



DETERMINATION OF MERGER NOTIFICATION M/17/066 – BAIN CAPITAL/ NORTHGATEARINSO AND OTHERS

Section 21 of the Competition Act 2002

Proposed acquisition by Bain Capital Investors, LLC, of NorthgateArinso UK Limited, Moorepay Group Limited and Pro-IV Technology LLC.

Dated 12 January 2018

Introduction

1. On 6 December 2017, 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 transaction (the “Proposed Transaction”), whereby Bain Capital Investors, LLC (“Bain Capital”), through its indirectly controlled subsidiary Colour Bidco Limited (“Colour Bidco”), would acquire sole control of three indirect subsidiaries of Northgate Information Solutions Limited (“Northgate”), namely, NorthgateArinso UK Limited, Moorepay Group Limited and Pro-IV Technology LLC (collectively, the “Target Companies”).

The Proposed Transaction

2. The Proposed Transaction will be implemented by way of a Share Purchase Agreement (the “SPA”) dated 6 October 2017 between NorthgateArinso Inc, Rebus HR Management Limited, Rebus Human Resources Limited¹, (collectively, the “Sellers”), Colour Bidco and Colour Bidco (US) Inc.² (collectively, the “Buyers”) and Northgate. Pursuant to the SPA, Bain Capital through, Colour Bidco, will acquire the entire issued share capital of each of the Target Companies and ultimately sole control of the Target Companies.

¹NorthgateArinso Inc, Rebus HR Management Limited and Rebus Human Resources Limited are Northgate’s subsidiaries.

² Colour Bidco US Inc. is indirectly controlled by Bain Capital.



The Undertakings Involved

The Acquirer – Bain Capital

3. Colour Bidco, incorporated for the purpose of the Proposed Transaction, is indirectly controlled by Bain Capital. Bain Capital, incorporated in the United States, is the general partner of private equity funds and is primarily involved in providing investment advice and investment fund management services to equity funds. Bain Capital invests in companies involved in consumer retail, financial and business services, healthcare, energy, technology, media and telecommunications.
4. The following [...] portfolio companies owned and controlled by Bain Capital generated turnover in the State in 2016:
 - [...];
 - [...];
 - [...];
 - [...];
 - [...];
 - [...].
5. For the financial year ending 31 December 2016, Bain Capital's worldwide turnover was approximately €[...] billion, of which approximately €[...] million was generated in the State.

The Target Companies

6. The Target Companies are indirectly owned by Northgate. Northgate is incorporated in the United Kingdom ("UK") and is a provider of payroll and human resources ("HR") software and services to businesses worldwide.
7. NorthgateArinso UK Limited ("NorthgateArinso") provides payroll and HR administration solutions to the middle market sector (i.e., companies with 500 or more



employees), using Northgate's proprietary *ResourceLink* platform. NorthgateArinso's revenue is predominantly derived from customers based in the UK. NorthgateArinso is the only one of the Target Companies which has activities in the State and it operates in the State through its subsidiary, NorthgateArinso Ireland Limited. NorthgateArinso's customers in the State include Dublin City Council, RTÉ Transmission Network Designated Activity Company, Laya Healthcare Limited, Brown Thomas Group Limited, An Post DAC, and Golden Discs.

8. Moorepay Group Limited ("Moorepay") provides payroll, HR software and HR services designed to manage compliance with employment law, data protection, health and safety and time management for the small and medium business sector (i.e., companies with fewer than 500 employees), using the proprietary *moorepayhr* platform. Moorepay's revenues are derived exclusively from the UK, and it does not generate turnover in the State.
9. Pro-IV Technology LLC ("Pro-IV Technology") holds certain intellectual property rights to NGA information solutions software and technology. Pro-IV Technology does not provide services to customers directly. Customers using NGA information solutions software and technology are marketed through Northgate (including through NorthgateArinso and Moorepay).
10. For the financial year ending 30 April 2016, the Target Companies' combined worldwide turnover was approximately €[...] million, of which approximately €[...] million was generated in the State through NorthgateArinso.

Rationale for the Proposed Transaction

11. The parties state in the notification:

"The Proposed Transaction is consistent with Bain Capital's investment mandate to invest in companies with high growth potential. From the perspective of the Target Companies' current shareholders, the Proposed Transaction represents an opportunity to sell the business to an experienced and well-resourced professional investor."



Third Party Submissions

12. No submission was received.

Competitive Analysis

13. There is no horizontal overlap between the business activities of the parties in the State. None of the [...] portfolio companies controlled by Bain Capital that generated turnover in the State in 2016 are engaged in the same business activities as the Target Companies, namely, the provision of payroll and HR software and services. Therefore, the Proposed Transaction does not raise any horizontal competition concerns in the State.
14. There is no identifiable vertical relationship between Bain Capital and the Target Companies in the State. Therefore, the Proposed Transaction does not raise any vertical competition concerns in the State.

Conclusion

15. 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

16. Clause 11 of the SPA contains non-solicitation and non-compete obligations on both the Sellers, the Buyers and companies or enterprises controlled by them. The duration of those restrictive obligations does not exceed the maximum duration acceptable to the Commission³. The Commission considers those non-compete and non-solicitation obligations to be directly related to and necessary for the implementation of the Proposed Transaction insofar as they relate to the State.

³ In this respect, the Commission follows the approach adopted by the EU Commission in paragraphs 20 and 26 of its "Commission Notice on restrictions directly related and necessary to concentrations" (2005). For more information see [http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305\(02\)&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305(02)&from=EN)



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 transaction, whereby Bain Capital Investors, LLC, through its indirectly controlled subsidiary Colour Bidco Limited, would acquire sole control of three indirect subsidiaries of Northgate Information Solutions Limited, namely, NorthgateArinso UK Limited, Moorepay Group Limited and Pro-IV Technology LLC, 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

Brian McHugh
Member
Competition and Consumer Protection Commission