

Appendices and glossary

Appendices

Appendix A: Terms of reference and conduct of the inquiry

Appendix B1: Examples from Internal Documents related to market definition

Appendix B2: Market Definition– Internal document screenshots

Appendix C: Our approach to the assessment

Appendix D: Third party alternative supplier scores

Appendix E: How does a tender process work?

Appendix F: FNZ and GBST tender classifications

Appendix G: Competitive assessment – Internal document screenshots

Appendix H: Examples from Internal Documents

Appendix I: Assessment of alternative suppliers

Appendix J: Share of supply estimates by FNZ

Appendix K: Product development

Appendix L: Third party views on the merger

Appendix M: Non-Retail tenders

Glossary

Appendix A: Terms of reference and conduct of the inquiry

Terms of reference

1. In exercise of its duty under section 22(1) of the Enterprise Act 2002 (the **Act**) the Competition and Markets Authority (**CMA**) believes that it is or may be the case that:
 - (a) a relevant merger situation has been created, in that:
 - I. enterprises carried on by FNZ have ceased to be distinct from enterprises carried on by GBST; and
 - II. the condition specified in section 23(2)(b) of the Act is satisfied; and:
 - (b) the creation of that situation has resulted, or may be expected to result, in a substantial lessening of competition within a market or markets in the United Kingdom for goods or services, including the market for the supply of solutions involving software and/or servicing to retail investment platforms.
2. Therefore, in exercise of its duty under section 22(1) of the Act, the CMA hereby makes a reference to its chair for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013 in order that the group may investigate and report, within a period ending on 22 September 2020, on the following questions in accordance with section 35(1) of the Act:
 - (a) whether a relevant merger situation has been created; and
 - (b) if so, whether the creation of that situation has resulted, or may be expected to result, in a substantial lessening of competition within any market or markets in the United Kingdom for goods or services.

Joel Bamford
Senior Director
Competition and Markets Authority
8 April 2020

Conduct of the inquiry

3. On 8 April 2020, the CMA [referred](#) the completed acquisition by FNZ (Australia) Bidco Pty Ltd (FNZ) of GBST Holdings Limited (GBST) (the Merger) for further investigation and report by a group of CMA panel members (the Inquiry Group).
4. The CMA published the biographies of the members of the inquiry group conducting the phase 2 inquiry on the inquiry [webpage](#) on 16 April 2020 and the administrative timetable for the inquiry was published on the inquiry [webpage](#) on 30 April 2020.
5. We issued detailed questionnaires to various third parties including competitors and customers of FNZ and GBST (the Parties). We supplemented these questionnaire responses with a number of telephone calls as well as supplementary written questions. Evidence submitted during Phase 1 was also considered in Phase 2.
6. We received written evidence from the Parties in the form of submissions and responses to information requests.
7. On 7 May 2020, the CMA published an [Issues Statement](#) setting out the areas on which the Phase 2 inquiry would focus. The FNZ response to our Issues Statement was published on the inquiry webpage on [24 June 2020](#). We received no other responses to the Issues Statement.
8. Members of the inquiry group, accompanied by CMA staff, attended a virtual site presentation by GBST on 30 April and by FNZ on 7 May 2020.
9. During our inquiry, we sent the Parties a number of working papers for comment. We also sent an annotated Issues Statement to the Parties, which outlined our emerging thinking at that point, prior to their respective hearings.
10. We held separate hearings with each of GBST and FNZ on 29 June and 1 July 2020 respectively.
11. A non-confidential version of our provisional findings report has been published on the [inquiry webpage](#).
12. We would like to thank all those who have assisted in our inquiry so far.

Appendix B1: Examples from Internal Documents related to market definition

Differentiation of Suppliers of Platform Solutions

1. A 2019 FNZ document, [REDACTED].¹ We note that, in this document, [REDACTED].
2. A 2019 FNZ document, [REDACTED].² The inclusion of [REDACTED] is consistent with a Retail market focus given that [REDACTED] do not supply Non-Retail customers.
3. An April 2019 GBST document, [REDACTED] was a report by [REDACTED].³[REDACTED].⁴ [REDACTED].

Geographic market

4. A 2018 FNZ presentation concerning the 'FNZ Banking and Wealth Platform' [REDACTED].[REDACTED].⁵
5. A FNZ document[REDACTED]', [REDACTED].^{6,7}
6. A GBST document dated October 2017 and [REDACTED].⁸

Appendix B2: Market Definition– Internal document screenshots

1. [REDACTED][REDACTED]

[REDACTED]

2. [REDACTED].

¹ We consider FAs, Retail Banks and Execution Only (D2C) to relate to Retail Platforms.

² [REDACTED] [REDACTED]

³ [REDACTED]

⁴ Notably this also included reference to [REDACTED]

⁵ [REDACTED][REDACTED]

⁶ [REDACTED].

⁷ [REDACTED]

⁸ [REDACTED]

3. [REDACTED]

4. [REDACTED][REDACTED]

[REDACTED]

5. [REDACTED]

6. [REDACTED]

7. [REDACTED]

8. [REDACTED]⁹

9. [REDACTED]¹⁰

10. [REDACTED].¹¹

Appendix C – Our approach to the assessment

Introduction

1. In this Appendix we set out the evidence we gathered to inform our assessment and how we used it. We considered the views from the Parties and third parties, assessed tender data and tender evaluation documents from potential customers, and reviewed an extensive number of internal documents from the Parties.

⁹ [REDACTED].

¹⁰[REDACTED]

¹¹[REDACTED].

2. This evidence reflects current competition in the market (for example, views from customers that are carrying out tenders or carried out tenders recently) and also changes in the markets over the foreseeable future i.e. broadly within two years (see also Chapter 8) (for example, through the plans, strategies and forecasts of the Parties and third parties).
3. In considering the weight to be placed on each piece of evidence, we have taken into account factors such as its robustness, its age, and the purpose for which it was produced. We have not relied on any one piece of evidence to inform our decision. We assessed all of this evidence together in the round to inform our competitive assessment and the consideration of countervailing factors.
4. We set out below the evidence we have considered.

Evidence from the Parties

5. We considered evidence from the Parties submitted during the Phase 1 inquiry, responses to our informal and formal requests for information during Phase 2, the Main Party Hearings, Parties' responses to the Working Papers and Annotated Issues Statement and other Phase 2 submissions. Submissions from the Parties and third parties include internal documents submitted in response to requests for information. We set out below our approach to the review and use of internal documents as a source of evidence.

Use of evidence from internal documents

6. Internal documents are a useful source of evidence as they reflect how the merging parties assess the market in the ordinary course of business and when making strategic decisions. We have reviewed the Parties' internal documents to understand their assessment of competitive conditions within the Retail Platform Solutions market, including their assessments of the positioning and activities of their competitors. Evidence of how rivalry operated prior to the Merger helps us to understand how rivalry is likely to be affected by the Merger.
7. Our assessment of internal documents takes into account the following.
 - The content of a document: we take into account the purpose for which it was prepared. We typically place greater weight on documents ultimately prepared to inform decision making by senior management in some way as these are likely to be most reflective of the Parties' strategic thinking.

- What information means in the context of the substantive content of a particular document. For example, the fact that a given competitor's name appears in a document is less informative than the context in which it appears.
 - What the overall body of internal documents shows. We consider factors such as the different treatment of competitors in different types of documents, and the extent to which different competitors are monitored across the total set of internal documents.
8. Furthermore, internal documents may not lend themselves to a mechanistic assessment: where there is a heterogeneous set of internal documents and diversity in the presentation of information even within a particular document, an arithmetic approach to measuring the assessment of competitors in those documents (e.g. by adding up the number of times a competitor's name is used, or the number of documents in which the competitor is mentioned) is unlikely to be meaningful.

Parties' views on Phase 1 assessment of Internal Documents

9. The Parties provided their views in relation to the internal documents analysed the CMA in Phase 1. Their main comments are provided below.
- (a) FNZ noted that 'the CMA puts undue emphasis on internal documents, and incorrectly focuses on GBST internal documents as evidence of GBST's constraint on FNZ'. FNZ further explains that 'while such documents may evidence GBST's aspirations to compete with FNZ, they do not provide any reliable evidence of whether GBST actually exerts any material constraint on FNZ.'¹²
- (b) In response to this FNZ statement, GBST submitted that [§<].¹³
- (c) FNZ submitted that its 'internal documents support the presence of a range of competitors.' FNZ further submitted that in the Phase 1 Decision we also referred to a range of competitors in the internal documents produced by the Parties.
- (d) In addition, FNZ submitted that, [§<].¹⁴

¹² FNZ Initial Phase 2 Submission

¹³ [§<]

¹⁴ FNZ Initial Phase 2 Submission

10. FNZ also submitted that the [REDACTED]. Specifically, FNZ made the following submissions:
 - (a) [REDACTED].
 - (b) [REDACTED].¹⁵
 - (c) [REDACTED].^{16 17}
11. FNZ submitted that [REDACTED]:
 - (d) [REDACTED]¹⁸
 - (e) [REDACTED].¹⁹ [REDACTED].²⁰
12. In response to the CMA's further clarification request [REDACTED], FNZ also noted the following:
 - (f) [REDACTED].²¹
 - (g) [REDACTED]²² [REDACTED],²³ [REDACTED].²⁴
13. FNZ commented on some other [REDACTED] that were used in Phase 1 [REDACTED]. These included:
 - (h) A document showing that [REDACTED].
 - (i) A document [REDACTED].²⁵
14. FNZ submitted that, with respect to competition between JHC and GBST, [REDACTED]:
 - (j) [REDACTED].²⁶
 - (k) FNZ also submitted that [REDACTED];²⁷ and

¹⁵[REDACTED].

¹⁶[REDACTED].

¹⁷ FNZ Initial Phase 2 Submission

¹⁸ [REDACTED].

¹⁹ [REDACTED]

²⁰ [REDACTED]

²¹ [REDACTED]

²² [REDACTED]

²³ [REDACTED]

²⁴ [REDACTED]

²⁵ [REDACTED]

²⁶[REDACTED]. [REDACTED]

²⁷ [REDACTED]

(l) [REDACTED].²⁸

15. FNZ submitted that [REDACTED].^{29, 30, 31}

16. We have taken account of the Parties' submissions in Phase 1 when assessing internal documents in Phase 2.

Approach to our Phase 2 assessment of Internal Documents

17. We gathered a large number of internal documents from the Parties during the Phase 1 inquiry as well as through information requests in Phase 2.³²

18. From a total of over 18,000 documents received, we identified more than 300 documents relevant to the nature of competition between the Parties and their competitors which we reviewed in-depth. Our methodology is described in more detail in the next section.³³ In our internal documents review, we specifically refer to around 40 internal documents.

19. In considering the weight to be placed on each internal document, we have taken into account the following relevant factors: the author; the purpose for which the internal document was produced, and when it was created.

20. We have put equal weight on both Parties' internal documents when considering both the level of possible constraint from GBST on FNZ as well as the level of possible constraint from FNZ on GBST.

21. When reviewing internal documents, we sought to consider all constraints, including from alternatives that may sit outside the relevant market in which the Parties overlap,³⁴ such as from suppliers focused on Non-Retail Platforms and the in-house supply of software.

22. The internal documents provided by the Parties include, but are not limited to, the following categories of documents:

²⁸ [REDACTED]

²⁹ [REDACTED]

³⁰ [REDACTED]

³¹ [REDACTED]

³² The Parties submitted over 2,000 documents in total during the Phase 2 investigation. Out of those around 30 were identified as the most relevant for assessing the Parties' monitoring of competitors and for which an in-depth review was undertaken.

³³ With regard to the selection of the documents discussed, we primarily focused on those internal documents that were provided in response to the questions in the information requests that in any way related to the Parties' monitoring of competitors. Given the large number of documents, we used a keyword search to identify those documents that were most relevant. We also took into account additional documents uncovered throughout the course of the investigation.

³⁴ As set out in Chapter 6.

- (a) from FNZ: board packs, management presentations, board minutes, strategy presentations, other presentations to the board (including those related to the Merger), overviews of the market, services agreements, responses to requests for information / proposals, third party reports; and
- (b) from GBST: management presentations, strategy presentations, CEO board reports, overviews of the market, lost opportunity presentations, variation agreements, responses to requests for information / proposals, emails.

Methodology

- 23. We reviewed internal documents that we identified as relevant to the following areas of the Phase 2 competitive assessment, which are covered in this methodology:
 - (a) closeness of competition between the Parties; and
 - (b) competitive constraints imposed on the Parties by other suppliers.
- 24. Internal documents used in other areas of this investigation, were considered if they were also deemed relevant to the areas covered by this competitive assessment. Internal documents which were solely focused on other areas of investigation, such as tender analysis, R&D, switching costs, product market definition, are covered in separate working papers.
- 25. We received more than 18,000 internal documents. Out of those, more than 300 were identified as relevant to the analysis of closeness of competition and competitive constraints using the methodology described below.
- 26. First, we identified the internal documents submitted in response to our information requests as either relating to closeness of competition or competitive constraints or both.
- 27. For FNZ: the table below lists the questions, based on which documents submitted by FNZ were allocated to the two themes.

Table 1. Correspondence between the questions sent to FNZ and that generated the internal documents and the themes for the document review

Questionnaire	Question	Closeness of competition	Competitive constraints
[X]	[X]	[X]	[X]

[X]	[X]	[X]	[X]

28. For GBST: the table below lists the questions, based on which documents submitted by FNZ were allocated to the two themes.

Table 2. Correspondence between the questions sent to GBST and that generated the internal documents and the themes for the document review

Questionnaire	Question	Closeness of competition	Competitive constraints
[X]	[X]	[X]	[X]

[X]	[X]	[X]	[X]

29. We then used the following suggested keywords to identify the relevant documents from each Party:
- (a) For closeness of competition, the keywords suggested were: GBST (for FNZ/JHC documents), FNZ (for GBST documents), JHC (for GBST documents).
 - (b) For competitive constraints, the keywords suggested were: Bravura, Genpact, Equiniti, SS&C (IFDS), Delta, SEI, Avaloq, Pershing, Temenos, TCS (Tata Consultancy Services), Hubwise, Seccl, Multrees, Genpact, Equiniti, Fadata, IMiX, Objectway, IRESS, Ohpen, Dunstan Thomas, competitor.
30. The keywords search returned 300 documents. The documents where the keywords appeared were reviewed and tagged based on the degree of their relevance as high, medium, not relevant or faulty.
31. A second, more in-depth review was done of those internal documents, which were tagged as being of high relevance for the Phase 2 inquiry and which are

reflected directly in Appendices B1, B2, G and H. Whenever near duplicate versions were identified, the latest version was the one used.

