

Completed Acquisition by MRI Software, LLC of Capita One Limited

Decision on relevant merger situation and substantial lessening of competition

ME/7125/24

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 18 March 2025. Full text of the decision published on 10 April 2025.

The Competition and Markets Authority (**CMA**) has excluded from this 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 Some numbers have been replaced by a range, which are shown in square brackets.

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SUMMARY

1. The Competition and Markets Authority (**CMA**) has found that the completed acquisition by an indirect subsidiary of MRI Software, LLC (**MRI Software**) of Capita One Limited (**Capita One**) on 5 September 2024 (the **Merger**) does not give rise to a realistic prospect of a substantial lessening of competition (**SLC**) within a market or markets in the United Kingdom (the **UK**).
2. MRI Software and Capita One both provide 'core solution' property management software for social housing providers in the UK, with each managing up to 50,000 properties. This software is typically used by Local Authorities and Housing Associations to manage and maintain their portfolio of properties and associated tenancies.
3. The CMA considered whether the Merger would lead to an SLC as a result of **horizontal unilateral effects** in the supply of core solution property management software to social housing providers managing between 1,000 and 50,000 properties in the UK. Horizontal unilateral effects may arise when one firm merges with a competitor that previously provided a competitive constraint, allowing the merged entity to profitably raise prices or degrade quality on its own and without needing to coordinate with its rivals.
4. The CMA found that while the Parties will have a significant market position post-Merger, they will continue to face a strong competitive constraint from each of Civica and NEC, as well as from a range of smaller competitors, including recent entrants.
5. The Merger will therefore **not be referred** under section 22(1) of the Enterprise Act 2002 (the **Act**).

ASSESSMENT

1. PARTIES, MERGER AND MERGER RATIONALE

1. MRI Software is a US-headquartered supplier of global real estate software solutions, including software solutions for the UK social housing sector. MRI Software is a wholly owned subsidiary of MRI Parent Holdings LLC (**MRI Parent**). MRI Parent is jointly owned and controlled by private equity funds managed or advised by TA Associates Management L.P.¹, GI GP IV LLC², and Harvest Partners, LP (the **Controlling Entities**).³ MRI Software, MRI Parent, and the Controlling Entities are collectively referred to as **MRI**. The turnover of MRI Software in 2023 was approximately £[<] worldwide⁴ and approximately £[<] in the UK.⁵
2. Capita One is a UK-based company, providing software solutions across the UK public sector. Capita One was a wholly owned, indirect subsidiary of Capita plc before the Merger. The turnover of Capita One in 2023 was £[<] worldwide and approximately £[<] in the UK.⁶
3. MRI and Capita One are together referred to as the **Parties** and, for statements relating to the future, the **Merged Entity**.
4. MRI completed its acquisition of Capita One via Orchard Information Systems Limited (a subsidiary of MRI Software Limited) on 5 September 2024, for a total consideration of £207 million.
5. MRI submitted that the main strategic rationale for the Merger is to expand its existing capabilities and customer base in UK public sector software in relation to social housing, revenue & benefits and education.⁷ The CMA considers that MRI's internal documents support this rationale.⁸

¹ TA Associates Management L.P manages and / or advises the fund TA Lion Corp.

² GI GP IV LLC manages and / or advises the following funds: MRI Main Fund Holdings, LLC, GI Mint Holdings-A Splitter LP, GI MRI Joint Blocker Sub Inc., GI MRI Fund B Blocker, LLC, and GI MRI Fund B Splitter, LP.

³ Harvest Partners, LP manages and / or advises the following funds MRI Aggregator, LP, MRI HP VIII Splitter, L.P, and MRI HP SCF II Common Splitter, L.P.

⁴ Parties' submission to the CMA, 14 March 2025.

⁵ Parties' submission to the CMA, 14 March 2025.

⁶ Parties' response to the CMA's section 109(1) Notice, 10 October 2024 (**Enquiry Letter response**), paragraph 9.1.

⁷ Parties' Briefing Paper submitted to the CMA, 19 July 2024, Executive Summary.

⁸ For example, MRI's Internal Document, Annex 056 to the Enquiry Letter, '[<]', July 2024, slide 5; MRI's Internal Document, Annex 057 to the Enquiry Letter, '[<]', slides 4 and 5.

2. PROCEDURE

6. The CMA's mergers intelligence function identified the Merger as warranting an investigation.⁹
7. The CMA commenced its phase 1 investigation on 27 January 2025. As part of its investigation, the CMA gathered a significant volume of evidence from the Parties, including internal documents received in response to targeted information requests. The CMA also gathered evidence from other market participants, such as customers and competitors, to better understand the competitive landscape and impact of the Merger on competition.

