

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 and CMA staff attended a virtual site visit 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. We held separate hearings with each of GBST and FNZ on 29 June and 1 July 2020 respectively.
10. We published a notice of provisional findings, a summary of our provisional findings, the non-confidential version of the provisional findings report and a notice of possible remedies on the [inquiry webpage](#) on 5 August 2020. Non-confidential versions of responses to the provisional findings and the notice of possible remedies were also published on the [inquiry webpage](#).
11. We held hearings regarding possible remedies with each of FNZ and GBST on 3 September 2020. A remedies working paper was sent to the Parties on

23 September for comment and we held calls with third parties on their views on different remedies options in September and October.

12. On 7 August, we issued a notice of extension due to the fact that the ongoing Coronavirus pandemic has created some challenges to the expedient running of the investigation and in order to allow sufficient time to take full and proper account of responses to the Group's provisional findings and the need to reach a fully reasoned decision within the statutory timeframe. This changed the statutory deadline to 17 November.
13. A non-confidential version of the final report has been published on the [inquiry webpage](#).
14. We would like to thank all those who have assisted in our inquiry.

Appendix B – Our approach to the assessment

Introduction

1. We considered a broad range of evidence including the views of the Parties and third parties, tender data and tender evaluation documents from potential customers and an extensive number of internal documents from the Parties.
2. This evidence reflects current competition in the market, as well as also changes in the market in the foreseeable future, using the plans and strategies 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 the evidence together in the round to inform our competitive assessment and the consideration of countervailing factors.
4. In this Appendix we describe the evidence we gathered to inform our assessment and how we used it, with the exception of evidence from tenders, which is covered separately in Appendix G.

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, Annotated Issues Statement and to the Provisional Findings, and other Phase 2 submissions.
6. We set out below our approach to the use of internal documents as a source of evidence.

Use of evidence from internal documents

7. 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.

8. 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.
 - The purpose of the document: the fact that a 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.
9. Internal documents may not lend themselves to a mechanistic assessment: where there is a heterogeneous set of 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 (for example, by calculating 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 our Phase 1 assessment of Internal Documents

10. The Parties provided their views in relation to the internal documents we analysed in Phase 1 of this inquiry. 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.'¹
 - (b) In response to this FNZ statement, GBST submitted that \propto .²

¹ FNZ Initial Phase 2 Submission, paragraph 6.22.

² GBST Response to the FNZ Initial Phase 2 Submission, page 16.

(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.³

(d) In addition, FNZ submitted that, ~~§~~⁴ and ~~§~~⁵.

11. FNZ also submitted that the ~~§~~. Specifically, FNZ made the following submissions:

(a) ~~§~~.

(b) ~~§~~.⁶

(c) ~~§~~⁷. ~~§~~.^{8 9}

12. FNZ submitted that ~~§~~:

(d) ~~§~~.^{10 11}

(e) ~~§~~.¹² . ~~§~~.¹³

13. In response to the CMA’s clarification request ~~§~~ FNZ also noted the following:

(f) ~~§~~.¹⁴

(g) ~~§~~¹⁵ ~~§~~¹⁶ ~~§~~¹⁷

14. FNZ commented on some other documents that were used in Phase 1 ~~§~~. These included:

(h) A document showing that ~~§~~.

³ ~~§~~

⁴ ~~§~~

⁵ FNZ Initial Phase 2 Submission, paragraph 5.11.

⁶ ~~§~~

⁷ ~~§~~

⁸ FNZ notes that ~~§~~

⁹ FNZ Initial Phase 2 Submission, paragraph 6.23.

¹⁰ FNZ document: ~~§~~

¹¹ FNZ Response to the Phase 1 Issues Letter, paragraph 6.3.

¹² FNZ document: ~~§~~

¹³ FNZ Response to the Phase 1 Issues Letter, paragraph 6.4.

¹⁴ ~~§~~

¹⁵ FNZ document: ~~§~~

¹⁶ FNZ document: ~~§~~

¹⁷ ~~§~~

- (i) A document ~~§~~.¹⁸
15. FNZ submitted that, with respect to competition between JHC and GBST, ~~§~~:
- (j) ~~§~~.¹⁹
- (k) FNZ also submitted that ~~§~~,²⁰ and
- (l) ~~§~~.²¹
16. FNZ submitted that ~~§~~.²² ~~§~~.²³ ²⁴
17. 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

18. 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. The Parties submitted over 18,000 documents through both phases of the investigation.
19. In selecting documents for review, we primarily focused on those 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.
20. From over 18,000 documents, we identified around 300 documents relevant to assessing the nature of competition between the Parties and their competitors and we reviewed these in-depth.
21. In our in-depth internal documents review, we used just under 40 internal documents which we identified as the most relevant for assessing the Parties' monitoring of competitors.

¹⁸ ~~§~~

¹⁹ ~~§~~

²⁰ ~~§~~.

²¹ FNZ Response to the Issues Statement, paragraph 2.31-2.32.

²² See for example ~~§~~

²³ ~~§~~.

²⁴ FNZ Response to the Issues Statement, paragraph 2.32.

22. 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.
23. 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.
24. 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,²⁵ such as from suppliers focused on Non-Retail Platforms and the in-house supply of software.
25. The internal documents provided by the Parties include, but are not limited to, the following categories of documents:
 - (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 or 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 or proposals, emails.

Approach to in-depth review

26. We reviewed internal documents that we identified as relevant to the following areas of the competitive assessment, which are covered in this methodology:
 - (m) Closeness of competition between the Parties; and
 - (n) competitive constraints imposed on the Parties by other suppliers.
27. 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 other parts of our assessment.

²⁵ As set out in chapter 6.

28. 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.
29. For FNZ, the table below lists the questions used to generate internal documents from FNZ.

Table 1. Questions used to generate internal documents from FNZ

Questionnaire	Question
✂	✂
	.
	.
	.

30. For GBST, the table below lists the questions used to generate internal documents from GBST.

Table 2. Questions used to generate internal documents from GBST

Questionnaire	Question
✂	. ✂

31. We then used the following suggested keywords to identify the relevant documents from each Party (the keywords returned around 300 documents):
- (o) For closeness of competition, the keywords suggested were: GBST (for FNZ/JHC documents), FNZ (for GBST documents), JHC (for GBST documents).
 - (p) 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.

32. The documents where the keywords appeared were reviewed and tagged based on the degree of their relevance as high, medium, not relevant or faulty.
33. 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 C, D, L and M. When we found near-duplicate versions, we used the most recent version.

Evidence from third parties

FNZ submissions

34. FNZ submitted that references to 'Retail Platform Solutions' in questionnaires to third parties could result in us only 'collecting evidence within an artificially narrow frame of reference'.²⁶ 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,²⁷ such that there was a 'risk that third parties would be responding to the same questions on different bases'.²⁸ In FNZ's view, the steps we had taken to address these issues did not mitigate the risk of inconsistencies in respondents' answers materially affecting the reliability of the results.²⁹
35. 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'.³⁰ In particular, FNZ further noted that third parties interested in acquiring (part of) GBST as part of a remedy ~~is~~.³¹
36. 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-

²⁶ ~~is~~.

²⁷ FNZ Initial P2 Submission, paragraph 1.3.

²⁸ ~~is~~.

²⁹ FNZ Response to Provisional Findings, paragraph 3.21.

³⁰ ~~is~~.

³¹ FNZ Response to Provisional Findings, paragraph 2.1(iii).

to-date information and that customers typically appoint specialist external advisers³² to survey and choose between the wide range of available suppliers.³³ FNZ noted that 'a significant proportion of customers have not run a tender since at least the start of 2016 and admit to not having up-to-date knowledge of the market.'³⁴

Our assessment

37. We obtained evidence from third parties via calls and written questionnaire responses received throughout the investigation.
38. At phase 2 of our investigation we sent questionnaires to:
 - (a) All of the Parties' customers and a small number of potential customers (51 in total);
 - (b) the 15 competitors that we considered to compete most closely with the Parties in the Phase 1 investigation and shortened questionnaires to eight additional suppliers in Phase 2; and
 - (c) five industry consultants who we understood to have relevant expert knowledge.
39. We received responses from 40 customers, 15 competitors and five industry consultants. In addition, we had telephone calls with seven customers, 14 competitors and four consultants.
40. For customers, 26 out of the 40 who gave us evidence had run procurement exercises 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.³⁵
41. Of the 14 responses from the customers that had not run procurement exercises since 2016, nine³⁶ appeared to have good knowledge of suppliers

³² We have spoken to and received questionnaire responses from a number of the advisers involved in this work.

³³ X

³⁴ FNZ Response to Provisional Findings, paragraph 2.1(iii) (b).

³⁵ X

³⁶ X

of Platform Solutions and their offerings, the different supply models and recent market developments.

42. However, five of the 14 respondents that had not conducted tenders since 2016 said that they did not hold detailed, up-to date knowledge about Platform Solution suppliers.³⁷ We have therefore taken this into account in our assessment of their evidence where appropriate and placed more limited weight on their responses.
43. We carefully considered the evidence submitted by third parties and the extent to which it is relevant to answer the statutory questions we are required to answer. In conducting our assessment, we have carefully evaluated the weight that it is appropriate to place on the difference evidence we have received from all the parties.
44. We consider that most customers responding to our investigation have a good understanding of the current competitive landscape and are well-informed and so we placed material weight on their responses.
45. 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. When communicating with third parties and in the interpretation of their responses, we set out and defined any terms used in questions which might cause confusion or have different meanings to different respondents.
46. 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 third parties could tell us so that we could take into account all constraints,³⁸ including from alternatives that may sit outside our market definition,³⁹ such as from suppliers focused on Non-Retail Platforms and the in-house supply of software.
47. We received detailed submissions from Parties and many third parties and, as in any investigation, we have had due regard to a range of factors including: the incentives of the party giving that evidence; the extent to which the party had knowledge that was relevant to the statutory questions we are required to

³⁷ Specifically, 3<

³⁸ 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'.

³⁹ As set out in chapter 6.

answer; and the extent to which the evidence was consistent with other evidence available to us. By carefully considering those factors when assessing each of the Parties and third parties' submissions, we believe our findings are not biased towards the commercial interests of any Parties or third parties.

Appendix C: Examples from Internal Documents related to market definition

Differentiation of Suppliers of Platform Solutions

1. A 2019 FNZ document, X^{40,41}. In this document, X.
2. A 2019 FNZ document, X.⁴² The inclusion of X is consistent with a Retail market focus given that X focus on Retail customers.
3. An April 2019 GBST document, X ‘was a prepared by.⁴³ X.

Geographic market

4. A XFNZ presentation X.⁴⁴
5. A FNZ document, X.^{45,46}
6. A GBST document and X.⁴⁷

⁴⁰ FNZ document: X. See Appendix D, paragraph 1 for screenshot.

⁴¹ We consider FAs, Retail Banks and Execution Only (D2C) to relate to Retail Platforms.

⁴² FNZ document: X.

⁴³ GBST document: X. See Appendix D, paragraph 3 for screenshots.

⁴⁴ FNZ document: X

⁴⁵ We note that this document refers to JHC.

⁴⁶ FNZ Document: X

⁴⁷ GBST document: X

Appendix D: Market Definition – Internal document screenshots

FNZ document: ✂

1. GBST document: ✂.

2. GBST document: ✂

3. FNZ document: ✂

4. FNZ document: ✂

5. FNZ document: ✂

6. GBST document: ✂

7. FNZ document: ✂⁴⁸

⁴⁸ ✂ submitted by FNZ.

Appendix E - How does a tender process work?

1. In this appendix, we provide an overview of tender processes through which customers select suppliers of Retail Platform Solutions. The below is based on evidence submitted by the Parties, third parties and internal documents from the Parties, such as requests for information (RFIs) and requests for proposals (RFPs).
2. This appendix is structured as follows:
 - (a) First, we explain how customers choose suppliers;
 - (b) second, we show the role of consultants in the tender process;
 - (c) third, we set out how suppliers decide to participate in a tender process;
 - (d) fourth, we set out the typical stages tender processes entail;
 - (e) fifth, we set out the typical structures of the RFI and RFP stages on a typical tender; and
 - (f) finally, we show the criteria against which suppliers tend to be assessed.

How customers choose suppliers: new customers vs. renewals

3. From the customer's point of view, implementing a new Retail Platform Solution is a major undertaking: it is risky, lengthy, and expensive.⁴⁹ The complexity and the low appetite for switching to a new supplier ('re-platforming') are reflected in the duration of the contracts with initial terms typically of between five and ten years.⁵⁰
4. Customers typically use sophisticated procurement processes to select suppliers.⁵¹ Evidence from tenders indicate that this is generally the case for:
 - (a) New Retail Investment Platforms entering the market that are seeking to (partially or fully) outsource solutions;

⁴⁹ See chapter 7, Switching Costs section for details.

⁵⁰ According to 3, some contracts may have an initial term of 3 years, however this rarely has any practical effect in terms of switching as there is very little / no switching after 3 years.

⁵¹ 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.

