



DETERMINATION OF MERGER NOTIFICATION M/16/049 - UNIVERSITY COLLEGE CORK – NATIONAL UNIVERSITY OF IRELAND, CORK / THE IRISH MANAGEMENT INSTITUTE

Section 21 of the Competition Act 2002

Proposed acquisition by University College Cork – National University of Ireland, Cork of the Irish Management Institute

Dated 11 November 2016

Introduction

1. On 04 October 2016, in accordance with section 18(1) of the Competition Act 2002, as amended (“the Act”), the Competition and Consumer Protection Commission (“the Commission”) received a notification of a proposed transaction whereby University College Cork – National University Ireland, Cork (“UCC-NUI”) would acquire sole control of the Irish Management Institute (“the IMI”), including beneficial ownership of the whole of the issued share capital of each of the IMI’s subsidiaries, Clonard Campus Limited, Irish Management Institute International Limited and IMI (Northern Ireland) Limited, as well as the assets constituting the IMI Campus and Clonard House (IMI Residence), located at Sandyford Road, Sandyford, Dublin 14.

The Transaction

2. The proposed transaction is to be entered into following an existing alliance between UCC-NUI and the IMI which allows for accreditation of some of the IMI’s programmes by UCC-NUI.¹
3. The proposed transaction is referred to in the notification to the Commission as the ‘Implementation Agreement relating to the acquisition of IMI’ and was entered into by the parties on 03 October 2016.
4. Following implementation of the proposed transaction, UCC-NUI will have sole control of the IMI and will also be the beneficial owner of the whole of the issued share capital of each of the IMI’s subsidiaries, Clonard Campus Limited, IMI (Northern Ireland) Limited and Irish Management Institute International Limited.²

¹ Alliance Agreement concluded in June 2011 and although it technically ended in June 2014, it was not replaced due to the progression of the merger discussions between the parties.

² By way of a change in the Constitution of the IMI and appointment of UCC-NUI and two of its nominees as the only Statutory Members of the IMI.



5. As part of the proposed transaction, UCC-NUI will also acquire the entire IMI campus located at Sandyford Road, Dublin 16.³

The Undertakings Involved

The Acquirer – UCC-NUI

6. UCC-NUI is one of Ireland's oldest institutions of higher education, originally founded in 1845 as one of three Queen's Colleges (Cork, Galway and Belfast). It was established to provide access to higher education in the province of Munster.
7. Since its establishment, UCC-NUI has grown from 115 students to over 20,000 full-time students and from less than 20 staff to more than 1,600 today. Since 1997, the Purchaser has become a university in its own right within the NUI, but has retained the UCC name as part of its heritage of learning since 1845.
8. UCC-NUI offers over 120 degree and professional programmes to over 20,000 students across its four colleges; College of Arts, Celtic Studies & Social Sciences, College of Business & Law, College of Medicine & Health and College of Engineering & Food Science.
9. Ancillary activities conducted by UCC-NUI include letting of facilities and student accommodation and the provision of conference facilities and services, including student administration and support, catering, IT and library services.
10. The turnover of UCC-NUI in the most recent academic year 2015/2016 was approximately €330 million, the entirety of which was generated in the State.

The Target – IMI

11. The Target is the IMI (*Foras Bainistíochta na hÉireann*), a Dublin based management institute, engaged in the development and provision of executive education and training, with its campus located off Sandyford Road in Dublin 16.⁴
12. The principal activities of the IMI and its subsidiary companies⁵ are management development and training. It runs a number of development programmes for senior executives, ranging from NFQ level 9 Masters and Diploma qualifications⁶ to one and two day master classes in specific business areas.⁷ Degree qualifications or a significant level of senior management experience are generally required for admission. While the admission requirements for each programme vary, typically candidates should have at least 10 years of work experience and be in employment.

³ [...].

⁴ <http://www.imi.ie>

⁵ Clonard Campus Limited, IMI (Northern Ireland) Limited and Irish Management Institute International Limited.

⁶ As mentioned above, the IMI has an alliance with UCC-NUI in terms of which the IMI's diploma and degree courses are accredited by UCC-NUI.

⁷ Diplomas are available in areas including leadership, management, strategy, organisational behaviour, data business and digital business. Other short programmes available include front line management, high performance teams and presenting with impact.



13. In addition to its core executive education function, the IMI offers executive accommodation and conferencing services at its Dublin campus. The IMI Residence on campus comprises 50 bedrooms and provides bed & breakfast options for executives, conference delegates, business and leisure travellers visiting the Dublin area. The IMI also provides meeting and conference facilities on its campus for up to 300 delegates, including audio-visual, technical and catering services.⁸
14. The turnover of the IMI in the most recent year ended 31 December 2015 was approximately €11.9 million, of which approximately €[...] was generated in the State.⁹

Rationale for the Proposed Acquisition

15. The notification states:

“The Proposed Transaction is highly complementary from a product and geographic perspective. The Purchaser wishes to develop its executive education capacity and to put in place a business school which will challenge the best of such schools nationally and internationally. The Purchaser also wishes to restructure its business education function to ensure academic strength across undergraduate, post-graduate, executive education and research in the business area. Furthermore, the Purchaser wishes to establish a presence in Dublin as a vehicle for course delivery, a base for alumni and in the case of the Target specifically, the possibility of sourcing relevant, high-quality programmes which could be delivered to the benefit of the Cork and Munster region.

