

Completed acquisition by Salesforce.com, Inc. of Tableau Software, Inc.

Decision on relevant merger situation and substantial lessening of competition

ME/6841/19

The CMA's decision on reference under section 22(1) of the Enterprise Act 2002 given on 22 November 2019. Full text of the decision published on 19 December 2019.

Please note that [X] indicates 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.

SUMMARY

1. On 1 August 2019, Salesforce.com, Inc. (**Salesforce**) acquired Tableau Software, Inc. (**Tableau**) (the **Merger**). Salesforce and Tableau are together referred to as the **Parties**.
2. The Competition and Markets Authority (**CMA**) believes that it is or may be the case that each of Salesforce and Tableau is an enterprise; that these enterprises have ceased to be distinct as a result of the Merger; and that the share of supply test is met. The four-month period for a decision has not yet expired. The CMA therefore believes that it is or may be the case that a relevant merger situation has been created.
3. The Parties overlap in the supply of Business Intelligence (**BI**) software on a global or at least EEA-wide basis. In particular, the Parties offer modern BI software (**Modern BI**): Salesforce offers Einstein Analytics, a cloud-based Modern BI tool powered by artificial intelligence (**AI**), while Tableau is a provider of enterprise business analytics software products, including various Modern BI products. In addition, there are non-horizontal relationships between the Parties: Salesforce's Customer Relationship Management (**CRM**)

platform integrates with third-party products, including BI software. The CMA has therefore assessed the impact of the Merger in relation to:

- (a) the supply of BI software on a worldwide or at least EEA-wide basis; and
 - (b) the supply of CRM software on a worldwide or at least EEA-wide basis.
4. However, it was not necessary for the CMA to reach a conclusion on the frame of reference, since, as set out below, no competition concerns arise on any plausible basis.
 5. The CMA investigated whether the Merger would give rise to horizontal unilateral effects in relation to the supply of BI software on a worldwide or at least EEA-wide basis. The CMA has found that the Merger does not give rise to competition concerns because the Parties currently are not close competitors and there are a number of other BI vendors that will continue to constrain the merged entity (**Merged Entity**) post-Merger.
 6. The CMA also considered two conglomerate theories of harm in relation to the Merger:
 - (a) foreclosure of competing BI software providers on a worldwide or at least EEA-wide basis, as a result of technical restrictions or bundling/tying of CRM products with BI products; and
 - (b) foreclosure of competing CRM software providers on a worldwide or at least EEA-wide basis, as a result of technical restrictions or bundling/tying of BI products with CRM products.
 7. The CMA found that the Parties would not have the ability and the incentive, post-Merger, to foreclose competing BI and CRM software providers.
 8. As a result, the CMA does not believe that it is or may be the case that the Merger has resulted, or may be expected to result, in a substantial lessening of competition (**SLC**) as a result of horizontal unilateral or conglomerate effects.
 9. The Merger will therefore **not be referred** under section 22(1) of the Enterprise Act 2002 (the **Act**).

ASSESSMENT

Parties

10. Salesforce is a global supplier of CRM products and technology that enables companies to manage and improve their relationship with customers. The

turnover of Salesforce in the financial year ended 31 January 2019 was £10,349 million worldwide and [X] in the UK.¹

11. Tableau is a provider of business analytics software products which enable business users to engage with data and solve problems. The turnover of Tableau in the financial year ended 31 December 2018 was approximately £865 million worldwide and approximately [X] in the UK.²

Transaction

12. The Merger was completed on 1 August 2019 by way of an exchange offer: Sausalito Acquisition Corp, a wholly-owned subsidiary of Salesforce, acquired all the outstanding shares of Tableau Class A common stock and Class B common stock for US\$ 15.7 billion. As a result of this, Tableau continues as the surviving corporation and an indirect wholly-owned subsidiary of Salesforce.³
13. The Parties informed the CMA that the Merger was also the subject of review by competition authorities in the USA and Germany.⁴

Rationale for the Transaction

14. The Parties submitted that the Merger will:⁵
 - (a) combine two complementary offerings to enable Salesforce to reach a broader set of customers and users by offering an expanded product portfolio;
 - (b) enable Tableau to benefit from Salesforce's expertise to expand its customer reach and investment to enable customer-enhancing innovation; and
 - (c) give the Parties an opportunity to accelerate their own innovation to keep pace in an area characterised by well-funded existing competitors of all sizes and new entrants that continuously seek to improve existing solutions in the market.

¹ Final Merger Notice submitted on 3 October 2019 (FMN), Table 6-1.

² FMN, Table 6-2.

³ FMN, para. 2.1.

⁴ FMN, para. 2.2.

⁵ FMN, para. 1.2.

Procedure

15. The CMA's mergers intelligence function identified this Merger as warranting an investigation.⁶

Jurisdiction

16. Each of Salesforce and Tableau is an enterprise. As a result of the Merger, these enterprises have ceased to be distinct.
17. The Parties overlap in the supply of Modern BI software. The CMA considers that Modern BI software refers to tools and platforms that (i) allow users in a self-service manner to develop and present the results of data exploration and analysis; (ii) develop interactive management information dashboards and reports; and (iii) may support user development with integrated statistical modelling, machine learning (**ML**) or natural language processing and require minimal support of IT specialists to integrate and manage new data sources.
18. The Parties submitted that the Merger does not give rise to a relevant merger situation as the share of supply test is not met in any plausible market segment in the UK identified in relevant industry reports,⁷ including a market segment for Modern BI. The Parties submitted that the Parties' combined share of supply in the UK is less than [20-30]% in the supply of Modern BI or any other plausible market segment.⁸
19. The CMA considered the Parties' submissions along with the third party industry reports identified by the Parties. The CMA notes that there were significant discrepancies between the UK turnover estimates in these third party reports and the actual UK turnover figures provided by the Parties and third parties. The CMA therefore asked all providers which it identified as supplying Modern BI software in the UK for their UK turnover figures in relation to these supplies in the last financial year.⁹
20. On the basis of the figures provided by the Parties and their competitors, the CMA estimates that the Parties have a combined share in the supply of Modern BI software in the UK of [20-30]%, with an increment of [0-5]% as a

⁶ See [Mergers: Guidance on the CMA's jurisdiction and procedure](#) (CMA2), January 2014, paragraphs 6.9-6.19 and 6.59-60.

⁷ [REDACTED].

⁸ FMN, para. 2, 5.2 and Annex 1 to the FMN.

⁹ The CMA notes that the share of supply test is not an economic assessment of the type used in the CMA's substantive assessment; therefore, the group of goods or services to which the jurisdictional test is applied need not amount to a relevant economic market (CMA2, para. 4.56).

result of the Merger. Accordingly, the CMA believes that it is or may be the case that the share of supply test in section 23 of the Act is met.

21. The Merger completed on 1 August 2019 and the CMA was informed about the completion on the same day. The four month deadline for a decision under section 24 of the Act is 1 December 2019.
22. The CMA therefore believes that it is or may be the case that a relevant merger situation has been created.
23. The initial period for consideration of the Merger under section 34ZA(3) of the Act started on 7 October 2019 and the statutory 40 working day deadline for a decision is therefore 29 November 2019.

