

Contains business secrets

The Norwegian Competition Authority
P O Box 439 Sentrum
5805 Bergen

Filed electronically to post@kt.no.

Our reference: 16110326/1
Lawyer in charge: Heidi Jorkjend

Oslo, 13 August 2021

SIMPLIFIED NOTIFICATION OF COMPANY CONCENTRATION – ADVANIA AB AND VISOLIT NEW TOPCO AS**1 INTRODUCTION AND SUMMARY**

We hereby provide the Norwegian Competition Authority ("**NCA**") with a simplified merger notification in accordance with section 18 of the Norwegian Competition Act (LOV-2004-03-05-12), and Section 3 of the Regulation on the notification of concentrations (11 December 2013 no. 1466) ("**Regulation**").

By virtue of the notified concentration, Advania AB ("**Advania**") will acquire 100% of the shares and thus sole control over Visolit New Topco AS (which together with its subsidiaries will be referred to as "**Visolit**" or "**Target**") ("**Transaction**"), which will be implemented by way of the Share Purchase Agreement dated 24 July 2021.

2 CONTACT INFORMATION**2.1 Notifying party**

Name: Advania AB
Company reg no.: 556963-8991
Address: Fredsborgsgatan 24, 117 43, Stockholm

Contact person: Gestur Gestsson

Telephone: +46 761 400155
E-mail address: gestur.gestsson@advania.com

Represented by: Advokatfirmaet Thommessen AS,
Heidi Jorkjend and Karin Johanne Nordby

Address: Haakon Viis gate 10, NO-0116 Oslo, Norway
Telephone: + 47 23 11 13 39 / + 47 23 11 11 79
E-mail address: hjo@thommessen.no / kjn@thommessen.no

2.2 Target

Name: Visolit New Topco AS
 Company reg no.: 922 578 168
 Address: Drengrubekken 12, 1383 Asker
Contact person: Kjetil Haukås
 Telephone: +47 977 87 598
 E-mail address: kjetil.haukas@visolit.no

3 THE TYPE OF CONCENTRATION OF UNDERTAKINGS

By virtue of the notified concentration, Advania will acquire 100% of the shares and thus sole control over Visolit. Visolit New Topco AS is the indirect, sole owner of Visolit AS, which together with its subsidiaries are the entities that carry out the business of Visolit. The Transaction is effectuated through the conclusion of a share purchase agreement, entered into by the parties on 24 July 2021. The sellers include Visolit International S.à.r.l (currently owning 66,83% of Visolit), TC Manco AS (currently owning 22.48% of Visolit), as well as several other minority shareholders.¹

The Proposed Transaction is subject to merger notification pursuant to Section 18, cf. Section 17 of the Norwegian Competition Act as each of the undertakings concerned have achieved turnover exceeding NOK 100 million and a combined turnover exceeding NOK 1 billion in Norway in the last completed financial year.

The Transaction is also notified to the competition agency in Sweden.

4 THE CONDITIONS FOR SUBMITTING SIMPLIFIED NOTIFICATION ARE SATISFIED

The Transaction qualifies for a simplified notification in accordance with Section 3 first paragraph item 3, letter a) of the Regulation on the Notification of Concentrations. As will be elaborated below, following the Transaction the parties will not have a combined market share exceeding 20% in any market with horizontal overlap, nor are there any markets with vertical overlap where the parties' market share exceeds 30%.

As described in Section 8 below, the parties' market shares are minimal, and well below 20% in all possible markets with overlap. There are no vertical links between the parties.

5 THE STRUCTURE AND BUSINESS AREAS OF THE UNDERTAKINGS

5.1 Notifying party

5.1.1 Advania

5.1.1.1 Legal and organizational structure

Advania is a Nordic information technology service corporation headquartered in Stockholm, Sweden. Advania employs around 1,400 individuals in 27 locations in Sweden, Iceland, Norway, Finland and Denmark. The company offers integrated total solutions for the business community comprising software, hardware and maintenance and operation services. It

¹ Visolit is currently controlled by the investment fund IK Fund VII, which is managed by IK Investments Partners. As part of the overall transaction, IK will invest in the resulting entity and acquire a 21% minority stake of the Target with non-controlling rights.

provides a range of IT-related services, platforms, cloud services, and support to multinational enterprises, governments, and businesses, both in the public and the private sectors.

