Anticipated Acquisition by Stryker Corporation of Cerus Endovascular Limited

Decision on relevant merger situation and substantial lessening of competition

ME/7020/2022

The CMA's decision on reference under section 33(1) of the Enterprise Act 2002 given on 17 April 2023. Full text of the decision published on 19 May 2023.

Please note that [✂] indicates figures or text which have been deleted or replaced in ranges at the request of the parties or third parties for reasons of commercial confidentiality.

SUMMARY

1. On 29 September 2022, Stryker Corporation (**Stryker**) agreed to acquire Cerus Endovascular Limited (**Cerus**) (the **Merger**). Stryker and Cerus are together referred to as the **Parties**. For statements referring to the future, Stryker and Cerus are together referred to as the **Merged Entity**.

2. The Competition and Markets Authority (**CMA**) believes that it is or may be the case that each of Stryker and Cerus is an enterprise; that these enterprises will cease to be distinct as a result of the Merger; and that the share of supply test is met. Accordingly, arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation.

3. Stryker and Cerus both offer medical devices that are used for the minimally invasive treatment of intracranial aneurysms. Specifically, both supply **intrasaccular** devices, which are placed within the sac of an aneurysm. Stryker's intrasaccular device (Trenza) and one of Cerus' devices (Neqstent) can be classified as adjunctive intrasaccular therapy (**adjunctive IST**) devices, which are used in combination with coils, another type of treatment device. Cerus' other intrasaccular device (Contour) can be classified as a **One & Done** device, which is designed to treat aneurysms without coils and with a single device.

4. The Parties' sales in the UK are predominantly made to the NHS. Any procurement decisions made by the NHS in relation to medical devices in the neurovascular space are subject to relevant public procurement regulations.

5. The CMA considered whether the Transaction may give rise to a substantial lessening of competition (**SLC**) by reducing the number of suppliers in the market for the supply of intrasaccular devices for the treatment of aneurysms in the UK.

6. The CMA found that the Parties compete to supply intrasaccular devices, with competition taking place between Stryker's Trenza and Cerus' Contour and Neqstent devices. However, the CMA believes that the Parties currently face and will continue to face sufficient competitive constraint from a number of alternative providers.

7. In particular, the CMA found that significant competitive constraint is posed by alternative suppliers of intrasaccular devices, in particular well-resourced competitors such as Medtronic and MicroVention. The CMA also found that additional material competitive constraint is posed by competitors' other neurovascular devices, such as coils, stents, and flow diverters. These findings were supported by evidence submitted by the Parties, including internal documents and comments received by third parties in response to the CMA's investigation.

8. The CMA also found that this is a relatively dynamic market and that it was likely that the Merged Entity would continue to be constrained by a number of competitors in the foreseeable future.

9. As a result, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in relation to the supply of intrasaccular devices for the treatment of aneurysms in the UK.

10. The Merger will therefore **not** be referred under section 33(1) of the Enterprise Act 2002 (the **Act**).

ASSESSMENT

PARTIES

Stryker

11. Stryker Corporation (**Stryker**) is a publicly listed medical technology company traded on the New York Stock Exchange. Stryker segments its activities in three business units: (i) Orthopaedics and Spine (ii) Medical and Surgery, and (iii) Neurotechnology. As part of its neurovascular division (within its Neurotechnology offering), Stryker offers a portfolio of medical devices and accessories used for the minimally invasive treatment of aneurysms.

12. Stryker's neurovascular product offering includes the supply of coils, coil-assist devices (such as adjunctive stents and occlusion balloons), flow-diverting stents and a range of neurovascular accessories and delivery mechanisms, such as microcatheters, guidewires, catheters, and sheaths. Stryker is also developing what it refers to as an adjunctive intrasaccular therapy (**adjunctive IST**) device, called the 'Trenza Embolisation Device' (**Trenza**).[1]

13. In 2021, Stryker had global revenues of US$17.1 billion (approx. £12.4 billion) and UK revenues of £351 million.

Cerus

14. Cerus Endovascular Limited (**Cerus**) is a private medical device company based in California, USA and Oxford, UK. Cerus supplies medical devices for the minimally invasive treatment of aneurysms.

15. Cerus' product portfolio consists of two devices, the Contour Neurovascular System (**Contour**) and the Neqstent Coil Assisted Flow Diverter (**Neqstent**).[2]

16. In 2021, Cerus had global revenues of [✂] and UK revenue of [✂].

[1] While Stryker recently began to offer this device to [✂]in the UK, [✂], the product has not been fully commercialised in the UK; Final Merger Notice submitted by the Parties to the CMA on 22 February 2023 (**Merger Notice**), paragraph 141.
[2] While Cerus has developed microcatheters (CerusEndo MC021 Microcatheter) to support deployment of neurovascular devices, its microcatheters have not yet been commercialised in the UK or elsewhere (Merger Notice, paragraphs 105 and 189). The CMA found that no competition concerns arise on any plausible basis for the supply of microcatheters given Cerus' products are not yet commercialised and a significant number of alternative suppliers of these products will remain.

TRANSACTION

17. On 29 September 2022, pursuant to a transaction agreement, Stryker agreed to acquire Cerus for a total consideration of [✂], through the acquisition of the entire issued and to be issued share capital of Cerus.[3]

18. The Merger is also the subject of review by competition authorities in the United States, Germany, and Austria, each of which have unconditionally cleared the Merger.[4]

19. The Parties submitted that the rationale for the Merger included:

    (a) Allowing Stryker to fill a gap in its product portfolio, by adding Cerus' Contour, which is categorised by the Parties as an intrasaccular **One & Done** device, which Stryker does not offer.[5]

    (b) Bringing Cerus' Neqstent device to Stryker's portfolio, which is categorised by the Parties as an adjunctive IST device. Stryker submitted Neqstent would fill a complementary gap in its neurovascular offering because Stryker's only adjunctive IST device, Trenza, is [✂]and is technologically differentiated from Neqstent.[6]

    (c) Allowing Stryker to drive sales of Contour and Neqstent to increase early adoption and increase clinical data to support further sales. This would allow Stryker to offset the [✂]in its coil, adjunctive stent, and balloon sales with the [✂].[7]

    (d) Providing an exit for Cerus' private capital investors who have funded product development to date.[8]

    (e) Allowing Cerus' products to grow by utilising the established sales force and distribution network of a larger organisation.[9]

20. The internal documents reviewed by the CMA are consistent with the Parties' stated rationale for the Merger.[10]

[3] Merger Notice, paragraph 32 and Annex 8.1_002 to the Merger Notice.
[4] In the case of the United States, as a result of the waiting period expiring.
[5] Merger Notice, paragraph 7.
[6] Merger Notice, paragraph 8.
[7] Merger Notice, paragraph 409.
[8] Merger Notice, paragraph 10.
[9] Merger Notice, paragraph 10.
[10] For example: Stryker Annex 9.1_017 to the Merger Notice, slides 7-8; Stryker Annex 9.1_010 to the Merger Notice, slide 21; Stryker Annex 8.3_001 to the Merger Notice; Cerus Annex 9.2_008 to the Merger Notice; Cerus Annex 9.2_010 to the Merger Notice; Cerus Annex 9.2_012 to the Merger Notice.

