



DETERMINATION OF MERGER NOTIFICATION M/06/018 – Dell/Alienware

Section 21 of the Competition Act 2002

Proposed acquisition by Dell International Incorporated of Alienware Corporation

Dated 27/04/06

Introduction

1. On 29th March 2006, the Competition Authority, in accordance with Section 18(1) of the Competition Act, 2002 (“the Act”), was notified on a mandatory basis of the proposed acquisition by Dell Inc. (“Dell”) through its wholly owned subsidiary, Dell International Incorporated (“Dell International”), of the entire shareholding in Alienware Corporation (“Alienware”). Post-acquisition, Alienware will operate as a wholly-owned subsidiary of Dell. Alienware will maintain its separate brand and marketing operations.

The Undertakings Involved

2. Dell, the acquirer, is a global supplier of computing hardware, peripherals¹ and enhanced services. Dell designs and customises computing hardware (notebook and desktop computers, workstations, servers, and storage products) to the requirements of its customers. Dell also provides for system installation and management (maintenance, asset management, on-site field services, and other related services), guides customers through technology transitions, and offers a range of other services such as support services, training and certification services. Dell sells its products and services directly to customers. For the financial year ended 3 February 2006, Dell’s worldwide turnover was €45.301 billion, of which [less than €500] million was generated from sales in the State.
3. Alienware, the target, is headquartered in Miami, Florida, USA. Alienware is also a global supplier of computing hardware and peripherals. Alienware manufactures and sells computing devices, such as desktops, notebooks, media centres and professional computer systems. Alienware also sells its products directly to its customers but it does not provide the services offered by Dell. Alienware has manufacturing facilities in the United States and Ireland. For the financial year ended 30 September 2005, Alienware generated worldwide turnover of [less than €500] million.

¹ Peripherals include printers, projectors, and a multitude of third-party peripheral products, including a wide range of software titles, notebook accessories, networking and wireless products, digital cameras, power adapters, computer bags, scanners, and other products.

4. Alienware Limited, a wholly owned subsidiary of Alienware, is incorporated under the laws of Ireland. Alienware Limited has a call centre and manufacturing facility in Athlone, County Westmeath, which handles the supply chain, manufacturing, accounting and sectoring functions for its sales to Western Europe. Alienware Limited had turnover of [less than €1 million] in the State (i.e., sales to customers in the State) for its financial year ended 30 September 2005.

Analysis

5. There is no vertical overlap in the parties' activities. However, there is minimal horizontal overlap in their activities in connection with the supply of computing hardware and peripherals. The Parties provided data from IDC (PC Tracker), an independent body that tracks computing devices sales data, which estimated the total size of the computer devices market for the State as [less than €1 billion]. This indicates that Alienware accounts for less than [5%] of the computer devices market in the State.²
6. Therefore, the Authority considers that the proposed acquisition does not raise competition concerns in the State as the transaction will lead (a) only to an insignificant increment in concentration and (b) there remain a sufficient number of large competitors to Dell in the State.

Ancillary Restraints

7. The Authority considered ancillary restraints entered into by the undertakings involved.
8. The Authority does not deem it necessary to express a view on the appropriateness of the ancillary restraints to the proposed transaction as it considers that the proposed transaction does not raise competition concerns.

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 by Dell Inc., through Dell International Incorporated, of the entire shareholding in Alienware Corporation, 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

Dr Paul K. Gorecki
Member of the Competition Authority

² In, *Comp/M.2609- HP/Compaq*, Commission Decision, December 31, 2002, the product market and geographic market definition were not defined as the concentration was deemed not to lead to competition concerns even on a national basis.