



# DETERMINATION OF MERGER NOTIFICATION M/19/045 TELUS INTERNATIONAL (CDA) INC. – TRIPLE C HOLDING SÀRL

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## Section 21 of the Competition Act 2002

**Proposed acquisition by TELUS International (Cda) Inc. of sole control of Triple C Holding Sàrl.**

**Dated 23 January 2020**

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### **Introduction**

1. On 19 December 2019, in accordance with section 18(1)(a) of the Competition Act 2002, as amended (the “Act”), the Competition and Consumer Protection Commission (the “Commission”) received a notification of a proposed acquisition whereby TELUS International (Cda) Inc. (“TELUS”) (the “Acquirer”) would acquire sole control of Triple C Holding Sàrl (“Triple C”) (the “Target”) (the “Proposed Transaction”).
2. The acquisition will likely be effected through a newly incorporated German entity, TELUS International Germany GmbH, which is a subsidiary of the Acquirer.

### **The Proposed Transaction**

3. The Proposed Transaction is to be implemented by way of a Share Purchase Agreement (the “SPA”) dated 5 December 2019 between: Triple C Institutional Holding SA, Sunshine MEP Beteiligungs GmbH & Co. KG, Mr. [...], Mr. [...] and Mr. [...] as sellers (the



“Vendors”); the Acquirer as the purchaser; Triple C; and TELUS Communications Inc. as guarantor.

4. Under the terms of the SPA, the Acquirer will acquire the entire share capital of Triple C such that, following completion of the Proposed Transaction, the Acquirer will have sole control of Triple C.

### **The Undertakings Involved**

#### *The Acquirer*

5. TELUS is a subsidiary of TELUS Communications Inc., which is a wholly-owned subsidiary of TELUS Corporation, a communications and information technology company based in Canada and listed on the Toronto and New York stock exchanges.
6. TELUS is a provider of customer experience and business services solutions offering clients in Europe business process outsourcing (“BPO”) services such as:
  - I. customer care/customer relationship management (“CRM”);
  - II. digital experience, including cloud solutions, mobility solutions and content moderation;
  - III. back office, including finance, accounting and supply chain management;
  - IV. advisory services, including data analytics;
  - V. IT lifecycle, including IT service desk, testing and quality assurance; and
  - VI. risk management.
7. TELUS provides its services to clients operating in industries including information and communications, healthcare, travel and hospitality, gaming, Fintech and financial services.
8. TELUS is primarily active in the State through its wholly-owned Irish subsidiary, Voxpro Limited (“Voxpro”). Voxpro is a BPO service provider, which has two offices in Cork and one office in Dublin.
9. For the financial year ending 31 December 2018, TELUS generated worldwide turnover of €[...], of which approximately €[...] was generated in the State.



### *The Target*

10. Triple C trades as Competence Call Center (“CCC”) and is indirectly owned by Ardian France SA, CCC’s management and by an individual investor. CCC is a pan-European BPO provider with 22 sites in 11 countries employing approximately 8,500 staff.
11. BPO services provided by CCC include:
  - I. customer care/CRM; and
  - II. content moderation.
12. CCC provides its services to clients operating in industries such as media and IT/communications, finance, tourism and leisure, transport, utilities and consumer goods/services.
13. CCC does not have any physical service locations in the State and serves its clients located in the State from service locations elsewhere such as Barcelona, Riga, Bucharest, Istanbul, Berlin, Leipzig and Essen.
14. For the financial year ending 31 December 2018, the worldwide turnover of the Target was approximately €[...], of which €[...] was generated in the State.

### *CRM BPO services*

15. TELUS and CCC both provide CRM BPO services in the State. CRM BPO services can include services and customer interactions that cover the entire customer lifecycle relating to a product or service that a client’s customers use.
16. The parties note that CRM BPO services typically include the following:
  - I. customer service, including returns, complaint management, information hotline;
  - II. technical support, including remote services, usage and support, field services;
  - III. platform integrity, including content management, B2B advertising;
  - IV. collection and account management, including payments, account updates, billing enquiries;
  - V. inbound and outbound sales/retention, including incoming sales/pre-sales information, cross selling, churn management; and



- VI. back office, including fraud prevention, contract maintenance, and warranty/goodwill.

#### *Content moderation BPO services*

17. TELUS and CCC both provide content moderation BPO services in the State. Content moderation BPO services are typically provided to companies with an online presence to monitor and apply pre-determined rules and guidelines to user generated content.