Background

24. The Parties' activities fall within the broader Enterprise Application Software (**EAS**) sector. In previous cases, the European Commission (**EC**) has considered that the business software market (distinguished from consumer software), can be divided into individual-use software (eg Microsoft Excel) and software solutions for an entire enterprise (EAS).¹⁰ In these cases, the EC further segmented the EAS market according to functionalities with broadly similar purposes, including CRM and Business Analytics (**BA**), amongst others.¹¹
25. The Parties' overlapping activities fall within the BA space. The EC has defined BA as tools and applications for tracking, analysing and managing data in support of corporate decision making processes.¹² The EC has found that BA comprises different types of software, including BI (where the Parties are both active).¹³
26. The EC has defined BI tools as query, reporting and analysis tools on the one hand and advanced analytics on the other. These tools allow data mining, ad hoc query capabilities, reporting functions, scorecards and modelling.¹⁴ In this regard, third party market reports have further segmented BI software into

¹⁰ *Oracle/Peoplesoft* (COMP/M.3216), para 18. The EC defined EAS as software that supports the major business functions needed to manage a business effectively, such as managing corporate finances, automating the sales and marketing functions of a company, or managing the resources involved in corporate projects. *Oracle/Peoplesoft* (COMP/M.3216), para 17. See also *IBM/Cognos* (COMP/M.4987) and *SAP/Business Objects* (M.4944).

¹¹ *Oracle/Peoplesoft* (COMP/M.3216), para 18.

¹² *IBM/Cognos* (COMP/M.4987), para 10.

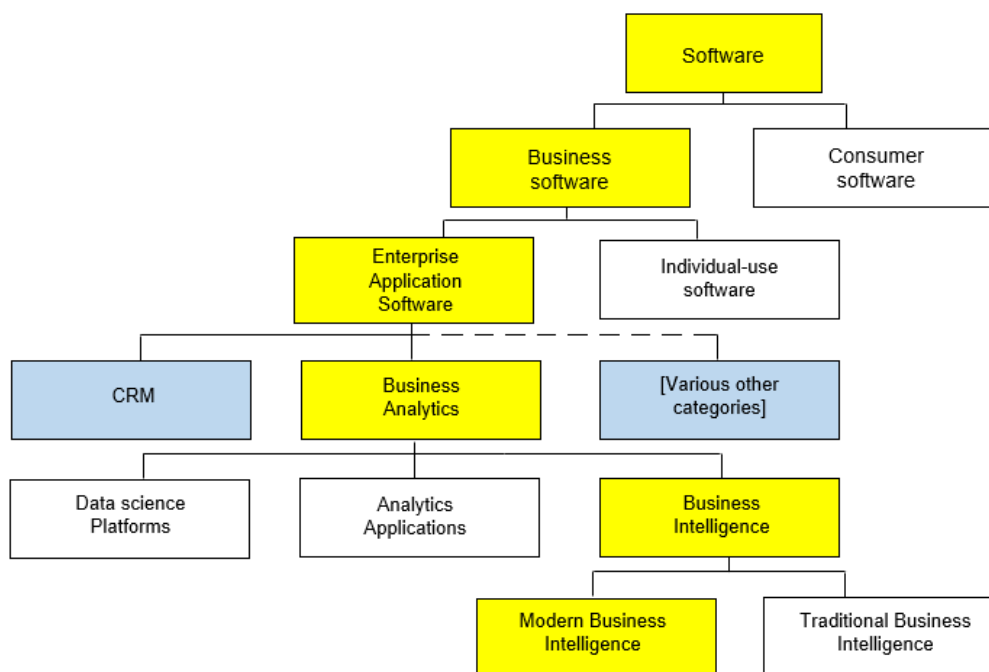
¹³ *SAP/Business Objects* (M.4944), para 10.

¹⁴ *SAP/Business Objects* (M.4944), para 11.

Traditional BI (ie BI products centred on reporting functions, such as Microsoft Excel) and Modern BI (in which the Parties are active, as discussed at paragraph 17).¹⁵

27. Salesforce also supplies CRM products. The EC has found that CRM software encompasses applications that automate customer-facing business functions (eg sales, marketing, customer service and support, call centres and processes related to the automation of sales: order processing, contact management, information sharing, inventory monitoring and control, order tracking, sales forecast and analysis, etc.).¹⁶
28. A simplified overview of the products in which the Parties are active is presented in Figure 1. The products in which the Parties overlap have been highlighted in yellow. The products in which only Salesforce is active are those in blue.

Figure 1 – Overview of the products in which the Parties are active¹⁷



Parties' products

29. Salesforce offers six main products:¹⁸

¹⁵ Gartner Market Share: Enterprise Application Software, Worldwide, 2018 report; IDC Semi-annual Software Tracker, H2 2019.

¹⁶ Oracle/Peoplesoft (COMP/M.3216), para 18.

¹⁷ FMN, Figure 13-1, page 23.

¹⁸ FMN, para 12.5, 18.2 and Salesforce website: <https://www.salesforce.com>, and CMA's analysis.

- (a) Sales Cloud, a cloud-based CRM application which enables businesses to optimise their sales processes;
 - (b) Service Cloud, a cloud-based service application which enables businesses to improve customer service across channels;
 - (c) Marketing Cloud, a digital marketing platform which includes tools for email marketing, social media marketing, mobile marketing and online marketing;
 - (d) Salesforce Platform, a platform which enables Salesforce products to be customised to individual business needs and integrated with other systems. It is also an app development solution allowing businesses to build and deploy their own applications;
 - (e) Commerce Cloud, an eCommerce platform which enables businesses to drive increased engagement and revenue from customers; and
 - (f) Einstein Analytics, a cloud-based Modern BI tool powered by AI. It delivers a portfolio of self-service analytics apps. Einstein Analytics is embedded within the Salesforce platform, across its other products, but can also access external data sources. Einstein Analytics is currently offered as an add-on to other Salesforce products and is not sold independently.
30. Salesforce also offers training and other related services with respect to these products.¹⁹
31. Tableau currently offers five key Modern BI products:²⁰
- (a) Tableau Desktop, a self-service analytics product that connects to data on-premises or in the cloud;
 - (b) Tableau Server, an analytics platform for organisations;
 - (c) Tableau Online, an analytics platform fully hosted in the cloud (a hosted software-as-a-service version of Tableau Server);
 - (d) Tableau Prep, a data preparation product for combining, sharing and cleaning data; and

¹⁹ Salesforce response to RFI dated 20 September 2019, question 7.

²⁰ FMN, para 12.2.

- (e) Tableau Public, a free cloud-based platform for analysing and sharing public data.
32. Tableau also offers training, professional services, maintenance and technical support services with respect to these BI software products.²¹

Recent trends in the BI market

33. The available evidence indicates that the BI market is fast-moving and dynamic. For example:
- (a) A Gartnerⁱ report states: '[REDACTED]'.²²
- (b) A Forrester report states: '[REDACTED]'.²³
34. Industry reports and the Parties' internal documents characterise the BI market as transitioning from Traditional BI towards Modern BI. For example:
- (a) A Gartner report includes a diagram produced by Gartner on an annual basis, 'the Magic Quadrant' which illustrates the market positioning of BI players as 'Challengers', 'Leaders', 'Niche Players' or 'Visionaries'.²⁴ In relation to this diagram, Gartner states: '[REDACTED]'.²⁵
- (b) In one Salesforce document, a diagram from a [REDACTED] report presenting the evolution of the BI market is replicated. [REDACTED].²⁶
- (c) Another Salesforce internal document notes that within BI, the share of Traditional BI platforms is predicted to decline from [REDACTED]% in 2016 to [REDACTED]% in 2021, whereas the share of Modern BI platforms is predicted to increase from [REDACTED]% in 2016 to [REDACTED]% in 2021.²⁷

²¹ FMN, para 12.3.

²² [REDACTED]. Select the Right Analytics and Business Intelligence for the Right User and Use Case 40.3, page 1.

²³ [REDACTED]. "The Forrester Tech Tide™: Enterprise Business Insights And Analytics, Q1 2019" (January 2019), pages 5-6.

²⁴ This diagram is featured and discussed in the Parties' internal documents. See for example, Annex 184 of Tableau's consolidated index: [REDACTED] and Annex 14 to the FMN: [REDACTED].