The Goldman Sachs Group, Inc. ("**Goldman Sachs**") has sole control of Advania by virtue of owning the majority of its shares (67,8 %) and voting rights, and also by virtue of being able to appoint the majority of the members of Advania's board of directors.² Goldman Sachs is further described below.

An overview of Advania's ownership structure is enclosed as Appendix 1.

Appendix 1: Advania Ownership Structure

5.1.1.2 Areas of business

Advania offers a wide range of IT services, platforms, cloud solutions and support for both large and small private companies, multinationals, government authorities and public sector businesses. Advania's services are not limited to any one industrial sector: its customers span across, inter alia, public administration, defence and compulsory social security; professional, scientific and technical activities; public and private education; information and communication; healthcare; manufacturing; administrative and support services; financial and insurance activities; transportation and storage; electricity, water, gas and waste; retail and wholesale; and arts, entertainment and recreation.

Advania's business is divided into three main offerings:

- Managed Services - Advania offers a variety of managed services whereby clients can outsource specific IT operations. This means that Advania assumes ongoing responsibility for operating, administrating, monitoring and managing selected IT systems, services and functions. In each case, Advania adjusts the service level agreements to the customer's needs.
- IT Infrastructure and Integration - Advania offers solutions for IT infrastructure, integration projects, consultancy and product support. Advania offers data centre solutions, IT platform project development, virtualisation solutions (i.e., the migration of traditional server hardware to a single piece of hardware), identity and access solutions, as well as development, integration and support of both software and hardware from third-party vendors. Customers often operate a number of functions with application or hardware packages from several different vendors, which are not compatible with one another out of the box and require customisation.
- Professional Services - Advania provides a broad array of consulting services, software development, eBusiness services and infrastructure solutions for private and public bodies, local and international customers.

In Norway, Advania currently only provides services from two business areas: IT Infrastructure and Integration, and Professional Services.

Additional information about Advania is available at <https://advania.com/>.

² The remaining shares are held by VIA Equity, Bull Hill Capital, Lombard International and certain members of Advania management.

5.1.2 Goldman Sachs

Goldman Sachs is a global investment banking, securities and investment management firm that provides a range of financial services worldwide to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals.

As a global investor, Goldman Sachs, through its controlled portfolio companies, is active in a range of markets across various industries. A list of Goldman Sachs's significant subsidiaries as of 31 December 2020 is provided as Appendix 2.

Appendix 2: Goldman Sachs's significant subsidiaries

For the sake of good order, it is mentioned that Goldman Sachs controls (by means of owning 99,3 % of its shares) a portfolio company named Aptos, Inc. ("**Aptos**"), which is headquartered in Atlanta, United States, and is active worldwide in the supply of specialised software and hardware solutions for retailers. Aptos provides online based retail enterprise management solutions, offering point of sale, digital commerce, order management, merchandising, analytics, and customer relationship management solutions.

As part of this offering, Aptos includes consulting, cloud services, implementation services and outsourced support. However, all of these services are ancillary and tied to its own primary software and hardware offering, rather than in connection with products from third-party vendors. While Visolit offers a service, namely consulting, outsourcing and integration, Aptos offers a product, namely its software, to which it appends ancillary support service. Aptos are thereby not active in the market for IT-services, but rather in a market for ERP (Enterprise Resource Planning) software. Consequently, Aptos does not overlap with the target in any relevant market and will not be further described.

There are no additional horizontal overlaps or vertical links between the Goldman Sachs portfolio companies and Visolit.³

Further information on Goldman Sachs can be found on its website: www.goldmansachs.com.