The Target wishes to combine with a university to increase its capacity to deliver on the objects of the company,¹⁰ to enhance provision to the Irish business community, to increase its research capacity and to improve its sustainability.

Both the Purchaser and the Target are committed to ensuring that Ireland will have the capacity to develop the requisite calibre of business leaders to guarantee Ireland’s long term economic success.”

Third Party Submissions

16. No submission was received.

Competitive Analysis

UCC-NUI

⁸ <http://www.imi.ie/campus-services>

⁹ During the year the IMI continued to trade through its wholly owned subsidiary, Clonard Campus Limited, involved in the operation of a residential and conference facility on the campus. According to the Annual Report 2014 of the IMI, income from accommodation and conference facilities in 2014 amounted to an amount of €717,000, or approximately 6.6% of the 2014 income of approximately €10.9 million

¹⁰ The objects of the company include “to raise the standard of management in Ireland and promote the science of management in that country and to advance the exchange of information and ideas on all aspects thereof”.



17. UCC-NUI is active in the State, primarily in third-level education and, as such, delivers more than 120 programmes to over 20,000 students across its four colleges with programmes including Humanities, Business, Law, Architecture, Science, Food and Nutritional Sciences, Medicine, Dentistry, Pharmacy, Nursing and Clinical Therapies.
18. Higher education provided by UCC-NUI, as an university, is targeted mainly at full-time students, with approximately 14,000 full time undergraduate students, approximately 4,000 Masters and PhD students and approximately 3,000 international students representing over 100 countries worldwide. The average age of a student enrolling for a course with UCC-NUI is 20 years.
19. UCC-NUI currently offers one part-time Executive MBA course with an Irish-specific focus and which is predominantly attended by participants from the Cork and Munster regions.
20. UCC-NUI is also involved in other ancillary activities, such as the letting of facilities and student accommodation and the provision of conference facilities and services.

The IMI

21. The IMI is Dublin based and is active in the delivery of executive education courses which are targeted at experienced professionals seeking to develop specific business and management skills.
22. The IMI's executive courses are generally taken on a part-time basis with the individuals remaining in their executive position while taking the course or training programme and consist of:
 - i. a range of Diploma, short and specifically tailored courses in areas such as management, organisational behaviour, strategy and innovation, innovative problem solving, leadership, international business development, executive coaching, presenting with impact and technology leadership.
 - ii. a number of Masters programmes, which include MSc in Business Practice, MSC in Digital Business, MBS in Business Practice and Henley MBA etc.
23. The IMI is also involved in other ancillary activities, such as the letting of facilities and the provision of hotel accommodation through IMI Residence, as well as conference facilities.

Market Definition

24. The Commission considered two areas of possible overlap between the activities of the parties within the State:
 - i. The provision of part-time Executive MBA courses; and
 - ii. Ancillary activities such as accommodation and conference facilities and services.



25. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. The Commission does not need to come to a definitive view on the precise relevant product market in this instance since its conclusion on the competitive impact of the proposed transaction will be unaffected whether the precise relevant product market is defined narrowly (e.g., the delivery of part-time Executive MBA courses) or more broadly (e.g., to encompass the delivery of postgraduate business programmes in general).¹¹ Similarly, as far as ancillary activities are concerned, the Commission's views will be unaffected by whether the product market is defined narrowly as specific ancillary activities i.e. accommodation and conference facilities, or wider to, besides letting of facilities, include other ancillary activities carried out by higher education institutions in general, such as student administration and support, catering, IT and library services.
26. For the purposes of its competitive analysis in the present case, the Commission reviewed the proposed transaction in relation to the following narrow relevant product markets i.e. **delivery of part-time Executive MBA courses and ancillary activities, such as providing accommodation and conference facilities**
27. The Commission does also not need to come to a definitive view on the precise relevant geographic market in this instance, since its conclusion on the competitive impact of the proposed transaction will be unaffected whether the relevant geographic market is defined as regionally or nationally.¹² However, in order to determine whether the proposed transaction might result in a substantial lessening of competition, the Commission analysed its impact by reference to a narrow regional geographic market.
28. While the IMI (and to a lesser extent UCC-NUI) are both involved in broad terms in the supply of business education courses, there is no overlap in respect of the specific courses provided, with the exception of **part-time Executive MBA courses** that they both provide. However, these are very different courses and cater for different geographic catchment areas. In particular:
- i. While each of the IMI and UCC-NUI is involved in the provision of a part-time executive MBA course, the Henley MBA offered by the IMI has been designed by the University of Reading and therefore has an international focus, whilst the MBA course offered by UCC-NUI has an Irish-specific focus.
 - ii. The MBA offered by UCC-NUI is mainly attended by participants from the Cork and Munster region (in excess of 90%), whilst the IMI is a Dublin based institution and [...] % of the students taking the Henley MBA course in the 2015/2016 academic year were from Dublin.¹³