- (b) existing Retail Investment Platforms using in-house solutions that are considering moving to an outsourced solution; and
 - (c) existing Retail Investment Platforms considering switching to a different outsourced supplier.
5. FNZ submitted that most FNZ customer contracts ~~is~~.⁵² We found one contract provided by FNZ which specifies that the contract ~~is~~.⁵³ 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~~ to bid ~~is~~.⁵⁴
 6. GBST told us that ~~is~~.⁵⁵
 7. GBST told us that customers that ~~is~~. GBST said it ~~is~~. However, GBST said that it ~~is~~.⁵⁶
 8. One consultant told us that customers rarely switch as customers are wary of changing providers due to costs and risks.⁵⁷ Two consultants told us that most renewals are an opportunity to renegotiate on aspects of the service that either party is concerned about such as pricing, service-levels agreement, and key performance indicators.⁵⁸
 9. 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.⁵⁹

The role of consultants

10. Two consultants told us that, given the length and complexity of the process, many Retail Investment Platforms will engage consultants to assist them by:⁶⁰
 - (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 RFI and/or a formal RFP to the potential suppliers;

⁵² ~~is~~

⁵³ ~~is~~

⁵⁴ ~~is~~

⁵⁵ ~~is~~

⁵⁶ GBST Response to the CMA's Market Questionnaire, question 27.

⁵⁷ ~~is~~ Response to the CMA's Phase 2 third party questionnaire.

⁵⁸ ~~is~~.

⁵⁹ ~~is~~.

⁶⁰ ~~is~~.

- (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.
11. 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.⁶¹

How suppliers decide to participate in a tender process

12. Participating in a tender process typically involves some cost to the supplier, which must be considered alongside the rewards from winning the tender and the probability of success. The key criteria that the Parties consider when deciding whether to participate in a tender process are set out below:
- (a) FNZ submitted that it considers the customer's target market, any legal, regulatory or reputational risks of a commercial relationship with the prospective client, whether its offering fits with the prospective customer's preferences (for example, whether the customer is amenable to a Combined Platform Solution or prefers Software-only);⁶² and the anticipated profitability of the prospective commercial relationship.⁶³
 - (b) GBST submitted that it considers the content of the \mathbb{X} , the client's \mathbb{X} and the overall \mathbb{X} of the client.⁶⁴
13. GBST 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 three tenders for \mathbb{X} to learn about which capabilities it would need to develop to serve \mathbb{X} .⁶⁵

The stages of a typical tender process

14. Our review of individual tenders shows that there is a consistent process across tenders. FNZ and some third parties told us that a tender process

⁶¹ \mathbb{X} Response to the CMA's Phase 2 third party questionnaire.

⁶² FNZ further stated that it would \mathbb{X}

⁶³ FNZ Response to the CMA's Market Questionnaire, question 22. See also FNZ Response to the Issues Statement, paragraph 2.14.

⁶⁴ GBST Response to the CMA's Market Questionnaire, question 23.

⁶⁵ GBST Response to the CMA's RFI 5 dated 10 March 2020, question 2.

normally proceeds through the following stages: identification of a shortlist of suitable suppliers; RFP; workshops or “discovery” process; a final commercial negotiation and agreement of heads-of-terms; selection and contracting.⁶⁶

15. We discuss each of these stages in turn below.
16. In our competitive assessment, Chapter 8, we consider as ‘early stage’ the first stage of the tender process, such as responding to an RFI or a feasibility study. The ‘final stage’ in our analysis usually corresponds to the commercial negotiations stage, although some customers do not formally define the final stage as such.

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

17. The identification of a shortlist of suitable suppliers is usually done via a formal 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 around 30 questions while others may exceed 200 questions.
18. 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 their Retail Platform Solution has the requirements needed through an in-person presentation.⁶⁷

Request for proposal

19. A 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.
20. 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).
21. 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

⁶⁶ Final Merger Notice, paragraph 15.13, and CMA’s Phase 2 third party questionnaire responses from Ȳ, Ȳ and Ȳ

⁶⁷ According to Ȳ, some Investment Platforms, especially larger ones who have made a firm decision on whether and what to outsource, may find that only a small number of suppliers would be deemed suitable. These platforms may perform this stage informally and proceed directly to RFP.

identities. Suppliers' proposals are usually scored and ranked against criteria that are defined at the beginning of the process.

Workshops or “discovery” process

22. 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 Retail Platform Solution.
23. The supplier will demonstrate software functionality, which is prioritised by the customer and tailored to their needs.
24. 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.
25. 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.
26. 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

27. At this final stage, the customer would typically engage in a few rounds of commercial negotiation with each supplier to agree financial terms.
28. 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.
29. 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

30. At this stage a preferred supplier is appointed, and the final due diligence is carried out.

31. 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

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

RFIs

33. RFIs may vary in the number of questions and the level of detail, but they will typically ask:
- (a) Basic 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 (e.g. 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

34. 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.
35. 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 direct to customers (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, Independent Financial Advisers (IFAs), advised digital, advised telephony, employee benefits consultants.
36. 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 (e.g. mobile, tablet, desktop); and
 - (d) ability to integrate with existing off platform policies and capabilities via APIs (open architecture).
37. 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 to enable the supplier to set up a transition plan.
38. 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.
39. After explaining the current platform's state and the minimum requirements for the solution, RFPs will ask suppliers 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

40. 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:⁶⁸
- (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.
 - (e) Commercial and contractual terms, such as ongoing operational costs, pricing model and contractual terms.

⁶⁸ See, for example, 3 and 3 tender evaluations, 3.

Appendix F – Benchmarking and other contractual mechanisms

1. FNZ's contractual arrangements with its customers include X. FNZ submitted that these contractual arrangements often protect customers to ensure they are always on the most advantageous pricing available.⁶⁹
2. As explained in Chapter 7, we consider that, both in principle and in practice, such contractual arrangements would not serve to protect customers following a reduction in rivalry caused by a merger. However, we consider in this Appendix the potential impact of the specific benchmarking provisions and asset-based pricing model cited by FNZ in its submissions.⁷⁰
3. Benchmarking provisions seek to maintain the long-term competitiveness of Platform Solutions compared to others in the market and may arise in two different ways:
 - (a) Clauses that compare the terms that a customer receives from its supplier with the terms offered by similar suppliers; and
 - (b) clauses that compare the contractual terms of a customer with the contractual terms of other customers of the customer's supplier (Most Favoured Customer Clauses).
4. FNZ's asset-based pricing model involves X. Should FNZ deteriorate its offering as a result of the Merger, this could reduce the competitiveness of the Investment Platforms that it serves, the assets they administer and consequently the overall fees that FNZ earns. If significant, such a mechanism could weaken any incentives of FNZ to deteriorate its offering.
5. GBST's X.

FNZ and GBST submissions

6. Notwithstanding FNZ's view that benchmarking arrangements could protect customers, information provided by FNZ indicates that benchmarking is used infrequently by its customers:
 - (a) Although X of its UK customer contracts included benchmarking provisions, X list specific comparators, and X for inclusion in the benchmarking exercise. It noted X.

⁶⁹ Phase 1 Merger Notice, paragraph 15.31. See also FNZ response to the Phase 2 Issues Statement, paragraphs 3.5 – 3.7.

⁷⁰ Phase 1 Merger Notice, paragraph 15.31

(b) It was not aware of X.⁷¹

7. As an alternative to benchmarking, FNZ submitted an example of X,⁷².
8. FNZ submitted that, since both FNZ and its customers X, irrespective of any contract benchmarking provisions, it would still be in FNZ's interests to remain competitive so that its customers remain competitive and X.⁷³ To support this position, FNZ provided X for Combined Platform Solutions, which show they are a significant portion of a Retail Platform's costs, with software costing around X% of the platform's total revenue and servicing costing around X%.⁷⁴
9. GBST submitted that benchmarking is infrequent, stating that X.⁷⁵

Third party evidence

10. A minority of customers (seven out of 34) told us that they use benchmarking in their Platform Solution contracts. They consider it to be an important mechanism by which they can ensure that the services they receive remains competitive relative to what is available elsewhere in the market.⁷⁶ Several customers specified that their benchmarking provisions cover both pricing and quality of service.⁷⁷
11. However, more customers (14) stated that they do not use benchmarking at all and that even where it is used it may be relatively ineffective because:
 - (a) It may be difficult to make direct comparisons with services provided to other Retail Platforms, especially where a Platform Solution includes bespoke or tailored elements specific to the customer;⁷⁸ and
 - (b) it may be difficult to enforce these provisions.
12. While third parties recognised that there is some alignment of incentives when using an asset-based pricing model, they had mixed views regarding whether it provided a strong incentive for suppliers to maintain their offering:
 - (a) Five customers told us that it can help to encourage the Platform Solution supplier to maintain high levels of service and invest in the development of new capabilities for the platform customer.⁷⁹

⁷¹ FNZ's Response to the Issues Statement, paragraphs 1.8, 3.3 and 3.5-3.7. The two are X

⁷² X.

⁷³ FNZ's Response to the Issues Statement, paragraphs 3.11-3.13.

⁷⁴ X

⁷⁵ GBST's response to the Market Questionnaire, question 28.

⁷⁶ For example, see X.

⁷⁷ For example, see X

⁷⁸ For example, see X.

⁷⁹ For example, see X .

- (b) However, the majority of third parties did not consider it to be of primary importance.⁸⁰ Eight considered competition between Platform Solution suppliers to win or keep customers as the key driver of price and quality.⁸¹

Scope of benchmarking and other provisions

13. We have seen some contracts for the supply of Platform Solutions that include benchmarking provisions to ensure that the Solution remains in line with those supplied to other Investment Platforms.⁸²
14. Benchmarking provisions may cover all aspects of the contract (that is, charges, services, other commercial components of the relationship), or they may only cover improvements in terms for the customer (meaning lower charges and/or improvements in service levels).
15. The costs of benchmarking are usually shared equally between the customer and supplier.
16. There are often restrictions on benchmarking including:
 - (a) Its timing (not within the first year of the contract for example) or more frequently than every year, or every five years;
 - (b) a mutual agreement on the choice of independent party to undertake the exercise;
 - (c) the choice of comparison group being the responsibility of the party undertaking the exercise; and
 - (d) that its outcome must be binding on the supplier and implemented within a set period of time.
17. As noted above, the majority of third parties did not consider asset-based pricing to be of primary importance.

Assessment of benchmarking and other contractual arrangements

18. As noted in Chapter 7, our view is that, in principle and practice, contractual arrangements would not serve to protect customers following a reduction in rivalry caused by a merger.

⁸⁰ Only four out of 19 third parties who expressed a view considered aligned incentives to be a primary driver of price and quality of Platform Solutions.

⁸¹ For example, see 3<

⁸² 3<.

19. In this market benchmarking arrangements are not used widely and there are limitations in their effectiveness including difficulties making comparisons in a benchmarking exercise and difficulties enforcing these provisions. ✂.
20. Third party evidence indicates that FNZ's asset-based pricing model is not a key driver of price and quality. We consider it unlikely that it would prevent the Merged Entity from deteriorating its offering.

Appendix G – Tender data

1. In this Appendix, we present our approach to compiling tender data, as well as our supplementary tender analysis. This includes the results of a sensitivity test which examines the robustness of our findings by considering a broader set of tenders alongside Retail tenders. We also present our findings from Non-Retail tenders.
2. This appendix is structured as follows:
 - (a) First, we set out our approach to compiling the tender dataset;
 - (b) second, we set out the methodology used to classify Investment Platforms;
 - (c) third, we present the results of our sensitivity test; and
 - (d) finally, we present Non-Retail tender analysis findings.

Evidence from tenders

3. 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 requests for information (RFIs) and requests for proposals (RFPs); and
 - (c) qualitative evidence from customers' internal documents, in particular customers' tender evaluations.

FNZ tender data

4. The Parties submitted a tender dataset with information on the tenders they participated in the UK. FNZ and JHC data covers tenders since 2009, while 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.

5. 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.
6. ✂.
7. Some tenders considered in Phase 1 were removed from the analysis either because FNZ told us that they were won by Investment Platforms and not Suppliers of Platform Solutions; the tender related to business outside of the UK; the tender was for a specific piece of software instead of a solution; or they were duplicates of tenders already included in the dataset.

CMA tender data

8. We have focused our analysis on tenders since 2016, the period for which we were able to compile reasonably accurate tender data.
9. 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 for detailed information from customers about the tenders they carried out, and from competitors about the tenders they participated in.⁸³
10. Where there was inconsistency between the customer and the suppliers (including the Parties), we assumed that the customer's data on bidders, Investment Platform segment, and solution requirements were more accurate than suppliers' evidence. Therefore, there are some tenders in our analysis where we see one or more of GBST, FNZ or JHC as competing, despite this not being submitted by the Parties.
11. The data we analysed comprises a total of [✂] tenders in which at least one of FNZ, JHC or GBST participated since 2016.
12. Participation in tenders is defined as taking part in the early stage. We do not include tenders where suppliers were shortlisted but were never contacted by the customer.