Evidence from third parties

FNZ submissions

32. FNZ submitted that references to 'Retail Platform Solutions' in questionnaires to third parties could result in 'the CMA...only be collecting evidence within an artificially narrow frame of reference'.³⁵ FNZ also noted that 'the wealth management industry is characterized by terminology that often lacks clear definition and/or is used loosely and/or inconsistently'. It notes that 'this could lead to confusion', in particular with respect to the product market definition and the distinction made by us between Retail and Non-Retail Platforms,³⁶ such that there was a 'risk that third parties would be responding to the same questions on different bases'.³⁷
33. FNZ noted that 'third-party views represent subjective opinions, which in certain cases may be motivated by particular commercial interests, not particularly well-informed and/or include concerns that are not germane to the competition assessment'.³⁸
34. For example, FNZ submitted that customers in this market are not best placed to assess the range of available Platform Solution suppliers as they are unlikely to have up-to-date information and that customers typically appoint specialist external advisers³⁹ to survey and choose between the wide range of available suppliers.⁴⁰

Our assessment

35. We obtained the evidence from third parties via calls and written questionnaire responses received throughout the investigation to-date.⁴¹ Phase 2 questionnaires were sent to:

³⁵ [redacted]

³⁶ FNZ Initial P2 Submission,

³⁷ [redacted]

³⁸ [redacted]

³⁹ We have spoken to and received questionnaires responses from a number of the advisers involved in this work. [redacted]

⁴⁰ [redacted]

⁴¹ In Phase 2: 70 questionnaires were issued and 48 responses were received (35 customers, 8 competitors and 5 from consultants), calls were held with 15 third parties (6 customers, 5 competitors and 4 consultants). In Phase 1: 39 questionnaires responses were received (26 customers and 13 competitors). Calls were held with 16 third parties (5 customers, 8 competitors and 3 consultants).

- (a) All of the Parties' customers and a small number of potential customers (50 in total);
 - (b) the 15 competitors that were considered to compete most closely with the Parties based on the Phase 1 investigation; and
 - (c) seven industry consultants who were understood to have relevant expert knowledge.
36. Phase 2 responses were received from 35 customers, ten competitors⁴² and five industry consultants. In addition, we had telephone calls with six customers, 13 competitors and four consultants.
37. We found that 21 out of the 35 customers who gave us evidence have run tenders for Platform Solutions in the period since the start of 2016. During their selection processes, these customers typically considered a variety of potential suppliers, taking into account each provider's ability to meet the customer's specific requirements and comparing each offering against a number of factors, including, for example, experience and scale in the UK market.⁴³
38. Six of the 14 responses⁴⁴ from the customers that had not conducted tenders recently⁴⁵ appeared to show a detailed knowledge of suppliers of Platform Solutions and their offerings, the different supply models and recent market developments.
39. We therefore consider that most third-party customers responding to our investigation have a good understanding of the current competitive landscape and are well-informed so that we can place material weight on their responses.
40. However, eight of the 14 respondents that had not conducted tenders recently said that they did not hold detailed, up-to date knowledge about Platform Solution suppliers.⁴⁶ We have therefore taken this into account in our assessment of their evidence where appropriate and placed more limited weight on the responses from these customers.
41. We also acknowledge that there can be challenges in communicating with third parties in this industry due to inconsistencies and differences in how participants use terminology. Both when communicating with third parties and in the interpretation of their responses, we set out and defined any terms used in

⁴² Shortened questionnaire responses were also received from a further three customers and three competitors.

⁴³ [redacted].

⁴⁴ [redacted]

⁴⁵ A few of these customers have started or renewed a contract with a Platform Solution provider in the last 5 years without going through a formal tender process ([redacted]).

⁴⁶ Specifically, [redacted]

questions which might cause confusion or have different meanings to different respondents.

42. In particular, we recognize that all respondents may not consistently apply the distinction between Retail Platforms and Non-Retail Platforms in their answers. When asking about alternative suppliers, we did not place any restrictions on what customers could tell us so that we could take into account all constraints,⁴⁷ including from alternatives that may sit outside our market definition,⁴⁸ such as from suppliers focused on Non-Retail Platforms and the in-house supply of software.

Evidence from tenders

43. The tender analysis uses the following sources of evidence:
- (a) A data set compiled by the CMA with information on tenders for Platform Solutions that the Parties participated in since 2016;
 - (b) qualitative evidence from the Parties' internal documents, in particular the Parties' responses to RFIs and RFPs; and
 - (c) qualitative evidence from customers' internal documents, in particular customers' tender evaluations.

FNZ tender data

44. The Parties submitted a tender dataset with information on the tenders they participated in the UK. FNZ/JHC data covers tenders since 2009, while the GBST data starts in 2016. The information includes the identity of the customer carrying out the tender, the year of conclusion of the tender, the Parties' views on the incumbent solution, the Parties' views on which other competitors participated in the various stages of the tender (e.g. RFI, RFP) and the Parties' views on the winning bidder.
45. The Parties submitted data during the Phase 1 investigation and FNZ subsequently provided updates or corrections in Phase 2 in relation to the tenders that FNZ or JHC participated in.⁴⁹ Some tenders considered in Phase 1 were removed by FNZ from the analysis, typically due to FNZ telling us that they

⁴⁷ For example, consultants were asked: 'To what extent and giving your reasons, do you consider the Platform Solutions provided by (i) FNZ and (ii) GBST and any other providers to be close alternatives for Retail Platform operators' needs in the UK? Please indicate how strong of an alternative they would be [for FNZ and GBST] 1 = not at all a close alternative, 2 = a somewhat close alternative, 3 = a moderately close alternative, 4 = a close alternative 5 = a very close alternative'.

⁴⁸ As set out in chapter 6.

⁴⁹ [redacted]

were won by Investment Platforms and not Suppliers of Platform Solutions, was business outside of the UK, targeted a specific piece of software instead of a solution, or because they were duplicates of tenders already included.

CMA tender data

46. We have focused our analysis on tenders since 2016 as this data was more recent and, therefore, more relevant to our assessment. As the Parties do not have complete and accurate information about other bidders participating in tenders and the winning bidder, we sought to complete and improve the accuracy of the data by asking detailed information to (i) customers about the tenders they carried out, and (ii) competitors about the tenders they bid.^{50 51}
47. The data we analysed comprises a total of [X] tenders in which at least one of FNZ, JHC or GBST participated since 2016.⁵²
48. We classified the Investment Platforms carrying out tenders in Retail or Non-Retail based on classifications provided by GBST and third parties, but neither GBST nor third parties used the Retail and Non-Retail classification.⁵³ There were [X] tenders for Retail Platforms (Retail tenders) and [X] tenders for Non-Retail Platforms (Non-Retail tenders).⁵⁴ Participation in tenders is defined as participating in the RFI stage.⁵⁵
49. We consider customers have the most complete and accurate information about the participants in their tenders.⁵⁶ A total of ten Retail tenders and two Non-Retail tenders have information on bidders provided by the customer running the tender. For the other tenders, we took the following approach:
 - (a) We consider that the competitor has more accurate information about its participation in tenders than the Parties.⁵⁷ We received information on tender participation from Avaloq, Bravura, Equiniti, SS&C, Evalue, Hubwise,

⁵⁰ This consists of data submitted by customers and competitors during the Phase 1 and Phase 2 investigations.

⁵¹ Where there was inconsistent data between the customer and the suppliers (including the Parties), it was assumed that the customer's data on bidders, Investment Platform segment, and solution requirements were more accurate than the suppliers' version of the data.

⁵² We excluded two tenders from our analysis ([X]) as we either found no evidence that the customer operates an Investment Platform in the UK or found the tender was won by an Investment Platform and not a Supplier of Platform Solutions.

⁵³ See Chapter 6 Market definition.

⁵⁴ The Retail classification is largely consistent[X]. Appendix D provides a list of the tenders and the classification we used.

⁵⁵ A supplier was considered to have bid in a tender if they participated during or after the RFI stage (or partook in a meeting in place of the RFI stage). This does not include where suppliers were shortlisted for an RFI but never contacted by the customer.

⁵⁶ Therefore, when there is a disagreement between the Parties and the customer in relation to a competitor participation in a tender, we use the customer information.

⁵⁷ Therefore, when there is a disagreement between the Parties and the competitor in relation to the competitor participation in a tender, we use the competitor information.

Sapiens, SECCL, State Street and Torstone.⁵⁸ This means the analysis presented below should be accurate in relation to the presence of these competitors in tenders. In addition to written responses from these competitors, we held calls with SEI, TCS, Dunstan Thomas, IMIX, Objectway, and Avaloq where we asked them to confirm their participation in tenders that the Parties said they had participated and which stage of the process they reached. 12 Retail tenders and 11 Non-Retail tenders have information on bidders provided by competitors.⁵⁹

- (b) We kept in the data bidders that the Parties said participated in the tenders, but where we have no information from either customers or competitors.

Appendix D: Third party alternative supplier scores

Introduction

1. This Appendix presents further detail on the evidence received from the Phase 2 third party competitor and consultant questionnaire responses on the competitive constraints on FNZ and GBST.

Description of data

2. Third party competitors and consultants were asked to name relevant alternative suppliers of Retail Platform Solutions and consider the extent to which each is a close alternative to FNZ and GBST.⁶⁰ Eight competitors and four consultants responded to our questionnaire.
3. Figures 1 and 2 below demonstrate the number of times that Platform Solution suppliers were listed by third party competitors and consultants as alternatives to FNZ and GBST. Third parties mentioned 18 alternative suppliers to both FNZ and GBST.
4. The charts below show that eight of these suppliers (the Parties, Bravura, SS&C, SEI, Pershing, Avaloq and Temenos) were listed significantly more frequently (nine or ten times). These eight were pre-populated on the questionnaire as they had been identified as the most relevant suppliers in our phase 1 investigation.

⁵⁸[redacted].

⁵⁹ This includes both where a competitor bid was included or excluded from a tender following their response.

⁶⁰ Including the provision of a score to indicate how close an alternative they are ranging from 1 = 'not at all a close alternative' to 5 = 'a very close alternative'.

- There were 12 other suppliers who were spontaneously mentioned less than 4 times each. We took this into account when drawing any inference from the number of times a supplier was mentioned.

Figure 1. Number of times a supplier was mentioned as a competitor of FNZ (source: third party competitor and consultant P2 questionnaire responses)

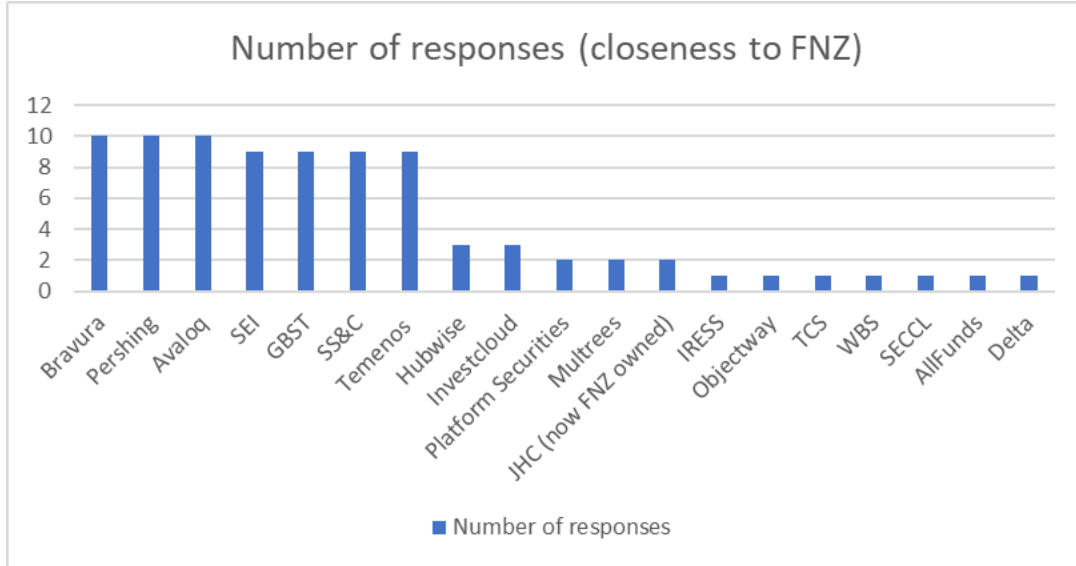
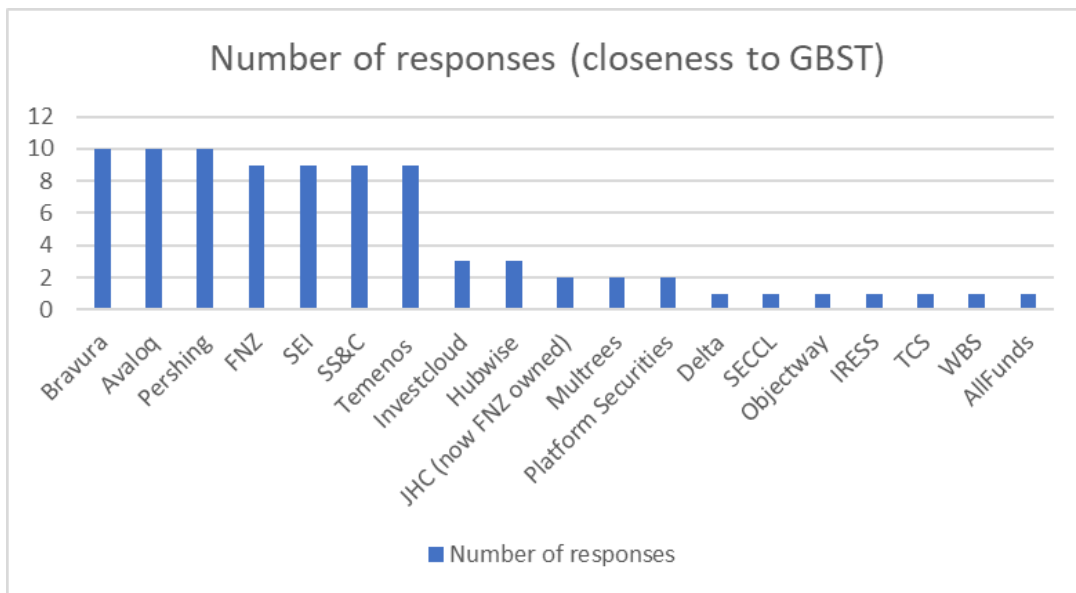


