

Anticipated acquisition by Hewlett Packard Enterprise Company of Juniper Networks, Inc.

Decision on relevant merger situation and substantial lessening of competition

ME/7088/24

The Competition and Markets Authority’s decision on relevant merger situation and substantial lessening of competition under section 33(1) of the Enterprise Act 2002 given on 7 August 2024. Full text of the decision published on 17 September 2024.

The Competition and Markets Authority (**CMA**) has excluded from this published version of the decision information which the CMA considers should be excluded having regard to the three considerations set out in section 244 of the Enterprise Act 2002 (specified information: considerations relevant to disclosure). The omissions are indicated by [X]. Some numbers have been replaced by a range, which are shown in square brackets.

Contents

SUMMARY	3
ASSESSMENT	7
PARTIES, MERGER AND MERGER RATIONALE	7
PROCEDURE	8
JURISDICTION	8
COUNTERFACTUAL	9
COMPETITIVE ASSESSMENT	9
Industry background	9
Market definition	11
Theory of Harm 1: Horizontal unilateral effects in the supply of campus switches in the UK	16
Theory of Harm 2: Horizontal unilateral effects in the supply of WLAN equipment in the UK	20
Theory of Harm 3: Conglomerate effects	24

ENTRY AND EXPANSION25
DECISION26

SUMMARY

OVERVIEW OF THE CMA'S DECISION

1. The Competition and Markets Authority (**CMA**) has found that the acquisition by Hewlett Packard Enterprise Company (**HPE**) of Juniper Networks, Inc. (**Juniper**), is a relevant merger situation that does not give rise to a realistic prospect of a substantial lessening of competition (**SLC**) as a result of horizontal unilateral effects or conglomerate effects.
2. HPE agreed to acquire Juniper pursuant to a share purchase agreement dated 9 January 2024. The CMA refers to this acquisition as the **Merger**. HPE and Juniper are together referred to as the **Parties** and, for statements relating to the future, the **Merged Entity**.

Who are the businesses and what products/services do they provide?

3. HPE is a United States information technology (**IT**) company which supplies IT infrastructure products, including networking hardware and software products. Juniper is a United States IT company which supplies networking hardware and software products.
4. The Parties overlap in the supply of campus switches, data centre switches, wireless local-area network (**WLAN**) equipment, as well as a number of software and security solutions. The products that the CMA looked at in detail were:
 - (a) Campus switches: multi-port networking devices that join multiple cabled devices within a local-area network; and
 - (b) WLAN equipment: devices enabling wireless connection between multiple devices to form a local-area network, including wireless controllers and wireless access points (**WAPs**).

Why did the CMA review this merger?

5. The CMA's primary duty is to seek to promote competition for the benefit of consumers. It has a duty to investigate mergers that could raise competition concerns in the UK, provided it has jurisdiction to do so.
6. In this case, the CMA has concluded that it has jurisdiction to review this Merger because a relevant merger situation has been created. Each of HPE and Juniper is an enterprise and, as a result of the Merger, these enterprises will cease to be distinct. The CMA concluded that the turnover test is met as Juniper has a turnover of over £70 million in the UK.

7. HPE announced on 9 January 2024 that it had agreed to acquire Juniper for a purchase price of approximately US\$14 billion. The Merger is conditional on receiving merger control clearance from, amongst others, the CMA, the United States Department of Justice and the European Commission.

What evidence has the CMA looked at?

8. In assessing this Merger, the CMA considered a wide range of evidence in the round.
9. The CMA received several submissions and responses to information requests from the Parties. This included information about the Parties' reasons for pursuing the Merger, market dynamics and competitive conditions in the networking industry, and the Parties' market position in various networking hardware and software products.
10. The CMA also examined the Parties' internal documents, which show how they run their networking business and how they view their rivals in the ordinary course of business. These internal documents were also helpful in understanding the Parties' plans for the future of their businesses.
11. The CMA spoke to and gathered evidence from other companies and organisations to understand the functionality of networking hardware and software products, and to get their views on the competitive landscape and potential impact of the Merger. In particular, the CMA received evidence from the Parties' competitors, end-customers and indirect sellers of the Parties' networking products.

What did the evidence tell the CMA...

...about what would have happened had the Merger not taken place?

12. In order to determine the impact that the Merger could have on competition, the CMA has considered what would have happened had the Merger not taken place. This is known as the counterfactual.
13. In this case, the CMA has assessed the Merger against a counterfactual of the prevailing conditions of competition, namely, that the Parties would have continued to compete in the relevant markets as independent competitors.

...about the effects of the Merger on competition?

14. Based on the evidence received, the CMA focused its assessment on horizontal unilateral effects in the supply of campus switches and WLAN equipment. Horizontal unilateral effects may arise when one firm merges with a competitor

that previously provided a competitive constraint, allowing the merged entity profitably to raise prices or to degrade quality on its own and without needing to coordinate with its rivals.

15. The CMA also considered conglomerate effects in the supply of networking hardware and software products.

Theory of harm 1: Horizontal unilateral effects in the supply of campus switches

16. The CMA found that, while the Parties are two of the largest suppliers of campus switches in the UK, the Merged Entity would continue to face a significant constraint from Cisco Systems, Inc. (**Cisco**), the Parties' closest competitor and a clear market leader in campus switches with a significantly larger market share.
17. The evidence also shows that the Parties face important competitive constraints from a number of other suppliers. In particular, third parties identified a wide range of credible alternatives to the Parties – including Extreme Networks, Inc. (**Extreme Networks**), Fortinet, Inc. (**Fortinet**) and Arista Networks, Inc. (**Arista**). This is also reflected in the Parties' internal documents.

Theory of harm 2: Horizontal unilateral effects in the supply of WLAN equipment

18. As in the case of campus switches above, the CMA found that the Merged Entity would continue to face a significant competitive constraint from Cisco, the Parties' closest competitor and a clear market leader in WLAN equipment.
19. Third-party evidence and the Parties' internal documents also show that the Merged Entity would continue to face significant competitive constraints from a number of other suppliers capable of supplying competing WLAN equipment of comparable scale and functionality to those of the Parties, including CommScope Holding Company, Inc. (**CommScope**), Ubiquiti Inc. (**Ubiquiti**) and Fortinet.