Investment Platform classification methodology

13. In order to inform our views on how to classify Investment Platforms, we asked customers to identify their type(s) of Investment Platform and their

⁸³ This consists of data submitted by customers and competitors during the Phase 1 and Phase 2 investigations.

suppliers of Investment Platform Solutions.⁸⁴ The type of Investment Platform could be Retail, Private Client Investment Manager, Private Bank, Retail Stockbroker, or any combination of these. We provided customers descriptions for each Investment Platform type.⁸⁵

14. As set out below, we classified Investment Platforms in three different ways:
 - (a) Retail Platforms;
 - (b) Borderline platforms; and
 - (c) Non-Retail Platforms.
15. An Investment Platform was classified as 'Retail' if it met at least one of the following conditions:
 - (a) A customer had identified that its Investment Platform was a Retail Platform and no other type; or
 - (b) it was an Investment Platform where Retail-focussed suppliers⁸⁶ reached the final stage of a tender.⁸⁷ This condition was used where the customer had not indicated that its Investment Platform was solely 'Retail' (for example, where it had indicated that its Investment Platform included 'Retail' in combination with another type of Investment Platform).
16. If an Investment Platform did not meet the conditions to be classified as 'Retail', it was classified as 'borderline' if it met one of the following conditions:
 - (a) The customer identified that its Investment Platform involved both 'Retail' and 'Non-Retail' components (such as Private-Client Investment Management); or
 - (b) FNZ or GBST submitted that the Investment Platform should be classified as 'Retail', and we did not have other evidence on the Investment Platform's type.⁸⁸
17. Where we did not have the evidence to apply the above conditions, we classified the Investment Platform according to FNZ and GBST's view where

⁸⁴ in a questionnaire after the publication of our Provisional Findings

⁸⁵ These are set out in Chapter 6

⁸⁶ These suppliers were X, X, or X who had clearly told us that they were Retail-focussed.

⁸⁷ We also considered using classifications from X to assist in our Investment Platform classification exercise. Ultimately, we did not use X classifications to inform our classifications as it was redundant with the information we obtained from customers. We note that our resulting classifications are nonetheless consistent with what X has submitted.

⁸⁸ For instance, a customer clearly indicating that the tender had only 'Retail' components in our questionnaire or elsewhere, such as in a call.

both FNZ and GBST agreed that the Investment Platform should be classified in specific way. In all other remaining cases, there were no submissions from the Parties in response to our Provisional Findings that our 'Retail' and 'Non-Retail' classifications were incorrect; as a result, we continued to use the same classifications as in our Provisional Findings.

18. Any Investment Platform not classified as 'Retail' or 'borderline' was classified as 'Non-Retail'.
19. Using these classifications, we produced two sets of results for our quantitative analyses:
 - (a) Those that included only the platforms which were classified as Retail.⁸⁹
 - (b) The sensitivity test analysis.⁹⁰ This includes the platforms which were classified as Retail and those which were classified as borderline.
20. Of the 30 tenders, 10 were tenders for Retail Platforms (Retail tenders), 10 were tenders for Non-Retail Platforms (Non-Retail tenders), and 10 were tenders for borderline Investment Platforms.⁹¹
21. A total of 30 Retail tenders, 10 Non-Retail tender, and 10 borderline 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. We received information on tender participation from 30.
 - (b) In addition to written responses from these competitors, we held calls with 30 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. Our analysis had 10 Retail tenders, 10 borderline tenders and 10 Non-Retail tenders with information on bidders provided by competitors.⁹²
 - (c) We kept in our analysis bidders that the Parties said participated in the tenders, but where we have no corroborating information from customers or those bidders.

⁸⁹ The results of which are set out in Chapters 6-8 where we refer to Retail tenders in our tender analysis and Retail Platforms in our share of supply estimates.

⁹⁰ The results of which are set out in paras 38 to 56 below.

⁹¹ The Retail classification is largely consistent 30 FNZ's submission dated 20 March 2020, Annex A. Appendix H provides the classifications for the tenders each Party participated in as well as the classifications for the platforms used in our shares of supply.

⁹² This includes where a competitor's bid was included, excluded or confirmed to be part of a tender following their response.

FNZ's submissions on our analysis

22. We considered FNZ's submissions on:
- (a) how we classified platforms;
 - (b) our approach to sensitivity testing; and
 - (c) FNZ's perceived errors in our analysis.

Platform classification methodology

23. FNZ submitted that our approach to platform classifications was flawed because:
- (a) \propto ; and
 - (b) the customer input on which the platform classifications are based are subject to \propto because the term 'Retail' is not used consistently across the industry.⁹³
24. However, our platform classifications do not rely on customers' having a consistent interpretation of the term 'Retail', as we provided descriptions of the different types of Investment Platform⁹⁴ when asking them about how their services fitted with these descriptions. We are therefore satisfied that our platform classifications are a reliable reflection of which Investment Platforms are Retail, Non-Retail or have elements of both (borderline cases).
25. The descriptions we provided to customers are closely related to Investment Platform requirements. We described the type of products that Retail Platforms tend to focus on and found that Retail Platforms are built to be highly automated in order to efficiently manage a very large number of accounts. We did not limit our descriptions of the Investment Platform type to specifying their requirements. We also described the overall proposition of the different types of Investment Platform to allow for other differences in customer preferences such as brand, reputation, user experience and track record when selecting a Platform Solution.
26. FNZ submitted that it was 'problematic' that we classified Investment Platforms as borderline cases where GBST provided a conflicting view to FNZ and we had no other evidence on the Investment Platform's type.⁹⁵

⁹³ FNZ Response to CMA updated competition analysis, section 5.

⁹⁴ Set out in Chapter 6.

⁹⁵ FNZ Response to CMA updated competition analysis, section 5.

27. As noted above, we generally avoided relying on one of the Parties to classify a Platform by using evidence from third parties. Where this was not possible and where there were conflicting views from each Party, we decided it was appropriate to classify the Investment Platform as a borderline case to reflect that the Investment Platform may have both Retail and Non-Retail elements. We considered this to be a robust approach as we took account of them as part of our sensitivity analysis.
28. We found at Phase 1 of our inquiry that FNZ and GBST's classifications of Investment Platforms were broadly the same when classifying them as either Retail, Stockbroking, Private Client Investment Management or Private Banks.⁹⁶ This, in our view, supported the classification of Investment Platforms as borderline cases when the views of the Parties have subsequently diverged.

Sensitivity testing

29. FNZ submitted that the CMA should also conduct a \times , in FNZ's view, \times .⁹⁷ This submission related to both our tender analysis and our share of supply analysis, which we have considered together in this section.
30. As set out in Chapter 6, we found that Retail and Non-Retail Platforms have different propositions and different requirements and preferences and different suppliers of Platforms Solutions tend to specialise in serving one or the other type of platform. Therefore, in our view, given these difference, it is not informative and could be misleading to aggregate these types of Investment Platforms together in our analysis to assess the competitive constraints on the Parties for Retail Platform customers.
31. We found that FNZ's proposed sensitivity analysis was not necessary for reflecting that some Platforms may have both Retail and Non-Retail elements, as we took these borderline cases into account in our sensitivity analysis.
32. FNZ stated that our sensitivity analysis should be given at least as much weight as our analysis of Retail Platforms, as it would offer a far better view of platforms with similar solution requirements.⁹⁸
33. Our sensitivity analysis did not focus on the types of Investment Platform where the Parties compete most closely (those with a stronger Retail focus

⁹⁶ CMA analysis of FNZ and GBST platform classifications at Phase 1 based on: GBST's Response to RFI5; and FNZ's submission dated 20 March 2020, Annex A.

⁹⁷ FNZ Response to CMA updated competition analysis, sections 3.1 and 3.2.

⁹⁸ FNZ Response to CMA updated competition analysis, section 3.2.

that are therefore more likely to prefer GBST and FNZ's Retail Platform Solutions over Non-Retail Platform Solutions).

34. Our view is that more weight should be given to our analysis of Retail Platforms than our sensitivity analysis. However, both sets of tender analysis provide broadly similar results in terms of how closely the Parties compete, compared to how closely they compete with other suppliers.
35. The sensitivity analysis for our shares of supply estimates also presented broadly the same outcome as our share of supply estimates for Retail Platforms.⁹⁹

FNZ's perceived errors in our analysis

36. FNZ submitted that there were errors in our analysis including at the Provisional Findings stage.¹⁰⁰ Its submissions related to both our tender analysis and our share of supply analysis, which we consider together in this section.
37. We disagree with FNZ that there were errors in our analysis. FNZ may perceive that there are errors based on the information available to FNZ. However, these were cases where we had reflected other information in our tender and share of supply data, including evidence from customers and competitors.

Sensitivity test of the tender analysis

38. Overall, we found that the results of our tender analysis sensitivity test do not substantially differ from the results which are presented in Chapters 6 to 8. In the following sections, we set out the results of our tender analysis sensitivity test in each Chapter where it was used.

Market definition

39. This section sets out the results of the sensitivity test performed on the tender analysis regarding delivery models and in-house provision, the initial results of which are set out in Chapter 6.

⁹⁹ See paragraph **Error! Reference source not found..**

¹⁰⁰ FNZ Response to CMA updated competition analysis, section 4.

Delivery model

40. We find that our sensitivity test does not materially change our results regarding competition between delivery models in Chapter 6. Although the sensitivity test did not identify any additional overlaps between Software-only suppliers and Combined Platform Solution suppliers at the late stages, we find that both Software-only suppliers, either alone or in partnership with servicing suppliers, and Combined Platform Solution suppliers are present in the early and late stages in a significant number of tenders such that they compete.¹⁰¹

¹⁰²

41. Considering Retail and borderline tenders together, we find that:
- (a) In at least ⅔ of the ⅔ Retail tenders for Investment Platforms where we knew the identity of at least two bidders¹⁰³, there was a mix of Software-only Solutions and Combined Platform Solutions suppliers bidding at the early stage; and
 - (b) In at least ⅔ out of the ⅔ Retail tenders for Investment Platforms where we knew the identity of at least two bidders at the final stage, both Software-only Solution and Combined Platform Solution suppliers were at the final stage.

In-house provision

42. We find that our sensitivity test does not materially change our results regarding in-house provision set out in Chapter 6. In this instance, our tender analysis continues to indicate that in-house supply of software and/or servicing is sometimes a viable alternative, but usually in cases where either the Platform Solution is already supplied in-house, or the Investment Platform is new and not replacing an existing Solution.
43. Considering Retail and borderline tenders together, we find that:

¹⁰¹ Not all Investment Platforms responded to our questionnaire and, therefore, the list of bidders in each tender may not be exhaustive. For this reason, there may be more tenders in the CMA data which included Combined Platform Solution suppliers competing with Software-only Solution suppliers.

¹⁰² These figures are accurate as far as we have been able to verify bidders in each tender. We consider the following suppliers to offer Software-only Solutions: ⅔ and ⅔, who can offer both Software-only and Combined solutions, were classified as Software-only providers in certain tenders where they offered a Software-only solution.

¹⁰³ We considered tenders with at least two known bidders at each stage to make an informed comparison over the whether the customer had a preference over the type of supplier.

- (a) In-house supply was identified as an option in 36 of 36 recent tenders in Retail Platform Solutions. 36 of these tenders were won by an in-house Platform solution.¹⁰⁴
- (b) In-house supply was never identified as an option in cases where the incumbent Platform Solution was fully outsourced.

Switching

- 44. This section sets out the results of the sensitivity test performed on the tender analysis regarding switching, the results of which are set out in Chapter 7. The sensitivity test does not affect our findings on switching.
- 45. In the sensitivity test, we examined the outcome of 36 tenders for Retail and borderline Platform Solutions since 2016 where there was an incumbent solution.¹⁰⁵ We found that switching mainly occurs from Investment Platforms using an in-house solution. Of the 36 tenders where the customer switched suppliers, 36 switched from an in-house solution, and 36 switched from one outsourced supplier to another:
 - (a) In 36 tenders where the incumbent Platform Solution was outsourced to a third party, there were 36 where the customer changed supplier¹⁰⁶, and 36 where the winning supplier was one of 36 incumbent suppliers¹⁰⁷, while for the 36, the incumbent Platform Solution was kept.¹⁰⁸
 - (b) In 36 tenders where the incumbent Platform Solutions was provided in-house by the customer, 36 switched to an outsourced Platform Solution¹⁰⁹ and 36 kept it in-house.¹¹⁰
- 46. This analysis indicates that, even when tendering, customers may not switch suppliers. It also shows that most switching occurs from in-house to outsourced Platform Solutions, although some switching between outsourced suppliers also takes place.

¹⁰⁴ We are mostly relying on the Parties' information about in-house being considered an option alongside other suppliers, as very few customers included in-house solution in the list of bidders for their tenders.

¹⁰⁵ 36 out of the 36 Retail tenders we have in the CMA data are not included in the switching analysis. 36 tenders are for new Platforms and, therefore, do not have an incumbent solution to switch from. 36 of the tenders are on-going and 36 were abandoned before a winner was chosen.

¹⁰⁶ 36

¹⁰⁷ 36

¹⁰⁸ 36

¹⁰⁹ 36.

¹¹⁰ 36.

Competitive assessment

47. This section sets out the results of the sensitivity test performed on the analysis of overlaps in tenders as set out in Chapter 8.
48. The sensitivity test does not affect our findings on competition between the Parties relative to other competitors in tenders.