Figure 2. Number of times a supplier was mentioned as a competitor of GBST (source: third party competitor and consultant P2 questionnaire responses)

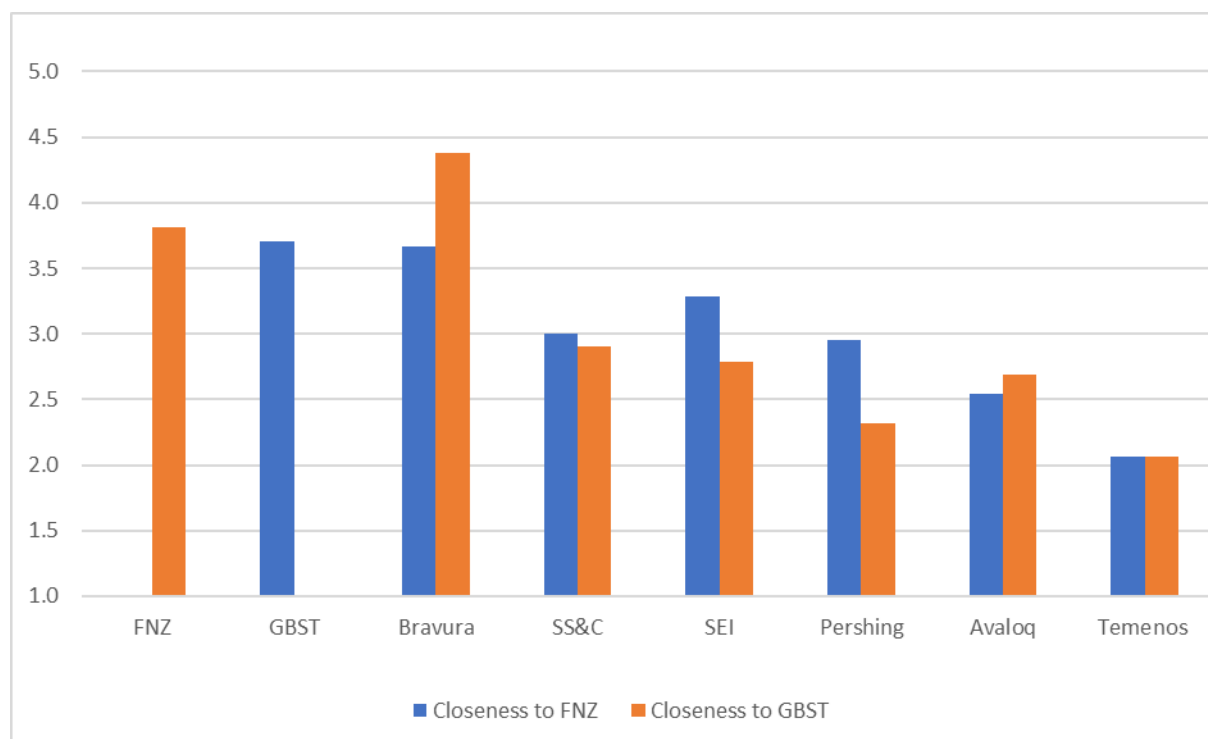


Customer views

- Only customers that had not completed a tender in the last three years were asked to complete this question in the customer questionnaire. 17 customers out of 34 provided scores in response to the question. As set out in Appendix C, we have given less weight to the views of customers that have not tendered recently and therefore did not include these scores alongside those of competitors and

consultants in Figure 1. However, Figure 3 below shows the impact of including these mean customer scores alongside those of the competitor and consultant respondents.

Figure 3. Average closeness of competition scores for alternative suppliers to FNZ and GBST (1 = not at all a close alternative, 5 = a very close alternative), all third party responses



Source: CMA analysis of customer, competitor and consultant Phase 2 questionnaire responses.

7. The addition of the customer data does not lead to large changes relative to what we presented in Figure 1. Customers considered GBST to be a closer alternative supplier than competitors and consultants with the result that the score for the closeness of GBST to FNZ rises to broadly the same level as the closeness of FNZ to GBST.⁶¹
8. The closeness of Avaloq and Temenos to both FNZ and GBST remains largely unchanged but customers did consider SS&C, SEI and Pershing to be less close alternatives relative to the scores submitted by competitors and consultants. The mean scores of these suppliers are generally lower, particularly for closeness to FNZ resulting in a more substantial difference between GBST and Bravura and the other suppliers.

⁶¹ We note that the closeness between the Parties shown is consistent with the customer responses to our Phase 1 questionnaire where customers were asked whether FNZ and GBST compete closely with each other and 14 out of the 16 that gave a view considered that the Parties were close competitors.

Appendix E - How does a tender process work?

1. In this Appendix we use evidence submitted by the Parties, third parties and internal documents from the Parties, such as RFIs and RFPs, to provide an overview of tender processes through which suppliers of Platform Solutions are selected. This Appendix explains: (i) how customers choose suppliers, (ii) the role of consultants in the tender process, (iii) how suppliers decide to participate in a tender process, (iv) the typical stages tender processes entail and (v) the criteria against which suppliers tend to be assessed.

How customers choose suppliers: new customers vs. renewals

2. From the customer's point of view, implementing a new solution is a major undertaking: it is risky, lengthy, and expensive.⁶² The complexity and the low appetite for re-platforming are reflected in the duration of the contracts with initial terms typically between five and ten years.⁶³
3. Customers typically use sophisticated procurement processes to select suppliers.⁶⁴ Evidence from tenders indicate that this is generally the case for:
 - (a) New Investment Platforms entering the market that are seeking to (partially or fully) outsource its solutions;
 - (b) existing Investment Platforms using in-house solutions that are considering moving to an outsourced solution; and
 - (c) existing Investment Platforms considering switching to a different outsourced supplier.
4. FNZ submitted that most FNZ customer contracts[§<].⁶⁵ We found one contract provided by FNZ which specifies that the contract [§<].⁶⁶ In case a customer decides to carry out a new procurement process (for an existing contract or for a new one), the incumbent may be invited [§<]to bid[§<].⁶⁷
5. GBST told us that [§<].⁶⁸

⁶² See chapter 7, Switching Costs section

⁶³ [§<].

⁶⁴ The tender process is usually confidential. Several RFIs and RFPs sent to the Parties by potential customers state that bidders cannot disclose their participation in the procurement process.

⁶⁵ [§<]

⁶⁶ [§<].

⁶⁷ [§<].

⁶⁸ [§<].

6. GBST told us that customers that [redacted] GBST said it [redacted] However, GBST said that it [redacted]⁶⁹
7. One consultant⁷⁰ told us that customers rarely switch as customers are wary of changing providers due to costs and risks. Most renewals are an opportunity to renegotiate on aspects of the service that either party is concerned about such as pricing, service-levels agreement (SLAs), and key performance indicators (KPIs).⁷¹
8. A consultant told us that the renewal process thereafter will be unique for each customer relationship based on their own individual circumstances. As there are significant risks and costs associated with re-platforming, there have been a limited number of migrations from one external supplier to another.⁷²

The role of consultants

9. Two consultants told us that, given the length and complexity of the process, many Investment Platforms will engage with consultants which assist them by:⁷³
 - (a) Providing a view of the market and an initial list of potential suppliers who could meet their requirements;
 - (b) preparing and issuing a formal Request for Information and/or a formal Request for Proposal to the potential suppliers;
 - (c) defining the selection criteria and assessing the best supplier to fulfil the strategic objectives and operational requirements of customers; and
 - (d) reviewing existing arrangements to identify gaps and opportunities for improvement either through engagement with the current supplier, in case the current solution is outsourced, or using a competitor supplier.
10. One consultant told us that, while consultants make recommendations on the list of potential suppliers and on the supplier that best meets the customers' needs at the end of the tender process, customers make the final decisions.⁷⁴

⁶⁹ [redacted].

⁷⁰ [redacted] Response to the CMA's Phase 2 third party questionnaire.

⁷¹ [redacted] and [redacted] Responses to the CMA's Phase 2 third party questionnaire.

⁷² [redacted].

⁷³ [redacted] and [redacted] Responses to the CMA's Phase 2 third party questionnaire.

⁷⁴ [redacted]

How suppliers decide to participate in a tender process

11. Participating in a tender process typically involves some cost to the supplier which must be considered alongside the rewards from winning the tender and their probability of success. The Parties submitted the key criteria they consider when deciding whether to participate in a tender process.
12. [REDACTED];⁷⁵ [REDACTED].⁷⁶
13. GBST submitted that they consider the content of the [REDACTED], the client's [REDACTED]) and the overall [REDACTED] of the client.⁷⁷
14. GBST also submitted that it can also bid for opportunities in different segments or geographic locations from its target market to learn about client requirements in new segments or locations. For example, GBST participated in two tenders in [REDACTED] and concluded that the risk was too high given the lower expected fees, as the [REDACTED] compared to other markets it currently operates.⁷⁸ GBST also participated in three tenders in the [REDACTED] to learn about which capabilities it would need to develop to serve [REDACTED].⁷⁹

The stages of a typical tender process

15. Our review of the individual tenders shows a consistent process. FNZ and some third parties told us that a tender process normally proceeds through the following stages: identification of a short-list of suitable suppliers; request for proposal (RFP); workshops or "Discovery" process; commercial negotiation and agreement of heads-of-terms; selection and contracting.⁸⁰

Requirements definition and the identification of a short-list of suitable suppliers.

16. The identification of a short-list of suitable suppliers is sometimes done via a formal Request for Information (RFI) process in which the customer asks for high-level information on the company, products, technology and implementation approach, and references. There is a great variation in the number of questions in an RFI, some have c.30 questions while others may exceed 200 questions.

⁷⁵ [REDACTED].

⁷⁶ [REDACTED].

⁷⁷ [REDACTED].

⁷⁸ [REDACTED].

⁷⁹ [REDACTED].

⁸⁰ [REDACTED] Phase 2 third party questionnaire responses from [REDACTED]

17. The identification of a short-list of suitable suppliers may also be done through a feasibility study in which the customer asks suppliers to demonstrate whether the solution has the requirements needed through an in-person presentation, with the advantage that customers can see the system interface.⁸¹

Request for proposal

18. A request for proposal (RFP), will specify the customer's proposition(s) and products, its distribution channels and the capabilities that they are seeking the supplier to support. It will explain their existing book of business and thoughts on migration.
19. Potential suppliers will be asked to submit responses explaining how their system can meet the requirements, and providing initial thoughts on how it could be configured or adapted to support any unique aspects offered by the platform (e.g. particular investment solutions, or integration with key software used by their distribution partners).
20. RFPs can have between 200 and 400 questions and are normally issued to three to five potential suppliers, which normally do not know each other's identities. Suppliers' proposals are usually scored and ranked against criteria that are defined at the beginning of the process.

Workshops or "discovery" process

21. Workshops or "discovery" processes allow the selected supplier(s) to sit with the customer to go through the technical details of the supplier's proposed solution.
22. The supplier will demonstrate software functionality, which is prioritised by the customer and tailored to their needs.
23. At this stage, depending on the platform business case, the supplier might also present the proposed servicing model and provide an indicative implementation timeline and approach.
24. This stage includes interviews with the suppliers' existing customers, review of their financial information, any required technology due diligence and allows the customer to get a feel for how the supplier works and whether they understand their industry.

⁸¹ [81]

25. Discovery phases are rarely conducted with more than two suppliers which sometimes know each other's identity and are usually carried out in a specified time period.

Commercial negotiation and agreement of heads-of-terms.

26. At this stage the customer would typically engage in a few rounds of commercial negotiation with each supplier to agree financial terms.
27. Both sides will normally require at least heads-of-terms to be agreed before proceeding into more detailed discovery/design work, often supported by an interim professional services contract for the work involved.
28. If a customer has proceeded to early discovery with two suppliers, they will normally run contract negotiation in parallel or shortly afterwards, so that competition maximises pressure on the suppliers. This is difficult where only one supplier has qualified for Discovery, which is not uncommon.

Selection and contracting phase

29. At this stage a preferred supplier is appointed, and the final due diligence is carried out.
30. During this period if more than one potential supplier has been identified, those not selected as the preferred supplier will not know that a preferred supplier has been selected. This allows the customer to revert to another selected supplier should the negotiations with the preferred supplier not be successful.

RFIs and RFPs: typical structure

31. In this section we set out more details on the typical structure of RFIs and RFPs.

RFIs

32. RFIs may vary in the number of questions and the level of detail, but they will typically ask:
 - (a) Basic information questions about the supplier, such as years of experience, financial situation, values and objectives, current and future market vision and focus, products and services and how they are differentiated compared to competitors' offerings, business partnerships, current clients.
 - (b) Technical questions about functional capabilities, such as product roadmap, ability to process orders, manage the trading, execution and settlement process, calculate and process charges applied to the investor's account

(e.g. adviser fees and taxes), produce reports on business performance (eg balance sheets, budget development), monitor and manage cash balances, develop and execute policies and procedures, monitor, report and keep the solution up to date with regulatory standards, identify and manage non-operational risks (eg credit, liquidity), provide custodian and accounting service and the level of automation of these services.

- (c) IT capabilities, such as operation controls and levels of automation, scalability capacity, KPIs, SLAs, security (eg. authentication and encryption mechanisms), contingency plans (eg. disaster arrangements).
- (d) Implementation process for the transition and timescales, including testing strategy, project plan, data migration approach, examples of previous successful experiences of platforms of similar size and complexity, examples of key challenges and risks during recent transitions and the mitigating actions taken.
- (e) Supplier's indicative commercial terms and pricing structure.