Theory of harm 3: Conglomerate effects

20. Mergers of firms that are active in the supply of goods or services that do not form part of the same market may raise concerns that the merged entity could foreclose its competitors through a tying or bundling strategy.
21. In this case, the CMA found that the Merged Entity would not have sufficient market power in any networking product market to foreclose its competitors. The CMA therefore does not consider that the Merger raises significant competition concerns as a result of conglomerate effects in the supply of networking products.

What happens next?

22. Based on the evidence summarised above, the CMA considers that the Merger does not give rise to a realistic prospect of an SLC as a result of any of the aforementioned three theories of harm.
23. The Merger will therefore **not be referred** under section 33(1) of the Enterprise Act 2002 (the **Act**).

ASSESSMENT

1. PARTIES, MERGER AND MERGER RATIONALE

1. HPE is a United States IT company which supplies IT infrastructure products to customers across approximately 50 countries.¹ The turnover of HPE in the financial year ending 31 October 2023 was approximately £23,614 million worldwide and approximately £[§<] in the UK.²
2. Juniper is a United States IT company specialising in the supply of networking infrastructure, security and other related solutions to customers across more than 50 countries. The turnover of Juniper in the financial year ending 31 December 2023 was approximately £4,475 million worldwide and approximately £[§<] in the UK.³
3. The Parties entered into an agreement on 9 January 2024, whereby Juniper will become a wholly-owned subsidiary of HPE for a consideration of approximately US\$14 billion (the **Share Purchase Agreement**).
4. The Parties informed the CMA that the Merger is also the subject of review by competition authorities in Australia, Brazil, Canada, [§<], Colombia, the European Union, Israel, Japan, New Zealand, Saudi Arabia, South Africa, South Korea, Turkey, the UK, the US and [§<].^{4, i}
5. The Parties submitted that the main strategic rationale for the Merger is as follows.
 - (a) The Merger allows HPE to enhance the scope of its networking business and expand its addressable market with Juniper's complementary offering in data centre networking, firewalls and routers. As a result, the Merged Entity will be able to gain access to a broader customer base, including telecommunications and cloud service providers.⁵
 - (b) The Merger enables the Parties to offer a more comprehensive networking product range, allowing the Merged Entity to compete more effectively against Cisco, which is the leading market player by a significant margin in the supply of multiple networking products across multiple product categories.⁶
 - (c) The Merger allows the Parties to accelerate innovation by utilising the Parties' complementary product ranges, enterprise reach and expertise, and

¹ Final Merger Notice submitted to the CMA on 17 June 2024 (**FMN**), paragraphs 3–4.

² FMN, paragraph 6.

³ FMN, paragraph 9.

⁴ Share Purchase Agreement, Annex 001 to the FMN, 'Agreement and Plan of Merger', January 2024, pages 101–102.

⁵ FMN, paragraph 10.

⁶ FMN, paragraph 11.

maximises the effectiveness of the Parties' research and development across the board, particularly through [§].⁷

6. The CMA considers that the Parties' internal documents are broadly consistent with the above rationale. HPE's internal documents, such as board discussion materials and internal presentations discussing the potential acquisition of Juniper, consistently indicate that the Merger is expected to increase HPE's scale and scope in networking market(s).⁸ HPE's internal documents also state that the Merger can enhance competition and strengthen HPE's position against Cisco.⁹ Juniper's internal documents indicate the Merger will expand the Merged Entity's addressable market and create significant cost synergies.¹⁰

2. PROCEDURE

7. The CMA commenced its phase 1 investigation on 19 June 2024. As part of its phase 1 investigation, the CMA gathered a significant volume of evidence from the Parties.
8. The CMA also gathered evidence from other market participants, such as the Parties' competitors and customers. This helped the CMA to better understand the competitive landscape and obtain their views on the impact of the Merger.

3. JURISDICTION

9. Each of HPE and Juniper is an enterprise within the meaning of section 129 of the Act. As a result of the Merger, HPE will acquire the entire issued share capital of Juniper. This will result in HPE acquiring control of Juniper. Accordingly, HPE will cease to be distinct from Juniper.
10. The UK turnover of Juniper exceeds £70 million in the financial year ending 31 December 2023, therefore the CMA considers the turnover test in section 23(1)(b) of the Act is satisfied.¹¹
11. 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.

⁷ FMN, paragraphs 13–15.

⁸ See for example HPE Internal Document, Annex 002 – HPX_00000007 to the FMN, [§]; HPE Internal Document, Annex 002 – HPX_00000016 to the FMN, [§].

⁹ See for example HPE Internal Document, Annex 002 – HPX_00000056 to the FMN, [§]; HPE Internal Document, Annex 002 – HPX_00000070 to the FMN, [§].

¹⁰ See for example Juniper Internal Document, Annex 004 – s.9.006 to the FMN, [§]; Juniper Internal Document, Annex 004 – s.9.007 to the FMN, [§].

¹¹ FMN, paragraph 98.

12. The initial period for consideration of the Merger under section 34ZA(3) of the Act started on 20 June 2024 and the statutory 40 working day deadline for a decision is therefore 14 August 2024.

4. COUNTERFACTUAL

13. The CMA assesses a merger's impact relative to the situation that would prevail absent the merger (ie the counterfactual).¹²
14. In an anticipated merger, the counterfactual may consist of the prevailing conditions of competition, or conditions of competition that involve stronger or weaker competition between the parties to a merger than under the prevailing conditions of competition.¹³ In determining the appropriate counterfactual, the CMA will generally focus on potential changes to the prevailing conditions of competition only where there are reasons to believe that those changes would make a material difference to its competitive assessment.¹⁴
15. In this case, the Parties submitted that the relevant counterfactual is the prevailing conditions of competition.¹⁵ The CMA has not received any evidence suggesting that the Merger should be assessed against an alternative counterfactual. Therefore, the CMA considers the prevailing conditions of competition to be the relevant counterfactual.

5. COMPETITIVE ASSESSMENT

5.1 Industry background

16. The Merger relates to the network infrastructure industry. Network infrastructure mainly consists of hardware products (eg physical devices such as switches and routers), which enable data to be transported between physical devices, for example computers, across a network. These hardware products often incorporate supporting software products that are critical to the hardware's functionality.¹⁶
17. Devices within one physical location, such as a home, a school or an office building can be linked up with each other to form a local-area network (**LAN**). A LAN may connect devices using wired connections (such as Ethernet cables) or wireless connections (such as Wi-Fi).¹⁷ A LAN based on wireless connections is called a wireless LAN (**WLAN**).