5.2 Visolit

5.2.1 Legal and organizational structure

Visolit has subsidiaries with operations in Norway (Visolit Norway AS, Visolit Norway 52 AS, Visolit 51 AS, Easify AS and Intelligent Business Solutions i Norge AS), Sweden (Visolit Sweden AB and Intelligent Business Solutions in Norden AB), the USA (Visloit Inc.) and Sri Lanka (Visolit Ltd.). The US subsidiary Visolit Inc. has no other function than to be a contractual partner in licensing agreements entered into with Microsoft, and the company has no employees or other business.

The group is headquartered in Asker, Norway. Visolit has approx. 1,150 employees, and has Norwegian offices in Oslo, Arendal, Bergen, Bjørkelangen, Skien, Skjetten, Stavanger, Stokke and Trondheim.

An overview of Visolit's legal structure is enclosed as Appendix 3.

³ Please note that due to the size of Goldman Sachs' portfolio, the Parties cannot completely rule out the possibility that one of Goldman Sachs' portfolio companies generating revenue outside of Norway may have activities similar to the parties/in vertically related markets. Internal screenings have however revealed no such overlaps, and for portfolio companies generating revenue in Norway, there is no overlap (other than the overlap with Advania).

Appendix 3: Visolit Organizational Chart

5.2.2 Areas of business

Visolit is a Nordic provider of flexible and scalable Managed IT operations services for small and medium-sized companies, primarily in Norway and Sweden. The company specializes as a supplier of hybrid cloud services and centralized IT operations solutions.

Visolit offers solutions where customers can outsource all or part of their IT operations function to Visolit. The company offers a wide range of services related to offerings where the customers buy all IT functionality as a service over the internet, primarily based on either Visolit's private cloud, public cloud solutions from hyperscalers or combinations of the two as hybrid cloud services.

Visolit also provides single services related to specific needs that are integrated into the customers' existing infrastructure. The services offered include e.g., IT OnDemand, infrastructure services and application operation, as well as storage, service and management of the customers' databases and file warehouses. Visolit also offers the cloud platform "Visolit Hybrid Cloud", where the customers can integrate their private cloud with public cloud services from Hyperscalers such as Microsoft. The services are subscription-based where the customers pay on a monthly basis based on consumption. As part of the IT services, Visolit sells associated machinery and equipment software with support services.

In connection with the provision of cloud services, Visolit provides advice and support with regard to i.a. IT security, technical upgrades and migration. Visolit also offers IT consultants as an independent service i.a. in infrastructure, integration, CRM and analysis.

In March 2021, Visolit AS acquired Easify AS.⁴ Following the acquisition, Visolit expanded its services to include document management, meeting room services and payment solutions. This includes IT-services related to printing, copying, automated document flow and digital archive systems, as well as software and hardware for video conferencing and digital info screens. With regard to payment solutions, this includes payment terminals, cash register systems and POS systems (hardware and software). The company also offers rental of payment solutions for larger events.

6 TURNOVER IN NORWAY FOR THE LAST FISCAL YEAR (2020)

Name	Turnover
Goldman Sachs	██████████
Advania	██████████
Visolit	██████████

⁴ Reference is made to the filing made by Visolit related to the acquisition of Easify, dated 9 March 2021. The integration of the companies are currently in process.

⁵ ██████████ converted based on Norges Bank yearly average exchange rate for 2020 (USD 1 = NOK 9,4004).

Please note that the most recent financial year for which a detailed Goldman Sachs Member State breakdown of revenues is available is 2019, covering all business activities, investments and portfolio company revenues.

⁶ ██████████ Converted based on ECB yearly average exchange rate for 2020 (EUR 1 = NOK 10.7228).

7 RELEVANT MARKETS

7.1 Market for IT-services

7.1.1 Product market

The EU Commission ("**Commission**") has previously considered the market for IT solutions, hereby the market for IT services and its potential segments.⁷ In previous cases, the Commission has found that an overall market for IT services without further segmentation is too broad to fully reflect the economic reality of the market.⁸ The same has been assumed by the NCA.⁹

The Commission has therefore considered that IT services may be further segmented by (i) functionality and (ii) industry sector, but have not concluded on the final market definition. The Commission has referred to categories defined by the analysis company Gartner Inc in these decisions.

