

Completed acquisition by Solera Holdings, Inc. of CAP Automotive Limited

ME/6504-14

The CMA's decision on reference under section 22(1) given on 5 May 2015. Full text of the decision published on 12 June 2015.

Please note that [X] indicates figures or text which have been deleted or replaced in ranges at the request of the parties for reasons of commercial confidentiality.

SUMMARY

1. On 20 November 2014, Solera Holdings, Inc. (**Solera**), via its wholly owned subsidiary HPI Holding Limited (**HPI**), acquired CAP Automotive Limited (**CAP**) (the **Merger**). Solera, HPI and CAP are together referred to as the **Parties**.
2. The Competition and Markets Authority (**CMA**) considers that the Parties have ceased to be distinct and that the share of supply test is met. The four-month period for a decision, as extended, has not yet expired. The CMA therefore considers that a relevant merger situation has been created.
3. The Parties overlap in the supply of a number of vehicle data services to consumers and commercial customers in the UK. Specifically, the Parties overlap in the supply of vehicle registration mark (**VRM**) enablement to other vehicle data providers, current used vehicle valuation data (**used car valuation data**) to both consumers and commercial customers, vehicle coding information (**codes**) and vehicle specification data (**specification data**) to commercial customers in the UK.
4. There is also a non-horizontal relationship between the Parties with regard to vehicle provenance data (**provenance data**) on the one hand and valuation data and codes on the other. Solera supplies provenance data and resells codes and used car valuation data from CAP (**CAP data**) and two other used car valuation data suppliers (Eurotax Glass's (**Glass's**) and DeltaPoint). Another reseller of CAP data (Experian) is also a supplier of provenance data,

competing with Solera, and most customers of provenance data are also customers of used car valuation data.

5. The CMA has therefore assessed the impact of the Merger on the supply of VRM enablement, codes and used car valuation data, specification data and provenance data in the UK.
6. The CMA believes that no concerns arise in respect of the horizontal overlaps for a number of reasons, including that the Merger gives rise to a very small increment (in VRM enablement) and that the Parties are not particularly close competitors, with more significant competitors remaining (in specification and used car valuation data).
7. In respect of the non-horizontal relationship, the CMA assessed the possibility of the Parties causing foreclosure of Experian from the supply of codes and used car valuation data and provenance data, leading to competition being substantially lessened, through a variety of strategies, including refusal to supply CAP data and bundling of the data with Solera's provenance offering. The CMA also considered the possibility that Glass's and DeltaPoint could be foreclosed from the supply of used car valuation data as a result of the Parties restricting access to the Solera sales channel post-Merger.
8. Evidence available to the CMA indicated that the Parties would not have the ability and/or incentive to foreclose Experian from the supply of codes and used car valuation data and provenance data post-Merger.
9. In terms of foreclosure from the supply of codes and used car valuation data, the evidence available indicated that the Merger does not create any additional incentive compared with the pre-Merger situation for CAP to restrict Experian's access to CAP data and foreclose Experian from the supply of used car valuation data.
10. With regard to foreclosure from the supply of provenance data, the evidence from customers indicated that customers would be willing to purchase provenance data separately from codes and used car valuation data and that many already did so, such that Experian could continue to compete for provenance data customers. Moreover, even if the Parties had the ability to restrict the extent to which Experian could compete for provenance data customers by offering a bundle which forced the Parties' customers to buy used car valuation data with provenance data, the evidence available indicated that the Parties would not have the incentive to carry out such a strategy due to its effects on their revenues.

11. The evidence available also indicated that the Parties would not have the ability to foreclose Glass's and DeltaPoint from the supply of used car valuation data, [✂].
12. The CMA considers that these constraints, taken together, are sufficient to ensure that the Merger does not give rise to a realistic prospect of a substantial lessening of competition (**SLC**) as a result of horizontal unilateral or non-horizontal effects.
13. The Merger will therefore **not be referred** under section 22(1) of the Enterprise Act 2002 (the **Act**).

ASSESSMENT

Parties

14. Solera is a global company, listed on the New York Stock Exchange, providing risk and asset management software and services to the automotive and property marketplace, including the global property and casualty insurance industry. In the UK, Solera is primarily active in the provision of vehicle provenance data and software services for the automobile insurance claims processing industry. It is active through five brands namely HPI, CarweB, Audatex, Valexa Technologies and Hollander.
15. Solera's turnover in the financial year ending 30 June 2014 was around £607.3 million worldwide and around £71.4 million in the UK.
16. CAP is active in the provision of both current and forecast valuation data and specification data for new and used vehicles in the UK, and supplies a coding system known as the 'CAP code'. CAP's turnover in the financial year ending 31 December 2013 was around £22.6 million worldwide, allⁱ of which was generated in the UK.

Transaction

17. On 20 November 2014, Solera and CAP entered into a Sale and Purchase Agreement by which Solera, via its wholly-owned subsidiary HPI, agreed to acquire 100% of the issued share capital of CAP. The Merger was simultaneously signed and closed.

Jurisdiction

18. As a result of the Merger, the enterprises of Solera and CAP have ceased to be distinct.

19. The Parties overlap in the supply of vehicle valuation data and vehicle specification data to final customers. CAP provides this data directly to final customers and Solera provides this data as a reseller (including as a reseller of CAP's data).
20. Based on Solera's estimates and information received from third parties, the Parties' combined share of supply of valuation and specification data to final customers is [35–45]% (increment [0–10]%) and [50–60]% (increment [0–10]%) respectively.¹ The CMA therefore considers that the share of supply test in section 23 of the Act is met.
21. The Merger completed on 20 November 2014 and was first made public on the same date. The four-month deadline for a decision under section 24 of the Act is 26 May 2015, following extensions under section 25(2) of the Act.
22. The CMA therefore believes that it is or may be the case that a relevant merger situation has been created.
23. The initial period for consideration of the Merger under section 34ZA(3) of the Act started on 6 March 2015 and the statutory 40-working-day deadline for a decision is therefore 5 May 2015.

Counterfactual

24. The CMA assesses a merger's impact relative to the situation that would prevail absent the merger (ie the counterfactual). For completed mergers the CMA generally adopts the pre-merger conditions of competition as the counterfactual against which to assess the impact of the merger. However, the CMA will assess the merger against an alternative counterfactual where, based on the evidence available to it, it considers that, in the absence of the merger, the prospect of these conditions continuing is not realistic, or there is a realistic prospect of a counterfactual that is more competitive than these conditions.²
25. In this case, there is no evidence supporting a different counterfactual, and Solera and third parties have not put forward arguments in this respect. Therefore, the CMA considers the pre-Merger conditions of competition to be the relevant counterfactual.

¹ See Tables 1 and 2 below.

² *Merger Assessment Guidelines* (OFT1254/CC2), September 2010, from paragraph 4.3.5. The *Merger Assessment Guidelines* have been adopted by the CMA (see *Mergers: Guidance on the CMA's jurisdiction and procedure* (CMA2), January 2014, Annex D).

Frame of reference

26. The CMA considers that market definition provides a framework for assessing the competitive effects of a merger and involves an element of judgement. The boundaries of the market do not determine the outcome of the analysis of the competitive effects of the merger, as it is recognised that there can be constraints on merger parties from outside the relevant market, segmentation within the relevant market, or other ways in which some constraints are more important than others. The CMA will take these factors into account in its competitive assessment.³
27. In the UK, the Parties are both active in the supply of a variety of vehicle data services. Solera is primarily active in the provision of provenance data and software services for the automobile insurance claims-processing industry. CAP is primarily active in the provision of valuation data, specification data, and supplies a coding system known as the 'CAP code'. Both parties also provide VRM enablement services to other vehicle data providers, a process which involves linking non-vehicle specific data (eg value of a type of car) to a specific vehicle (see further paragraph 37 below).
28. The Parties overlap in the supply of VRM enablement to other vehicle data providers, valuation data, codes and specification data in the UK. Although the Parties do not overlap in the supply of provenance data, the CMA has considered some features of this supply for the purposes of the competitive assessment as:
- (a) resellers of CAP data are also suppliers of vehicle provenance data; and
 - (b) most customers of provenance data are also customers of valuation data.
29. The Office of Fair Trading (**OFT**) and the European Commission (the **Commission**) have previously considered the supply of vehicle data in their *HPI/CarweB*⁴ and *APW/GMG/EMAP*⁵ decisions respectively.
30. In determining the appropriate frame of reference in *APW/GMG/EMAP* the Commission considered distinguishing between different types of vehicle data and considered valuation and specification data separately for the purposes of its competitive assessment, but it ultimately did not find it necessary to conclude.