¹² [Merger Assessment Guidelines \(CMA129\)](#), March 2021, paragraph 3.1.

¹³ [CMA129](#), paragraph 3.2.

¹⁴ [CMA129](#), paragraph 3.9.

¹⁵ FMN, paragraph 113.

¹⁶ FMN, paragraph 116.

¹⁷ FMN, paragraph 124.

18. A LAN infrastructure usually consists of, among other things, switches and WLAN equipment:¹⁸
- (a) A switch is a multi-port hardware device that joins multiple cabled devices together, enabling the devices to communicate with each other.¹⁹ A **campus switch** is generally used for network connectivity within a LAN infrastructure spanning a limited geographic area such as an educational or corporate campus.²⁰ A **data centre switch** is deployed in a data centre of a network for high-performance computing, data processing and data routing.²¹
 - (b) WLAN equipment, which consists of wireless access points (**WAPs**) and **WLAN controllers**, allows users to create a wireless network within an existing wired LAN, to accommodate wireless devices.²² WAPs are networking devices that enable wireless-capable devices to connect to a wired LAN on the basis of wireless technology.²³ WLAN controllers are hardware devices used to manage and configure WAPs.²⁴
19. As discussed further below, the Parties overlap in the supply of campus switches and WLAN equipment (specifically WAPs) and these products have therefore been the focus of the CMA's investigation.²⁵
20. Most of the Parties' end-customers are large private enterprises, but they also include public organisations such as government departments, banks and educational institutions.²⁶ These customers typically purchase networking products indirectly through **resellers**, who procure networking products from suppliers (such as the Parties) to satisfy their customers' networking requirements and provide technical support and after-sale services.²⁷ Indeed, the Parties (and their competitors) sell the majority of their networking products via 'indirect' channels, either (i) to resellers directly or (ii) to distributors who then sell to resellers.²⁸

¹⁸ FMN, paragraph 124.

¹⁹ FMN, paragraphs 187–191.

²⁰ FMN, paragraphs 125–126, 188–189.

²¹ FMN, paragraphs 188, 233–234.

²² FMN, paragraph 220.

²³ FMN, paragraph 221.

²⁴ FMN, paragraph 222.

²⁵ The Parties also overlap in the supply of data centre switches, as well as software and security solutions including software-defined wide-area network (**SD-WAN**), security service edge (**SSE**), secure access service edge (**SASE**) and network access control (**NAC**) solutions. On the basis of the evidence gathered by the CMA, the CMA considered at an early stage in its investigation that there are no plausible competition concerns in respect of the supply of these products and they are therefore not discussed further in this Decision.

²⁶ FMN, paragraph 399.

²⁷ FMN, paragraphs 479 and 485.

²⁸ FMN, paragraphs 399, 463–466, 485–486; Response to the CMA questionnaire from a number of third parties, June 2024, question 3. Although distributors and resellers are (typically) the direct customers of the Parties, the CMA understands (from internal documents and third-party evidence) that the networking industry broadly refers to these entities as '**indirect sellers**'. Accordingly, the CMA refers to distributors and resellers as 'indirect sellers' in this Decision, and the end-users of such products (eg private enterprises and educational institutions) as 'customers'.

Resellers may partner with different suppliers to put together a complete networking solution for end-customers.²⁹

21. In the networking industry, AI tools are an increasingly common feature in networking product offerings. The Parties and many of their competitors increasingly incorporate AI into both: (i) the embedded operating system software in their hardware products; and (ii) their standalone network management software products.³⁰ The Parties submitted that these AI tools, known as ‘AI operations’ or ‘AIOps’, not only assist with optimising network operation and performance,³¹ but also help customers reduce the costs of operating a network and drive economic efficiencies.³² The Parties incorporate AI tools into their network management software products, namely HPE Aruba Networking Central (**Aruba Central**) and Juniper Mist AI (**Mist**).³³

5.2 Market definition

22. Market definition involves identifying the most significant competitive alternatives available to customers of the merger parties and includes the sources of competition to the merger parties that are the immediate determinants of the effects of the merger.³⁴
23. 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.³⁵ The CMA will take these factors into account in its competitive assessment.

5.2.1 Product market

24. 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).³⁶ As a starting point, the Parties overlap in the supply of campus switches and WLAN equipment, and the CMA has considered whether the relevant product markets should be widened beyond these products or further narrowed down.

²⁹ FMN, paragraphs 478, 479 and 485.

³⁰ FMN, paragraph 116.

³¹ FMN, paragraphs 116, 147–151.

³² FMN, paragraph 152.

³³ FMN, paragraph 116.

³⁴ [CMA129](#), paragraph 9.2.

³⁵ [CMA129](#), paragraph 9.4.

³⁶ [CMA129](#), paragraph 9.7. The CMA also considers supply-side factors when determining the relevant market.

5.2.1.1 *Parties' submissions*

25. The Parties submitted that campus switches are a distinct product market on the basis that there are no demand-side substitutes.³⁷ In particular, there is a meaningful distinction between campus switches and data centre switches, as campus switches have fewer ports and higher latency than data centre switches, meaning that they are more suited to settings such as office buildings, small enterprises and educational institutions.³⁸ In contrast, data centre switches have a large number of ports, high performance and low latency, which means that they can cover very large environments with sophisticated network management functions.³⁹
26. The Parties submitted that WLAN equipment and WAPs are both possible candidate product markets.⁴⁰ The Parties did not make detailed submissions regarding the extent of demand-side or supply-side substitutability in relation to these products, although they noted that the European Commission has previously analysed both WLAN equipment as a whole, and WAPs as a segment of WLAN equipment.⁴¹
27. The Parties submitted that it is possible to further segment the markets for both campus switches and WLAN equipment/WAPs by customer size, specifically into (i) small and medium-sized enterprises (**SMEs**) and (ii) large enterprises.⁴² The Parties explained that:
- (a) On the demand side, larger customers may require more advanced features, while SMEs' needs are typically less complex.⁴³
 - (b) On the supply side, suppliers may offer distinct products to cater for the distinct needs of SMEs and large enterprises.⁴⁴
28. The Parties submitted that their overlaps in relation to both campus switches and WAP are limited to large enterprise customers.⁴⁵

5.2.1.2 *CMA assessment*

29. Based on the evidence received, the CMA considers that the relevant product markets are no wider than each of (i) campus switches and (ii) WLAN equipment.

³⁷ FMN, paragraphs 201–210.

³⁸ FMN, paragraphs 201 and 204.

