

JLA/WASHSTATION MERGER INQUIRY

Summary of hearing with Mr Copley, the former owner of Washstation, on 22 August 2018 at 2pm – 2:30pm

1. Mr Copley explained that he had read the CMA's provisional findings in the JLA/Washstation merger phase 2 investigation, published on 10 August 2018 (the **PFs**). He said that he agreed with the findings and had no further comments on the PFs.
2. Mr Copley said that the divestiture of the Washstation business would be an effective remedy to address the competition problems found in the PFs.
3. Mr Copley said that the scope of the divestiture package depended on the requirements of the purchaser. He said that the inclusion of sales staff and a call centre was not essential, as the necessary resource could be separately procured. Mr Copley said that service engineers would be required and that the most important item to be included in the package was an IT system, including the Greenwald card payment system and app, [redacted] used the system. Mr Copley told us that the system would need to work immediately following the divestiture, as students would otherwise not be able to pay for use of the laundry services.
4. Mr Copley said that the length of the transition period following the divestiture depended on the needs of the purchaser. [redacted].
5. Mr Copley said that [redacted].
6. Mr Copley said that there were managed laundry suppliers which would be interested in acquiring Washstation. However, their suitability depended on their concrete plans for the business and in the sector. Mr Copley told us that [redacted] competitive constraint on Washstation was quite minimal and Washstation never lost a tender to [redacted] during his time running Washstation. [redacted]. Mr Copley said that there may be suitable purchasers who are not currently operating in the managed laundry services market, but that specific expertise is required to develop the business.
7. Mr Copley stated that a monitoring trustee and hold separate manager were necessary to ensure that the JLA and Washstation businesses were held separate and that Washstation continued to operate as a going concern during the divestiture period.

8. Mr Copley told us that service quality might be affected by the divestiture of the Washstation business to a suitable purchaser, although this depended on the purchaser's strategy in relation to the business.