With regard to the segmentation of the market based on functionality, the Commission considered that the overall market for IT services can be segmented by functionality into: i) consulting services, ii) implementation, iii) IT outsourcing, iv) business process outsourcing, v) software support and vi) hardware support.¹⁰ This segmentation arises from the Gartner taxonomy of IT services.¹¹

In relation to IT outsourcing in particular, the Commission has previously also considered further sub-segmentations.¹² By reference to Gartner, the Commission considered the following sub-segments: (i) public cloud computing services, (ii) infrastructure as a service, (iii) infrastructure outsourcing services (including potential further sub-segments for data center services, network outsourcing, end-user device outsourcing, and help desk outsourcing), and (iv) application outsourcing services.

If the market is delimited by functionality, the parties may have overlapping activities within IT outsourcing, consulting services, implementation, software support and hardware support. However, the parties find it difficult to categorize their business areas within each sub-segment, as, for example, the supply of hardware and software can be included in the segment for implementation, IT outsourcing or consulting services, while subsequent customer follow-up may fall within software support or hardware support.

The Commission has frequently noted in its previous decisions that there is a degree of supply-side substitutability between the various segments of IT services described above.¹³ A number of players are active across several product segments and thus cover most of the needs of the customers, which indicates that there is no basis for such segmentation as set forth above. This description of the market has also been confirmed through the Commission's market research,¹⁴ which indicates that the customers consider the market for IT services to be an

⁷ M.9460 *Capgemini / Altran*, M.6127 *Atos/Siemens IT Solutions & Service*, M.7458 *IBM/INF Business of Deutsche Lufthansa*, M.8765 *Lenovo/Fujitsu/FCCL*

⁸ M.6127 *Atos Origin/Siemens IT Solutions & Services*, para. 16.

⁹ V2019-23 – *Tieto Oyj – Evry AS*, para. 46.

¹⁰ M.7458 *IBM/INF Business of Deutsche Lufthansa*, para. 16.

¹¹ M.5301 *Capgemini / BAS*, para. 10.

¹² M.7458 *IBM/INF Business of Deutsche Lufthansa* para. 20 and M.8180 *Verizon/Yahoo*, para. 72.

¹³ See, for example, M.6127 *Atos Origin/Siemens IT Solutions & Services*, para. 14 and 16.

¹⁴ M.3398 – *Hewlett Packard/Triaton*, para. 7

overall market. This is mainly due to the services provided by the larger market players, which often are organized as one-stop-shops for IT services.

The mentioned services have the same purpose, namely to deliver a solution that takes care of the customer's ongoing IT needs. The services offered are also often complex, and there are therefore not necessarily sharp-edged boundaries between the different product segments. The parties offer services that essentially replace or supplement a customer's IT department.

In previous cases, the Commission ultimately left the precise product market definition open.

The parties submit that there is no basis for segmenting the market for IT services on the basis of functionality for the purposes of this notification.

With reference to segmenting the market on the basis of industry sector, the Commission has considered that the overall market can be segmented into the following possible sub-segments: i) banking and finance, ii) communications, media and services, iii) public sector, iv) health, v) insurance, vi) production and natural resources, vii) groceries, viii) transport, ix) equipment and x) wholesale business. In addition, the overall market may be segmented based on the size of the customer: large corporations being distinct from small and medium sized enterprises.¹⁵

However, as confirmed by the Commission's market research,¹⁶ there is a high degree of supply-side substitutability between the segments described above. The majority of the market players offer their services across various sectors, as suppliers have gradually expanded their services to encompass multiple services and supply different segments and sectors in order to offer customers a broader range of IT service solutions.

As will be described below, the parties offer standard solutions that can be easily transferred between the different sectors. The parties submit that there is no basis for segmenting the market for IT services on the basis of industry sector or size for the purposes of this notification.

The parties submit that regardless of the product market definition, no competition concerns arise as a result of the Transaction.

7.1.2 Geographical Market

In the precedents cited above, the Commission has consistently left open the geographic market definition for IT services.¹⁷ The Commission's market investigations have indicated factors to suggest both a global or at least an EEA-wide market, with other indications suggesting local national presence to be an important factor.¹⁸ Due to the technological development in the market for IT services, local presence is no longer necessary to be able to offer services to customers.

