



DETERMINATION OF MERGER NOTIFICATION M/09/021 -

ARAMARK/VERIS

Section 21 of the Competition Act 2002

Proposed acquisition by Aramark Corporation of certain wholly-owned subsidiaries of Veris plc.

Dated 27 October 2009

Introduction

1. On 1 October 2009, 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 Aramark Corporation ("Aramark") would acquire sole control of certain wholly-owned subsidiaries of Veris plc ("Veris") (the "Target Companies"). The Target Companies to be acquired by Aramark are:
 - Irish Estates (Management) Ltd (together with its subsidiary Irish Estates Facilities Management Ltd);
 - Vector Workplace and Facility Management Ltd (together with its subsidiaries Spokesoft Technologies Ltd and Vector Environmental Services Ltd);
 - Premier Management Company (Dublin) Limited;
 - Glenrye Properties Services Limited; and
 - Veris UK Limited (together with its subsidiaries Orange Support Services Ltd and Orange Environmental Building Services Ltd and the latter's subsidiary Veris Property Management Ltd).
2. Aramark and the Target Companies are active in the provision of facility management ("FM") services in the State. FM services are services devoted to the maintenance and care of commercial or institutional buildings, such as hotels, resorts, schools, office complexes, sports arenas or convention centers.
3. FM services comprise a range of services which can, broadly, be divided into two categories: (i) "soft" FM services and (ii) "hard" FM services. "Soft" FM services involve the provision of support services including reception, switchboard, cleaning, catering, security, portage and post room services. "Hard" FM services involve the provision of technical, maintenance, fabric and engineering support and helpdesk services.
4. FM services can be supplied to customers as an integrated service (i.e., the customer deals with a single supplier to acquire the full range of FM services) or on an individual basis (i.e., the customer deals with different suppliers to acquire each FM service). In some cases

customers will seek certain services as part of an integrated package from one supplier while sourcing other services individually.

The Undertakings Involved

The Acquirer

5. Aramark is an international provider of FM services, food services and uniform and career apparel to health care institutions, universities and school districts, stadiums and arenas, and businesses worldwide.
6. In the State, Aramark is primarily active in the supply of "soft" FM services and food services through Aramark's wholly-owned subsidiary, Campbell Catering Limited. Aramark currently [...] in the State to whom it supplies integrated FM services. In order to provide such integrated FM services, Aramark outsources the provision of "hard" FM services to subcontractors.

The Target Companies

7. The Target Companies are active in the provision of FM services and property management services in the State and in the UK.
8. The Target Companies' FM activities in the State are primarily focused on the provision of "hard" FM services. The Target Companies have a number of customers in the State to whom they supply integrated FM services. In order to provide such integrated FM services, the Target Companies outsource the provision of "soft" FM services to subcontractors.

Rationale for the Proposed Transaction

9. According to Aramark, the proposed transaction will enable it provide an enhanced FM services offering which will combine the complementary "hard" and "soft" skill sets of Aramark and the Target Companies. Aramark is of the view that this enhanced FM services offering will appeal to the increasing number of customers seeking a broader range of FM services.

Analysis

10. The activities of the parties overlap in the provision of FM services in the State. The parties submitted that the result of the proposed transaction will not be to substantially lessen competition in any market for goods or services in the State mainly due to the minimal overlap in their activities and the existence of strong competitors currently offering both individual FM services and integrated FM services.
11. In order to determine whether the proposed transaction is likely to raise any competition concerns and therefore result in a substantial lessening of competition in any markets for goods or services in the State, the Authority examined the degree of horizontal overlap between the activities of the parties in the State.
12. The parties submitted that demand for integrated services is slowly emerging in Ireland and, therefore, according to the parties it is highly arguable that competition in this sector remains focused on the

individual services. The parties referred to the Authority's determination in Carillion/McAlpine¹ to support their view that there is a distinction between "soft" FM services and "hard" FM services. The parties also submitted that, in their view, the relevant geographic market is national. The Authority does not believe that it is necessary to reach a definitive conclusion in respect of the relevant product and geographic markets since irrespective of how the market is defined the proposed transaction will not lead to a substantial lessening of competition in any markets for goods or services in the State.

13. The parties did not provide information on market shares of providers of individual FM services in the State. According to the parties, there is no reliable third party source of information available in respect of the market shares of their competitors. The parties submitted that there are hundreds of providers of individual FM services in the State and it would not be possible to estimate their individual market shares with any degree of reliability.
14. However, the parties submitted information on market shares of the top providers of integrated FM services in the State. The market shares figures submitted by the parties are represented in Table 1 below. The Authority notes that the market share of the Target Companies in respect of the provision of integrated FM services in the State is approximately 5-10%. Considering that Aramark currently provides integrated FM services to [...] in the State², the increase in Aramark's market share in the State respect of the provision of integrated FM services following the completion of the proposed transaction would be minimal.

Table 1: Market Shares of providers of integrated FM services in the State³

Name	Estimated Market Share
Dalkia	10-15%
Resource	10-15%
Serco	5-10%
The Target Companies	5-10%
Acumen	5-10%

Source: The Notification Form

¹ Merger Notification M/07/072.

² [...].

³ Source: The Target Companies' Best Estimates.

15. [...], estimates the annual total value of FM services in the State to be [...] annually. The revenue generated by Aramark in the financial year ended 3 October 2008 from the provision of FM services in the State (excluding catering services) was approximately [...]. The revenue generated by the Target Companies in the financial year ended 31 December 2008 from the provision of FM services in the State was approximately [...]. These figures suggest that, post-transaction, Aramark is likely to account for less than 10% of the FM services business in the State.
16. On the basis of the above, the Authority is of the opinion that the proposed transaction is unlikely to give rise to any competition concerns in any market for goods or services in the State.

Ancillary restraints

17. Aramark and Veris have entered into an agreement that includes non-competition provisions with duration of up to two years from the completion of the proposed transaction. The Authority considers these restrictions to be directly related and necessary to 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 acquisition whereby Aramark Corporation would acquire sole control of certain wholly-owned subsidiaries of Veris plc 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

Dr Stanley Wong
Member of the Competition Authority