



DETERMINATION OF MERGER NOTIFICATION M/24/023 – FORTRESS ULTIMATE/PORT HOLDCO

Section 21 of the Competition Act 2002

Proposed acquisition by Fortress Ultimate holdings, L.P. of sole control of Port Holdco, Inc.

Dated 23 May 2024

Introduction

1. On 12 April 2024, in accordance with section 18(1)(a) of the Competition Act 2002, as amended (the “Act”), the Competition and Consumer Protection Commission (the “Commission”) received a notification of a proposed acquisition whereby Clayton, Dubilier & Rice Fund XII, L.P. and four other limited partnerships¹ under common control with Clayton, Dubilier & Rice Fund XII, L.P. (together, “CD&R Fund XII”)² through CD&R Fund XII’s wholly owned subsidiary Fortress Ultimate Holdings, L.P., (“Fortress”) would acquire sole control of Port Holdco, Inc., (“Presidio”) (the “Proposed Transaction”).³

The Proposed Transaction

2. The Proposed Transaction is to be implemented pursuant to a merger agreement dated 30 March 2024 between Presidio, Fortress Intermediate 3, Inc., Fortress Merger Sub, Inc., and BCEC-Port Holdings (Delaware), LP (the “Merger Agreement”). Pursuant to the Merger Agreement, Clayton, Dubilier & Rice [] will acquire a [...] % interest in, and therefore sole control of, Presidio.

The Undertakings Involved

¹ [...].

² CD&R Fund XII is a private equity fund managed by Clayton, Dubilier & Rice, LLC.

³ CD&R Fund XII and Presidio are referred to collectively in this determination as the “Parties”.



The Acquirer – CD&R Group

3. CD&R Fund XII is a private equity fund [managed] by Clayton, Dubilier & Rice, LLC, an entity affiliated with Clayton, Dubilier & Rice (the “CD&R Group”).⁴ The CD&R Group is a private equity investment group based in the United States, which originates, structures and frequently acts as lead equity investor in management buyouts, strategic minority equity investments and other strategic investments. The CD&R Group makes these investments through a number of different funds, one of which is CD&R Fund XII. These funds control portfolio companies which are active in a variety of economic sectors. In the State, funds controlled by the CD&R Group are active in sectors including energy, healthcare, business software solutions and hospitality.^[5]
4. For the financial year ended 31 December 2023, the CD&R Group’s worldwide turnover was approximately €[...], of which approximately €[...] was generated in the State.

The Target – Presidio

5. Presidio is solely controlled by investment funds affiliated with or managed by BC Partners LLP. It is active in the supply of integrated IT solutions in North America, Europe, and Asia Pacific relating to the optimisation of IT infrastructure and the enhancement of security.
6. In the State, Presidio supplies (i) IT-related services and (ii) IT equipment (both hardware and software) relating to security, networking, digital transformation and cloud computing.
7. For the financial year ended 31 December 2023, Presidio’s worldwide turnover was approximately €[...], of which approximately €[...] was generated in the State.

⁴ The Parties in the notification form state that CD&R Group is a colloquial reference used by the private equity firm to refer to the firm as a whole. Clayton, Dubilier & Rice, LLC is the fund manager.

⁵ The names and a description of the majority of portfolio companies of the CD&R Group can be found [here](#).



Rationale for the Proposed Transaction

8. In the merger notification form, the Parties stated the following:

“CD&R is a financial and strategic investor. The Proposed Transaction is a financial investment and consistent with CD&R’s business strategy of acquiring significant interests in mature and growing businesses and seeking to maximize their value by assisting management and focusing business activities.”⁶

Third-Party Submissions

9. No third-party submissions were received.

Industry Background – The IT sector

10. The IT sector comprises (i) the supply of IT services, and (ii) the supply of IT products. In the State, the IT services sector is characterised by numerous local and international large and small competitors offering both generic and customised services to a variety of sophisticated customers in the public and private sector. These services comprise professional services, which is primarily internal and external staff augmentation, managed services, which is primarily monitoring of customer networks, systems, and devices from a remote location, and services relating to the implementation of IT infrastructure. The supply of IT products includes personal computers (“PCs”), servers, software, and storage devices. Sales of IT products occur either directly to end-consumers, or through intermediaries (known as “channel partners”) who then sell the relevant products to end-consumers. Additional services associated with the distribution of IT products, such as consulting or system configuration support, sales training, marketing, repair and financial solutions, are generally referred to as value added distribution.