²⁵ [REDACTED]. Magic Quadrant for Analytics and Business Intelligence Platforms.

²⁶ Annex 204 to the FMN, [REDACTED]. The source of the information is cited as [REDACTED].

²⁷ Annex 198 to the FMN, [REDACTED].

Relevant competitive parameters within BI software

35. Most third parties who responded to the CMA's merger investigation submitted that the main factors considered when purchasing BI software tools are the following:
- (a) Interoperability of the BI platform. This can be done through native connections (ie where the tool is already connected to multiple data sources) or custom connections (ie where the tool has the ability to connect to additional data sources). The Parties' customers who responded to the CMA's merger investigation mentioned that 'custom' connections are usually less efficient and require data to be managed and processed outside the BI application. However, one customer stated that using a 'custom' connection is not a major disadvantage compared to using native connections.²⁸
 - (b) The products' analytics capabilities. In this regard, some customers mentioned the importance of the future roadmap of AI/ML capabilities, adequate visualisation options (eg the types of graphs available), or data discovery capabilities as important factors when choosing a BI software provider.
 - (c) Ease of use for both technical and business users. In this regard, customers mentioned the importance of the ease of use of the BI software tool by its intended users and the ease with which they could incorporate it into their daily workflow. This factor seems to be of particular importance for less sophisticated businesses that do not have access to IT professional services within their organisations.
 - (d) Pricing. Some customers also noted the importance of pricing in their purchase decisions.
36. Third party reports indicate that the vast majority of customers ([REDACTED]) use at least two different BI software tools.²⁹ This is consistent with the CMA's market testing: most of the Parties' customers who responded to the CMA's questionnaire indicated that they use more than one BI software tool within their organisations.
37. The available evidence also suggests that ongoing product development and the addition of new functionalities to the tools offered by BI software providers

²⁸ [REDACTED].

²⁹ [REDACTED], Business Intelligence Competency Center Market Study by Dresner, 2019.

are key competitive parameters in this market. For instance, providers are increasingly integrating ML and AI functionalities to enhance their BI products:

(a) A Gartner report states: '[REDACTED]'.³⁰

(b) A report by Forrester states: '[REDACTED]'.³¹

(c) One of Tableau's internal documents states [REDACTED].³²

38. The CMA considers that the above evidence illustrates that the BI market is a dynamic and evolving space, which appears to be driven in large part by BI software providers' investment in enhancing their products to compete.

Counterfactual

39. The CMA assesses a merger's impact relative to the situation that would prevail absent the merger (ie the counterfactual) and considers the effect of the merger compared with the most competitive counterfactual provided that it is realistic. For completed mergers, the CMA generally adopts the pre-merger conditions of competition as the counterfactual against which to assess the impact of the merger. However, the CMA will assess the merger against an alternative counterfactual where, based on the evidence available to it, it believes that, in the absence of the merger, the prospect of these conditions continuing is not realistic, or there is a realistic prospect of a counterfactual that is more competitive than these conditions.³³

Parties' submissions

40. The Parties submitted that the appropriate counterfactual should be the pre-Merger conditions of competition.³⁴

41. However, the Parties also submitted that the analytics market is fast-moving and dynamic and that it is expected to undergo rapid expansion in the coming years.³⁵ Moreover, the Parties submitted that regardless of the Tableau acquisition, Salesforce plans to continue developing Einstein Analytics.³⁶

³⁰ [REDACTED]. Magic Quadrant for Analytics and Business Intelligence Platforms, page 2.

³¹ [REDACTED]. The Forrester Wave_ Enterprise BI Platforms (Vendor-Managed), Q3 2019, page 1.

³² Annex 209 of Tableau's consolidated index, [REDACTED].

³³ *Merger Assessment Guidelines* (OFT1254/CC2), September 2010, from paragraph 4.3.5. The *Merger Assessment Guidelines* have been adopted by the CMA (see *Mergers: Guidance on the CMA's jurisdiction and procedure* (CMA2), January 2014, Annex D).

³⁴ FMN, para. 11.

³⁵ FMN, para.2.5 and 22.1.

³⁶ FMN, para 18.3.

CMA's assessment

42. As mentioned in paragraph 33 above, according to the available evidence, the BI market is fast-moving and dynamic. Innovative new functionalities introduced by new entrants continue to drive incumbent BI software providers to evolve and develop their products to remain competitive.
43. Within this context, the CMA has considered the Parties' commercial strategies absent the Merger.

Salesforce's Einstein Analytics product

44. The available evidence indicates that Salesforce would have continued to further develop the BI capabilities of its Einstein Analytics product absent the Merger.
45. Salesforce's internal documents show that Einstein Analytics has grown significantly in the last three years, [REDACTED].³⁷
46. The focus of Salesforce's development plans for Einstein Analytics has been on AI or augmented analytics:
 - (a) Internal documents suggest that Salesforce had the aspiration to [REDACTED].³⁸
 - (b) Some internal documents also reflect Salesforce's aspiration of marketing Einstein's 'augmented analytics' capabilities when competing against vendors with less/no such capabilities (eg Tableau or Qlik).³⁹ Some of these documents refer to Einstein Analytics as a leader/gold standard for augmented analytics.⁴⁰
 - (c) Another internal document states that Salesforce's priorities in this space are to '[REDACTED]'. This document also includes the following vision for Einstein Analytics: '[REDACTED]'.⁴¹
47. Salesforce submitted that Einstein Analytics can already be used to analyse data from Salesforce's products and from third party sources. Salesforce confirmed that it has enabled an increasing number of data source connectors to Einstein Analytics, enabling customers to analyse broader sets of data

³⁷ Annex 387 to FMN, [REDACTED].

³⁸ See for example Annex 198, [REDACTED] and Annex 203 to FMN, [REDACTED].

³⁹ Annex 198 to FMN, [REDACTED].

⁴⁰ Annex 203 to FMN, [REDACTED].

⁴¹ Annex 64 to FMN, [REDACTED]. See also Annex 198 to the FMN, [REDACTED], page 23, which states, under the heading [REDACTED].

within the Einstein Analytics tool.⁴² Approximately [REDACTED]% of the data analysed by Einstein Analytics currently derives from third party systems/platforms.

48. However, the CMA notes that Einstein Analytics is not currently available as a standalone product: customers need to be a user of the Salesforce platform to be able to use Einstein Analytics. The CMA has not identified any internal documents [REDACTED].
49. The CMA therefore considers that Salesforce's strategy absent the Merger was to take steps to consolidate and improve its competitive presence with Einstein Analytics, but that it was not expected to [REDACTED].

Tableau's BI products

50. The available evidence indicates that Tableau was expected to continue to grow and further develop its BI products absent the Merger:
 - (a) A Tableau internal document indicates that '[REDACTED]'.⁴³ The same document indicates that Tableau's strategy is to [REDACTED].⁴⁴
 - (b) Another document indicates that '[REDACTED]'.⁴⁵
 - (c) Another Tableau internal document discussing how Tableau can engage with [REDACTED] indicates that the next steps would be either [REDACTED]. In the same document, it is indicated that '[REDACTED]'.⁴⁶
 - (d) Salesforce's internal documents indicate that the strategic rationale for the Merger is in part driven by [REDACTED].⁴⁷ Salesforce's valuation of Tableau at \$15.7 billion is partly based on [REDACTED].⁴⁸

Conclusion

51. In light of the evidence set out above, the CMA has considered the impact of the Merger relative to the pre-merger conditions of competition. However, the CMA considers that the pre-merger conditions of competition are not static. The evidence suggests that the BI software market is dynamic and the Parties would have continued to pursue growth strategies to improve their existing

⁴² Salesforce response to the CMA's section 109 dated 18 October 2019, question 2.