3. JURISDICTION

8. Each of MRI and Capita One is an enterprise. As a result of the Merger, these enterprises have ceased to be distinct.
9. The Parties overlap in the supply of core solution property management software (referred to from hereon as '**core social housing software**') for social housing providers in the UK managing between 1,000 and 50,000 properties, with a combined share of supply of [30-40]% (with an increment of [10-20]%) by revenue in 2023.¹⁰ The CMA therefore considers that the share of supply test in section 23 of the Act is met.
10. The Merger completed on 5 September 2024.¹¹ As completion occurred prior to 1 January 2025, the amendments to the tests for assessing jurisdiction under the Act introduced by the Digital Markets, Competition and Consumers Act 2024 do not apply to the Merger.¹² Accordingly, the jurisdictional tests as in force immediately prior to 1 January 2025 apply to the Merger.¹³
11. The CMA therefore believes that a relevant merger situation has been created.
12. The four-month deadline for a decision under section 24 of the Act is 9 April 2025, following several extensions under section 25(2).¹⁴ The initial period for consideration of the Merger under section 34ZA(3) of the Act started on 28

⁹ [Mergers: Guidance on the CMA's jurisdiction and procedure \(CMA2\)](#), 25 April 2024, paragraphs 6.4–6.6.

¹⁰ See Table 1: Revenue shares of supply of core social housing software for social housing providers with 1,000 to 50,000 properties under management in the UK (2023).

¹¹ Enquiry Letter response, paragraph 4.1.

¹² The Digital Markets, Competition and Consumers Act 2024 (Commencement No. 1 and Savings and Transitional Provisions) Regulations 2024, Schedule (Savings and transitional provisions), paragraph 5(a).

¹³ References in the jurisdiction section of the Decision (as far as the jurisdictional test is concerned) to the Act should be construed as references to the version of the Act in force immediately prior to 1 January 2025.

¹⁴ The four month period mentioned in section 24 of the Act was extended between 25 October 2024 and 27 January 2025 following the Parties' failure to comply, with or without reasonable excuse, with the requirements of notices issued by the CMA under section 109 of the Act.

January 2025 and the statutory 40 working day deadline for a decision is therefore 25 March 2025.

4. COUNTERFACTUAL

13. The CMA assesses a merger's impact relative to the situation that would prevail absent the merger (ie the counterfactual).¹⁵
14. In completed mergers, the counterfactual may consist of the pre-merger conditions of competition, or conditions of competition that involve stronger or weaker competition between the parties to a merger than under the pre-merger conditions of competition.¹⁶ In determining the appropriate counterfactual, the CMA will generally focus only on changes to the prevailing conditions of competition where there are reasons to believe that those changes would make a material difference to its competitive assessment.¹⁷
15. The Parties submitted that the CMA should assess the competitive effects of the Merger against the pre-Merger conditions of competition.¹⁸ The CMA has not received any evidence suggesting the Merger should be assessed against an alternative counterfactual. Therefore, the CMA considers the pre-Merger conditions of competition to be the relevant counterfactual.

5. COMPETITIVE ASSESSMENT

5.1 Background and nature of competition

16. The Parties overlap in the supply of core social housing software in the UK. This software is used by social housing providers (generally, registered social landlords, such as Housing Associations (HAs) and Local Authorities (LAs))¹⁹ to manage their properties and associated tenancies. It typically includes functionalities such as:
 - (a) Housing management, ie the management of tenancies covering aspects such as tenancy applications, tenant-requests, and rent collection; and
 - (b) Asset management, ie the management of physical housing assets including through recording major components and associated life cycles (eg roof

¹⁵ [CMA's Merger Assessment Guidelines](#) (CMA129), March 2021, paragraph 3.1.

¹⁶ [CMA129](#), paragraph 3.2.

¹⁷ [CMA129](#), paragraph 3.9.

¹⁸ Enquiry Letter response, paragraph 19.1.

¹⁹ Some social housing in the UK is managed by Arm's Length Management Organisations which provide housing services on behalf of LAs, though ownership is retained by the LA; Note of a call with a third party. Some social housing is also owned in the UK by for-profit providers; Parties' response to the CMA's Request for Information, 28 October 2024 (RFI 1), paragraph 2.1.

replacements), monitoring requests, and completion of property repairs, as well as monitoring compliance with regulations (eg fire safety checks).²⁰

17. Core social housing software differs from point software solutions, which are designed to provide a single ancillary function compared to the range of features of core solutions.²¹ Point solutions can be integrated or ‘bolted-on’ to core solutions, to provide additional functionality to a core solution where required by the customer. The Parties do not overlap in the supply of point solutions, as the Capita One housing product is exclusively a core solution.²²
18. Core social housing software is generally sold as an ‘out of the box’ product intended for social housing customers, allowing customers to operate the product with limited integration required with the customers’ existing IT infrastructure. However, some customers may use a customer relationship management (**CRM**) platform from suppliers such as Microsoft Dynamics and Salesforce, which is not specifically designed for social housing. Other customers may use a third-party integrator to adapt the CRM platform and build the required functionality.²³ For the purposes of this Decision, these solutions are collectively referred to as ‘**non-specialised core social housing software**’.
19. Most customers generally procure core social housing software through a formal tender process.²⁴ Customers either directly publish their specifications for suppliers to respond to or procure via a framework, such as the Government’s G-cloud programme.²⁵ Contracts for core social housing software last on average five years, with customers typically retendering one to two years ahead of the end of their current contract.²⁶
20. Some customers told the CMA that in tenders, they place the greatest weight on product quality, followed by price when choosing a supplier.²⁷ Other important factors included the ability of a supplier to point to previous examples of successful implementation of their solution (referenceability)²⁸, whether that solution meets the customer’s technical requirements (functionality)²⁹, and whether their solution could be implemented as a cloud-based solution (ie a solution that is hosted in the cloud instead of within a company’s internal servers).³⁰

