



## DETERMINATION OF MERGER NOTIFICATION M/19/024 – REDBIRD (BLACKSTONE) / VUNGLE

---

### Section 21 of the Competition Act 2002

**Proposed acquisition of sole control of Vungle, Inc. by Redbird Parent Holdings, Inc., a wholly-owned subsidiary of certain funds managed by affiliates of The Blackstone Group Inc.**

**Dated 29 August 2019**

---

#### Introduction

1. On 9 August 2019, 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 acquisition whereby Redbird Parent Holdings, Inc. (“Redbird”), which is a wholly-owned subsidiary of certain funds managed by affiliates of The Blackstone Group Inc. (“Blackstone”), would acquire sole control of Vungle, Inc. (“Vungle”) (the “Proposed Transaction”).

#### The Proposed Transaction

2. The Proposed Transaction will be implemented pursuant to a merger agreement dated 12 July 2019 between Vungle, Redbird, Redbird Merger Sub Inc. (a wholly-owned subsidiary of Redbird) and Fortis Advisors LLC<sup>1</sup> (the “Merger Agreement”), whereby Redbird Merger Sub Inc. will merge with and into Vungle. Following implementation of the Proposed Transaction, Vungle would be a wholly-owned subsidiary of Redbird.
3. The parties informed the Commission that it is anticipated that three individuals who currently hold shares in Vungle (“Vungle Management”) will, at closing of the Proposed Transaction, roll over their existing shares in Vungle into Redbird and, as such, will have

---

<sup>1</sup> Fortis Advisors LLC represents the sellers of Vungle for the purposes of the Proposed Transaction. In the notification, the parties indicate that, at the time of notification, Vungle’s ownership is [...]



a minority shareholding in Redbird following implementation of the Proposed Transaction. The parties also informed the Commission that there is likely to be one or more co-investor that will take a minority shareholding in Redbird at the time of closing of the Proposed Transaction. Following implementation of the Proposed Transaction, it is anticipated that funds affiliated with Blackstone will own over [...]% of the shares in Redbird, Vungle Management will own less than [...]% of the shares in Redbird and the co-investor will own less than [...]% of the shares in Redbird. Thus, following implementation of the Proposed Transaction, funds affiliated with Blackstone will solely control Vungle indirectly through Redbird.

### The Undertakings Involved

#### *The Acquirer – Redbird*

4. Redbird is a newly formed entity which was set up for the purposes of effecting the Proposed Transaction. It is indirectly wholly-owned by Blackstone.

#### *The Acquirer – Blackstone*

5. Blackstone is a corporation which is listed on the New York Stock Exchange. It is controlled by Blackstone Group Management L.L.C.<sup>2</sup> No third party holds more than 5% of Blackstone’s publicly traded shares.
6. Blackstone is a global alternative asset manager and provider of financial advisory services. Blackstone operates as an investment management firm and, through various investment vehicles, makes private equity, real estate, credit and hedge fund investments worldwide.
7. The parties state in the notification that the following companies owned and controlled by Blackstone (“Blackstone Portfolio Companies”) generated turnover in the State in 2017:

Portfolio Company	Business Activity
[...]	A benefits administration platform and services provider for cloud-based HR management systems.

<sup>2</sup> Blackstone Group Management L.L.C. is owned by the senior managing directors of Blackstone and controlled by Stephen A. Schwarzman.

[...]	A producer and provider of flexible insulation foams and engineered foams for equipment insulation.
[...]	A provider of educational content and software and analytics.
[...]	A holding company for businesses operating in the waste, recycling and utilities sectors.
[...]	Blackstone controls global real estate investments and industrial, consumer and residential loan portfolios.
[...]	An event organiser.
[...]	A provider of energy saving products and water treatment solutions.
[...]	An asset management firm.
[...]	A provider of power transmission and fluid power solutions and services.
[...]	A provider of end-to-end, integrated retail, omni-channel, and supply chain planning and execution enterprise application software solutions.
[...]	A global messaging service provider in India.
[...]	An information technology services provider with domain expertise in the banking, financial services and insurance sectors.
[...]	Developer of social and mobile games.
[...]	A provider of end-to-end payment solutions.
[...]	A provider of financial markets data and infrastructure.
[...]	A provider of inventory supply chain management services.
[...]	A U.S. based music rights organisation.
[...]	A provider of business process outsourcing services, including customer care and back-office support services.
[...]	A provider of solutions which enable organisations to discover, classify, protect, analyse and confidently share information.
<b>Source: the parties</b>	

8. For the financial year ending 31 December 2017, Blackstone’s worldwide turnover was approximately €[...] billion, of which approximately €[...] million was generated in the State.

