



Determination of the Competition Authority

Determination No. M/04/055 of the Competition Authority, dated 15 October 2004, under Section 21 of the Competition Act, 2002

Notification No. M/04/055 –The proposal by British Telecommunications plc to acquire B.I.C. Systems Group Limited

Introduction

1. On 22 September 2004 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 British Telecommunications plc (“BT”) would purchase the entire issued share capital of B.I.C. Systems Group Limited (“B.I.C.”). The notified transaction is hereinafter described as “the proposed acquisition”.

The Parties

2. BT, a subsidiary of BT Group plc, has international presence. It is principally a supplier of telecommunications services, high-end broadband and Internet products and services, and information technology (“IT”) solutions. A BT subsidiary, Esat Telecommunications Limited, trades as Esat BT and supplies telecommunications products and services in the State.
3. B.I.C., the target, is based in Northern Ireland. B.I.C. supplies information communications technology (“ICT”) products and services in the UK, Northern Ireland and the State (through a Dublin-based subsidiary, B.I.C. Systems (IRL) Limited).

Analysis

4. Esat BT principally provides telecommunication products and services in the State: any IT services it provides are described as being incidental to its main activity. B.I.C. operates in three main sectors in the State: supply of IT hardware and software (about €[...] annual turnover); IT consulting and managed services (about €[...] annual turnover); and IT training (about €[...] annual turnover). The parties therefore operate in distinct business sectors in the State, though those sectors could possibly be described as segments of an overall IT and telecommunications industry.
5. The commercial rationale of the proposed acquisition is focused on Northern Ireland, where the parties overlap in the supply of IT services and solutions. BT’s Northern Ireland division (“BTNI”) supplies a range of IT services to corporate and public sector customers, as does the target. Post-acquisition, BTNI would acquire skilled B.I.C. personnel and could offer a wider portfolio of IT services to customers in Northern Ireland.
6. Unlike the situation in Northern Ireland, there is minimal overlap between the parties’ business activities in any industry for goods or services in the State. Therefore the proposed acquisition would not substantially increase concentration in any industry in the State.

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



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acquisition by British Telecommunications plc of B.I.C. Systems Group Limited will not be to substantially lessen competition in any market for goods or services in the State and, accordingly, the proposed acquisition may be put into effect.

For the Competition Authority

Edward Henneberry
Member of the Competition Authority

15 October 2004