

## **SUBMISSION FROM UNITED SUPPLIES**

**From:** [United Supplies]

**Sent:** 10 May 2016

**To:** [CMA]

**Subject:** Iron Mountain /Recall Holdings Ltd - Proposed Acquisition

Dear [CMA],

I have now read the Provisional Findings Report with all the related documents & appendices, which you sent me, & I am now responding to them.

### **Background to this reply**

When United Supplies was initially contacted on 29th January 2016 to respond, within 5 days, to the implications of an acquisition involving two major international groups in an area in which one of our divisions operated in the North East of Scotland, I was fairly slow to respond & only did so reluctantly after you chased us persistently.

I viewed our comments as of little value in the grand scheme of things & accordingly my response reflected that & was pretty brief.

It started to dawn on me as a result of your follow up questions & the direction they seemed to be trying to point me, that the North East of Scotland, far from being incidental, was of crucial importance & so it has turned out to be.

I can now see that my brevity has resulted in incorrect conclusions being drawn, as to the importance of United Supplies in this exercise, & for my part in this I apologise & hopefully will now remedy.

I have reviewed my initial response to yourselves & the only inaccuracy was that I stated we did not undertake "indexing".

The reason was that "indexing" was not a term we understood, but of course we do this, as it is the basis of the computerised tracking & reporting of the boxes & indeed in certain cases of the files contained therein.

However, my principle concern in your report relates to your conclusion that:-

"in Aberdeen such an acquisition would reduce the main competitors from three to two - Iron Mountain & Box-it."

This is not correct, United Supplies is also a very major competitor in this local marketplace.

### **The Aberdeen market & United Supplies's place in it.**

United Supplies has several divisions, one of which owns & operates the sole Customs & Excise Common User Bond in Aberdeen & the North East of Scotland &

has done so for over 30 years.

Fifteen years ago it set up a Document Storage division due to its similarity to Bonded warehousing.

The systems, controls & accuracy required in Bonded warehousing were obviously way ahead of anything required for document storage.

That remains the case today. Make a mistake & the excise & duty cost can be considerable.

(Please refer to The Document Storage Division section of our Website which explains our Document Storage Division)

[http://www.unitedsuppliesltd.co.uk/document\\_management\\_and\\_storage.html](http://www.unitedsuppliesltd.co.uk/document_management_and_storage.html)

At the outset there were three main competitors in Aberdeen.

Iron Mountain, the leader, with national coverage.

C21 with only local coverage & a wider range of services

United Supplies, also with only local coverage.

More recently C21 opened premises in Dundee & a Box-it facility opened in Edzell, 36 miles south of Aberdeen, in 2014.

So, for most of that time, there were three main competitors, then four for one year only. If C21 remains within Iron Mountain, it will be back to three again. i.e. back to square one.

Let us discuss the competition:-

Iron Mountain will always win on price, if it decides a contract is big enough for it to be aggressive.

Iron Mountain will always win with companies which wish national coverage, such as banks, major accountants, oil companies, major legal firms & so on.

C21 are a direct competitor of United Supplies & although they offer a wider range of services, these seldom feature in the decision making process. It is mainly down to price & service & for the storage of boxes only.

C21's Dundee location has no relevance to the Aberdeen market, as I am sure it was opened with the aim of diversification away from the oil industry not to support it.

Dundee has no oil & gas business of any note whatsoever, as it missed the oil boom completely. In the early 1970's Aberdeen welcomed the incoming Oil Industry with open arms. Dundee's trade unions laid down onerous conditions to entry. It was no contest. Dundee never recovered.

United Supplies competes on service. It has a city centre location & offers almost instant delivery which has major attraction to those customers who use this service almost as an extension of their office. [✂].

Its customer base includes, inter alia, Oil related companies, Non oil related companies, [✂]. However remember, everything in Aberdeen is oil related in some way or another.

For reasons of confidentiality & security, we do not list Document Storage Customers in our website, but you will see the views of other customers. It all relates to one thing "Service" that is what we provide in every Division.

<http://www.unitedsuppliesltd.co.uk/customer-comments.html>

Box-it North Scotland is part of a major national competitor, offering all the services of C21 & more, with the advantage of offering national coverage to compete with Iron Mountain in that area.

Their location of 36 miles from Aberdeen would appear not to be a problem. [✂]

The combination of Iron Mountain, United Supplies & Box-it is every bit as competitive as Iron Mountain, United Supplies & C21 which was the situation before. In fact Box-it potentially offers more than C21.

### **United Supplies – other important facts**

United Supplies has never been constrained for cash & has grown by expanding into related areas.

If its customers want it to provide something, it will endeavour to provide that service.

Accordingly, if we had felt there was a requirement to provide additional services to our document storage customers we would have provided it.

To our knowledge, we have never failed to gain a customer due to lack of such services, only due to price or lack of national coverage.

In the past, we have in fact stored computer back up tapes for customers within an appropriate secure area, but it has only ever been a tiny part of our service.

We have never been asked to provide storage for core samples. I do believe the Commission has placed far too much reliance on the evidence of the relatively small number of traditional oil majors such as Shell, who are now deserting the North Sea for easier pastures elsewhere in the world.

Large though they once were in Aberdeen, they were a relatively small part of the enormous number of oil related companies in the city. These companies are no different from those in any other sector in the UK.

Their needs are the same. It is the storage & management of boxes of data, simple as that. I would be amazed if the more unusual requirements accounted for more than 5% of their total requirements.

We have an inspection room which is used by our customers to examine their boxes, without having to remove these from the premises.

As our existing building, which we own, is getting closer to capacity, we are examining the market for another building to expand our document storage facility.

### **Aberdeen & the Oil Industry**

It is now accepted in Aberdeen that the boom days are gone & will not be coming back, even when the oil price recovers, as the oil left in the North Sea will be relatively uneconomic to recover. This is why both Shell & BP have been selling off their existing North Sea fields.

Practically everything in Aberdeen revolves round the oil industry. Offices, hotels, retail outlets, restaurants, motor dealers, taxis, hairdressers etc. All will have to adjust to a new reality. It is going to be painful.

Severe change has already taken place in the Document Storage market. Customers are much more aware of the need to cut costs & many more boxes are being removed & destroyed on a regular basis than in the past.

[✂]. We are very much in the firing line as we require no contractual obligation nor additional cost to remove. If a customer is unhappy, he can go. That is how we operate.

There will indeed be an oil industry in the North Sea for a number of years to come & also decommissioning work, but it will all be at a much lower level.

As a result, the Aberdeen property market is now a disaster area & will get a lot worse, but one plus is that finding a suitable building to acquire will not be the problem it would have been in the past.

### **Conclusion**

My conclusion is that if Iron Mountain retains C21, the competition aspects in the Aberdeen area will be no worse than that which applied up to 2014 & will probably be improved because of the range of services provided & national coverage of Box-it.

I understand the remit of the Competition & Markets Authority is to ensure that competition is not reduced, however this would be requiring an increase above the level which had existed in the past from 2002 to 2014.

It was only higher than that temporarily, for one year, after Box-it entered the market.

Surely that exceeds the remit?

If there is any further information which you require please let me know & once again I apologise for underestimating the importance of our Company to an investigation on two major world wide groups.

With kind regards.

[✂]

**Director**

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Web: [www.unitedsuppliesltd.co.uk](http://www.unitedsuppliesltd.co.uk) <<http://www.unitedsuppliesltd.co.uk>>