RFPs

- 33. RFPs cover the same themes as RFIs, but in a much greater level of detail. Substantial attention is given to the functional capabilities and the technical architecture of the solution.
- 34. A significant part of RFPs is devoted to give suppliers enough background about the Investment Platform. The Investment Platform will give a detailed overview of:
 - (a) The propositions served, such as D2C, advised, stockbroking, workplace;
 - (b) the products available for each proposition, such as pensions, ISAs, bonds, equities, stocks, shares, structured products; and
 - (c) the distribution channels of each proposition, such as D2C digital, D2C telephony, IFAs, advised digital, advised telephony, employee benefits consultants.
- 35. The Investment Platform will specify some of the details about the desired infrastructure of the technology, such as:
 - (a) Ability for end-investors to seamlessly migrate between products and distribution channels;
 - (b) ability for customers (D2C) and advisers to access all customer records in a single view;

- (c) ability to serve a multi-device proposition (eg. mobile, tablet, desktop); and
 - (d) ability to integrate with existing off platform policies and capabilities via APIs (open architecture).
36. If the solution required is for an existing Investment Platform, which requires migration, details about the current technology architecture and volumes to be transferred are given so the supplier is able to set up a transition plan.
37. At the RFP stage, some Investment Platforms may not have decided all the details about the future operating model, including which elements will be outsourced and which will be kept in-house. In this case, the Investment Platform will make it clear which elements are open to a proposal.
38. After explaining the current platform's state and the minimum requirements for the solution, RFPs will ask suppliers to answer detailed questions. Substantial parts of the questions are related to how the supplier's solution can meet the proposition requirements, including which requirements 'come out of the box' and which will require customisation, and what is the supplier's migration plan, including history of migrations and detailed case studies.

Selection criteria

39. When issuing an RFI or RFP, Investment Platforms define and share with suppliers the criteria against which they will be assessed and compared. The criteria Investment Platforms typically use are:⁸²
- (a) Technology, infrastructure and broader resources, including level of automation, technology development roadmap, flexibility to product development, scalability to operate at high future volumes, maturity of the operating model.
 - (b) Corporate capability and culture, including supplier's core business and strategy aligned with the platform, financial stability, market reputation, track record, breadth and depth of expertise.
 - (c) Regulatory, risk and compliance, such as security protocols, keeping pace with legal, regulatory and mandatory changes.
 - (d) Migration capability, including a solid migration plan and a track record of successful implementation.

⁸² [82].

- (e) Commercial and contractual terms, such as ongoing operational costs, pricing model and contractual terms.

Appendix F – FNZ and GBST tender classifications

Tender submitted by	Customer	Retail tender?
[X]	[X]	[X]

[X]

[X]

[X]

Appendix G: Competitive assessment – Internal document screenshots

FNZ documents

40. [X].

41. [X]

42. [X]

43. [X].

44. [X]

45. [X]

46. [X]

47. [✂]

48. [✂]

49. [✂]

50. [✂]

51. [✂]

52. [✂]

53. [✂]

54. [✂]

55. [✂]

56. [✂]

57. [✂]

58. [✂]

59. [✂]

60. [✂].

61. [✂].

62. [✂]

63. [✂]

[✂]

64. [✂]

65. [✂]

GBST documents

66. [✂]

67. [✂]

68. [✂]

- 69. [✂]

- 70. [✂]
- 71. [✂]

- 72. [✂]

- 73. [✂]

- 74. [✂]

- 75. [✂]
- 76. [✂]

- 77. [✂]

- 78. [✂]

- 79. [✂]

- 80. [✂]

- 81. [✂]

82. [REDACTED]

83. [REDACTED]

84. [REDACTED]

85. [REDACTED]

86. [REDACTED].

87. [REDACTED]

88. [REDACTED]

89. [REDACTED]

90. [REDACTED]

91. [REDACTED]

92. [REDACTED]

Appendix H: Examples from Internal Documents

Closeness of competition between the Parties

The Parties' position in the market

FNZ documents

(a) [redacted]⁸³[redacted].⁸⁴[redacted].⁸⁵ 86 [redacted].⁸⁷

(b) [redacted]. [redacted].⁸⁸ [redacted]⁸⁹

(c) [redacted].⁹⁰ [redacted].⁹¹

(d) [redacted].⁹²

(e) [redacted]⁹³ .⁹⁴

(f) [redacted].⁹⁵[redacted].⁹⁶[redacted].⁹⁷

(g) [redacted].⁹⁸ [redacted].⁹⁹[redacted].¹⁰⁰

(h) [redacted].¹⁰¹

(i) : [redacted].¹⁰²

(j) [redacted].¹⁰³ [redacted].¹⁰⁴

(k) [redacted].¹⁰⁵

83 [redacted].
84 [redacted]
85. [redacted]
86 [redacted]
87 [redacted]
88 [redacted]
89 [redacted]
90 [redacted].
91 [redacted].
92 [redacted]
93 [redacted]
94 [redacted]
95 [redacted]
96 [redacted]
97 [redacted].
98 [redacted]
99 [redacted]
100 [redacted]
101 [redacted].
102 [redacted]
103 [redacted]
104 [redacted]
105 [redacted].

(l) [X].¹⁰⁶

(m) [X]".¹⁰⁷

(n) [X].¹⁰⁸

GBST documents

(a) A GBST[X].^{109 110}

(b) A GBST [X].¹¹¹

(c) A 2019 GBST [X]^{112 113}

(d) A 2019 GBST [X].^{114 115}

(e) A GBST [X] ^{116 117}

FNZ and GBST as competitors

FNZ documents

(a) [X].¹¹⁸ [X].¹¹⁹

(b) [X].¹²⁰ [X].¹²¹

(c) [X][X].¹²² [X].¹²³

¹⁰⁶ [X]
¹⁰⁷ [X]
¹⁰⁸ [X]
¹⁰⁹ [X]
¹¹⁰ [X]
¹¹¹ [X]
¹¹² [X].
¹¹³ [X]
¹¹⁴ [X]
¹¹⁵ [X]
¹¹⁶ [X]
¹¹⁷ [X]
¹¹⁸ [X]
¹¹⁹ [X].
¹²⁰ [X]
¹²¹ [X].
¹²² [X]
¹²³ [X]

- (d) [X].¹²⁴ [X].¹²⁵ [X].¹²⁶
- (e) [X].¹²⁷ [X].¹²⁸ [X].¹²⁹[X]¹³⁰
- (f) [X].¹³¹
- (g) [X].¹³²
- (h) [X].¹³³
- (i) [X].¹³⁴
- (j) [X],¹³⁵ [X] [X] ¹³⁶. [X].¹³⁷ [X] ¹³⁸
- (k) [X]' [X]. It notes: [X] .¹³⁹
- (l) [X] ,¹⁴⁰.
- (m) [X].¹⁴¹
- (n) [X].¹⁴²
- (o) [X].'¹⁴³

GBST documents

- (a) A GBST [X].¹⁴⁴ ¹⁴⁵ [X].¹⁴⁶

124[X].
 125 [X]
 126[X]
 127 [X]
 128 [X]
 129 [X]
 130 [X]
 131 [X]
 132 . [X]
 133 [X]
 134 [X]
 135[X].
 136 [X]
 137[X].
 138 [X]
 139 [X]
 140 [X]
 141[X].
 142 [X]
 143 [X]
 144 [X]
 145 [X]
 146 [X]

- (b) [X].¹⁴⁷
- (c) [X].¹⁴⁸
- (d) A GBST [X].¹⁴⁹
- (e) [X].^{150 151}
- (f) [X].^{152 153}
- (g) [X].^{154 155}
- (h) [X].¹⁵⁶
- (i) [X].^{157 158}
- (j) [X].^{159 160}
- (k) [X].¹⁶¹
- (l) [X].¹⁶²[X].¹⁶³
- (m) [X], [X].¹⁶⁴
- (n) [X].¹⁶⁵

147 [X]
 148 [X]
 149 [X]
 150 [X]
 151 [X]
 152 [X]
 153 [X]
 154 [X]
 155 [X]
 156 [X]
 157 [X]
 158 [X]
 159 [X]
 160 [X]
 161 [X]
 162 [X]
 163 [X]
 164 [X].
 165 [X]

GBST and Equiniti partnership as a competitor to FNZ

FNZ documents

- (a) [redacted].¹⁶⁶ 167
- (b) [redacted].¹⁶⁸
- (c) [redacted].¹⁶⁹[redacted].¹⁷⁰

GBST documents

- (a) [redacted] [redacted].¹⁷¹
- (b) [redacted].¹⁷²
- (c) [redacted].¹⁷³
- (d) [redacted]¹⁷⁴

Competitive constraints from alternatives

FNZ documents

- (a) [redacted].¹⁷⁵[redacted].¹⁷⁶
- (b) [redacted].¹⁷⁷ [redacted]¹⁷⁸ [redacted].¹⁷⁹
- (c) [redacted].¹⁸⁰ [redacted]¹⁸¹

166 [redacted]
167 [redacted]
168 [redacted]
169. [redacted]
170 [redacted]
171 [redacted]
172 [redacted]
173 [redacted]
174 [redacted]
175 [redacted]
176 [redacted]
177 [redacted]
178 [redacted].
179 [redacted].
180. [redacted]
181 [redacted]

93. [X]'.¹⁸² [X]'.¹⁸³
- (d) [X].¹⁸⁴
- (e) [X] '.¹⁸⁵ [X] .¹⁸⁶
- (f) [X] [X].¹⁸⁷
- (g) [X].¹⁸⁸.
- (h) [X].¹⁸⁹ 190
- (i) [X].).¹⁹¹ 192
- (j) [X]).'.¹⁹³
- (k) [X].¹⁹⁴
- (l) [X].¹⁹⁵[X].¹⁹⁶[X].¹⁹⁷
- (m) [X]¹⁹⁸. [X]¹⁹⁹ [X]²⁰⁰
- (n) [X].²⁰¹

GBST documents

- (a) [X].²⁰² 203

182 [X]
 183 [X]
 184 [X]
 185 [X]
 186 [X]
 187 [X]
 188 [X]
 189 [X]
 190 [X]
 191 [X]
 192 [X]
 193 [X]
 194 [X]
 195 [X]
 196 [X]
 197 [X]
 198 [X]
 199 [X]
 200 [X]
 201 [X]
 202 [X]
 203 [X]

- (b) [X].²⁰⁴
- (c) [X]²⁰⁵ 206
- (d) [X].²⁰⁷ [X].
- (e) [X].²⁰⁸
- (f) [X].²⁰⁹ 210
- (g) [X].²¹¹
- (h) [X].²¹² 213
- (i) [X].²¹⁴
- (j) [X]²¹⁵ 216
- (k) [X].²¹⁷
- (l) [X].²¹⁸
- (m) [X],[X].²¹⁹
- (n) [X].²²⁰
- (o) [X].²²¹

204 [X]
 205 [X]
 206 [X]
 207 [X]
 208 [X]
 209 [X]
 210 [X]
 211 [X]
 212 [X]
 213 [X]
 214 [X]
 215 [X]
 216 [X]
 217 [X]
 218 [X].
 219 [X]
 220 [X]
 221 [X]

FNZ documents

- (a) [§<].²²² [§<].²²³
- (b) [§<].²²⁴ [§<]²²⁵ [§<]t.²²⁶
- (c) [§<]²²⁷
- (d) [§<]:
 - (i) [§<].²²⁸
 - (ii) [§<].²²⁹ ²³⁰
- (e) [§<].²³¹ :
 - (i) [§<]
 - (ii) [§<]²³²
- (f) [§<]²³³
- (g) [§<].²³⁴[§<]²³⁵
- (h) [§<]²³⁶

Constraint from in-house supply

FNZ documents

- (a) [§<].²³⁷ [§<].²³⁸

222[§<]
223 [§<]
224 [§<]
225 [§<]
226 [§<].
227 [§<]
228 [§<]
229 [§<]
230 [§<]
231[§<].
232 [§<]
233 [§<]
234 [§<]
235 [§<]
236 [§<]
237 [§<]
238 [§<]

(b) [X],²³⁹[X].²⁴⁰

(c) [X].²⁴¹

(d) [X].²⁴²

(e) [X].²⁴³

GBST documents

(a) [X].²⁴⁴

Switching costs

FNZ documents

(a) [X].²⁴⁵

(b) [X].²⁴⁶

(c) [X],²⁴⁷

GBST documents

(a) [X].²⁴⁸

Product development

GBST documents

(a) [X].²⁴⁹

(b) [X].²⁵⁰

239 [X]
240 [X]
241 [X]
242 [X]
243 [X]
244 [X]
245 [X]
246 [X]
247 [X]
248 [X]
249 [X]
250 [X],

Appendix I – Assessment of alternative suppliers

Assessment of alternative suppliers based on third party evidence and tender information

1. Below we set out a more detailed assessment of the following suppliers which we consider offer some alternative to the Parties:
 - (a) The six suppliers (in addition to the Parties) mentioned most frequently by competitors and consultants, namely – Bravura, SS&C, SEI, Pershing, Avaloq and Tenemos;
 - (b) IRESS and TCS BaNCS who FNZ submitted are also active in the supply of Retail Platform Solutions;²⁵¹
 - (c) Hubwise and SECCL which have been mentioned regularly to us by the Parties and third parties during the inquiry;
 - (d) a group of suppliers which have only been mentioned infrequently but we received information about them from third parties or our tender analysis; and
 - (e) in-house supply of both software and servicing.
2. We have assessed the reasons why third parties consider each of the above providers to be a close alternative where this is the case and have considered third party views on whether each supplier may become a closer alternative in the foreseeable future.
3. We also present some further evidence on additional suppliers that also appear on tenders.

Bravura

Third party evidence

4. Bravura is an Australian firm active in the UK market which specializes in the provision of wealth management software. Its key product is Sonata, which is usually sold as a ‘software only’ solution but can also be combined with third party servicing suppliers (such as Genpact) to provide a combined software and servicing solution. Bravura’s main customers in the UK are Retail

²⁵¹ FNZ Initial Phase 2 Submission. FNZ consider this list to reflect a “conservative, realistic approach”.

Platforms, such as Royal London, Scottish Friendly, Nucleus, Fidelity and Ascentric.²⁵²

5. Bravura considers itself to compete most closely with GBST and explained that it competes with FNZ ‘in as much as the market can employ [Bravura’s] solutions and build their own operation or choose to outsource their investment operation and take a service from FNZ’.²⁵³
6. Bravura is considered by third parties to be a close competitor of the Parties in the supply of Retail Platform Solutions mainly because its technology is comparable to FNZ and GBST and it has similar experience and a good reputation in the UK market.²⁵⁴
7. Bravura is the most frequently mentioned alternative supplier of Retail Platform Solutions by the Parties’ customers who responded to the CMA’s Phase 1 questionnaire.²⁵⁵ Additionally, as illustrated in Figure 1 in Chapter 7, Bravura was considered the closest alternative to GBST and the third closest alternative to FNZ by the competitors and consultants who responded to our Phase 2 questionnaire.
8. While Bravura only provides software, nine third parties²⁵⁶ consider Bravura, in partnership with a servicing provider like Genpact,²⁵⁷ as a feasible provider of combined software and servicing solutions.
9. However, third party evidence also shows that the partnership between Genpact and Bravura lacked sufficient investment²⁵⁸ and, with Nucleus as its primary client, ‘has not been tested at scale in the UK market and is not as attractive as FNZ’s overall solution’.²⁵⁹ Another third party told the CMA that Genpact ‘doesn’t have a real market presence anymore’ and seems to be “retreating from the market”.²⁶⁰

²⁵² [redacted].