³⁹ FMN, paragraph 242.

⁴⁰ FMN, paragraphs 228 and 232.

⁴¹ FMN, paragraph 226. The Parties referred to the European Commission decisions in [Hewlett Packard/3Com](#) [COMP/M.5732], paragraph 39; and [The Gores Group LLC/Siemens Enterprise Communications](#) [COMP/M.5300], paragraph 44.

⁴² FMN, paragraphs 206 and 228.

⁴³ FMN, paragraph 206.

⁴⁴ FMN, paragraphs 218 and 228.

⁴⁵ FMN, paragraphs 202 and 228.

Third parties indicated that their requirements for campus switches and WLAN equipment are distinct from those of other networking products, and the CMA has seen no evidence that any other networking product is capable of performing the functionalities of either campus switches or WLAN equipment.⁴⁶ Further, it is common in the industry to classify networking products with respect to each individual product (for example, by campus switches or WLAN equipment), and this is also reflected in the Parties' internal documents.⁴⁷ For example, the Parties' internal documents consistently monitor their rivals for campus switching separately from other areas of networking.

30. The CMA also assessed whether the supply of WLAN equipment should be split further between WAPs and WLAN controllers:
 - (a) On the demand side, the CMA has seen evidence from customers which indicates that their purchasing requirements do not differ between WAP and other types of WLAN equipment.⁴⁸ For example, a third-party customer told the CMA that their WLAN software licences covered their entire WLAN infrastructure, including both WAPs and controllers.⁴⁹
 - (b) On the supply side, the CMA has not seen any evidence from third-party competitors that suggests they segment WAPs from other WLAN equipment when supplying these products.⁵⁰
31. The Parties' internal documents also consistently assess the market for the supply of WLAN equipment as a whole without any further segmentation.⁵¹ For example, one of HPE's internal documents prepared in contemplation of the Merger states that [§<] is in the supply of WLAN equipment, without any further segmentation mentioned.⁵²
32. On the basis of the evidence above, the CMA does not consider it necessary to further segment the market for the supply of WLAN equipment by WAPs and WLAN controllers.
33. The CMA also considered whether the markets for the supply of campus switches and WLAN equipment should be segmented by customer size. However, third-party evidence suggests that networking products such as campus switches and

⁴⁶ Response to the CMA questionnaire from a number of third parties, June 2024, questions 3 and 4.

⁴⁷ See for example HPE Internal Document, Annex 002 – HPX_00000056 to the FMN, [§<]; HPE Internal Document, Annex 002 – HPX_00000082 to the FMN, [§<].

⁴⁸ Note of a call with a third party, May 2024, paragraph 17; Response to the CMA questionnaire from a number of third parties, June 2024, question 2; Note of a call with a third party, April 2024, paragraph 3.

⁴⁹ Note of a call with a third party, May 2024, paragraph 19.

⁵⁰ Response to the CMA questionnaire from a number of third parties, June 2024, question 5.

⁵¹ See for example HPE Internal Document, Annex 002 – HPX_00000006 to the FMN, [§<]; HPE Internal Document, Annex 002 – HPX_00000212 to the FMN, [§<]; HPE Internal Document, Annex 002 – HPX_00000056 to the FMN, [§<]. See also Juniper Internal Document, Annex 004 – s.10.044 to the FMN, [§<]; Juniper Internal Document, Annex 004 – s.10.051 to the FMN, [§<].

⁵² HPE Internal Document, Annex 002 – HPX_00000035 to the FMN, [§<].

WLAN equipment are generally considered to be highly commoditised, and the CMA has not received evidence from any third party that there is any significant difference in functionality or technical specifications between campus switches and WLAN equipment for large enterprises and those for SMEs.⁵³

34. Accordingly, the CMA does not consider it necessary to further segment the markets for the supply of campus switches and WLAN equipment by customer sizes and types.

5.2.1.3 Conclusion on product market

35. Based on the above evidence, the CMA has assessed the impact of this Merger on the supply of (i) campus switches and (ii) WLAN equipment.

5.2.2 Geographic market

5.2.2.1 Parties' submission

36. The Parties submitted that the most appropriate geographic market for campus switches and WLAN is worldwide in scope.⁵⁴ The Parties did not make detailed submissions regarding the assessment of the geographic market other than submitting that a worldwide geographic market is consistent with the approach taken by the European Commission in previous cases.⁵⁵

5.2.2.2 CMA assessment

37. The CMA has considered whether or not these markets are worldwide in scope. The Parties and their competitors are typically multinational companies that supply both UK and international customers, and the Parties' internal documents largely discuss business strategies and market performance on a worldwide basis, sometimes excluding China.⁵⁶
38. However, the CMA received evidence that, on the demand side, UK customers usually purchase campus switches and WLAN equipment locally from UK resellers, who primarily compete for customers on a national basis.⁵⁷ The CMA also received evidence that, on the supply side, the competitor set is different in

⁵³ Note of a call with a third party, April 2024, paragraph 18; Note of a call with a third party, April 2024, paragraph 18; Note of a call with a third party, May 2024, paragraph 37.

⁵⁴ FMN, paragraphs 211 and 230.

⁵⁵ FMN, paragraphs 211 and 230. For campus switches, the Parties referred to the European Commission decisions in [Hewlett Packard/3Com](#) [COMP/M.5732], paragraph 34; and [Broadcom/Brocade](#) [COMP/M.8314]. For WLAN equipment, the Parties referred to the European Commission decisions in [Hewlett Packard/3Com](#) [COMP/M.5732], paragraph 31; and [The Gores Group LLC/Siemens Enterprise Communications](#) [COMP/M.5300], paragraph 19.

⁵⁶ See for example HPE Internal Document, Annex 002 – HPX_0000056 to the FMN, [redacted]; HPE Internal Document, Annex 002 – HPX_00000595 to the FMN, [redacted]; Juniper Internal Document, Annex 004 – s.10.056 to the FMN, [redacted].

⁵⁷ Note of a call with a third party, June 2024, paragraphs 5 and 6; Response to the CMA questionnaire from a number of third parties, June 2024, question 2.

different geographic locations. In particular, certain Chinese suppliers, such as Huawei Technologies Co Ltd (**Huawei**) and H3C Technologies Co Ltd (**H3C**), are not active in the UK despite being amongst the Parties' primary competitors in several other jurisdictions (including outside China). While the Parties' internal documents recognise Huawei and H3C as being [§<] competitors worldwide,⁵⁸ none of the third-party competitors and indirect sellers identified Huawei or H3C as viable suppliers of campus switches or WLAN equipment in the UK.⁵⁹

5.2.2.3 Conclusion on geographic market

39. Based on the above evidence, the CMA has assessed the impact of this Merger on the supply of campus switches and WLAN equipment in the UK.