³ *Merger Assessment Guidelines*, paragraph 5.2.2.

⁴ ME/5945/13, *HPI/CarweB Limited* (OFT, 14 May 2013).

⁵ COMP/M.5051, *APW/ GMG/ EMAP* (Commission, 7 March 2008).

31. In its *HPI/CarweB* decision the OFT focused on vehicle data services distributed via a VRM. The OFT explained that vehicle data services cover a wide range of products, which differ depending on the amount and nature of the data that is provided to the customer, and noted that VRM data could be supplemented with different types of data, including valuation data.⁶ The OFT did not distinguish between these different types of data for the purposes of its decision but did distinguish between consumer and commercial⁷ customers. In relation to commercial customers the OFT also considered HPI and CarweB's differing positions in different commercial segments, including dealers, finance and insurance, although it ultimately did not conclude on this distinction.
32. The CMA reconsidered the possible distinctions between different vehicle data products/services and customer types highlighted by these decisions for the purposes of its investigation into the Merger.

Background on the Parties' vehicle data offerings

Vehicle coding information

33. Solera submitted that vehicle coding information (**code**) helps users understand underlying data (eg vehicle valuation data). According to the Parties, codes operate throughout the automotive industry to provide a seamless distribution of vehicle data between manufacturers, dealers, fleet management firms, auction houses, consumer and media companies and finance companies.
34. Based on third party responses and Solera's submissions, the CMA understands that codes can be specific to an individual vehicle (eg VRM or Vehicle Identification Number (**VIN**)), or be assigned to vehicles that share common characteristics, such as model, manufacturer, fuel type, etc (eg the CAP code or Glass's code).
35. In addition, third parties explained that codes are used by customers for a number of different functions, including to:
 - (a) Quickly retrieve data related to a specific vehicle or type of vehicle. For example, the VRM will allow a customer to retrieve all data that has been

⁶ *HPI/CarweB*, paragraph 9.

⁷ This included insurance companies, auto trade customers, finance companies, insurers and other commercial customers.

attributed to that VRM in a database.⁸ Similarly, a customer interested in the current market value of a specific vehicle model from a specific year with specific characteristics could either use a drop down menu to select the vehicle or could use the code associated with this vehicle to retrieve its valuation.

- (b) Link different data within a company, eg a car dealer, to, for example, provide a fixed point of reference when a process is handled by different people within the company.
 - (c) Share data with other companies. Data can be compared using the same code to refer to the same type of vehicle.
 - (d) Track vehicles through their lifecycle.
 - (e) Link different types of data (see paragraph 37 below).
36. CAP supplies its CAP code directly to final customers. Solera explained that it is a reseller of the CAP code as well as Glass's and DeltaPoint's codes.ⁱⁱ Therefore, the Parties are both active in the supply of codes to final customers.

VRM enablement

37. Solera submitted that Solera and CAP generate revenues from the supply of basic vehicle data and codes to other vehicle data suppliers for use in their businesses. This involves linking non-vehicle specific data (eg value of a type of car or detailed description of a type of car) to a specific vehicle through its VRM. This service provides the dataset linking which allows another vehicle data supplier's dataset to be searched using a VRM. Third party responses confirmed the nature of this service and described it as 'VRM enablement'.
38. The VRM enablement service offered by Solera consists of linking a VRM and associated basic vehicle data (**VRM data**)⁹ to another supplier's vehicle data. CAP supplies a similar service, but only links a VRM to its own data.
39. VRM data is obtained under licence from the DVLA. Both Solera and CAP have a DVLA licence, and they are both active in providing VRM enablement

⁸ At the simplest level, this can include the basic data available via the Driver Vehicle Licencing Agency (**DVLA**) on make and model, year of first registration, year of manufacture, colour, engine size and fuel type etc but can be supplemented with other data attributable to that VRM. See further 37 to 39 and 47 to 49 below.

⁹ Solera explained that this typically includes information relating to the type of vehicle (ie model, body type, fuel, engine size etc) and information particular to the individual vehicle (ie date of first registration, colour, previous transfers, scrapped date etc).

to other vehicle data suppliers. These other suppliers might not have access to VRM data directly because they are not DVLA licence holders.

Vehicle valuation data

40. Based on Solera's submissions and third party responses, the CMA understands that vehicle valuation data (**valuation data**) includes current and forecast values for new and used vehicles. Valuation data can help customers determine: (i) what a vehicle is currently worth; (ii) what the vehicle is likely to be worth in the future; (iii) how much the vehicle costs to own; and (iv) how much it would cost to get an equal replacement for the vehicle.
41. CAP offers valuation data to final customers and to resellers like Solera. Solera does not have its own valuation product but it acquires used car valuation data from CAP and other suppliers (Glass's and DeltaPoint) and sells this data to commercial customers and consumers as part of its provenance data check (**HPI check**) on a transactional basis. Solera also resells Glass's valuation data to consumers via CarweB.
42. Therefore, the Parties are both active in the supply of used car valuation data to final customers.

*Vehicle specification data (**specification data**)*

43. Solera submitted that CAP's specification data enables users to research the features and functionalities of specific models of vehicle, including changes to option combinations, standard equipment, colour and trim. CAP's specification data also includes images, fuel consumption and CO₂ emission and warranty information. CAP's specification data is based on information from manufacturers and dealer groups.
44. Third parties supported the Parties' description, indicating that specification data is used for understanding a manufacturer's offering and comparing vehicles' characteristics. Some third party responses also suggested that the level of detail/content in specification data can vary from basic information, regarding the make, model, colour etc, to more detailed technical information, eg as offered by CAP.
45. Solera's submissions indicated that HPI has a specification data product (**Spec Check**), which provides information about the specification of a vehicle, including factory fitted options.
46. Therefore the Parties are both active in the supply of specification data to final customers.

Vehicle provenance data

47. Based on Solera's submissions and third party responses, the CMA understands that vehicle provenance data (**provenance data**) helps customers assess risks when purchasing used vehicles by providing information regarding:
- (a) the number of previous owners and dates of change in ownership;
 - (b) a description of the vehicle and the first date of registration;
 - (c) whether the vehicle has outstanding finance;
 - (d) whether a vehicle has been recorded as stolen or has previously been written-off as a result of damage or theft; and
 - (e) whether a vehicle has been declared a total loss or whether it has passed an independent structural examination and is now deemed to be roadworthy.
48. Solera explained that the main datasets which can be used for the provision of vehicle provenance data are: vehicle licensing data from the DVLA, registration data from the Society of Motor Manufacturers and Traders (**SMMT**) and data from the Finance and Leasing Association (**FLA**) on outstanding vehicle finance. At the most basic level, a vehicle enquiry service is available for free from the DVLA, where a user can input the VRM and obtain basic information¹⁰ about the vehicle. Providers of provenance data add value to the underlying DVLA and SMMT information by cleansing the data of any errors and sometimes by supplementing this information with data from the FLA, which allows users to check whether a vehicle has outstanding finance.
49. Solera offers provenance checks to commercial customers and consumers through HPI and, to a less significant extent, CarweB. CAP does not supply provenance data.

