



**Determination No. M/05/054 of the Competition Authority, dated 23<sup>rd</sup> September 2005, under Section 21 of the Competition Act, 2002**

**Notification No. M/05/054 – Proposed acquisition by Hewlett Packard Company of Scitex Vision Limited**

### **Introduction**

1. On 25<sup>th</sup> August 2005, the Competition Authority, in accordance with Section 18(1) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposal whereby Hewlett Packard Company (“HP”) would acquire substantially all of the assets of Scitex Vision Limited and its subsidiaries (collectively, “Scitex Vision”).

### **The Parties**

2. HP, the acquirer, incorporated in Delaware, USA, is a global provider of computing and imaging products and services, including imaging devices, printers, and personal computers services. It also provides information technology services such as consulting, education, design and installation, ongoing support and maintenance and IT services outsourcing. HP had worldwide group turnover of approximately €64.2 billion in 2004.
3. HP’s operations in the State involve provision of the same products and services that it provides on a worldwide basis. In the State, it has five principal operations: a) sales and services; b) an ink-jet manufacturing division located in Dublin; c) a customer support/call centre for the Europe, Middle East, and Africa regions based in Clonskeagh; d) its European Software Development Centre based in Galway; and e) a financial services division that offers information technology leasing and financing services. In 2004, HP’s turnover in the State was approximately [less than €500 million].
4. Scitex Vision, a company organised under the laws of the State of Israel, is active in the development, manufacture, and marketing of wide-format digital graphics inkjet printers to service print service providers. It also sells related spare parts and supplies and provides after-sales service for the products it manufactures. In 2004, Scitex Vision generated worldwide turnover of approximately €103 million. For the same year, its turnover in the State was approximately [less than €5 million].
5. Scitex Vision is a majority-owned subsidiary of Scitex Corporation Ltd., a publicly traded company headquartered in Tel Aviv, Israel (“Scitex Corporation”). Scitex Corporation is active in the provision of industrial inkjet digital printing solutions on a worldwide basis.



## Analysis

6. Notwithstanding the fact that both HP and Scitex Vision manufacture printers and provide related services and products, the parties contend that there is no overlap in the State for their respective activities.
7. The parties contend that there is no overlap between HP's and Scitex Vision's wide format printers as they are used for completely different purposes. The salient differences of the wide format printer products distributed by the two companies are summarised below:

**Table 1: Key Differences Between HP and Scitex Vision's Wide Format Digital Graphics Printers Sold in the State**

<b>Manufacturer</b>	<b>Print Width</b>	<b>Common applications</b>	<b>Price (in USD)</b>	<b>Print Head</b>
<b>HP</b>	0.6-1.5 metres	Single/few prints of large photographs, fine art, posters, and point-of-purchase materials	\$1,000-\$20,000	Thermal
<b>Scitex Vision</b>	1.6-5.0 metres	Numerous prints of billboards, banners, building wraps, and large vehicle graphics	\$80,000-\$750,000	Piezoelectric

8. From a demand-side substitutability perspective, the parties note that the printers manufactured by Scitex Vision are "wide format" printers, which, as defined by the parties, are those printers with a printing width of 24 inches (0.6 metres) or more. Scitex Vision's wide format printers are used mainly for large outdoor graphic applications where multiple prints are required. Examples of the type of projects for which Scitex Vision products would be used are billboards, banners, building wraps, and large vehicle graphics. The printers manufactured by Scitex Vision for these types of applications have a print width ranging from 1.6 metres to 5 metres<sup>1</sup>. The price of Scitex Vision's printers range from USD \$80,000 to USD \$750,000.

<sup>1</sup> Printers with a print width of greater than 1.80 metres are a special category of wide format printers known as "super-wide" format printers.



9. To a lesser extent, Scitex Vision's printers are also used for a) certain indoor printing applications such as point-of-purchase materials or posters; and b) printing textiles and packaging applications. However, the parties contend that there is no substitutability between HP's and Scitex Vision's wide format printers. Specifically, HP's wide format graphics printers, which have a print width of between 0.6 metres and 1.5 metres, are used for high print, quality indoor applications, where typically only a single print (or a small number of prints) is required. Applications where HP's wide format graphic printers are used would be to print large photographs, fine art, posters, and point-of-purchase materials. The price of HP's wide format graphics printers range from USD\$1,000 to \$20,000, considerably less than the range for Scitex Vision's printers.
10. Importantly, for the purposes of determining overlap between the two companies in the State, the parties note that Scitex Vision has no turnover in the State associated with its wide format printers. Additionally, HP does not manufacture any super wide format printers.
11. Notably one of the very few customers of Scitex Vision in the State who was contacted by the Authority highlighted that HP products were not substitutable for the super wide drum printer that was currently sourced from Scitex Vision.
12. From a supply-side substitutability perspective, the parties note that the print head technologies employed by the printer products manufactured by the two companies are not interchangeable and, consequently, cannot be used in the other's products. Scitex Vision printers generally use a proprietary piezoelectric print head, whereas HP's wide format graphical printers use a proprietary thermal print head technology.
13. In the Authority's view, from both a demand and supply-side substitutability analysis, it would not appear that the printer products manufactured by HP and Scitex Vision are sufficiently distinct and could not be considered substitutes. Consequently, there would appear to be no overlap in the State between the operations of the two companies and the proposed transaction does not give rise to competition concerns.

### **Ancillary Restraint**

14. The Authority notes that the Asset Purchase Agreement dated 11<sup>th</sup> August 2005 between the parties contains a non-competition clause, restricting the ability of Scitex Vision to compete against HP in the "business" that is the subject of the Notification for a period of three years from the closing date of the transaction in a geographic region that would, *inter alia*, cover the State. Given the limited competitive significance of the transaction to the State, it is unlikely that the non-competition clause would result in a substantial lessening of competition in the State.

### **Determination**

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition of Scitex Vision Limited by Hewlett Packard Company will not be to



**The Competition Authority**  
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substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

**For the Competition Authority**

**Edward Henneberry**  
**Member of the Competition Authority**