¹¹ The UK Office of Fair Trading ("OFT") (now the Competition and Markets Authority) has previously, in the matter of *University of Manchester / Victoria University of Manchester and the University of Manchester Institute of Science and Technology* (OFT, 25 February 2005), considered that an undergraduate degree programme will not be a substitute for a postgraduate course of study for most students and vice versa. It also accepted that postgraduate programmes could be segmented between taught courses and research courses.

¹² The OFT has also previously considered that the geographic market for the both the provision of undergraduate and postgraduate courses could be national with some constraints from both Europe and countries outside of Europe. See footnote 10 *supra*.

¹³ With only [...] students enrolled on the Henley MBA course in the 2015/2016 academic year, the particular course accounted for less than €[...] (or less than [...]%) of the IMI's total turnover in the State for the particular period.



29. Both UCC-NUI and the IMI are involved in **ancillary activities, such as providing accommodation and conference facilities** on their respective campuses. UCC-NUI provides institution-specific student accommodation i.e. mainly offered to the institution's own students¹⁴, although during the summer break some of the campus accommodation are available to the public in general¹⁵. The IMI, through the IMI Residence¹⁶ on its Sandyford campus, provides more general hotel accommodation. In addition, the ancillary activities provided by both UCC-NUI and the IMI are based on their individual campuses in Cork and Dublin respectively, which is a drive time of more than two and a half hours apart and therefore, if the relevant geographic market were to be defined as regional, there would be no overlap between the parties' ancillary activities in the State.¹⁷
30. There are no vertical issues arising from the proposed transaction.

Conclusion:

31. There is either no overlap between the core activities of the parties, or where there is a minor overlap, such as in part-time executive MBA courses, there is a large number of competitors whose presence will constrain the activities of the merged entity post-transaction.¹⁸ As far as the ancillary activities of the parties are concerned, such as accommodation and conference facilities, the two campuses of UCC-NUI and the IMI are located in two very different regions in the State (Munster/Cork and Leinster/Dublin) and do not compete with one another as far as such activities/facilities are concerned. In addition, there is a number of hotel groups offering both hotel accommodation and conference facilities in the State, such as Clayton Hotels¹⁹ and also individual conference hotels in each of Cork and Dublin, whose presence will constrain the activities of the merged entity post-transaction.²⁰
32. In light of the above, the Commission considers that the proposed acquisition will not substantially lessen competition in any market for goods or services in the State.

Ancillary Restraints

33. No ancillary restraints were notified.

¹⁴ <http://www.ucc.ie/en/campusaccom/student-accomm/>

¹⁵ <http://www.uccampusaccommodation.com/>

¹⁶ <http://www.imiresidence.com/>

¹⁷ See:

<https://www.google.ie/maps/dir/IMI+Conference+Centre+%26+Residence,+Sandyford+Road,+Dublin/University+College+Cork,+College+Rd,+University+College,+Cork>

¹⁸ In the Dublin region alone there are a number of strong players offering business courses in competition with the IMI, such as Dublin City University, Dublin Institute of Technology, Trinity College and the UCD Smurfit Business School.

¹⁹ <http://www.claytonhotels.com/our-hotels/>

²⁰ Cork: The Imperial Hotel (http://www.flynnhotels.com/Imperial_Hotel_Cork/index.html), The Clarion (<http://www.clarionhotelcorkcity.com/>), The Metropole Hotel (<http://www.themetropolehotel.ie/index.html>) and The Kingsley (<http://www.thekingsley.ie/>); and Dublin: The Gresham (<http://www.gresham-hotels-dublin.com/index.html>), Citywest Hotel (<http://www.citywesthotel.com/index.html>), Clontarf Castle (<http://www.clontarfcastle.ie/>) and Talbot Hotel Stillorgan (<http://www.talbothotelstillorgan.com/index.html>).



Determination

The Competition and Consumer Protection Commission, in accordance with section 21(2)(a) of the Competition Act 2002, as amended, has determined that, in its opinion, the result of the proposed acquisition whereby University College Cork – National University Ireland, Cork would acquire sole control of the Irish Management Institute, including beneficial ownership of the whole of the issued share capital of each of its subsidiaries, Clonard Campus Limited, Irish Management Institute International Limited and IMI (Northern Ireland) Limited, as well as the assets constituting the IMI Campus and Clonard House (IMI Residence), located at Sandyford Road, Sandyford, Dublin 14, will not be to substantially lessen competition in any market for goods or services in the State and, accordingly, that the acquisition may be put into effect.

For the Competition and Consumer Protection Commission

Patrick Kenny
Member
Competition and Consumer Protection Commission