Product scope

Segmentation by vehicle data type

50. Solera submitted that each of the vehicle data products supplied by the Parties should be considered separately for the purposes of the product frame

¹⁰ This includes the make and model, year of first registration, year of manufacture, colour, engine size and fuel type, when its current tax disc is due to expire or any statutory off road notification expires, CO₂ emissions, and the vehicle's current tax rate.

of reference. In particular, Solera submitted that there are distinct UK markets for the provision of: (i) provenance data; (ii) valuation data; and (iii) codes. However, Solera did not make any specific submissions regarding the product scope for other products where the Parties' activities overlap, namely specification data and VRM enablement.

51. Solera submitted that it is appropriate to consider different types of vehicle data services separately for the following reasons:
- (a) There are a wide range of vehicle data services providers, all of which supply distinct products.¹¹
 - (b) There is no demand- or supply-side substitutability between these distinct products. From a supply-side perspective, Solera noted that a supplier active in the provision of provenance data could not simply enter a neighbouring product market without investment both in terms of time and cost. From a demand-side perspective, Solera noted that vehicle provenance data and other types of vehicle data are likely to be procured from different suppliers.
 - (c) The type and granularity of information supplied by vehicle data services providers varies significantly.
 - (d) Although the Commission did not ultimately conclude, its reasoning regarding the possible distinction between specification data and valuation data in *APW/GMG/EMAP* was significant. In particular, the Commission noted that customers often purchase both valuation data and vehicle specification data, and a number of the respondents confirmed that valuation data and vehicle specification data serve different customer needs and are of a complementary nature.
 - (e) Codes are not substitutable with any other product.

Segmentation by data type – specification data, VRM enablement, provenance data and valuation data

52. Third parties supported the view that there is little demand-side substitution between VRM enablement, valuation data, specification data and provenance data. In particular:

¹¹ Solera offered the following examples in this regard: (i) HPI, CarweB, Experian and Cheshire Datasystems Limited (**CDL**) are predominantly active in the supply of *vehicle provenance checks*; (ii) CAP, Glass's and Kee Resources (**Kee**) are predominantly active in the supply of *vehicle valuation data*; (iii) Jato Dynamics is predominantly active in the provision of *new and used vehicle specification data*.

- (a) customers indicated that they use different types of data for different purposes (see paragraphs 33 to 49); and
 - (b) customers often buy more than one type of vehicle data product, suggesting that customers are not substituting between different types of vehicle data.
53. From a supply-side perspective,¹² third parties also drew a distinction between VRM enablement, valuation data, specification data and provenance data. Responses highlighted in particular that:
- (a) entering different markets requires different data inputs, from different sources;¹³ and
 - (b) not all competitors are present in all markets,¹⁴ and conditions of competition vary across markets.¹⁵
54. With regard to valuation data, the CMA also considered whether it would be necessary to distinguish between current used car valuation data, current new car valuation data and forecast valuation data. Third parties suggested that there is limited substitutability between different types of valuation data. In particular, most customers said that they bought all types of valuation data and used different types of valuation data in different circumstances. Third parties also noted that not all valuation data suppliers are active in all segments. Nevertheless, as the Parties only overlap in the supply of current used car valuation data, the CMA has not found it necessary to conclude on any distinction between different types of valuation data and has only considered the supply of current used car valuation data (**used car valuation data**) for the purposes of its competitive assessment in this case.¹⁶
55. Therefore, in light of responses received from third parties and consistent with the distinction recognised in previous precedents, the CMA has considered the supply of VRM enablement, specification data, provenance data and used car valuation data separately for the purposes of its competitive assessment.

¹² [Merger Assessment Guidelines](#), from paragraph 5.2.17.

¹³ Therefore, supplying VRM enablement through acquisition of a DVLA licence is not considered to be an attractive additional service for some vehicle data providers.

¹⁴ For example: (i) not all suppliers of specification data offer valuation or provenance data – eg Jato is an important supplier of specification data in the UK but it is not present in either the valuation or provenance data market; (ii) not all suppliers of provenance data offer VRM enablement – eg CDL, despite having a DVLA licence, does not currently offer VRM enablement services.

¹⁵ See competitive assessment below.

¹⁶ The CMA notes that, in the context of considering codes and used car valuation data for the non-horizontal aspects of the competitive assessment only, the CMA has distinguished between the supply of codes and used car valuations to final customers by resellers (downstream supply) and the supply of codes and used car valuations to these resellers (upstream supply). The CMA did not however consider it necessary to conclude on a separate frame of reference generally as no concerns arise on any basis.

The CMA has also taken into account any differentiation in product offering within these segments in that context.

Segmentation by data type – code

56. Based on third party responses, the CMA understands that customers use codes primarily for two purposes: (i) accessing vehicle data linked to codes; and (ii) managing and sharing information within the organisation or with other companies by essentially using the same reference point or ‘language’ (see paragraphs 33 to 49). Third parties indicated that demand for codes is therefore primarily driven by the demand for the vehicle data to which these codes link. In particular, in the absence of extensive interoperability between codes,¹⁷ the choice of code is inherently linked to the choice of vehicle data. In the same way, demand for codes is also driven by the need for the code to be able to link information between parts of the business or with other businesses. As customers integrate the code into their business this creates switching costs.
57. On the basis of this evidence, the CMA considers that it is difficult to separate demand for the code from the demand for the vehicle data associated with the code. Therefore, the CMA has not considered codes separately but has taken into account the interaction between codes and the vehicle data to which these codes link in its competitive assessment.

Segmentation by customer type

58. In the *HPI/CarweB* decision, in the context of considering vehicle data services supplied through a VRM, the OFT distinguished between commercial customer and consumer segments (see paragraph 31). The CMA has reconsidered this distinction for this case. The CMA may distinguish between separate customer groups if the effects of a merger on these groups is different, which may happen if, for example, competition for customers varies significantly between different customer groups.¹⁸
59. In this case, the CMA has not found it necessary to conclude on any distinction between commercial customers and consumers for the purposes of assessing the supply of VRM enablement, specification data, provenance data and codes.

¹⁷ Customers would be able to choose between different types of code if codes were interchangeable and could be used for the purposes of extracting all types of data and linking with data from different suppliers. However, the CMA understands, based on evidence from the Parties and third parties, that the scope for codes to be linked to each other is currently very limited.

¹⁸ [Merger Assessment Guidelines](#), from paragraph 5.2.28.

- (a) The Parties do not offer specification data to consumers and they offer VRM enablement services only to suppliers of vehicle data. Therefore, the CMA has assessed the supply of these products in the segments in which the Parties supply them.
 - (b) The CMA has assessed the impact of the Merger on codes in conjunction with the supply of used car valuation data (see paragraphs 56 and 57).
 - (c) With regard to provenance data, it was not necessary for the CMA to distinguish between commercial customers and consumers as the competitive assessment in relation to non-horizontal effects considered the Parties' ability to foreclose Experian, which only offers provenance data to commercial customers.
60. Regarding valuation data, Solera submitted that it was not appropriate to segment the market according to end customer.
61. In *HPI/CarweB*, the OFT identified a distinction between the supply of vehicle data services to commercial and consumer customers for a number of reasons, including different pricing points,¹⁹ differences in underpinning agreements,²⁰ differences in requirements for granularity,²¹ and differences in delivery methods.²² Furthermore, the OFT observed that competition for the provision of vehicle data services for commercial customers typically occurred through tenders, whereas providers to the consumer segment competed to provide individual checks as part of the process of buying used vehicles.²³ On the supply side, the OFT noted that vehicle data services provided to both commercial customers and consumers relied on the same core datasets and that providers of vehicle data services may switch between the consumer and commercial customer segments. However, the OFT considered that the competitive conditions were not sufficiently similar across the consumer and commercial segments for these segments to be considered together.²⁴
62. Based on Solera's submissions and third party responses, most of the characteristics identified by the OFT are also present in this case in relation to used car valuation data. In particular:

¹⁹ The OFT was told that commercial vehicle data services typically cost a few pence per check, whereas services to consumers start from around £3 per check.