²⁰ Parties’ Briefing Paper submitted to the CMA, 19 July 2024, paragraph 2.8; Parties’ response to the CMA’s Request for Information, 28 October 2024 (RFI 1), paragraph 6.1.

²¹ Parties’ response to the CMA’s Request for Information, 28 October 2024 (RFI 1), paragraph 6.2.

²² Enquiry Letter response, footnote 8.

²³ Note of a call with a third party.

²⁴ Parties’ response to the CMA’s Request for Information, 28 October 2024 (RFI 1), paragraph 2.1; all of the Parties’ customers that the CMA spoke to via calls during its third-party engagement confirmed this.

²⁵ Parties’ response to the CMA’s Request for Information, 28 October 2024 (RFI 1), paragraph 1.4.

²⁶ Parties’ response to the CMA’s Request for Information, 28 October 2024 (RFI 1), paragraphs 1.1 and 1.2.

²⁷ Notes of calls with various third parties.

²⁸ Notes of calls with various third parties.

²⁹ Notes of calls with various third parties.

³⁰ Notes of calls with various third parties.

5.2 Market definition

5.2.1 Product market

21. The Parties overlap in the supply of core social housing software in the UK for social housing providers managing up to 50,000 properties.³¹ The Parties submitted the most appropriate product market for the CMA's assessment is the supply of core social housing software for all types of social housing providers, as suppliers can offer the core functionalities required of housing management, asset management, and maintenance and repairs across the entire range of social housing provider customers.³²
22. The CMA considered whether it is appropriate to distinguish a narrower segmentation of the product market based on (i) the number of properties managed by a customer; and/or (ii) type of social housing provider (ie as between HAs or LAs).

5.2.1.1 Segmentation by customer size

23. Third-party evidence broadly indicated that 'smaller' customers (generally, those managing fewer than 1,000 properties) and larger customers have different requirements based on the relative complexity of their software needs. Several competitors indicated that such smaller customers may find typical core social housing software solutions to offer features beyond their needs or budgets,³³ with some indicating that for these types of customers, software with a narrower range of functionality from bespoke specialised software suppliers may be more appropriate.³⁴ Amongst feedback from larger customers, one indicated that larger customers may have stricter requirements concerning the amount of product support that is provided by their supplier,³⁵ and another noted that owing to its increased complexity as a larger organisation, it may also require a greater degree of sophistication from its core social housing software solution compared to smaller customers (such as accommodating different tenancy types and ownership structures within a customer's housing portfolio).³⁶
24. Accordingly, the CMA has focused its competitive assessment on the primary area of overlap between the Parties, namely the provision of core social housing software to social housing provider customers managing more than 1,000 properties and fewer than 50,000 properties (as the Parties do not overlap in the supply of core social housing software to customers managing more than 50,000

³¹ Parties' response to the CMA's Request for Information, 11 November 2024 (RFI 2), paragraph 1.1.

³² Parties' Briefing Paper submitted to the CMA, 19 July 2024, paragraph 2.12.

³³ Submission to the CMA from a third party, August 2024; Notes of calls with various third parties.

³⁴ Notes of calls with various third parties.

³⁵ Note of a call with a third party.

³⁶ Note of a call with a third party.

properties).³⁷ While the evidence outlined above indicates that there is no ‘bright line’ between the requirements of customers managing different numbers of properties, by focussing the competitive assessment on the overlap between the Parties, the CMA considers that it has identified the customers who would be most affected by the Merger.

5.2.1.2 *Segmentation by customer-type*

25. All competitors that engaged with the CMA submitted that their core social housing software can be provided to both HAs and LAs.³⁸ Most customers stated that there were limited differences in the requirements of a HA and LA, with some customers submitting that the requirements of both could be delivered by the same core social housing software,³⁹ although some submitted that minor differences exist in how the technology is used.⁴⁰ Accordingly, the CMA has not segmented the supply of core housing software to LAs and HAs in its competitive assessment.

5.2.1.3 *Conclusion on product market definition*

26. For the reasons above, the CMA has focused its assessment on the supply of core social housing software to social housing providers managing between 1,000 and 50,000 properties. The CMA does not consider it appropriate to distinguish between supply to LAs or HAs. However, the CMA has left open the question of whether it is appropriate to distinguish a narrower product market based on the number of properties managed, as the Merger does not give rise to a realistic prospect of an SLC on any basis.

