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*Confidential version*

## SIMPLIFIED NOTIFICATION OF A CONCENTRATION

Submitted by

**Advokatfirmaet Selmer AS**

On behalf of

**DXC Technology Norge AS**

Regarding the acquisition of parts of the assets of

**EG Norge AS**

Oslo, 28 January 2019

Advokatfirmaet Selmer AS  
Tjuvholmen allé 1  
Postboks 1324 Vika  
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## 1 NOTIFYING PARTY

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### Contact person

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### Representative

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## 2 UNDERTAKING TO BE ACQUIRED

Name: EG Norge AS  
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Comp. reg. no: 983 781 233

### Contact person

Name: Mikkel Bradram  
Title: CEO  
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### Representative

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### 3 DESCRIPTION OF THE CONCENTRATION

#### The Transaction

On 24 January 2019, DXC Technology Danmark, part of DXC Technology Company, listed in the New York Stock Exchange, signed an Asset Purchase Agreement with EG A/S concerning the purchase of the assets and liabilities of EG Services/the Target.

On a general level the transaction involves, by way of asset deals, the transfer of EG A/S' business unit "EG Services", including allocated group and divisional functions under EG A/S, EG Norge AS and EG Sverige AB ("Target" or "Target Activities") to DXC Denmark and/or its subsidiaries. The assets in Norway will be acquired by DXC Denmark's wholly owned subsidiary DXC Technology Norge AS, i.e. the notifying party.

The Target activities in Norway relate exclusively to IT services in the areas of i) development and integration; ii) hardware and maintenance and iii) software maintenance.<sup>1</sup>

The transaction constitutes an acquisition of control within the meaning of Section 17 (1) litra b of the Norwegian Competition Act of 5 Mars 2004 No. 12, as DXC Technology Norge AS will obtain direct control over the business made up of and related to the purchased assets in Norway.

The transaction is notified by way of a simplified notification.

The completion of the Transaction is subject to approval from the Danish and Norwegian Competition Authorities.

#### Business rationale

The parties are both active within the provision of IT services, but with different presence in the Nordic region. By the Transaction,

As further explained under section 6 below, the markets in question are highly competitive and the parties have low market shares. Therefore, it is DXC's view that the contemplated transaction does not give rise to any competition concerns.

### 4 THE STRUCTURE AND AREA OF ACTIVITY OF THE UNDERTAKINGS

#### 4.1 DXC

DXC Technology Norge AS, is a wholly owned subsidiary of DXC Technology Denmark A/S, and is part of the DXC Technology group, listed in the New York Stock Exchange. The DXC Technology group offers end-to-end IT

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<sup>1</sup> As segmented by the consulting company Gartner Inc., which publishes market studies for the IT industry.

services to private and public sector clients from a diverse array of industries across 70 countries. DXC employs approximately 130,000 people worldwide.

DXC Technology Company was formed 1 April 2017, by the merger of CSC and the Enterprise Services business of Hewlett Packard Enterprise (please see Commission Merger clearance M.8155 and M.8300).

At group level, DXC have divided its offerings into 9 global 'offering families':

- Consulting
- Workplace and Mobility
- Security
- Cloud and Platform Services
- Enterprise and Cloud Apps
- Application Services
- Analytics
- Business Process Services
- Industry Software and Solutions

At group level, DXC key industries are:

- Insurance
- Healthcare and Life Sciences
- Travel, Transportation and Hospitality
- Banking and Capital Markets
- Aerospace and Defence
- Consumer and Retail
- Energy, Utilities, Oil and Gas
- Manufacturing and Auto
- Public Sector
- Technology, Media and Telecommunications

In Norway, DXC supplies, through its subsidiaries DXC Technology Norge AS and Enterprise Services Norge AS, IT services in the form of i) development and integration services, ii) consulting services<sup>2</sup>, iii) business process outsourcing and iv) IT-outsourcing services to customers in Norway with a focus on the public sector and to a lesser extent to large companies. Within these functional areas, DXC has a focus on digital transformation, hosting services, application development and business process outsourcing.

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<sup>2</sup> Consulting services are advisory services that help clients assess different technology strategies and, in doing so align their technology strategies with their business or process strategies. These services support customers' IT initiatives by providing strategic, architectural, operational and implementation planning.

As mentioned above, all the assets being acquired from EG in Norway are transferred to DXC Technology Norge AS, i.e. none of the assets are transferred to Enterprise Services Norge AS.

For further information about DXC please see the website: [www.dxc.com](http://www.dxc.com).

Please see List of DXC subsidiaries attached as appendix 1.

## 4.2 The target business

EG Norge AS is a wholly owned subsidiary of EG A/S, which in turn is owned by AX IV EG Holding III ApS, which is ultimately majority-owned by investors in the capital fund Axcel IV being advised and managed by Axcel Management A/S ([www.axcel.dk](http://www.axcel.dk)).

EG Service is as mentioned a "carve out" of EG A/S with business activities in Denmark, Norway and Sweden. The Target activities in Norway relate exclusively to IT services in the areas of i) development and integration<sup>3</sup>; ii) hardware and maintenance<sup>4</sup> and iii) software maintenance<sup>5</sup>.

