



Determination of the Competition Authority

Determination No. M/03/018 of the Competition Authority, dated 17 July 2003, under Section 21 of the Competition Act, 2002

Notification No. M/03/018 – Hewlett-Packard Sverige AB/ Telefonaktiebolaget LM Ericsson

Introduction

1. On 17 June 2003 the Competition Authority, in accordance with Section 18(1) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposal whereby Hewlett-Packard Sverige AB (“HP”) would acquire the information technology assets (the “IT Assets”) of Telefonaktiebolaget LM Ericsson (“Ericsson”), as part of an outsourcing arrangement under which HP would provide information technology services (“Ericsson IT Services”) to Ericsson. The arrangement will include the transition to HP of the benefit of IT services supply contracts which Ericsson has entered into with third parties.

The Parties

2. HP is a global provider of computing and imaging products and services - including information technology services such as consulting, education, design and installation, ongoing support and maintenance and IT services outsourcing - mainly to commercial organisations.
3. Ericsson is a manufacturer of wireless telecom infrastructure equipment. Ericsson's other products include corporate networking gear, cable, defence electronics, and software for mobile messaging and commerce. Ericsson is also a seller of mobile telephones through a joint venture with Sony.

Analysis

4. The parties’ activities in Ireland overlap in the provision of IT management services, one of a number of various types of IT services available in Ireland. There are a number of other providers of IT services and IT management services in Ireland - both global providers and more locally based operations. Currently the IT Assets are primarily used by Ericsson for the provision of IT services to Ericsson and thus are to a large extent “captive”. The parties’ combined share of the provision of IT management services in Ireland is estimated at [less than 10]%. Their combined share of the provision of IT services generally in Ireland is estimated at [5-15]%. The acquisition by HP of the IT Assets of Ericsson does not raise competition concerns.
5. The outsourcing arrangement, upon which the acquisition of the IT Assets is contingent, is limited in time and allows Ericsson the option to buy back that part of the IT Assets employed by HP for the supply of the Ericsson IT Services to Ericsson. The outsourcing agreement between HP and Ericsson does not raise competition concerns.



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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 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

Terry Calvani
Member of the Competition Authority

17 July 2003