²⁰ Commercial customers were found typically to purchase bulk vehicle checks, whereas consumers typically paid for individual checks.

²¹ For example, the parties told the OFT that commercial customers involved in the provision of spare parts required significant accuracy, since small errors could result in the wrong parts being ordered.

²² For example, vehicle data services to consumers are typically delivered online or via telephony services, whereas services to commercial customers may require the development of bespoke systems.

²³ *HPI/CarweB*, paragraph 19.

²⁴ *Ibid*, paragraph 20.

- (a) Pricing for used car valuation data also differs between commercial customers and consumers. CAP and HPI charge commercial customers £[X] per valuation and £[X] per code;²⁵ whereas CAP supplies free used car valuation data to consumers via an online VRM look-up service, and there are a number of other suppliers that offer free valuations online.
 - (b) Solera explained that a key difference between the used car valuation data received by consumers and the valuation data received by commercial customers is that commercial customers license the used car valuation data in bulk, whereas consumers obtain the used car valuation data on a transactional basis.
 - (c) The conditions of competition in the supply of used car valuation data differ between the consumer and commercial segments.²⁶
63. In summary, commercial customers access used car valuation data differently from consumer customers, they pay different prices, and the conditions of competition are not uniform across both segments.
64. For these reasons, the CMA has assessed the impact of the Merger on the supply of used car valuation data across commercial and consumer customer segments separately.
65. The CMA notes that, within the commercial customer segment, there may be some further differences between the different types of customer (eg dealers, insurers, finance companies, and leasing companies). The CMA has not found it necessary to conclude on these differences, since, as set out below, no competition concerns arise on any reasonable basis.

Conclusion on product scope

66. For the reasons set out above, on a cautious basis the CMA has considered the impact of the Merger in the following product frames of reference:
- (a) Supply of VRM enablement services to suppliers of vehicle data.
 - (b) Supply of specification data to commercial customers.
 - (c) Supply of used car valuation data to commercial customers.
 - (d) Supply of used car valuation data to consumers.

²⁵ List prices, although customers can obtain volume discounts.

²⁶ See paragraphs 86–94.

(e) Supply of provenance data.

Geographic scope

67. Solera submitted that the relevant geographic market for the supply of provenance data, valuation data and codes is the UK for the following reasons:

- (a) The basic data used to provide these products is UK-centric.
- (b) On the demand side, both commercial customers and consumers require access to information on UK-registered vehicles. On the supply side, restrictions on access to the datasets are likely to discourage overseas firms from entering the market.²⁷
- (c) In *APW/GMG/EMAP*, the Commission indicated that the relevant geographic market for the provision of vehicle valuation data was likely to be national.
- (d) In *HPI/CarweB*, the OFT considered that the relevant geographic market was likely to be at most UK-wide.

68. In the present case, third party responses supported a UK frame of reference. In particular:

- (a) The majority of customers who responded to the CMA questionnaire said that they purchase provenance data, codes, valuation data and specification data from UK suppliers. Only one customer said that it purchased specification data at a European group level.
- (b) A supplier present in other European countries explained that it tended to negotiate its valuation and specification data contracts on a country by country basis and that, although it has contracts with customers that cover more than one country, different prices are charged for the vehicle data.
- (c) A supplier of provenance data noted that the market for provenance data would be UK based because vehicle registration requirements are not uniform across Europe. This consideration also applies to provenance data.

69. Based on Solera's submissions, the CMA understands that consumers typically access provenance and valuation data from UK-based suppliers'

²⁷ For example, applicants for access to the DVLA bulk dataset must be listed on the Data Protection register and must be registered with HMRC and Companies House.

websites, and that the information is linked to a VRM, which is specific to UK vehicles.

Conclusion on geographic scope

70. For the reasons set out above, the CMA has considered the impact of the Merger for each of the products/services identified in paragraph 66 in the UK.

Conclusion on frame of reference

71. In summary, the CMA has considered the impact of the Merger in the following frames of reference:
- (a) Supply of VRM enablement services to suppliers of vehicle data in the UK.
 - (b) Supply of specification data to commercial customers in the UK.
 - (c) Supply of used car valuation data to commercial customers in the UK.
 - (d) Supply of used car valuation data to consumers in the UK.
 - (e) Supply of provenance data in the UK.

Competitive assessment

Horizontal unilateral effects

72. Horizontal unilateral effects may arise when one firm merges with a competitor that previously provided a competitive constraint, allowing the merged firm profitably to raise prices or degrade quality on its own and without needing to coordinate with its rivals.²⁸ Horizontal unilateral effects are more likely when the merger parties are close competitors. In the present case, the CMA assessed whether it is or may be the case that the Merger has resulted, or may be expected to result, in a substantial lessening of competition in relation to horizontal unilateral effects in the:
- (a) Supply of VRM enablement services to suppliers of vehicle data in the UK.
 - (b) Supply of specification data to commercial customers in the UK.

²⁸ [Merger Assessment Guidelines](#), from paragraph 5.4.1.

(c) Supply of used car valuation data to commercial customers in the UK.

(d) Supply of used car valuation data to consumers in the UK.

73. As noted above, the Parties do not overlap in the supply of provenance data (see paragraph 49).

Supply of VRM enablement services to suppliers of vehicle data in the UK

74. As explained above, supplying vehicle data through a VRM look-up requires access to DVLA data, either directly by becoming a DVLA bulk data licence holder, or indirectly, by purchasing data from a bulk data licence holder which is then linked to the vehicle data supplier's dataset (VRM enablement) (see paragraphs 37 to 39 and 52 to 55). The Parties overlap in the supply of VRM enablement services to suppliers of vehicle data.

75. Solera submitted that there are currently five bulk licence holders in the UK: CAP, CDL, Experian, Vehicle Data Services, and Solera (via HPI and CarweB). In addition to these suppliers, the DVLA said that Auto Data Guru and RAC are also bulk data licence holders. The DVLA explained that all these companies receive the same data, are charged the same price, and have signed up and adhere to the same contract terms and conditions. In addition, the DVLA explained that all bulk data licence holders (except RAC, which does not have a commercial product) are able to supply DVLA data to third parties.

76. Solera submitted that, in 2014, its sales of VRM enablement services to suppliers of vehicle data were £[REDACTED],²⁹ while CAP's sales were [REDACTED], representing approximately just [0–5]% of Solera's sales.³⁰

77. Two third parties expressed concerns regarding the effect of the Merger on the supply of VRM enablement, saying that the Merger would reduce the number of DVLA licensees offering VRM enablement. They said that the Merger would bring together three of the six current licences (CAP, HPI and CarweB).³¹

78. The CMA notes that, although the Merger will reduce the number of DVLA bulk licence holders with a commercial product from six to five, the increment

²⁹ The revenue figures provided by the Parties do not include revenues from [REDACTED].

³⁰ The CMA was not provided with market share information regarding VRM enablement.

³¹ Another third party also noted that the Merger would lead to a reduction in the number of VRM enablers but did not raise a specific concern.

to Solera resulting from the Merger will be minimal due to CAP's very small revenues from this product.

79. Responses from VRM enablement customers indicated that they considered Experian in particular, due to its scale, to be a much closer alternative to Solera than CAP. Moreover, two customers commented that they were either considering alternative suppliers to Solera or had already switched their main requirements from Solera.
80. Based on the very small share of supply increment resulting from the Merger and the existence of alternative suppliers,³² the CMA believes that the Merger does not give rise to a realistic prospect of an SLC through horizontal unilateral effects in the supply of VRM enablement services to suppliers of vehicle data in the UK.

Supply of specification data to commercial customers in the UK

81. As shown in Table 1, CAP is the largest supplier of specification data in the UK, with a share of supply of [40–50]% in 2014. Jato is the second largest supplier.