#### **Rationale for the Proposed Transaction**

18. The parties state in the notification:

*“The Proposed Transaction will enable the Purchaser to expand its service offering into a wider range of BPO services. It will also assist the Purchaser in its objective to provide digitally-enabled, high-touch customer experiences that are in growing demand by today’s consumers, particularly in German language and in the area of content moderation. The Proposed Transaction will also positively impact the financial and operational strength of TELUS.”*

#### **Third Party Submissions**

19. No submission was received.

#### **Competitive Analysis**

##### *Horizontal Overlap*

20. There is a horizontal overlap between the parties in the State in relation to the provision of BPO services, in particular the provision of CRM BPO services and content moderation BPO services.

##### *Product Market Definition*

21. The European Commission has previously considered BPO services in a number of merger decisions.<sup>1</sup> In case *No COMP/M7458 IBM/INF Business of Deutsche Lufthansa*

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<sup>1</sup> See, for example, Case No COMP/M.7914 KKR & Co/Webhelp SAS (2016), available at: [https://ec.europa.eu/competition/mergers/cases/decisions/m7914\\_107\\_3.pdf](https://ec.europa.eu/competition/mergers/cases/decisions/m7914_107_3.pdf) and Case No COMP/M.7891 The Carlyle Group/Comdata (2016) available at:



(2014)<sup>2</sup>, the European Commission analysed the IT services market by reference to Gartner industry segmentation<sup>3</sup> as follows:

- I. consulting
  - II. implementation
  - III. IT outsourcing
  - IV. BPO
  - V. software support
  - VI. hardware support
22. The Commission has also considered the BPO sector in previous determinations. In its determination in case M/13/014 *Arvato/Gothia*,<sup>4</sup> the Commission's predecessor, the Competition Authority, considered the area of BPO service provision in the State. In case M/18/068 *Blackstone/Taskus*,<sup>5</sup> the Commission considered the provision of BPO services in the State, in particular back-office support and customer support outsourcing solutions.

#### *Views of the parties on product market definition*

23. The parties state in the notification that:

*“it is not necessary to segment the BPO services market further either by type of BPO service or by industry sector, because under any plausible product market definition the Proposed Transaction cannot result in a SLC in the State. The Parties have nevertheless attempted to provide information on a narrower CRM BPO basis (to focus specifically on the Target's activities) to confirm that the Proposed Transaction cannot result in a SLC in the State.”*

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[https://ec.europa.eu/competition/mergers/cases/decisions/m7891\\_79\\_3.pdf](https://ec.europa.eu/competition/mergers/cases/decisions/m7891_79_3.pdf). Both cases were cleared under the simplified merger procedure.

<sup>2</sup> Available at: [https://ec.europa.eu/competition/mergers/cases/decisions/m7458\\_2014](https://ec.europa.eu/competition/mergers/cases/decisions/m7458_2014).

<sup>3</sup> See Gartner's 2014 report, "Market Share: IT Services, 2013".

<sup>4</sup> Available at: <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/04/M-13-014-Arvato-Gothia-Determination-Public.pdf>.

<sup>5</sup> The Commission's determination M/18/068 *Blackstone/Taskus* is available at: <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2018/08/M.18.068-Blackstone-Taskus-determination-Public.pdf>.



*The Commission's conclusions on product market definition*

24. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this instance, it is not necessary for the Commission to define precise relevant product markets regardless of whether the potential product markets are narrower (content moderation services) or broader (IT services market) as the Proposed Transaction is unlikely to raise any competition concerns.
25. However, for the purposes of assessing whether the Proposed Transaction might result in a substantial lessening of competition, the Commission has analysed its impact by reference to the following two potential product markets:
  - i. content moderation BPO services
  - ii. CRM BPO services.

*Geographic market definition*

26. The European Commission has previously considered the relevant geographic product market for the provision of IT services on a national basis. However, in case No COMP.6237 *Computer Sciences Corporation/iSOFT Group* (2011),<sup>6</sup> the European Commission noted that its recent decisional practice in IT services indicated a broader geographical scope than national markets as major providers of IT services operate on a worldwide basis and customers frequently have worldwide/European Economic Area (EEA)-wide tenders.
27. In case M/18/087 *Fruition Partners (DXC)/TESM*<sup>7</sup> the Commission noted the European Commission's precedent but proceeded to consider the likely competitive impact of the Proposed Transaction by reference to the narrowest potential geographic market, i.e., the State.

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<sup>6</sup> See Case No COMP/M.6237 *Computer Sciences Corporation/iSoft Group*, available at: [https://ec.europa.eu/competition/mergers/cases/decisions/m6237\\_20110620\\_20310\\_1850463\\_EN.pdf](https://ec.europa.eu/competition/mergers/cases/decisions/m6237_20110620_20310_1850463_EN.pdf).