Prior to the merger, the Target Activities form an integrated part of EG A/S, EG Sverige AB and EG Norge AS. The business being transferred in Norway as part of this transaction, EG Services, consists of part of the assets of EG Norge AS.

By way of background, assets will also be purchased from EG Norge AS's Danish parent company EG A/S and the Swedish subsidiary of EG A/S, namely from:

EG A/S

Company Registration number: 84667811

Industrivej Syd 13 C

Birk

7400 Herning

And

EG Sverige AB

Company Registration number: 556164-5648

Kalendegatan 26

SE-211 35 Malmö

Sweden.

However, please note that the assets sold from the Danish parent and Swedish subsidiary relate solely to the Danish and Swedish businesses of EG A/S and as such do not part of this notification.

## Activity

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<sup>3</sup> Please note that the Gartner Vocabulary uses the term "Implementation" for this segment. The parties are of the opinion that it is the same segment.

<sup>4</sup> Please note that the Gartner Vocabulary uses the term "Hardware support" for this segment. The parties are of the opinion that it is the same segment.

<sup>5</sup> Please note that the Gartner Vocabulary uses the term "Software support" for this segment. The parties are of the opinion that it is the same segment.

EG Services is a business unit of EG A/S. EG A/S is an IT service company, which offers digital solutions, including software and hardware and services for private companies as well as public entities. EG A/S has 27 offices in Denmark, Norway and Sweden and employs approximately 2,000 people.

In Norway, the EG Services business unit of EG A/S is exclusively active within the market for IT services, focused on providing IT-services to customers utilising certain ERP systems in the field of financial planning, E-commerce, data warehouse solutions and implementation. Within ERP systems, the EG Services business unit is focused on service and support of MS Dynamics AX and MS Dynamics NAV solutions, SAP and Infor M3 services in the areas of:

- development and integration,
- hardware and maintenance and
- software maintenance.

EG primarily targets small- and medium sized customers.

For further information please see [www.eg.no](http://www.eg.no).

## 5 TURNOVER AND OPERATING RESULT IN NORWAY MOST RECENT FINANCIAL YEAR

Name <sup>6</sup>	Turnover (in NOK) <sup>7</sup>	Operating result (in NOK) <sup>8</sup>
DXC <sup>9</sup>	964 250 000 NOK	11 772 000 NOK
Target Activities <sup>10</sup>		

## 6 MARKETS RELEVANT TO THE CONCENTRATION

### 6.1 Relevant product markets

The European Commission has in previous merger cases in the IT sector, identified the following three general categories of markets:<sup>11</sup>

1. the market for (supply of) IT-services,
2. the market for (production of) computer hardware and

<sup>6</sup> For EG turnover and operating results converted from DKK to NOK using the average rate of 125.4 for 2017 according to the Norwegian Central Bank.

<sup>7</sup> For the sake of clarity; For DXC the turnover and operating results are based on the annual accounts of the Norwegian entities of DXC, as sales to Norway are conducted through *both* of the Norwegian subsidiaries, DXC Technology Norge AS and Enterprise Services Norge AS.

For EG, the Target Activities is a carve out of the business of EG Norge AS. Therefore the turnover numbers do not correspond to the annual accounts of EG Norge AS.

<sup>8</sup> Operating results for Target Activities are not reported on Norwegian basis and has thus been extrapolated based on operating margin (*EBIT margin*) for the purpose of this simplified notification.

<sup>9</sup> Financial year 1 April 2017 – 31 March 2018.

<sup>10</sup> Financial year 1 January 2017 – 31 December 2017.

<sup>11</sup> Case COMP/M.7458, IBM/INF Business of Deutsche Lufthansa, Commission decision of 15 December 2014 and case COMP/M.6237, Computer Sciences Corporation/iSoft Group, Commission decision of 20 June 2011.

3. the market for (development of) computer software.

The Target Activities are all related to the market for the supply of IT-services.

The European Commission has previously considered that the market for the supply of IT services could be segmented according to (a) the *functionality* of the services and (b) the *sectors* concerned.

As regards *functionality*, the Commission has earlier considered that the main segments of IT services are:<sup>12</sup>

1. consulting,
2. development and integration,
3. hardware and maintenance,
4. management services,
5. business process outsourcing (BPO),
6. software maintenance,
7. education and training and
8. IT-outsourcing.

As to functionality, the parties' businesses in Norway only overlap as regards segment [REDACTED]

As regards *sectors*, the Commission has considered a segmentation of the IT services into:<sup>13</sup>

1. agriculture, mining and construction;
2. process manufacturing;
3. discrete manufacturing;
4. utilities;
5. wholesale;
6. retail;
7. transportation;
8. communications;
9. financial services;
10. healthcare;
11. services;
12. education; and
13. government.

As to sectors, the parties' businesses in Norway only overlap as regards segment [REDACTED] segment [REDACTED] segment [REDACTED] and segment [REDACTED]

This said, DXC believes that the exact delimitation of the relevant product market can be left open as no competition concerns arise at either functional or sector level.