Overlaps (Sensitivity)

49. Since 2016, FNZ, JHC and GBST participated in \mathbb{X} , \mathbb{Y} and \mathbb{Z} Retail or borderline tenders respectively. Their overlaps with other suppliers was as follows:
- (a) \mathbb{X} had the greatest number of overlaps for both Parties, overlapping with both GBST and FNZ/JHC in \mathbb{Y} tenders.
 - (b) FNZ/JHC and GBST overlapped in \mathbb{Y} tenders.
 - (c) \mathbb{Y} overlapped with FNZ/JHC in \mathbb{Y} tenders, and with GBST in \mathbb{Z} tenders.
 - (d) In-house solutions overlapped with FNZ/JHC in \mathbb{Y} tenders, and with GBST in \mathbb{X} .
 - (e) \mathbb{Z} overlapped with FNZ/JHC in \mathbb{Y} tenders, and with GBST in \mathbb{X} .
 - (f) \mathbb{X} overlapped with GBST in \mathbb{Y} tenders, and with FNZ/JHC in \mathbb{X} .
 - (g) \mathbb{X} and \mathbb{Y} both overlapped with FNZ/JHC in \mathbb{Y} tenders, with \mathbb{Y} overlapping with GBST in \mathbb{Z} tenders, and \mathbb{X} overlapping with GBST in \mathbb{X} tender.
 - (h) \mathbb{Z} overlapped with FNZ/JHC in \mathbb{Y} tenders, and overlapped with GBST in \mathbb{Y} tenders.
 - (i) Other suppliers overlapped with the Parties fewer than \mathbb{X} times.
50. Figure 1 below summarises these findings.

Figure 1: Number of times each supplier overlapped with GBST and FNZ/JHC in Retail and borderline tenders (Sensitivity test)

\mathbb{X}

\mathbb{Y}

Source: CMA analysis using data from the Parties, customers and competitors.

Note: X. The graph includes only competitors that overlapped with the Parties at least twice. Suppliers which overlapped with GBST once include X.

Suppliers which overlapped with FNZ/JHC once include X

GBST was in partnership with Equiniti in X overlapping with FNZ. X met GBST twice X and X and X met FNZ X, and X and X.

Final stage overlaps (Sensitivity)

51. As regards FNZ and JHC's participation at the final stage for Retail or borderline tenders within our sensitivity test:
- (a) FNZ reached the final stage in X tenders, X of which it was the only bidder that we had identified at that stage; and
 - (b) JHC reached the final stage in X tenders, X of which it was the only bidder that we had identified at that stage.
52. Table 1 below shows the frequency with which FNZ or JHC met other suppliers in the X Retail or borderline tenders in which they reached the final stage

Table 1: Suppliers which overlapped with FNZ/JHC at the final stage of Retail or borderline tenders (Sensitivity test)

Competitor	FNZ+JHC	FNZ	JHC
X	X	X	X
X	X	X	X
X	X	X	X
X	X	X	X

Source: CMA analysis using data from the Parties, customers and competitors.

Note: The Parties may have overlapped with more than one supplier at the final stage of a tender.

53. The table shows that:
- (a) GBST overlapped X with FNZ and X with JHC
 - (b) X overlapped X times with FNZ
 - (c) X and X both overlapped X with JHC
54. GBST reached the final stage in X tenders, in X of which it was the only bidder that we had identified at that stage. Table 2 below summarises the frequency with which GBST overlapped with other suppliers in these tenders.

Table 2: Suppliers which overlapped with GBST at the final stage of Retail or borderline tenders (Sensitivity test)

Competitor	Frequency
✂	✂
✂	✂
✂	✂
✂	✂
✂	✂
✂	✂
✂	✂
✂	✂

Source: CMA analysis using data from the Parties, customers and competitors.

Note: The Parties may have overlapped with more than one supplier at the final stage of a tender.

55. The table shows that GBST overlapped the most with the following suppliers at the late stage in tenders:

(a) ✂ in ✂ Retail or borderline tenders;

(b) ✂: in ✂ Retail or borderline tenders; and

(c) ✂: once each in a total of three Retail or borderline tenders.¹¹¹

Winners

56. Our sensitivity test on the analysis of the winners of Retail or borderline tenders where the Parties bid showed that:

(a) FNZ or JHC lost one tender to each of ✂, ✂, ✂, ✂, ✂ and ✂, and lost two tenders to each of ✂ and ✂.

(b) GBST lost one tender to ✂, ✂, ✂, ✂ and ✂, and lost three to ✂ or ✂.

57. Figure 2 below presents these findings.

Figure 2: Number of times each supplier won a Retail or borderline tender in which GBST or FNZ/JHC participated (Sensitivity test)

✂

✂

Source: CMA analysis using data from the Parties, customers and competitors.

Note: This includes all competitors who have won a Retail or borderline tender when overlapping with the Parties, including tenders in which a winner was chosen but the customer abandoned the project.

¹¹¹ ✂ and ✂ reached the final stage in the same tender, while ✂ and ✂ reached the final stage of two different tenders.

The graphs exclude, therefore, on-going tenders and abandoned tenders that concluded without a winner.

Non-Retail tender analysis

58. In order to provide context for our findings on Retail tenders and for our sensitivity test, this section sets out the results of our Non-Retail tender analysis.

Market definition

59. This section sets out the results of our tender analysis regarding delivery models and in-house provision of Non-Retail tenders.

Delivery model

60. We find that there are fewer instances where Software-only suppliers met Combined Platform Solution suppliers in Non-Retail tenders than in Retail tenders.¹¹² ¹¹³ This is consistent with the competitive conditions in the supply of Platform Solutions to Retail Platforms being different to the competitive conditions in the supply of Platform Solutions to Non-Retail Platforms.
61. Considering Non-Retail tenders, we find that:
- (c) In at least ⅔ of the ⅔ Non-Retail tenders for Investment Platforms where we knew the identity of at least two bidders¹¹⁴, there was a mix of Software-only Solutions and Combined Platform Solutions suppliers bidding at the early stage; and
 - (d) In at least ⅔ out of the ⅔ Non-Retail tenders for Investment Platforms where we knew the identity of at least two bidders at the final stage, both Software-only Solution and Combined Platform Solution suppliers were at the final stage.

¹¹² Not all Investment Platforms responded to our questionnaire and, therefore, the list of bidders in each tender may not be exhaustive. For this reason, there may be more tenders in the CMA data which included Combined Platform Solution suppliers competing with Software-only Solution suppliers.

¹¹³ These figures are accurate as far as we have been able to verify bidders in each tender. We consider the following suppliers to offer Software-only Solutions: ⅔ and ⅔, who can offer both Software-only and Combined solutions, were classified as Software-only providers in certain tenders where they offered a Software-only solution.

¹¹⁴ We considered tenders with at least two known bidders at each stage to make an informed comparison over the whether the customer had a preference over the type of supplier.

In-house provision

62. We find that Non-Retail Platforms do not often consider in-house supply of software and/or servicing as a viable alternative, although there are some instances where it was considered.
63. Considering Non-Retail tenders, we find that:
- (i) In-house supply was identified as an option in 3 of 3 recent tenders in Non-Retail Platform Solutions. 3 of these tenders were won by a pure in-house Platform solution, and 3 was won by an in-house solution in combination with an outsourced Software-only supplier.¹¹⁵
 - (ii) In-house supply was never identified as an option in cases where the incumbent Platform Solution was fully outsourced. In 3 tenders where in-house supply was identified as an option, the incumbent solution was partially outsourced.

Competitive assessment

Overlaps (Non-Retail)

64. Since 2016, FNZ, JHC and GBST participated in 3 and 3 Non-Retail tenders respectively.
65. In terms of the Parties' overlaps with other suppliers in Non-Retail tenders:
- (a) 3 overlapped with FNZ or JHC in 3 tenders, overlapping with FNZ in 3 tenders and JHC in 3 tenders.
 - (b) 3 overlapped with FNZ or JHC in 3 tenders, meeting FNZ 3 times and JHC 3.
 - (c) 3 overlapped with FNZ or JHC in 3 tenders, meeting FNZ 3 times and JHC 3 times.
 - (d) In-house solutions overlapped with FNZ or JHC in 3 tenders, overlapping with FNZ 3 and JHC 3.
 - (e) 3 overlapped with FNZ or JHC in two tenders, overlapping with FNZ 3 and JHC 3.

¹¹⁵ We are mostly relying on the Parties' information about in-house being considered an option alongside other suppliers, as very few customers included in-house solution in the list of bidders for their tenders.

- (f) Other suppliers overlapped with FNZ or JHC fewer than 3 times.

66. Figure 3 below summarises these findings.

Figure 3: Number of times each supplier overlapped with FNZ/JHC in Non-Retail tenders.

3

Source: CMA analysis using data from the Parties, customers and competitors.

Note: 3 The graph includes only competitors that overlapped with the Parties at least twice.

Suppliers which overlapped with FNZ/JHC once include 3

Final stage overlaps (Non-Retail)

67. As regards FNZ and JHC's participation at the final stage for Non-Retail tenders:

- (a) FNZ reached the final stage in 3 tenders, 3 of which it was the only bidder that we had identified at that stage; and
- (b) JHC reached the final stage 3 tenders, 3 of which it was the only bidder that we had identified at that stage.

68. Table 3 below show the frequency with which FNZ or JHC met other suppliers in the 3 Retail tenders in which they reached the final stage

69. The table shows that:

- (a) 3 overlapped 3 with FNZ and 3 with JHC
- (b) 3 overlapped 3 with FNZ
- (c) 3 overlapped 3 with JHC

Table 3: Suppliers which overlapped with FNZ/JHC at the final stage of Non-Retail tenders.

Competitor	FNZ+JHC	FNZ	JHC
3	3	3	3
3	3	3	3
3	3	3	3

Source: CMA analysis using data from the Parties, customers and competitors.

Note: The Parties may have overlapped with more than one supplier at the final stage of a tender.

Winners (Non-Retail)

70. We also analysed the winners of Non-Retail tenders where the Parties bid. We found that:

- (a) 3 won 3 against FNZ and 3 against JHC

- (b) X won X against FNZ and X against JHC
- (c) X won X against FNZ and X against JHC
- (d) X and X each won X against FNZ and X against JHC.

71. Figure 4 below presents these findings.

Figure 4: Number of times each supplier won a Non-Retail tender in which FNZ/JHC participated.

X

Source: CMA analysis using data from the Parties, customers and competitors.

Note: This includes all competitors who have won a Non-Retail tender when overlapping with the Parties that we could identify, including tenders in which a winner was chosen but the customer abandoned the project. The graphs exclude, therefore, on-going tenders and abandoned tenders that concluded without a winner.

Note: In addition to the [X] tenders which we classified as Non-Retail, Figure 4 also includes the Non-Retail components of the X tender, which is classified as a borderline case. We note that FNZ won a Retail and Non-Retail component and X won a Non-Retail component of this tender. Both X and FNZ are included as having a Non-Retail win as a result of this tender in Figure 4.

Appendix H – Platform classifications

Platform classifications in tender analysis

[illegible]

Participant	Customer name	Platform classification
✂	✂	✂

Platform classifications in shares of supply.

Platform	Platform classification
Hargreaves Lansdown	Retail
Barclays SmartInvestor	Borderline
AJ Bell YouInvest	Retail
Interactive Investor	Borderline
Halifax Share Dealing	Borderline
Vanguard	Retail
Aviva (MyAviva)	Retail
Fidelity Direct	Retail
SelfTrade	Borderline
IG	Non-Retail
CityIndex	Non-Retail
Santander	Borderline
VitalityInvest	Retail
St James Place	Retail
Brewin Dolphin	Borderline
Rathbones	Borderline
RBS (Coutts)	Non-Retail
Charles Stanley	Borderline
Tilney (BestInvest)	Retail
Tilney (Smith Williamson)	Non-Retail
Close Brothers	Borderline
Credit Suisse (UK Wealth Mgmt)	Non-Retail
UBS (UK Wealth Mgmt)	Non-Retail
Julius Baer (UK Wealth Mgmt)	Non-Retail
SG Hambros	Non-Retail
Barclays (Wealth)	Non-Retail
Barclays (PBOS)	Non-Retail
HSBC (Private Banking)	Non-Retail
HSBC (UK Wealth)	Retail

Platform	Platform classification
Lloyds Schroders JV	Retail
Schroders Cazenove (UK Wealth)	Borderline
Investec	Borderline
LGT Vestra	Borderline
Quilter Cheviot	Borderline
Brooks Macdonald	Borderline
WH Ireland	Borderline
Saracen	Borderline
Ruffer	Borderline
Cannacord	Borderline
SL Wealth	Borderline
Killick	Borderline
Succession	Retail
Other - PSL powered	Borderline
Standard Life (Wrap)	Borderline
Standard Life (Elevate)	Borderline
Quilter	Retail
SEI	Borderline
Integrafin (Transact)	Retail
Fidelity Intl. (FundsNetwork)	Retail
Aegon (Cofunds and ARC)	Retail
AJ Bell (InvestCentre)	Retail
Royal London	Retail
M&G Prudential (Pru 4 Advisers)	Retail
Scottish Widows	Retail
James Hay	Borderline
Aviva Platform	Retail
Pershing (Bank of New York	Borderline
Raymond James	Borderline
Seven IM	Borderline
Nucleus	Retail
Ascentric	Retail
Zurich	Retail
True Potential	Retail
Novia	Retail
Parmenion	Retail
Embark	Borderline
ATS - Embark	Borderline
Wealthtime	Retail
Praemium	Retail
Hubwise	Retail
Phoenix	Retail
LGIM	Retail
Aegon	Retail
Aviva (MyMoney)	Retail
Scottish Widows (Lloyds)	Retail

Platform	Platform classification
Aviva (Unisure)	Retail
NEST	Retail
Royal London	Retail
Fidelity	Retail
Nutmeg	Retail
Scalable Capital	Retail
Redmayne Bentley	Non-Retail
Cave & Sons	Non-Retail
Saxo Capital Markets	Non-Retail
Other Stockbrokers	Non-Retail
Other - Embark	Non-Retail
Dentons Pensions	Retail
Barnett Waddingham	Retail
Curtis Banks	Retail
Canada Life	Retail
Scottish Friendly	Retail
People's pensions	Retail
BMO	Retail
Wesleyan	Retail

Appendix I: Share of supply estimates

Share of supply estimates for sensitivity case analysis

1. This appendix contains share of supply estimates that include supply to Investment Platforms that are at the borderline between Retail and Non-Retail. This reflects the fact that not all Investment Platforms neatly fit into either the Retail or Non-Retail classification.¹¹⁶
2. This sensitivity analysis presents the same broad outcome as the shares of supply presented in Chapter 8: the Merged Entity is much larger than Bravura and SS&C, with the remaining suppliers being much smaller.
3. Our share of supply estimates for the supply of Retail Platform Solutions and borderline cases in the UK are shown in Table 1 below. This sets out the share of each supplier separately for its supply of Platform Solutions, either alone or in any partnership, to ensure there is no double-counting of revenue from each customer.