JURISDICTION

Enterprises ceasing to be distinct

21. Each of Stryker and Cerus is an enterprise within the meaning of section 129 of the Act. As a result of the Merger, Stryker will acquire the entire issued and to be issued share capital of Cerus. This will result in Stryker acquiring control of Cerus. Accordingly, Cerus will cease to be distinct from Stryker.

Relevant merger situation

22. The Parties overlap in the provision of medical devices for the minimally invasive treatment of intracranial aneurysms.

23. The Merged Entity would have a combined share exceeding 25% in the supply of intrasaccular devices used for the treatment of intracranial aneurysms in the UK, with an increment to the Merged Entity's share of supply. The CMA therefore believes that the share of supply test in section 23 of the Act is met.

24. The CMA therefore believes that it is or may be the case that arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation.

25. The initial period for consideration of the Merger under section 34ZA(3) of the Act started on 23 February 2023 and the statutory 40 working day deadline for a decision is therefore 24 April 2023.

COUNTERFACTUAL

26. The CMA assesses a merger's impact relative to the situation that would prevail absent the merger (ie the counterfactual).[11]

27. The choice of counterfactual requires a judgement on the likely future situation in the absence of a merger. The CMA is likely to only focus on significant changes where there are reasons to believe that those changes would make a material difference to its competitive assessment. In Phase 1 investigations, if the CMA must consider multiple potential counterfactual scenarios where each of those scenarios is a realistic prospect, it will choose the one where the merger firms exert the strongest competitive constraint on each other and where third parties exert the weakest competitive constraints on the merger firms.[12]

[11] Merger Assessment Guidelines (CMA129), March 2021, paragraph 3.1.
[12] CMA129, March 2021, paragraphs 3.9 and 3.12.

28. Based on submissions made by the Parties, the CMA has considered two possible counterfactual scenarios:

(a) **Cerus being purchased by an alternative buyer:**[13] Cerus ran an auction process to find a suitable buyer for the company, in line with [✂]. Although Stryker was ultimately selected as the preferred buyer, competing bids were considered by Cerus, with both Stryker and [✂] taken forward to the 'second round' of the auction process.[14] The Parties submitted that Cerus' [✂].[15]

From a review of Cerus' internal documents, the CMA considers that there is a realistic prospect that Cerus would be sold to [✂] or another buyer[16] absent the Merger. The CMA found that the auction runner-up, [✂], also sells intrasaccular devices so its selection as a buyer also would have resulted in an overlap with the activities of Cerus. Based on the available evidence, the CMA believes that even if such acquisition was a realistic prospect, it is uncertain whether such an acquisition would be more competitive than the prevailing conditions of competition. Accordingly, the CMA does not consider that any such acquisition would have created a more competitive situation than the prevailing conditions of competition.

(b) **Cerus operating independently and potentially developing its own distribution capabilities:** The Parties submitted that if a sale process were not successful, absent the Merger, Cerus would have continued to operate the business independently. Cerus further submitted that it would likely need to [✂]. However, Cerus currently outsources sales and distribution in the UK to Sela Medical UK Ltd (**Sela Medical**)[17] and submitted that it would [✂].[18] Cerus' contract with Sela Medical indicates that termination is not likely until [✂].[19] Accordingly, the CMA considers that there is a realistic prospect that absent the Merger Cerus would have continued to operate independently and that in this scenario, the counterfactual would likely be the continuation of prevailing conditions of competition.

29. Accordingly, the CMA believes the prevailing conditions of competition to be the relevant counterfactual.

[13] Cerus Annex 9.2_012 to the Merger Notice, slides 17-19.
[14] Internal documents Cerus_CMA_000319 and Cerus_CMA_000328; Cerus Annex 9.2_012 to the Merger Notice, slides 16 & 17.
[15] Merger Notice, paragraph 77.
[16] Other bidders in the auction process included [✂], [✂]and [✂], some of whom have no overlapping activities with Cerus. Cerus Annex 9.2_012 to the Merger Notice, slides 17-18.
[17] Pursuant to a Distribution Agreement, dated 1 January 2021.
[18] Merger Notice, paragraphs 81-82.
[19] Parties' response to the CMA's request for information dated 26 January 2023 (**RFI2 Response**), paragraph 94.

BACKGROUND

Overlapping activities

30. Stryker and Cerus both supply medical devices, known as neurovascular embolisation devices, that are used for the minimally invasive treatment of intracranial aneurysms. An 'intracranial aneurysm' is a medical term that refers to an aneurysm that develops in a weakened area in the wall of an artery in the brain.[20] Intracranial aneurysms will be referred to throughout this document as **aneurysms**.

31. The Parties offer minimally invasive treatment options for aneurysms, which allow physicians to access aneurysms from within the blood vessels (ie endovascularly). The Parties' devices are navigated through the bodies' vascular system to the aneurysm location using a microcatheter.[21]

32. Depending on a range of factors, including the functionality of the device and the aneurysm anatomy, the neurovascular device can either be placed within the sac of the aneurysm, ie 'intrasaccular', or in the artery in which the aneurysm has occurred, ie the 'parent' artery. In either case, the purpose of the implant is to permanently block blood flow into the aneurysm.[22]

Treatment of aneurysms

33. There are three main types of aneurysms that can develop in arteries in the brain: bifurcated, sidewall and fusiform.[23] Most neurovascular devices, including Cerus' devices, are designed to treat bifurcated and sidewall aneurysms. Therefore, the CMA has not considered the treatment of fusiform aneurysms in detail in its assessment.

34. Bifurcated and sidewall aneurysms can vary.[24] The CMA found that, beyond whether an aneurysm is bifurcated or sidewall, the width of its neck size is critical in determining which devices are suitable to treat the aneurysm.[25] Therefore, in its assessment the CMA has used four broad aneurysm types to distinguish between different use cases for neurovascular devices: bifurcated narrow neck aneurysms,

---

[20] An aneurysm can form in any weakened blood vessel, causing the affected area to bulge outwards (Merger Notice, paragraph 11).
[21] Specifically, a minimally invasive procedure requires the insertion of a microcatheter through the femoral artery in the upper thigh, going all the way up to the aneurysm in the brain. The specialised device is then pushed through the microcatheter (Merger Notice, paragraphs 12, 92 and 101). This is different from an invasive surgical procedure ('clipping'), which requires surgically opening the skull and placing a clip across the neck of the aneurysm. Neither of the Parties supply clips (Merger Notice, paragraphs 95 and 100).
[22] Merger Notice, paragraph 12 and Table 1.
[23] Bifurcated aneurysms occur at the juncture where two intracranial arteries branch out. Sidewall aneurysms occur on the side of an artery, where there is no branch. Both bifurcated and sidewall aneurysms are saccular. In comparison, fusiform aneurysms are where an artery bulges out in all directions (Merger Notice, paragraph 89 and Figure 3).
[24] Beyond those ways described above, aneurysms can also differ in their angle to the artery, whether they have previously been treated and whether there are multiple aneurysms close together (Merger Notice, paragraph 93).
[25] The Parties told the CMA that aneurysms are considered to have a wide neck if either the ratio of the width of the dome of the aneurysm to the width of its neck is less than two or the neck is wider than four millimetres (Merger Notice, paragraph 90 and Figure 4).

bifurcated wide neck aneurysms, sidewall narrow neck aneurysms and sidewall wide neck aneurysms.[26]

35. Aneurysms are treated either electively when they are unruptured (to prevent them from rupturing), or as an emergency treatment once already ruptured.[27] The CMA found that, while the clinical applicability of neurovascular devices can differ when an aneurysm is ruptured or unruptured, it is less significant than the aneurysm's location (bifurcated or sidewall) and neck width in determining which devices are suitable to treat the aneurysm. Therefore, the CMA has not distinguished between whether an aneurysm is ruptured or unruptured in its assessment.

