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Per letter and e-mail to **post@kt.no**

Your reference:

Our reference:
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Attorney in charge:
Christian Bendiksen

Oslo, 23.06.2021

SIMPLIFIED NOTIFICATION OF CAPGEMINI NORGE AS' ACQUISITION OF ALL SHARES IN MATIQ AS

1 THE NOTIFIER/AQUIRING COMPANY

Name: Capgemini Norge AS
Organisation number: 943 574 537
Address: Karenslyst allé 20, 0278 Oslo
Postboks 475 Skøyen, 0213 Oslo

The notifier's representative: Brækhus Advokatfirma DA
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Postboks 1369 Vika
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2 TARGET COMPANY

Name: Matiq AS
Organization number: 985 149 437
Address: Abels gate 7, 7030 TRONDHEIM
Postboks 5813 Majorstuen

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3 SUMMARY

The parties submit a simplified notification. In 2019, Capgemini Norge AS had a turnover of 2.060 MNOK. The company is a part of a group structure as described in section 5.1 below. Matiq AS had a turnover amounting to 329.1 MNOK in 2020. The acquisition is thus subject to notification, cf. Section 18(1) of the Competition Act, but as the parties' combined market share is well below 20% under any plausible market definition, the conditions for a simplified notification are fulfilled, cf. Section 3(3)b of the Regulation on notification of concentrations. At the same time, the acquisition will not result in, or be able to enhance, a substantial restriction of effective competition, cf. Section 16 of the Competition Act.

The parties consider the relevant product market to be the broader market for IT services. The transaction itself concerns an outsourcing of Nortura's IT department organised as a separate company, Matiq AS. However, as Matiq's activity is entirely based on Nortura's requirements, they are not active on any product market. .

The parties' activities do overlap on a sub-segment of the IT services market regarding delivery and/or maintenance and operation of larger logistics/process control systems (ERP). These basic systems will have the same functionality and development potential for varying customer groups/markets and will then be adopted to each customer's needs as part of a service delivery. From a supplier perspective, individual customers will have similar basic requirements, although the customers might be serving very different markets and are delivering very different products.

Furthermore, the parties note that the Commission has often stated in their decisions that IT-products/services are dynamic markets where significant changes occur rapidly and where transactions rarely creates anti-competitive effects. Given the fact that this transaction forms part of an outsourcing of the seller's IT-department where one of the objectives is to increase competition for the seller's future IT requirements, the parties believe that this assessment is also correct regarding the present transaction.

4 THE TRANSACTION

As mentioned in section 3, following a bidding process, Capgemini was on June 16 2021 awarded the contract to take over Nortura Sas' IT business. The Master Services Agreement as well as Clause 1.3 of the Share Purchase Agreement, state that the acquisition of Matiq AS is part of the arrangement for obtaining the outsourcing agreement.

The parties have also concluded a Transitional Service Agreement to guarantee a smooth transition and ensure that Matiq remains fully operational until Capgemini has integrated Matiq into their structure

5 THE CORPORATION STRUCTURE AND OPERATIONS

5.1 Capgemini Norge AS and the Capgemini corporation

Capgemini SE

Capgemini SE, also referred to as the Capgemini Group, is a European IT-consultancy company, with their main office in Paris, where the company is also listed on the stock exchange. The Capgemini Group includes around 100 entities spread over 50 countries throughout the world.

The Corporation has a broad specter of business areas, mainly under the following three key disciplines: Management consultancy, Information systems development and outsourcing.

In 2020, Capgemini's share capital ownership was divided as follows: 66,4 % were non-French institutional investors, 19,1 % French institutional investors, 7,2 % private shareholders, 7,1 % board members and employees and 0,2 % treasury stocks.¹

In 2020, the total turnover for the whole corporation amounted to 15,8 billion Euros.²

Capgemini Consulting

Capgemini Consulting is the Capgemini Group's global Management Consultancy company which specializes in planning and implementation of strategies and other significant transformation projects, optimization and digital transformation. The turnover is included in the total turnover mentioned above for the Capgemini Group.

Sogeti France

Sogeti France is a wholly owned subsidiary of the Capgemini Group. Their main office is in Paris.

¹ Cf. <https://investors.capgemini.com/en/capital-structure/>

² Further information is available in Capgemini's annual report, published at <https://investors.capgemini.com/en/annual-reports/?fiscal-year=2020>

Sogeti is a consultancy company which focuses on services within testing and quality assurance of technology. They offer, among other things, solutions for digital transformation, in addition to expertise within Cloud, network security, digital production, quality assurance, testing and new technology.

