



## News Release

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### **CAPITA/IBS MERGER COULD DAMAGE COMPETITION**

The Competition Commission (CC) has provisionally concluded that the completed acquisition by Capita Group plc (Capita) of IBS OPENSsystems plc (IBS) could damage competition in the market for the supply of revenues and benefits software to local authorities in the UK.

Before the merger, both Capita and IBS sold revenues and benefits software, which is used by local authorities to collect council tax and business rates revenue and to make certain benefit payments. Although the two companies also both supplied social housing software systems to social housing organizations, the CC has provisionally concluded that the merger would not significantly reduce competition in that particular market.

Christopher Clarke, Inquiry Group Chairman, commented:

This merger combines two closely competing suppliers of revenues and benefits software to local authorities, leaving only one other supplier actively competing for business. In a stable market with little prospect of entry by new suppliers, our provisional conclusion is that the enlarged Capita revenue and benefits business will be able to take advantage of the lack of competition, for example by increasing prices or reducing levels of service to its customers.

We consider it likely that the adverse effects of the merger will have an impact on all customers, whether they are in the process of tendering for new revenues and benefits software or already have a contract for such software in place.

We do not have similar concerns about the market for social housing software, where there are considerably more suppliers in competition with the merged company.

We will now consult on appropriate ways to address the loss of competition, which could include a requirement for Capita to sell all or part of the acquired business.

A summary of the provisional findings has been published today at [www.competition-commission.org.uk](http://www.competition-commission.org.uk) along with a Notice of possible remedies to address the competition

concerns, such as partial and full divestments. The full provisional findings report will be published shortly.

The CC would like to hear from all interested parties about the provisional findings in writing by 27 April 2009, and about the Notice of possible remedies by 20 April 2009. To submit evidence, please email [david.fowlis@cc.gsi.gov.uk](mailto:david.fowlis@cc.gsi.gov.uk) or write to:

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The CC is expected to publish its final report by 5 May 2009.

### **Notes for editors**

1. The CC is an independent public body, which carries out investigations into mergers, markets and the regulated industries.
2. Capita Group plc (a company listed on the London Stock Exchange) acquired IBS OPENSsystems plc (a company previously listed on the Alternative Investment Market) on 26 June 2008.
3. The members of the Capita/IBS Inquiry Group are: Christopher Clarke, Diane Coyle, Barbara Donoghue and Stephen Wilks.
4. The Enterprise Act 2002 empowers the Office of Fair Trading (OFT) to refer to the CC completed or proposed mergers for investigation and report which create or enhance a 25 per cent share of supply in the UK (or a substantial part thereof) or where the UK turnover associated with the enterprise being acquired is over £70 million.
5. The CC has a 24-week period in which it is required to publish its report, which may be extended by no more than eight weeks if it considers that there are special reasons why the report cannot be published within that period.
6. Further information on the CC and its procedures, including its policy on the provision of information and the disclosure of evidence, can be obtained from its website at [www.competition-commission.org.uk](http://www.competition-commission.org.uk).
7. Enquiries should be directed to Rory Taylor on 020 7271 0242 (email [rory.taylor@cc.gsi.gov.uk](mailto:rory.taylor@cc.gsi.gov.uk))