⁴³ Annex 209 of Tableau's consolidated index, [REDACTED].

⁴⁴ Annex 209 of Tableau's consolidated index, [REDACTED].

⁴⁵ Annex 211 of Tableau's consolidated index, [REDACTED].

⁴⁶ Annex 212 of Tableau's consolidated index, [REDACTED].

⁴⁷ See for example Annex 389 to the FMN, [REDACTED].

⁴⁸ Annex 385 to the FMN, [REDACTED].

products and to develop new products or product features in the foreseeable future. In particular, the CMA considers that, absent the Merger, Salesforce would have taken steps to further expand Einstein Analytics, consolidating and improving its competitive presence, with Tableau also being expected to grow and develop its products. These developments have been taken into account within the CMA's competitive assessment.

Frame of reference

52. Market definition provides a framework for assessing the competitive effects of a merger and involves an element of judgement. The boundaries of the market do not determine the outcome of the analysis of the competitive effects of the merger, as it is recognised that there can be constraints on merging parties from outside the relevant market, segmentation within the relevant market, or other ways in which some constraints are more important than others. The CMA will take these factors into account in its competitive assessment.⁴⁹
53. When selecting a candidate market in horizontal mergers, the CMA will include at least the substitute products (narrowly defined) of the merger firms. In non-horizontal mergers, the CMA will include at least one of the products of the merger firms.⁵⁰
54. As noted above, the Parties overlap in the supply of BI software. In addition, there are non-horizontal relationships between the Parties: Salesforce's CRM platform integrates with third-party products, including BI software.⁵¹ BI software tools, including those offered by Tableau, are used to analyse data produced by Salesforce's CRM solutions, often in combination with data from other sources.

Product scope: BI software

Parties' submissions

55. The Parties submitted that:
 - (a) the relevant frame of reference is the supply of BA software but the precise definition can be left open;

⁴⁹ [Merger Assessment Guidelines](#), paragraph 5.2.2.

⁵⁰ [Merger Assessment Guidelines](#), paragraph 5.2.11.

⁵¹ FMN, para. 3.2.

- (b) sub-segments of the BA market (such as BI), as noted in third party industry sources, are not clear-cut distinctions in market activity and there is overlap between the various sub-segments, with vendors in each segment increasingly adding functionality that extends to the other sub-segments;
- (c) as regards the BI segment, a further segmentation distinguishing between Modern BI and Traditional BI would not be an accurate reflection of the competitive dynamics of the market; and
- (d) defining the product frame of reference as Modern BI would be too narrow: Tableau regularly competes against Traditional BI vendors and other BI software products, as customers do not approach their purchasing decision looking for Modern BI software in isolation.⁵²

CMA assessment

BI software

- 56. The Parties are both active in the supply of BI software, which falls within the wider category of BA software.
- 57. The CMA notes that third party sources, including Gartner and IDC, focus specifically on the BI software market.⁵³ The Parties' internal documents also discuss competition in relation to BI software.⁵⁴
- 58. Based on the evidence above, the CMA considers it is appropriate to assess the effects of the Merger by reference to the supply of BI software.

Modern BI vs Traditional BI

- 59. The CMA has further assessed whether the product frame of reference could be further segmented between Traditional and Modern BI. The available evidence is mixed on this point:
 - (a) Many of the larger players in the BI market (eg Microsoft, SAP, Oracle, IBM, SAS)⁵⁵ offer both Traditional and Modern BI solutions, and vendors

⁵² FMN, para. 13.7-13.20.

⁵³ See for instance Doc 5 "Gartner Critical Capabilities for Analytics and Business Intelligence Platforms" [REDACTED]; Document "IDC BI software market Final 2018 shares and size" [REDACTED] and [REDACTED], "Magic Quadrant for Analytics and Business Intelligence Platforms".

⁵⁴ See for instance, Doc 11 "[REDACTED]" attached to Tableau's response to the CMA's section 109 notice dated 11 July 2019; Doc 3 "[REDACTED]" attached to Salesforce's response to the CMA's request for information dated 30 August 2019 and Annex 7 "[REDACTED]" attached to Tableau's response to the CMA's section 109 notice dated 20 September 2019.

⁵⁵ [REDACTED].

in each segment are increasingly adding functionalities that extend into the other segment.

- (b) Traditional and Modern BI software tools perform broadly the same function: they are able to analyse data from different sources and allow users to better visualise these large datasets in graphs or reports. However, there is a distinction between both tools with respect to their ability to interact with cloud storage solutions: Traditional BI platforms typically interact with on-premises data storage solutions; by contrast, Modern BI platforms can be deployed both on-premises and in the cloud. In this regard, the Parties' customers expressed mixed views on whether a cloud solution was preferable to on-premises applications when selecting a BI software tool: most customers stated that the choice depends on the use case and whether there are particular issues (eg sensitivity of the data and security controls) with cloud hosted data.⁵⁶ However, according to third party responses, it appears that firms are generally looking to move to a cloud environment and there may be a preference for cloud-based applications in future.
- (c) The majority of the Parties' customers which responded to the CMA's market investigation indicated that they use more than one BI platform, including both Traditional and Modern BI software tools. However, these customers also indicated that the main reason for using Traditional BI software tools is due to legacy systems, and that these tools will be slowly phased out.⁵⁷ This also appears consistent with the Parties' internal documents: for instance, one internal document predicts that the market share of Traditional BI platforms will decline from [redacted]% in 2016 to [redacted]% in 2021, whereas the market share for Modern BI platforms will increase from [redacted]% in 2016 to [redacted]% in 2021.⁵⁸

60. The CMA has not needed to conclude on whether a segmentation between Modern BI and Traditional BI is appropriate, as no competition concerns arise on any plausible basis.

61. The CMA has therefore assessed the impact of the Merger on the supply of BI software. However, the CMA considers that it is not necessary to set out the exact boundaries of the product frame of reference in this case, since no competition concerns arise on any plausible basis.

⁵⁶ [redacted].

⁵⁷ [redacted].

⁵⁸ Annex 198 to the FMN, [redacted].

Product scope: CRM software

62. The Parties did not provide any submissions with respect to this product frame of reference.⁵⁹
63. The CMA has assessed the impact of the Merger in the supply of CRM software. This approach is consistent with third party sources⁶⁰ that identify CRM as a defined sub-segment of EAS and Salesforce's internal documents which discuss competition in relation to the CRM market.⁶¹ It is also in line with some previous EC decisions, which have considered CRM as a sub-segment of EAS, given that it encompasses applications with broadly similar purposes.⁶²
64. However, the CMA considers that it is not necessary to set out the exact boundaries of the product frame of reference in this case, since no competition concerns arise in relation to the supply of CRM software on any basis.

Geographic scope: BI software

65. The Parties submitted that the geographic scope is global, or at least EEA-wide in scope.⁶³
66. However, a limited number of the Parties' internal documents discuss competition on a regional level⁶⁴ and one competitor of the Parties submitted to the CMA that it considers the competitive dynamics, to a certain degree, to vary across different geographic regions, such as North America and Europe.⁶⁵
67. On the basis of this evidence, and in line with previous precedents from the EC,⁶⁶ the CMA therefore believes that the geographic scope is global or at least EEA-wide. However, it was not necessary for the CMA to reach a

⁵⁹ FMN, para. 20.

⁶⁰ Gartner Market Share: Enterprise Application Software, Worldwide, 2018 report.

⁶¹ See for example, Annex 188 to the FMN, [REDACTED]; Annex 214 to the FMN, [REDACTED].

