



## **DETERMINATION OF MERGER NOTIFICATION M/11/020 - ERICSSON/TELCORDIA**

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### **Section 21 of the Competition Act 2002**

#### **Proposed acquisition by Telefonaktiebolaget LM Ericsson of sole control of Telcordia Holdings Inc.**

**Dated 26 July 2011**

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### **Introduction**

1. On 12 July 2011, in accordance with section 18 of the Competition Act 2002 ("the Act"), the Competition Authority (the "Authority") received a notification of a proposed transaction whereby Telefonaktiebolaget LM Ericsson ("Ericsson") would acquire sole control of Telcordia Holdings Inc. ("Telcordia").

### **The Undertakings Involved**

#### ***Ericsson***

2. Ericsson is a provider of technology and services to telecom operators. It is active in 2G, 3G and 4G mobile technologies, providing support for networks with over 2 billion subscribers worldwide. Ericsson is also active in managed services. It has three main divisions, all of which are active in the State:
  - Networks - this division develops and delivers mobile and fixed-line infrastructure equipment and related software;
  - Global Services – this division comprises professional services and network rollout; and,
  - Multimedia – this division develops and delivers software-based solutions for real-time and on-demand TV, consumer and business applications, and business support systems ("BSS") for telecom operators. BSS refers to computer systems used by telecom operators to manage their business operations for their customers.
3. Ericsson also has a 50% share in a joint venture with Sony Corporation, called Sony Ericsson, that offers mobile phones, accessories, content and applications in the State.
4. For the financial year ending 31 December 2010, Ericsson's worldwide turnover was approximately US\$28 billion (€21 billion<sup>1</sup>). Ericsson's turnover in the State for the same period was €[...].

#### ***Telcordia***

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<sup>1</sup> Based on an average annual exchange rate of €1 = US\$1.33 for 2010.

5. Telcordia is active in mobile, broadband and enterprise communications software and services to support wireless and wireline telecom operators. It has four business units:
  - Operation Support Solutions (“OSS”) - the provision of OSS systems used by telecom operators to plan, operate, administer and maintain their infrastructures in an automated fashion. Telcordia offers a range of OSS products and services including telecom software professional services (“TSPS”). TSPS are used by network operators to support the business process. They include business consulting, design consulting, systems integration, custom development, outsourcing operations and hosting services;
  - Service Delivery Solutions – these enable network operators to deliver and manage new and differentiated services for their customers. Telcordia’s activities take place primarily in the BSS market;
  - Interconnection Solutions – the provision of core telecommunications directories and services for network operators, content providers and regulators; and,
  - Advanced Technology Solutions – the provision of research, consulting, and technology solutions primarily to government agencies in the United States.
6. Telcordia is active in the provision of both BSS and TSPS in the State [...].
7. For the financial year ending 31 January 2011, Telcordia’s worldwide turnover was US\$739 million (€556 million<sup>2</sup>). Telcordia’s turnover in the State for the same period was approximately €[...].

### **Rationale for the Proposed Acquisition**

8. Ericsson submits that the proposed acquisition will enable it to acquire skilled people and knowledge, a large business in the United States and other markets, and a good multi-vendor product portfolio in the OSS/BSS business segments.

### **Third Party Submissions**

9. No submissions were received.

### **Analysis**

10. There is a *de minimis* horizontal overlap between the parties in relation to the provision of both BSS and TSPS in the State.
11. In relation to the provision of BSS, the parties estimate that they both have a market share of less than [0-10]% in the State. Key competitors in the State include Amdocs (with an estimated market share of [20-30]%), Intec ([10-20]%), and Alcatel Lucent ([0-10]%).<sup>3</sup> In the case of TSPS, the parties estimate that they both have a market

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<sup>2</sup> Based on an average annual exchange rate of €1 = US\$1.33 for 2010.

<sup>3</sup> The market share estimates were provided by the parties.

share of less than [0-10]% in the State. Key competitors in the State include Alcatel Lucent, IBM, Nokia Siemens Networks, Accenture, and Hewlett-Packard.<sup>4</sup>

12. Given the parties' negligible market shares, the Authority considers that the proposed acquisition raises no competition concerns in the provision of either BSS or TSPS in the State.
13. There is no vertical relationship between the parties in the State.
14. In light of the above, the Authority considers that the proposed acquisition will not raise any competition concerns in the State.

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<sup>4</sup> The parties do not have any estimates for market shares in the provision of TSPS the State.

## **DETERMINATION**

The Competition Authority, in accordance with section 21(2)(a) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition whereby Telefonaktiebolaget LM Ericsson would acquire sole control of Telcordia Holdings Inc. will not be to substantially lessen competition in markets for goods or services in the State, and accordingly, that the acquisition may be put into effect.

**For the Competition Authority**

**Noreen Mackey**

**Member of the Competition Authority**

**Director, Mergers Division.**