Table 1: Shares of supply of specification data (2014)

<i>Competitor</i>	<i>Estimated sales (£m)</i>	<i>%</i>
CAP	[X]	[40–50]
HPI (Spec Check)*	[X]	[0–10]
Combined	[X]	[50–60]
Jato Dynamics	[X]	[20–30]
Glass's	[X]	[0–10]
Kee Resources	[X]	[0–10]
Total	[X]	100

Source: Parties' submission and responses from competitors.

*Projected sales.

82. Solera submitted that both HPI Spec Check and CAP's specification data provide 'standard' vehicle data. However, Solera explained that its product and CAP's product are different in that CAP's specification data provides data at vehicle model level whereas the HPI Spec Check provides data unique to a particular vehicle. For example, CAP specification data describes the options which could have been selected when the vehicle was manufactured, whereas Solera's specification data describes the options that were actually selected when the particular vehicle was manufactured.
83. Most vehicle data suppliers did not consider CAP and HPI to be close competitors for specification data. One competitor explained that, although it

³² The CMA also notes the recent entry of Auto Data Guru in this market (see Auto Data Guru [website](#)).

competes with CAP, it considers CAP to be a less significant competitor than other competitors, and Solera is not a competitor to CAP at all. Other vehicle data suppliers noted the complementarity rather than the substitutability of CAP's and HPI's offering.³³

84. Most customers did not consider the Parties to be close competitors for specification data for a number of reasons. In particular, customers noted that CAP provides generic specification data whereas HPI provides VRM-specific data, and HPI was considered better suited to single requests whereas CAP was seen to be more suited to bulk specification data requests.
85. On the basis of this evidence, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC through horizontal unilateral effects in the supply of specification data to commercial customers in the UK.

Supply of used car valuation data to commercial customers in the UK

86. As explained above, Solera, via HPI, resells used car valuation data from CAP and other suppliers to commercial customers (see paragraphs 40 to 42). CAP also supplies such customers directly. As a result, the Parties overlap in the supply of used car valuation data to commercial customers in the UK.
87. Solera and third parties provided information on their sales of used car valuation data to commercial customers at the retail level, as shown in Table 2.

Table 2: Shares of supply of used car valuations to commercial customers at the retail level (estimated)

<i>Company</i>	<i>Revenues (£m)</i>	<i>Shares of supply (%)</i>
CAP	[X]	[30-40]
Solera	[X]	[0-10]
Solera (CAP sales)	[X]	[0-10]
Solera (DeltaPoint and Glass's sales)	[X]	[0-10]
Combined	[X]	[30-40]
Experian	[X]	[10-20]
Experian (CAP sales)	[X]	[0-10]
Experian (Glass's sales)	[X]	[0-10]
Other CAP resellers*	[X]	[0-10]
Glass's	[X]	[20-30]
DeltaPoint	[X]	[0-10]
BCA	[X]	[0-10]
Manheim	[X]	0
CDL	[X]	[0-10]
Total	[X]	100

Source: Solera's submissions and third party responses.

*More than 25 companies resell CAP used car valuation data as part of wider products or services offered to final customers. The CMA understands that these companies are not active in the supply of provenance data.

³³ One competitor noted that the Merger would allow the Parties to offer much richer specification data.

88. The majority of third parties did not consider HPI and CAP to be close competitors in the supply of used car valuation data to commercial customers. Third parties supported this view by saying that (i) HPI does not offer its own valuation product; (ii) HPI is more recognised as a supplier of provenance checks than used car valuation data; and (iii) HPI is just a sales channel for used car valuation data suppliers such as CAP.
89. Customers' responses indicated that, due to the way in which HPI sells used car valuation data to final customers, it competes more closely with Experian. Experian offers used car valuation data in a similar way to HPI, ie via VRM look-ups on an ad hoc basis, while CAP offers used car valuation data in bulk via licence.
90. On this basis, the CMA also notes that CAP competes more closely with alternative suppliers of used car valuation data to commercial customers, such as Glass's and DeltaPoint.
91. On the basis of this evidence, the CMA believes that CAP and HPI are not close competitors in the supply of used car valuation data to commercial customers. For this reason and in view of the closer competitors that will remain after the Merger, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC through horizontal unilateral effects in the supply of used car valuation data to commercial customers in the UK.

Supply of used car valuation data to consumers in the UK

92. As explained above, Solera, via HPI and CarweB, resells CAP and other suppliers' valuation data to consumers. CAP also supplies used car valuation data to consumers. As a result, the Parties overlap in the supply of used car valuation data to consumers.
93. The CMA understands from Solera's submissions that, due to the methods used by consumers to obtain used car valuations and the fact that most consumer products are offered for free (such as CAP's), web traffic is more likely to be indicative of a supplier's position in this segment than revenue data. It was not possible to show Solera's stand-alone position in this segment but, based on the web traffic information shown in Table 3, it appears that Solera's increment in this segment would be insignificant, with a number of stronger alternative providers remaining post-Merger.

Table 3: Shares of supply of used car valuation data to consumers at the retail level

	<i>Sales (web traffic)</i>	<i>Shares of supply (%)</i>
AutoTrader	30.0	50.4
What Car	16.1	27.1
Parkers	9.8	16.5
We Buy Any Car	2.9	4.9
Glass's	0.6	1.0
CAP	[\ll]	[0–10]

Source: Solera's submissions. Estimates from <http://semrush.com> (online SEO comparison and monitoring site).

94. On the basis of this evidence, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC through horizontal unilateral effects in the supply of used car valuation data to consumers in the UK.

Non-horizontal effects

95. A merger may give rise to non-horizontal effects. Non-horizontal effects include vertical and conglomerate effects.
96. Vertical effects may arise when a merger involves firms at different levels of the supply chain, for example a merger between an upstream supplier and a downstream customer or a downstream competitor of the supplier's customers.
97. Conglomerate effects may arise in mergers of firms that are active in the supply of goods or services in different markets but which are nevertheless related in some way, either because their products are complements (so that a fall in the price of one good increases the customer's demand for another) or because there are economies of scale in purchasing them (so that customers buy them together).³⁴
98. Most non-horizontal mergers are considered to be benign or even efficiency-enhancing (eg when they involve complementary products) and do not raise competition concerns. However, in certain circumstances, a non-horizontal merger can weaken rivalry, for example when it results in foreclosure of the merged firm's competitors. The CMA only regards such foreclosure to be anti-competitive where it results in a SLC in the foreclosed market(s), not merely where it disadvantages one or more competitors.³⁵
99. In the present case, there could be vertical issues as CAP supplies CAP code and used car valuation data to Solera and:

³⁴ [Merger Assessment Guidelines](#), paragraph 5.6.2.

³⁵ [Merger Assessment Guidelines](#), 5.6.12. In this context foreclosure can refer to a competitor either exiting the market or being substantially weakened as a rival such that it no longer is a competitive constraint to the merging parties.

- (a) CAP also supplies these products to Experian, which competes with Solera in the supply of both codes and used car valuation data to final customers and provenance data.
 - (b) Solera is a customer of some of CAP's competitors in the supply of codes and used car valuation data (Glass's and DeltaPoint).
 - 100. There could also be conglomerate issues relating to the vertical relationship described at (a) above as Experian competes with Solera in the supply of provenance data, and many customers buy both provenance data and used car valuation data.
 - 101. The CMA considered whether the Merger would give rise to a realistic prospect of a SLC by allowing the Parties to implement any of the following foreclosure strategies:
 - (a) To foreclose competitors from the supply of used car valuation data to final customers. In particular, the CMA assessed whether post-Merger the Parties could have the ability and incentive to:
 - (i) harm Experian's ability to compete in the retail supply of codes and used car valuation data by refusing it access to the supply of CAP code and used car valuation data (together **CAP data**) (considered under 'Foreclosure of Experian from supply of codes and used car valuation data to final customers' below);
 - (ii) harm DeltaPoint and Glass's ability to compete in the supply of used car valuation data by refusing to resell their codes and used car valuation data through Solera (considered under 'Foreclosure of Glass's and DeltaPoint from the supply of codes and used car valuation data to final customers' below).
 - (b) To foreclose competitors from the supply of provenance data. In particular, the CMA assessed whether post-Merger the Parties would have the ability and incentive to harm Experian's ability to compete in the supply of provenance data through a number of strategies, including by:
 - (i) refusing access to the supply of CAP data but continuing to offer provenance and used car valuation data themselves;
 - (ii) refusing access to the supply of CAP data and bundling their own provenance and CAP data offering.
- (these vertical/conglomerate aspects are considered under 'Foreclosure of Experian from supply of provenance data' below).

