The Autorité de la concurrence clears the acquisition of Softeam by Le Groupe La Poste

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On 14 November 2019, Le Groupe La Poste notified the *Autorité* of its intention to acquire Softeam. This transaction is part of Le Groupe La Poste's strategy to diversify its activities, resulting in multiple mergers which have been controlled by the *Autorité de la concurrence*[1].

Parties to the transaction

Le Groupe La Poste is the incumbent operator which runs the state postal service in France. It owns a number of subsidiaries which are organised into five business units:

- Parcels & Mail Services,
- GeoPost (international express delivery of parcels under 30 kg, business-to-business (B2B) and business-to-consumer (B2C),
- La Banque Postale,
- La Poste Network, and
- Digital Services.

Within the Digital Services business unit, Docaposte, a subsidiary of Le Groupe La Poste, develops new digital tools to support companies in their digital transformation.

Softeam is a company specialising in information technology consulting[2] which provides IT consulting services, project management and prime contractorship,

as well as digital communication and training. Softeam also works in the field of technology for digital transformation, providing services relating to data management as well as Artificial Intelligence tools.

Markets examined

Both parties work in the IT services markets.

La Poste also operates in document and data management for third parties and colocation services (or *data centres*) via its subsidiary Docaposte.

Regarding this transaction, the *Autorité* found that, in the last ten years, the IT services markets have been subject to constant innovation and that this must be taken into account.

For its examination, the *Autorité* questioned the key competitors of the parties to the transaction in this market. Thanks to this market test (consulting operators in the market), the *Autorité* learned a great deal about the structure and workings of the IT services (or digital services) markets.

In this context, the *Autorité* identified two new segmentations of the IT services markets aimed at integrating these innovations:

- the first relates to new activities that come under the acronym "SMACS", meaning: Social[3]; Mobile; Analytics[4]; Cloud and Security. These activities are considered by the key players in the sector to be the major drivers needed for the digital transformation of the economy.
- the second segmentation is related to key innovations: Artificial Intelligence; the Internet of Things, or "IoT"; *blockchain*; *big data; cloud* services; virtual and augmented reality; robotics; and high-performance computing.

The transaction is not likely to harm competition

The *Autorité* looked at whether or not the acquisition of Softeam by Le Groupe La Poste would restrict competition in the markets for IT services, document and data management for third parties and that for colocation[5] services (*data centres*). Regarding the latter, the *Autorité* analysed the conglomerate effects[6] of the transaction linked to the existence of a unique advantage, namely Le Groupe La Poste's brand image, as the incumbent operator of postal services, insofar as regards the security and confidentiality of its customers' personal data.

The *Autorité* found that the operation does not significantly strengthen the position of the new entity across all these markets, partly due to the presence of many other competitors providing integrated digital services, and partly due to the parties' limited positions in the markets in question.

The *Autorité* therefore cleared the transaction without making it subject to any special conditions.

Previous Autorité de la concurrence decisions on mergers regarding La Poste:

- 19-DCC-195 of 22 October 2019 regarding the acquisition of exclusive control of E conomie d'E nergie by Le Groupe La Poste;
- *17-DCC-209* of 21 December 2017 regarding setting up a joint venture by La Poste and Suez RV France in the collection and recovery of non-hazardous office waste sector;
- *17-DCC-74* of 1 June 2017 regarding the acquisition of exclusive control of Asten Santé by La Poste Silver in the healthcare services sector.

In addition, the *Autorité de la concurrence* will shortly rule on the merger that will take Le Groupe La Poste from joint control with the French State and put it under the exclusive control of the Caisse des dépôts et consignations (CDC), as well as

on the acquisition, by La Banque Postale (LBP), of exclusive control of CNP Assurances (CNP).

> See text of decision 19-DCC-259 of 18 december 2019

1 *For example, see Decisions 19-DCC-195 (Economie d'Energie / La Poste), 17-DCC-209 (Suez RV / La Poste) and 17-DCC-74 (Asten Santé / La Poste Silver)*

2 *Formerly known as software engineering companies, such companies specialise in the field of new technology and computing.*

3 *Social refers to activities relating to social networks.*

4 *Analytics generally means the use of statistics and data, as well as the use of big data and Artificial Intelligence.*

5 *Data centre colocation is used to host the entire IT infrastructure of a company that does not have either the resources or the space required to install a computer system, by renting a room in a data centre.*

6 *Conglomerate effects may exist when the new entity extends or strengthens its presence in markets other than those in which it operates, but the related nature of which could help it to increase its market power.*

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