⁶² *SAP/Business Objects* (M.4944), para 10; *IBM/Cognos* (COMP/M.4987); *Oracle/Siebel* (COMP/M.3978). In these cases, the EC concluded that the exact product market definition may be left open since the competitive assessment would not change regardless of market definition.

⁶³ FMN, para. 13.8.

⁶⁴ Annex to the FMN 210, [REDACTED].

⁶⁵ [REDACTED].

⁶⁶ *SAP/Business Objects* (M.4944), para. 18; *IBM/Cognos* (COMP/M.4987), para 16; *SAP/Sybase* (COMP/M.5904), para 30.

conclusion on the geographic frame of reference, since, as set out below, no competition concerns arise on any plausible basis.

Geographic scope: CRM software

68. The Parties did not provide any submissions with respect to this possible frame of reference.⁶⁷
69. Salesforce's internal documents largely discuss competition in the CRM market globally.⁶⁸ However, a limited number of the Parties' internal documents discuss competition on a regional level.⁶⁹ Salesforce's competitors in the CRM market did not indicate that competitive dynamics vary according to geographic regions, whilst two competitors⁷⁰ explicitly indicated that they compete on a global scale in CRM. This is also consistent with EC precedents.⁷¹
70. On the basis of the available evidence, and in line with previous precedents from the EC,⁷² the CMA therefore believes that the geographic scope is global or at least EEA-wide.

Conclusion on frame of reference

71. For the reasons set out above, the CMA has considered the impact of the Merger in the following frames of reference:
- The supply of BI software on a worldwide or at least EEA-wide basis; and
 - The supply of CRM software on a worldwide or at least EEA-wide basis.
72. However, it was not necessary for the CMA to reach a conclusion on the frames of reference, since, as set out below, no competition concerns arise on any plausible basis.

⁶⁷ FMN, para 20.

⁶⁸ See for example, Annexes to the FMN 397, [§]; Annex 398 to the FMN, [§]; Annex 393 to the FMN, [§]; Annex 192 to the FMN, [§].

⁶⁹ For instance, see Annex 201 to the FMN, [§].

⁷⁰ [§].

⁷¹ In EC precedents assessing the CRM market mentioned in paragraph 27 above, the EC considered that this market could be worldwide or at least EEA-wide. However, the EC did not conclude since the transactions did not give rise to competitive concerns on any basis. Oracle/Siebel (COMP/M.3978), para 19.

⁷² Oracle/Siebel (COMP/M.3978), para 19.

Competitive assessment

Theories of harm

73. As set out in the following sections, the CMA has assessed the following theories of harm:
- (a) horizontal unilateral effects arising from the loss of competition in the supply of BI software on a worldwide or at least EEA-wide basis;
 - (b) conglomerate effects arising from the foreclosure of competing BI software providers on a worldwide or at least EEA-wide basis, as a result of technical restrictions or bundling/tying of CRM products with BI products; and
 - (c) conglomerate effects arising from the foreclosure of competing CRM software providers on a worldwide or at least EEA-wide basis, as a result of technical restrictions or bundling/tying of BI products with CRM products.
74. The CMA analysed each theory of harm, as set out in turn below.

Horizontal unilateral effects

75. Horizontal unilateral effects may arise when one firm merges with a competitor that previously provided a competitive constraint, allowing the merged firm profitably to raise prices or to degrade quality on its own and without needing to coordinate with its rivals.⁷³ Horizontal unilateral effects are more likely when the merging parties are close competitors. The CMA assessed whether it is or may be the case that the Merger has resulted, or may be expected to result, in an SLC in relation to horizontal unilateral effects in the supply of BI software on a worldwide or at least EEA-wide basis.
76. To assess the likelihood of the Merger resulting in horizontal unilateral effects, the CMA has considered evidence in relation to:
- (a) shares of supply;
 - (b) the closeness of competition between the Parties;
 - (c) the competitive constraints from alternative BI providers; and
 - (d) innovation and product development.

⁷³ [Merger Assessment Guidelines](#), from paragraph 5.4.1.

Shares of supply

77. The Parties submitted that their combined share of supply of BI post-Merger will remain lower than the shares of leading entities and below [10-20]% in any geography, with their combined figure for the UK being [5-10]%.⁷⁴ With respect to Modern BI platforms, the Parties submitted that their combined share of supply is below [30-40]% in any geography, with the figure for the UK being [10-20]-[20-30]%.⁷⁵
78. As part of its merger investigation, the CMA received estimates from third party sources, namely IDC and Gartner, as well as revenue data from the Parties with respect to the supply of BI. According to this data, Salesforce has a share of supply of BI (worldwide) of [0-5]%, while Tableau has a share of supply of [5-10]%. Therefore, according to these estimates, the Parties' combined share of supply of BI (worldwide) post-Merger is [10-20]%.⁷⁶
79. With respect to the supply of Modern BI, the CMA received data on revenues from (i) the Parties; (ii) third party sources, namely IDC and Gartner; and (iii) directly from the Parties' competitors. The CMA's estimates of the shares of supply in the Modern BI software, based on this data, are set out in Table 1.⁷⁷

Table 1: Shares of supply in Modern BI by revenues worldwide in 2018⁷⁸

Company	Share
Salesforce.com	[0-5]%
Tableau Software	[20-30]%
Parties combined	[20-30]%
Microsoft	[5-10]%
SAP	[5-10]%
Oracle	[5-10]%
IBM	[10-20]%
Qlik	[10-20]%
SAS	[0-5]%
MicroStrategy	[0-5]%
Information Builders	[0-5]%
TIBCO	[0-5]%
DOMO	[0-5]%
Looker	[0-5]%
Aggregate of all Other Companies	[10-20]%
Grand Total	100.0%

⁷⁴ FMN, para. 14.3.

⁷⁵ FMN, para. 14.4.

⁷⁶ IDC Semi-annual Software Tracker, H2 2019; and Gartner Market Share: Enterprise Application Software, Worldwide, 2018 report and the Parties' data.

⁷⁷ For competitors where no response has been provided as to the worldwide revenue for Modern BI (ie [X]) we have, on a cautious basis, used the lower of IDC and Gartner estimates.

⁷⁸ CMA's reconstruction based on Parties' and third-party data.

80. These shares demonstrate that Tableau is the largest supplier in Modern BI worldwide with a share of supply of [20-30]%, followed by Qlik ([10-20]%), IBM ([10-20]%), Oracle ([5-10]%), Microsoft ([5-10]%) and SAP ([5-10]%). All other suppliers are smaller, with none having a share above [0-5]%.
81. Salesforce is one of these smaller suppliers, with a share of supply in Modern BI of [0-5]%.⁷⁹ The combined share of supply of the Parties is [20-30]%.
82. In addition to the shares of supply, the CMA has considered a range of other evidence to assess closeness of competition between the Parties and the constraint imposed on the Parties by their rivals.

Closeness of competition

83. The Parties submitted that they are not close competitors as they have a different value proposition.⁸⁰ Whereas Tableau provides a full range of data analytics functionalities, Salesforce's BI product, Einstein Analytics, is focused largely on CRM use cases.⁸¹ Where customers require analysis of data from a variety of sources (as opposed to just CRM data within Salesforce) and for use cases beyond just CRM, they are unlikely to regard Salesforce as comparable to or substitutable for Tableau.⁸²
84. According to the available evidence, the CMA believes that the Parties are not currently close competitors. In particular:
 - (a) The win-loss data provided by the Parties indicates that Salesforce only competed against Tableau in approximately [~~3~~] % of the opportunities in which Tableau participated.⁸³ This is consistent with Einstein Analytics only being available to existing Salesforce customers.⁸⁴
 - (b) The Parties' internal documents indicate that whilst Salesforce appears to consider Tableau as one of its main competitors to its Einstein Analytics

⁷⁹ See Table 1, Share of supply in Modern BI by revenues worldwide in 2018.

