Completed acquisition by GuestLogix Inc. of Initium Onboard (BOM Merchant Technologies Limited)

ME/5684/12

The OFT’s decision on reference under section 25(2) given on 14 March 2013. Full text of decision published 22 March 2013.

Please note that the square brackets indicate figures or text which have been deleted or replaced in ranges at the request of the parties or third parties for reasons of commercial confidentiality.

PARTIES

1. GuestLogix Inc. (GuestLogix) is a global provider of onboard retail payment technology solutions to airline and rail passenger travel industry and incorporated in Canada. GuestLogix’ global headquarters is located in Toronto, Canada with regional head offices around the globe including GuestLogix USA Inc., serving the Americas, located in Dallas, Texas; GuestLogix Europe Limited, located in Bracknell, UK and GuestLogix Technologies Limited located in Bristol (new name for its completed acquisition of BOM Merchant Technologies), serving Europe, Middle East and Africa; GuestLogix Asia Pacific Limited, located in Hong Kong.

2. Initium Onboard (Initium) is a UK based provider of onboard retail payment technology to the airline and rail industries. Initium is the trading name for BOM Merchant Technologies Limited, a subsidiary of the BOM Group Holdings. Initium’s UK turnover in 2012 was [< £70m].

TRANSACTION

3. On 4 September 2012 GuestLogix acquired all of the issued and outstanding shares of Initium for a total transaction value of £3.3 million. GuestLogix paid 60 per cent in cash and 40 per cent in common shares.

4. This transaction was identified by the OFT’s Mergers Intelligence Committee. The four month statutory limit within which to consider this transaction was due to expire on 4 January 2013 but this deadline was extended to 10 May 2013 by virtue of section 25(2) notice of the Enterprise Act 2002 (the Act).
JURISDICTION

5. The OFT considers that two enterprises have ceased to be distinct. The turnover test under section 23(1) (b) of the Act is not met since Initium’s UK turnover is less than £70 million.

6. For the purposes of the share of supply test under section 23(3) of the Act, the OFT considered, on a cautious basis, the narrowest reasonable description of services provided by the parties to UK customers to be the supply of onboard retail payment technology to the airline and/or rail industry. The OFT has not reached a final conclusion on whether this is a reasonable description of products and services in which the parties overlap given that, on any basis (be it supply to rail customers, to airline customers or both) the combined share of supply of the parties does not exceed the relevant threshold. This is in terms of either the number of point of sale devices or passenger numbers served by airlines and train operators using onboard retail payment technology.

7. On the basis of the information available to it, the Office of Fair Trading has decided that the completed acquisition of Initium by GuestLogix does not qualify for investigation under the mergers provisions of the Act, because neither the UK turnover test nor the share of supply test is met. A relevant merger situation has, therefore, not been created.

OFFICE OF FAIR TRADING
13 March 2013