²⁵³ [redacted]

²⁵⁴ [redacted] Phase 2 questionnaire responses from [redacted]. Among consultants, see Phase 2 questionnaire response from [redacted] Among competitors, [redacted] Phase 1 questionnaire responses from [redacted].

²⁵⁵ Specifically, considering the responses of [redacted] of the Parties’ customers, Bravura was mentioned as a suitable alternative supplier of Retail Platform Solutions by [redacted] (out of [redacted]) current FNZ customers (being the preferred alternative for [redacted] of these customers) and [redacted] (out of [redacted]) of current GBST customers (being the preferred alternative for [redacted] of these customers).

²⁵⁶ [redacted] customers ([redacted]); [redacted] competitors ([redacted]) and, among consultants [redacted]. See related Phase 1 and Phase 2 questionnaire responses.

²⁵⁷ Bravura has a licence agreement with Genpact that enables the latter to offer a combined technology and service proposition to the market [redacted]

²⁵⁸ [redacted] Response to the CMA’s Phase 2 third party questionnaire response.

²⁵⁹ [redacted] Response to the CMA’s Phase 1 and Phase 2 third party questionnaires.

²⁶⁰ [redacted]. [redacted]

10. With respect to the provision of a combined software and servicing Platform Solution, Bravura indicated that 'it has no plans at present to change [its] business model to compete with FNZ'.²⁶¹

Tenders evidence

11. Bravura is the competitor with [REDACTED] in the Retail segment.²⁶²
- (a) Bravura (including in partnership with other suppliers such as Genpact) overlapped with GBST in [REDACTED] tenders, [REDACTED] of them for Retail Platforms.
- (b) Bravura (including in partnership with other suppliers such as Genpact) overlapped with FNZ/JHC in [REDACTED] tenders, [REDACTED] of them for Retail Platforms.
12. [REDACTED].²⁶³
13. Evidence from customers' tender evaluations indicates that customers consider Bravura's proposition strong in the Retail segment and similar to GBST's offering, although GBST has some advantage in relation to implementation timescales and pricing:
- (a) Two customers identified [REDACTED].²⁶⁴ Customers see Bravura as a provider with a strong administration system for Retail Platforms,²⁶⁵ [REDACTED]²⁶⁶ [REDACTED]
- (b) Two customers identified Bravura as a provider with a successful track record of deliveries in the Retail segment,²⁶⁷ while one customer highlighted that Bravura [REDACTED].²⁶⁸
- (c) Two customers²⁶⁹ indicated Bravura's [REDACTED], while one customer²⁷⁰ was [REDACTED].
- (d) Three customers²⁷¹ indicated that [REDACTED].

261 [REDACTED]
262 [REDACTED]
263 [REDACTED].
264 [REDACTED]
265 [REDACTED]
266 [REDACTED]
267 [REDACTED]
268 [REDACTED]
269 [REDACTED]
270 [REDACTED]
271 [REDACTED].

SS&C

Third party evidence

14. SS&C is a US firm whose UK revenues from Retail Platforms are almost entirely derived from one large customer – St James’s Place, which is the UK’s largest retail financial advisory business.²⁷²
15. SS&C has both software and servicing capabilities and told us that it would in principle be willing to provide its software and servicing solutions on either a standalone or combined basis.
16. SS&C submitted that it is trying to compete in the supply of Retail Platform Solutions but is not as strong a competitor as it would like. It considers that it competes more closely with FNZ than GBST but does not consider itself to compete strongly with either of the Parties due to [redacted].²⁷³
17. SS&C submitted that in order [redacted] with FNZ and GBST’s offerings, [redacted]²⁷⁴ In particular, SS&C explained that [redacted].^{275 276}
18. Third party evidence generally supports what SS&C told us. Some third parties consider SS&C to be an alternative provider of Retail Platform Solutions.²⁷⁷ Specifically, SS&C was mentioned by nine of the Parties’ customers (out of 23) as a possible alternative Supplier of Retail Platform Solutions.²⁷⁸ Additionally, as illustrated in Figure 1, chapter 7, SS&C was considered the fourth closest alternative to FNZ and a moderately close alternative to GBST by the competitors and consultants who responded to our Phase 2 questionnaire.
19. However, three of the customers who would look at SS&C as an alternative also commented that SS&C is only really working with St. James’s Place in

²⁷² [redacted]

²⁷³ [redacted]

²⁷⁴ [redacted].

²⁷⁵ [redacted]

²⁷⁶ We note that FNZ submitted that ‘SS&C’s offering also allows it to supply open architecture platforms’ and that ‘closed and open architecture is not a meaningful way of distinguishing between Retail and non-Retail Platforms’[redacted]

²⁷⁷ For example, see Phase 2 third party questionnaire responses from [redacted] and [redacted]. Among consultants, see Phase 2 questionnaire responses from [redacted] and [redacted]. Among competitors, see [redacted].

²⁷⁸ SS&C has been mentioned as a possible alternative supplier by 6 of FNZ’s customers (out of 1[redacted]) and [redacted] (out of [redacted]) of GBST’s customers who responded to the CMA’s Phase 1 questionnaires [redacted]

the UK,²⁷⁹ and has limited scale and gaps in its product capability²⁸⁰ such that it is a weaker player than GBST, FNZ and Bravura.²⁸¹

20. Competitors submitted that there are internal technology issues with Bluedoor²⁸² and that this solution cannot be readily used by other platforms.²⁸³
21. Furthermore, four competitors and one consultant submitted that SS&C had suffered a high-profile failure to implement a software and administration solution for Quilter (Old Mutual Wealth),²⁸⁴ which has undermined the credibility of its proposition.²⁸⁵

Tenders evidence

22. SS&C overlapped with the Parties in [REDACTED] tenders, [REDACTED] of them in the Retail segment.
23. Considering SS&C overlaps with the Parties:
 - (a) SS&C met GBST[REDACTED].
 - (b) SS&C overlapped with FNZ/JHC[REDACTED].
24. SS&C has won [REDACTED] recent tenders from Retail Platforms [REDACTED] tenders were for Advised Vertical Platforms, which is consistent with SS&C's closed architecture being viable to vertical platforms but not to other types of platforms such as advised horizontal and D2C platforms.^{286 287}
25. Qualitative evidence from customers' tender evaluations indicate that SS&C does not have a good reputation in the market and its solution is not suitable for most Retail Platforms:
 - (a) One customer²⁸⁸ noted that SS&C [REDACTED]
 - (b) One customer²⁸⁹ [REDACTED].

²⁷⁹ [REDACTED] Response to the CMA's Phase 1 third party questionnaire.

²⁸⁰ [REDACTED] Response to the CMA's Phase 2 third party questionnaire. See also [REDACTED] Response to the CMA's Phase 2 third party questionnaire.

²⁸¹ [REDACTED] Responses to the CMA's Phase 2 third party questionnaire.

²⁸² [REDACTED] Response to the CMA's Phase 1 and Phase 2 third party questionnaires.

²⁸³ [REDACTED] Responses to the CMA's Phase 2 third party questionnaire.

²⁸⁴ [REDACTED]

²⁸⁵ [REDACTED]

²⁸⁶ [REDACTED]

²⁸⁷ [REDACTED]

²⁸⁸ [REDACTED]

²⁸⁹ [REDACTED].

Third party evidence

26. SEI is a US firm which provides a combined software and servicing solution through its 'Wealth Platform' division. Its largest market is the US, but it also has a long-standing presence in the UK. SEI's customers include [REDACTED]
27. SEI submitted that it can supply both Retail and Non-Retail Platforms in the UK and has done so since it launched its product in the UK in 2008. It considers itself to compete with FNZ in the UK 'for the same mandates' but only to a limited extent with GBST due to the difference in its delivery model with GBST. It specified that it will only compete with GBST where a customer is undecided on its preferred delivery model or where GBST competes for combined Platform Solution opportunities by partnering with a servicing provider.^{290 291}
28. SEI has been mentioned as an alternative Retail Platform Solutions supplier by 6 of the Parties' customers (specifically, by 5 current FNZ customers and 1 current GBST customer).²⁹²
29. Additionally, as illustrated in Figure 1, chapter 7, the competitors and consultants who responded to our Phase 2 questionnaire consider SEI as the closest alternative to FNZ (albeit closely followed by GBST, Bravura and SS&C) and a moderately close alternative to GBST.
30. Third party evidence was mixed on the breadth and strength of SEI's offering:
 - (a) Four third parties indicated that SEI had historically focused more on supplying Non-Retail Platforms but is also able to serve Retail Platforms.²⁹³
 - (b) two third parties stated that SEI used 'older technology' which was not considered as strong as the technology of FNZ or GBST.²⁹⁴
 - (c) in addition, one party noted that SEI 'only operate as a white label provider to individual advisor groups but does not have its own proposition in its own name open to wider advisor use'.²⁹⁵

²⁹⁰ [REDACTED]

²⁹¹ [REDACTED]

²⁹² [REDACTED]

²⁹³ [REDACTED]. See also [REDACTED]

²⁹⁴ [REDACTED]

²⁹⁵ [REDACTED] Response to the CMA's Phase 2 third party questionnaire response.

- (d) two customers indicated that SEI does not offer the full product suite that they require.²⁹⁶
- (e) two customers submitted that SEI has a low market share, with its 'coverage in AUA terms fall[ing] well below that of GBST, Bravura and FNZ'.²⁹⁷ Furthermore, two competitors observed that SEI is not particularly successful in the UK and that its customers are smaller organizations.²⁹⁸

31. SEI believes that it already has the proven scale necessary to compete with FNZ, GBST and Bravura²⁹⁹ and did not comment on its future plans in the supply of Retail Platform Solutions. A third party explained that SEI would need to develop the same range of capabilities as Pershing³⁰⁰ and [REDACTED] indicated that to improve its Retail offering SEI would need to develop on-platform pension administration.^{301 302} [REDACTED] considered that SEI is more focused on private banking / wealth management and noted that, where customers typically have a lower demand for complex product wrapper functionality such as drawdown, SEI would need to further develop its software in order to be considered a credible Retail Platform Solutions supplier.³⁰³

Tenders evidence

- 32. SEI [REDACTED] SEI overlapped with GBST in [REDACTED] tenders, [REDACTED] of them for Retail Platforms, and with FNZ/JHC in [REDACTED] tenders, [REDACTED] of them for Retail Platforms. Despite this participation SEI [REDACTED] when competing against the Parties.
- 33. Qualitative evidence from customers' tender evaluations shows that customers [REDACTED]:
 - (a) One customer³⁰⁴ which operates a Retail Platform indicated that 'the SEI solution was [REDACTED]'

²⁹⁶ [REDACTED]

²⁹⁷ [REDACTED] See also data on AUA provided by [REDACTED] in its Response to the CMA's phase 2 third party questionnaire.

²⁹⁸ [REDACTED] and [REDACTED] Additionally, one customer [REDACTED] noted that SEI does not "currently demonstrate the level of scale [it] requires".

²⁹⁹ [REDACTED]

³⁰⁰ [REDACTED]

³⁰¹ [REDACTED]

³⁰² We discuss on-platform pension capabilities within our Market Definition working paper.

³⁰³ [REDACTED]

³⁰⁴ [REDACTED].

- (b) One customer³⁰⁵ which operates a Non-Retail Platform indicated that SEI is 'a strong organisation but the core system had a number of functional gaps and were comparatively expensive'.

Pershing

Third party evidence

34. Pershing is part of the Bank of New York Mellon Corporation and is a software and administration services provider. It does not offer software-only solutions.
35. Pershing submitted that its 'current customer base is more weighted towards non-Retail Platforms with its inherent service requirements'³⁰⁶ and noted that its typical clients are discretionary wealth managers.³⁰⁷
36. Pershing submitted that it is a competitor to the Parties and able to service both Retail and Non-Retail platforms.³⁰⁸
37. Pershing has been mentioned by seven FNZ current customers (out of 16) as a possible alternative supplier of Retail Platform Solutions. However, it did not receive any mentions from GBST customers.³⁰⁹
38. Additionally, as illustrated in Figure 1, chapter 7, the competitors and consultants who responded to our Phase 2 questionnaire indicated on average that Pershing is a moderately close alternative to FNZ and less so to GBST.
39. Third party evidence also shows that Pershing has only a limited presence in the UK market.³¹⁰ Furthermore, third parties submitted that it has a dated technology with limited functionality and is expensive.³¹¹
40. Third party evidence indicates that, in the UK, Pershing focuses on the Private Client Platforms and not on Retail Platforms.³¹² In this respect, evidence that we received also shows that in order for Pershing to meet the requirements of Retail Platforms it would need to demonstrate its ability to support multiple tax wrappers, adviser process flows/modelling capabilities, portfolio

³⁰⁵ [redacted]

³⁰⁶ [redacted]

³⁰⁷ [redacted]

³⁰⁸ [redacted].

³⁰⁹ Responses to the CMA's Phase 1 customer questionnaire.

³¹⁰ [redacted].

³¹¹ [redacted]

³¹² [redacted]; [redacted]. Among consultants, see Phase 2 questionnaire response from [redacted]. In this regard third parties also explained that Pershing is more focused on supporting the more complex requirements of the wealth market (see Phase 2 questionnaire response from [redacted]) and [redacted].

management/SMA processes, customer portals/reporting, together with evidence of trade execution accuracy, systems stability/availability, operational scalability, regulatory compliance, robust and tested authentication/security plus a track record of change delivery and innovation and make improvements to its front end adviser experience.^{313 314}

Tenders evidence

41. Pershing participated in [redacted] tenders where the Parties bid, [redacted] of them for Retail Platforms. Pershing met GBST in [redacted] tenders. FNZ/JHC and Pershing overlapped in [redacted] tenders. Pershing [redacted] when competing against the Parties.