5.2.3 Conclusion on market definition

40. The CMA has assessed the impact of the Merger on:

- (a) the supply of campus switches in the UK; and
- (b) the supply of WLAN equipment in the UK.

5.3 Theories of harm

41. The CMA assesses the potential competitive effects of a merger by reference to theories of harm. Theories of harm provide a framework for assessing the effects of a merger and whether or not it could lead to an SLC relative to the counterfactual.⁶⁰

42. In its investigation of this Merger, the CMA has considered the following theories of harm:

- (a) horizontal unilateral effects in the supply of campus switches in the UK;
- (b) horizontal unilateral effects in the supply of WLAN equipment in the UK; and
- (c) conglomerate effects.

43. Each of these theories of harm is considered below.

⁵⁸ See for example, HPE Internal Document, Annex 002 – HPX_00000056 to the FMN, [§<].

⁵⁹ Response to the CMA questionnaire from a number of third parties, June 2024, questions 4 and 5; Response to the CMA questionnaire from a number of third parties, June 2024, questions 5 and 6; Submission to the CMA from a third party, June 2024; Submission to the CMA from a third party, June 2024.

⁶⁰ [CMA129](#), paragraph 2.11.

5.4 Theory of Harm 1: Horizontal unilateral effects in the supply of campus switches in the UK

44. Horizontal unilateral effects may arise when one firm merges with a competitor that previously provided a competitive constraint, allowing the merged entity profitably to raise prices or to degrade quality on its own and without needing to coordinate with its rivals.⁶¹ Horizontal unilateral effects are more likely when the parties to a merger are close competitors.⁶²
45. The CMA assessed whether it is or may be the case that the Merger has resulted, or may be expected to result, in an SLC as a result of horizontal unilateral effects in the supply of campus switches in the UK. The CMA has considered:
- (a) the Parties' submissions;
 - (b) shares of supply;
 - (c) third-party evidence; and
 - (d) internal documents.

5.4.1 Parties' submissions

46. The Parties submitted that there are no competition issues in the supply of campus switches in the UK. The Parties submitted that their combined market share was just [20–30]% in the UK in 2023,⁶³ and that the Merger therefore gives rise to a low combined share in campus switches with a very low increment.⁶⁴
47. The Parties also submitted that they are not each other's closest competitors.⁶⁵ In particular, the Parties stated that Cisco is the largest competitor by a significant margin, and it will continue to be the clear market leader in the supply of campus switches both globally and in the UK.⁶⁶ The Parties submitted that there are also other competitors capable of competing aggressively with the Parties' respective campus switching offerings.⁶⁷ The Parties stated that this includes Extreme Networks, Arista and Fortinet.⁶⁸

⁶¹ [CMA129](#), paragraph 4.1.

⁶² [CMA129](#), paragraph 4.8.

⁶³ FMN, paragraph 219.

⁶⁴ FMN, paragraphs 540–542.

⁶⁵ FMN, paragraph 580.

⁶⁶ FMN, paragraphs 538, 543–550.

⁶⁷ FMN, paragraphs 580–583.

⁶⁸ FMN, paragraphs 551–579.

5.4.2 Shares of supply

48. Shares of supply can be useful evidence when assessing closeness of competition, particularly when the degree of product differentiation is limited. In this case, third-party evidence indicates that networking products such as campus switches and WLAN equipment are generally considered to be highly commoditised.⁶⁹ In such circumstances, a firm with a higher share of supply is more likely to be a closer competitor to its rivals than a firm with a lower share of supply.⁷⁰
49. The CMA collected data from the Parties and their competitors on the revenues they received from selling campus switches in the UK in 2023, to estimate the shares of supply. Where data on third parties was not available, the CMA used estimates provided by the Parties from the International Data Corporation (**IDC**).⁷¹ This data was aggregated to provide the total market size for campus switches in the UK in 2023.
50. Table 1 presents the CMA's share of supply estimates for 2023.⁷² This shows that the Parties are the second and third largest suppliers of campus switches in the UK, albeit with a relatively low combined share of [20–30]% and a small increment of [5–10]%. Cisco is by far the largest supplier of campus switches with a [60–70]% share of supply, which is significantly larger than the combined share of the Parties.
51. The Table also shows that there are several additional suppliers with shares between [0–5]%, namely Netgear, Inc, (**Netgear**), Extreme Networks and Fortinet. Although not shown in the Table, evidence collected by the CMA shows that Fortinet in particular has grown significantly over the past three years.⁷³
52. Finally, Table 1 shows that there is a tail of other smaller suppliers of campus switches in the UK, with a collective share of almost 10%. This includes suppliers such as CommScope, Ubiquiti and Arista.

Table 1: Share of supply estimates by revenue for the supply of campus switches in the UK (2023)

	<i>Share of supply</i>
HPE	[10–20]%
Juniper	[5–10]%

⁶⁹ Note of a call with a third party, April 2024, paragraph 18; Note of a call with a third party, April 2024, paragraph 18; Note of a call with a third party, May 2024, paragraph 37.

⁷⁰ [CMA129](#), paragraph 4.14.

⁷¹ The IDC is a global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. The IDC Tracker data was used to estimate the market shares. The IDC Tracker provides market size, vendor share and forecasts for hundreds of technology markets for more than 100 countries across the globe.

⁷² The CMA has also considered the shares of supply based on the IDC data. The CMA found that the combined share of the Parties did not differ significantly between the two estimates, although Juniper's share of supply for campus switches was smaller in the IDC shares. The IDC shares also included [X<], who confirmed to the CMA that [X<].

⁷³ Fortinet grew by [X<]% between 2021 and 2023. Response to the CMA questionnaire from a third party, June 2024, question 2.

Combined	[20–30]%
Cisco	[60–70]%
Netgear	[0–5]%
Extreme Networks	[0–5]%
Fortinet	[0–5]%
Others	[5–10]%
Total	100%

Source: CMA analysis of third-party responses to the CMA questionnaire and estimates provided by the IDC.

