⁾ The Parties estimate Concentrix' market share at [0-5]% in 2021 and [0-5]% in 2020 (Form CO Annex 066, table 7.1.4.oo).

⁽⁶²⁾ The Parties explain that Webhelp revenue information is not available by vertical and country, but their market share is estimated between [10-20%]-[20-30%] in both years (See Form CO paragraphs 264-266 and Annex 066, table 7.1.4.oo).

⁽⁶³⁾ The Parties estimate that their combined market share ranged between [10-20%]-[20-30%] in 2021 and between [10-20]-[20-30%] in 2020 (Form CO Annex 066, table 7.1.4.oo).

⁽⁶⁴⁾ The Parties estimate Concentrix' market share at [20-30%] in 2021 and 2020 (Form CO Annex 066, table 7.1.4.nn).

⁽⁶⁵⁾ The Parties explain that Webhelp revenue information is not available by vertical and country, but their market share is estimated between [5-10%]-[10-20%] in both years (See Form CO paragraphs 264-266 and Annex 066, table 7.1.4.nn).

⁽⁶⁶⁾ The Parties estimate that their combined market share ranged between [30-40%] in 2021 and between [30-40%] in 2020 (Form CO Annex 066, table 7.1.4.nn).

⁽⁶⁷⁾ The Parties estimate Concentrix' market share at [10-20%] in 2021 and [5-10%] in 2020 (Form CO Annex 066, table 7.1.4.pp).

⁽⁶⁸⁾ The Parties explain that Webhelp revenue information is not available by vertical and country, but their market share is estimated between [5-10%]-[10-20%] in both years (See Form CO paragraphs 264-266 and Annex 066, table 7.1.4.pp).

⁽⁶⁹⁾ The Parties estimate that their combined market share ranged between [10-20]-[20-30%] in 2021 and between [10-20%] in 2020 (Form CO Annex 066, table 7.1.4.pp).

coordinated effects in the markets for CMX BPO services (and possible narrower markets, when CMX BPO services are segmented by industry sectors).

- (54) **First**, the increment brought by the Transaction is moderate and the Parties' combined market share would remain limited and is not indicative of market power.
- (a) In the market for the provision of CXM BPO services in the Travel and Hospitality sector in the Netherlands the Parties' combined market shares ranged between [10-20]-[20-30]% in 2020-2022, with a minimal increment brought by the Transaction ranging between [0-5]% between 2020-2022.
 - (b) In the market for the provision of CXM BPO services in the Retail vertical in Hungary, the Parties' combined market share ranged between [20-30]-[30-40]% in 2020-2022, with a moderate increment brought by the Transaction ranging between [5-10]-[10-20]% between 2020-2022.
 - (c) In the market for the provision of CXM BPO services in the Technology sector in Poland the Parties' combined market share ranged between [10-20]-[20-30]% in 2020-2022, with a moderate increment brought by the Transaction ranging between [5-10]-[10-20]% between 2020-2022.
- (55) **Second**, the market investigation shows that a sufficient number of competitors will continue to compete and exert a competitive constraint on the merged entity post-Transaction. Indeed, some market participants described the industry as fragmented and competitive.⁽⁷⁰⁾
- (56) More specifically, industry reports and market participants identify at least the following CXM BPO service providers as active in the affected markets:
- (a) Providers of CXM BPO services in the travel and hospitality vertical in the Netherlands:⁽⁷¹⁾ Majorel, Sitel Group, Teleperformance, and Telus International.
 - (b) Providers of CXM BPO services in the retail vertical in Hungary:⁽⁷²⁾ Konecta/Comdata, Majorel, Sitel Group, Tech Mahindra, Teleperformance, and Transcom.
 - (c) Providers of CXM BPO services in the technology vertical in Poland:⁽⁷³⁾ Majorel, Sitel Group, Teleperformance, TTEC, TaskUs and Transcom.
- (57) Additional competitors active in the provision of CXM BPO in the EEA include:⁽⁷⁴⁾ Atento, TDCX, Capita, Accenture, Bosch Service Solutions, Capgemini, Stefanini, Alorica, Arvato, Cognizant, IGT, Conduent, HCL, VXI.

⁽⁷⁰⁾ Replies to question E.2 of Q1 to competitors.

⁽⁷¹⁾ Form CO, table 7.1.4.oo; Replies to question D7 of Questionnaire Q2 to customers; Replies to question D9 of Questionnaire Q1 to competitors; Everest Group CXM EMEA report, Annex 038 to the Form CO.

⁽⁷²⁾ Form CO, table 7.1.4.nn; Replies to question D7 of Questionnaire Q2 to customers; Replies to question D9 of Questionnaire Q1 to competitors; Everest Group CXM EMEA report, Annex 038 to the Form CO.

⁽⁷³⁾ Form CO, table 7.1.4.pp; Replies to question D7 of Questionnaire Q2 to customers; Replies to question D9 of Questionnaire Q1 to competitors; Everest Group CXM EMEA report, Annex 038 to the Form CO.