Table 1. Shares in the supply of Retail Platform Solutions and borderline cases in the UK excluding in-house software (based on AUA) (2018)

<i>Software + servicing supplier(s)</i>	<i>Share of supply (%)</i>	<i>Share of supply (% ranges)</i>
FNZ	✂	[20-30%]
FNZ (JHC) + in-house	✂	[5-10%]
FNZ total	✂	[30-40%]
GBST + in-house	✂	[5-10%]
GBST + unknown	✂	[0-5%]
GBST + Equiniti	✂	[0-5%]
GBST total	✂	[10-20%]
FNZ and GBST total	✂	[40-50%]
Bravura + in-house	✂	[10-20%]
Bravura + Genpact	✂	[0-5%]
Bravura + unknown ¹¹⁷	✂	[0-5%]
Bravura total	✂	[10-20%]
SS&C	✂	[10-20%]
Objectway + in-house	✂	[5-10%]
Avaloq + in-house	✂	[5-10%]
Iress + in-house	✂	[5-10%]

¹¹⁶ See Appendix G (paragraphs 13-21) for further details on the methodology behind platform classification for the base case and the sensitivity case analyses.

¹¹⁷ This combination includes Succession platform. Based on Annex 4 to FNZ Initial Phase 2 submission, Investment Accounting Software supplier for this platform is Ascentric (via Bravura).

Temenos + in-house	✂	[0-5%]
SEI	✂	[0-5%]
PSL	✂	[0-5%]
Pershing	✂	[0-5%]
Fusion Wealth Limited¹¹⁸	✂	[0-5%]
Equiniti	✂	[0-5%]
TCS BaNCS	✂	[0-5%]
State Street + unknown	✂	[0-5%]
Hubwise	✂	[0-5%]

Source: CMA estimates based on the Parties' data: Annex 14.1 to the MN. The shares of supply in the Table present third-party software combined with third-party or in-house servicing. We excluded AUA of any platforms where the software supplier is unknown.

4. These shares of supply indicate that:

- (a) FNZ is the largest supplier and GBST is the joint third largest supplier of Retail Platform Solutions in the UK;
- (b) the Merged Entity is, by far, the largest supplier in the market, accounting for [40-50%] of the supply of Retail Platform Solutions in the UK. The share of the Merged Entity is almost twice as large as that of the next largest supplier, Bravura;
- (c) Bravura is the second largest supplier and SS&C, which has the same share as GBST, is joint third largest;
- (d) Bravura and SS&C are the only other suppliers with more than a [10-20]% share. We note, however, that almost all of SS&C's share comes from one large customer, St James's Place;
- (e) FNZ, Bravura, GBST and SS&C together account for more than 60% of the market. No other supplier has a share of supply of more than [5-10]%.

¹¹⁸ According to Fusion Wealth Limited, Fusion Wealth Limited is supplied by SEI, Creative Technologies and Winterfloods Business Services (Fusion Wealth Limited Response to the CMA's September Phase 2 third party questionnaire).

Appendix J – Assessment of alternative suppliers

Assessment of alternative suppliers based on third party evidence

1. We received additional information from third parties on the following suppliers:
 - (a) The six suppliers for which we calculated closeness scores showing how close an alternative they are to the Parties,¹¹⁹ were: Bravura, SS&C, SEI, Pershing, Avaloq and Temenos;
 - (b) IRESS and TCS BaNCS, who FNZ submitted are also active in the supply of Retail Platform Solutions;¹²⁰
 - (c) Hubwise and SECCL, which the Parties and some third parties have referred to as competitors of the Parties;
 - (d) a group of suppliers that most third parties indicated were not competitors of the Parties; and
 - (e) in-house supply of both software and servicing.

Bravura

2. Bravura is an Australian firm active in the UK market. 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 Platform Solution. Bravura's main customers in the UK are Retail Platforms, such as Royal London, Scottish Friendly, Nucleus, Fidelity and Ascentric.¹²¹
3. Bravura considers itself to compete most closely with GBST and told us 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'.¹²² Bravura indicated that 'it has no plans at present to change [its] business model to compete with FNZ' by offering servicing solutions itself.¹²³

¹¹⁹ See Chapter 8.

¹²⁰ FNZ Initial Phase 2 Submission, paragraph 1.2.

¹²¹ Bravura Response to the CMA Phase 2 third party questionnaire response.

¹²² Bravura Response to the CMA Phase 1 third party questionnaire response.

¹²³ Bravura Response to the CMA Phase 1 third party questionnaire. See also Bravura note of call, 24 April 2020.

4. Third parties consider Bravura as a close competitor of the Parties in the supply of Retail Platform Solutions mainly because its technology is comparable to FNZ and GBST, it has similar experience and a good reputation in the UK market.¹²⁴
5. While Bravura only provides software, nine third parties considered Bravura in partnership with a servicing provider like Genpact to be a credible supplier of Combined Platform Solutions.¹²⁵ However, three third parties do not consider the partnership between Genpact and Bravura as a suitable alternative to Combined Platform Solutions:
 - (a) One third party said Genpact's partnership with Bravura 'has to date lacked sufficient investment and marketing spend to achieve competitive scale';¹²⁶
 - (b) one third party said that Nucleus being its primary client, the partnership 'has not been tested at scale in the UK market and is not as attractive as FNZ's overall solution';¹²⁷ and
 - (c) another third party told the CMA that Genpact 'doesn't have a real market presence anymore' and seems to be 'retreating from the market'.¹²⁸
6. Evidence from customers' tender evaluations indicates that customers consider Bravura's proposition as 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 Bravura and GBST's offerings as similar.¹²⁹ Customers see Bravura as a provider with a strong administration system for Retail Platforms,¹³⁰ even though one customer¹³¹ pointed to Bravura's limited SIPP functionality;
 - (b) Two customers identified Bravura as a provider with a successful track record of deliveries in the Retail segment,¹³² while another customer

¹²⁴ See, for example, Phase 2 questionnaire responses from 3X and Phase 1 questionnaire responses from 3X. Among consultants, see Phase 2 questionnaire response from 3X. Among competitors, see Phase 2 questionnaire response from 3X.

¹²⁵ Three customers (3X), three competitors (3X) and three consultants (3X). See related Phase 1 and Phase 2 questionnaire responses.

¹²⁶ 3X Response to the CMA Phase 2 third party questionnaire response.

¹²⁷ 3X Response to the CMA Phase 1 and Phase 2 third party questionnaires.

¹²⁸ 3X. This was also confirmed by 3X.

¹²⁹ 3X.

¹³⁰ 3X.

¹³¹ 3X.

¹³² 3X

highlighted that Bravura ~~is~~. This is consistent with Bravura's focus in the Retail segment;¹³³

- (c) Two customers indicated Bravura's long timescale for implementation of the solution was not compatible with their plans,¹³⁴ while one customer was advised by a consultancy to not shortlist Bravura based on their comparisons to other SIPP Administration software suppliers;¹³⁵ and
- (d) Three customers indicated that Bravura's price was high when compared to GBST's price.¹³⁶

SS&C

- 7. SS&C is a US firm that offers both Software-only Solutions and Combined Platform Solutions to Retail Platforms. However, SS&C said ~~is~~.¹³⁷
- 8. SS&C's 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.¹³⁸
- 9. 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 ~~is~~.¹³⁹
- 10. SS&C submitted that, in order ~~is~~ with FNZ and GBST's offerings, ~~is~~. In particular, SS&C explained that ~~is~~ Bluedoor ~~is~~ (i) it is not an 'open architecture' solution in terms of the underlying investments it supports; (ii) it is not multi-currency (it has no conversion functionality and so it can only manage assets denominated in Pounds Sterling); and (iii) it does not have front-end functionality to let external wealth managers rebalance and run client funds across separate portfolios.¹⁴⁰
- 11. FNZ submitted that 'SS&C's offering also allows it to supply open architecture platforms'.¹⁴¹ FNZ also submitted that the successful migration of St James's

¹³³ ~~is~~.

¹³⁴ ~~is~~.

¹³⁵ ~~is~~.

¹³⁶ ~~is~~.

¹³⁷ SS&C Response to the CMA Phase 1 and Phase 2 third party questionnaires.

¹³⁸ SS&C Response to the CMA Phase 1 and Phase 2 third party questionnaires.

¹³⁹ SS&C Response to the CMA Phase 1 and Phase 2 third party questionnaires.

¹⁴⁰ CMA note of call with SS&C, 22 April 2020.

¹⁴¹ FNZ Response to Working Paper on Tender Analysis, paragraph 82(c).

Place onto SS&C's Bluedoor software is likely to have addressed concerns from third parties regarding the migration of customers onto this software.¹⁴²

12. Third party evidence generally supports what SS&C told us:
 - (a) Some third parties consider SS&C to be an alternative supplier of Retail Platform Solutions;¹⁴³
 - (b) customers who would look at SS&C as an alternative supplier also said that SS&C is only really working with St. James's Place in the UK,¹⁴⁴ and that it has limited scale and gaps in its product capability,¹⁴⁵ such that it is a weaker player than GBST, FNZ, and Bravura;¹⁴⁶ and
 - (c) competitors submitted that there are internal technology issues with SS&C's software Bluedoor¹⁴⁷ and that this solution cannot be readily used by other Investment Platforms.¹⁴⁸
13. Third parties further said that SS&C had suffered a high-profile failure to implement a software and administration solution for Quilter (Old Mutual Wealth), which has undermined the credibility of its proposition.¹⁴⁹ SS&C explained that X, Quilter (Old Mutual Wealth) decided to pull out of the project in 2017 and began a migration to FNZ's system.¹⁵⁰
14. Qualitative evidence from customers' tender evaluations indicates that SS&C does not have a good reputation in the market and its Platform Solution is not suitable for most Retail Platforms:
 - (a) One customer noted that SS&C 'have recently experienced significant difficulty in implementing platform solutions for two significant customers with high-profile delays, cost overruns and functional defects';¹⁵¹ and
 - (b) Another customer dropped SS&C from its tender process 'due to a number of material capability gaps in their proposal and the poor quality of their submission', highlighting that they did not have 'enough confidence in the solution' and it scored far below GBST and Bravura. The customer

¹⁴² FNZ Response to the Provisional Findings, paragraph 4.9.

¹⁴³ For example, see Phase 2 customer questionnaire responses from X and X. Among consultants, see Phase 2 questionnaire responses from X and X. Among competitors, see X.

¹⁴⁴ X Response to the CMA Phase 1 third party questionnaire.

¹⁴⁵ X and X Responses to the CMA Phase 2 third party questionnaire.

¹⁴⁶ X Responses to the CMA Phase 2 third party questionnaire.

¹⁴⁷ X Response to the CMA Phase 1 and Phase 2 third party questionnaires.

¹⁴⁸ X Responses to the CMA Phase 2 third party questionnaire.

¹⁴⁹ See Phase 2 questionnaire responses from X.

¹⁵⁰ Note of the call with SS&C, 22 April 2020, paragraphs 12-13.