¹⁵ M.3571 *IBM/Maersk Data / DMdata*, para. 13 and M.6127 *Atos Origin/Siemens IT Solutions & Services*, para. 14.

¹⁶ M.3571 *IBM/Maersk Data / DMdata*, para. 24.

¹⁷ M.9460 *Capgemini / Altran*, para. 18; M.6237 *Computer Sciences Corporation / iSoft Group*, para. 17-18; M.6127 *Atos Origin/Siemens IT Solutions & Services*, para. 21; M.8180 *Verizon/Yahoo*, para. 76; M.7458 *IBM/INF Business of Deutsche Lufthansa*, para. 30-32.

¹⁸ M.9460 *Capgemini / Altran*, paragraph 27.

The parties submit that regardless of the precise geographic market definition, no competition concerns arise as a result of the Transaction.

For the purposes of this notification, the parties have provided information on a conservative basis at the narrowest possible geographical segmentation, i.e., at the national level.

7.2 Market for payment solutions

The NCA has previously assessed the market for payment solutions. In V2018-18 - Vipps/BankAxept/BankID Norge, para. 67 and 179, the NCA stated that a payment solution is the solution of payment that the payer and the payee use in a payment situation, such as credit card transactions, mobile payment, online payment and more, and that the market is national in scope. According to the NCA, the market for payment solutions can be further divided into the segments P2P, SMB, POS, online payment / in-app and invoice.

For the purposes of this notification, the parties consider that it is not necessary to define or consider a market for payment solutions.

Neither Advania nor other Goldman Sachs portfolio companies are active in this market in Norway.¹⁹ Also, Easify is the only company within the Visolit group offering services within this market. Based on a limited total revenue of [REDACTED] in this market in 2020, the parties submit that Easify's market share on the national market for payment solutions is minimal and there will be no increment in Norway following the Transaction.

7.3 Conclusion on the markets

For the purposes of this notification, the exact delineation of the relevant product and geographical market(s) for the provision of IT services can be left open, as the Transaction does not give rise to competition concerns under any alternative market definition.

8 THE TRANSACTION WILL HAVE NO ADVERSE EFFECT ON COMPETITION

While both parties have overlapping activities in the market for IT-services, the Transaction will not give rise to any competition concerns. The parties' market shares are low regardless of any plausible market definition and there are a number of competitors ranging from large international corporations to regional and local players.

To the parties' knowledge, there is no sufficiently robust market information that would allow the calculation of shares in accordance with the Commission's market segmentation.

However, regardless of the precise market definition, the markets are large and the parties' market shares are small if not minimal.

The Parties have, for the purposes of this Transaction, calculated the market shares using IDC data for market size and segmentation, in addition to company revenues. The parties consider the IDC to be the most reliable and accurate source of market data for IT-related industries.

LoB	Total IT market	Visolit revenue	Visolit share	Advania revenue ²⁰	Advania share	Combined revenue	Combined market share

¹⁹ Reference is made to footnote 3 above.

²⁰ Please note that the total Advania revenue is 2020 actual, but the LoB breakdown is based on a 2019 revenue split.

IT infrastructure	
Professional services	
Managed services	
Total	

Reference is also made to the filing submitted by Visolit in March 2021 in relation to the acquisition of Easify, where the market shares of Visolit, including Easify, were deemed small to minimal: (i) IT outsourcing: [REDACTED] (ii) Consultancy services: [REDACTED] (iii) Hardware: [REDACTED] (iv) Software: [REDACTED]

As Advania is structured in the business areas described above in Section 5.1.1.2, Advania is not able to provide a breakdown based on the segments used in the Easify filing. However, Advania assumes that i) IT infrastructure corresponds to the segments hardware and software, ii) professional services correspond to consultancy services, and iii) managed services correspond to IT outsourcing. The foregoing mapping of the segments and the total market size estimates from the Radar report gives Advania the following market shares: (i) IT infrastructure: [REDACTED] (ii) Professional services: [REDACTED] and (iii) Managed services: [REDACTED]. Based on the above, the parties consider their combined market share to be very low in all plausible markets.

