



## **DETERMINATION OF MERGER NOTIFICATION M/14/009 - CHARTERHOUSE (POINTWELL) / SKILLSOFT**

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

#### **Proposed acquisition by Charterhouse Capital Limited through Pointwell Limited of the Skillsoft group of companies**

**Dated 16 April 2014**

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### **Introduction**

1. On 24 March 2014, 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 Charterhouse Capital Limited ("Charterhouse") through Pointwell Limited ("Pointwell"), would acquire SSI LuxCo II S.A. which is an indirect parent of the Skillsoft group of companies (together "Skillsoft").

### **The Undertakings involved**

#### ***The Acquirer***

2. Charterhouse is a private equity group headquartered in London that leads and invests in large European buy-outs. Charterhouse has twelve portfolio companies that are active on the island of Ireland in the following business areas:
  - insurance and travel products for people aged over 50 and automobile breakdown services (Acromas);
  - industrial safety technology for explosion-hazardous environments (Bartec);
  - electronic company, credit and financial information [...];
  - outside the home skin care systems [...];
  - environmental, healthcare, security, risk and social consulting services (ERM);
  - workplace equipment (PHS);

- telehealth and telecare (Tunstall);
  - clothing and footwear [...];
  - elastomeric and polyethylene foam insulation materials (Armacell);
  - vending services (Autobar);
  - greeting card design, printing and retail (Card Factory); and
  - natural stone (Levantina).
3. For the financial year ending 31 December 2013, Charterhouse had a worldwide turnover of €[...] and a turnover in the State of €[...].

***The Newco / Acquisition Vehicle***

4. Pointwell is a special purpose vehicle established for the purposes of the proposed transaction. Pointwell is a private limited company incorporated in the Republic of Ireland.
5. Charterhouse indirectly controls and manages Pointwell via three newly established Luxembourg holding companies (the Evergreen Skills Group) which are held entirely by funds managed by Charterhouse General Partners (IX) Limited.

***The Target***

6. The target is SSI LuxCo II S.A., a public limited company organised under the laws of the Grand Duchy of Luxembourg. SSI LuxCo II S.A. is a subsidiary of SSI LuxCo S.á r.l, the seller.
7. The target is an indirect parent company of the Skillsoft group of companies and the proposed transaction involves Charterhouse acquiring control of Skillsoft.
8. Skillsoft is active in the field of learning, delivering highly effective content through innovative technology and cloud-based software applications. Skillsoft provides enterprise learning services, including cloud-based e-learning services, for customers worldwide, ranging from global enterprises, government, and education to mid-sized and small businesses.

9. Skillsoft's global headquarters is located in Dublin. For the financial year ending 31 January 2014, Skillsoft had a worldwide turnover of €[...] and a turnover in the State of [...].

### **The Acquisition**

10. The proposed transaction involves the indirect acquisition of control of Skillsoft by Charterhouse through the latter's special purpose vehicle Pointwell.

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

11. According to the parties, the proposed transaction represents an opportunity for Charterhouse to acquire an investment in the corporate learning market which is perceived as an attractive investment opportunity.

### **Third Party Submissions**

12. No third party submission was received.

### **Analysis**

13. There is no significant horizontal overlap between Charterhouse (and its portfolio companies) and Skillsoft in the State. Skillsoft is active as a provider of cloud-based e-learning services for customers worldwide. Neither Charterhouse nor any of its portfolio companies are active, either directly or indirectly, as providers of cloud-based e-learning services, or in supplying any goods or providing any services to Skillsoft.<sup>1</sup> The parties do not currently supply goods or services to each other, and there is no reason why vertical issues should raise concerns. Nor is there a basis for concerns about potential competition.

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<sup>1</sup> ERM Group Holdings Limited (ERM) - a provider of environmental, health, safety and risk and social consulting services, which is on the Charterhouse list of portfolio companies active on the island of Ireland - does provide a limited amount of training services on an ad hoc basis. The areas covered have included compliance, assurance and safety training, mostly in the manufacturing sector and the training services are provided at the client's premises or at ERM's offices and are not offered as online services. These services represent a very small part of ERM's service offering to clients and generally [...].

14. In light of the above, the Authority considers that the proposed transaction will not raise any competition concerns in any market for goods or services in the State.

**Ancillary Restraints**

15. The agreement between the parties includes a [...] non-solicitation clause in terms of which the seller, SSI LuxCo S.á r.l and certain beneficial owners of the Skillsoft group of companies prior to the proposed transaction, have agreed not to solicit certain persons, i.e. senior management, to leave the employment of Skillsoft for a period of [...] after the completion of the proposed transaction. The Authority considers that these restrictions are directly related to and necessary for the implementation of the proposed transaction.

## **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 transaction whereby Charterhouse Capital Limited, through Pointwell Limited, would acquire SSI LuxCo II S.A. and thereby control of the Skillsoft group of companies, 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 Authority**

**Stephen Calkins**

**Member of the Competition Authority**

**Director, Mergers Division**