¹⁵¹ X

also indicated that ‘the solution offered is based on the SJP [St. James’s Place] proposition which is quite bespoke’, which is consistent with SS&C’s solution not being suitable for most Retail Platforms.¹⁵²

SEI

15. SEI is a US firm which provides a Combined Platform Solutions through its ‘Wealth Platform’ division. Its largest market is the US, but it also has a long-standing presence in the UK. \propto .¹⁵³
16. SEI submitted that it has proven scale and 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 their delivery models. It told us 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.¹⁵⁴
17. Third parties had different views on the breadth and strength of SEI’s offering but overall this evidence indicated significant weaknesses with its Retail Platform Solution:
 - (a) Four third parties indicated that SEI had historically focused more on supplying Non-Retail Platforms but is also able to serve Retail Platforms;¹⁵⁵
 - (b) \propto considered that SEI is more focused on private banking and private client investment management segments 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.¹⁵⁶ \propto indicated that to improve its Retail offering SEI would need to develop on-platform pension administration.¹⁵⁷ SEI confirmed that it is not a pension administration provider however SEI does support on-

¹⁵² \propto .

¹⁵³ SEI Response to the CMA Phase 1 third party questionnaire.

¹⁵⁴ SEI Response to the CMA Phase 1 third party questionnaire and SEI note of call, 1 July 2020.

¹⁵⁵ \propto . See also \propto

¹⁵⁶ \propto

¹⁵⁷ \propto

platform pensions for a number of clients by integrating with pension administrators.¹⁵⁸

- (c) two third parties stated that SEI uses 'older technology'¹⁵⁹ and another third party noted that its technology is not considered as strong as the technology of FNZ or GBST;¹⁶⁰
- (d) one party noted that SEI only operates 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';¹⁶¹
- (e) two customers indicated that SEI does not offer the full product suite that they require.¹⁶² Another customer noted that SEI does not 'currently demonstrate the level of scale [it] requires';¹⁶³ and
- (f) two competitors observed that SEI is not particularly successful in the UK and that its customers are smaller organizations.¹⁶⁴

18. Qualitative evidence from customers' tender evaluations shows that customers ✂:

- (a) One customer which operates a Retail Platform indicated that 'the SEI solution was discounted on the basis the platform is primarily targeted at the discretionary market and mid-sized advice platforms and is unproven within the ✂ peer group';¹⁶⁵ and
- (b) One customer which operates an Investment Platform with both Retail and Non-Retail characteristics indicated that SEI is 'a strong organisation but the core system had a number of functional gaps and were comparatively expensive'.¹⁶⁶

¹⁵⁸ ✂

¹⁵⁹ ✂.

¹⁶⁰ ✂.

¹⁶¹ ✂.

¹⁶² ✂.

¹⁶³ ✂.

¹⁶⁴ ✂ and ✂.

¹⁶⁵ ✂ (Issued to CMA 14May20), p 13.

¹⁶⁶ ✂ p.7.

Pershing

19. Pershing is part of the Bank of New York Mellon Corporation and supplies both Combined Platform Solutions and servicing solutions. It does not offer Software-only Solutions.¹⁶⁷
20. Pershing told us that, while it can serve both Retail and Non-Retail Platforms and it is a competitor to the Parties, its 'current customer base is more weighted towards non-Retail Platforms with its inherent service requirements' and noted that its typical clients are discretionary wealth managers.¹⁶⁸
21. Third party evidence generally supports what Pershing told us. Third party evidence indicates that, in the UK, Pershing focuses on the Non-Retail segment, as it offers limited UK wrapper capabilities and focus on supporting more complex assets.¹⁶⁹ In this respect, evidence also indicates 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 and modelling capabilities, portfolio management/SMA processes, customer portals and reporting, together with evidence of trade execution accuracy, systems stability/availability, operational scalability, regulatory compliance, robust and tested authentication and security, as well as a track record of change delivery and innovation and make improvements to its front-end adviser experience.¹⁷⁰
22. Third party evidence also indicates that Pershing has only a limited presence in the UK market.¹⁷¹ Furthermore, third parties submitted that it has a dated technology with limited functionality and is expensive.¹⁷²

Avaloq

23. Avaloq is a Swiss firm active in the UK since approximately a ten years. Avaloq told us that it is a provider of software-only and Combined Platform Solutions.¹⁷³
24. Avaloq told us that it is not 'currently actively targeting the retail market' and it serves more the 'ultra/high net worth end of the market' and focuses on

¹⁶⁷ Pershing note of call, 7 January 2020.

¹⁶⁸ Pershing Response to the CMA Phase 2 third party questionnaire. See also Pershing note of call, 7 January 2020.

¹⁶⁹ ✂

¹⁷⁰ ✂

¹⁷¹ ✂.

¹⁷² ✂

¹⁷³ ✂

‘sophisticated’, more complex products.¹⁷⁴ Avaloq sees itself as a competitor of FNZ for Private-client Platform customers because, according to Avaloq, FNZ was more focused on Retail Platforms but it is seeking to broaden the breadth of firms it provides services to.¹⁷⁵

25. 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’.¹⁷⁶
26. Third party evidence is consistent with what Avaloq told us. Third parties said that its offering is currently addressed to Private Client Investment Management Platforms¹⁷⁷ and is not suited for Retail Platform requirements because, it lacks complex UK tax wrapper capabilities.¹⁷⁸ One customer told us that adapting Avaloq’s offering would require ‘extensive/potentially green field development’.¹⁷⁹
27. 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.¹⁸⁰

Temenos

28. 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 X and X.¹⁸¹
29. 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 customers and sees FNZ as a potential competitor only in that segment.¹⁸²
30. Temenos told us that it is not active in supporting retail banks’ wealth management services X. Temenos submitted that any attempt to enter would require X.¹⁸³

¹⁷⁴ Avaloq Response to the CMA Phase 2 third party questionnaire.

¹⁷⁵ Avaloq Response to the CMA Phase 1 third party questionnaire.

¹⁷⁶ Avaloq Response to the CMA Phase 1 third party questionnaire.

¹⁷⁷ See X

¹⁷⁸ X.

¹⁷⁹ X.

¹⁸⁰ X.

¹⁸¹ Temenos note of call, 2 July 2020.

¹⁸² Temenos Response to the CMA Phase 1 third party questionnaire.

¹⁸³ X.

31. Third parties see Temenos as offering a ‘core banking system’¹⁸⁴ with no penetration in the UK Retail Platform segment.¹⁸⁵ 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 capabilities.¹⁸⁶ 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’.¹⁸⁷
32. Evidence from one customer’s tender assessment indicate that Temenos has ‘a strong and configurable core engine, but lacking [sic] in UK-specific functionality and a weak implementation proposal’.¹⁸⁸

TCS (Tata Consultancy Services)

33. TCS is an Indian firm that provides Software-only Solutions and Combined Platform Solutions to Investment Platforms, catering for the full spectrum of the market segments including high net worth clients, affluent clients and mass market clients. ✂.¹⁸⁹
34. 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 changing providers.¹⁹⁰
35. TCS added that its work with ✂ enables it to handle scaled, end-to-end operations in the UK. However, it does not help TCS tender for pure investment opportunities in the market because it does not contribute towards this kind of track record.¹⁹¹
36. We heard from one external consultant that TCS provides Life and Pension BPO services and has experience of operating in this sector.¹⁹²
37. However, only two of the Parties’ customers mentioned TCS as a suitable alternative provider of servicing/BPO solutions.¹⁹³

¹⁸⁴ ✂.

¹⁸⁵ ✂.

¹⁸⁶ ✂.

¹⁸⁷ ✂.

¹⁸⁸ ✂.

¹⁸⁹ ✂.

¹⁹⁰ ✂.

¹⁹¹ ✂.

¹⁹² ✂.

¹⁹³ ✂.

38. Among consultants, only X considers TCS as a suitable supplier of Retail Platform Solutions in the UK due to its 'experience in the sector'.¹⁹⁴
39. 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 X.¹⁹⁵

IRESS

40. IRESS is headquartered in Australia and provides software solutions to the wealth management industry.¹⁹⁶ We did not receive any submissions from IRESS.
41. 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).¹⁹⁷
42. IRESS was mentioned by one Non-Retail Platform and one borderline Investment Platform as a credible supplier,¹⁹⁸ while no Retail Platform listed IRESS as a credible supplier. Only one consultant sees IRESS as a possible alternative to FNZ and GBST.¹⁹⁹

Hubwise

43. 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.²⁰⁰ Hubwise aims to grow its 'balance sheet and reputation to start appealing to tier one firms'.²⁰¹
44. Among consultants, one consultant described Hubwise as a 'new entrant' in the supply of Retail Platform Solutions who is acquiring AUA.²⁰² Another

¹⁹⁴ X.

¹⁹⁵ GBST X

¹⁹⁶ Merger Notice, paragraph 12.25.10.

¹⁹⁷ See GBST X. See also X.

¹⁹⁸ X.

¹⁹⁹ X.

²⁰⁰ X note of call, 2 June 2020.

²⁰¹ X

²⁰² X

consultant has highlighted that Hubwise has won ‘high-profile deals’ with Sanlam and Tenet, the latter an extension in service to their 2017 deal.²⁰³

45. Moreover, third parties told us that Hubwise is not considered a credible competitor for Retail Platforms due to its insufficient scale,²⁰⁴ limited services²⁰⁵ and absence of track record.²⁰⁶

SECCL

46. SECCL, acquired by Octopus in 2019, is a recently launched business offering Combined Platform Solutions. Although SECCL plans to compete more closely with FNZ and GBST in the future, it explained that it will need two to five years before it becomes a credible alternative for the Parties current clients.²⁰⁷
47. One customer told us that SECCL’s breadth and depth of functionality is not yet comparable to that of other major players and that it does not have a track record of working with credible platform businesses. The customer said that it will take many years for SECCL to build up the breadth of functionality required to compete with larger competitors.²⁰⁸

Other suppliers

48. Below, we summarise information received from third parties on suppliers that only appeared infrequently throughout our evidence gathering.
49. **IMIX** offers a Software-only Solution. Its solution covers portfolio modelling, performance measurement, order and creation management, tax, client reporting and regulatory services.
50. IMIX submitted that its offering is narrower than GBST’s and FNZ’s 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 complementary to the Parties and it has worked with GBST in the past.²⁰⁹
51. 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

²⁰³ 

²⁰⁴ 

²⁰⁵ 

²⁰⁶ 

²⁰⁷ SECCL Responses to the CMA Phase 1 and Phase 2 third party questionnaires. See also SECCL note of call, 3 June 2020.

²⁰⁸ 

²⁰⁹ IMIX note of call, 30 June 2020

developed and, according to IMIX, this would take approximately five years. Wise Investments utilises IMIX only for its front-end system, which it uses for its analysis, reporting, filtering, making decisions and placing orders; IMIX then sends these orders to Pershing (NEXUS), which handles the back-office software and servicing.²¹⁰

52. **EValue** does not consider that it competes with FNZ or GBST because its software solutions are different²¹¹. Specifically, EValue said it does not provide back office functionalities, it provides software solutions to help end customers or advisers to model financial planning scenarios.²¹² Evidence from one customer's tender evaluation indicates that **Evalue** does not provide SIPP back office system administration but that it is specialised in pension advice tools.²¹³
53. **Torstone** submitted that it ~~is~~.²¹⁴
54. **Sapiens** provides property and casualty, life and pensions (including to Retail Investment Platforms) and reinsurance software. Its target clients are insurers. It submitted that it competes with FNZ and GBST only occasionally. Sapiens plans to compete more closely with GBST on mid to lower tier opportunities as part of its five year strategy for the UK market.²¹⁵
55. **Objectway** provides software mainly to Non-Retail Platforms. ~~is~~.²¹⁶
56. **Dunstan Thomas** offers software and servicing to technology platforms, retirement market and Wealth Managers in the UK and South Africa. Its services include illustration (providing customers with quotes for investments and pensions), and policy administration (SIPP and retirement products).²¹⁷
57. Dunstan Thomas said that its software tends to be used alongside GBST, FNZ and Bravura's offering instead of replacing it. However, there is some competition on the policy administration capability because FNZ, Bravura and GBST have this element as part of their offerings.²¹⁸
58. Dunstan Thomas said that it does not compete directly against FNZ and GBST because they do not have the same product offering. Clients would

²¹⁰ IMIX note of call, 30 June 2020.

²¹¹ EValue Response to the CMA Phase 2 third party questionnaire.

²¹² EValue Response to the CMA Phase 2 third party questionnaire.

²¹³ ~~is~~

²¹⁴ ~~is~~

²¹⁵ Sapiens Response to the CMA Phase 1 and Phase 2 third party questionnaires.

²¹⁶ ~~is~~

²¹⁷ Dunstan Thomas note of call, 3 July 2020.

