

Completed acquisition by Solera Holdings, Inc. of Autodata Publishing Group Limited

Decision that undertakings might be accepted

ME/6670-17

Please note that [X] indicates figures or text which have been deleted or replaced in ranges at the request of the parties for reasons of commercial confidentiality.

Introduction

1. On 26 January 2017, Solera Holdings, Inc. (**Solera**), via its wholly owned subsidiary HPI Holdings Limited (**HPI**), acquired Emperor 1 Ltd (**Emperor 1**), the ultimate holding company of Autodata Publishing Group Limited (**Autodata**) (the **Merger**). Solera, HPI and Autodata are together referred to as the **Parties**.
2. On 17 May 2017, 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 the date of the SLC Decision, the CMA gave notice to Solera of the SLC Decision, pursuant to section 34ZA(1)(b) of the Act. However, the CMA did not refer the Merger for a phase 2 investigation pursuant to section 22(1) on the date of the SLC Decision, in order to allow Solera the opportunity to offer undertakings to the CMA in lieu of such reference for the purposes of section 73(2) of the Act.
4. Pursuant to section 73A(1) of the Act, if a party wishes to offer undertakings for the purposes of section 73(2) of the Act, it must do so within the five working day period specified in section 73A(1)(a) of the Act. Accordingly, on 24 May 2017, Solera offered undertakings to the CMA for the purposes of section 73(2) of the Act.

5. The CMA now gives notice to Solera, pursuant to section 73A(2)(b) of the Act, that it considers that there are reasonable grounds for believing that the undertakings offered, or a modified version of them, might be accepted by the CMA under section 73(2) of the Act and that it is considering the offer.

The undertakings offered

6. Under section 73 of the Act, the CMA may, instead of making a reference, and for the purpose of remedying, mitigating or preventing the SLC concerned or any adverse effect which has or may have resulted from it or may be expected to result from it, accept from such of the merger parties concerned as it considers appropriate undertakings to take such action as it considers appropriate.
7. The SLC Decision found that the Merger gives rise to a realistic prospect of an SLC in relation to the supply of vehicle repair and maintenance information (**RMI**) platforms in the UK.
8. To address this SLC, Solera has offered to divest its RMI platform in the UK, E3 Technical, which is a business within CarweB Limited's (**CarweB**) UK automotive data and services business (the **Proposed Undertakings**). The assets that Solera has offered to divest include:
 - (a) CarweB's proprietary E3 Technical platform, including the software required to deliver the E3 Technical platform (eg source code and all relevant user interfaces);¹
 - (b) the licence from HaynesPro whereby CarweB has the right to distribute the HaynesPro technical database;²
 - (c) a helpdesk to provide RMI technical support (via phone or email);
 - (d) the code and know-how for cross-referencing and linking a Vehicle Registration Mark (**VRM**) lookup to the database;
 - (e) CarweB's employees associated with E3 Technical including business development and technical staff;

¹ The software to be transferred enables the delivery of the HaynesPro database via a web portal, or (for certain larger customers) via web services, to enable integration of the database into the proprietary systems of larger corporate customers.

² [REDACTED].

- (f) CarweB's contracts with E3 Technical customers, including CarweB's corporate customers (who integrate RMI data into their solutions or sell products via a white label platform) and workshops; and
 - (g) other intangible assets, such as the brands associated with E3 Technical.
- 9. For the avoidance of doubt, CarweB's VRM licence from the Driver Vehicle Licensing Agency (**DVLA**) will not be transferred. Solera, however, has offered to provide transitional support to the potential buyer in the form of an arm's length royalty free licence to enable the potential buyer to offer CarweB's VRM lookup services through E3 Technical on a temporary basis.
- 10. Solera has also offered to enter into a sale agreement with a buyer approved by the CMA before the CMA finally accepts the Proposed Undertakings (the **Upfront Buyer Condition**).
- 11. The assets which Solera has offered to transfer are below referred to as the **E3 Technical Business**.

The CMA's provisional views

- 12. The CMA considers that undertakings in lieu of a reference are appropriate when they are clear-cut and capable of ready implementation. The CMA's starting point when assessing undertakings is to seek an outcome that restores competition to the level that would have prevailed absent the merger.³

Proposed Undertakings to Divest

- 13. The CMA believes that the Proposed Undertakings, or a modified version of them, will replace CarweB with a competitor in the supply of RMI platforms, with an established customer base and a competitive RMI platform. As such, the Proposed Undertakings may remedy the loss of the pre-Merger competitive constraint provided by CarweB on Autodata.
- 14. Although Solera's VRM licence will not be divested under the Proposed Undertakings, a potential buyer may have several options to develop its own VRM lookup functionality:
 - (a) it could create its own VRM lookup;

³ *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).

- (b) it could incorporate the VRM enablement data of a third party into the E3 Technical platform; or
 - (c) it could acquire a perpetual VRM licence from CarweB.
15. The Upfront Buyer Condition means that the CMA will only accept the Proposed Undertakings after Solera has entered into an agreement with a nominated buyer that the CMA considers to be suitable. It also means that, before acceptance, the CMA will consult publicly on the suitability of the nominated buyer, as well as other aspects of the Proposed Undertakings. The CMA considers that an Upfront Buyer Condition is necessary because there are only a limited number of suitable purchasers that could successfully acquire the E3 Technical business.⁴
16. The CMA currently believes that the Proposed Undertakings are capable of amounting to a sufficiently clear-cut and effective resolution of the CMA's competition concerns. The CMA also believes at this stage that the Proposed Undertakings may be capable of ready implementation, because the E3 Technical business is a limited and readily-identifiable set of assets that is capable of being transferred to an upfront purchaser.

Provisional conclusion on the proposed undertakings

17. For these reasons, the CMA currently thinks that there are reasonable grounds for believing that the Proposed Undertakings, or a modified version of them, might be accepted by the CMA under section 73(2) of the Act.
18. The CMA's decision on whether ultimately to accept the Proposed Undertakings or refer the Merger for a phase 2 investigation will be informed by, among other things, third party views on whether the Proposed Undertakings are suitable to address the competition concerns identified by the CMA. In particular, before ultimately accepting the Proposed Undertakings, the CMA must be confident that the nominated buyer is effective and credible such that the competitive constraint provided by CarweB absent the Merger is replaced to a sufficient extent.

⁴ See [OFT1122](#), paragraphs 5.31–5.37, and [CMA2](#), paragraph 8.34.

Consultation process

19. Full details of the undertakings offered will be published in due course when the CMA consults on the undertakings offered as required by Schedule 10 of the Act.⁵

Decision

20. The CMA therefore considers that there are reasonable grounds for believing that the Proposed Undertakings offered by Solera, or a modified version of them, might be accepted by the CMA under section 73(2) of the Act. The CMA now has until 27 July 2017 pursuant to section 73A(3) of the Act to decide whether to accept the undertakings, with the possibility to extend this timeframe pursuant to section 73A(4) of the Act to 22 September 2017 if it considers that there are special reasons for doing so. If no undertakings are accepted, the CMA will refer the Merger for a phase 2 investigation pursuant to sections 22(1) and 34ZA(2) of the Act.

⁵ [CMA2](#), paragraph 8.29.