

Completed acquisition by Vix Technology (UK) Limited of
Advanced Communication and Information Systems Limited

ME/4775/10

The OFT's decision on reference under section 22(1) given on 16
December 2010. Full text of decision published 5 January 2011.

PARTIES

1. **Vix Technology (UK) Limited** (Vix) supplies automated fare collection systems, including ticketing equipment and related back-office systems, to transport operators.
2. **Advanced Communication and Information Systems Limited** (ACIS) supplies Real-Time Passenger Information (RTPI) systems to transport operators.

TRANSACTION

3. Vix publicly announced its acquisition of ACIS on 31 August 2010. Therefore, the statutory deadline for the OFT to reach its decision is 30 December 2010.

JURISDICTION

4. The merger provisions of the Enterprise Act 2002 (the Act) state that a relevant merger situation (that is, one which the OFT has jurisdiction to examine) is created if two or more enterprises are brought under common ownership or control as a result of the transaction and either the turnover test or share of supply test is met (section 23 of the Act).

5. In this case, the turnover test is not met, because the value of ACIS's turnover in the UK is below £70 million (section 23(1)(b) of the Act).
6. The share of supply test would be met only if the merged enterprises (a) both supply or acquire goods or services of a particular description and (b) will after the merger supply or acquire 25 per cent or more of those goods or services in the UK or a substantial part of it (section 23 of the Act). The parties submitted that the share of supply test is not met, because the automated fare collection systems supplied by Vix and the RTPI systems supplied by ACIS are clearly not goods or services of the same description.
7. A third party disputed this and submitted that both parties supply on-bus GPS-enabled devices for RTPI systems for public transport services operating outside of London, with a combined share of supply exceeding 25 per cent. This third party submitted that Vix supplies these devices in the form of ticketing machines that can be used to provide location updates to RTPI systems, and that ACIS supplies these devices in the form of stand-alone hardware platforms.
8. However, the parties submitted that, although Vix's ticketing machines are GPS-enabled in order to identify the correct fare stage that a bus is in, the machines do not at present have the capability to provide bus location data to RTPI systems. The parties stated that work is being done to create this capability, but that this requires significant cost and time. The OFT further notes that, even if Vix's ticketing machines had this capability, these machines may more accurately be considered to be vertically related to RTPI systems, as location data form an input into these systems. However, it is not necessary for the OFT to draw a conclusion in this respect because this capability does not currently exist.
9. The third party also submitted that on-bus GPS-enabled devices constitute a product in their own right. However, even if this is correct, Vix does not supply such devices on a stand-alone basis but only as part of its ticketing machines. The OFT does not consider that these ticketing machines are the same product as

stand-alone devices due to the significant additional functionality of the ticketing machines.

10. The OFT has therefore concluded that the share of supply test is not met.

DECISION

11. The OFT has decided, on the information available to it, that the completed acquisition by Vix of ACIS does not qualify for investigation under the merger provisions of the Act, because neither the turnover test nor the share of supply test is met. A relevant merger situation has therefore not been created.