5.2.2 **Geographic market**

27. The CMA assessed whether a narrower geographic market of the supply of core social housing software to individual nations within the UK (ie England, Scotland, Wales, and Northern Ireland) should be considered. Housing is a devolved matter in the UK, and customer evidence indicated that minor regulatory distinctions exist in the management of social housing across the different UK nations.⁴¹ However, most competitors and some customers did not consider these distinctions to be a barrier to operating across them, and most competitors submitted that they provide the same software product to social housing providers across all four nations.⁴²

³⁷ Evidence submitted by the Parties indicated that they do not overlap in the supply of core social housing software for customers with more than 50,000 properties in the UK and have a minimal overlap in the supply of core social housing software for customers with fewer than 1,000 properties in the UK. Parties’ response to the CMA’s Request for Information, 11 November 2024 (RFI 2), Tables 1 and 2.

³⁸ Notes of calls with various third parties.

³⁹ Notes of calls with various third parties.

⁴⁰ Notes of calls with various third parties.

⁴¹ For example, notes of calls with various third parties.

⁴² Notes of calls with various third parties.

28. Therefore, the CMA considers the UK to be the appropriate geographic market for its assessment.

5.2.3 Conclusion on market definition

29. The CMA has therefore assessed the effect of the Merger on the supply of core social housing software to social housing providers managing between 1,000 and 50,000 properties in the UK.

5.3 Theories of harm

30. The CMA assesses the potential competitive effects of mergers 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.⁴³

31. The CMA considered horizontal unilateral effects in the supply of core social housing software for social housing providers managing between 1,000 and 50,000 properties in the UK. This theory of harm is considered below.

5.3.1 Theory of Harm 1: Horizontal unilateral effects in the supply of core social housing software to social housing providers managing between 1,000 and 50,000 properties in the UK

32. 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.⁴⁴ Horizontal unilateral effects are more likely when the parties to a merger are close competitors.⁴⁵ The CMA has assessed horizontal unilateral effects with reference to the Parties' shares of supply, evidence concerning how closely the Parties compete, the presence of alternative constraints, and third-party views concerning the Merger.

5.3.1.1 Shares of supply

33. The Parties submitted that they are not the strongest players in the supply of core social housing software in the UK for customers managing at least 100 properties,⁴⁶ estimating their combined share of supply to be c.[20-30]% in 2023, by revenue.⁴⁷

⁴³ [CMA129](#), paragraph 2.11.

⁴⁴ [CMA129](#), paragraph 4.1.

⁴⁵ [CMA129](#), paragraph 4.8.

⁴⁶ Parties' Briefing Paper submitted to the CMA, 19 July 2024, paragraphs 2.12 and 4.3.

⁴⁷ Parties' Briefing Paper submitted to the CMA, 19 July 2024, paragraph 4.3.

34. The CMA gathered revenue data from the Parties and competitors in relation to the supply of core social housing software. Table 1 below shows the CMA's estimates of the revenue shares of various suppliers of core social housing software to customers managing between 1,000 to 50,000 properties in the UK in 2023.⁴⁸

Table 1: Revenue shares of supply of core social housing software for social housing providers with 1,000 to 50,000 properties under management in the UK (2023)

<i>Software supplier</i>	<i>UK Share of supply (%)</i>
MRI	[10-20]%
Capita One Parties (combined)	[10-20]% [30-40]%
Civica	[20-30]%
NEC	[20-30]%
MIS Active	[5-10]%
Salesforce	[5-10]%
Aareon	[0-5]%
HomeMaster	[0-5]%
Rubixx	[0-5]%
Total	100.0%

Source: CMA estimates based on the Parties' and competitors' data.

35. The shares show that the Merged Entity will have a significant share of supply of [30-40]% in 2023, making it the largest supplier by a small margin followed by Civica and NEC, who will each continue to have strong market positions of [20-30]% and [20-30]% respectively.⁴⁹ Several smaller suppliers remain, such as MIS Active, Salesforce, Aareon, HomeMaster, and Rubixx.

36. However, the CMA notes that certain non-specialised core social housing software suppliers (eg Microsoft Dynamics-based systems) identified by third parties as providing a constraint on the Merged Entity (discussed further below in Alternative constraints) are not included in the above table, meaning that the shares of supply listed are likely overestimates of the listed suppliers' competitive strength.

37. Furthermore, in bidding markets such as the supply of core social housing software, shares of supply reflect the outcome of past tenders and may not therefore fully accurately reflect current conditions of competition. Additionally, third-party evidence suggested some differentiation between the main suppliers of core social housing software. Whilst most of the competitors that engaged with the CMA provided evidence that indicates the core functionalities of their solutions overlap⁵⁰ and most can service both LAs and HAs (see paragraphs 16 and 25 above),⁵¹ some third-party evidence suggested differentiation between different suppliers based on the size of customers they currently serve as well as the

⁴⁸ The CMA also considered the Parties' combined shares by customer number and found that this does not materially differ to their shares based on revenue.

⁴⁹ As part of its investigation, the CMA considered shares of supply based on narrower customer groups based on number of properties managed and found that competitive positions did not differ materially in any narrower customer group.