102. Four third parties responding to the CMA's market investigation expressed concern about the potential effects of the Parties restricting Experian's access to CAP data, which could lead to the foreclosure of Experian from the supply of codes and used car valuation data to final customers (101(a)(i) above). Two third parties responding to the CMA's market investigation also raised concerns regarding possible foreclosure from the supply of provenance data (101(b) above).
103. The CMA's approach to assessing vertical theories of harm is to analyse (a) the ability of the merged entity to foreclose competitors, (b) the incentive of it to do so, and (c) the overall effect of the strategy on competition.³⁶ This approach is followed in relation to each concern below.

Foreclosure of Experian from supply of codes and used car valuation data to final customers

104. Foreclosure can arise where, post-merger, the new firm would be likely to restrict access to the products or services that it would otherwise have supplied absent the merger, making it harder for customers to obtain supplies of the input under similar prices and conditions as absent the merger (**input foreclosure**). This may lead the merged firm to profitably increase the price charged to customers.³⁷
105. The CMA assessed whether the Parties would have the ability and incentive to refuse to supply its CAP data to Experian such that it would give rise to a realistic prospect of a SLC in the supply of codes and used car valuations to final customers.

Ability

106. In assessing the ability of the merged firm to engage in input foreclosure, the CMA may consider evidence on the cost of the input relative to all costs of the final product, and the extent to which rival firms can switch away from this input.³⁸ Therefore, in this case the CMA assessed:
- (a) the extent to which CAP data is an important input for the supply of used car valuation data to final customers; and

³⁶ [Merger Assessment Guidelines](#), paragraph 5.6.6.

³⁷ See also the Commission's guidelines on non-horizontal mergers (**Commission's Non-horizontal Guidelines**), paragraph 31.

³⁸ [Merger Assessment Guidelines](#), paragraph 5.6.10.

(b) the extent to which CAP (and therefore, post-Merger, the Parties) has market power in the supply of codes and/or used car valuation data.³⁹

- *Extent to which CAP data is an important input for the supply of codes and used car valuation data*

107. Solera submitted that Experian has access to the CAP code and CAP's used car valuation data through a licence agreement with CAP. This agreement sets out the products that CAP agrees to supply to Experian as well as the ways in which Experian is authorised by CAP to resell its products.⁴⁰

108. On that basis, the CMA understands that one of the ways in which Experian resells CAP used car valuation data is as part of its provenance data product (**Autocheck**). Customers can tick a 'CAP valuation' box if they require a valuation to be presented together with the provenance data.

109. Absent a CAP code, Experian would not be able to match a VRM number with its corresponding CAP code, and would therefore be unable to provide CAP used car valuation data together with provenance data via Autocheck. In this way, it appears that the CAP code is a necessary input for Experian to supply CAP data through Autocheck.

110. Also, without access to the CAP code, Experian would be unable to supply its customers with CAP codes, either directly or through VRM look-ups.

- *Extent to which CAP has market power in the supply of codes and used car valuation data*

111. In order for input foreclosure to be possible, the merged firm must have market power in the upstream market. In this case, CAP must have market power in the supply of codes and used car valuation data.

112. The CMA considered a number of factors in addressing this issue, including: (i) market shares; (ii) the extent to which CAP data is considered a must-have, including in different market segments; (iii) the ease of switching from CAP data; and (iv) pricing of CAP data.

³⁹ The CMA notes that, the Commission's Non-horizontal guidelines (paragraphs 34, 35 and 36) suggest that these factors should be met in order for an input foreclosure strategy to raise concerns.

⁴⁰ Licence agreement between CAP and Experian, 23 December 2013.

113. As can be seen from Table 2 above, CAP's share of supply in used car valuation data is [50–60]%. The share of supply of the second largest competitor, Glass's, is [30–40]%.⁴¹
114. As explained in paragraphs 56 and 57 above, it is unclear whether there is a separate demand for codes independent from a demand for the data to which these codes link. Therefore, the significance of market shares regarding codes is unclear.⁴²
115. The CMA also notes that these market shares do not reflect:
- (a) Evidence provided by Solera and third parties which suggests that customers tend to buy more than one used car valuation at the same time. For example [redacted].
 - (b) Evidence from some customers, that regardless of market shares, CAP data is a 'must-have'.
116. Based on responses from third parties, the CMA understands that, although there are other companies supplying codes and used car valuation data, the CAP code is considered to be the 'industry standard'. It was the first code available in the industry and many customers' systems were designed around it. One competitor explained that the majority of banks use the CAP code within their systems and, as banks can be considered to be at the top of the vehicle market 'food chain' due to their role in arranging funding, this makes the CAP code highly pervasive and most systems are written around it. This competitor noted that, due to the ubiquity of the CAP code, it is far easier for customers to transfer and link to CAP used car valuation data than to alternative used car valuation data. The competitor said that Glass's used car valuation data is often only viewed by customers as providing a second opinion. Some customers said that CAP data is a 'must-have', due to it being embedded in their IT systems, its pervasiveness in the market and its linking to 'must-have' CAP used car valuation data.
117. Evidence from customers also indicated that their ability to switch codes and/or used car valuation data supplier is limited. Responses highlighted that this is especially the case where codes are an important part of customers' internal systems and processes, where sharing information with other

⁴¹ [redacted]

⁴² Each supplier could be considered a monopolist in the supply of codes linking to its own data. On the other hand, even under the assumption that a market for coding information exists, Solera submitted that CAP's share of supply would be [90–100]%.

suppliers is important, and where a certain code is the only code that allows to access certain data.

118. CAP's internal documents support third party responses highlighting the difficulty of switching from the CAP code (and CAP data in general). For example, they state:
- (a) 'The CAP code, CAP data and products are [REDACTED] in the systems and processes of the leading industry players (major fleets, auction houses, finance houses and dealerships); it would be [REDACTED] to remove CAP, especially for the larger players.'⁴³
 - (b) 'Critical UK infrastructure for transacting and running vehicles. Seen as the industry's benchmark, and CAPCode is the "DNA" of the Industry. [REDACTED]. Data/products embedded in systems and processes of the leading industry players (major fleets, finance houses and dealerships).'⁴⁴
119. CAP's internal documents and customer responses also indicate that different customer segments rely on CAP data to different degrees. In particular:
- (a) CAP estimates that it has a high market share in most customer segments, except insurance.⁴⁵
 - (b) Statements in an internal document show that preferences for CAP and Glass's are different across dealers: 'Long tail of dealers well served by Glass's "no frills" product; CAP's technological edge less of an advantage'.⁴⁶ This document also mentions that Glass's 'is the [REDACTED] for insurance'.
 - (c) An insurance customer considered Glass's used car valuation data and Glass's code as 'must-have', and said that it only uses Glass's code.
 - (d) An internal document prepared in the context of the acquisition of CAP by Solera mentioned that CAP faces a different degree of competition in different sectors:⁴⁷
 - (i) CAP is the strongest provider in the finance and leasing sectors.

⁴³ [REDACTED], board briefing, 11 November 2014.

⁴⁴ [REDACTED], draft business overview, 26 September 2014.