⁶ Merger notification form, section 2.6.



11. The Parties state that the IT sector may be characterised as an “ecosystem” (the “Ecosystem”) encompassing “four main levels”, namely:⁷
- Infrastructure: this involves the technology that a business runs on (e.g., servers, PCs);
 - Software applications: this involves applications which run on the infrastructure, and which are necessary for a business to operate;
 - Data: data which is produced at the software application level; and
 - Operational business processes: this involves the analysis of the data produced at the software application level and applying it to business processes such as production, marketing, etc.

Competitive Analysis

Horizontal Overlap

12. There is no horizontal overlap between the activities of the Parties in the State. Presidio is active in (i) the supply of IT services, and (ii) the supply of IT hardware products in the State, whereas CD&R is not active in either of these potential markets.
13. Although two of the CD&R Group’s portfolio companies, Epicor and Cloudera (shaded in Table 1 above in grey), are active in the Ecosystem, they are active at different levels of the Ecosystem to Presidio. Neither Epicor nor Cloudera are active in the supply of IT services or the supply of IT hardware products in the State. Epicor is a provider of enterprise resource planning software and services and operates at the application level of the Ecosystem, whereas Cloudera provides multi-function data management and analytics software and related services, and operates at the data-level of the Ecosystem. By contrast, Presidio’s IT services relate to the implementation of IT infrastructure (either on-premises or in the cloud) and related ancillary services.

⁷ Merger notification form, section 4.2. The Parties state that the IT services offered by Presidio “[...]”



Vertical Relationship

14. The Parties state that no actual vertical relationship exists between them in the State. However, the Parties note that two portfolio companies controlled by CD&R (shaded in grey in Table 1 above) are active in the Ecosystem, namely: (i) Cloudera; and (ii) Epicor. The Parties state that there is no potential or actual vertical relationship between Presidio and Epicor as the type of software that Epicor offers does not form part of the [] services which Presidio offers its customers and thus would not constitute an input for these [] services.
15. The Commission notes that there is a potential vertical relationship between Presidio and Cloudera. In particular, Cloudera's enterprise data management products are focused on the data level of the IT ecosystem, providing multi-function data management and analytics software and services. [...]. Cloudera is active in the upstream market as a provider of data management and analytics software and services, while Presidio and its competitors are active in the downstream market as channel partners/resellers of such IT services.

Relevant Markets

Supply of IT services (downstream)

Product Market

16. In the notification, the notifying parties submit that the precise product market definition can be left open.
17. The Commission and the European Commission ("EC") have previously considered the market for the provision of IT services. In *Capgemini/Altran*, the EC, without coming to a conclusion on market definition, considered that the IT services market can be further segmented on the basis of the functionality of the services or the different sectors concerned.⁸ In respect of functionality, the EC has also previously considered in *IBM/INF Business of Deutsche Lufthansa* various segments including: (i) consulting;

⁸ COMP/M.9460 *Capgemini/Altran*, paras 9-10, available [here](#).



(ii) implementation; (iii) IT outsourcing; (iv) business process outsourcing; (v) software support; and (vi) hardware support.⁹

18. In its determination in *M/19/043 – Arkphire / Trilog Technology*,¹⁰ the Commission considered the market for IT services. While concluding that it was not necessary to define a precise product market, the Commission assessed the competitive effects of that transaction with reference to: “(i) the market for the supply of IT consultancy services; and (ii) the market for the supply of IT outsourcing services.” The Commission held that IT consultancy services included infrastructure, storage, network, and security solutions. IT outsourcing services included the outsourcing of public cloud computing services, infrastructure as a service, infrastructure, and application outsourcing services.¹¹ More recently, in *M/20/007 – Version1 / Singlepoint*, the Commission made its competitive assessment with reference to: (i) the supply of IT consulting services; (ii) the supply of outsourcing services; and (iii) the supply of digital transformation services.¹²
19. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this instance, it is not necessary for the Commission to define the precise relevant product market(s) because the Proposed Transaction is unlikely to raise any competition concerns regardless of whether the potential product market is defined narrowly (e.g. by segmenting the supply of IT services by functionality) or more broadly (e.g. the supply of IT services generally). However, for the purpose of its assessment of the potential vertical relationship which exists between the Parties, the Commission has assessed the likely competitive impact of the Proposed Transaction with reference to the supply of IT services.¹³

Geographic market

⁹ *COMP/M.7458 IBM/INF Business of Deutsche Lufthansa*, para 16, available [here](#).

