



DETERMINATION OF MERGER NOTIFICATION M/18/069 - MCR/SECURWAY AT RISK

Section 21 of the Competition Act 2002

Proposed acquisition by MCR Outsourcing Limited of sole control of Securway At Risk Security Group Limited

Dated 14 September 2018

Introduction

1. On 20 August 2018, 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 whereby MCR Outsourcing Limited (“MCR”) would acquire the entire issued share capital and thereby sole control of Securway At Risk Security Group Limited (“SAR”) (the “Proposed Transaction”). MCR is ultimately controlled by MCR Consortium Limited (“MCR Consortium”).

The Proposed Transaction

2. The Proposed Transaction is to be implemented pursuant to a Share Purchase Agreement (the “SPA”) dated 10 August 2018 between MCR and Kashif Hussain, Eugene Sloane and Shane Sherlock¹ (collectively “the “Vendors” and each a “Vendor”) and MCR. Pursuant to the SPA, MCR would acquire the full legal and beneficial ownership of the entire issued share capital of SAR.

The Undertakings Involved

The Acquirer - MCR

¹ These three individuals are collectively the legal and beneficial owners of the entire issued share capital of SAR.



3. MCR Consortium is a private investment holding company registered in the State which has a controlling interest in a number of companies providing services in the State and the United Kingdom including MCR².
4. MCR, a privately-owned company registered in the State, is a provider of outsourced services to commercial and residential clients in the State. These services include: security services; cleaning and flooring services; engineering services;³ and supply of staff.
5. For the financial year ending 31 December 2017, MCR Consortium had a worldwide turnover of approximately €[...], of which approximately €[...] was generated in the State.

The Target – SAR

6. SAR, a privately-owned company registered in the State, is a provider of outsourced services to commercial and residential clients in the State and the United Kingdom. These services include: security services; cleaning services; pest management services; grounds management and landscaping services; energy services; and supply of staff.
7. For the financial year ending 31 December 2017, SAR had a worldwide turnover of approximately €[...], of which approximately €[...] was generated in the State⁴.

Rationale for the Proposed Acquisition

8. The parties stated the following:

“MCR wishes to augment and grow its security services business in Ireland, while the vendors intend pursuing other business interests”

Third Party Submissions

² The parties indicated that, in addition to MCR, MCR Consortium is the parent company of MCR Projects Limited; MCR Personnel NI Limited; and MCR Bloodstocks Limited.

³ MCR provides engineering solutions for cleanroom equipment, industrial engineering, automated production line machinery, industrial doors, specialist lifts gates, dock and loading bays.

⁴ These turnover figures include turnover of SAR’s wholly-owned subsidiaries A Brilliant Cleaning Company (ABC) Limited and PEZ Limited.



9. No submission was received.

Competitive Analysis

Horizontal overlap between the activities of the parties

10. The parties informed the Commission that there are three horizontal overlaps in the State between the parties' business activities: (i) the provision of security services; (ii) the provision of cleaning services; and (iii) the provision of trades and labour services.

The provision of security services

11. The Commission has previously assessed the competitive impact of transactions involving the provision of security services⁵ in the State. In its determination in *M/15/057 – Noonan/Brinks*, the Commission assessed the competitive impact of the relevant transaction in the potential product markets for the supply of: (i) manned guarding; (ii) response and electronic equipment guarding and (iii) alarm monitoring and response.
12. The Commission's previous approach is consistent with the European Commission's assessment in security services mergers. For example, in *COMP/M.3396 – Group 4 Falck/Securicor*, the European Commission⁶ considered that guarding and alarm services industry should be segmented in accordance with the following categories of security services: (i) manned guarding; (ii) alarm monitoring and response; and (iii) electronic guarding equipment.
13. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this instance, the Commission does not need to come to a definitive view on the precise relevant product market since its conclusion on the likely competitive impact of the Proposed Transaction will be unaffected whether the

⁵ Please see, for example, merger determinations *M/15/057 – Noonan/Brinks*, which can be assessed at: <https://www.cpc.ie/business/mergers-acquisitions/merger-notifications/m15057-noonanbrinks/> and *M/09/014 – Noonan Services/Federal Security Group* which can be assessed at: <https://www.cpc.ie/business/mergers-acquisitions/merger-notifications/m09014-noonan-services-federal-security-group/>

⁶ Please see the European Commission decision in *Case No COMP/M.3396 – Group 4 Falck/Securicor* which can be accessed at: http://ec.europa.eu/competition/mergers/cases/decisions/m3396_en.pdf.



precise relevant product market is narrow (e.g., the provision of manned guarding services) or broader to encompass the provision of all categories of security services.