Avaloq

Third party evidence

42. Avaloq is a Swiss firm with about a ten-year presence in the UK. [redacted].³¹⁵
43. Avaloq told us that it is [redacted] and it serves [redacted] and focuses on [redacted].³¹⁶ Avaloq sees itself as a competitor of FNZ Private-client Platform customers because, according to Avaloq, FNZ is seeking to broaden the breadth of firms it provides services to.³¹⁷
44. In order to support Retail Platforms, Avaloq explained that it would have to 'develop UK BPO capabilities and likely provide regulated services such as custody. Avaloq would also have to develop pension administration capability and market heavily in this area'.³¹⁸ In the Market Definition Chapter, we have also explained that Avaloq [redacted], it would be difficult for it to win business against the incumbent suppliers who have better credibility, strong relationships with customers and Platform Solution capabilities which have been developed for Retail Platforms over many years.³¹⁹
45. Only three of the Parties' customers see Avaloq as a possible alternative provider.³²⁰ Third parties said that its offering is currently addressed to Private-client Platforms³²¹ and is not suited for Retail Platform requirements

³¹³ [redacted]

³¹⁴ [redacted]

³¹⁵ [redacted]

³¹⁶ [redacted]

³¹⁷ [redacted]

³¹⁸ [redacted]

³¹⁹ Chapter 6

³²⁰ Specifically, 2 out of 16 [redacted] and 1 out of 6 [redacted] customers [redacted] who responded to the CMA's P1 questionnaire.

³²¹ [redacted]

because, it lacks complex UK tax wrapper capabilities.³²² One customer [REDACTED] told us that adapting Avaloq's offering would require 'extensive/potentially green field development'.³²³

46. Two consultants told us that Avaloq has the potential to become a more significant player in the supply of Retail Platforms, but the absence of experience and market share in the UK constitutes a weakness.^{324 325}

Tenders evidence

47. Over the past five years, Avaloq has participated in [REDACTED] tenders where the Parties bid, out of which [REDACTED] were for Non-Retail Platforms.
48. Avaloq [REDACTED] in Non-Retail tenders in which [REDACTED] participated, overlapping in [REDACTED] of its Non-Retail tenders. Avaloq also overlapped [REDACTED].
49. Avaloq won [REDACTED] tenders it overlapped with FNZ/JHC, [REDACTED]. One customer recognised Avaloq's strength in the Non-Retail segment as it provides support for 'private banks, asset and wealth managers'.³²⁶

Temenos

Third party evidence

50. Temenos is a technology firm that offers a front and back office software solution to banks. Its presence in the UK is currently limited to the provision of software to private banks, including [REDACTED].³²⁷
51. Temenos told us that it does not consider itself as a competitor to the Parties in Retail Platform Solutions and is not familiar with GBST. It specified that it competes primarily with Avaloq for Private Banking and Wealth Management customers³²⁸ and sees FNZ as a potential competitor only in that segment.³²⁹
52. [REDACTED]. Temenos submitted that any attempt to enter would require [REDACTED].³³⁰

322 [REDACTED].
323 [REDACTED].
324 [REDACTED].
325 [REDACTED].
326 [REDACTED].
327 [REDACTED].
328 [REDACTED].
329 [REDACTED].
330 [REDACTED].

53. Only one of the Parties' customers mentioned Temenos as a possible alternative provider.³³¹ Third parties see Temenos as offering a 'core banking system'³³² with no penetration in the UK Retail segment.³³³ We were told by two third parties that its system does not currently support the needs of Retail or workplace customers in the UK, because it lacks UK tax wrapper capabilities³³⁴. In this respect, we were told by a third party that for Temenos to adapt its offering to support Retail Platforms 'the scale of development required would be great'.³³⁵

Tenders evidence

54. Temenos participated in [redacted] tenders where the Parties bid, [redacted] Non-Retail Platforms. Temenos overlapped FNZ in [redacted] tenders and with GBST in [redacted]. Temenos was the supplier with [redacted] in the Non-Retail tenders it overlapped with FNZ, having won [redacted]. Evidence from one³³⁶ customer's tender assessment indicate that Temenos has 'a strong and configurable core engine, but lacking in UK-specific functionality and a weak implementation proposal.

TCS (Tata Consultancy Services)

Third party evidence

55. TCS is an Indian firm that provides software and administration services in the Retail Platform Solutions space, catering for the full spectrum of the market segments including high net worth clients, affluent clients and mass market clients. [redacted].³³⁷
56. TCS sees itself as competing with both FNZ and GBST. Despite its current limited presence in the UK Retail Platform Market, TCS has plans to expand in this space. It submitted that increasing its presence would take time because customers are resistant to change providers.³³⁸
57. TCS added that its work with [redacted] enables it to handle scaled, end-to-end operations in the UK. However, it does not help TCS tender for pure

331 [redacted]
332 [redacted]
333 [redacted]
334 [redacted]
335 [redacted]
336 [redacted]
337 [redacted].
338 [redacted]

investment opportunities in the market because it does not contribute towards this kind of track record.³³⁹

58. We heard from one external consultant that TCS provides Life and Pension BPO services and has experience of operating in this sector.³⁴⁰
59. However, only two of the Parties' customers mentioned TCS as a suitable alternative provider of servicing/BPO solutions.³⁴¹
60. Among consultants, only [redacted] considers TCS as a suitable supplier of Retail Platform Solutions in the UK due to its 'experience in the sector'.³⁴²
61. GBST submitted that TCS's presence in the supply of Retail Platform Solutions is mainly limited to the supply of a servicing offering to NEST, while its relationship with [redacted].³⁴³

Tenders evidence

62. TCS is participating in an [redacted] where the Parties bid. [redacted] IRESS

Third party evidence

63. IRESS is headquartered in Australia and provides software solutions to the wealth management industry.³⁴⁴ We did not receive any submissions from IRESS.
64. GBST told the CMA that it is not a direct competitor in the supply of Retail Platform Solutions, its core business being 'Adviser Portal technology' (Xplan software).³⁴⁵ At this stage of the inquiry, we have not received further evidence on the Xplan system.
65. IRESS was mentioned only by two non-Retail Platforms and Retail Platform suppliers did not list this firm as a credible competitor. Only one consultant sees IRESS as a possible alternative to FNZ and GBST.³⁴⁶

³³⁹ [redacted]

³⁴⁰ [redacted].

³⁴¹ [redacted]

³⁴² [redacted]

³⁴³ [redacted].

³⁴⁴ [redacted]

³⁴⁵ [redacted]. See also [redacted]

³⁴⁶ [redacted]

Tenders evidence

66. IRESS overlapped with FNZ/JHC in [redacted] Non-Retail tenders and [redacted] . IRESS overlapped with GBST in [redacted].

Hubwise

Third party evidence

67. Hubwise is a supplier of Retail Platform Solutions offering a Combined Platform Solution. It sees itself as competing very closely with FNZ and GBST. Nevertheless, it specified that ‘FNZ and GBST focus on tier one market participants (...), whilst Hubwise [has] a current focus on the mid-tier segment’. Hubwise explained that its scale is preventing it from securing contracts with larger clients.³⁴⁷ Hubwise aims to grow its ‘balance sheet and reputation to start appealing to tier one firms’.³⁴⁸
68. Among consultants, one consultant [redacted] described Hubwise as a ‘new entrant’ in the supply of Retail Platform Solutions who is acquiring AUA.³⁴⁹ Another consultant [redacted] has highlighted that Hubwise has won ‘high-profile deals’ with Sanlam and Tenet, the latter an extension in service to their 2017 deal.³⁵⁰
69. However, only two of the Parties’ customers listed Hubwise as an alternative provider³⁵¹. Moreover, six third parties told us that Hubwise is not considered a credible competitor in the Retail segment due to its insufficient scale,³⁵² limited services³⁵³ and absence of track record³⁵⁴.

Tenders evidence

70. Hubwise participated in [redacted] tenders where the Parties bid, [redacted] for Retail Platforms. Hubwise met GBST in [redacted]Retail tenders and [redacted] Non-Retail tender. FNZ/JHC and Hubwise met in [redacted] Retail tender and [redacted]Non-Retail tender. Hubwise [redacted]when competing with the Parties.

³⁴⁷ [redacted].

³⁴⁸ [redacted]

³⁴⁹ [redacted]

³⁵⁰ [redacted]

³⁵¹ [redacted]

³⁵² [redacted]

³⁵³ [redacted] See also [redacted]

³⁵⁴ [redacted].

SECCL

Third party evidence

71. SECCL, acquired by Octopus in 2019, is a recently launched business offering combined software and service solutions.³⁵⁵ Although SECCL plans to compete more closely with FNZ and GBST in the future, it explained that it is not truly a competitor yet and will need two to five years before it becomes a credible alternative for the Parties current clients.³⁵⁶
72. Third party evidence showed that only two of the Parties' customers consider SECCL as a credible alternative supplier.³⁵⁷ [REDACTED].³⁵⁸

Tenders evidence

73. SECCL [REDACTED] against the Parties.

Other suppliers

74. Here we summarise the key information received from third parties or through our tender analysis on suppliers that only appeared infrequently throughout our evidence gathering. There are a small number of suppliers that competed in tenders from whom we did not receive a response or receive any evidence from other third parties.

Third party evidence

75. **IMIX** is a software-only business. Its solution covers portfolio modelling, performance measurement, order and creation management, tax, client reporting and regulatory services. In this regard, IMIX submitted that its offering is narrower than the likes of GBST and FNZ and it has historically provided only specific front office components and not the wider back office software capability. IMIX considers that its core products are more complimentary to the Parties and it has worked with GBST in the past. IMIX is now developing its own back office solution which may bring it into closer competition with the Parties. However, this solution needs to be further developed and, according to IMIX this would take approximately five years. However, Wise Investments utilises IMIX only for its front-end system which it uses for its analysis, reporting, filtering, making decisions and placing orders.

³⁵⁵ [REDACTED]

³⁵⁶ [REDACTED].

³⁵⁷ [REDACTED].

³⁵⁸ [REDACTED]

The IMIX system then sends these orders to Pershing (NEXUS), which takes care of the back office software and servicing.³⁵⁹

76. **EValue** does not consider itself to compete with FNZ or GBST because its software solutions are different³⁶⁰ to the Parties.³⁶¹
77. **Torstone** submitted that it [REDACTED].³⁶²
78. **Sapiens** provides Property & Casualty, Life and Pensions (including Retail Investment Platform) and Reinsurance software, its target clients being insurers.³⁶³ It submitted that it competes with FNZ and GBST only occasionally.³⁶⁴ With regard to future plans, Sapiens plans to compete more closely with GBST on mid-lower tier opportunities as part of its 5 year strategy for the UK market.³⁶⁵
79. [REDACTED]
80. [REDACTED]
81. [REDACTED]
82. [REDACTED]
83. **Ohpen** supplies investment and savings accounts with or without fiscal wrappers, and focuses on retail banks, pension providers, investment platforms and asset managers. Ohpen said that it therefore competed very closely with FNZ since entering the UK market in 2016. [REDACTED].³⁶⁶

Tenders evidence

84. **ObjectWay** participated in [REDACTED] tenders where the Parties bid, [REDACTED] for Non-Retail Platforms. ObjectWay met GBST in [REDACTED] Non-Retail tenders, and FNZ/JHC in [REDACTED] Non-Retail tenders. ObjectWay won [REDACTED] Non-Retail tenders when overlapping with FNZ/JHC.

359 [REDACTED]
360 [REDACTED]
361 [REDACTED]
362 [REDACTED]
363 [REDACTED]
364 [REDACTED]
365 [REDACTED].
366 [REDACTED].

85. **Third Financial** participated in [REDACTED] tenders where the Parties bid, [REDACTED] for Non-Retail Platforms. Third Financial overlapped FNZ in [REDACTED] tenders and overlapped [REDACTED] with GBST. Third Financial [REDACTED] when overlapping with FNZ.
86. **ERI Bancarie** participated in [REDACTED] tenders where the Parties bid, [REDACTED] Non-Retail Platforms. It overlapped FNZ in [REDACTED] and with GBST in [REDACTED]. ERI Bancarie [REDACTED]. Qualitative evidence from a customer's tender evaluation indicates that ERI Bancarie's weaknesses relies on the lack of UK-specific functionality and expertise, despite having a strong core engine.³⁶⁷
87. **Delta** overlapped with the Parties in [REDACTED] Retail tenders. It overlapped with GBST in [REDACTED] Retail tenders, and with FNZ in [REDACTED]. Delta [REDACTED].³⁶⁸
88. **InvestCloud** [REDACTED] FNZ/JHC or GBST in Retail tenders. InvestCloud overlapped in Non-Retail tenders [REDACTED] with FNZ/JHC and [REDACTED] with GBST. InvestCloud won [REDACTED] Non-Retail tender [REDACTED]. One³⁶⁹ customer's tender assessment indicated that InvestCloud were not able to meet UK credentials and lacked overall capabilities for Retail Platforms.
89. **Sapiens** participated in [REDACTED] Retail tenders and [REDACTED] Non-Retail tenders where the Parties bid. It overlapped in [REDACTED] Retail tenders with GBST, and in [REDACTED] with FNZ/JHC. It won [REDACTED] of the tenders where it overlapped with the Parties.
90. **Dunstan Thomas** participated in [REDACTED] Retail tenders and [REDACTED] where the Parties bid. It overlapped in [REDACTED] with GBST and in [REDACTED] with FNZ. It won [REDACTED] Retail tender where it overlapped with GBST. [REDACTED]³⁷⁰
91. **Wealth Wizards** and **Evalue** each overlapped in [REDACTED], where they met GBST. They [REDACTED] won [REDACTED] in tenders where the Parties bid. Evidence from one³⁷¹ customer's tender evaluation indicates that **Wealth Wizards** and **Evalue** do not provide SIPP back office system administration, they are rather specialised in pension advice tools.
92. **Benchmark Capital, Fusion Box, Ohpen, Scalable C and Aquila** each participated in [REDACTED] and [REDACTED] where the Parties bid. [REDACTED]

367 [REDACTED]
368 [REDACTED]
369 [REDACTED]
370 [REDACTED]
371 [REDACTED]

93. **Simcorp, Blackrock, Standard Life Aberdeen, Broadridge and IMIX** each participated in [REDACTED] and [REDACTED] Retail tenders where the Parties bid. [REDACTED] *In-house*

Third party evidence

94. In-house provision of software and servicing solutions could potentially exert a competitive constraint on the Parties in certain circumstances. With respect to software, evidence from competitors, consultants and customers indicates that these circumstances are limited as there is increasingly a tendency for customers to outsource provision of software solutions. More specifically:
- (a) Two competitors indicated that there is a tendency to outsource software, for reasons that relate to quality, economies of scale and cost. For example, one competitor submitted that: ‘Very few of the major platforms continue to operate their own in-house software... Driver has been the need for a proven and scalable system and the need to share the costs of systems development and testing to meet rapidly evolving market and regulatory demands.’³⁷² [REDACTED].³⁷³
 - (b) Two of four consultants indicated that, whilst providing software in-house is a viable option for some Retail Platforms, there is a trend towards outsourcing software, with Investment Platforms continuing to provide software in-house being large or having a niche offering.³⁷⁴
 - (c) 26 of the customers that commented on in-house supply indicated that they outsource software,³⁷⁵ for the same reasons listed by competitors, but also because they lack the expertise required to develop and maintain a software solution in-house. For example, one customer submitted that: ‘It is typically more cost effective and we can expect to achieve a quicker, cheaper, better solution by selecting a best of breed provider who specialises in this area... On-going updates and changes to meet legal, regulatory and other mandatory requirements are usually performed by the platform provider and leveraged by many customers... External suppliers also provide on-going technological investment and improvement’.³⁷⁶

³⁷² [REDACTED] Response to the CMA’s Phase 2 third party questionnaire.