⁸⁰ FMN, para. 15.9.

⁸¹ FMN, para. 15.9.

⁸² FMN, para. 15.9.

⁸³ This includes all opportunities in which Tableau participated in the last 12 months. Of the opportunities lost by Tableau, only around [~~3~~] % were lost to Salesforce.

⁸⁴ FMN, para. 15.9.

product, Tableau does not monitor Salesforce's Einstein Analytics in its internal documents.⁸⁵

- (c) None of the customers who responded to the CMA's merger investigation considered Einstein Analytics to be an alternative to Tableau or vice versa. This is consistent with the responses of competitors, who consistently identified Tableau, but not Einstein Analytics, as a significant supplier in this space.
- (d) According to third party reports, organisations selecting Tableau do not often consider Einstein Analytics as an alternative.⁸⁶ A Gartner report states, '[redacted]'.⁸⁷

85. The CMA therefore believes that, in light of the available evidence set out above, the Parties are not currently close competitors in the supply of BI software.

Competitive constraints from alternative BI providers

86. The Parties submitted that the Parties face competition from a range of competitors, including established players such as Microsoft, SAP, SAS, IBM, MicroStrategy, Oracle and well-funded independent players such as Qlik, Alteryx and Domo.⁸⁸
87. The CMA believes that the Parties currently face competitive constraints from a number of other BI software vendors. This is reflected in a range of evidence, in particular:
- (a) The Parties' win-loss data show that they both compete with a range of competitors, predominantly Microsoft (Power BI and Excel), but also Qlik, IBM and SAP, amongst others.
 - (b) The Parties' internal documents and third party reports refer to a number of alternative suppliers of BI software, including Microsoft, Qlik, SAP,

⁸⁵ See for example Annex 391 to the FMN 391; [redacted], Salesforce document which notes that [redacted]. In this presentation, it is also noted that [redacted], followed by Microsoft and Qlik. The presentation also includes a summary of Tableau's customers, noting that it has large and recognisable customers, and that their customer base has increased [redacted]% since Q1 2017. See also FMN, 15.11(ii). [redacted].

⁸⁶ Gartner Critical Capabilities for Analytics and Business Intelligence Platforms, published 14 May 2019, pages 28 and 34.

⁸⁷ [redacted], Magic Quadrant for Analytics and Business Intelligence Platforms, page 24-26.

⁸⁸ FMN, para 15.6.

Looker, IBM/Cognos and MicroStrategy, as well as other smaller suppliers.⁸⁹

- (c) Most of the customers responding to the CMA's merger investigation indicated that Microsoft Power BI is a competitor of the Parties. Other vendors mentioned by these customers (although not as frequently as Microsoft Power BI) were Qlik, SAP, Looker, IBM/Cognos, MicroStrategy, as well as other smaller competitors.

88. The CMA therefore believes that, in light of the available evidence set out above, the Parties face constraints from other BI software vendors.

Innovation and product development

89. As noted in paragraph 51 above, the available evidence indicates that the Parties were each expected to take steps to enhance their respective competitive offerings absent the Merger. In light of this evidence, the CMA considered the impact of the Merger on innovation and product development.

90. The Parties submitted that:

- (a) Salesforce has no intention to [REDACTED];
- (b) the Merged Entity's incentives to innovate would not decrease post-Merger due to the intensity of competition in the EAS market, in which all market participants are under significant pressure to continue to develop their products and improve functionality and performance;⁹⁰ and
- (c) due to new developments in the market triggering innovation responses by numerous competitors, overall R&D spend is budgeted to increase to enhance the Parties' current offerings.⁹¹

91. As discussed in the counterfactual section, the CMA reviewed internal documents provided by Salesforce concerning the development of Einstein Analytics. Some of these documents show that Salesforce plans to invest in Einstein Analytics [REDACTED]. The available evidence indicates that Salesforce's plans to invest in Einstein Analytics are more focused on AI or augmented analytics, a functionality that the Parties submitted Tableau does not currently

⁸⁹ For Salesforce, see for instance: Annex 203 to FMN, [REDACTED]; Annex to 32 FMN, [REDACTED]; Annex to FMN [REDACTED]. For Tableau, see for instance Annex 209 of Tableau's consolidated index: [REDACTED].

⁹⁰ FMN, para. 18.9-18.11.

⁹¹ FMN para. 18.12.

offer at present.⁹² Therefore, while the CMA believes that Salesforce would have become a more significant competitor in the supply of BI software in the future, there is some evidence to suggest that it would not have become a closer competitor to Tableau.

92. The CMA found, as explained in paragraphs 84 and 88, that the Parties are not close competitors at present, and that there is little evidence to suggest that the extent of competitive interaction between the Parties would have materially increased in future absent the Merger. The CMA also found that there are a number of competitors that constrain, and will continue to constrain, the Merged Entity in the supply of BI software. Therefore, the CMA considers that the Merger will not result in competition concerns in relation to innovation and product development.

Conclusion on horizontal unilateral effects

93. For the reasons set out above, the CMA believes that the Parties are not close competitors in the supply of BI software and there are a number of other BI vendors that will continue to constrain the Merged Entity post-Merger. Accordingly, the CMA found that the Merger does not give rise to a realistic prospect of an SLC in the supply of BI software worldwide or at an EEA-wide level.

Conglomerate effects

94. Conglomerate effects may arise in mergers of firms that are active in the supply of goods or services that do not form part of the same markets but which are nevertheless related in some way, either because their products are complements (so that a fall in the price of one good increases the customer's demand for another) or because there are economies of scale in purchasing them (so that customers buy them together).⁹³
95. In the present case, the CMA has assessed two conglomerate theories of harm in relation to the Merger:
- (a) foreclosure of competing BI software providers on a worldwide or at least EEA-wide basis, as a result of technical restrictions or bundling/tying of CRM products with BI products; and

⁹² Salesforce response to the CMA's section 109 notice dated 27 September 2019, response to question 8; Tableau response to the CMA's section 109 notice dated 18 October 2019, response to questions 2 and 3; Tableau response to the CMA's section 109 notice dated 24 October 2019, response to question 1.

⁹³ [Merger Assessment Guidelines](#), paragraph 5.6.2.

(b) foreclosure of competing CRM software providers on a worldwide or at least EEA-wide basis, as a result of technical restrictions or bundling/tying of BI products with CRM products.

96. The CMA's approach to assessing conglomerate theories of harm is to analyse (a) the ability of the Merged Entity to foreclose competitors, (b) its incentive to do so, and (c) the overall effect of the strategy on competition.⁹⁴ This analysis is discussed below.

Foreclosure of competing BI software providers

97. As mentioned at paragraph 54, Salesforce's CRM platform currently integrates with third-party products, including BI software.⁹⁵ BI software tools, such as those offered by Tableau, are used to analyse data produced by Salesforce's CRM solutions, often in combination with data from other sources. The CMA has considered whether, following the Merger, the Merged Entity could have the ability and incentive to leverage its position in the supply of CRM products to expand in the BI software market. This may involve, for example, preventing other BI software providers from accessing Salesforce's CRM platform or bundling/tying of CRM products with BI software products. This may make it difficult for other BI software providers to compete with the Merged Entity and foreclose them from the market, in whole or in part. This may result in harm to customers (eg through increased prices).

Parties' submissions

98. The Parties submitted that the Merged Entity has neither the ability nor the incentive to foreclose competing BI software providers because:

(a) Salesforce's share of supply in the CRM market is below [30-40]% on any geographic basis: Salesforce's share is estimated to be [20-30]% on a worldwide basis, [10-20]% on a Europe-wide basis and [10-20]% on a UK basis.⁹⁶

(b) Typically, customers do not buy these products at the same time or from a single source.⁹⁷

⁹⁴ [Merger Assessment Guidelines](#), paragraph 5.6.6.

