



## News Release

54/05

2 September 2005

### **CC FORMALLY CLEARS FRANCISCO PARTNERS/ G INTERNATIONAL MERGER**

The Competition Commission (CC) has formally cleared the completed acquisition by Francisco Partners LP (Francisco Partners) of G International Inc (G International).

In its final report published today on the CC's web site at [www.competition-commission.org.uk/inquiries/ref2005/francisco/index](http://www.competition-commission.org.uk/inquiries/ref2005/francisco/index), the CC's inquiry group has concluded (by a majority of three to two) that the acquisition may not be expected to lead to a substantial lessening of competition within the market for EDI communication services in the United Kingdom.

The CC received some responses following publication of the provisional findings report on 14 July 2005. The inquiry group considered these responses and, as a result, sought further evidence from a number of parties. This evidence was taken into account where appropriate, in the final report. The inquiry group has confirmed its provisional conclusions in the final report.

Francisco Partners, parent of Global Exchange Services, Inc. (GXS), bought IBM's global EDI VAN business (G International) in November 2004.

Chairman of the Inquiry Group, Diana Guy, said:

"We believe that customers, notably in those areas where IBM would have provided competition, will have sufficient viable alternatives for these to act as a competitive constraint on the merged company. These include the potential use of newer alternatives and the continuing presence of smaller providers of EDI Van services and resellers.

"Competition for smaller customers between GXS and IBM was limited prior to the merger so this acquisition will have little effect on them. Larger customers have the most scope to seek alternatives and hold a particularly strong influence in this market and therefore on the behaviour of the merged company, as their choice of provider or product is often followed by smaller customers."

Two members of the Group dissent from this majority view.

## Notes for editors

1. On 22 March 2005, the Office of Fair Trading (OFT) referred the completed acquisition of G International from International Business Machines Corporation (IBM) by Francisco Partners to the CC for investigation and report. The reference was made under section 22 of the Enterprise Act 2002.
2. The Francisco/G International Inquiry Group consists of five members: Diana Guy (Group Chairman), Diane Coyle, Peter Stoddart, Alan Young and Richard Taylor.
3. The CC report published on 2 September 2005 which set out the CC's conclusion on the substantial lessening of competition may be found at:  
[www.competition-commission.org.uk/inquiries/ref2005/francisco/index](http://www.competition-commission.org.uk/inquiries/ref2005/francisco/index)
4. Further information on the CC and its procedures, including its policy on the provision of information and the disclosure of evidence, can be obtained from its web site at:  
[www.competition-commission.org.uk](http://www.competition-commission.org.uk).
5. Enquiries should be directed to Francis Royle (email [francis.royle@competition-commission.gsi.gov.uk](mailto:francis.royle@competition-commission.gsi.gov.uk)) or Rory Taylor on 020 7271 0242 (email [rory.taylor@competition-commission.gsi.gov.uk](mailto:rory.taylor@competition-commission.gsi.gov.uk)).