



Determination No. M/05/004 of the Competition Authority, dated 28th February, under Section 21 of the Competition Act, 2002

Notification No. M/05/004 – Proposed acquisition by IBM Ireland Information Services Limited of Equitant Limited

Introduction

1. On 4th February 2005, the Competition Authority, in accordance with Section 18 (3) of the Competition Act, 2002 (“the Act”) was notified, on a voluntary basis, of a proposal whereby IBM Ireland Information Services Limited (“IISL”) would acquire the entire issued share capital of Equitant Limited and its wholly owned subsidiaries (together “Equitant”).

The Parties

2. IISL is a wholly-owned subsidiary of IBM Ireland Limited (“IBM Ireland”), which in turn is a subsidiary ultimately of IBM Corporation (“IBM”). IBM, its subsidiaries and affiliates are active worldwide in the supply of computer products and information technology (“IT”) services. IBM Ireland provides a range of IT services. The principal activities of IISL are the research and development of software systems. One element of IBM’s IT services business relates to the provision of business process outsourcing services (BPO) worldwide.
3. Equitant is an Irish based company, which also has offices in North America. It provides BPO services, focusing exclusively on managing and optimizing the order-to-cash cycle for large global companies enabling them to manage the order-to-cash cycle from start to finish. These services are also known within the industry as finance and accounting BPO (“F&A BPO”) services. The order-to-cash cycle includes all financial processes associated with receiving an order for a product or service, through to receiving payment. These could include order capture, credit management, billing, collections, dispute resolutions, cash applications, financial reporting and analysis. Equitant’s services and solutions integrate and manage processes, including order management, credit management, billing, collections management, dispute/deduction management, cash applications and financial reporting and analysis. As part of these order-to-cash solutions for its customers, Equitant also provides consulting and implementation services to such customers. Equitant provides a *de minimis* proportion of its services to its multi-national customers for the benefit of the Irish operations of those customers.

Analysis

4. The parties both provide F&A BPO services. IBM provides these services to corporate customers in the US. IBM has no customers in Ireland for F&A BPO



services and the overlap is limited to the US. Equitant has [] customers, all of which have global operations. Its customers are very largely US multi-nationals and it invoices only two customers in Ireland. This is because those customers locate their respective European services centres in Ireland and the services which Equitant supplies are provided for the benefit of those customers' EMEA-wide operations. Equitant provides a small proportion of its services to its multi-national customers for the benefit of the Irish operations of those customers. Equitant estimates that it has less than [0-5]% share of F&A BPO services in the world, the EU and Ireland.

5. In the wider BPO services sector, IBM indicates that one industry analyst Gartner, estimates that IBM had a share of c. 1.2% in relation to BPO services worldwide, c. 1.3% in relation to BPO services in Western Europe and approximately 3.1% in relation to BPO services in Ireland. The latter relates to a global (non-F&A) BPO transaction entered into with one customer. Moreover, according to Gartner data, there are a number of other providers within Ireland of BPO services. The transaction does not therefore give rise to competition concerns.

Determination

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition by IBM Ireland Information Services Limited of Equitant Limited will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

For the Competition Authority

Edward Henneberry
Member of the Competition Authority