⁹⁵ FMN, para. 3.2.

⁹⁶ FMN, para. 20.8.

⁹⁷ FMN, para. 20.17.

- (c) Interoperability and compatibility are key features that customers demand in both the CRM and BI software market segments. It would be infeasible for Salesforce to stop its CRM product from connecting to any other BI software tool, as this would prevent the core functions of its CRM offering from working.⁹⁸
- (d) A substantial number of other CRM players are already equally able to provide a competing bundled offer, including Microsoft, Oracle, SAP and Zendesk.⁹⁹

CMA assessment

Ability

99. In assessing whether the Merged Entity would have the ability to foreclose competing BI software providers, the CMA first considered whether Salesforce is an important source of data for competing BI software providers.
100. The evidence received by the CMA indicates that Salesforce is an important CRM provider (and therefore an important source of CRM data).¹⁰⁰ Salesforce's products account for around [20-30]% of global revenues for CRM software.¹⁰¹
101. However, the customers which responded to the CMA's merger investigation identified a number of alternatives to Salesforce for CRM software, including Microsoft Dynamics, Oracle, SAP, Adobe and Pegasystems, as well as a number of others. Therefore, although Salesforce is an important CRM provider, it faces competition from a number of other providers. The CMA considers that competing BI software providers would be able to continue to effectively compete to supply customers who use alternative CRM tools.¹⁰²
102. Nevertheless, the CMA received some evidence indicating that Salesforce might have the ability to foreclose competing BI providers in relation to certain customers currently using Salesforce's CRM products alongside a competing BI software tool.

⁹⁸ FMN, para 20.21 to 20.24.

⁹⁹ FMN, para. 20.26.

¹⁰⁰ This was reflected in Salesforce's internal documents (eg [redacted]) and third party responses.

¹⁰¹ Share of supply estimates based on (i) third party estimates (ie Gartner 'Market Share: Enterprise Application Software, Worldwide, 2018 report') and (ii) Salesforce's competitors data demonstrate that Salesforce is the largest supplier in CRM worldwide, by a large distance, with a share of supply between [20-30]% and [20-30]%. Salesforce position is particularly strong in the sales and service support segments of CRM, with worldwide share of [30-40]% and [20-30]% respectively.

¹⁰² This is also because CRM data is only one of a number of data sources analysed using BI software tools.

103. In this regard, the CMA considered whether Salesforce is technically able to pursue a foreclosure strategy. Any foreclosure could be achieved in a variety of ways including: bundling the Salesforce CRM and Tableau BI products together; reducing or removing the ability of competing BI tools to analyse Salesforce CRM data; and increasing any costs faced by competing BI tool providers in analysing Salesforce CRM data.
104. The CMA received some evidence suggesting that the Merged Entity may have the ability to engage in these practices. In particular:
- (a) Salesforce has already bundled Einstein Analytics with its CRM solutions;¹⁰³ and
 - (b) three competitors raised concerns regarding the possibility of Salesforce restricting interoperability and access to its CRM data by competing BI providers. In particular, [REDACTED].¹⁰⁴
105. However, the CMA also received evidence to suggest that there are limits to Salesforce's ability to foreclose competing BI software providers.
106. In order to restrict interoperability to support a foreclosure strategy of this nature, Salesforce would likely have to target specific providers (as the available evidence indicates that an absolute bar on interoperability would not be commercially feasible given the importance of maintaining at least some degree of interoperability for the continued success of Salesforce's CRM product). Salesforce does not currently identify the third-party products that connect to its CRM products, which would be necessary in order to target them. However, some third parties indicated that this would be technically possible. Some degree of circumvention also appears to be possible (at least for some customers).¹⁰⁵ However, this might not be feasible for all customers, and would bring with it additional costs and inconvenience.
107. The CMA therefore considered that the Merged Entity could have the ability to pursue a foreclosure strategy and has therefore also assessed the incentive of the Merged Entity to pursue such a strategy.

¹⁰³ FMN, para. 12.5.

¹⁰⁴ [REDACTED].

¹⁰⁵ Some third parties explained that customers often analysed CRM data by first collecting it alongside other data sources in a data warehouse. In these circumstances, Salesforce would not be able to prevent the customer from using their preferred BI software tool.

Incentive

108. In assessing whether the Merged Entity would have the incentive to pursue a foreclosure strategy, it is necessary to take into account the costs and benefits of such a strategy:
- (a) The costs of a foreclosure strategy would be any loss of sales by Salesforce's CRM products caused by customers switching away from Salesforce to use their preferred BI software products.
 - (b) The benefits to the Parties of any foreclosure strategy would be:
 - (i) the increase in sales of Tableau as a result of the strategy (eg as Salesforce customers currently not using Tableau switch to Tableau) and the additional profit associated with this; and
 - (ii) any increase in the price charged by Tableau's products as a result of any successful foreclosure of competing BI software providers.
109. According to the available evidence, Salesforce's margins are [X] Tableau's. This implies greater foregone profit for each CRM user lost relative to the gain from each additional BI software user. Given the presence of a number of competing CRM providers, including a number of BI software providers (Oracle, SAP, Microsoft and IBM) able to offer competing CRM/BI bundles, the CMA considers that a significant number of customers would be likely to switch away from Salesforce's products in response to any foreclosure strategy rather than switching to Tableau. Consequently, the CMA believes that the Merged Entity is unlikely to have an incentive to foreclose competing BI software providers.
110. Given the absence of an incentive to pursue a foreclosure strategy of this nature, the CMA has not considered the effect that any foreclosure could have on competition.

Conclusion on foreclosure of competing BI software providers

111. For the reasons set out above, the CMA found that the Merger does not give rise to a realistic prospect of an SLC as a result of conglomerate effects in relation to foreclosure of competing BI providers through technical restrictions or bundling/tying of CRM products with BI software products, on a worldwide or EEA-wide basis.

Foreclosure of competing CRM software providers

112. Tableau's BI software currently interoperates with multiple platforms and enterprise applications, including CRM software. The CMA has considered whether, following the Merger, the Merged Entity could have the ability and the incentive to leverage its position in the BI software market to expand in the CRM market. Such strategies may involve, for example, restricting Tableau's interoperability with other CRM platforms or bundling/tying BI software products with CRM products and thereby foreclosing competing CRM providers. This may make it difficult for other CRM providers to compete with the Merged Entity and foreclose them from the market, in whole or in part. This may result in harm to customers (eg through increased prices).
113. As discussed at paragraph 96, the CMA's approach to assessing conglomerate theories of harm is to analyse (a) the ability of the Merged Entity to foreclose competitors, (b) its incentive to do so, and (c) the overall effect of the strategy on competition.¹⁰⁶

Parties' submissions

114. The Parties submitted that the Merged Entity has neither the ability nor the incentive to foreclose competing CRM providers because:
- (a) the Parties' combined share of supply in the BI market is below [30-40]%;¹⁰⁷
 - (b) typically, customers do not buy these products at the same time or from a single source;¹⁰⁸
 - (c) the value of BI platforms is that they can analyse data from multiple sources. Tableau considers its ability to analyse data from as many sources as possible as vital to its success;¹⁰⁹ and
 - (d) a substantial number of other CRM players are already equally able to provide a competing bundled offer, including Microsoft, Oracle, SAP and Zendesk.¹¹⁰

¹⁰⁶ [Merger Assessment Guidelines](#), paragraph 5.6.6.

¹⁰⁷ FMN para. 20.8.

¹⁰⁸ FMN, para. 20.17.

¹⁰⁹ FMN para. 20.13 and 20.21.