36. Aneurysms can be treated using a variety of neurovascular devices. The most common type used in the UK are coils, which can also be assisted by adjunctive stents and balloon catheters. The second most common type are flow diverters.[28, 29] The third most common type of device are intrasaccular devices, where the Parties primarily overlap. Intrasaccular devices are placed within the sac of the aneurysm rather than in the artery.[30] Some intrasaccular devices, which the Parties grouped as adjunctive IST devices, are designed to be used with coils. Others, which the Parties defined as One & Done devices, are designed to (where possible) treat the aneurysm without coils and with a single device.[31]

Procurement process

37. Nearly all of Stryker's and Cerus' UK customers are NHS Trusts.[32] Individual trusts in England procure devices from the set of devices on the NHS Supply Chain's framework agreement.[33] The CMA found that this framework agreement includes as many suppliers as possible in order to give trusts the largest possible choice of suppliers and devices.[34] The CMA also found that generally NHS Trusts' procurement decisions were driven by clinician preferences.[35] Therefore, the CMA

[26] The Parties estimate that each of these types represent approximately a fifth to a quarter of aneurysms in 2022 in the UK: [✂]% for bifurcated narrow neck aneurysms, [✂]% for bifurcated wide neck aneurysms, [✂]% for sidewall narrow neck aneurysms and [✂]% for sidewall wide neck aneurysms. The CMA notes that fusiform aneurysms, which it has not considered in detail in its assessment, represent a smaller proportion of 2022 UK aneurysms than each of these types, at [✂]% (Merger Notice, Table 23).
[27] Merger Notice, paragraph 11. The Parties estimate that approximately half of aneurysms treated in the UK in 2022 were ruptured and half unruptured (Merger Notice, Table 22).
[28] RFI2 Response, Annex 7.1.
[29] Coils are very thin wires which are inserted into the aneurysm's sac one by one until the flow of blood in and out of the artery is sufficiently disrupted for the blood to clot and prevent all blood flow in and out of the artery. This process can be assisted by either a balloon catheter or an adjunctive stent placed within the artery across the aneurysm's neck. Flow-diverting stents are mesh tubes placed in the artery next to the aneurysm and are designed to direct blood flow past the aneurysm, allowing the aneurysm neck to heal (Merger Notice, paragraphs 106, 114, 121 and 128).
[30] Merger Notice, paragraph 92 and Table 4.
[31] Merger Notice, paragraphs 136–137 and paragraphs 174–175.
[32] Merger Notice, paragraphs 315-316.
[33] The NHS Supply Chain manages the sourcing, delivery, and supply of health care products to the NHS and healthcare organisations in England. The NHS Supply Chain operates in a public procurement space and undertakes a tendering process. It creates and then works within a Framework Agreement. The CMA did not receive any evidence to suggest that there are significant differences between the NHS' operations across the nations.
[34] Note of call with third party ([✂]).
[35] Note of call with third party ([✂]).

found that competition in the supply of neurovascular devices occurs at the point of individual NHS Trusts' procurement decisions.

Parameters of competition

38. NHS Trusts told the CMA that a device's suitability to the individual aneurysm was the most important factor influencing their procurement decisions.[36] Accordingly, to assess the extent to which different devices compete with each other, the CMA has, in its competitive assessment, considered the extent to which devices are viewed as being suitable to treat the same types of aneurysms.

39. Competitors consistently told the CMA that innovation was important for their customers.[37] One competitor told the CMA that innovation was important because suppliers need 'a strong pipeline' of new devices to solve clinical challenges,[38] while another competitor considered the supply of neurovascular devices to be 'an innovation driven field'.[39] The CMA found that, as well as innovating to develop new devices, suppliers continue to innovate their devices after commercialisation, for example by increasing the range of device sizes offered or by changing the properties of the device's materials.[40] The CMA has considered the extent to which the development of new competitor devices can be expected to act as a constraint on the Merged Entity in its competitive assessment.

Frame of reference

40. Market definition involves identifying the most significant competitive alternatives available to customers of the merger firms and includes the sources of competition to the merger firms that are the immediate determinants of the effects of the merger.[41] The boundaries of the market do not determine the outcome of the analysis of the competitive effects of the merger, as it is recognised that there can be constraints on merging parties from outside the relevant market, segmentation within the relevant market, or other ways in which some constraints are more important than others.[42] The CMA will take these factors into account in its competitive assessment.

41. As part of its analysis of the competitive effects of the Merger, the CMA has considered the product and geographic frames of reference.

42. The Parties overlap in the supply of minimally invasive neurovascular devices to treat aneurysms in the UK.

---

[36] Responses to customer questionnaire ([✂]).
[37] Responses to competitor questionnaire ([✂]); Note of call with third party ([✂]).
[38] Response to competitor questionnaire ([✂]).
[39] Note of call with third party ([✂]).
[40] Note of call with third party ([✂]); Merger Notice, paragraph 259 and Table 25.
[41] CMA129, March 2021, paragraph 9.2.
[42] CMA129, March 2021, paragraph 9.4.

Product scope

43. Product market definition starts with the relevant products of the merger firms. In identifying what other significant competitive alternatives should be included in the relevant market, the CMA will pay particular regard to demand-side factors (the behaviour of customers). The CMA's assessment of competitive effects does not need to be based on a highly specific description of any particular market definition (including, bright-line determinations of whether particular products or services fall within the relevant market). The CMA may take a simple approach to defining the market – for example, by describing the market as comprising the most important constraints on the merger firms that have been identified in the CMA's assessment of competitive effects.[43]

44. The Parties submitted to the CMA that the narrowest plausible market segmentation is by type of neurovascular device.[44] The Parties differentiated between One & Done and adjunctive IST intrasaccular devices, as well as other categories of neurovascular devices.[45] Cerus offers two intrasaccular devices, Contour and Neqstent, which it categorises as a One & Done device and an adjunctive IST device respectively.[46] Stryker offers one intrasaccular device, Trenza, which it categorises as an adjunctive IST device.

45. Throughout its investigation, the CMA heard from multiple customers and suppliers that there are different ways to differentiate, describe and categorise intrasaccular and other neurovascular devices, including between different forms of intrasaccular devices. For example, some suppliers told the CMA they consider coils to be intrasaccular devices,[47] but many did not, including the Parties. Another supplier suggested different ways to categorise the different types of intrasaccular devices (instead of differentiating between One & Done and adjunctive IST devices).[48] Additionally, the CMA found that some customers were unfamiliar with the terms One & Done and adjunctive IST.[49]

46. However, a number of customers recognised intrasaccular devices as a particular category in which the Parties overlap, and in which suppliers compete to supply products that fulfil a particular customer need.[50] Additionally, several competitors told the CMA they do not need to offer each of a One & Done and an adjunctive IST in order to meet customers' needs, and they can compete by offering just one type of intrasaccular device (either a One & Done or an adjunctive IST).[51]

---

[43] CMA129, March 2021, paragraph 9.5.
[44] Merger Notice, paragraph 203.
[45] Merger Notice, Table 11.
[46] Merger Notice, paragraphs 5 and 7-8.
[47] Responses to competitor questionnaire ([✂]) and note of call with third party ([✂]).
[48] Note of call with third party ([✂]).
[49] Responses to customer questionnaire ([✂]).
[50] Response to customer questionnaire ([✂]) and note of call with third party ([✂]).
[51] Note of call with third party ([✂]).

