



Case M1397J

Proposed acquisition of Tenura ApS by JT (Jersey) Limited

Decision, as amended 14 August 2018 (Proposed acquisition of NeoConsult ApS and Nomad IP ApS by Jersey Telecom (UK) Limited)

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Amendment 14 August 2018

NOTE: Following the Decision of the JCRA of 27 July, the parties to this transaction have been amended.

The parties will be:

- Purchaser: Jersey Telecom (UK) Limited – incorporated in the UK, company number 7476338
- Seller: Tenura ApS – incorporated in Denmark, company number 31579716
- Targets: Nomad IP ApS – incorporated in Denmark, company number 3812047
NeoConsult ApS – incorporated in Denmark, company number 33362099

As a result of the transaction, the Purchaser will purchase the remaining 80% shares it does not currently own in the Targets.

This does not affect the assessment of the transaction or decision of the JCRA.

Summary

1. JT (Jersey) Limited (**JT**) currently owns a minority stake of 20% in Tenura ApS (**Tenura**). It now intends to purchase the remaining 80% of the issued share capital in Tenura, which will result in JT becoming the sole owner of Tenura and its subsidiary companies, NeoConsult ApS (**Neo**) and Nomad IP ApS (**IP Co**).
2. The transaction has been notified to the Jersey Competition Regulatory Authority (**JCRA**) for approval pursuant to Article 21 of the Competition (Jersey) Law 2005 (the **2005 Law**).
3. The JCRA has determined that the proposed acquisition will not lead to a substantial lessening of competition in any relevant market and hereby approves the notified transaction.

The Notified Transaction

4. On 11 July 2018, the Channel Islands Competition and Regulatory Authorities¹ (**CICRA**) received a joint application from JT (the **Purchaser**) and Tenura (the **Target**) for the proposed acquisition by the Purchaser of the remaining share capital of Tenura not currently owned by JT.
5. CICRA registered the application on its website with a deadline for comments of 26 July 2018. No submissions were received.

The Parties

6. JT is a Jersey registered company (Company number 83487). JT is the incumbent telecommunication provider in Jersey and has been providing fixed line telecommunication services in Jersey since 1895. The Treasurer and the States of Jersey Investments Limited (a States of Jersey owned holding company) are the sole shareholders of JT (Group) Limited, of which JT is a wholly owned subsidiary. JT provides mobile, fixed line, broadband, leased line telecommunication services, directory and data centre services to consumers and businesses located in Jersey, and operates under a Class III licence issued by the JCRA.
7. Tenura is a Denmark registered company with economic activity in software development. It provides software development services and platforms and focuses on the following business areas:
 - Java development
 - Datamining / revenue assurance / management reports
 - Software architecture
 - Technical project management
 - Regression testing using Selenium & Cucumber
 - Oracle database setup, management and application optimisation

¹ The JCRA and GCRA co-ordinate their activities with respect to competition law enforcement in the Channel Islands. For the purposes of this document, the JCRA and GCRA are together referred to as CICRA, and all references to CICRA should therefore be read as references to each of the JCRA and GCRA unless the context otherwise requires.

8. Tenura provides platform and software development services to JT. It provides JT with an Internet Of Things (IOT) platform (Nomad). The Nomad platform is also being used by JT to automate the provision of fibre broadband services.

Jersey: Requirement for JCRA Approval

9. Under Article 2(1)(b) of the 2005 Law, a merger² occurs where a person who controls an undertaking acquires direct or indirect control of the whole or part of another undertaking. On completion of the notified transaction, JT will have acquired 100% of the shares in, and therefore sole control of, Tenura. The notified transaction therefore constitutes a merger as defined by the 2005 Law.
10. According to Article 20(1) of the 2005 Law, a person must not execute certain mergers or acquisitions except with, and in accordance with, the approval of the JCRA.
11. Article 4 of the Competition (Mergers and Acquisitions) (Jersey) Order 2010 (the **Order**) provides that if one or more of the parties to the proposed merger or acquisition has an existing share of 40% or more of the supply or purchase of goods or services of any description supplied to or purchased from Jersey³, then the merger must be notified to the JCRA for approval under Article 20(1) of the 2005 Law.
12. According to information provided by the parties to the transaction, JT has a share of more than 40% in the supply of mobile, fixed line, broadband, directory and leased line telecommunications services in Jersey. The notified transaction therefore requires the approval of the JCRA prior to its execution.

Market Definition

13. Under Article 22(4) of the 2005 Law, the JCRA must determine if the merger would substantially lessen competition in Jersey or in any part of Jersey. To this end, it will identify the markets which are likely to be affected by the merger and then assess whether competition in these markets will be substantially lessened⁴.

Views of the Parties

14. The parties consider the relevant product market to be 'software and platform development'. They consider that the relevant geographic market is wider than Jersey and the Channel Islands and is likely to be worldwide.

CICRA Consideration

15. The European Commission has previously considered that the market for IT services could be segmented depending on (i) the functionality of the services and (ii) the different sectors

² For brevity, mergers and acquisitions are referred to as 'mergers' in this document.

³ Unless it falls within one of two exceptions, neither of which apply in this case.

⁴ In many cases, a market may already have been investigated and defined by CICRA or another competition authority. CICRA may take note of market definitions applied by other competition authorities, although these are not precedents. Competition conditions may change over time, changing the market definition. Market definition will always depend on the prevailing facts.

concerned⁵. It has also considered that IT services are provided on at least a national basis, and could be broader with major providers operating on a worldwide basis.

16. For the purpose of this decision, the precise market definition can be left open since, for the reasons outlined below, the proposed acquisition would not result in a substantial lessening of competition on any reasonable basis.

Effect on Competition

17. Pursuant to Article 22(2) of the 2005 Law, the JCRA must determine if the proposed acquisition would substantially lessen competition in Jersey or any part of it.
18. There is no horizontal overlap between the activities of the parties. JT does not provide software development services in Jersey. Since the parties do not currently compete in Jersey, the acquisition will not substantially lessen competition in this regard.
19. The acquisition will not give rise to anti-competitive vertical foreclosure in Jersey since neither party is active in a market upstream or downstream of a market in which the other is active.
20. The notified transaction will therefore not give rise to a substantial lessening of competition on any reasonable basis.

Decision

21. Based on the preceding analysis the JCRA concludes that the acquisition will not substantially lessen competition in Jersey or any part of Jersey.
22. The merger is therefore approved under Article 22(1) of the 2005 Law.

27 July 2017

By Order of the Board of the JCRA

⁵ See Case No COMP/M.6921 IBM ITALIA / UBIS