The company is represented in 15 countries covering USA, India and Europe.

Their turnover is included in the total turnover mentioned above for the Capgemini Group. Since 2020 the Sogeti turnover in Norway has been included in the total turnover for Capgemini Norge AS.

Capgemini Norge AS

Capgemini Norway AS is a private limited company with organization number 943 574 537 and its registered address of business is Karenslyst allé 20, 0278 Oslo and postal address Postboks 475 Skøyen, 0213 Oslo.

Capgemini Norway AS is 100 % owned by Capgemini Sweden AB, and is an IT consultancy company which offers services under the Capgemini Group's three key disciplines as mentioned above.

The company has divisions in Oslo, Bergen, Stavanger, Fredrikstad, Lillehammer and Trondheim.

Capgemini Sverige AB

Capgemini Sverige AB is a wholly owned subsidiary of the Capgemini Group with organization number 977 546 621 and address of business Gustavslundsvagen 131, Bromma, Sweden.

Capgemini AB offers services under the Capgemini Group's three key disciplines as mentioned above.

In 2019, Capgemini AB had a total turnover amounting to approximately 5,2 billion Swedish kroners.

Sogeti Sverige AB

Sogeti Sverige AB is the wholly owned Swedish subsidiary of Sogeti France registered under no. 556631-4687 and with main office in Stockholm.

They provide services as outlined under Sogeti France, above. Sogeti Sverige had a total turnover of approximately 1,55 billion SEK in 2019.

Capgemini Danmark A/S

Capgemini Denmark A/S is a wholly owned subsidiary of the Capgemini Group and is an IT consultancy company providing services as described above.

In 2019, Capgemini Denmark had a turnover of approximately 295 million Danish kroner.

Capgemini Finland Oy

Capgemini Finland Oy is a wholly owned subsidiary of the Capgemini Group and is an IT consultancy company services as described above.

In 2019, Capgemini Finland had a turnover amounting to more than 114,48 million Euros.

5.2 Matiq AS

Matiq AS is a limited company with corporate organization number 985 149 437 and registered business address Abels gate 7, 7030 Trondheim.

Matiq is a subsidiary of the Nortura Group with responsibility for developing and operating the Group's IT systems. Matiq provides IT services to all production sites and offices in Nortura, as well as to wholly owned subsidiaries of Nortura and part-owned companies within related business operations in Norway.

The annual turnover in 2020 was 329.1 million NOK.

6 RELEVANT MARKETS

6.1 Introduction

The European Commission has relatively recently assessed the product market for Capgemini's services in Capgemini / Altran,³ but found no basis for concluding on the issue, as the transaction would in any case not affect competition in any relevant product market. The Commission has assessed whether the market for IT services should be divided according to a functional segmentation or a segmentation based on customer segments,⁴ but as in Capgemini / Altran, there has never been a need to conclude on the question. At the same time, it can be stated that in the cases where the issue has been market tested, there seems to be greater opposition to the hypothesis that the customer segments constitute independent relevant markets, than that various functions in the services delivery can constitute such markets.⁵

³ COMP/M.9460 dated 23.20.19 §§9-15

⁴ COMP/M6127 dated 25.03.11 §14 and COMP/M.8765 dated 16.04.18 §23 as quoted in COMP/M.9460 §10.

⁵ COMP/M6127 §16: "The market investigation also indicated that the majority of the respondents does not consider the further segmentation of the IT services markets based on customers' sector or the distinction between small and large customers as relevant." See also COMP/M.7458 pkt. 3.2.1.2 which conducts a detailed assessment of further market segmentation on customer/industry segment and concludes as follows: "The majority of the respondents to the market investigation conducted in the present case submitted that providers of IT outsourcing services not currently active in the transportation sector would be able to easily start providing such services in the transportation sector. Indeed, according to these respondents, IT outsourcing services are becoming increasingly standardised across all sectors, which makes it easier for providers to gain new customers in other sectors." (§29) We also note that COMP/M.9460 concludes that "The market investigation provided mixed results as to the exact scope of the relevant product market." (§15). Cf. also COMP/M.5128 av 06.05.08 §§10-14.