¹⁰ *M/19/043 – Arkphire/Trilog Technology*, available [here](#).

¹¹ *Ibid*, paras 16-17.

¹² *M/20/007 – Version1 / Singlepoint*, para 22, available [here](#).

¹³ The Commission notes that its competitive effects analysis of the potential vertical relationship between the Parties would not change if the Commission defined a narrower potential product market.



20. In its determination in M/19/043 – *Arkphire/Trilogy Technologies*, the Commission considered the supply of IT services on a national basis, i.e. the State, ultimately leaving the precise geographic market definition open.
21. The Commission does not need to come to a definitive view on the precise relevant geographic market in this instance since its conclusion on the competitive impact of the Proposed Transaction will be unaffected whether the precise relevant geographic market is national or broader than the State. In order to assess the potential vertical relationship between the Parties, the Commission has analysed the supply of IT services by reference to the State.

The provision of enterprise data management solutions (upstream)

Product market

22. Cloudera, the CD&R portfolio company with whom Presidio has a potential vertical relationship, is active in the provision of enterprise data management solutions. The Parties did not provide their views on the potential market for the provision of enterprise management solutions but noted that Cloudera's services in enterprise data management solutions fall into the following three categories: (i) database management solutions; (ii) streaming analytics; and (iii) analytic data platforms.
23. The Commission has not previously considered any of these subsegments. The EC has considered both database management systems¹⁴ and streaming analytics,¹⁵ but not a potential market for analytic data platforms.
24. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. The Commission considers that the precise relevant product markets can be left open for the purposes of assessing the potential vertical relationship which exists between the Parties. For the purposes of assessing this potential vertical relationship, the Commission has assessed the effects in the

¹⁴ See COMP/M.10643 *Oracle/Cerner*, available [here](#); and COMP/M.5529 *Oracle/Sun Microsystems*, available [here](#).

¹⁵ See COMP/M.9205 *IBM/Red Hat*, available [here](#).



potential markets for the three subsegments identified above, namely: (i) database management solutions; (ii) streaming analytics; and (iii) analytic data platforms.

Geographic Market

25. In respect of the relevant subsegments in the provision of enterprise data management solutions, the EC has previously considered these markets on an EEA-wide basis, ultimately leaving the precise geographic market definition open and not precluding the possibility that these markets are global in scope.¹⁶
26. The Commission considers that it is not necessary to define the precise relevant geographic market in this instance, as doing so will not alter the Commission's assessment of the competitive effects of the Proposed Transaction. Accordingly, the Commission has assessed the likely competitive impact of the Proposed Transaction with reference to supply of IT services in the State, and to the provision of (i) database management solutions; (ii) streaming analytics; and (iii) analytic data platforms in the State.

Conclusion on relevant markets

27. For the purposes of carrying out its competitive assessment of the Proposed Transaction, the Commission has assessed the competitive impact of the Proposed Transaction by reference to the following potential markets:
- a) the supply of IT services in the State (downstream); and
 - b) the provision of enterprise data management solutions (sub-segmented by: (i) database management solutions; (ii) streaming analytics; and (iii) analytic data platforms) in the State (upstream).

Competitive Analysis – Vertical Overlap

¹⁶ See COMP/M.5529 *Oracle/Sun Microsystems*, para 112; COMP/M.10643 *Oracle/Cerner*, para 31; and COMP/M.9205 *IBM/Red Hat*, para 80.