⁴⁵ 'Dealers: [60–70]%, Finance: [90–100]%, Car hire, contract and leasing: [80–90]%, Insurance: [10–20]%, Manufacturers: [60–70]%, Consumers/media: [60–70]%' [REDACTED], board briefing, 11 November 2014. These shares do not differentiate between the supply of used car valuation data, new car valuation data and forecast valuation data.

⁴⁶ [REDACTED], Commercial Due-diligence, BCG, 18 May 2012.

⁴⁷ [REDACTED], board memo, 18 November 2015.

(ii) In the dealer sector, CAP has one competitor (Glass's). CAP has been more successful in serving the larger franchised dealers whereas Glass's has had comparatively more success in serving the lower-end of the market.

(iii) In the insurance sector, CAP is a small player compared with Glass's.

120. CAP's internal documents also provide evidence of CAP's market power in the supply of codes and used car valuation data. In particular, an internal document prepared in the context of a study commissioned to determine the scope for CAP [redacted] concluded that there was some scope for CAP to [redacted], especially for the CAP code.⁴⁸ The study identified differences in the potential to [redacted] in different segments, showing that the [redacted] as a result of the CAP code being a [redacted] in their systems.

121. In summary, evidence from third parties and internal documents suggests that although this is not necessarily the case for all customers, many customers appear to have a strong preference for CAP code.

- *Conclusion on ability*

122. On the basis of the evidence set out above, the CMA believes that CAP may have market power in the supply of codes and valuation data and consequently may have the ability to foreclose Experian from the supply of codes and used car valuation data. However, the CMA has not found it necessary to conclude on this point because, as explained below, on the evidence available the CMA does not believe the Parties to have the necessary incentive to do so.

Incentive

123. In order to assess whether the Parties would have the incentive to foreclose Solera's downstream rivals, the CMA considered the factors affecting the profitability of such a strategy, and the extent to which these factors change as a result of the Merger. In particular, the CMA considered: (i) the potential losses upstream,⁴⁹ and (ii) the extent to which the Parties would be able to recapture profits from customers switching downstream.⁵⁰

124. In the context of determining the extent to which the Parties would be able to recapture profits downstream, the CMA notes that CAP is already present as

⁴⁸ Simon-Kucher and Partners (17 October 2013), 'Price discount and optimisation, Pricing results'.

⁴⁹ As explained above, upstream is used to refer to sales of used car valuation data to resellers.

⁵⁰ [Merger Assessment Guidelines](#), paragraph 5.6.11. Downstream is used to refer to the resale of used car valuation data to final customers.

a retail supplier of codes and used car valuations.⁵¹ Therefore, independent of the Merger, if CAP did not supply CAP data to its resellers, it could recapture at least some of their downstream sales. For this reason, the Merger does not create any additional incentive compared with the pre-Merger situation for CAP to foreclose resellers from the supply of codes and used car valuation data.⁵²

125. The CMA considered whether the Merger might increase CAP's ability to exploit any market power with respect to the wholesale price charged to its resellers, giving it an increased incentive to foreclose resellers, in particular if pre-Merger it was impeded in doing so because it faced a 'commitment problem' in dealing with its resellers, Experian and Solera.
126. A commitment problem could have been present pre-Merger in a situation where neither Experian nor Solera were willing to pay CAP the maximum or monopoly wholesale price for CAP data. Solera and Experian might have refused to pay the maximum wholesale price if they thought that there would be an incentive for CAP to offer their downstream competitor (ie either Solera or Experian) a better price. This would mean that one of Solera or Experian would have had a more attractive offering, which would have reduced the profits for the other in the downstream segment, ultimately making committing to a monopoly price unattractive. CAP might have had an incentive to offer either Solera or Experian a lower price if such a strategy would draw additional customers such that CAP made more profit than selling at the same price through both.
127. However, the evidence available suggests that CAP did not face a 'commitment problem' pre-Merger because CAP would not have drawn in additional revenues by charging different prices to its resellers. As explained above, the evidence from CAP's internal documents suggests that demand for its products is relatively price inelastic (see paragraph 120). Moreover, given that the same data would be available to all customers via both resellers, customers would simply switch from one reseller to the other if one had a cheaper offering. For both these reasons, CAP would be unlikely to draw in additional customers by charging its resellers different prices.

⁵¹ Solera submitted that the reason why CAP licenses its products to its 'strategic partners' (HPI, Experian and Carweb) is because, historically, CAP did not have a VRM look-up service. As a result, Experian, HPI and Carweb were allowed to sell CAP's codes and descriptions linked to a VRM look-up. However, CAP has a DVLA licence since 2013, and sells valuations via VRM look-ups.

⁵² Any additional incentive would come from conglomerate effects, which are considered in paragraphs 141–186.

128. In any event, the CMA notes that there is an existing clause in the contract with both resellers, which prevents CAP from charging a lower wholesale price to any other distributor.
129. Finally, the CMA also notes that CAP negotiated price increases with both Experian and Solera for its code and used car valuation data pre-Merger, which will be implemented gradually in the next two years. [✂] This indicates that CAP could already increase the wholesale price of its data pre-Merger.
130. On the basis of all this evidence, the CMA considers that there is no change as a result of the Merger in the incentive for the Parties to restrict access to resellers to the CAP data.

Conclusion

131. As set out above, the CMA believes that the Parties would not have the incentive to foreclose Experian from the supply of codes and used car valuation data to final customers as a result of the Merger. It was therefore not necessary for the CMA to conclude on the Parties' ability in this respect. It was also not necessary for the CMA to consider any effect of such a foreclosure strategy.
132. Accordingly, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC as a result of foreclosure of Experian from the supply of codes and used car valuation data to final customers.

Foreclosure of Glass's and DeltaPoint from the supply of codes and used car valuation data to final customers

133. Glass's and DeltaPoint sell codes and used car valuation data through HPI. Therefore, the CMA assessed whether, post-Merger, HPI would have the ability and incentive to refuse to sell codes and used car valuation data from these suppliers in order for to capture the diverted sales (customer foreclosure). [✂]

Ability

134. In order to assess the Parties' ability to foreclose Glass's and DeltaPoint from the supply of codes and used car valuation data, the CMA took the following factors into account:
 - (a) The extent to which HPI is an important route to market for Glass's and DeltaPoint.

(b) The extent to which customers would divert to CAP data if HPI no longer offered codes and used car valuation data from competing suppliers.

- *Extent to which HPI is an important route to market for Glass's and DeltaPoint*

135. [✂]

136. Therefore, sales through Solera do not represent a significant proportion of either Glass's or DeltaPoint's used car valuation data revenues.

- *Extent to which customers would divert to CAP used car valuation data*

137. Responses from third parties indicated that a significant proportion of customers buy used car valuation data from more than one data supplier.⁵³ Therefore, if the Parties refused to sell Glass's or DeltaPoint's used car valuation data post-Merger, many customers would switch to other data suppliers to obtain these valuations, rather than buying additional CAP valuation data.

- *Conclusion*

138. On the basis of this evidence, the CMA believes that the Parties would not have the ability to foreclose Glass's or DeltaPoint from the supply of codes and used car valuation data to final customers.

139. As the CMA has found that the merged entity would not have the ability to engage in a strategy to foreclose Glass's or DeltaPoint, it has not found it necessary to consider whether the Parties would have the incentive to do so, nor what the effect of such a foreclosure strategy would be.

140. Accordingly, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC as a result of foreclosure of Glass's and DeltaPoint from the supply of codes and used car valuation data to final customers.

Foreclosure of Experian from the supply of provenance data

141. The CMA assessed whether post-Merger the Parties would have the ability and incentive to foreclose Experian from the supply of provenance data by either:

⁵³ See, for example, paragraph 115(a) above.