5.4.3 Third-party evidence

53. Almost all of the third parties that responded to the CMA identified a range of credible alternatives to the Parties in supplying campus switches in the UK. Most notably, almost all of the third parties told the CMA that Cisco is a strong and close competitor to the Parties. This includes all of the indirect sellers, as well as the large majority of customers and competitors.⁷⁴ One indirect seller for example told the CMA that Cisco is the most commonly referenced and well-known supplier of campus switches, with most customers having worked with, or currently using, Cisco switches.⁷⁵ Similarly, one large customer told the CMA that it preferred Cisco to the Parties because Cisco had the ability to resolve bugs and defects in a timely manner, and it had excellent technical support and feature-rich code.⁷⁶
54. Further, indirect sellers and customers identified on average five suppliers of campus switches that could meet their requirements. In total, indirect sellers identified nine different suppliers of campus switches,⁷⁷ and customers identified 15 different suppliers.⁷⁸ Similarly, competitors identified on average five different competitors in the supply of campus switches and between them, identified 14 different suppliers in total.⁷⁹ In particular, the large majority of indirect sellers and customers identified Fortinet, Extreme Networks and Arista as alternatives to the Parties.⁸⁰ For example:
- (a) One indirect seller told the CMA that it is commonplace to see the Parties competing alongside Cisco, Extreme Networks and Fortinet.⁸¹
 - (b) Another indirect seller told the CMA that suppliers like Arista and Fortinet are challengers in the market space and that they have very competent solutions.⁸²

⁷⁴ Response to the CMA questionnaire from a number of third parties, June 2024, question 6; Response to the CMA questionnaire from a number of third parties, June 2024, question 7; Response to the CMA questionnaire from a number of third parties, June 2024, question 7; Note of a call with a third party, June 2024, paragraphs 23–24.

⁷⁵ Response to the CMA questionnaire from a third party, June 2024, question 7.

⁷⁶ Response to the CMA questionnaire from a third party, June 2024, question 7.

⁷⁷ Response to the CMA questionnaire from a number of third parties, June 2024, question 5.

⁷⁸ Response to the CMA questionnaire from a number of third parties, June 2024, question 5.

⁷⁹ Response to the CMA questionnaire from a number of third parties, June 2024, question 4.

⁸⁰ Response to the CMA questionnaire from a number of third parties, June 2024, question 5; Response to the CMA questionnaire from a number of third parties, June 2024, question 5.

⁸¹ Response to the CMA questionnaire from a third party, June 2024, question 7.

⁸² Response to the CMA questionnaire from a third party, June 2024, question 7.

- (c) A different indirect seller told the CMA that there are numerous other suppliers who offer a very competitive set, besides the Parties and Cisco, including Extreme Networks and CommScope.⁸³
- (d) One customer told the CMA that Fortinet is very credible, especially due to its integration with other products.⁸⁴

55. No third party that responded to the CMA raised concerns about the impact of the Merger on competition for the supply of campus switches in the UK.

5.4.4 Internal documents

56. The Parties provided internal documents from a range of sources including board minutes, strategic plans and internal presentations discussing the broad networking industry and the Parties' performance in the supply of individual products. The Parties also provided internal documents prepared in contemplation of the Merger, which consisted of board documents and internal presentations discussing the Parties' activities and the rationale of the Merger.

57. The Parties' internal documents show that while the Parties monitor each other, they compete against a range of suppliers for campus switches. In particular, the internal documents reviewed by the CMA frequently refer to Cisco as the Parties' largest competitor and having a significant share in the supply of campus switches.⁸⁵ HPE's internal documents also regularly benchmark HPE's size and strength in campus switches alongside a range of competitors, including Cisco, Ubiquiti, Extreme Networks, Arista, Juniper and Huawei.⁸⁶ These internal documents show that several third-party suppliers are a credible competitive constraint, and in some cases growing significantly. For example:

- (a) A HPE internal document describes Arista as [redacted].⁸⁷
- (b) A HPE internal document describes Extreme Networks and Arista as HPE's campus switching competitors, [redacted].⁸⁸
- (c) Finally, a HPE internal document mentions Netgear as a [redacted] competitor in campus switches.⁸⁹

⁸³ Response to the CMA questionnaire from a third party, June 2024, question 7.

⁸⁴ Response to the CMA questionnaire from a third party, June 2024, question 7.

⁸⁵ See for example HPE Internal Document, Annex 002 – HPX_00000056 to the FMN, [redacted]; HPE Internal Document, Annex 002 – HPX_00000082 to the FMN, [redacted]; HPE Internal Document, Annex 002 – HPX_00000100 to the FMN, [redacted]; HPE Internal Document, Annex 002 – HPX_00000230 to the FMN, [redacted]; HPE Internal Document, Annex 002 – HPX_00000595 to the FMN, [redacted].

⁸⁶ See for example HPE Internal Document, Annex 002 – HPX_00000056 to the FMN, [redacted]; HPE Internal Document, Annex 002 – HPX_00000082 to the FMN, [redacted]; HPE Internal Document, Annex 002 – HPX_00000228 to the FMN, [redacted].

⁸⁷ HPE Internal Document, Annex 002 – HPX_00000225 to the FMN, [redacted].

⁸⁸ HPE Internal Document, Annex 002 – HPX_00000228 to the FMN, [redacted].

⁸⁹ HPE Internal Document, Annex 002 – HPX_00000225 to the FMN, [redacted].

58. The Parties also submitted market reports from a range of industry sources, including the Gartner Magic Quadrant Report and reports from Dell’Oro and the 650 Group. Although the reports assess the market for campus switches on a global scale, they are consistent with the Parties’ internal documents and third-party evidence in that they identify Cisco as the largest supplier of campus switches, significantly larger than the second largest supplier, HPE.⁹⁰ The reports also identify Huawei, H3C, Ubiquiti, Arista and Extreme Networks as being suppliers for campus switches on a global basis.⁹¹ One report highlights that Arista grew 61% and Extreme Networks grew 20% in the supply of campus switches between 2022 and 2023 worldwide.⁹²

5.4.5 Conclusion on horizontal unilateral effects in the supply of campus switches

59. The evidence from shares of supply, third parties and internal documents consistently shows that whilst the Parties do compete against one another in the supply of campus switches, Cisco is by far the largest supplier, and will exert a strong competitive constraint on the Merged Entity.