²¹⁸ Dunstan Thomas note of call, 3 July 2020.

have chosen their software platform provider before they approach Dunstan Thomas, who only provides the add on components.²¹⁹

59. Evidence from one customer tender assessment indicates that X.²²⁰
60. **Ohpen** supplies investment and savings accounts with or without tax wrappers, and focuses on retail banks, pension providers, investment platforms and asset managers. Ohpen said that it therefore competed very closely with FNZ when it entered the UK market in 2016. Since 2018, X.²²¹
61. Qualitative evidence from a customer's tender evaluation indicates that **ERI Bancarie** lacks UK-specific functionality and expertise, despite having a strong core engine.²²²
62. One customer's tender assessment indicated that **InvestCloud** was not able to meet UK credentials and lacked overall capabilities for Retail Platforms.²²³

In-house

63. Evidence from competitors, consultants and customers indicates that there is an increasing tendency for customers to outsource the provision of software solutions and that in-house software does not provide a strong constraint on the Parties. 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.'²²⁴ Another competitor submitted that there 'is limited value [for a Platform] in building [its] own software'.²²⁵
 - (b) Two out of four consultants indicated that, whilst providing software in-house is a viable option for some Retail Platforms, there is a trend

²¹⁹ Dunstan Thomas note of call, 3 July 2020.

²²⁰ X.

²²¹ Ohpen Response to the CMA Phase 2 third party questionnaire.

²²² X.

²²³ X.

²²⁴ X Response to the CMA Phase 2 third party questionnaire.

²²⁵ X.

towards outsourcing software, with Investment Platforms continuing to provide software in-house being large or having a niche offering.²²⁶

- (c) 26 of the 29 customers that commented on in-house supply indicated that they outsource software,²²⁷ for the same reasons listed by competitors, but also because they lack the expertise required to develop and maintain a software solution in-house.²²⁸ 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'.²²⁹

64. 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.²³⁰ However, three competitors indicated that there is a tendency to outsource servicing.²³¹
- (b) One consultant indicated that there is a tendency to provide servicing in-house,²³² whilst two consultants indicated that there is a tendency to outsource servicing, for reasons that relate to economies of scale.²³³
- (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.²³⁴

65. Qualitative evidence from a customers' tender evaluation indicates that, when assessing the market, consultants may provide the strengths and weaknesses of proprietary solutions. In that case, the advantages listed were:

²²⁶ See Phase 2 consultant questionnaire response from X.

²²⁷ Three customers told us they have in-house software and six customers provided neutral/no response.

²²⁸ See for example, X.

²²⁹ X.

²³⁰ X.

²³¹ X.

²³² X.

²³³ X and X.

²³⁴ Twelve provided neutral/no response.

- (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; and
- (c) the customer has the ability to white label or licence the solution to other platforms to diversify revenue streams.

66. 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; and
- (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.²³⁵

²³⁵ ✂.

Appendix K: Third party alternative supplier scores

1. This Appendix presents further evidence on the 'closeness scores' received from the Phase 2 third party competitor, customer and consultant questionnaire responses which are set out in Chapter 8.
2. The Parties' competitors, customers and consultants were asked in questionnaires to consider the extent to which alternative suppliers were a close alternative to FNZ and GBST. Seven competitors, three consultants and 23 customers responded to the request and provided closeness scores.
3. In Chapter 8, we presented average closeness scores based on the scores provided by all third parties. This excluded customers that had not tendered since 2016 as we gave lower weight to their views. An alternative version of this figure below shows the average closeness scores when we include the scores of all third parties, including customers that have not tendered recently.

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.

4. The scores given to FNZ show that all third parties considered, on average, that:
 - (a) GBST and Bravura are the closest alternatives to FNZ (scores between 3.5 and 4);
 - (b) They are followed by SEI and SS&C (scores between 3 and 3.5); and
 - (c) Pershing and Avaloq are less close alternatives (scores between 2.5 and 3), with Temenos (score between 2 and 2.5) being the least close.
5. With respect to GBST, third parties considered that:
 - (a) Bravura is the closest alternative (score between 4 and 4.5);
 - (b) It is followed by FNZ (score between 3.5 and 4);
 - (c) SS&C, SEI and Avaloq are the next closest competitors (scores between 2.5 and 3); and

(d) Pershing and Temenos (with scores between 2 and 2.5) are even less close.

6. 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. Out of the 16 customers that gave a view, 14 considered that the Parties were close competitors.
7. As a result of the inclusion of scores from those customers who had not tendered recently, the closeness score of GBST to FNZ reach a similar level as the closeness score of FNZ to GBST (whereas in Chapter 8, there was a larger difference between these closeness scores).
8. Compared to data shown in Chapter 8, there are also some other differences in closeness scores from all third parties: all third parties ranked Bravura as a slightly less close alternative to GBST while SS&C was viewed as a less close alternative to FNZ.

Appendix L: Competitive assessment – Internal document screenshots

FNZ documents

1. ✂.

2. ✂.

3. ✂.

4. ✂.

5. ✂.

6. ✂.

7. ✂

8. ✂.

9. ✂.

10. ✂.

11. ✂

12. ✂.

13. ✂

14. ✂

15. ✂.

16. ✂

GBST documents

17. ✂.

18. ✂

19. ✂

20. ✂

21. ✂

22. ✂

23. ✂

24. ✂

25. ✂

26. ✂

27. ✂

28. ✂

29. ✂

30. ✂

31. ✂

32. ✂

33. ✂.

34. ✂

35. ✂

36. ✂

37. ✂

Appendix M: Examples from internal documents for the competitive assessment

Closeness of competition between the Parties

The Parties' position in the market

FNZ documents on its general position

1. In a X FNZ presentation, FNZ positions itself as X.^{236 237} FNZ submitted that 'these slides are from a pitch/marketing document addressed to investors'.²³⁸
2. A X". The presentation also X.²³⁹ FNZ submitted that 'X'.²⁴⁰
3. A similar FNZ presentation X.²⁴¹
4. A FNZ Management presentation X.²⁴² X.²⁴³
5. A X FNZ X.²⁴⁴ X.²⁴⁵ X.²⁴⁶
6. A statement by FNZ X.²⁴⁷ X: 'X'.²⁴⁸
7. A X report for FNZ X.²⁴⁹
8. X.²⁵⁰

²³⁶ X

²³⁷ X

²³⁸ FNZ Response to Working Paper on Competitive Assessment – Internal Documents, paragraph 39.

²³⁹ FNZ document: X.

²⁴⁰ FNZ Response to Working Paper on Competitive Assessment – Internal Documents, paragraph 39.

²⁴¹ X

²⁴² X

²⁴³ X

²⁴⁴ X.

²⁴⁵ X.

²⁴⁶ FNZ Response to Working Paper on Competitive Assessment – Internal Documents, paragraph 39.

²⁴⁷ X.

²⁴⁸ X.

²⁴⁹ X.

²⁵⁰ X.

FNZ documents on its strengths in software and servicing compared to its competitors

9. In a ✂ response to a Request for Information from a customer,²⁵¹ FNZ notes ✂.²⁵² ✂.²⁵³

10. In a ✂ FNZ presentation FNZ describes itself as ✂.²⁵⁴

11. In a ✂ FNZ presentation '✂:

a. '✂.²⁵⁵

b. '✂.²⁵⁶ 257

12. A '✂' presentation, produced in ✂, ✂.²⁵⁸ ✂:

a. ✂;

b. ✂.²⁵⁹

13. ✂.²⁶⁰

14. A ✂ report by ✂'.²⁶¹ Although this document was prepared by a third party, extracts were incorporated into a FNZ management document without FNZ criticising their content.²⁶²

15. A ✂ report by ✂²⁶³

GBST documents

16. A GBST ✂.²⁶⁴

17. A GBST ✂.²⁶⁵ 266

²⁵¹ ✂.

²⁵² ✂.

²⁵³ ✂

²⁵⁴ ✂.

²⁵⁵ ✂.

²⁵⁶ ✂

²⁵⁷ ✂

²⁵⁸ ✂.

²⁵⁹ ✂

²⁶⁰ ✂

²⁶¹ ✂.

²⁶² ✂

²⁶³ ✂

²⁶⁴ ✂.

²⁶⁵ ✂.

²⁶⁶ ✂.

FNZ and GBST as competitors

FNZ documents

18. A [REDACTED] FNZ Management presentation [REDACTED], indicating that [REDACTED].²⁶⁷ FNZ submitted that [REDACTED].²⁶⁸

19. A [REDACTED] FNZ Management presentation provides shares for [REDACTED].²⁶⁹ FNZ submitted that '[REDACTED]'.²⁷⁰

20. In a [REDACTED] FNZ presentation [REDACTED].²⁷¹ [REDACTED].²⁷²

21. An FNZ [REDACTED].²⁷³ [REDACTED].²⁷⁴ [REDACTED].²⁷⁵

22. [REDACTED].²⁷⁶ [REDACTED].²⁷⁷

23. A [REDACTED].²⁷⁸ [REDACTED].²⁷⁹

24. A [REDACTED].²⁸⁰ [REDACTED].²⁸¹

25. Example where GBST and JHC appeared to have competed closely for a customer: [REDACTED].²⁸² [REDACTED].²⁸³

26. A [REDACTED] [REDACTED],²⁸⁴ [REDACTED].²⁸⁵ '[REDACTED]'.²⁸⁶ While this document was prepared by a third party, extracts of it were incorporated into an FNZ management document.²⁸⁷

²⁶⁷ [REDACTED].

²⁶⁸ [REDACTED].

²⁶⁹ [REDACTED].

²⁷⁰ [REDACTED].

²⁷¹ The platforms are [REDACTED].

²⁷² [REDACTED].

²⁷³ [REDACTED].

²⁷⁴ [REDACTED].

²⁷⁵ [REDACTED].

²⁷⁶ [REDACTED].

²⁷⁷ [REDACTED].

²⁷⁸ [REDACTED].

²⁷⁹ [REDACTED].

²⁸⁰ [REDACTED].

²⁸¹ [REDACTED].

²⁸² [REDACTED].

²⁸³ [REDACTED].

²⁸⁴ [REDACTED].

²⁸⁵ [REDACTED].

²⁸⁶ [REDACTED].

²⁸⁷ [REDACTED].

27. The ~~XXXX~~. The report states that '~~XXXX~~. The report also notes that ~~XXXX~~. It states:
~~XXXX~~.²⁸⁸ FNZ said that '~~XXXX~~.²⁸⁹ We do not consider that this conflicts with our overall findings regarding FNZ and GBST as competitors.

28. A 2016 ~~XXXX~~²⁹⁰ and

a. A 2016 ~~XXXX~~.²⁹¹

b. A 2018 ~~XXXX~~.²⁹²

c. FNZ ~~XXXX~~ state that ~~XXXX~~.²⁹³

GBST documents

29. A GBST ~~XXXX~~.²⁹⁴

30. In a 2019 GBST document ~~XXXX~~ '~~XXXX~~.²⁹⁵

31. A similar view is expressed in another document ~~XXXX~~.²⁹⁶

32. ~~XXXX~~.²⁹⁷ ²⁹⁸

33. A GBST Management Presentation to ~~XXXX~~.²⁹⁹ ³⁰⁰

34. A GBST Strategy Presentation ~~XXXX~~.³⁰¹

35. ~~XXXX~~.³⁰² ³⁰³

36. GBST Board reports include ~~XXXX~~.³⁰⁴

37. A 2018 report for GBST by ~~XXXX~~ and ~~XXXX~~.³⁰⁵

288 ~~XXXX~~
289 ~~XXXX~~.
290 ~~XXXX~~.
291 ~~XXXX~~.
292 ~~XXXX~~.
293 ~~XXXX~~.
294 ~~XXXX~~.
295 ~~XXXX~~.
296 ~~XXXX~~.
297 ~~XXXX~~.
298 ~~XXXX~~.
299 ~~XXXX~~.
300 ~~XXXX~~.
301 ~~XXXX~~.
302 ~~XXXX~~.
303 ~~XXXX~~.
304 ~~XXXX~~.
305 ~~XXXX~~.

38. A 2019 GBST report 'X'.³⁰⁶

GBST and Equiniti partnership as a competitor to FNZ

FNZ documents

39. In an FNZ's presentation X.³⁰⁷ FNZ has submitted that this section of the document X.^{308 309} FNZ submitted that X.³¹⁰

40. X X.³¹¹

41. A 2018 X.³¹² Extracts of this document were incorporated into a FNZ management report.³¹³

GBST documents

42. X³¹⁴ X'.³¹⁵

43. A GBST presentation on X'.³¹⁶

Competitive constraints from alternatives

FNZ documents

44. A X FNZ management presentation X.³¹⁷ FNZ submitted that 'this document was a presentation to a prospective investor'.³¹⁸

45. A X FNZ management presentation X.^{319 320} FNZ submitted that 'X'.³²¹

³⁰⁶ X.

³⁰⁷ X

³⁰⁸ X

³⁰⁹ X

³¹⁰ X

³¹¹ X

³¹² X

³¹³ X

³¹⁴ X

³¹⁵ X.

³¹⁶ X

³¹⁷ X

³¹⁸ X

³¹⁹ X.

³²⁰ X.

³²¹ X.

46. 322 323 324

47. FNZ told us that 325

48. A 326 327 FNZ presentation ‘

49. FNZ presentation ‘ JHC 328

50. 329

51. Two internal FNZ documents refer to 330 331

52. . In addition to GBST, there are competitors listed which include 332 333

53. A report from 334 335 336 FNZ submitted that 337 We do not consider that this conflicts with our overall findings regarding competitive constraints from alternatives.