Other Commission practices also show that the definition of relevant service markets in the IT sector is dynamic. For example, the Commission's assessments in Capgemini / BAS⁶ seem to indicate that one rather looks at larger markets with defined segments, as customers often buy packages of services and competition between suppliers takes place at a more general level. This is also supported by IBM / UBIS,⁷ where the Commission apparently opens up a more general market for IT services without further delimitation. We note that the Norwegian Competition Authority has not made any definitive delimitation of the product market within IT services either, but that notifying parties in Norwegian merger notifications within the IT sector use the same delimitation,⁸ some also include Nordic Capital / TietoEnator as a possible indication that IT services market within the Nordic region may have a higher degree of supply substitutability than otherwise.⁹

We note that the Competition Authority in Tieto / Evry defined a narrow market for a software product (archive systems to the public sector), but the decision did not address the market definition for IT services.¹⁰

We will therefore initially assess the geographic market with regards to whether there might exist a Nordic market segment as opposed to an EEA-wide or global market. We will then proceed with an analysis of the overall market for IT services, before considering whether there could exist any more narrowly defined software markets where the parties may have horizontal overlap.

6.2 Geographical market

The market for IT-systems is in the Commission's previous decision practice primarily regarded as worldwide, or at least EEA-wide.¹¹ Regulatory conditions can narrow global markets, but at least in the markets where the parties operate there are no Norwegian legislation with appreciable effect on their ability to deliver IT services to any given customer. The parties therefore maintain the market for IT systems as at least EEA-wide.

At the same time, the Commission has concluded in other cases that the market for IT-services may be national, based on language and local industrial circumstances. However, the Commission also identified as long ago as 2000 a tendency towards an «...*increasing globalisation of supply and demand indicate a strong trend towards the internationalisation of the market.*»¹² Subsequent practice may imply that the Commission is now assessing the market for

⁶ COMP/M.5301 dated 13.10.08 §§10-16

⁷ COMP/M.6921 dated 19.06.13 cf. pt. 3.2.1.2 regarding sub-segments of IT-services and 3.2.1.3 regarding market segmentation by industry sector.

⁸ Cf. for instance Ernst & Young AS/Skye AS dated 26.09.18 pt. 6, ITV Holding AS/ITverket AS dated 10.11.20 §21, Visolite AS/Easify AS dated 09.03.21 pt. 5.1.1

⁹ COMP/M.5128 as described in the simplified notification CGI INC/Acando AB dated 11.03.19 §29

¹⁰ V2019-23 pt. 5.2, we noted especially the Authority's assessment in §§42-46.

¹¹ Cf. for instance COMP/M.5317 IBM/ILOG, COMP/M.4747 IBM/Telelogic and COMP/M.5080 Oracle/BEA.

¹² Cf. COMP/M.2195 Cap Gemini/Vodafone JV dated 29. November 2000 §11, with further reference to earlier case law in COMP IV/M. 1561 - Getronics/Wang and COMP/M.1901 Cap Gemini/Ernst & Young

services/consultancy services as international, while the parties are not familiar with any practice which clearly answers this question in an actual case.¹³

Even though any relevant product market should be defined nationally, the parties' market shares will not sufficiently large for the question of national vs. EEA-wide geographic limitation to be relevant and the topic is therefore not further assessed in this notification.

6.3 The markets for IT-services – support, development and consultancy

As mentioned introductorily, previous practice has assessed whether there exists a general market for IT-services with underlying segments, or if the markets must be divided into separate and distinct markets. Recent practice seems to indicate that the market should be assessed as a whole, due to the general substitutability of offers, in which smaller market operators develops niches of functionality or customer customization, while the large market operators offers virtually all categories of IT-services to the entire spectrum of its customers.

The parties' operations support this analysis. Capgemini, as a global IT service provider, is able to offer services across the entire product portfolio to any category of customer. Matiq is specialized on Nortura Group's requirements. Matiq's entire turnover stems from products and services related to companies in the Nortura Group. Matiq's business operations primarily affects technology downstream of the agriculture sector, spanning from processing procedures in factories, via tracking and information architecture to administrative assistance by means of business applications and services. Their focus of operations has primarily been centred around a SAP-based project, "NOVA", for the entire Nortura group. The future scope of services of Matiq will be focused around SAP-based operations, cloud-based services and other IT services.

Under any circumstances, the parties find that there is no need for a precise delimitation of the market for IT-services, as the actual transaction will not affect competition in any relevant segment of service, neither support nor development or any more specific IT-technical consultancy activity.