⁵⁰ Notes of calls with various third parties.

⁵¹ Notes of calls with various third parties.

modernity of different solutions (eg extent of cloud readiness).⁵² Therefore, the CMA considers that while these shares of supply are a useful starting point, it is appropriate to consider these in the round alongside other evidence on closeness of competition between the Parties, the competitive constraint from alternative suppliers and views from third parties.⁵³

5.3.1.2 Closeness of competition

38. The Parties submitted that they are not close competitors in the supply of core social housing software as they target distinct customer segments by size, with MRI focusing on smaller customers compared to Capita One (ie those that manage below 3,000 properties).⁵⁴ Furthermore, the Parties submitted that, whilst MRI also serves larger customers, Civica and NEC are Capita One's closest competitors, with Capita One losing several tenders to both in recent years (see paragraph 45 below).
39. The Parties submitted bidding data to the CMA for the years 2021 to 2024.⁵⁵ Focussing on the opportunities in which the Parties overlapped between 2021 and 2024, this data shows that the Parties competed against each other in fewer than half of the tenders they each participated in ([X] out of [X] for MRI and [X] for Capita One). Capita One won half of these opportunities, with the remaining tenders being won by Civica and MIS Active. There were no opportunities in which both Parties competed and there were no other competitors. In the opportunities that both Parties participated in, there was at least one other competitor in every tender, with an average of two other competitors present in the opportunities that both Parties participated in.⁵⁶
40. The Parties also submitted customer switching data for 2021 to 2025.⁵⁷ This data shows that of the customers Capita One lost between 2021 and 2025 ([X]), only a very small proportion (less than 10%) were to MRI, and a greater number was lost

⁵² Notes of calls with various third parties; Response to a CMA questionnaire from a third party.

⁵³ [CMA129](#), paragraph 4.15.

⁵⁴ Parties' Briefing Paper submitted to the CMA, 19 July 2024, paragraph 4.3.

⁵⁵ Parties' response to the CMA's Request for Information, 27 January 2025 (RFI 3), Annex 4. The CMA's analysis of bidding data (and all other analysis following) may include customers with more than 50,000 properties or fewer than 1,000 properties. The CMA does not consider that this will materially affect the analysis of the effect of the Merger on customers with between 1,000 and 50,000 properties given that: (i) information relating to Capita One is unlikely to be affected, given that it does not have any customers with over 50,000 properties and only a very small number of customers with fewer than 1,000 properties (Parties' response to the CMA's Request for Information, 11 November 2024, (RFI 2), Table 1); (ii) MRI has a very small number of customers with over 50,000 properties and below 1,000 properties (Parties' response to the CMA's Request for Information, 11 November 2024, (RFI 2), Table 2); (iii) the CMA was only able to identify two customers responding to our information request that had over 50,000 properties and none that had fewer than 1,000 properties; and, (iv) as noted in paragraph 24, the evidence indicates that there is no 'bright line' between the requirements of customers managing different numbers of properties.

⁵⁶ The Parties' bidding data notes 'undisclosed others' in [[X]] of the [[X]] overlapping tender opportunities of the Parties, which the CMA has not included in our analysis. The exclusion of 'undisclosed others' means that the minimum number of other tender participants and the average number of tender participants reported is an underestimate.

⁵⁷ Parties' response to the CMA's Request for Information, 27 January 2025 (RFI 3), Annex 3.

to each of Civica, NEC, Aareon, and HomeMaster.^{58,59} Of the customers that MRI lost over the same timeframe ([redacted]), none were lost to Capita One, with the majority of its customer losses going to HomeMaster.^{60,61}

41. The majority of third parties that responded to the CMA's investigation identified both Parties as suppliers of core social housing software.⁶² When asked to rank the viability of different suppliers based on the strength of their core social housing software, both Parties were identified as moderately strong suppliers.⁶³ However, the CMA received some evidence of differentiation between the Parties' offerings. Several third parties (including both competitors and customers) submitted that Capita One's product had a greater focus on servicing LA customers compared to MRI.⁶⁴ One customer also identified the Capita One offering as receiving more investment compared to MRI.⁶⁵ Another customer also submitted that MRI and Capita One were differentiated on the basis of Capita One providing a cloud-based core social housing software and therefore competing more closely with other cloud-based suppliers such as NEC and Civica.⁶⁶ A small number of competitors nevertheless stated that the Parties' offerings were not differentiated.⁶⁷
42. Several of MRI's internal documents indicate that while the Parties both compete in core social housing software, MRI views its offering as being differentiated from (i) Capita One, and other large suppliers NEC and Civica, through its focus on smaller and mid-sized HAs;⁶⁸ and (ii) most of its competitors by having a lower breadth of integrations with point solutions and a more antiquated core solution.⁶⁹
43. Overall, the evidence indicates that while the Parties each compete in this market, their offerings are somewhat differentiated. Whilst they have competitive

⁵⁸ The Parties also provided data on 'informal terminations' to the CMA – see Parties' response to the CMA's Request for Information, 27 January 2025 (RFI 3), Annex 3. These are customers that have [redacted]. Given that [redacted], the CMA has placed less weight on them. The informal termination data shows [redacted] informal terminations from Capita One customers, with just under half ([redacted]) predicted to switch to NEC, just over a fifth ([redacted]) predicted to switch to Civica, under one fifth ([redacted]) predicted to switch to Microsoft Dynamics-based suppliers and [redacted] predicted to switch to HomeMaster. An [redacted] customers are predicted to switch to 'Unknown' suppliers.