54. 338 339 340

55. 341

GBST documents

56. GBST Management Presentation 342 343

57. A GBST Strategy Presentation 344

322

323

324

325

326

327

328

329

330

331

332

333

334

335

336

337

338

339

340

341

342

343

344

58. A 2019 GBST document ~~FNZ~~.³⁴⁵ ~~FNZ~~.

59. A 2019 GBST presentation ‘~~FNZ~~.³⁴⁶ ~~FNZ~~.³⁴⁷

60. A GBST ~~FNZ~~.³⁴⁸

61. GBST Board Reports provide ~~FNZ~~.³⁴⁹ ~~FNZ~~.³⁵⁰

62. A 2019 email ~~FNZ~~.³⁵¹ ~~FNZ~~.³⁵²

63. A 2018 presentation ~~FNZ~~.³⁵³

64. A 2018 GBST ~~FNZ~~.³⁵⁴

65. A 2019 GBST ‘~~FNZ~~.³⁵⁵

66. The GBST Evolve ~~FNZ~~.³⁵⁶

Constraint from in-house supply

FNZ documents

67. A ~~FNZ~~ FNZ Management presentation ~~FNZ~~.³⁵⁷ FNZ submitted that ‘this document was a presentation to a prospective investor’.³⁵⁸

68. In a ~~FNZ~~ response to ~~FNZ~~,³⁵⁹ ~~FNZ~~.³⁶⁰

69. A ~~FNZ~~ report by ~~FNZ~~.³⁶¹

70. A ~~FNZ~~ report by ~~FNZ~~.³⁶²

³⁴⁵ ~~FNZ~~.

³⁴⁶ ~~FNZ~~.

³⁴⁷ ~~FNZ~~.

³⁴⁸ ~~FNZ~~.

³⁴⁹ ~~FNZ~~.

³⁵⁰ ~~FNZ~~.

³⁵¹ ~~FNZ~~.

³⁵² ~~FNZ~~.

³⁵³ ~~FNZ~~.

³⁵⁴ ~~FNZ~~.

³⁵⁵ ~~FNZ~~.

³⁵⁶ ~~FNZ~~.

³⁵⁷ ~~FNZ~~.

³⁵⁸ ~~FNZ~~.

³⁵⁹ ~~FNZ~~.

³⁶⁰ ~~FNZ~~.

³⁶¹ ~~FNZ~~.

³⁶² ~~FNZ~~.

71.A 2018 ✂³⁶³.

GBST documents

72.A 2017 GBST Strategy Presentation notes that ✂³⁶⁴

³⁶³ ✂
³⁶⁴ ✂.

Appendix N: Product development

Introduction

1. This Appendix sets out evidence on product development and GBST's Project Evolve, from the Parties and third parties.

GBST views of Project Evolve

2. 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.
3. GBST submitted that Project Evolve will be completed [REDACTED]. It stated that after the completion of the project, Composer will be a highly competitive product that is attractive for prospective customers.³⁶⁵
4. Internal documents from GBST show that its [REDACTED] R&D spending on Project Evolve, together with [REDACTED]^{366 367}
5. A GBST CEO Board Report from July 2017 states that Project Evolve [REDACTED].³⁶⁸ But an internal document from December 2019 stated that '[REDACTED]'.³⁶⁹
6. A presentation dated May 2019 on GBST strategy states that [REDACTED].³⁷⁰
7. The same document [REDACTED].

(a) [REDACTED].'

(b) '[REDACTED]'.³⁷¹
8. Another internal document [REDACTED].³⁷²

³⁶⁵ [REDACTED].

³⁶⁶ [REDACTED].

³⁶⁷ [REDACTED]

³⁶⁸ [REDACTED].

³⁶⁹ [REDACTED]

³⁷⁰ [REDACTED]

³⁷¹ [REDACTED]

³⁷² [REDACTED]

FNZ's views of GBST R&D

9. FNZ stated that 'X' ³⁷³
10. In relation to this, FNZ submitted that:
 - (a) X;
 - (b) X ³⁷⁴); and
 - (c) The project 'X.' ³⁷⁵
11. FNZ supported this submission by providing the timing of different updates implemented at FNZ and GBST. ³⁷⁶ FNZ stated that GBST's Evolve programme as well as other 'key platform functionality innovations' are X, with particular reference to FNZ, Bravura, Avaloq, Pershing, SS&C, SEI, and Temenos. ³⁷⁷
12. FNZ submitted that X. ³⁷⁸
13. FNZ further submitted that 'FNZ's view is that GBST's programme as constructed is X.' ³⁷⁹ In support, FNZ submitted that:
 - (a) 'FNZ understands that GBST has already X;'
 - (b) Other providers that undertook similar projects X; ³⁸⁰ FNZ told us that: 'X; and
 - (c) FNZ believes that '[X].'³⁸¹

GBST views

14. GBST disagreed with FNZ's view on Evolve and maintained that it would make GBST more competitive.
15. GBST responded to FNZ claims about the underlying code language of Composer X by stating that 'it is incorrect that GBST's underlying technology framework is only PowerBuilder. Most of Composer now uses Java, a more

³⁷³ X

³⁷⁴ X

³⁷⁵ X

³⁷⁶ FNZ Phase 2 Initial Submission, paragraph 7.9.

³⁷⁷ FNZ Phase 2 Initial Submission, figure 7.2.

³⁷⁸ X

³⁷⁹ X

³⁸⁰ X

³⁸¹ X

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.³⁸²

16. FNZ told us that it was surprised by this as GBST had previously indicated to FNZ that 'X with FNZ referring to documentation that only the X October 2019.³⁸³
17. In response to FNZ's claim that 'on-premise' model of Composer has been X 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, X. GBST therefore provides a SaaS. [...] Therefore, not all clients consume the software "on-premise".' FNZ noted that X FNZ further noted that X.³⁸⁴
18. 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.'³⁸⁵
19. FNZ told us that X. FNZ also noted that X.³⁸⁶
20. 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.³⁸⁷
21. FNZ noted that X.³⁸⁸
22. GBST also responded to FNZ by stating that, 'in terms of other key developments amongst WMPs, GBST has X'. GBST provided examples about its user interface/digital portal, Composer APIs, model portfolio capabilities, and other 'product wrappers' not mentioned by FNZ.³⁸⁹
23. GBST further submitted that X.³⁹⁰
24. GBST also denied FNZ's claim that project Evolve is a X. It submitted that,

³⁸² GBST Response to FNZ Phase 2 Initial Submission, page 4.

³⁸³ X

³⁸⁴ X.

³⁸⁵ X

³⁸⁶ X

³⁸⁷ GBST Response to the FNZ Phase 2 Initial Submission dated 27 May 2020, page 4.

³⁸⁸ X

³⁸⁹ GBST Response to FNZ Initial Submission dated 27 May 2020, page 5).

³⁹⁰ GBST Response to the FNZ Phase 2 Initial Submission, page 5.

(a) ✂.

(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.³⁹¹

Third party views

25. Customers generally expressed positive views about 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).

26. Moreover, two customers highlighted GBST's ability to innovate and invest in R&D:

(a) ✂ stated that 'R&D was an important part of the decision in selecting GBST' and it praised GBST's commitment 'to continually update the platform to comply with local regulation and make changes through feedback from the GBST user groups ensures the platform continues to stay up to date and relevant in the UK market.'³⁹²

(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.'³⁹³

27. Some competitors also provided views on Project Evolve. All agreed that the programme aims to bring GBST technical architecture up to date with the rest of the industry.

(a) SS&C stated that Project Evolve 'would go a long way to closing the gap on Bravura Sonata and FNZ's capabilities.'³⁹⁴

³⁹¹ GBST Response to the FNZ Phase 2 Initial Submission, page 5.

³⁹² ✂.

³⁹³ ✂

³⁹⁴ ✂

- (b) Bravura stated that ‘both Bravura and GBST are seen as handling innovation and regulatory development and releases well.’³⁹⁵
- (c) Equiniti stated that ‘GBST has always invested heavily in R&D and this has long been respected in the marketplace.’³⁹⁶
- (d) Hubwise 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 software up to date, and in that period, other providers (like Hubwise) would have greatly widened the functionality and capability gap.’³⁹⁷
- (e) ✂ (a consultancy) told us that ‘GBST are behind in the market because its offering has lacked investment.’³⁹⁸

Extracts from FNZ’s internal documents

✂

- 28. As part of an internal FNZ strategy presentation to its Board on the acquisition of GBST (✂. Further, it noted that ✂.³⁹⁹
- 29. FNZ went on to state that there would be a ‘✂’⁴⁰⁰ and said that ‘[✂.’⁴⁰¹
- 30. FNZ also ✂.

✂

- 31. FNZ ✂. ✂.⁴⁰²

✂

- 32. We have seen further evidence from FNZ’s internal documents ✂:

- (a) FNZ board ✂ state that ✂.⁴⁰³

³⁹⁵ Bravura Response to the CMA’s Phase 2 questionnaire, question 18.

³⁹⁶ Equiniti Response to the CMA’s Phase 2 questionnaire, question 18.

³⁹⁷ Hubwise Response to the CMA’s Phase 2 questionnaire, question 14.

³⁹⁸ ✂

³⁹⁹ Final Merger Notice, Annex 9.1, page 3.

⁴⁰⁰ Final Merger Notice, Annex 9.1, page 6.

⁴⁰¹ Final Merger Notice, Annex 9.1, page 7.

⁴⁰³ ✂

(b) An email from X on X also states that '[X]'.⁴⁰⁴

(c) Internal FNZ from X state 'X'.⁴⁰⁵ X.

(d) Email X and others on X stating "X".⁴⁰⁶

33. However, we also have evidence that FNZ intended to keep Composer technology:

(a) On 6 August 2019 X sent an email X.⁴⁰⁷

(b) X sent a letter to X requesting that 'X'.⁴⁰⁸

(c) In response, X wrote a letter which stated that: 'X'.⁴⁰⁹

(d) On 23 October 2019 X wrote to X stating 'X'.⁴¹⁰

404 X
405 X.
406 X.
407 X.
408 X.
409 X.
410 X.

Appendix O: Third parties' views on the Merger

Introduction

1. This Appendix provides third parties' views on the Merger.

Third party views

2. Twelve of 25 customers that gave a view were opposed to the Merger.⁴¹¹
3. The reasons raised by customers include that the Merger would have an adverse effect on price, quality or innovation or simply reduce the number of suppliers. Specific comments included:
 - (a) 'This reduces the number of viable technology solutions with appropriate scale and technical capability for an \mathbb{X} platform proposition from three to two';⁴¹²
 - (b) 'The options for retail investment platform solutions offering software or an outsourced solution, with the track record in the UK retail adviser platform market and capability to be viable alternatives for large scale platform businesses is [sic] very limited'. '[T]he merger would reduce the viable options further and risk over the medium to longer term decreasing competition in the marketplace.'⁴¹³
4. Three customers were unconcerned and said that the merger could result in more innovation or lower prices. Specific comments included:
 - (a) '[I]f 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 [...]'.⁴¹⁴
 - (b) '[the Merger would] likely enhance consumers through lower pricing and higher R&D from the FNZ Group'.⁴¹⁵

⁴¹¹ Out of a total of 34 responses. Nine customers gave a neutral response.

⁴¹² \mathbb{X} Response to the CMA's Phase 2 third party questionnaire.

⁴¹³ \mathbb{X} .

⁴¹⁴ \mathbb{X} Response to the CMA's Phase 2 third party questionnaire.

⁴¹⁵ \mathbb{X} .

5. One customer expressed mixed views about the merger. On the one hand it sees a risk that 'X'.⁴¹⁶ On the other hand, it noted that '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).'⁴¹⁷
6. Two consultants out of the three that gave a view raised concerns about the Merger:⁴¹⁸
 - (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;'⁴¹⁹ and
 - (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.'⁴²⁰
7. The other 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).'⁴²¹
8. Four of five competitors that gave a view were opposed to the Merger.⁴²² Specific comments included:

⁴¹⁶ X Response to the CMA's Phase 2 third party questionnaire.

⁴¹⁷ X.

⁴¹⁸ Two further consultants gave neutral or no responses.

⁴¹⁹ X Response to the CMA's Phase 2 third party questionnaire.

⁴²⁰ X Response to the CMA's Phase 2 third party questionnaire.

⁴²¹ X Response to the CMA's Phase 2 third party questionnaire.

⁴²² Out of a total of eight responses from competitors. The remaining three competitors providing neutral or no responses.

- (a) 'We see the acquisition of GBST by FNZ as making it significantly more difficult to compete in the UK Platform market';⁴²³
- (b) 'We are concerned that the merger of these two already dominant firms will mean that many more clients and prospects will have some 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';⁴²⁴ and
- (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 3 re-evaluating our UK strategy for investment/wealth propositions.'⁴²⁵

9. One competitor was unconcerned:

- (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.'⁴²⁶

⁴²³ 3 to the CMA's Phase 2 third party questionnaire.

⁴²⁴ 3 Response to the CMA's Phase 2 third party questionnaire.

⁴²⁵ 3 Response to the CMA's Phase 1 third party questionnaire.

⁴²⁶ 3 Response to the CMA's Phase 2 third party questionnaire.

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.
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 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.
Retail Platform Solutions in the UK	The market we have defined which excludes the supply of in-house software

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.
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