<sup>7</sup> The Commission's determination M/18/087 *Fruition Partners (DXC)/TESM* is available at: <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2018/11/M-18-087-Fruition-Partners-DXC-TESM-public-version.pdf>.



*Views of the parties on geographic market definition*

28. The parties submit that it is not necessary for the Commission to reach a firm view on the geographic scope of the potential market for BPO services. The parties state in the notification that there are good arguments which indicate the scope of the market to be EEA-wide, if not worldwide.
29. For instance, the parties state in the notification that:

*“clients can, and often do, procure outsourcing services from BPO providers located in a range of different geographic locations. BPO service providers routinely provide BPO services from ‘off-shore’ locations unrelated to the location of the client. These locations are chosen based on a number of criteria including set-up costs, access to flexible labour with multi-lingual capabilities etc.”*

*The Commission’s conclusions on geographic market definition*

30. The Commission accepts that it is not necessary for the Commission to conclude on the relevant geographic market in respect of content moderation BPO services and CRM BPO services since regardless of whether the potential geographic market is narrower (i.e., the State) or broader (i.e., worldwide), the Proposed Transaction is unlikely to raise any competition concerns.
31. However, for the purposes of assessing whether the Proposed Transaction might result in a substantial lessening of competition, the Commission has analysed its impact by reference to the narrowest potential geographic markets i.e., content moderation BPO services and CRM BPO services in the State.



## Competitive Assessment

### *Content moderation BPO services*

**Table 1: Turnover in the State, Content moderation BPO services, 2018**

Supplier	Content Moderation	% of Revenue
TELUS	€[...]	[...]%
CCC	€[...]	[...]%

Source: information provided by the parties.

32. Table 1 above shows the limited overlap between the parties in the provision of content moderation BPO services in the State. The parties estimate that [...]% of CCC's BPO in the State relates to content moderation BPO services, whereas only [...]% of the Acquirer's turnover in the State is derived from content moderation BPO services.
33. CCC's turnover in the State relates to the provision of content moderation BPO services to [...]. TELUS also provides content moderation BPO services to [...], though on a smaller scale, generating €[...] revenue in 2018.
34. With market share data unavailable at a national level, the parties estimate that their combined market share for the provision of content moderation BPO services would be between, approximately, [0-5]% globally and, approximately, [5-10]% in Europe.
35. Nonetheless, there are a large number of local vendors and global competitors offering content moderation BPO services, some as part of the full spectrum of BPO services that compete with the parties in the State.
36. In addition, following completion of the Proposed Transaction, the combined entity will continue to provide services to large clients, many of whom source their content moderation requirements from multiple service providers. For instance, the parties state that [...] currently multi-sources its content moderation requirements from a





range of BPO providers such as [...]. The parties estimate that CCC accounts for just [...]% of [...] content moderation work by the end of 2019.

*CRM BPO services*

**Table 2: Share of CRM BPO services (including content moderation), Europe, 2018**

Supplier	Europe
	%
TELUS	[0-5]%
CCC	[0-5]%
<b>Combined</b>	<b>[0-5]%</b>
<b>TOTAL</b>	<b>100%</b>

Source: parties' own sales figures and McKinsey Report estimates of total CRM BPO spend.

37. Table 2 above shows that even when including content moderation provision as part of their CRM BPO services share estimate, the parties' combined market share would be [0-5]% on a European-wide basis.
38. While market share data are not available at a national level, there are a large number of local vendors and global competitors offering full BPO services that compete with the parties in the State, with each of those listed in paragraph 36 each operating in the State.
39. Clients may also develop the capacity to perform certain BPO services in-house. Firms such as VHI, Aviva, Zurich and Aer Lingus offer customer experience services including



reservations and problem solutions to cross selling and up selling directly to consumers in Ireland.<sup>8</sup>

#### *Vertical Overlap*

40. The parties have stated in the notification that there is no vertical relationship between the Purchaser and the Target. The Commission has not identified any vertical relationship between the parties. On this basis, the Commission considers that the Proposed Transaction does not raise any vertical competition concerns in the State.

#### **Conclusion**

41. In light of the above, the Commission considers that the Proposed Transaction will not substantially lessen competition in any market for goods or services in the State.

#### **Ancillary Restraints**

42. No ancillary restraints were notified.

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<sup>8</sup> Page 4 of *Focus on Global Business Services & BPO* dated December 2018, prepared by the Department of Business, Enterprise & Innovation, available at: <https://dbei.gov.ie/en/Publications/Publication-files/Focus-on-Global-Business-Services-and-BPO.pdf>.



### **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 TELUS International (Cda) Inc. would acquire sole control of Triple C Holding Sàrl, 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

**Brian McHugh**  
**Member**  
**Competition and Consumer Protection Commission**