47. As a result, the CMA has considered the competitive effects of the Merger in the supply of intrasaccular devices. This includes the Parties' overlapping devices for treating bifurcated and sidewall aneurysms (ie it includes Stryker's Trenza device, and Cerus' Contour and Neqstent devices). The competitive constraint exerted by other types of neurovascular devices on intrasaccular devices has been considered in the competitive assessment (see paragraphs 107 to 116).[52]

Geographic scope

48. The CMA considers that competition takes place on a national level. The UK has a distinct regulatory framework (given the UK's recent exit from the EU).[53] The CMA did not receive any evidence to suggest that there are significant differences in the NHS's operations across nations that would impact the geographic scope of reference for its assessment of the Merger.

Conclusion on frame of reference

49. The CMA has considered the impact of the Merger in the supply of intrasaccular devices for the treatment of aneurysms in the UK.

COMPETITIVE ASSESSMENT

Horizontal unilateral effects

50. Horizontal unilateral effects may arise when one firm merges with a competitor that previously provided a competitive constraint, allowing the merged firm profitably to raise prices, or to degrade quality, or to reduce innovation efforts, on its own and without needing to coordinate with its rivals.[54] Horizontal unilateral effects are more likely when the merging parties are close competitors. The CMA assessed whether it is or may be the case that the Merger may be expected to result, in an SLC in relation to horizontal unilateral effects in the supply of intrasaccular devices for the treatment of aneurysms in the UK.

Shares of supply

51. The Parties submitted they overlap in the supply of neurovascular devices, which includes intrasaccular devices as well as coils, stents, and flow diverters. On this basis, the Parties estimated that they have a combined share of supply of [30-40]% with a [0-10]% increment in the UK.[55]

---

[52] The CMA has not considered coils to be an intrasaccular device, although some third-party competitors categorise them as intrasaccular, as noted in paragraph 45.
[53] Merger Notice, paragraphs 229-231.
[54] CMA129, March 2021, paragraph 4.1.
[55] Merger Notice, Table 18.

52. The CMA gathered data from the Parties and third parties on a narrower basis in relation to sales of intrasaccular devices to estimate shares of supply. The CMA's estimated shares of supply are below in Table 1.

Table 1: Intrasaccular devices shares of supply, UK, 2019-2022.

	2019, %	*2020, %*	*2021, %*	*2022, %*
Stryker	[0-5]	[0-5]	[0-5]	[0-5]
Cerus	[0-5]	[5-10]	[50-60]	[30-40]
Combined	**[0-5]**	**[5-10]**	**[50-60]**	**[40-50]**
Medtronic	[0-5]	[0-5]	[0-5]	[0-5]
MicroVention	[90-100]	[80-90]	[40-50]	[50-60]
Cerenovus	[0-5]	[0-5]	[0-5]	[0-5]
Wallaby/Phenox	[0-5]	[0-5]	[0-5]	[0-5]
Total	**100**	**100**	**100**	**100**

Source: CMA estimates based on Parties' and third-party data.

53. Table 1 shows that post-Merger, the Parties will have a combined share of supply of [40-50]%, with an increment of [0-5]%. The CMA notes that [✂] Cerus' revenue to date has come from the sale of [✂] contribution to Cerus' revenue is growing.[56] MicroVention has a share of supply of [50-60]%, while both Medtronic and Wallaby/Phenox have a share of supply similar to Stryker's pre-Merger share of supply.[57]

54. The CMA also estimated shares of supply on a wider basis, to include all neurovascular devices in the UK. Based on data from the Parties and third parties, the CMA estimates that in 2022 the Parties had a combined share of supply of [20-30]% with an increment of [0-10]% in the supply of all types of neurovascular devices in the UK.

55. The CMA notes that a number of factors indicate that shares of supply may not reflect the degree of competitive constraint that the Parties (and their competitors) impose on one another:

    (a) The supply of intrasaccular devices is relatively dynamic, with significant changes in individual suppliers' shares of supply in recent years (for example, the growth in the share of supply of Cerus' Contour from 2019 to 2022). Further, although Stryker (and suppliers such as Medtronic) currently have smaller shares of supply, evidence from competitors indicated that these new devices may pose more of a constraint in the future (see paragraphs 101 to 106). In particular, Medtronic's Artisse product may provide significant constraint in the future (see paragraphs 85 to 93).

[56] CMA calculation based on responses from competitor questionnaire ([✂]), revenue data provided by the Parties and RFI response from [✂].
[57] The CMA notes that Cerenovus' only intrasaccular device, PULSERIDER, is no longer offered in the UK (see paragraph 102 below).

(b) Evidence gathered by the CMA indicates that different intrasaccular devices have different clinical applicability to different types of aneurysms (see for example paragraphs 58, 63 to 64). As such, shares of supply may not provide a full picture of the extent to which the Parties (and their rivals) are close competitors.

56. Notwithstanding the above, the CMA notes the small increment as a result of the Merger and the constraint imposed by the relative size of MicroVention (as well as Medtronic and Wallaby/Phenox).

Closeness of competition

57. To assess the closeness of competition between the Parties, the CMA has considered the clinical applicability of the Parties' devices, Stryker's development of Trenza and Stryker's other neurovascular devices.

Parties' submissions

58. The Parties submitted that they are not close competitors in the supply of intrasaccular devices because their intrasaccular devices target different types of aneurysms and have different designs and deployment methods. In particular, the Parties stated that each of Trenza, Neqstent and Contour focus on slightly different use cases.[58]

(a) For bifurcated narrow neck aneurysms, the Parties submitted that the clinical applicability of Cerus' products is [✂] (for Contour) and [✂] (for Neqstent), while the clinical applicability of Stryker's Trenza is [✂].

(b) For bifurcated wide neck aneurysms, the Parties submitted that the clinical applicability of Cerus' products is [✂] (for Contour) and [✂] (for Neqstent), while the clinical applicability of Stryker's Trenza is [✂].

(c) For sidewall narrow neck aneurysms, the Parties submitted that the clinical applicability of Cerus' products is [✂] (for Contour) and [✂] (for Neqstent), while the clinical applicability of Stryker's Trenza is [✂].

(d) For sidewall wide neck aneurysms, the Parties submitted that the clinical applicability of Cerus' products is [✂] (for Contour) and [✂] (for Neqstent), while the clinical applicability of Stryker's Trenza is [✂].