⁵⁹ A further [redacted] customers were lost to 'Unknown' competitors, with the Parties submitting that this does not include MRI.

⁶⁰ In addition, [redacted] was lost to an 'Unknown' competitor, with the Parties submitting that this does not include Capita One.

⁶¹ The Parties also provided data on 'informal terminations' to the CMA (see footnote 58, above). This data shows a relatively small number ([redacted]) informal terminations from MRI customers over the relevant period, with roughly one third ([redacted]) predicted to switch to each of Capita One and NEC as well as one predicted to switch to each of MIS Active and a Microsoft Dynamics-based supplier.

⁶² Responses to a CMA questionnaire from various third parties; Notes of calls with various third parties.

⁶³ CMA analysis of responses to a CMA questionnaire from various third parties. The CMA asked customers the following 'If you were going to tender for a new core solution property management software in the UK, which suppliers would you consider to be credible?' Customers were asked to rank third parties on an ordinal scale from 1 ('very weak') to 5 ('very strong').

⁶⁴ For example, Notes of calls with various third parties.

⁶⁵ Note of a call with a third party.

⁶⁶ Note of a call with a third party. As described in paragraph 20, cloud-based solutions are hosted in the cloud instead of a company's physical internal servers.

⁶⁷ Notes of calls with various third parties. The number of third parties that explicitly stated that the Parties' offerings were not differentiated were fewer than those that stated that they were differentiated.

⁶⁸ MRI Internal Document, Annex 059 to the Enquiry Letter, '[redacted]', 19 May 2024, slide 31.

⁶⁹ MRI Internal Document, Annex 059 to the Enquiry Letter, '[redacted]', 19 May 2024, slide 77; MRI Internal Document, Annex 522 to the Enquiry Letter, '[redacted]', 30 April 2024, page 1; MRI Internal Document, Annex 537 to the Enquiry Letter, '[redacted]', 30 April 2024, page 6.

interactions with each other through their bidding activities, the customer switching data indicates that customers switch from each Party to other suppliers more frequently than they do to each other.

5.3.1.3 *Alternative constraints*

44. The Parties submitted that, in addition to Civica and NEC, they compete against many other suppliers, including Aareon, Designer Software (HomeMaster), MIS Active, Omniledger, and Voicescape.⁷⁰ Moreover, the Parties submitted that there have been successful recent entrants into the market including HomeMaster and Rubixx, with both companies increasing their shares of supply by winning customers from more established players, including the Parties.⁷¹ The Parties also pointed to emerging competition from ‘dynamic partners’, such as Infinity Group, who use Microsoft’s product suite, including Microsoft Dynamics, to build core social housing software.⁷²
45. The evidence consistently indicates that each of Civica and NEC present a strong competitive constraint on the Parties:
- (a) As shown in Table 1 above, Civica and NEC each have a strong market position, with a share of supply of [20-30]% and [20-30]% respectively in 2023.
 - (b) The bidding data shows that of the opportunities MRI competed for (and lost) between 2021 and 2024 ([<]), MRI lost most frequently to NEC (roughly a quarter of these opportunities), followed by Civica and Capita One jointly.⁷³ Of the opportunities Capita One competed for in this period ([<]), the competitors it lost most frequently to were jointly Civica and NEC, each of whom won just under a third of the opportunities lost by Capita One.⁷⁴
 - (c) The customer switching data shows that out of MRI’s customer losses between 2021 and 2025 ([<]), a small proportion switched to each of Civica and NEC (although a much larger majority did so to HomeMaster).⁷⁵ Out of Capita One’s customer losses for the same period ([<]), customers primarily switched to Civica, followed by NEC.⁷⁶
 - (d) When asked to rank the viability of different suppliers based on the strength of their core social housing software, customers ranked NEC the strongest,

⁷⁰ Parties’ Briefing Paper submitted to the CMA, 19 July 2024, paragraph 4.3.

⁷¹ Enquiry Letter response, paragraph 34.1.

⁷² Enquiry Letter response, paragraph 34.2.

⁷³ Parties’ response to the CMA’s Request for Information, 27 January 2025 (RFI 3), Annex 4. A further [<] opportunities were lost to ‘Unknown’ competitors, with the Parties submitting that this does not include Capita One.

⁷⁴ Parties’ response to the CMA’s Request for Information, 27 January 2025 (RFI 3), Annex 4. [<] lost to an ‘Unknown’ competitor, with the Parties submitting that this is not MRI.