³⁷³ [REDACTED]

³⁷⁴ [REDACTED]

³⁷⁵ Two provide it in-house and six provided neutral/no response.

³⁷⁶ [REDACTED] [REDACTED]

95. Evidence on the viability of in-house servicing solutions is more mixed. A number of Retail Platforms provide at least some aspects of servicing in-house. More specifically:
- (a) One competitor indicated that there is a tendency to provide servicing in-house.³⁷⁷ However, three competitors indicated that there is a tendency to outsource servicing.³⁷⁸
 - (b) One consultant indicated that there is a tendency to provide servicing in-house³⁷⁹, whilst two consultants indicated that there is a tendency to outsource servicing, for reasons that relate to economies of scale.³⁸⁰
 - (c) 14 of the customers that commented on in-house supply indicated that they provide servicing in-house, as clients value the personal nature of the offering, or they have sufficient scale. However, 11 customers that commented on in-house supply indicated that they either partially or fully outsource servicing.³⁸¹

Tenders evidence

96. The tender data shows that there may be some constraint from in-house supply, but only when the incumbent solution is in-house or when the Investment Platform is an entrant.
97. In these circumstances, in-house was identified as an option by the Parties in [redacted] of the [redacted] recent tenders in Retail Platform Solutions. In particular:
- (a) In-house was considered an option in [redacted] out of the [redacted] Retail tenders in which FNZ participated. [redacted] customers had an in-house incumbent solution, [redacted] had a [redacted],^{382 383} and [redacted] were for a [redacted].
 - (b) In-house was [redacted] considered in [redacted] Retail tenders JHC participated in, and the incumbent solution of [redacted].
 - (c) Considering the [redacted] Retail tenders where GBST participated, in-house was considered in [redacted] of them. [redacted] customers had an in-house incumbent solution, one customer had [redacted] and [redacted]³⁸⁴

³⁷⁷ [redacted]

³⁷⁸ [redacted]

³⁷⁹ [redacted]

³⁸⁰ [redacted] and [redacted].

³⁸¹ 12 provided neutral/no response.

³⁸² [redacted]

³⁸³ [redacted]

³⁸⁴ [redacted]

98. In-house was never identified as an option for Retail Platforms when the incumbent solution was fully outsourced. FNZ has [redacted] in-house supply [redacted] consistent with (i) the constraint from in-house supply being weaker for smaller customers, and (ii) in-house supply being a constraint when the customer is considering switching from in-house to outsourced solutions.
99. When considering Non-Retail tenders, in-house was [redacted].³⁸⁵ In [redacted] Non-Retail Platforms a pure in-house solution was the incumbent, and in one case the solution was replaced by [redacted], with another replaced by).
100. Qualitative evidence from a customers' tender evaluation³⁸⁶ indicates that, when assessing the market, consultants may provide the strengths and weaknesses of proprietary solutions. In that case, the advantages listed were:
- (a) The in-house solution will fit the customer's business model more closely than an off the shelf solution;
 - (b) the customer has a closer control over development direction of the technology;
 - (c) the customer has the ability to white label or licence the solution to other platforms to diversify revenue streams.
101. The disadvantages highlighted were:
- (a) High initial development costs;
 - (b) a poor design of the solution will incur higher maintenance costs and become a barrier to growth (the consultancy used Ascentric as an example, which developed a poor in-house solution and was re-platforming to Bravura at the time);
 - (c) large volume of technical staff;
 - (d) costs to keep the technology current for market and to incorporate regulatory changes and less ability to share ongoing investment among other users of the technology.

³⁸⁵ [redacted]
³⁸⁶ [redacted]

Appendix J: Share of supply estimates by FNZ

Figure 1: [REDACTED].³⁸⁷

[REDACTED]

1. In FNZ's initial submission to the phase 2 inquiry, it noted that it had corrected the previous share of supply data provided in the Merger Notice as follows.
 - (a) [REDACTED].³⁸⁸
 - (b) [REDACTED].³⁸⁹
 - (c) [REDACTED]:
 - (i) [REDACTED];
 - (ii) '[REDACTED]'.³⁹⁰

Other comments on CMA share of supply calculations

2. [REDACTED]. FNZ noted that it also means that the share of [REDACTED] in FNZ's share of supply estimations 'is understated'.
3. FNZ noted that Pershing supplies 'UK 'Retail' customers' that include 'Raymond James (£11bn AUA) and Sanlam (£6bn AUA)'. FNZ considers that these 'should be classified as 'Retail' on the CMA's approach'.
4. FNZ also noted that GBST's submission that SEI should be part of the narrowest plausible market of Platform Solutions for Retail Platforms contradicts GBST's position that SEI does not focus on Platform Solutions for Retail Platforms in the UK. FNZ noted that 'whether a supplier 'focuses' on solutions for Retail Platforms in the UK is irrelevant to whether they should be included in the share of supply calculation. All suppliers that supply platforms that fall within the relevant market should be included in the share of supply calculation.'³⁹¹

³⁸⁷ FNZ Initial Phase 2 Submission

³⁸⁸ [REDACTED]

³⁸⁹ [REDACTED].

³⁹⁰ FNZ Initial Phase 2 Submission

³⁹¹ [REDACTED]

GBST submission

5. GBST further submitted that [REDACTED].³⁹²

Changes to CMA share of supply calculations since phase 1

6. We corrected the names of the providers of investment accounting software as well as the names of servicing providers.
7. We made sure that for one of AJ Bell's Investment Platforms (YouInvest) the investment accounting software provider is JHC rather than GBST. However, we used GBST as the core software provider for the other AJ Bell's Investment Platform (InvestCentre). The classification is based on AJ Bell noting that 'it uses Composer more in [AJ Bell's Investment Platform (InvestCentre)] because it facilitates the remuneration of advisors by their customers and it can facilitate different types of investments.'^{393 394}
8. We did not reassign the software provider to Aegon's workplace platform from GBST to SS&C, as proposed by FNZ.³⁹⁵ Aegon told us that *SS&C assists on its Targetplan workplace management flow systems and Dunstan Thomas services its illustration engine for its retail platforms*'. However, Aegon further noted that '[t]hey do not use SS&C for the same services as GBST. GBST's Composer is the core back office software used for Aegon's retail platforms.' Similarly, we did not reassign any of the Aegon's retail platforms to PSL as Aegon noted 'that all three retail platforms have their books and records software provided by GBST.'^{396 397 398}
9. Further corrections were made based on the Parties' submissions: FNZ document (Annex 4 to the FNZ Initial Phase 2 Submission); FNZ document ("Annex 1 - Updated FNZ JHC bidding data.xlsx") alongside the FNZ Response to the Issues Statement;([REDACTED])

³⁹² [REDACTED]

³⁹³[REDACTED].

³⁹⁴ [REDACTED]

³⁹⁵ FNZ Initial Phase 2 Submission

³⁹⁶ [REDACTED]

³⁹⁷ [REDACTED]

Appendix K: Product development

Submissions and extracts from FNZ's internal documents

Project Evolve

1. GBST submitted that Project Evolve is a 'key update of the GBST Composer software and involves replacing the legacy technology with a modern, simplified technology.
2. GBST submitted that Project Evolve will be completed [REDACTED]. GBST stated that after the completion of the project, Composer will be a highly competitive product that is attractive for prospective customers.³⁹⁹
3. Internal documents from GBST show that its [REDACTED] R&D spending on Project Evolve, together with [REDACTED]⁴⁰⁰⁴⁰¹
4. FNZ submitted [REDACTED].⁴⁰²
5. A [REDACTED] states that Project Evolve [REDACTED].⁴⁰³ '[REDACTED].'⁴⁰⁴
6. [REDACTED].⁴⁰⁵
7. The same document [REDACTED].
 - (a) '[REDACTED].'
 - (b) [REDACTED].'⁴⁰⁶
8. Another internal document [REDACTED]. [REDACTED].⁴⁰⁷

FNZ's views of GBST R&D

9. FNZ stated that [REDACTED]⁴⁰⁸ In relation to this, FNZ submitted that:

³⁹⁹[REDACTED].
⁴⁰⁰ [REDACTED]
⁴⁰¹ [REDACTED]
⁴⁰² [REDACTED]
⁴⁰³ [REDACTED]
⁴⁰⁴[REDACTED]
⁴⁰⁵ [REDACTED]
⁴⁰⁶ [REDACTED]
⁴⁰⁷[REDACTED]
⁴⁰⁸[REDACTED]

(a) [REDACTED];

(b) [REDACTED]⁴⁰⁹); and

(c) [REDACTED].⁴¹⁰

10. FNZ supported this submission by providing the timing of different updates implemented at FNZ and GBST.⁴¹¹ FNZ stated how GBST's Evolve programme as well as other 'key platform functionality innovations' are [REDACTED] with particular reference to FNZ, Bravura, Avaloq, Pershing, SS&C, SEI, and Temenos.⁴¹²

11. FNZ further submitted that 'FNZ's view is that GBST's programme as constructed is [REDACTED].'⁴¹³ In support, FNZ submitted that:

(a) 'FNZ understands that GBST has already; [REDACTED]

(b) Other providers that undertook similar projects [REDACTED];⁴¹⁴ FNZ told us that: '[REDACTED]; and

(c) FNZ believes that [REDACTED].'⁴¹⁵

GBST views

12. GBST disagreed with FNZ's view on Evolve and maintained that it would make GBST more competitive.

13. GBST responded to FNZ claims about the underlying code language of Composer [REDACTED] by stating that 'it is incorrect that GBST's underlying technology framework is only PowerBuilder. Most of Composer now uses Java, a more modern coding language. Moreover, since 2009 GBST has had an API layer that sits around Powerbuilder and has transformed the APIs from SOAP to Rest-based services (in 2018) to help increase the integration capability.'⁴¹⁶ FNZ told us that it was surprised by this as GBST had previously indicated to FNZ that '[REDACTED] with FNZ referring to documentation that only the [REDACTED] October 2019.⁴¹⁷

⁴⁰⁹ [REDACTED]

⁴¹⁰ [REDACTED] and FNZ Phase 2 Initial Submission paragraph

⁴¹¹ FNZ Phase 2 Initial Submission,

⁴¹² FNZ Phase 2 Initial Submission,

⁴¹³ [REDACTED]

⁴¹⁴ [REDACTED]

⁴¹⁵ [REDACTED]

⁴¹⁶ [REDACTED]

⁴¹⁷ [REDACTED]

14. In response to FNZ’s claim that ‘on-premise’ model of Composer has been [REDACTED] by Cloud-based SaaS models, GBST stated that it ‘does not only supply Composer “on-premise”. Composer has been provided as a managed service hosted via Rackspace since March 2009, [REDACTED]. GBST therefore provides a SaaS. [...] Therefore, not all clients consume the software “on-premise”.’ FNZ noted that [REDACTED] FNZ further noted that[REDACTED].⁴¹⁸
15. GBST added that ‘through Project Evolve, GBST is changing the technology architecture of Composer to take advantage of new features available in Cloud-enabled tech. GBST is also enhancing its APIs and making the tech platform architecture more microservices-based.’⁴¹⁹
16. FNZ told us that[REDACTED]. FNZ also noted that[REDACTED].⁴²⁰
17. GBST also notes that [...] FNZ says that a benefit of the Transaction is integrating FNZ functionality alongside Composer, which indicates that FNZ knows Powerbuilder can effectively interface with third party solutions.⁴²¹
18. FNZ noted that[REDACTED].⁴²²
19. GBST also responded to FNZ by stating that, ‘in terms of other key developments amongst WMPs, GBST has [REDACTED]. GBST provided examples about its user interface/digital portal, Composer APIs, model portfolio capabilities, and other ‘product wrappers’ not mentioned by FNZ.’⁴²³
20. GBST further submitted that [REDACTED].⁴²⁴
21. GBST also denied FNZ’s claim that project Evolve is a [REDACTED]. It submitted that,
 - (a) [REDACTED].
 - (b) it is not high-risk as the programme is on track and being delivered in phases which are being consumed by clients. The project is more than 50% complete and has delivered the most complex components. This means the remaining deliveries are lower risk.⁴²⁵

418 [REDACTED]
419 [REDACTED]
420 [REDACTED].
421 [REDACTED]
422 [REDACTED]
423 [REDACTED]
424 [REDACTED]
425 [REDACTED]

Third party views

22. Customers generally expressed positive views about GBST's Project Evolve.
- (a) All customers that expressed views on Project Evolve stated that the programme is an essential modernisation programme required to update Composer to the current technological standards;
 - (b) Some third parties (three out of eight) stated that, in addition to being a 'catch-up programme', Project Evolve could generate some competitive advantages relative to other providers (eg flexible architecture and API capability).
23. Moreover, two customers highlighted GBST's ability to innovate and invest in R&D:
- (a) [redacted]⁴²⁶
 - (b) AJ Bell submitted that the provision of 'gateways into core system functionalities is key, and is the reason why both JHC [FNZ's subsidiary] and GBST are both heavily investing in API development.'⁴²⁷
24. Some competitors also provided views on the nature of GBST's Project Evolve. All agreed that the programme aims to bring GBST technical architecture up to date with the rest of the industry. SS&C stated that Project Evolve 'would go a long way to closing the gap on Bravura Sonata and FNZ's capabilities.'⁴²⁸
25. Some competitors provided views on GBST's ability to innovate.
- (a) Bravura stated that 'both Bravura and GBST are seen as handling innovation and regulatory development and releases well.'⁴²⁹
 - (b) Equiniti stated that 'GBST has always invested heavily in R&D and this has long been respected in the marketplace.'⁴³⁰
 - (c) Hubwise (which sees itself as one of the leading innovative firm in the market) stated that 'GBST has a poor reputation stemming from recent project delivery failures, and its software is nearing the end of its shelf life in the UK. We believe it would take years of investment to bring its

426 [redacted]

427 [redacted]

428 [redacted]

429 [redacted]

430 [redacted]

software up to date, and in that period, other providers (like Hubwise) would have greatly widened the functionality and capability gap.⁴³¹

[X] (a consultancy) told us that ‘GBST are behind in the market because its offering has lacked investment.’⁴³²

Extracts from FNZ’s internal documents

[X]

26. An internal FNZ strategy presentation to its Board [X], stated the following reasons for acquiring GBST:⁴³³

(a) [X];

(b) [X];

(c) [X];

(d) [X];

(e) [X];

(f) [X].