59. The Parties submitted that while Trenza and Neqstent are both adjunctive IST devices, the devices are highly differentiated because they have different designs and are deployed in different ways.[59] Specifically, the Parties submitted that Neqstent is intended to bridge the neck of the aneurysm whereas Trenza is

[58] RFI2 Response, Annex 5.1.
[59] Merger Notice, paragraph 216.

intended to frame the aneurysm sac in order to provide a frame for coils, which, together fill the aneurysm sac to block the flow of blood.[60] Further, the Parties submitted that Trenza and Contour are different because Contour is a One & Done device. As set out in paragraph 44, the Parties' submissions on product frame of reference to the CMA differentiated between different device types, and accordingly the Parties submitted that there is no horizontal overlap between Contour and Trenza.[61]

60. The Parties further submitted that Trenza's clinical trials have focused on [✂].[62] However, the Parties provided the CMA with a breakdown of the aneurysm types which Trenza treated in its clinical trials: [✂] were bifurcated wide neck aneurysms and only [✂] were sidewall wide neck aneurysms.[63]

Internal documents

61. Internal documents of the Parties reviewed by the CMA suggest that Stryker closely monitored the development and commercialisation of both Contour and Neqstent, including by [✂].[64] For example, from April 2021 to April 2022, Stryker's competitor analysis included updates on Cerus in the vast majority of reports reviewed by the CMA. The CMA found that Stryker's monitoring of Cerus focused more on [✂].[65] These documents tended to be market summaries and competitor analysis, which monitor a range of competitors and other competitors were monitored more extensively than Cerus. This is discussed further in the Competitive Constraints section. Additionally, documents relating to Stryker's decision making in relation to developing Trenza consider both Contour and Neqstent.[66]

62. The CMA found no evidence of Cerus monitoring Stryker in its internal documents.

Third-party evidence

63. Competitors provided mixed evidence as to whether the Parties are close competitors. The CMA considers these responses indicate that competitors consider the Parties compete, to some extent, with each other.

    (a) Competitors noted that Trenza competes with both Contour and Neqstent.[67] One large competitor viewed Trenza and Neqstent as directly competing against each other given that they are both adjunctive IST devices with

[60] Merger Notice, paragraphs 329–355.
[61] Merger Notice, paragraph 21.
[62] Merger Notice, paragraph 392(b).
[63] Merger Notice, Table 32.
[64] Stryker Annex 10.1_001 to the Merger Notice, slide 5; Stryker Annex 9.1_017 to the Merger Notice, slides 117-118; Stryker Annex 10.1_005 to the Merger Notice, slide 6; and internal document Stryker_CMA_002876.
[65] Internal document Stryker_CMA_002765, slide 11; internal document Stryker_CMA_002870; and internal document Stryker_CMA_002883, slide 4.
[66] Parties' response to the CMA's request for information dated 8 December 2022 (**RFI1 Response**), Annex 16.2, slide 17; and RFI1 Response, Annex 16.4, slide 31.
[67] Responses to competitor questionnaire ([✂]).

comparable use cases. The competitor also noted that Trenza and Contour compete as both have overlapping clinical applicability.[68] Another competitor noted that all three devices are suited to bifurcated aneurysms.[69] A third competitor stated that Trenza, Neqstent and Contour are 'all strong competitors to each other'.[70]

(b) A small number of competitors stated that only Trenza and Contour compete closely. One competitor noted that Trenza was launched as a One & Done device 'designed to compete with WEB and Contour.'[71]

(c) Some competitors indicated that they consider that Trenza and Neqstent have different modes of action and target different aneurysm types.[72] One competitor considered that Trenza and Neqstent are complementary devices.[73]

64. Evidence received from competitors on the strength of each of the Parties' devices for specific use cases was mixed. The CMA gathered evidence on which devices were best suited to treat each type of aneurysm in order to assess how closely each device competed with each other. The CMA found the following:

(a) Bifurcated narrow neck aneurysms: a majority of competitors rated Contour's competitiveness as strong, with others rating it as medium, whilst Trenza was rated as ranging from weak to very strong and Neqstent as weak or medium.[74]

(b) Bifurcated wide neck aneurysms: a majority of competitors rated Contour's competitiveness as strong, with one competitor rating it as very strong, whilst both Trenza and Neqstent had mixed feedback, with views ranging from weak to very strong.[75]

(c) Sidewall narrow neck aneurysms: a majority of competitors rated Contour's competitiveness as strong, with only one competitor rating it as weak, whilst Trenza was mostly rated as medium and Neqstent was rated as weak or medium.[76]

(d) Sidewall wide neck aneurysms: a majority of competitors rated Contour's competitiveness as strong, with only one competitor giving it a weak rating.

---

[68] Response to competitor questionnaire ([✂]).
[69] Response to competitor questionnaire ([✂]).
[70] Response to competitor questionnaire ([✂]).
[71] Response to competitor questionnaire ([✂]).
[72] Responses to competitor questionnaire. For example, [✂] suggested that Trenza is better suited to sidewall aneurysms of any neck size whereas Cerus' products were better suited for bifurcated aneurysms with narrower necks; and [✂] suggested that Trenza is more similar to a 'modified coil' than an adjunctive IST device.
[73] Response to competitor questionnaire ([✂]).
[74] Responses to competitor questionnaire ([✂]).
[75] Responses to competitor questionnaire ([✂]).
[76] Responses to competitor questionnaire ([✂]).

Each of Trenza and Neqstent were rated as having a medium level of competitive strength, with one competitor giving Trenza a very strong rating.[77]

65. Evidence suggests that NHS Trusts generally have a low awareness of the specifics of each of the Contour, Trenza and Neqstent devices. When asked to list their main options for the supply of neurovascular devices suitable for each type of aneurysm, a large majority of NHS Trusts list Contour, Trenza and Neqstent as suitable for any aneurysm type.[78] Some customers were not aware of Trenza, even if the NHS Trust procured other neurovascular devices (eg stents) from Stryker.[79]

Stryker's development of Trenza and other devices

66. The CMA has also considered whether the current development of Trenza and other future planned product developments may suggest that the Parties are close competitors or could be expected to be closer competitors in the future.

67. The CMA notes that Trenza is currently not fully commercialised in the UK and [✂] further commercialisation.[80] [81] As such, the CMA has considered the extent to which Trenza should be considered a close competitor to Cerus' devices. The CMA notes that whilst Trenza is not fully commercialised, it is [✂], and Stryker plans to [✂].[82] The CMA also notes that new neurovascular devices are typically only sold to a small number of clinical sites when they are first launched before expanding.[83] As a result, the CMA considers that Trenza should be considered to be an active and potentially, in the future, a stronger competitor to Cerus' devices.

68. The CMA also considered whether Stryker may compete more directly with Cerus through the development of its own One & Done device, or whether Cerus would develop additional intrasaccular devices which would compete more closely with Trenza. However, after considering the Parties' submissions and internal documents, the CMA concluded that the Parties had no material plans for the development of such additional products.

Stryker's other neurovascular devices

69. Stryker offers a range of other neurovascular devices other than Trenza, including coils, stents, and flow diverters. These products are not intrasaccular devices and thus do not overlap directly with Contour or Neqstent. However, on a cautious basis, recognising that non-intrasaccular devices may act as a constraint on intrasaccular devices, the CMA has considered the extent to which Stryker's other neurovascular devices compete against Contour and Neqstent. In interpreting the evidence

[77] Responses to competitor questionnaire ([✂]).
[78] Responses to customer questionnaire ([✂]).
[79] Note of call with third party ([✂]).
[80] Merger Notice, paragraphs 153 and 161.
[81] The Parties informed the CMA that [✂].
[82] Specifically, Stryker told the CMA that [✂] (Merger Notice, paragraph 159).
[83] Note of call with third party ([✂]).

described below, the CMA notes that due to their different modes of action, non-intrasaccular devices are unlikely to constrain intrasaccular devices to the same extent as other intrasaccular devices.