¹¹⁰ FMN, para. 20.26.

CMA assessment

Ability

115. The CMA received some evidence suggesting that the Merged Entity may have the ability to foreclose. In particular, the evidence suggests that Tableau is an important BI software provider:
- (a) Tableau is the largest supplier in Modern BI software tools worldwide;¹¹¹ and
 - (b) the Parties' internal documents and third-party evidence characterise Tableau as the market leader in the supply of BI software, indicating that it holds a strong market position.¹¹²
116. However, the CMA also received evidence that suggests that there would be material limitations in the Merged Entity's ability to foreclose competing CRM providers.
117. First, although Tableau is the largest Modern BI supplier, its share of supply is only [20-30]%.¹¹³ As a result, competing CRM providers would continue to be able to compete where a customer uses alternative BI software to Tableau. Consequently, the CMA considers that the Parties' ability to foreclose would be limited to those customers using Tableau alongside a competing CRM product.
118. Second, the evidence available to the CMA is consistent with the view that a BI software tool is most valuable when it can connect to and analyse many data sources. For example:
- (a) There are a large number of native, in-built connections to Tableau, the majority of which are not specific to CRM products.¹¹⁴
 - (b) Marketing materials on Tableau's website focus on finance analytics, human resources, IT management and supply chain analytics, alongside examples related to CRM.¹¹⁵

¹¹¹ See Table 1: Share of supply in Modern BI by revenues worldwide in 2018.

¹¹² See para. 84.

¹¹³ See Table 1: Share of supply in Modern BI by revenues worldwide in 2018.

¹¹⁴ Parties' response to the CMA's request for information dated 20 September 2019, question 1.

¹¹⁵ <https://www.tableau.com/solutions?topic=departments> – marketing analytics, sales analytics and support and service analytics have at least some crossover with CRM.

- (c) Marketing materials of competing BI software products emphasise the ability of their products to connect and analyse data from multiple sources.¹¹⁶
- (d) Third parties, such as Blockspring, offer users the ability to establish connections between Tableau and additional data sources.¹¹⁷
- (e) A Salesforce document states that one of the factors which is a differentiator between Salesforce and Tableau is Tableau's "[✂️]".¹¹⁸

119. The importance of being able to analyse multiple data sources suggests that the Merged Entity would not have the ability to foreclose competing CRM providers unless such foreclosure could be targeted at those providers.¹¹⁹ Consequently, the CMA considered whether the Merged Entity was able to target competing CRM providers for foreclosure. Any foreclosure could be achieved through a variety of ways, including bundling the Salesforce CRM and Tableau products together, or degrading the quality or removing Tableau's in-built connections to competing CRM providers.
120. The CMA received mixed evidence regarding the importance of Tableau's in-built connections.¹²⁰ Furthermore, although Tableau has in-built connections to some CRM providers, it does not to others; where there is no such connection, Tableau would not be able to engage in this strategy. One third party also submitted that Tableau would not be able to control the data analysed by its customers using Tableau's on-premises product.
121. Finally, none of the CRM providers that responded to the CMA's merger investigation raised concerns regarding the Merged Entity's potential ability to foreclose as a result of the Merger.
122. While the CMA considers it unlikely that the Merged Entity would have the ability to foreclose competing CRM providers, the available evidence indicates that there is some prospect that it would be able to do so. For completeness,

¹¹⁶ <https://www.sisense.com/product/mash-up/>, <https://www.qlik.com/us/solutions>, <https://powerbi.microsoft.com/en-us/business-analysts/>, <https://www.alteryx.com/why-alteryx>. Also <https://www.sisense.com/data-connectors/salesforce/>, <https://powerbi.microsoft.com/en-us/integrations/salesforce/>, <https://www.tableau.com/solutions/salesforce> and <https://looker.com/data-topics/salesforce-dashboards> which specifically advertise the value of combining CRM data with data from other sources.

¹¹⁷ <https://www.blockspring.com/tableau>. See RFI2 q2 response for further details.

¹¹⁸ Annex 198 to the FMN. [✂️].

¹¹⁹ This is because anything which undermined Tableau's ability to analyse multiple data sources in general would undermine the value of Tableau.

¹²⁰ Customers who responded to the CMA's questionnaire reported using a mix of in-built and custom connections. The CMA is aware that customers can also use intermediaries who extend the number of connections offered by Tableau and customers can analyse the data via data warehouses.

the CMA has therefore considered whether the Parties may have an incentive to foreclose competing CRM providers.

Incentive

123. In assessing whether the Merged Entity would have the incentive to pursue a foreclosure strategy, it is necessary to take into account the costs and benefits of such a strategy.
- (a) The costs of any foreclosure strategy would be any loss of sales by Tableau's BI software tools as a result of customers switching away from Tableau to use their preferred CRM products.
 - (b) The benefits to the Parties of any foreclosure strategy would be:
 - (i) any increase in sales of Salesforce as a result of the strategy (eg where Tableau customers currently not using Salesforce switch to Salesforce) and the additional profit associated with this; and
 - (ii) any increase in price charged by Salesforce as a result of any successful foreclosure of competing CRM providers.
124. According to the available evidence, Salesforce's margins are relatively high compared to Tableau's. This implies greater profit for each additional CRM user relative to the cost of loss of sales for each BI software user.
125. However, the available evidence also demonstrates that there are a number of alternative BI software providers to Tableau to which users of competing CRM providers would have access, including a number of providers (Microsoft, Oracle, SAP and IBM) who can offer competing CRM/BI bundles. Therefore, the CMA considers that restricting access to competing CRM providers is less likely to have a significant impact on these providers as customers would easily be able to switch to a competing BI software provider if they did not wish to switch CRM provider. Consequently, the CMA believes that the Merged Entity is unlikely to have an incentive to foreclose competing CRM providers, since customers may switch to competing BI software providers.
126. Given the absence of an incentive to pursue a foreclosure strategy of this nature, the CMA has not considered the effect that any foreclosure could have on competition.

Conclusion on foreclosure of competing CRM software providers

127. For the reasons set out above, the CMA found that the Merger does not give rise to a realistic prospect of an SLC as a result of conglomerate effects in relation to foreclosure of competing CRM software providers through technical restrictions or bundling/tying of BI software products with CRM products, on a worldwide or EEA-wide basis.

Barriers to entry and expansion

128. Entry, or expansion of existing firms, can mitigate the initial effect of a merger on competition, and in some cases may mean that there is no SLC. In assessing whether entry or expansion might prevent an SLC, the CMA considers whether such entry or expansion would be timely, likely and sufficient.¹²¹
129. The CMA has not had to conclude on barriers to entry or expansion as the Merger does not give rise to competition concerns on any plausible basis.

Third party views

130. The CMA contacted customers and competitors of the Parties. A few competitors raised concerns regarding the possibility of Salesforce restricting interoperability and access to its CRM data by competing BI providers. No other third parties raised concerns about the Merger.
131. Third party comments have been taken into account where appropriate in the competitive assessment above.

Decision

132. Consequently, the CMA does not believe that it is or may be the case that the Merger has resulted, or may be expected to result, in an SLC within a market or markets in the United Kingdom.
133. The Merger will therefore **not be referred** under section 22(1) of the Act.

Richard Romney
Director, Mergers

¹²¹ [Merger Assessment Guidelines](#), from paragraph 5.8.1.

END NOTES

ⁱ Gartner has requested to clarify that “all statements in this decision represent the CMA’s interpretation of material contained in publications previously published as part of a syndicated subscription service by Gartner and not in contemplation of any merger or investigation. Gartner neither participated in the creation of, nor reviewed, the decision text prior to its publication. Each Gartner publication speaks as of its original publication date and not as of the date of the decision. Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner’s research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.”