*The Target Company – Vungle*

9. Vungle, a Delaware-incorporated company, provides technology-enabled advertising services to advertisers. It offers a variety of products and services that target and engage mobile users, which primarily consist of mobile application video advertisements. Vungle acts as an intermediary between advertisers and publishers of web space, who own the space in which the advertisement is placed.



10. In the State, Vungle generates turnover from the provision of mobile advertising services by [...].<sup>3</sup>
11. For the financial year ending 31 December 2018, Vungle's worldwide turnover was approximately €[...] million, of which €[...] million was generated in the State.<sup>4</sup>

#### **Rationale for the Proposed Transaction**

12. The parties state in the notification:

*“For Blackstone, the Proposed Transaction represents an investment opportunity which is consistent with its strategy of investing in attractive companies to increase the value of their business with the view of profiting from their eventual sale.”*

#### **Third Party Submissions**

13. No submission was received.

#### **Competitive Analysis**

##### *Horizontal Overlap*

14. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this instance, it is not necessary for the Commission to define precise relevant product and geographic markets since the Proposed Transaction does not raise competition concerns in any potential market in the State.
15. As described in paragraph 9 above, Vungle provides technology-enabled advertising services to advertisers. None of the Blackstone Portfolio Companies which generated turnover in the State in 2017 is engaged in the same business activities as Vungle, i.e., the provision of technology-enabled advertising services to advertisers in the State. Similarly, Vungle is not currently involved in any of the business activities in which the

---

<sup>3</sup> It provides these services to the following customers: [...] (which, the parties informed the Commission, has recently filed for bankruptcy), [...], [...], [...] and [...].

<sup>4</sup> In the notification, the parties state that, consistent with Article 5 of the EU Merger Regulation and Paragraph 199 of the European Commission Consolidated Jurisdictional Notice under Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings, they determined the reportability of the Proposed Transaction by allocating Vungle's turnover on the basis of the location of the paying customer.



Blackstone Portfolio Companies which generated turnover in the State in 2017 are active.

16. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in the State.

#### *Vertical Relationship*

17. The parties informed the Commission that there is no vertical relationship in the State between Vungle and any of the Blackstone Portfolio Companies which generated turnover in the State in 2017.

18. The parties informed the Commission of an existing vertical relationship outside the State with one of the portfolio companies controlled by Blackstone, [...] (“[...]”). [...] is a developer of social and mobile games in the social-casino genre. It is both a customer and supplier of Vungle in the United States of America. None of Vungle’s turnover in the State in its most recent financial year was generated from services provided to [...]. Similarly, none of [...]’s turnover in the State in its most recent financial year was generated from services provided to Vungle.

19. The Commission has not identified any vertical relationship between the parties in the State. Therefore, the Commission considers that the Proposed Transaction does not raise any vertical competition concerns in the State.

#### **Conclusion**

20. 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**

21. The parties have informed the Commission that Redbird has entered into a confidentiality and non-solicitation agreement dated 12 July 2019 with certain specified sellers<sup>5</sup> of Vungle, which contain non-solicitation, no-hire and confidentiality obligations on those specified sellers. The duration of those non-solicitation, no-hire and

---

<sup>5</sup> [...],[...],[...],[...],[...], and [...].



confidentiality obligations does not exceed the maximum duration acceptable to the Commission.<sup>6</sup> The Commission considers these non-solicitation, no-hire and confidentiality obligations to be directly related to and necessary for the implementation of the Proposed Transaction insofar as they relate to the State.

---

<sup>6</sup> 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 Redbird Parent Holdings, Inc., a wholly-owned subsidiary of certain funds managed by affiliates of The Blackstone Group Inc., would acquire the sole control of Vungle, Inc. 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**