70. In the internal documents reviewed by the CMA, limited (or no) evidence was found of Cerus monitoring Stryker's other neurovascular devices. Cerus' formal monitoring of competitors also appears to be limited.

71. The CMA received limited evidence from competitors on the extent to which Contour and Neqstent compete against Stryker's other neurovascular devices. One competitor submitted that Contour overlaps with Stryker's coils for the treatment of bifurcated narrow neck aneurysms and that both Contour and Neqstent overlap with Stryker's coils, stents, and flow diverters for bifurcated wide neck aneurysms.[84]

72. The CMA received some evidence from customers that Contour and Neqstent compete against Stryker's other neurovascular devices. One large customer told the CMA that it switched from using Stryker's other neurovascular devices to Contour and Neqstent.[85] When asked to list suitable alternatives for the supply of neurovascular devices suitable for each type of aneurysm, other customers mentioned at least one of Stryker's flow diverters, coils and stents for all aneurysm types and rated Stryker as a weak or medium strength supplier.[86]

73. Given the above, the CMA considers that Cerus' intrasaccular devices and Stryker's other neurovascular devices compete against each other. However, given that Stryker's other neurovascular devices are not intrasaccular, the CMA notes that the strength of the constraint that Contour/Neqstent and Stryker's other neurovascular devices place on each other is likely to be less than the constraint that Contour/Neqstent and Trenza place on each other.

Conclusion on closeness of competition

74. Taking into account the mixed evidence received, the CMA considers that the Parties compete in the supply of intrasaccular devices. The CMA further considers that because Trenza is not fully commercialised, it is not a particularly strong competitor device at this point in time. However, given Trenza's [✂], the CMA considers that Trenza could potentially become, in the future, a stronger competitor device to Cerus' devices absent the Merger.

75. The CMA has next considered the extent to which the Parties are constrained by other suppliers of intrasaccular (and other neurovascular) devices.

[84] Response to competitor questionnaire ([✂]).
[85] Note of call with third party ([✂]).
[86] Responses to customer questionnaire ([✂]).

Competitive constraints

76. Unilateral effects are more likely where customers have little choice of alternative suppliers.[87] The CMA considered whether there are alternative suppliers of intrasaccular devices that would provide a sufficient competitive constraint on the Merged Entity.

77. The CMA identified at least three competitor intrasaccular devices: MicroVention's WEB (a One & Done device), Medtronic's Artisse (a One & Done device) and Wallaby/Phenox's pCONUS (an adjunctive IST device). The CMA also considered the likely constraint posed by other intrasaccular devices which are currently under development and may be offered in the UK in the future. Finally, the CMA has considered the constraint posed by competitors' other neurovascular devices, such as coils, stents, and flow diverters.

MicroVention's WEB

78. The Parties submitted that WEB is the incumbent One & Done device and is Contour's main competitor. The Parties also submitted that WEB benefits from physicians' existing knowledge and experience using the device, but consider Contour to have certain competitive advantages over WEB.[88]

79. Table 1 shows that MicroVention's WEB had an estimated share of supply of [50-60]% in 2022.

80. The Parties' internal documents confirm that both the Parties view WEB as the closest competitor to Contour,[89] and MicroVention as a strong competitive constraint more generally.[90]

81. The evidence provided to the CMA from competitors suggests that WEB competes strongly against the Parties' intrasaccular devices. In relation to bifurcated aneurysms, competitors consistently rated WEB as being a strong or a very strong competitor. For sidewall aneurysms, the rankings given were more varied but overall a majority of responses suggested WEB is a medium strength competitor. Competitors frequently cited the quantity of clinical evidence and successful clinical outcomes as reasons for their view of WEB's strength, particularly for bifurcated aneurysms. One competitor noted a lack of clinical evidence for WEB's effectiveness for sidewall aneurysms.[91]

---

[87] CMA129, March 2021, paragraph 4.8.
[88] Merger Notice, paragraphs 376-381.
[89] Cerus Annex 9.2_012 to the Merger Notice, slide 12- 13; Cerus Annex 8.3_006 to the Merger Notice, slide 30; Stryker Annex 12.5 to the Merger Notice.
[90] Internal document Stryker_CMA_002267, slide 14; Internal document Stryker_CMA_002361, slide 37; Stryker Annex 10.1_025 to the Merger Notice, slide 16; Stryker Annex 15.3 to the Merger Notice.
[91] Response to competitor questionnaire ([✂]).

82. The evidence available to the CMA from customers suggests that WEB competes strongly against the Parties' intrasaccular devices for bifurcated wide neck aneurysms. When asked to list their main options for the supply of neurovascular devices suitable for each type of aneurysm, customers ranked WEB as strong or very strong for bifurcated wide neck aneurysms but did not mention WEB for other aneurysm types. Additionally, the CMA has seen evidence of customers switching, or considering switching, between Contour and WEB.[92]

83. The CMA notes that, similar to Stryker, MicroVention offers a full range of neurovascular devices such as coils and flow diverters.[93] A small number of third parties noted that the size and capabilities of a supplier (for example, the ability to offer a range of neurovascular devices) made the supplier a stronger competitor to the Parties in the event that customers had a preference to buy a range of devices from the same supplier. As such, the CMA notes that the competitive constraint exercised by WEB on the Parties is likely to be understated given that it is supplied by MicroVention, a significant supplier of neurovascular devices which is able to offer a range of devices.[94]

84. Overall, the CMA considers that MicroVention's WEB intrasaccular device is a strong competitive constraint on the Parties' intrasaccular devices, particularly for bifurcated aneurysms.

Medtronic's Artisse

85. The Parties submitted that they consider Artisse to be [✂] in the UK market which competes against Contour.[95]

86. Medtronic launched a One & Done intrasaccular device, Artisse, in 2022.

87. Table 1 shows that Medtronic's Artisse had an estimated share of supply of [0-5]% (a similar share of supply to Trenza) in 2022.

88. Stryker's internal documents indicate that Stryker has monitored the development and launch of Artisse.[96] Internal documents produced by Styker and Cerus also support the assertion that the Parties view Medtronic's Artisse product generally as a strong competitive constraint.[97]

[92] Note of call with third party ([✂]).
[93] Response to competitor questionnaire ([✂]).
[94] Note of call with third party ([✂]).
[95] Merger Notice, paragraph 279(g), 377 and 385.
[96] Stryker Annex 12.5 to the Merger Notice, slides 18 and 20; Stryker Annex 10.1_004 to the Merger Notice, slide 19; and RFI1 Response, Annex 16.1, slide 8.
[97] Cerus Annex 8.3_006 to the Merger Notice, slide 4; Stryker Annex 10.1_001 to the Merger Notice, slide 3; Stryker Annex 10.1_025 to the Merger Notice, slides 16-17.