60. The evidence also shows that there are a number of other credible suppliers of campus switches, including Fortinet, Extreme Networks, Arista and Netgear. These suppliers were mentioned as alternatives to the Parties by a large number of third parties, which is also reflected in the Parties’ internal documents. The CMA also notes that no third party raised concerns regarding the impact of the merger in the supply of campus switches in the UK.

61. Accordingly, the CMA has found that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in the supply of campus switches in the UK.

5.5 Theory of Harm 2: Horizontal unilateral effects in the supply of WLAN equipment in the UK

62. The CMA assessed whether it is or may be the case that the Merger has resulted, or may be expected to result, in an SLC as a result of horizontal unilateral effects in the supply of WLAN equipment. The structure of this section follows that of campus switches above. In particular, the CMA has assessed:

(a) the Parties’ submissions;

⁹⁰ HPE Internal Document, Annex 016 – 2023-Q4 – 650Group – P2_ES__Full_Market_and_Forecast_Report__F7_4Q23 to the FMN, ‘Ethernet Switch Quarterly Market and Long-Term Forecast Report’, February 2024.

⁹¹ HPE Internal Document, Annex 016 – 2023-Q4 – 650Group – P2_ES__Full_Market_and_Forecast_Report__F7_4Q23 to the FMN, ‘Ethernet Switch Quarterly Market and Long-Term Forecast Report’, February 2024.

⁹² HPE Internal Document, Annex 016 – 2023-Q4 – 650Group – P2_ES__Full_Market_and_Forecast_Report__F7_4Q23 to the FMN, ‘Ethernet Switch Quarterly Market and Long-Term Forecast Report’, February 2024.

- (b) shares of supply;
- (c) third-party evidence; and
- (d) internal documents.

5.5.1 Parties' submissions

63. The Parties submitted that their combined market share in the supply of WLAN equipment was just [10–20]% in the UK in 2023,⁹³ and that the Merger would therefore lead to a low combined share with very limited increment.⁹⁴
64. The Parties also submitted that they are not close competitors in WLAN equipment.⁹⁵ The Parties considered Cisco to be their main competitor by a considerable margin, but stated that there are multiple other suppliers with capabilities to compete against the Parties' respective WLAN offerings.⁹⁶ In particular, the Parties submitted that, in addition to Cisco, the Merged Entity would continue to face significant competitive constraints from Extreme Networks, Arista, CommScope, Ubiquiti and Fortinet.⁹⁷

5.5.2 Shares of supply

65. Table 2 presents the CMA's share of supply estimates for WLAN equipment in the UK in 2023, following the same methodology as used above in the supply of campus switches.⁹⁸ The table shows that the Parties are the third and fifth largest suppliers of WLAN equipment in the UK, with a combined share of [10–20]% and a [0–5]% increment. As in the case of campus switches, Cisco is by far the largest supplier, with a [60–70]% share of supply in the UK in 2023.
66. Table 2 also shows that there are several competitors with similar shares to those of HPE and Juniper. Ubiquiti is currently the second largest supplier of WLAN equipment in the UK, with a share that would be only slightly smaller than that of the Merged Entity. CommScope and Fortinet have smaller shares, albeit comparable to that of Juniper.
67. The long tail of smaller suppliers of WLAN equipment accounts for [5–10]% share, which is larger than both HPE and Juniper individually. This includes suppliers

⁹³ FMN, paragraph 219.

⁹⁴ FMN, paragraphs 604–605.

⁹⁵ FMN, paragraph 633.

⁹⁶ FMN, paragraphs 633–636.

⁹⁷ FMN, paragraphs 612–632.

⁹⁸ The CMA has also considered the shares of supply based on the IDC data. The CMA found that the combined share of the Parties did not differ significantly between the two estimates, although Juniper's share of supply for WLAN equipment was smaller in the IDC shares. The IDC shares also included [X], who confirmed to the CMA that [X].

such as Netgear, TP-Link Corporation Pte Ltd (**TP-Link**) and Zyxel Communications Corporation (**Zyxel**).

Table 2: Share of supply estimates for the supply of WLAN equipment in the UK (2023)

	<i>Share of supply</i>
HPE	[5–10]%
Juniper	[0–5]%
Combined	[10–20]%
Cisco	[60–70]%
Ubiquiti	[5–10]%
CommScope	[0–5]%
Fortinet	[0–5]%
Others	[5–10]%
Total	100%

Source: CMA analysis of third-party responses to the CMA questionnaire and estimates provided by the IDC.

5.5.3 Third-party evidence

68. As was the case for campus switches, almost all of the third parties that responded to the CMA identified a range of credible alternatives to the Parties in the supply of WLAN equipment in the UK. Indirect sellers and customers identified on average five different suppliers of WLAN equipment that could meet their requirements. In total, indirect sellers identified nine different suppliers of WLAN equipment,⁹⁹ and customers identified 15 different suppliers.¹⁰⁰ Similarly, competitors identified on average five different competitors in the supply of WLAN equipment and between them, identified 12 different suppliers in total.¹⁰¹ The suppliers identified by third parties as credible competitors to the Parties included Cisco, Fortinet, Extreme Networks and Ubiquiti.¹⁰²
69. A number of third parties also indicated that Juniper’s AI offering (Mist) differentiates Juniper’s WLAN equipment from HPE’s and makes it a closer competitor with Cisco. For example:
- (a) One indirect seller told the CMA that Juniper had focused on AI since its acquisition of Mist, whereas HPE is focused on security.¹⁰³
 - (b) One competitor told the CMA that Juniper’s Mist provides stronger capabilities for customers requiring a cloud managed solution than HPE’s offering.¹⁰⁴
70. No third party that responded to the CMA raised a concern about the merger with respect to the supply of WLAN equipment in the UK.

⁹⁹ Response to the CMA questionnaire from a number of third parties, June 2024, question 6.

¹⁰⁰ Response to the CMA questionnaire from a number of third parties, June 2024, question 6.

¹⁰¹ Response to the CMA questionnaire from a number of third parties, June 2024, question 5.

¹⁰² Response to the CMA questionnaire from a third party, June 2024, question 6; Note of a call with a third party, May 2024; Note of a call with a third party, May 2024.

¹⁰³ Response to the CMA questionnaire from a third party, June 2024, question 7.

¹⁰⁴ Response to the CMA questionnaire from a third party, June 2024, question 6.

