



सत्यमेव जयते



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2020/03/737)

30.04.2020

Notice under Section 6(2) of the Competition Act, 2002 filed by Tiger Midco, LLC

CORAM:

Mr. Ashok Kumar Gupta
Chairperson

Ms. Sangeeta Verma
Member

Mr. Bhagwant Singh Bishnoi
Member

Order under Section 31(1) of the Competition Act, 2002

1. On 16.03.2020, the Competition Commission of India (**Commission**) received a notice (**Notice**) under Section 6(2) of the Competition Act, 2002 (**Act**), filed by Tiger Midco LLC (**Tiger Midco / Acquirer**). The Notice has been filed pursuant to Agreement and Plan of Merger (**Agreement**) executed between Acquirer, Tiger Merger Sub Co (**Merger Sub**) and Tech Data Corporation (**Tech Data / Target**) on 12.11.2019. Hereinafter, Tiger Midco and Tech Data will be collectively referred to as "**Parties**".
2. The proposed combination relates to acquisition of 100% shares and control of Tech Data by Tiger Midco (**Proposed Combination**).
3. In terms of the Regulation 14 of the Competition Commission of India (Procedure in regard to transaction of business relating to combinations) Regulations, 2011(**Combination Regulation**), the Commission vide its email dated 09.04.2020 sought certain clarification(s)/ information(s) *inter alia*, relating to activities of the Parties, from the Acquirer; Response to the same was received on 20.04.2020 after seeking an extension of time (**Response**). Certain clarification(s)/information(s), in relation to Response were also sought; reply to the same was received on 28.04.2020. Apart from above, information(s)/ clarification(s) necessary for the purpose of assessment of the Proposed Combination, were provided by the Acquirer *vide* its email dated 30.04.2020.



4. Tiger Midco is stated to be a special purpose vehicle set up and managed by investment funds managed by affiliates of Apollo Management, L.P. (Apollo Management, L.P., its affiliates, and investment funds managed by its affiliates are hereinafter referred to together as “**Apollo**”). It is also stated that investment funds managed by Apollo invest in equity and debt issued by entities involved in businesses such as chemical, hospital, security, insurance, financial services, and real estate throughout the world.
5. It is mentioned that Tiger Midco is not directly present in India. However, Apollo is present in India through investment in various entities, which are engaged in various business activities. Additionally, it is stated that Apollo Group has also invested in Rackspace Inc. (**Rackspace**), which has a subsidiary in India namely Rackspace India Private Limited (**Rackspace India**) engaged in the activities of application services, provision of cloud solutions, and professional services.
6. Tech Data is stated to be a USA based corporation listed on NASDAQ and is active globally in the wholesale distribution of technology products and solutions to resellers and other customers. In India, Tech Data is present through its subsidiary Tech Data Advanced Solutions (India) Private Limited (**Tech Data India**).
7. Tech Data India’s product and solution offerings can be broadly classified as:
 - a. Hardware products such as desktops, laptops, servers, memory etc.
 - b. Software products such as enterprise mobility solutions, data centre related technology products etc.
 - c. Cloud solutions such as solutions based on Microsoft Azure
 - d. Security and analytics solutions such as IT solutions that provide email protection, network protection etc., and analytics solutions including IoT solutions that allow enterprises to make critical and data-driven decisions.
 - e. Education offerings through Tech Data Academy making available ‘training and certification courses’ in India to employees of channel partners.
8. The providers of cloud computing services cater to the customers either directly or indirectly through distributors, resellers etc. Cloud solution providers significantly rely on direct sales and these direct sales pose significant constraint on sales by distributors. Therefore, both cloud solution providers as well as distributors serve the same set of customers and compete through different channels at horizontal level, in addition to having a vertical relationship between cloud



solution providers and distributors. Therefore, the relevant market may be viewed as a single “market for provision of cloud solutions”, or may be segmented as (i) market for provision of cloud solutions directly, and (ii) market for provision of cloud solutions indirectly.

9. With regard to the horizontal overlaps, it is submitted by the Parties in the notice that there are no horizontal overlaps between the activities of the Parties. With regard to vertical relationship, it is stated that Rackspace is, *inter-alia*, engaged in provision of cloud solutions and it has existing arrangements with wholesale distributors in India for distribution of its cloud solutions. As stated earlier, Tech Data is a distributor of technology products and solutions, including cloud solutions. It is also mentioned that Tech Data India / Tech Data does not have any arrangement with Rackspace / Rackspace India to distribute products / solutions of Rackspace including cloud solutions in India. It is submitted in the notice that there could be a potential vertical link vis-a-vis their activities in India as
- (i) Acquirer, through Rackspace India, is involved in ‘provision of cloud solutions in India’ (**Upstream Segment**); and
 - (ii) Tech Data India is engaged in ‘distribution of cloud solutions in India’ (**Downstream Segment**).
10. The Commission decided to leave the precise definition of the relevant market open, as the material on record does not suggest that the Proposed Combination is likely to have any appreciable adverse effect on competition in India.
11. Based on the submissions of the Parties, it is observed that the market share of the Parties is insignificant in each of the above mentioned segments and therefore it does not appear to raise any foreclosure concern in the same. Further, it is stated that there are other players such as Microsoft, AWS, Google Cloud present in Upstream Segment and Ingram India, Redington India, Crayon India engaged in Downstream Segment to pose competitive constraints on the Parties post the Proposed Combination.
12. Considering the material on record including the details provided in the Notice and the assessment of the Proposed Combination based on the factors stated in Section 20(4) of the Act, the Commission is of the opinion that the Proposed Combination is not likely to have any appreciable adverse effect on competition in India. Therefore, the Commission approves the Proposed Combination under Section 31(1) of the Act.



Combination Registration No. C-2020/03/737



13. This order shall stand revoked if, at any time, information provided by Acquirer is found to be incorrect.
14. The information provided by Acquirer is confidential at this stage, in terms of and subject to the provisions of Section 57 of the Act.
15. The Secretary is directed to communicate to the Acquirer, accordingly.