89. The evidence available to the CMA shows that in 2022 Artisse was only sold to a limited number of customers who had previously participated in its clinical studies. The CMA understands that Artisse is planned to be launched in the UK in 2023.[98]

90. The evidence available to the CMA from competitors indicates that Artisse may be able to place a significant competitive constraint on the Parties for bifurcated aneurysms, especially those with wide necks, but not for sidewall aneurysms. In relation to specific use cases, some large competitors rated Artisse as being a very strong competitor for wide neck bifurcated aneurysms.[99] The ratings provided for bifurcated narrow neck aneurysms were mixed and weaker, suggesting Artisse is a medium strength competitor for this aneurysm type. Artisse was only rated as a weak competitor for sidewall aneurysms.[100] Artisse is expected to compete most closely with Contour but will also likely compete against Trenza and Neqstent.[101]

91. No customers the CMA received evidence from were aware of, or purchasing, Artisse.[102]

92. The CMA notes that, similarly to Stryker, Medtronic offers a full range of neurovascular devices such as coils and flow diverters.[103] As noted above, the competitive constraint exercised by Artisse on the Parties is likely to be understated given that it is supplied by Medtronic, a significant supplier of neurovascular devices which is able to offer a range of devices.

93. The CMA considers that Medtronic's Artisse intrasaccular device could potentially place a strong competitive constraint on the Merged Entity for bifurcated aneurysms in the future. However, there is uncertainty about the strength of this constraint as Artisse is in an early stage of its commercialisation in the UK. The CMA notes that both Artisse and Trenza are [✂] and as such considers that Artisse is likely to place a similar current constraint on Contour and Neqstent as Trenza does.

Wallaby/Phenox's pCONUS

94. The Parties submitted that Wallaby/Phenox's pCONUS device competes against each of its intrasaccular products to treat bifurcated wide neck aneurysms.[104] They also submitted that pCONUS could be categorised as an intrasaccular device or an adjunctive stent because it is placed partially within and partially outside the aneurysm sac.[105]

---

[98] Note of call with third party ([✂]).
[99] Responses to competitor questionnaire ([✂]).
[100] Response to competitor questionnaire ([✂])
[101] Response to competitor questionnaire ([✂]).
[102] Responses to customer questionnaire ([✂]).
[103] Response to competitor questionnaire ([✂]).
[104] Merger Notice, paragraph 392.
[105] Merger Notice, paragraph 237.

95. Table 1 shows that Wallaby/Phenox's pCONUS had an estimated share of supply of [0-5%] (a similar share of supply to Trenza) in 2022.

96. The Parties' internal documents suggest that neither Stryker nor Cerus monitors pCONUS closely. For example, one Stryker summary of all intrasaccular devices did not include pCONUS in the set of devices considered.[106] The CMA found some evidence of Stryker monitoring Wallaby/Phenox as a competitor.[107]

97. The evidence available to the CMA from competitors indicates that pCONUS places a moderate competitive constraint on the Parties intrasaccular devices for bifurcated aneurysms, but not for sidewall aneurysms. A competitor told the CMA that pCONUS is designed to treat bifurcated aneurysms alongside coils and that it is similar to Trenza in design and also competes directly with Contour.[108] pCONUS was viewed as being a medium or strong competitor for bifurcated narrow neck aneurysms by one competitor and as weak for bifurcated wide neck aneurysms by another competitor.[109]

98. No customers contacted by the CMA were aware of, or purchasing, pCONUS. When asked to list their main options for the supply of neurovascular devices suitable for each type of aneurysm, no customer listed pCONUS as suitable for any aneurysm type.[110]

99. The CMA notes that Wallaby/Phenox offers a partial portfolio of neurovascular devices, with coils and flow diverters alongside pCONUS.[111] As such, the CMA notes that the competitive constraint exercised by pCONUS on the Parties is likely to be understated given that it is supplied by Wallaby/Phenox, a supplier that is able to offer a range of neurovascular devices.

100. The CMA therefore considers that Wallaby/Phenox's pCONUS places some competitive constraint on the Parties' intrasaccular devices for the treatment of bifurcated aneurysms, but not for the treatment of sidewall aneurysms.

Other intrasaccular devices

101. The Parties submitted that there are a range of other competitor intrasaccular devices currently offered or in development such as Cerenovus' PULSERIDER, Endostream's Nautilus, and others.[112]

---

[106] Stryker Annex 9.1_014 to the Merger Notice, slide 17.
[107] Stryker Annex 10.1_004 to the Merger Notice, slide 19; Stryker Annex 10.1_023 to the Merger Notice, slide 41; Stryker Annex 10.1_058 to the Merger Notice, slide 22.
[108] Note of call with third party ([✂]).
[109] Responses to competitor questionnaire ([✂] and [✂], respectively).
[110] Responses to customer questionnaire ([✂]).
[111] Note of call with third party ([✂]).
[112] Merger Notice, Table 24.

102. The CMA received evidence that Medtronic's Medina and Cerenovus' PULSERIDER intrasaccular devices – which were previously offered in the UK – have since been withdrawn from sale.[113] As such, the CMA has not considered Medina and PULSERIDER in its competitive assessment.

103. The CMA also received evidence that two intrasaccular devices are currently in development by start-ups. The CMA found that the timelines for the development of these devices and the potential future UK launches of these devices are highly uncertain. Notwithstanding this:

    (a) **EndoStream's Nautilus**: the CMA received evidence that EndoStream's Nautilus is currently undergoing clinical trials, although its potential UK launch date is unclear.[114] The CMA understands that Nautilus is designed to be suitable for all bifurcated and sidewall aneurysms.[115] Other competitors suggested that Nautilus might be suitable for bifurcated and sidewall aneurysms but there was a high degree of uncertainty about Nautilus' competitive strength.[116]

    (b) **Galaxy Therapeutics' SEAL**: the CMA received evidence that Galaxy Therapeutic's SEAL intrasaccular device is under development and is designed to treat bifurcated wide neck aneurysms and sidewall aneurysms. The evidence available to the CMA suggests SEAL is expected to compete most closely with One & Done intrasaccular devices such as Contour.[117]

104. The Parties' internal documents show Stryker has monitored the development of Nautilus and SEAL.[118]

105. The strength of the competitive constraint on the Merged Entity from those intrasaccular devices currently under development and new devices generally will be weaker if there are significant barriers to entry and expansion in the supply of intrasaccular devices. The CMA has found that there are significant barriers to entry in the supply of intrasaccular devices, including the length of time and the financial resources required to develop new devices and to acquire regulatory approval,[119] and clinician preferences to remain with devices with which they have experience.[120]

106. However, the CMA considers that the more advanced a device is in its development, the more likely it is that any barriers can be overcome, such that the device will pose some degree of competitive constraint in the future. Evidence

---

[113] Response to competitor questionnaire ([✂]) and note of call with third party ([✂]).
[114] Note of call with third party ([✂]).
[115] Note of call with third party ([✂]).
[116] Responses to competitor questionnaire ([✂]).
[117] Note of call with third party ([✂]).
[118] Stryker Annex 10.1_002 to the Merger Notice, slide 9; Stryker Annex 9.1_010 to the Merger Notice, slide 5.
[119] Merger Notice, paragraph 467, Table 20 and Table 21; note of call with third party ([✂]); internal documents from Stryker consistently cite regulatory approvals as a challenge for their business (for example, Stryker Annex 10.1_004 to the Merger Notice, slide 10).
[120] Note of call with third party ([✂]).

available to the CMA indicates that some new intrasaccular devices are relatively advanced in their development, having overcome certain barriers to entry. This indicates that at least some of the devices in development are likely to provide some degree of competitive constraint on the Merged Entity in the future.

