

Completed acquisition by GTCR of PR Newswire

Notice under paragraph 2(1) of Schedule 10 to the Enterprise Act 2002 (the Act) – consultation on proposed undertakings in lieu of reference pursuant to section 73 of the Act

ME/6619/16

Introduction

1. On 16 June 2016, GTCR LLC (**GTCR**), through its subsidiary PWW Acquisition LLC, acquired PR Newswire Europe Ltd¹ and a number of other target companies and assets constituting the PR Newswire business (**PR Newswire**) (the **Merger**).
2. On 20 June 2016, the Competition and Markets Authority (**CMA**) decided under section 22(1) of the Enterprise Act 2002 (the **Act**) that it is or may be the case that the Merger constitutes a relevant merger situation that has resulted or may be expected to result in a substantial lessening of competition (**SLC**) within a market or markets in the United Kingdom (the **SLC Decision**).
3. On 20 June 2016, GTCR offered undertakings in lieu of reference to the CMA for the purposes of section 73(2) of the Act.
4. On 21 June 2016, the CMA decided under section 73A(2)(b) of the Act that there were reasonable grounds for believing that the undertakings offered by GTCR, or a modified version of them, might be accepted under section 73(2) of the Act.

¹ Including PR Newswire Brazil Ltda, PR Newswire Argentina SA, NotilogPRN Argentina SA, PR Newswire S. de RL de CV, Hors Antenne Holdings SAS, Cyperus SA, PR Newswire Asia Ltd, PRN Business Consulting (Shanghai) Co. Ltd, PRN Delaware Inc, PR Newswire Middle East Ltd, PRNnet (and their subsidiaries) and the PRN India Business (meaning the trade or business of the PR Newswire business, comprising the newswire, public relations, investor relations and related business conducted by UBM plc and its affiliates in India).

5. The text of the SLC Decision and a copy of the CMA's notice that the undertakings in lieu offered by GTCR might be accepted (**the UILs Notice**) are available on the CMA webpages.²

The undertakings offered

6. The SLC Decision found that, prior to the Merger, GTCR (through its subsidiary Gorkana) and PR Newswire (through its subsidiary Agility) were competing in the supply of media contact databases (**databases**) and that the Merger would remove the rivalry between the two. The CMA found that the Merger gives rise to a realistic prospect of an SLC in relation to the supply of databases in the UK.
7. As set out in the UILs Notice, to address the SLC identified by the CMA GTCR has offered undertakings to divest the Agility Business (the **Divestment Business**) to Innodata. The text of the undertakings is available on the CMA webpages (the **Proposed Undertakings**).³
8. GTCR has also entered into an agreement for the sale and purchase of the Divestment Business with Innodata, an upfront buyer, before the CMA's final acceptance of the Proposed Undertakings. This agreement is conditional on acceptance by the CMA of the Proposed Undertakings.

CMA assessment

9. The CMA currently considers, subject to responses to the consultation required by Schedule 10 of the Act that the Proposed Undertakings will resolve the SLC identified in the SLC Decision in a clear-cut manner, ie without giving rise to material doubts about the overall effectiveness of the Proposed Undertakings or concerns about their implementation.⁴ This is because the Proposed Undertakings remove the Parties' overlap in the supply of databases in the UK, and will place Innodata in an equivalent competitive position in the supply of databases to that of PR Newswire currently. The CMA also considers that the Proposed Undertakings would be capable of ready implementation, because the Divestment Business is a viable business and because GTCR has already agreed the sale of the Agility business with

² See the [GTCR/PR Newswire merger inquiry case page](#).

³ See the [GTCR/PR Newswire merger inquiry case page](#).

⁴ *Mergers: Exceptions to the duty to refer and undertakings in lieu of reference guidance (OFT1122)*, December 2010, Chapter 5 (in particular paragraphs 5.7–5.8 and 5.11). This guidance was adopted by the CMA (see *Mergers: Guidance on the CMA's jurisdiction and procedure (CMA2)*, January 2014, Annex D).

Innodata as part of a proposed settlement to alleviate the United States' Department of Justice's competition concerns.

