



## Determination of the Competition Authority

**Determination No. M/04/013 of the Competition Authority, dated 29<sup>th</sup> March 2004, under Section 21 of the Competition Act, 2002**

**Notification No. M/04/013 – The acquisition by Hewlett-Packard Company of Novadigm Inc.**

### **Introduction**

1. On 4<sup>th</sup> March 2004 the Competition Authority, in accordance with Section 18 (1) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposal whereby Hewlett-Packard Company (“HP”) would acquire sole control of Novadigm Inc. (“Novadigm”), through the purchase of 100% of Novadigm’s shares, other than those shares already held by HP - **“the proposed acquisition”**.
2. The proposed acquisition has global effect and was also notified in Germany, Italy, Brazil and the United States. The competition authorities in those jurisdictions have since approved it.

### **The Parties**

3. HP is incorporated in the United States and is the parent company of the HP Group. The HP Group manufactures and supplies IT computing systems and services, and IT imaging and printing products and services, on a global basis, employing about 142,000 people worldwide.
4. In Ireland, HP offers its full range of IT products and services. HP has five key Irish operations: sales and services; a Dublin-based ink-jet manufacturing division; a Dublin-based customer support centre, providing technical advice and remote help desk solutions for the European, Middle Eastern and African regions; HP’s European Software Development Centre, based in Galway; and HP International Bank, a financial services division which offers IT leasing and financing services.
5. Novadigm, incorporated in the United States, develops, markets and supports IT software and service solutions that enable commercial and state bodies to automatically deploy and manage software throughout their computing infrastructures. This is known in the IT industry as IT software change and configuration management.
6. Novadigm software allows IT components to be organised and personalised to match the desired end use of a particular individual or organisation. Novadigm specialises in software change and configuration management of digital assets, such as operating systems, applications, content and configuration settings on commercial computing devices, including IT network servers, desktop and laptop computers, and specialty devices such as automated teller machines (ATMs). Novadigm employs 286 people worldwide.
7. Novadigm has no physical presence in the State, but has limited sales into Ireland through its European subsidiaries. Those three subsidiaries, based in Paris,



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London and Munich, distribute Novadigm software and also provide technical support to end users in their respective geographic regions.

### Commercial Rationale

8. The proposed acquisition is linked to a simultaneous acquisition by HP of Consera Software (“Consera”), a separate IT undertaking also incorporated in the United States. HP believes that the acquisition of Novadigm and Consera will round out HP’s product/service portfolio. Used in conjunction with HP Openview software, the combined software package will add powerful automation capabilities to organisations’ IT systems, improving the adaptability and efficiency of those systems.
9. It is noted that these different software products are described as complementary, and not substitutable.

### Analysis

10. *Hardware* - Novadigm is a provider of IT software and services only, and hence does not compete horizontally with HP in the manufacture and supply of any IT hardware.
11. *Software* - Novadigm’s total sales in Ireland in its most recent financial year were so minimal as to indicate that it holds a very minor share of the IT software and services sectors in Ireland (due to lack of overlap, the relevant product and geographic market(s) have not been defined for the purpose of this analysis). As a consequence, HP would not significantly increase its share in any IT sector as a result of the proposed acquisition.
12. Further, HP does not have any proprietary products that compete in the IT software change and configuration management sector, although it does act as a distributor of third party software, including Altiris. Altiris is an independent worldwide provider of IT software technology for organisations of any size, and as such is a competitor of Novadigm. In addition to Altiris, Novadigm has a number of significantly large competitors, operating globally, including IBM, Computer Associates, LANDesk, OnTechnology, Novell, and Marimba.
13. Therefore, the proposed acquisition will not give rise to any significant concentration in the IT change and configuration management sector, or in any other IT sector.
14. In terms of IT products manufactured and supplied, and IT services provided, HP and Novadigm compete horizontally in Ireland to a very limited extent. Hence there is no significant overlap in the notifying parties’ activities in markets for goods or services in the State and the proposed acquisition does not raise competition concerns.



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### **Determination**

The Competition Authority, in accordance with Section 21(2) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

**For the Competition Authority**

**Edward Henneberry**  
**Member of the Competition Authority**

**29<sup>th</sup> March 2004**