Constraints from other types of neurovascular devices

107. The Parties submitted that there may be some, but not significant overlap, in the use cases of intrasaccular devices and other types of neurovascular devices, and that there are many established competitors for the supply of other neurovascular devices such as coils, adjunctive stents, balloon catheters and flow diverters.[121]

108. In considering the extent to which the Parties' intrasaccular devices face a competitive constraint from these other neurovascular devices, the CMA notes that non-intrasaccular devices are unlikely to constrain intrasaccular devices to the same extent as other intrasaccular devices.

109. As noted above, similar to Stryker, other suppliers also provide a range of neurovascular devices, not limited to intrasaccular devices, but also including (and not necessarily limited to) coils and flow diverters. In the broader supply of all neurovascular devices, a number of other suppliers have significant shares of supply. Medtronic, MicroVention and Cerenovus have estimated shares of supply in the UK for 2022 of [20-30]%, [30-40]% and [0-10]% respectively, compared to Stryker's share of supply of [10-20]% and Cerus' of [0-10]%.[122] Additionally, there are a number of smaller suppliers such as Balt, Penumbra and Rapid Medical.

110. The Parties' internal documents indicate that the Parties consider there to be competitive constraints of varying strength from a number of other suppliers of different types of neurovascular devices. These include [✂], [✂], [✂] and [✂], along with smaller start-ups.[123]

111. The evidence received by the CMA indicates that many competitors consider there to be material competitive constraints from other types of neurovascular devices across all aneurysm types. Specifically, competitors identified coils as a strong competitive constraint in the treatment of bifurcated narrow neck and sidewall aneurysms[124] and flow diverters in the treatment of both wide and narrow neck sidewall aneurysms.[125]

---

[121] Merger Notice, paragraph 22.
[122] CMA calculation based on responses from competitor questionnaire ([✂]), revenue data provided by the Parties and RFI response from [✂].
[123] Stryker Annex 10.1_001 to the Merger Notice, slides 7-11; Stryker Annex 10.1_025 to the Merger Notice, slides 16-17; Stryker Annex 10.1_004 to the Merger Notice, slide 19; Stryker Annex 10.1_001 to the Merger Notice, slide 5; Cerus Annex 8.3_005 to the Merger Notice; Cerus Annex 9.2_002, slide 14; and Stryker Annex 10.1_059 to the Merger Notice, slide 7.
[124] Responses to competitor questionnaire ([✂]).
[125] Responses to competitor questionnaire ([✂]).

112. The evidence available to the CMA from customers also suggests that other neurovascular devices compete strongly against the Parties' intrasaccular devices for all aneurysm types. The CMA found that customers typically procure a wide range of other neurovascular devices alongside intrasaccular devices.[126] When asked to list their main options for the supply of neurovascular devices suitable for each type of aneurysm, customers consistently ranked coils alongside adjunctive stents and balloon catheters as strong or very strong options for bifurcated aneurysms of any neck size, and for sidewall narrow neck aneurysms (but to a lesser extent). Customers consistently ranked flow diverters as strong or very strong options for sidewall aneurysms of any neck size. In their responses, customers mentioned devices from a range of competitors, particularly Medtronic and MicroVention, as well as Balt, Wallaby/Phenox and Interventional Limited.[127]

113. Additionally, the CMA notes that in 2021 intrasaccular devices were only the third most common type of neurovascular device in the UK. The Parties estimated that intrasaccular devices represented [✂]% of UK revenue from the sale of neurovascular devices. In comparison, coils represented [✂]%, with adjunctive stents and balloon catheters which assist coiling representing a further [✂]%, and flow diverters representing [✂]%.[128]

114. On the other hand, the CMA has received evidence that other neurovascular devices will lose market share to intrasaccular devices. The Parties estimated that [✂]. Some of the Parties' internal documents [✂],[129] as does evidence received by some competitors.[130] It is therefore possible that other devices will place a more limited constraint on intrasaccular devices in future. However, the CMA considers there is significant uncertainty about whether this intrasaccular growth will continue, and the extent to which it would limit the competitive constraint provided by other devices.

115. Overall, the CMA considers that the Parties' intrasaccular devices currently face a strong competitive constraint from other types of neurovascular devices, particularly from coils for bifurcated aneurysms and from flow diverters for sidewall aneurysms. Therefore, competitors who supply coils, adjunctive stents, balloon catheters and flow diverters but not an intrasaccular device, such as Balt, are likely to place some competitive constraint on the Merged Entity.

116. The CMA further considers that suppliers such as MicroVention, Medtronic and Wallaby/Phenox may act as a particular constraint on the Parties given that they are able to offer a range of intrasaccular and other neurovascular devices.

---

[126] Responses to customer questionnaire ([✂]).
[127] Responses to customer questionnaire ([✂]).
[128] RFI2 Response, Annex 7.1.
[129] RFI1 Response, Annex 16.2, slides 8, 15- 16; RFI1 Response, Annex 16.4, slide 31.
[130] Responses to competitor questionnaire ([✂]).

CMA conclusion on competitive constraints

117. The CMA has found that the Merged Entity will continue to be constrained by those competitors offering intrasaccular devices and other neurovascular devices, particularly MicroVention and Medtronic, and to a lesser extent Wallaby/Phenox. While Medtronic's Artisse is not yet fully commercialised in the UK, it is [✂]. As such, the CMA considers it is likely to place a similar current constraint on Contour and Neqstent as Trenza does.

118. The CMA notes that other intrasaccular devices currently under development may constrain the Merged Entity to some degree in the future. However, the CMA considers there to be a degree of uncertainty about their development and the future constraint they may place on the Merged Entity.

119. The CMA also considers there to be an additional strong competitive constraint on the Parties from suppliers of other types of neurovascular devices (including coils, adjunctive stents, balloon catheters, and flow diverters), albeit to a lesser extent than the constraint placed by competitors' intrasaccular devices.

Conclusion on horizontal unilateral effects

120. While the evidence reviewed by the CMA on the clinical applicability of the Parties' intrasaccular devices is mixed, the CMA found that the Parties compete in the supply of intrasaccular devices. Stryker's Trenza device is not currently a particularly strong competitor to Cerus' Contour and Neqstent. However, the CMA considers that it could potentially become a stronger future competitive constraint on Cerus' products absent the Merger.

121. The CMA found that there is, in any case, a strong set of competitive constraints on the Parties. MicroVention's WEB currently poses a strong competitive constraint on the Parties and Medtronic's Artisse device could potentially be a strong competitor device in the future. The CMA also found evidence of other intrasaccular devices which may constrain the Merged Entity to some degree in the future, albeit with a degree of uncertainty. Finally, the CMA found that there is an additional strong competitive constraint on the Merged Entity from suppliers of other types of neurovascular devices.

122. Therefore, the CMA found that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in relation to the supply of intrasaccular devices for the treatment of aneurysms in the UK.

Decision

123. Consequently, the CMA does not believe that it is or may be the case that the Merger may be expected to result in an SLC within a market or markets in the United Kingdom.

124. The Merger will therefore **not be referred** under section 33(1) of the Act.

Richard Flanagan
Director
Competition and Markets Authority
17 April 2023