- (58) The Parties estimate that competitors' individual market shares in all affected markets range between 5%-15%. ⁽⁷⁵⁾
- (59) **Third**, while some market participants consider the Parties to be close competitors, several other competitors are identified as competing closely with the Parties in the provision of CXM BPO services in the EEA and more specifically in Poland, Hungary and the Netherlands. In fact, the majority of competitors and customers expressing a view on the question, list Teleperformance as each of the Parties' closest competitor in these markets. ⁽⁷⁶⁾ Other competitors considered by market participants to compete closely with the Parties include, for example Foundever, Majorel, Telus International, Transcom, Konecna, and Atento. ⁽⁷⁷⁾ These competitors will continue to compete closely with the merged entity post-Transaction.
- (60) **Fourth**, while some competitors consider that there are barriers to entry and expansion into IT and in particular CXM BPO services, referring mainly to the complexity of servicing large projects and big, multinational clients, other competitors consider that barriers to entry and expansion are low. ⁽⁷⁸⁾ A majority of competitors expressing a view consider that the capital investment required to start offering CXM BPO services is relatively low, ⁽⁷⁹⁾ and that, especially in relation to national markets and small to mid-sized clients, barriers to entry are rather low. ⁽⁸⁰⁾ In this respect, one market participant explained having to provide CXM BPO services in Hungarian, Dutch or Polish will not limit the number of service providers, as service providers can usually find enough native speakers of these languages in multi-language centres. ⁽⁸¹⁾ Furthermore, the Parties have provided several examples of competitors who have entered new geographic markets and significantly expanded their CXM BPO services in recent years, including, for example TaskUs. ⁽⁸²⁾
- (61) **Fifth**, the Commission's market investigation shows that CXM BPO customers are typically large, sophisticated companies with the ability to ensure high competition between service providers. According to market participants, a large share of CXM BPO services are sourced through competitive tenders. ⁽⁸³⁾ A competitor of the Parties explained that customers have a good understanding of the technologies and prices involved because they perform a significant share of CXM PBO services in-

⁽⁷⁴⁾ Everest Group EMEA reports, annexes provider Compendium, Annex 67 to the Form CO; Everest Group report (CXM) in EMEA with PEAK Matrix, Annex 038 to the Form CO; Replies to question D7 of Questionnaire Q2 to customers, Replies to question D9 of Questionnaire Q1 to competitors, Everest Group CXM EMEA report, Annex 038 to the Form CO.

⁽⁷⁵⁾ Form CO tables 7.1.4.oo, 7.1.4.nn, 7.1.4.pp.

⁽⁷⁶⁾ Replies to questions D.10 and D.11 of Questionnaire Q1 to competitors; replies to question D.8 and D.9 of Questionnaire Q2 to customers.

⁽⁷⁷⁾ Replies to questions D.10 and D.11 of Questionnaire Q1 to competitors; replies to question D.8 and D.9 of Questionnaire Q2 to customers.

⁽⁷⁸⁾ Replies to questions D.7 and D.8 of Questionnaire Q1 to competitors.

⁽⁷⁹⁾ Replies to questions D.7 and D.8 of Questionnaire Q1 to competitors; Minutes of a call with [a competitor], dated 25 July 2023, paragraph 12.

⁽⁸⁰⁾ Replies to questions D.7 and D.8 of Questionnaire Q1 to competitors.

⁽⁸¹⁾ Minutes of a call with [a customer], dated 8 August 2023, paragraph 10.

⁽⁸²⁾ Form CO, paragraphs 329-342, 357-358; See also minutes of a call with [a competitor] dated 25 July 2023, paragraph 12.

⁽⁸³⁾ Replies to questions D.1 and D.2 of questionnaire Q1 to competitors and Q2 to customers.

house. ⁽⁸⁴⁾ Customers typically establish contracts with several CXM BPO providers simultaneously for the same project/product, ⁽⁸⁵⁾ and can control the volume of services sourced from each of them based on their level of satisfaction. ⁽⁸⁶⁾ The majority of customers and competitors who expressed a view consider that it is not very difficult for customers to switch from one service provider to another. ⁽⁸⁷⁾ Market participants state that customer can and do switch service providers. ⁽⁸⁸⁾ To illustrate the above, the Parties have provided several examples of their customers that switched to or from another service provider in 2022-2023. Reportedly, the time required for most of the customers to complete the switch was between [...]. ⁽⁸⁹⁾

- (62) **Sixth**, the majority of market participants expressing a view consider that the Transaction will have no or positive impact on CXM BPO services in the EEA and particularly in the affected markets. ⁽⁹⁰⁾ Concerns expressed by a few market participants were unsubstantiated. ⁽⁹¹⁾

7. CONCLUSION

- (63) 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)

Didier REYNDERS

Member of the Commission

⁽⁸⁴⁾ Minutes of a call with [a competitor], dated 25 July 2023, paragraph 13.

⁽⁸⁵⁾ Replies to questions D.3 and D.4 of questionnaire Q1 to competitors and Q2 to customers.

⁽⁸⁶⁾ Minutes of a call with [a competitor], dated 25 July 2023, paragraph 14; Minutes of a call with [a customer], dated 8 August 2023, paragraph 8; Replies to question D.4 of questionnaire Q1 to competitors.

⁽⁸⁷⁾ Replies to questions D.5 and D.6 of questionnaire Q1 to competitors and Q2 to customers.

⁽⁸⁸⁾ Replies to questions D.5 and D.6 of questionnaire Q1 to competitors.

⁽⁸⁹⁾ Form CO, Tables 8.2.a-8.2.d.

⁽⁹⁰⁾ Replies to questions E.1 and E.2 of questionnaires Q1 to competitors and Q2 to customers.

⁽⁹¹⁾ Replies to questions E.1 and E.2 of questionnaires Q1 to competitors and Q2 to customers.