Suitability of the proposed purchaser

10. In approving a purchaser, the CMA's starting position is that it must be confident without undertaking a detailed investigation that the proposed purchaser will restore pre-merger levels of competition. The CMA therefore seeks to ensure that:
 - (a) the acquisition by the purchaser remedies, mitigates or prevents the SLC concerned and any adverse effect resulting from it;
 - (b) the proposed purchaser is independent of and unconnected to the merging parties;
 - (c) the proposed purchaser has the necessary financial resources, expertise, incentive and intention to maintain and operate the divested business as an effective competitor in the marketplace;
 - (d) the proposed purchaser is reasonably expected to obtain all necessary approvals, licences and consents from any regulatory or other authority; and
 - (e) the acquisition by the proposed purchaser does not itself create an SLC within any market or markets in the UK.⁵
11. Innodata is a global digital services and solutions company. Globally, it is active in content services, data analytics and media intelligence (including media monitoring, media analysis, and database access). In the UK it primarily provides content services only.
12. As regards independence, Innodata has no equity interest in or interest in any debt of GTCR or PR Newswire. There are no structural links between Innodata and GTCR or PR Newswire. There are some limited contractual relationships between Innodata and GTCR, and between Innodata and PR Newswire, but the CMA does not consider these to be material. Overall, the CMA considers that there are no material links between Innodata and GTCR or PR Newswire.

⁵ [OFT1122](#), paragraphs 5.25–5.30.

13. As regards financial resources, Innodata has no bank debt and plans to finance the acquisition (including both consideration and the cost of integrating the Divestment Businesses) from its existing cash reserves.
14. In terms of expertise and commitment to the market, Innodata does not currently operate its media intelligence business in the UK, but operates media intelligence products in North America under the names MediaMiser and Bulldog Reporter. Specifically, it operates:
 - (a) MediaMiser Enterprise, for media monitoring and analysis. MediaMiser's media monitoring products provide automated, real-time traditional and social media monitoring services, using a proprietary technology platform to monitor, aggregate, analyse and share content;
 - (b) MediaPro, a media contact database including over 100,000 journalists; and
 - (c) Bulldog Reporter and Inside Health Media, which are information products for PR and communications professionals.
15. To successfully enter the UK market, Innodata has negotiated a transitional services agreement, including office support services and temporary access to the Avalanche big data engine pending transition to MediaMiser's proprietary engine, with PR Newswire to ensure the continuous supply of Agility's products. Innodata notes that in North America it currently enjoys high retention rates and levels of customer satisfaction, which it intends to replicate in the UK. Innodata plans significant investment into the integrated business to ensure the success of the business going forward and meet the challenges of adapting to the UK market.
16. Innodata notes that the opportunity to acquire the Divestment Businesses fits with its existing strategy and states that it is focused on growing its UK business across all three business segments, as shown, for example, by its interest in acquiring Cision UK and Vocus UK when their divestment was proposed in *GTCR/Gorkana*.⁶
17. Therefore, subject to responses to this consultation, the CMA currently considers Innodata to be a suitable purchaser of the Divestment Business.

⁶ *GTCR/Gorkana* (Completed acquisition by GTCR Canyon UK Investments Ltd of Gorkana Group Limited).

Proposed decision and next steps

18. For the reasons set out above, the CMA currently considers that the Proposed Undertakings and the purchase of the Divestment Business by Innodata are, in the circumstances of this case, appropriate to remedy, mitigate or prevent the competition concerns identified in the SLC Decision and form as comprehensive a solution to these concerns as is reasonable and practicable.
19. The CMA therefore gives notice that it proposes to accept the Proposed Undertakings in lieu of a reference of the Merger for a phase 2 investigation.
20. Before reaching a decision as to whether to accept the Proposed Undertakings, the CMA invites interested parties to make their views known to it. The CMA will have regard to any representations made in response to this consultation and may make modifications to the Proposed Undertakings as a result. If the CMA considers that any representation necessitates any material change to the Proposed Undertakings, the CMA will give notice of the proposed modifications and publish a further consultation.⁷
21. Representations should be made in writing to the CMA and be addressed to:

Maxwell Harris
Mergers Group
Competition and Markets Authority
Victoria House
37 Southampton Row
London
WC1B 4AD

Email: maxwell.harris@cma.gsi.gov.uk

Telephone: 020 3738 6843

Deadline for comments: 7 July 2016

⁷ Under paragraph 2(4) of Schedule 10 to the Act.