14. However, for the purposes of this determination, the Commission has followed its approach in *M/15/057 – Noonan/Brinks* and has assessed the likely competitive impact of the Proposed Transaction on the potential product markets for the supply of (i) manned guarding; (ii) response and electronic equipment guarding and (iii) alarm monitoring and response.
15. In relation to the geographic scope of the potential product markets, the Commission has followed its approach in *M/15/057 – Noonan/Brinks* and has assessed the likely competitive impact of the Proposed Transaction in the State.
16. Table 1 sets out the changes in market shares which would result from the Proposed Transaction in the potential product markets for the supply of (i) manned guarding and (ii) alarm monitoring and response⁷. It shows that, the implementation of the Proposed Transaction will only lead to a minimal increase in MCR's market share in any of the potential security services markets in the State where the parties' business activities overlap.

Table 1: Market shares of security services providers in the State as of 2017⁸

Service	Service provider	Market share pre-transaction	Market share post-transaction
Manned guarding (market shares are based on the parties' estimates of annual total turnover from the provision of manned guarding services in the State in 2017)	MCR	[0-10]%	[0-10]%
	SAR	[0-10]%	-
	Others	[90-100]%	[90-100]%
Alarm monitoring and response (market shares are based on the parties' estimates of annual total turnover from the provision of alarm monitoring and response services in the State in 2017)	MCR	[0-10]%	[0-10]%
	SAR	[0-10]%	-
	Others	[90-100]%	[90-100]%

⁷ The parties indicated that MCR is not active in the provision of response and electronic equipment guarding services.

⁸ In estimating their market shares, the parties used their competitors' 2016 turnover.



Source: The Commission's analysis of information provided by the parties.

17. Furthermore, there are currently (and there would remain following the implementation of the Proposed Transaction) a significant number of suppliers of security services operating in the State, such as G4S Secure Solutions (Ire) Limited, Noonan Services Group Limited and Manguard Plus Limited⁹. These competitors will continue to act as a competitive constraint on MCR following the implementation of the Proposed Transaction.
18. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns with respect to the parties' overlapping activities related to the provision of security services in the State.

The provision of cleaning services and trades and labour services

19. The parties have stated in the notification that cleaning services and trades and labour services generated only €[...] and €[...] for SAR in 2017, accounting for approximately [0-10]% and [0-10]% respectively of SAR's total turnover in 2017¹⁰. The Commission considers that given SAR's relatively low turnover in these service categories, the Proposed Transaction will lead to a minimal increase in MCR's market share¹¹.
20. Furthermore, there are currently (and there would remain following the implementation of the Proposed Transaction) a significant number of providers of cleaning services and/or provision of trades and labour services in the State, such as ISS Ireland Limited, Noonan Services Group Limited and CPL Resources Plc. These competitors will continue to act as a competitive constraint on MCR following the implementation of the Proposed Transaction.
21. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns with respect to the parties' overlapping

⁹ The Commission also notes that according to the [Private Security Authority](#), currently there are 193 companies (including MCR and SAR) holding a licence for the provision of manned guarding services.

¹⁰ SAR's total turnover in the State in 2017 was €[...].

¹¹ The parties estimate that in 2017 the total size of trades and labour services market was €1.8 billion, while the total size of the cleaning services market in the same year was €600 million. Thus, SAR had less than [0-10]% market share in each of these markets in 2017. MCR's turnover from the provision of trades and labour services and cleaning services in 2017 was €[...] and €[...], respectively. Thus, MCR had a market share of [0-10]% and [0-10]% in each of these markets.



activities related to the provision of cleaning services and trades and labour services in the State.

Vertical Relationship

22. The parties have stated in the notification that there is no vertical relationship between MCR and SAR. The Commission has not identified any vertical relationship between the parties. On this basis, the Commission considers that the Proposed Transaction does not raise any vertical competition concerns in the State.

Conclusion

23. 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

24. The parties have informed the Commission that the SPA contains a number of restrictive obligations on the Vendors. The duration of those restrictive obligations does not exceed the maximum duration acceptable to the Commission¹². The Commission considers these obligations to be directly related to and necessary for the implementation of the Proposed Transaction insofar as they relate to the State.

¹² 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 acquisition, whereby MCR Outsourcing Limited would acquire the entire issued share capital and thereby sole control of Securway At Risk Security Group Limited, 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