5.5.4 Internal documents

71. The Parties' internal documents show that they compete against a range of suppliers for WLAN equipment. In particular, Cisco is frequently mentioned as the largest supplier and market leader.¹⁰⁵ Internal documents also benchmark the Parties' WLAN offerings against other suppliers, including Ubiquiti, CommScope and Extreme Networks.¹⁰⁶ For example:

- (a) A HPE internal document mentions Ubiquiti as a [redacted] networking competitor [redacted] a wireless offering [redacted],¹⁰⁷ and another HPE internal document mentions that Extreme Networks [redacted] in its wireless network portfolio [redacted].¹⁰⁸
- (b) A Juniper internal document refers to the Gartner Magic Quadrant report and benchmarks Juniper's WLAN products against those of competitors including Extreme Networks, CommScope, Fortinet and Arista.¹⁰⁹

72. The Parties also submitted market reports from a range of industry sources, as discussed in paragraph 58. The reports are consistent with the Parties' internal documents and third-party evidence above in showing that Cisco is the market leader, and that there are several other credible competitors to the Parties. For example, the Gartner Magic Quadrant report identifies Cisco, Extreme Networks, Fortinet and Huawei as leaders in the supply of WLAN equipment alongside the Parties globally.¹¹⁰ A different report identifies Cisco, CommScope, Extreme Networks, HPE and Juniper as suppliers in WLAN globally. It also states that CommScope sales have outpaced the market and Extreme Network's revenue grew faster than the market.¹¹¹

5.5.5 Conclusion on horizontal unilateral effects in the supply of WLAN equipment

73. The CMA's analysis shows that the Parties are the third and fifth largest suppliers of WLAN equipment in the UK, with a small combined share of supply of [10–20]%. Cisco is significantly larger, supplying [60–70]% of the total market, and the evidence shows that there are a range of other credible competitors including Ubiquiti, CommScope and Fortinet. Consistent with this, no third party has raised a

¹⁰⁵ See for example HPE Internal Document, Annex 002 – HPX_00000056 to the FMN, [redacted]; HPE Internal Document, Annex 002 – HPX_00000225 to the FMN, [redacted]; Juniper Internal Document, Annex 004 – s.10.018 to the FMN, [redacted]; Juniper Internal Document, Annex 004 – s.10.037 to the FMN, [redacted].

¹⁰⁶ HPE Internal Document, Annex 002 – HPX_00000100 to the FMN, [redacted]; Juniper Internal Document, Annex 004 – s.10.018 to the FMN, [redacted].

¹⁰⁷ HPE Internal Document, Annex 002 – HPX_00000225 to the FMN, [redacted].

¹⁰⁸ HPE Internal Document, Annex 002 – HPX_00000083 to the FMN, [redacted].

¹⁰⁹ Juniper Internal Document, Annex 004 – s.10.080 to the FMN, [redacted].

¹¹⁰ HPE Internal Document, Annex 016 – Magic Quadrant - Gartner – GartnerMQ_Wired and Wireless LAN_Mar2024 to the FMN, 'Magic Quadrant for Enterprise Wired and Wireless LAN Infrastructure', March 2024.

¹¹¹ HPE Internal Document, Annex 016 – 2023-Q3 – Dell'Oro – wireless-lan-quarterly-20231220162148 to the FMN, 'Wireless LAN Quarterly Report 3Q23', undated.

concern about the merger with respect to the supply of WLAN equipment in the UK.

74. Accordingly, 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 the supply of WLAN equipment in the UK.

5.6 Theory of Harm 3: Conglomerate effects

75. The concern with a conglomerate theory of harm is that a merged entity may restrict its rivals in one ‘focal’ market from accessing customers using its strong position in an ‘adjacent’ market.¹¹² The merged entity could do this through linking the sales of the two products in some way, thereby encouraging customers who want its product in the adjacent market to also purchase its product in the focal market, at the expense of rivals.
76. In response to the CMA’s investigation, a small number of third parties indicated that the Merger could give rise to conglomerate effects in the supply of networking products.¹¹³ In particular, third parties were concerned that the Merged Entity could foreclose the Parties’ rivals through bundling their offering. Third parties indicated that the Merged Entity might be able to bundle hardware products with other software or security solutions or reduce the interoperability of their network products. These third parties also noted that the Parties and Cisco combined would have a significant share of supply.
77. As set out in the analysis under Theory of Harm 1 and Theory of Harm 2 above, the CMA’s assessment has found that the Parties have relatively low shares of supply for both campus switches and WLAN equipment in the UK, and are constrained by a number of credible alternative providers. This includes Cisco (which has a considerably stronger position than the Parties for both campus switches and WLAN equipment) as well as third parties such as Fortinet, Extreme Networks and Ubiquiti. The evidence therefore indicates that the Merged Entity would not have market power in any of the networking products in which the Parties are active, including campus switches and WLAN equipment.¹¹⁴ Based on this evidence, the CMA considers that the Merged Entity would lack the ability to foreclose its rivals in the supply of networking products through a bundled offering.

¹¹² This can also apply to leveraging between different segments of the same market as well as between different markets. [CMA129](#), paragraph 7.30.

¹¹³ Response to the CMA questionnaire from a third party, June 2024, question 13; Submission to the CMA from a third party, June 2024.

¹¹⁴ In addition to campus switching and WLAN equipment, the CMA has also considered the Parties’ competitive positions in the supply of data centre switches, SD-WAN, SSE, SASE and NAC and did not find any concerns.

78. The CMA therefore considers that the Merger does not give rise to a realistic prospect of an SLC as a result of conglomerate effects in the supply of networking products.

6. ENTRY AND EXPANSION

79. Entry, or expansion of existing firms, can mitigate the initial effect of a merger on competition, and in some cases may mean that there is no SLC. The CMA will consider entry and/or expansion plans of rivals who do so in direct response to the merger as a countervailing measure that could prevent an SLC. In assessing whether entry or expansion might prevent an SLC, the CMA considers whether such entry or expansion would be timely, likely and sufficient.¹¹⁵
80. As the CMA has concluded that the Merger does not give rise to competition concerns, it is not necessary to consider countervailing factors in this decision.

¹¹⁵ [CMA129](#), paragraph 8.31.

DECISION

81. 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.
82. The Merger will therefore not be referred under section 33(1) of the Act.

Alex Moore
Director, Mergers
Competition and Markets Authority
7 August 2024

ⁱ The Parties informed the CMA that, apart from the list of competition authorities in paragraph 4, the Merger is now also subject to review by the competition authorities in India and Egypt but is no longer subject to review by the competition authorities in [§<] and [§<].