

## **DEROGATION LETTER**

### **IN RESPECT OF INITIAL ENFORCEMENT ORDERS ISSUED PURSUANT TO SECTION 72(2) ENTERPRISE ACT 2002**

**Consent under section 72(3C) of the Enterprise Act 2002 (the 'Act') to certain  
actions for the purposes of the Initial Enforcement Orders made by the Competition  
and Markets Authority ('CMA') on 21 December 2022**

#### **COMPLETED ACQUISITIONS BY MEDIVET GROUP LIMITED**

Dear [redacted]

We refer to your email and accompanying note dated 6 November 2022, and further submissions made on 18 November, 30 November, 13 December 2022 and 16 December requesting that the CMA consents to derogations to the Initial Enforcement Orders of 21 December 2022 (the 'Initial Orders'). The terms defined in the Initial Orders have the same meaning in this letter.

Under the Initial Orders, save for written consent by the CMA, the Acquirer Group is required to hold separate the Acquirer Group business from the Target Entities businesses and refrain from taking any action which might prejudice a reference under section 22 of the Act or impede the taking of any remedial action following such a reference.

After due consideration of your request for derogations from the Initial Orders, based on the information received from you and in the particular circumstances of this case, the Acquirer Group may carry out the following actions, in respect of the specific paragraphs:

#### **1. Paragraphs 4(a), 5(a), 5(f), 5(g) and 5(l) of the Initial Orders**

Medivet has requested a derogation from paragraphs 4(a), 5(a), 5(f), 5(g) and 5(l) of the Initial Orders to enable each of the Target Entities that currently operate on Practice Management System ('Freedom') to be able to continue operating on Freedom.<sup>1</sup>

Medivet submits that it is strictly necessary for each of the Target Entities that currently operate on Medivet's proprietary system Freedom to be able to continue operating on

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<sup>1</sup> These are; [redacted].

Freedom. Freedom is used for a wide range of purposes – including [§<]. Medivet submits that these functions are central for the practice to be able to [§<].

Medivet considers that there are significant benefits for customers of practices using Freedom [§<]. Furthermore, removing access to Freedom would [§<].

Medivet submits that the permitted activities under such a derogation would not result in any pre-emptive action which might prejudice the outcome of a reference or otherwise impede the ability of the CMA to take or impose remedial action.

## **2. Paragraphs 4(a), 5(f) and 5(l) of the Initial Orders**

Medivet requests a derogation from paragraphs 4(a), 5(f) and 5(l) of the Initial Orders to allow each of the Target Entities to continue to have access to the applications that are made available within Medivet's domain/network through Microsoft Active Directory (**Network Access**).

Medivet submits that it is strictly necessary for the Target Entities to continue to have access to the applications that are made available within Medivet's domain/network through Microsoft Active Directory. This enables the target practices to gain access to a number of applications, including in particular the following:

- Medivet Intranet;
- Helpdesk ticketing for the purposes of IT support;
- Purchase ordering;
- Office 365, including Outlook;
- OneDrive;
- Teams;
- PowerBI.

Medivet submits that each of the applications made available within Medivet's domain/network through Microsoft Active Directory are critical and strictly necessary for the

ongoing operation of the practices, such that removing access would cause significant disruption to the Target Entities in terms of time, cost and day-to-day operations.

### **Conditions and safeguards for granting derogations**

On the basis of Medivet's representations, the CMA consents to derogations from paragraphs 4(a), 5(a), 5(f), 5(g) and 5(l) of the Initial Orders (as applicable) to enable the Target Entities that currently operate on Freedom to continue operating on Freedom and to allow each of the Target Entities to continue to have Network Access, strictly on the basis that:

- (a) The use of Freedom and Network Access is strictly necessary in order to preserve the viability and competitive capability of the Target Entities.
- (b) The Target Entities' information provided to Medivet will be provided only to the individuals identified in Annex 1 (together, the '**Critical IT Authorised Individuals**'). Information necessary for Network Access will be provided only to those individuals in the Network Access section of Annex 1, for whom access to this information is strictly necessary for Medivet to continue providing Network Access. Similarly, information necessary for Freedom will be provided only to those individuals in the Freedom section of Annex 1, for whom access to this information is strictly necessary for Medivet to continue providing Freedom; and so on.
- (c) Each of the Critical IT Authorised Individuals will sign Non-Disclosure Agreements, in a form approved by the CMA, in respect of any commercially sensitive information they receive in order for the Target Entities to continue operating on Freedom and have Network Access.
- (d) Each of the Critical IT Authorised Individuals identified in (A) – (D) and any other Medivet staff with influence over the commercial policy of the Target Entities will sign Compliance Statements, in a form approved by the CMA, to confirm that they have not accessed any commercially sensitive information of the Target Entities.
- (e) Any commercially sensitive information (including but not limited to customer lists) held outside of Freedom by Medivet staff in a position of influence over the commercial policy of the Target Entities (including, but not limited to each of the Critical IT Authorised Individuals identified in (A) – (D)) is to be deleted from their IT environments.

- (f) Medivet will provide each of the Critical IT Authorised Individuals with training, in a form approved by the CMA, in respect of handling any commercially sensitive information they receive in order for the Target Entities to continue operating on Freedom and have Network Access.
- (g) No changes to the individuals listed in Annex 1 are permitted without the prior written consent of the CMA (including via email).
- (h) Should the Acquirer Group be required to, or offer to, divest any of the Target Entities, the Acquirer Group will ensure that any records or copies (electronic or otherwise) of business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or proprietary nature, wherever they may be held, that were received from any of the Target Entities for the purposes of this derogation will be returned to the Target Entities and any copies destroyed, except to the extent that record retention is required by law or regulation. Similarly, the Target Entities will ensure that any records or copies (electronic or otherwise) of business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or proprietary nature, wherever they may be held, that were received from Medivet for the purposes of this derogation will be returned to Medivet and any copies destroyed, except to the extent that record retention is required by law or regulation.
- (i) This derogation will not prevent any remedial action which the CMA may need to take regarding the Transactions.
- (j) This derogation will not lead to pre-emptive action which might prejudice the outcome of a reference or impede the taking of any action which may be justified by the CMA's decisions on a reference.

Sincerely,

[Signature]

Jenny Sugiarto

Director

Mergers



21 December 2022

## Annex 1 – Critical IT Authorised Individuals

### Purchase ordering and Power BI

#### **(A) Regional Operations Directors**

- [REDACTED]

#### **(B) Divisional Operations Directors**

- [REDACTED]

#### **(C) Chief Financial Officer**

- [REDACTED]

#### **(D) Chief Operating Officer**

- [REDACTED]

#### **(E) Procurement Team Members**

- [REDACTED]

### Power BI only

- [REDACTED]