28. As set out above, there is a potential vertical relationship between the Parties, as Cloudera is active in the upstream market as a provider of data management and analytics software and services, with Presidio and its competitors active in the downstream market as channel partners/resellers of enterprise data management solutions. [...].¹⁷
29. The Commission considers that the potential vertical relationship is unlikely to result in a substantial lessening of competition in the State for the following reasons:
- (a) Input foreclosure: the Commission considers that Cloudera would have neither the ability nor the incentive to foreclose Presidio's competitors in the downstream market. The Parties provided share estimates for each of the segments within the provision of data management solutions identified above on a global basis. Cloudera's estimated shares in each of these segments are less than [5-10]% globally, namely: the provision of data management solutions ([0-5]%), the provision of streaming analytic solutions ([0-5]%) and the provision of streaming analytics solutions ([0-5]%).¹⁸

Cloudera faces a significant competitive constraint from competitors across each of the three subsegments, in particular from large technology companies active within the State such as Amazon (Amazon Web Services, Inc.), Microsoft Corporation, Google LLC and Datastax, Inc. In addition to this, the Commission considers that, were Cloudera to attempt an input foreclosure strategy, its estimated shares of less than [5-10]% in each of the three subsegments ([0-5]%, [0-5]%, and [0-5]% respectively) are such that the overwhelming majority of supply for the upstream input would remain available, and Presidio's downstream competitors in IT services would be able to switch to one of these larger upstream competitors easily. In addition, the Commission notes that Cloudera currently

¹⁷ Parties' response to information requests from the Commission, provided on 8 May 2024.

¹⁸ In the Parties' response to information requests from the Commission, provided on 8 May 2024, the Parties state that these estimates are based on the IDC Worldwide Big Data and Software Revenue by Segment 2016-2025, and the Parties' best estimates. IDC is a global market intelligence provider for IT, telecoms, and consumer technology products.



contracts with a large number of Presidio's competitors. As such, the Commission considers that, if Cloudera were to cease to utilise these competitors and instead utilised Presidio exclusively, it would be unlikely to be able to offer the same range of services as it currently does. Accordingly, the Commission considers that post-implementation of the Proposed Transaction, Cloudera will have neither the ability nor the incentive to effect an input foreclosure strategy in the relevant potential downstream market.

- (b) Customer foreclosure: Presidio would have neither the ability nor the incentive to foreclose Cloudera's competitors in the upstream market. The Parties provided an estimated share of [0-5]% for Presidio in the supply of IT services in the State.¹⁹ The Parties state that the provision of IT services in the State is highly fragmented, and Presidio faces competition from a large number of competitors.²⁰ The Commission considers that, were Presidio to choose not to re-sell products of Cloudera's competitors (or to prioritise Cloudera over others) in the upstream market, this would have no impact on these competitors' ability to access a large channel partner base. In any event, [...]. As a result, Presidio would be disadvantaging itself by restricting the choice it offers to customers regarding potential suppliers, thereby hampering its ability to offer customers a full suite of products. Accordingly, the Commission considers that, following implementation of the Proposed Transaction, Presidio will have neither the ability nor the incentive to effect a customer foreclosure strategy in the potential upstream markets.

30. In light of the above, the Commission considers that the Proposed Transaction is unlikely to give rise to any vertical competition concerns in the State.

Conclusion of Competitive Analysis

¹⁹ The Parties' estimates are based on the IDC Black Book Live Edition (March V1 2024).

²⁰ Namely, [...].



31. In light of the above, the Commission considers that the Proposed Transaction will not substantially lessen competition in any market for goods or services in the State.

Ancillary Restraints

32. No ancillary restraints were notified.



Determination

The Competition and Consumer Protection Commission, in accordance with section 21(2)(a) of the Competition Act 2002, as amended, has determined that, in its opinion, the result of the proposed acquisition whereby Clayton, Dubilier & Rice Fund XII, L.P. and four other limited partnerships under common control with Clayton, Dubilier & Rice Fund XII, L.P. (together “CD&R Fund XII”), through CD&R Fund XII’s wholly owned subsidiary Fortress Ultimate Holdings, L.P., would acquire sole control of Port Holdco, Inc., will not be to substantially lessen competition in any market for goods or services in the State, and, accordingly, that the acquisition may be put into effect.

For the Competition and Consumer Protection Commission

Úna Butler

Member

Competition and Consumer Protection Commission