27. As part of this presentation FNZ noted, in its [X]’. Further, it noted that [X].⁴³⁴

28. FNZ went on to state that there would be a ‘[X]’⁴³⁵ and said ‘[X].’⁴³⁶

29. FNZ also [X].

[X]

30. [X].⁴³⁷

31. The detail provided [X]:

(a) [X]

⁴³¹ [X]
⁴³² [X]
⁴³³ [X]
⁴³⁴ [X]
⁴³⁵ [X].
⁴³⁶ [X].
⁴³⁷ [X].

(b) [REDACTED];

(c) [REDACTED]

(d) [REDACTED]

(e) [REDACTED].

32. [REDACTED].⁴³⁸

Investment in GBST's Composer software

33. [REDACTED]:

(a) [REDACTED]⁴³⁹

(b) [REDACTED].⁴⁴⁰

(c) [REDACTED]⁴⁴¹[REDACTED].

(d) [REDACTED].⁴⁴²

34. However, [REDACTED]:

(a) [REDACTED].⁴⁴³

(b) [REDACTED].⁴⁴⁴

(c) [REDACTED].⁴⁴⁵

(d) [REDACTED].⁴⁴⁶

Appendix L: Third party views on the merger

Introduction

35. This Appendix provides further details of third party views on the merger.

⁴³⁸ [REDACTED]

⁴³⁹ [REDACTED]

⁴⁴⁰ [REDACTED].

⁴⁴¹ [REDACTED]

⁴⁴² [REDACTED]

⁴⁴³ [REDACTED]

⁴⁴⁴ [REDACTED]

⁴⁴⁵ [REDACTED]

⁴⁴⁶ [REDACTED].

Third party views

1. Two of three consultants⁴⁴⁷ that gave a view on the Merger raised concerns:
 - (a) 'Our view is that the proposed merger would significantly reduce choice, and thus competition, for software and servicing in the Investment Platform market. [X] has run many technology and servicing selection exercises for UK retail platforms and there is already a scarcity of credible suppliers for large organisations looking for stable, established partners to work with. Whilst there are some signs of new entrants winning small scale deals, it will be several years before any of these become credible suppliers to larger firms.'⁴⁴⁸
 - (b) 'I am concerned that the market will have been monopolised by a giant technology house like FNZ with little effective competition as suppliers would not have the scale and resource to compete... It would also stifle innovation. Every platform would essentially be backed by the same technology – it would be very vanilla. It would also mean that the investment platform market would effectively be controlled by one organisation with all the inherent risks that represents.'⁴⁴⁹
2. Two consultants gave neutral or no responses and one consultant was unconcerned:
 - (a) 'When considering the whole retail investments market, the merger would not appear to cause a competition issue, however there may be effects on GBST's direct customers, it is not clear if this would be positive (better R&D investment etc) or negative (being railroaded into a full services offering).'450
3. Four of five competitors⁴⁵¹ that gave a view were opposed to the Merger. Specific comments included:
 - (a) 'We see the acquisition of GBST by FNZ as making it significantly more difficult to compete in the UK Platform market.'⁴⁵²
 - (b) 'We are concerned that the merger of these two already dominant firms will mean that many more clients and prospects will have some

⁴⁴⁷ Out of a total of five responses from consultants.

⁴⁴⁸ [X] Response to the CMA's Phase 2 third party questionnaire.

⁴⁴⁹ [X] Response to the CMA's Phase 2 third party questionnaire.

⁴⁵⁰ [X] Response to the CMA's Phase 2 third party questionnaire.

⁴⁵¹ Out of a total of eight responses from competitors.

⁴⁵² [X]

embedded FNZ / GBST components in their operation. The merged entity will be able to use this “inside” knowledge to create bundled pricing, cross-subsidies and create barriers to third parties being able to integrate their components into the clients operations.’⁴⁵³

(c) ‘With the FNZ dominance in the marketplace, it is already difficult to compete. If FNZ extends their customer base and offerings it will invariably lead to [redacted] re-evaluating our UK strategy for investment/wealth propositions.’⁴⁵⁴

4. One competitor was unconcerned:⁴⁵⁵

(a) ‘We don’t consider that this merger would have any negative impact on our business whatsoever. It removes a competitor, albeit one we wouldn’t consider as a serious threat, especially given GBST has never established a foothold in the UK retail platform market.’⁴⁵⁶

5. Thirteen of 17 customers⁴⁵⁷ that gave a view were opposed to the merger, for a range of reasons including because it would reduce the number of suppliers, or because it could have an adverse effect on price, quality or innovation. Specific comments included:

(a) ‘This reduces the number of viable technology solutions with appropriate scale and technical capability for an [redacted] platform proposition from three to two.’⁴⁵⁸

(b) [redacted]⁴⁵⁹

6. Eighteen customers provided neutral or no responses and three customers gave responses but were unconcerned, submitting that the merger could result in more innovation or lower prices. Specific comments included:

(a) ‘The advantage of the merger is that FNZ has a background as a technology provider and would have the capabilities to push GBST forward with the development of Composer (e.g. completion of the Evolve Programme).’⁴⁶⁰

453 [redacted]

454 [redacted]

455 With the remaining three competitors providing neutral or no responses.

456 [redacted] Response to the CMA’s Phase 2 third party questionnaire.

457 Out of a total of 34 responses from customers.

458 [redacted]

459 [redacted].

460 [redacted]

- (b) ‘...if the merger allows FNZ/GBST to operate at increased scale and share some of the benefits of that with their clients then this could be beneficial to consumers. It would allow platforms to share in reduced overall costs...’⁴⁶¹

Appendix M – Non-Retail tenders

Introduction

1. This Appendix sets out some evidence on tenders for Non-Retail Platforms.

Closeness of competition between the Parties

Tender analysis

2. As with tenders for Retail Platforms, we have carried out an analysis of tender data from a wide range of sources in order to assess the closeness of competition between the Parties.⁴⁶²
3. Since 2016, the Parties participated in [X] Non-Retail tenders:
- (a) FNZ participated in [X] Non-Retail tenders and won [X] of them (a [X] win rate);⁴⁶³
 - (b) JHC bid in [X] Non-Retail tenders and [X];^{464 465} and
 - (c) GBST participated in [X] Non-Retail tenders and [X] of them.
4. GBST submitted that it participated in [X].⁴⁶⁶ GBST documents show that feedback from customers confirmed that the main reason GBST [X].⁴⁶⁷
5. The Parties met in [X] Non-Retail tenders: this accounts for [X] GBST’s bids but [X] of the [X] tenders where FNZ/JHC bid.

⁴⁶¹ [X].

⁴⁶² See Appendix C for a description of our evidence base for this analysis and Appendix F for a list of the Investment Platforms that carried out tenders that the Parties participated and the classification used for each.

⁴⁶³ FNZ won [X].

⁴⁶⁴ JHC won [X].

⁴⁶⁵ [X].

⁴⁶⁶ [X].

⁴⁶⁷ [X].

6. The [X] overlaps in Non-Retail tenders is consistent with GBST’s focus on supplying Retail Platforms.
7. Table 1 below provides more details about Non-Retail tenders where the Parties overlapped.

Table 3. Non-Retail tenders where the Parties overlapped since 2016.

Customer	Year	Bidders at the RFI stage	Bidders at the RFP stage	Bidders at the Commercial Negotiations	Winner
[X]	[X]	[X]	[X]	[X]	[X]

Source: CMA analysis based on information from the Parties, customers and competitors.
 Note: Information of bidders at each stage may not be accurate and complete for [X] and [X], as the CMA did not receive information from the customer and, therefore, the data was compiled with information from the Parties and some competitors.

Competitive constraint from alternatives

8. Since 2016, the Parties participated in [X] Non-Retail tenders.
 - (a) FNZ/JHC participated in [X] Non-Retail tenders.
 - (b) GBST participated in [X] Non-Retail tenders.
9. For other suppliers:
 - (a) [X] and [X] appeared in [X] tenders with FNZ/JHC; a total of [X] each. [X] overlapped in [X] with FNZ and [X] with JHC.
 - (b) [X] overlapped with FNZ in [X] tenders and [X] with JHC;
 - (c) [X] overlapped with FNZ in [X] tenders, and [X] overlapped with JHC in [X] tenders;
 - (d) [X] and [X], met FNZ/JHC in three tenders; and,
 - (e) [X], [X], [X], [X], and [X] each met FNZ in two tenders.
10. For the [X] Non-Retail tenders that GBST participated in, it overlapped [X] Figure 1 summarises these findings.

Figure 1. Number of times each supplier overlapped with GBST and FNZ/JHC in Non-Retail tenders.⁴⁶⁸

[REDACTED]

Source: CMA analysis using the Parties, customers and competitor's data.

Note: The graph includes only competitors that overlapped with the Parties at least twice and exclude in-house solutions. Suppliers which overlapped with GBST only once include [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED] and [REDACTED]. Suppliers which overlapped with FNZ only once include [REDACTED], [REDACTED], [REDACTED],⁴⁶⁹ [REDACTED], [REDACTED], [REDACTED], [REDACTED] and [REDACTED]. The participation of competitors in tenders may not be accurate or complete as for most tenders we relied on information from the Parties only.

11. In terms of success in the tenders:

(a) [REDACTED].

(b) Conversely, [REDACTED].

(c) Similarly, [REDACTED].

(d) [REDACTED].

12. Many other suppliers [REDACTED] a recent Non-Retail tender [REDACTED].

13. Figure 2 summarises the winners of Non-Retail tenders where the Parties participated.

Figure 2. Number of times each supplier won a Non-Retail tender in which GBST or FNZ/JHC participated⁴⁷⁰

[REDACTED]

Source: CMA analysis using the Parties, customers and competitor's data.

Note: The graphs include all competitors who have won a Retail tender when overlapping with the Parties, including tenders in which a winner was chosen but the customer abandoned the project. Unknown winners are present when the winning bidder's identity is not known by the CMA. On-going tenders do not have a final winner and are so excluded. The graphs exclude in-house solutions, on-going tenders and abandoned tenders that concluded without a winner.

14. In-house suppliers did not win [REDACTED] Non-Retail tender. In [REDACTED] Non-Retail Platforms an in-house solution was the incumbent, in [REDACTED] the solution was replaced by [REDACTED], in another it was replaced by [REDACTED], [REDACTED] the winner was unknown and the last is an ongoing tender.

⁴⁶⁸ [REDACTED].

⁴⁶⁹ [REDACTED].

⁴⁷⁰ [REDACTED].

15. We have considered the Parties' record in reaching the commercial negotiations stage of the tenders they participated.
16. GBST reached the commercial negotiations stage in [REDACTED] Non-Retail tenders it participated in. In this tender, GBST overlapped [REDACTED] and [REDACTED] at commercial negotiations stage.
17. FNZ or JHC reached the commercial negotiations stage in [REDACTED] it participated. In [REDACTED] tender where FNZ or JHC reached the commercial negotiations stage, we have no information about other competitors at the commercial stage. Considering the remaining [REDACTED] tenders:
 - (a) FNZ or JHC overlapped [REDACTED] with [REDACTED] and [REDACTED] at the commercial negotiations stage.
 - (b) FNZ or JHC overlapped once with [REDACTED], [REDACTED] and [REDACTED] at the commercial negotiations stage.

Glossary of terms

AUA	Assets under administration
AUD\$	Australian Dollars
CMA	Competition and Markets Authority
Combined Platform Solution	An investment platform solution, including both software and servicing. Also known as a "Platform-as-a-Service solution (PaaS)". May be provided by separate software and servicing providers.
BPO	Business Process Outsourcing: of investment transaction and asset custody services.
IFA	Independent financial adviser. IFAs offer advice on financial matters to their clients and recommend suitable financial products.
Investment Platform	An online product, through which consumers and/or their financial advisors access their investments. The platform allows them to transact and obtain administrative and other services to support their investment activities. The platform includes both front-end (customer-facing) functions and back-end capability which enables transactions, accounting, etc.
ISA	Individual Saving Account: a common tax-efficient savings product.
Merged Entity	The post-Merger business of FNZ and GBST.
Non-Retail Platform	(See also Retail Platform, below). Investment platforms provided by private client investment managers, private banks and stockbrokers.
Platform Solutions	Provision of software-only or Combined Platform Solution (software and servicing) to Investment Platforms.
Retail	Term relating to Retail Platform Solutions or Retail Platforms.
Retail Platform	(See also Non-Retail Platform above). An Investment Platform which is not operated by a private bank, stockbroker or a private-client investment manager.
Retail Platform Solution	Software and Servicing supplied to Retail Platforms. Can be Software-only Solution or a Combined Platform Solution.

Supplier of Platform Solution	Provider of a Software-only Solution or a Combined Platform Solution to Investment Platforms.
Supplier of Retail Platform Solution	Provider of a Software-only Solution or a Combined Platform Solutions to Retail Platforms.
SIPP	Self-Invested Personal Pension. A commonly-used UK government-approved retirement savings tax wrapper.
SLC	Substantial Lessening of Competition
Software-only Solution	Software to operate an Investment Platform, when supplied separately to the servicing element of a Platform Solution. The software may be provided in-house or supplied by a third party.
The Act	The Enterprise Act 2002
The Merger	The completed acquisition by FNZ of GBST
The Parties	FNZ and GBST
UK	United Kingdom
WMP	Wealth Management Platform: for individual end-investors. Includes both Retail Platforms and Non-Retail Platforms.