The parties have not accurate figures for turnover or market share for IT-services in Norway or the Nordics but note that the most recent statistics from the Norwegian Bureau of Statistics operate with a total market turnover of IT-services of 146,914MNOK.¹⁴ The most relevant sub-segments would appear to be the following:

Name	Turnover
IT consultancy services	45,758 MNOK

¹³ As an example; in the comparatively recent COMP/M.7495 *Apax/Every Evry* is described as «IT services in the Nordic region (consulting, IT outsourcing, implementation, BPO, software support, hardware support)» but as this was an Art.6(1)(b)-case, the statement has comparatively little weight. However, we note that the assessment is supported by the parties in both the Tieto Corporations – Software Innovation and IBM Services AS – EVRY AS - notifications.

¹⁴ Cf. <https://www.ssb.no/statbank/table/08242/tableViewLayout1/>

Support and maintenance of IT systems	18,231 MNOK
IT programming services	29,052 MNOK

Although Capgemini and Matiq do not record revenues based on the segments listed above, the parties' revenues in Norway of 2,060 MNOK and 329 MNOK, respectively, make it clear that the combined market share in Norway would be well below 20% in each of these sub-segments. Furthermore, much of Matiq's turnover reflects invoicing through Matiq of IT services provided by third parties, meaning that the aggregated turnover figure of Matiq overstates Matiq's actual production capacity.¹⁵

If the market shares are assessed in this way, the transaction will consequently not create HHI or delta which can constitute any problems in terms of competition law. We also note that Abelia described the IT-consultancy market as the engine of overall growth in the consultancy sector due to the digitalization of economy and society generating constant need for such competence both in the private and public sector.¹⁶ Consequently, the market is increasing and the mere turnover figures for the parties may therefore exaggerate actual market power.

At a broader level, Capgemini's closest competitors within IT services, such as [REDACTED] are also active on the markets for support, development and consultancy services. Consequently, we would believe that it could be possible to evaluate market shares in terms of their overall turnover, or, based on the assumption that the turnover in most cases is hour-based, by evaluating the number of employees. The latter figure may create a more precise picture of the competitors' actual market power by assessing actual production capacities.¹⁷

Matiq has 99 employees and [REDACTED] of these will transfer to Capgemini. All of these work on Nortura's systems with some degree of customer-specific assignments, primarily adaptations of SAP's basic system to Nortura. As previously mentioned, Matiq is only active in in-house support and development and could only have constituted, at best, potential competition in any more general service or support market.

Capgemini has approximately 1100 employees in Norway. The sector "consultancy business in connection with information technology" has 41 300 employees.¹⁸ This confirms that the parties' combined market share is well below 20% under any plausible segmentation.

¹⁵ In 2020 [REDACTED] of Matiq's turnover stemmed from passed-through costs, i.e. work performed by third parties/sub suppliers. Most importantly [REDACTED]

¹⁶ Cf. Abelia's report on the Norwegian consultancy services; <https://www.abelia.no/bransjer/radgivere/fakta/>

¹⁷ We are aware that this method will underestimate the market power of global firms with back-office capacity in low-cost countries to a certain extent. However, the Commission's assessment of the markets as national is also relevant, as national consultants will be necessary as front end towards customers and in order to understand customer needs. This effect, if it exists, will in any case overestimate the market power of Matiq, having no employees in low-cost countries.

¹⁸ Figures from 2021, available at Abelia's report on the Norwegian consultancy services; <https://www.abelia.no/bransjer/radgivere/fakta/>.

In that regard, we note that Capgemini's acquisition of Matiq increases the number of Capgemini employees by less than 10% and Capgemini will, after the transaction, will represent about 2,9 % of the total offer of available consultants in Norway, an increase of 0,2, %.

6.4 The parties' market position in a possible IT services market for the implementation of large ERP systems

We note that the Commission has previously considered whether the implementation work required from IT consultants/integrators of large EAS software systems could constitute a market segment within the distribution of such systems.¹⁹ If one were to consider the market for IT services to be further segmented into a market for implementation of large ERP systems such as SAP, the parties may have overlap based on Matiq's experience with implementing SAP within the Nortura group. Matiq does not have any turnover outside the Nortura group and the turnover allocated to the ERP-implementation in Matiq's accounts is minimal.²⁰

From a customer perspective, the suppliers of these systems are completely substitutable, but the "sunk cost" in the system chosen means that you will have a certain degree of lock-in after the choice has been made. However, this lock-in effect at system level is mitigated by the ability to assign maintenance services to other than the original provider, which is standard practice and which the SSA system also provides.