## 6.2 Geographic market

In its decisional practice the Commission has considered that the geographic market for the provision of IT services may be of global or European size, though the exact delineation has been left open.<sup>14</sup>

<sup>12</sup> See e.g. case M.6921 – IBM Italia/UBIS, Commission decision of 19 June 2013; M.6127 - Atos/Siemens IT Solutions & Services, Commission decision of 25 March 2011, M.7458 - IBM/INF Business of Deutsche Lufthansa, Commission decision of 15 December 2014 and M.8180 -Verizon/Yahoo, Commission decision of 21 December 2016.

<sup>13</sup> See e.g. case COMP/M.5917 – HP/EDS, Commission decision of 25 July 2008

<sup>14</sup> See e.g. COMP M. 6921 IBM/UBIS, paragraphs 27-29

The Notifying Party submits that the geographic market should be considered wider than national and at least EEA-wide, since: (i) IT services providers offer the same IT services throughout the EEA; (ii) the pricing process is similar throughout the EEA; and (iii) IT services providers offer services on a global or at least EEA basis, either in-house or through alliances, subcontracting or sometimes distribution arrangements. This said, DXC believes that the exact delimitation can be left open, as (i) the Target's business is limited to operations in Denmark, Sweden and Norway,<sup>15</sup> and (ii) even at national level the transaction does not result in competition concerns.

### **6.3 The transaction does not give rise to any competition concerns**

The markets for IT-services are highly fragmented and characterized by a high number of IT service providers, none of which have a significant market share.

This is the case both at Nordic level as well as in the most narrow geographical market delimitation, i.e. in Norway.<sup>16</sup>

Further, even if the market is sub-segmented by functionality or sector, on a Nordic or Norwegian geographical basis, the parties' combined market shares will not exceed 5 % in any market, including segments where the parties have overlapping business activities.

All of the segments of the IT services market currently experience high growth rates and have done so for the last many years.

In general, the IT services markets can generally be characterised as tender markets. Both private and public customers regularly undertake structured tender procedures before entering into contracts with an IT services provider for a limited amount of time (typically 2-3 years). Customers are mainly interested in price and quality. There are no customer preferences or brand loyalty. IT service providers are neutral as to which IT products and systems they help implement.

To the best of the parties' knowledge IT service providers do not use exclusive distribution agreements, other types of exclusivity agreements or long-term contracts.

On the above basis, DXC submits that the transaction does not give rise to any competition concerns.

### **6.4 Competitors, customers and suppliers**

DXC's five most important competitors, suppliers and customers are included in Appendix 2.

EG's five most important competitors, suppliers and customers are included in Appendix 3.

### **6.5 Annual reports and accounts**

The annual accounts of DXC Technology Norge AS, Enterprise Services Norge AS and EG Norge AS are publically available at the homepages of the Brønnøysund Register Centre.

<sup>15</sup> [REDACTED]

<sup>16</sup> According to Gartner the largest provider of IT-services in Norway is [REDACTED]

The annual report of DXC at group level for 2018 is available at the company's homepages at:  
[http://www.dxc.technology/investor\\_relations/insights/144964-2018\\_annual\\_report](http://www.dxc.technology/investor_relations/insights/144964-2018_annual_report)

The annual report of EG at group level for 2017 is available at the company's homepages at:  
<https://global.eg.dk/about-eg/><sup>17</sup>

## 7 REQUIREMENTS FOR SIMPLIFIED NOTIFICATION ARE FULFILLED

As to functionality, the parties' businesses only overlap as regards [REDACTED] As to sectors, the parties' businesses only overlap as regards [REDACTED]. Since the parties' aggregate market shares in each of these segments does not exceed 20 %, and there are no other horizontally overlapping or vertically related markets, the transaction may be notified by way of a simplified notification cf. Section 3 of Regulation of 11 December 2013 on notification of concentrations etc.<sup>18</sup>

## 8 PUBLIC ACCESS

The notifying party submits that the text marked as confidential in notification constitute business secrets, cf. Section 18 b of the Competition Act. The business secrets are marked in [grey].

A public version of this simplified notification is included in Appendix 4.

The grounds for confidentiality are included in Appendix 5.

## 9 SUPPORTING DOCUMENTATION

Appendix 1	List of DXC subsidiaries
Appendix 2	DXC's five most important competitors, suppliers and customers [Confidential]
Appendix 3	EG's five most important competitors, suppliers and customers [Confidential]
Appendix 4	Public version of the simplified notification
Appendix 5	Grounds for confidentiality

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<sup>17</sup> See banner titled "EG in figures".

<sup>18</sup> *Nw: Forskrift om melding av foretakssammenslutninger mv..*

For DXC Technology Norge AS

Advokatfirmaet Selmer AS

A handwritten signature in blue ink, appearing to read "Ole-Andreas Torgersen", written over a horizontal line.

Ole-Andreas Torgersen  
Attorney-at-law