In addition to the low market shares, the parties are not close competitors. While Visolit primarily targets small and medium-sized companies, Advania has no such focus and provides its services to both large and small private companies, multinationals, government authorities and public sector businesses. The parties do not consider each other important competitors in any segment, cf. section 9 below. [REDACTED]

[REDACTED] Similarly, Advania does not see Visolit as a significant competitor in any segment, due to the different operating models. Advania focuses on larger clients with tailored solutions, whereas Visolit focuses on smaller customers with standardized solutions. [REDACTED]

After the Transaction the parties will face substantial competition from a number of players, including multinational and regional players such as Accenture (USA), CapGemeni S.A. (France), Microsoft (USA), Hewlett Packard (USA), Tieto/EVRY (Nordics), Atea (Nordic and Baltics), Dustin (Nordics), CGI (Canada), IBM (USA), Sopra Steria (France), Visma (Norway) and Intility (Norway). This applies to all segments where the parties are currently active. These competitors are strong brands and provide services to customers all over the world.

The market for IT-services is highly dynamic and competitive, with a strong focus on the development of new and innovative services and solutions. IT services are of essence to both private and public actors within most markets, and many have internal IT departments / specialists. Customers therefore frequently possess considerable purchasing competence, resulting in high demands on the quality of services provided. Both public and private market actors therefore enjoy significant purchasing powers in this market.

Moreover, the development of cloud based services has increased the market's global dimension, as physical presence is no longer required. This has allowed a number of international players to establish presence in Norway. Recent examples include Cognizant, Tata Consultancy Services and HCL Technologies, which deliver a significant part of their services from data centres located outside of Norway. These companies have within a short timeframe secured important customer contracts in Norway, including DNB and Aker. Furthermore, in recent years, the global hyperscale public cloud providers (such as Microsoft, AWS, Google) have been increasingly making their services directly and more easily accessible to all customer groups, including small and medium-sized companies, thereby increasing the competitive pressure on companies such as Visolit and Advania. It is expected that international players will increase their market share in Norway in the years to come.

9 CUSTOMERS, COMPETITORS AND SUPPLIERS

9.1 Advania

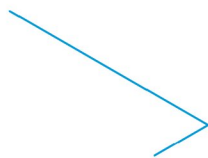
9.1.1 Most important customers and suppliers in the IT-market

	Customers	Suppliers
1		
2		
3		
4		
5		

9.1.2 Most important competitors

As mentioned above, Advania offers services in the business areas infrastructure & integration and professional business services in Norway. They do not have any important competitors in other segments of the IT-market.

	IT infrastructure and integration	Professional services
1		
2		
3		
4		
5		



9.2 Visolit

9.2.1 *Most important customers and suppliers in the IT-market*

	Customers	Suppliers
1		
2		
3		
4		
5		
6		

9.2.2 *Most important competitors*

	IT outsourcing and implementation	Consultancy services	Hardware	Software
1				
2				
3				
4				
5				

10 ANNUAL REPORTS

Goldman Sachs Annual Report and Financial Statement can be found on <https://www.goldmansachs.com/investor-relations/financials/current/annual-reports/2020-annual-report/index.html>

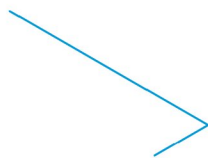
Appendix 4: Advania Annual Report and Financial Statement

Appendix 5: Visolit New TopCo Annual Report and Financial Statement

11 DISCLOSURE/PUBLIC ACCESS

This notification contains business secrets, cf. Section 18 b of the Competition Act. All business secrets are highlighted in yellow in annex 6. The notification also includes confidential appendices. Justification for business secrets is set out in a separate appendix. That explanatory document is also considered as confidential information in its entirety.

Appendix 6: Confidential version



Appendix 7: Justification of business secrets

We kindly ask to be notified should the Competition Authority receive any requests for access to this notification or other documents in the case.

Best regards

Advokatfirmaet Thommessen AS



Heidi Jorkjend
Advokat