⁷⁵ Parties’ response to the CMA’s Request for Information, 27 January 2025 (RFI 3), Annex 3.

⁷⁶ Parties’ response to the CMA’s Request for Information, 27 January 2025 (RFI 3), Annex 3.

closely followed by each of the Parties and Civica who were identified as moderately strong suppliers.⁷⁷

46. The evidence also indicates that MIS Active presents some constraint on the Parties. Whilst Table 1 above shows that MIS Active had a relatively low share of supply of [5-10]% in 2023, the bidding data shows that the Parties collectively lost a small number and proportion of tenders to MIS Active between 2021 and 2024.⁷⁸ Moreover, the switching data shows a small proportion of customers that switched away from Capita One between 2021 and 2025 moved to MIS Active.⁷⁹ Although third parties generally saw MIS Active as having a moderately strong offering, they ranked MIS Active lower on average than other suppliers, such as NEC, the Parties, Civica and HomeMaster (which the CMA considers to be broadly reflective of the market position indicated by the shares of supply, bidding data and customer switching data).⁸⁰
47. Furthermore, the evidence indicates that several recent entrants also act as a competitive constraint on the Parties, particularly in relation to customers managing properties at the lower end of the 1,000 to 50,000 range:
- (a) Whilst HomeMaster had a relatively small share of supply of [0-5]% in 2023, the evidence indicates that since entering the market in 2019, it has successfully posed a constraint on the Parties, particularly MRI (the latter, through its focus on 'smaller' customers). Several third parties (including both customers and competitors) submitted HomeMaster focused on customers managing a number of properties at the lower end of the 1,000 to 50,000 range.⁸¹ HomeMaster won a small number of customers that MRI bid for and lost between 2021 and 2024 (fewer than were won by NEC, Capita One, and Civica, but equal to that won by MIS Active).⁸² The customer switching data shows that a small number and proportion of customers switched from Capita One to HomeMaster (only slightly fewer than those that switched to Civica and NEC) in 2021 to 2025, and that of the customers switching from MRI,

⁷⁷ CMA analysis of responses to a CMA questionnaire from various third parties. The CMA asked customers the following 'If you were going to tender for a new core solution property management software in the UK, which suppliers would you consider to be credible?' Customers were asked to rank third parties on an ordinal scale from 1 ('very weak') to 5 ('very strong').

⁷⁸ Parties' response to the CMA's Request for Information, 27 January 2025 (RFI 3), Annex 4.

⁷⁹ Parties' response to the CMA's Request for Information, 27 January 2025 (RFI 3), Annex 3. No customers switched from MRI to MIS Active in this period.

⁸⁰ CMA analysis of responses to a CMA questionnaire from various third parties.

⁸¹ Several third parties also stated that they regarded HomeMaster as servicing smaller customers: notes of calls with various third parties. Response to a CMA questionnaire from a third party. One customer commented that HomeMaster's product offering was unable to service larger, more complex customers (Note of a call with a third party); one competitor indicated that while recent entrants such as HomeMaster and Rubixx had potential to compete for larger customers, this would take time and they may face challenges to servicing larger customers in the short term through eg more limited referenceability (Note of a call with a third party).

⁸² Parties' response to the CMA's Request for Information, 27 January 2025 (RFI 3) Annex 4. HomeMaster did not win any customer tenders against Capita One in the bidding data submitted to the CMA.

more customers switched to HomeMaster than to any other competitors combined between 2021 and 2025.⁸³

- (b) Similarly, whilst Rubixx had a very small share of supply in 2023 ([0-5]%), since entering the market in approximately 2020,⁸⁴ it has won a small number of customers that switched away from Capita One or MRI between 2021 and 2025.⁸⁵ Third-party feedback indicated that, similarly to HomeMaster, Rubixx is generally focused on customers managing a number of properties at the lower end of the 1,000 to 50,000 range.⁸⁶

48. The CMA considers that suppliers of non-specialised core social housing software also act as a competitive constraint on the Parties, in particular for customers managing properties at the upper end of the 1,000 to 50,000 properties range, albeit to varying degrees:⁸⁷

- (a) Customers responding to the CMA's merger investigation ranked Microsoft Dynamics-based solutions as moderately strong.⁸⁸ Customer switching data also indicated that Microsoft Dynamics based-solutions won customers from Capita One.⁸⁹ Some customers also submitted that they would consider switching to a Microsoft Dynamics-based solution, or that this software could viably meet their requirements in the event of a tender process.⁹⁰
- (b) Salesforce has a small to moderate market share of [5-10]% (see Table 1 above). Some customers submitted that they would consider switching to a Salesforce-based solution, or that this software could viably meet their requirements in the event of a tender process.⁹¹ However, customer ratings generally identified Salesforce as providing a weaker offering compared to most other suppliers.⁹² The Parties' bidding and switching data also did not indicate that the Parties lost tenders or customers to Salesforce in the period covered.⁹³
- (c) Some customers generally considered non-specialised core social housing software to be more expensive and more suitable for larger customers or customers with greater in-house IT capabilities.⁹⁴

⁸³ Parties' response to the CMA's Request for Information, 27 January 2025 (RFI 3), Annex 3.