The parties estimated total annual turnover of such systems is at NOK [REDACTED] in the Capgemini/Espire notification and Capgemini would believe that the market may have grown by [REDACTED] Capgemini's market share in Norway regarding large ERP systems would be [REDACTED]. Based on these data, Capgemini estimated the market share of its closest competitors as follows:

Company	Estimated market share
[REDACTED]	

The remaining 25% of the market is held by various, smaller suppliers.

¹⁹ Cf. COMP/M.3216 Oracle/Peoplesoft §§110-114.

²⁰ According to Matiq's annual accounts, their income is primarily generated from support and maintenance (230MNOK) and only 98MNOK from project development. Thus, the actual turnover that could be allocated to an ERP software implementation market would at most be 98MNOK, as Matiq has also developed other minor software solutions.

Through the acquisition of Matiq, Capgemini will have access to a turnover of 65MNOK for project development, or at most 329 MNOK if the entire turnover of Matiq is allocated to this product market.

Regardless of the figure chosen, this constitutes a vanishingly small part of the total market. If all Matiq's turnover is included in this market for implementation of large ERP systems, Matiq will have a market share of approx. [REDACTED] %²¹ based on the 2016 assessment of the overall market, which, as mentioned, may be as much as [REDACTED] % below actual figures. HHI will be virtually stable. Even without us having the figures for the last 25% of the market,²² but only the analysis is based on the 9 companies as mentioned + the entire Matiq turnover, HHI increases from [REDACTED] still below the 1000 which the Commission has identified as the threshold for competition concerns. Delta is only [REDACTED] well below the 150 which, according to the Commission's guidelines, may indicate a basis for further investigations.

6.5 Summary

The parties of this transaction are active on the same market, but the transaction guarantees only a very limited overlap in a very large market. Matiq has a very small market share under any market segmentation and its activities and revenues are captive. After the transaction, Capgemini will have a market share well below 20%, most likely also below 10%.

There are neither any specific areas of competency with Matiq that makes it easier for Capgemini to exclude other competitors from any specific market/segment. Matiq's knowledge of the food processing industry will not differ in any significant degree from other processing industries and the specific knowledge will anyway be available from other suppliers having developed similar systems, such as Orkla IT and Norgesgruppen Data. There is both real and potential competition for all forms of functionality that Matiq has developed over SAP for Nortura – system, support, development and consultancy – after the transaction, and the transaction will also increase competition for such solutions by opening up Nortura's demand for external services.

7 COMPETITORS, CUSTOMERS AND SUPPLIERS

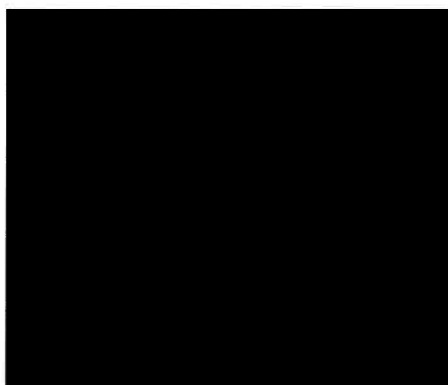
7.1 Competitors

Capgemini's closest competitors are:

Name

²¹ As mentioned, based on the accounts, the correct figure would be closer to [REDACTED] % based on an overall market of NOK [REDACTED]

²² A correct allocation of that market share to a large number of minor suppliers will indicate that the market is even less concentrated than if this market share is entirely excluded from the calculation. Thus, this calculation constitutes a very conservative estimate.



As an in-house provider of services, Matiq has no competitors pre-transaction.

7.2 Customers

Matiq's customers were exclusively intra-group companies. The most important customers of Matiq's services were:

Name	Turnover 2020
[Redacted]	

Five most important customers of Capgemini for 2020:

Name	Location	Turnover 2020
[Redacted]		

7.3 Suppliers

The five largest suppliers to Matiq are:

Name	Purchase value 2020
[Redacted]	

Five largest suppliers to Capgemini Norge AS for 2020:

Name	Purchase value 2020

8 INFORMATION REGARDING WHETHER THE CONCENTRATION IS SUBJECT TO NOTIFICATION TO OTHER COMPETITION AUTHORITIES

The transaction does not trigger a notification in any other jurisdictions. No transboundary effect or turnover from Matiq outside Norway. Matiq's turnover is entirely sourced from Seller's Norwegian subsidiaries and/or joint ventures. Consequently, even though Seller states in their annual accounts that they do have a presence in Sweden, Denmark, and England, Matiq does not have turnover in any of those countries.

9 PUBLIC ACCESS

A public version of this notification is enclosed.

Enclosure 1: Public version of the notification of the transaction

Yours sincerely

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