⁸⁴ Note of a call with a third party.

⁸⁵ Parties' response to the CMA's Request for Information, 27 January 2025 (RFI 3), Annex 3.

⁸⁶ Notes of calls with various third parties. One competitor commented that while Rubixx has potential to compete for larger customers, this would take time and they may face challenges to servicing larger customers currently (Note of call with a third party).

⁸⁷ Shares of supply mentioned in this paragraph and its sub-paragraphs refer back to Table 1 in this Decision.

⁸⁸ CMA analysis of responses to a CMA questionnaire from various third parties.

⁸⁹ Parties' response to the CMA's Request for Information, 27 January 2025 (RFI 3), Annex 3.

⁹⁰ Notes of calls with various third parties.

⁹¹ Notes of calls with various third parties.

⁹² CMA analysis of responses to a CMA questionnaire from various third parties.

⁹³ Parties' response to the CMA's Request for Information, 27 January 2025 (RFI 3), Annexes 3 and 4.

⁹⁴ Notes of calls with various third parties.

49. Multiple third parties told the CMA that they do not currently view Aareon as a viable competitor in the supply of core social housing software in the UK, which is also reflected in the Parties' bidding data where Aareon does not feature.⁹⁵ Whilst some customers seemed to have switched to Aareon, all of these switches occurred before 2023.⁹⁶ The CMA also did not receive any feedback indicating that Omniledger or Voicescape posed a constraint on the Parties.
50. Overall, the CMA considers that post-Merger, the Merged Entity will continue to face a strong competitive constraint from each of Civica and NEC. The Merged Entity will also face a competitive constraint from a range of smaller competitors, including recent entrants and suppliers of non-specialised core social housing software.

5.3.1.4 *Third-party views on the Merger*

51. Most competitors and customers that engaged with the CMA's market testing had neutral or positive views about the Merger.⁹⁷⁹⁸ Over a third of customers considered there to be sufficient remaining choice of different suppliers in the market post-Merger.⁹⁹
52. A minority of competitors had negative views concerning the Merger.¹⁰⁰ With respect to competition, two competitors expressed concern that the Merger would lead to greater concentration,¹⁰¹ reducing customer choice to three suppliers (Civica, NEC, and the Merged Entity). One of these competitors noted that larger customers with more sophisticated needs may be particularly affected in this respect,¹⁰² and the other competitor noted that the increased concentration would have a negative impact on pricing and innovation.¹⁰³
53. A minority of customers also had mixed or negative views with respect to the Merger.¹⁰⁴ One customer noted that the Merger might affect social housing providers' ability to integrate third party point solutions with the Merged Entity's core social housing software product.¹⁰⁵ Some customers also submitted concerns

⁹⁵ Parties' response to the CMA's Request for Information, 27 January 2025 (RFI 3), Annex 4; Notes of calls with various third parties and questionnaire response from a third party.

⁹⁶ Parties' response to the CMA's Request for Information, 27 January 2025 (RFI 3), Annex 3.

⁹⁷ Notes of calls with various third parties.

⁹⁸ Notes of calls with various third parties and questionnaire responses from various third parties. The CMA also received positive views concerning the Merger from a third party active in [redacted] services to social housing providers but not a customer or competitor to the Parties.

⁹⁹ Notes of calls with various third parties.

¹⁰⁰ Notes of calls with various third parties.

¹⁰¹ Notes of calls with various third parties.

¹⁰² Note of a call with a third party.

¹⁰³ Note of a call with a third party.

¹⁰⁴ Notes of calls with various third parties; CMA questionnaire responses from various third parties.

¹⁰⁵ Note of a call with a third party.

with respect to the effect the Merger might have on their existing product offering purchased from MRI or Capita One.¹⁰⁶

54. For the reasons outlined in the competitive assessment, the CMA does not consider that the evidence supports the negative third-party concerns outlined. In particular, the CMA considers that the Merged Entity will face a sufficient competitive constraint from a number of competitors including Civica and NEC, other competitors such as HomeMaster and Rubixx, as well as from suppliers of non-specialised core social housing software whose extensive offerings may be particularly suitable for larger customers.

5.3.1.5 *Conclusion on theory of harm 1*

55. For the reasons set out above, the CMA does not consider that the Merger gives rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in the supply of core social housing software to social housing providers managing between 1,000 and 50,000 properties in the UK.

6. ENTRY AND EXPANSION

56. 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.
57. As the CMA has concluded that the Merger does not give rise to competition concerns, it is not necessary to consider entry and expansion in this Decision.

¹⁰⁶ CMA questionnaire responses from various third parties

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58. Consequently, the CMA does not believe that it is or may be the case that the Merger has resulted, or may be expected to result, in an SLC within a market or markets in the United Kingdom.
59. The Transaction will therefore not be referred under section 22(1) of the Act.

Elie Yoo
Director, Mergers
Competition and Markets Authority
18 March 2025