- (a) refusing Experian access to CAP data so that only the Parties could offer both CAP data and provenance data; or
- (b) refusing Experian access to CAP data *and* bundling their own provenance and CAP data offering such that CAP data was only available in a bundle with provenance data.

General remarks about ability

142. In order to determine whether a merged entity might have the ability to foreclose a rival as a result of refusing to supply an input and/or bundling a product with another it is necessary to take account of the following factors: (i) the extent to which customers have a demand for more than one of the products; (ii) whether the products are complements; (iii) customer preferences for one-stop shopping;⁵⁴ and (iv) the extent to which the markets for the different products are similar in size.
143. Therefore, in order to assess the Parties' ability to foreclose Experian from the supply of provenance data, the CMA examined the extent to which:
- (a) the Parties have a significant degree of market power in one of the markets concerned such that the product is viewed by many customers as particularly important with few alternatives;⁵⁵
 - (b) the products that are subject to a foreclosure strategy are supplied to a large common pool of customers;⁵⁶
 - (c) customers have a strong incentive or preference to buy the range of products from a single source; and
 - (d) the markets for provenance and used car valuation data are similar in size.⁵⁷

⁵⁴ [Merger Assessment Guidelines](#), paragraph 5.6.13, third bullet, regarding conglomerate mergers.

⁵⁵ The CMA notes that this condition must be met in order for foreclosure to be possible (see also Commission's Non-horizontal Guidelines, paragraph 99).

⁵⁶ The CMA notes that this condition must be met in order for foreclosure to be possible (see also Commission's Non-horizontal Guidelines, paragraph 100).

⁵⁷ Conglomerate effects are more likely if the markets being bundled/tied are at least of a similar size. In this case if the valuation data market was substantially smaller than the provenance data market then this would suggest that either (a) customers that buy both products are paying substantially more for provenance data, or (b) there is only a small pool of common customers that purchase both products. In either case, foreclosure is less likely. If the size of the common pool of customers is small then competitors will be able effectively to compete for the large proportion of customers that do not buy valuation data. If customers are paying substantially more for provenance data, then they are less likely to value the valuation data sufficiently compared with the more competitive provenance data that they are willing to switch to the bundle. For example, see Neven, DJ (2005), [The analysis of conglomerate effects in EU merger control](#), p206.

144. The CMA assessed whether, as a result of the factors outlined above, Experian's ability to compete for provenance data customers would be substantially reduced and whether Experian would exit the provenance data market as a result of the Merger. The CMA has assessed this separately for each of the two strategies listed in paragraph 141.

General remarks about incentive

145. In order to assess whether the Parties would have the incentive to foreclose their provenance data rivals, the CMA considered the extent to which such a strategy would be profitable. As the CMA believes, as set out below, that the Parties would not have the ability to foreclose Experian from the supply of provenance data by only refusing Experian access to CAP data (strategy (a)), the CMA only considered the Parties' incentives where the Parties would refuse Experian access to CAP data *and* bundle CAP data with provenance data (strategy (b)).

Foreclosure from the supply of provenance data through refusal to supply CAP data

146. The CMA considered whether the Parties would have the ability and incentive to refuse to supply Experian with CAP data so that, post-Merger, CAP data would only be available with provenance data through the Parties. This strategy could allow the Parties to draw away Experian customers that require both types of data and prefer to purchase it from a single source.

Ability

- *Extent to which Parties have a significant degree of market power in one of the markets concerned such that the product is viewed by many customers as particularly important with few alternatives*
147. The CMA believes that CAP may have market power in the supply of codes and used car valuation data (see paragraphs 111 to 121). In particular, for some customers, CAP data is considered a 'must-have'.
- *Extent to which products that are subject to a foreclosure strategy are supplied to a large common pool of customers*
148. The ability of the Parties to exclude or reduce the competitiveness of Experian in the provenance market post-Merger depends on the number of provenance data customers who could switch from Experian to the Parties if Experian no longer supplied CAP data.

149. Evidence received from Solera and third parties indicates that a significant majority of customers buy both provenance data and used car valuation data. In particular:
- (a) The majority of customers who responded buy all vehicle data products.
 - (b) Solera submitted that [70–80]% of HPI customers buy both provenance and used car valuation data, and that 57% of HPI customers take both provenance and CAP data. Solera also provided estimates that suggested that the majority of customers across all segments (dealer, finance, insurer, etc) purchased provenance data and used car valuation data from Glass’s, CAP and/or DeltaPoint.
 - (c) Solera submitted that, of CAP’s approximately [redacted] customers, around [redacted] are likely to also source vehicle provenance data.
 - (d) Experian submitted that 64% of its revenues from the sale of provenance and used car valuation data correspond to sales of both types of data at the same time.⁵⁸
 - (e) Experian also estimated that on 91% of occasions, its dealer customers bought provenance and used car valuation data at the same time.
150. On the basis of this evidence, it appears that there is a significant overlapping pool of customers which could be targeted by a foreclosure strategy.
- *Extent to which customers have a strong incentive or preference to buy the range of products from a single source*
151. Responses from customers indicate that provenance and used car valuation data is often not bought from the same supplier. The CMA contacted Solera customers and also sought to verify this information with Experian customers. The majority of customers who responded said that they bought used car valuation data and provenance data from different suppliers.
152. Customers explained that, even if they buy both provenance and used car valuation data, they do not always buy both types of data at the same time or in fixed proportions. For example, customers said:
- (a) ‘...given the two products can be sold and used separately denotes that they do not need to be combined ... [redacted]_buy provenance data from [redacted], it

⁵⁸ Sales from Autocheck including valuation: £[redacted]. Sales from valuation and provenance data on a stand-alone basis: £[redacted].

is a relatively small annual spend ... [X] buy valuation data from [X], which is a much larger spend ...'

- (b) 'We have significant requirements for CAP code and related vehicle data and relatively limited requirements for provenance data.'
- (c) '[X] would tender for each product in its own right. [X] would be hesitant in relying on one supplier for all its data.'

153. The CMA also received evidence from Solera and customers indicating that provenance and used car valuation data are not necessarily used in the same stages of a vehicle's life cycle as they are used for different purposes. One customer explained:

... provenance data ... enables us to check ownership of vehicles if there is a dispute between the supplier, our customer, or a third party claiming to own the vehicle. It also enables us to check the provenance of vehicles when the supplier is not dealing with us direct ... [In contrast], our lending criteria [is] based around the current market estimated value of the vehicle and our residual value setting policy.'

154. The CMA also notes that some Solera and Experian customers who buy used car valuation data alongside provenance data also have a separate data licence with CAP, such that they could continue to buy the same products even if the CAP data were no longer available through Experian.⁵⁹

155. This evidence indicates that, although some customers buy used car valuation data when buying provenance data on some occasions, many buy it separately. In particular, many sales of used car valuation data are not made alongside a sale of provenance data, and customers who buy CAP data through Experian could buy it directly from CAP. This evidence indicates that many customers would be prepared to buy the products separately if CAP data was no longer available through Experian, limiting the number of provenance sales which Solera would gain from Experian.

⁵⁹ Solera estimated that between 90% and 100% of the top 200 dealer groups in the UK that are HPI customers for provenance and CAP valuations will also hold a CAP licence. Of the mid-sized franchised dealers, the parties estimate that approximately 50% of customers that take valuations from HPI also take CAP valuations. Smaller dealers are likely to take CAP valuation data from one source only. [X]

- *Extent to which markets for provenance and codes and used car valuation data are similar in size*
156. The CMA considered the relative sizes of the provenance market and the codes and used car valuation data market. The CMA found that these markets do not differ significantly in size:
- (a) Sales of codes: £[redacted] million (£[redacted] corresponds to CAP codes).
 - (b) Sales of used car valuation data to commercial customers: £[redacted] million.⁶⁰
 - (c) Sales of provenance data: £[redacted] million (£[redacted] million commercial customers).⁶¹
157. In this context, the CMA also considered prices for used car valuation and provenance data. The CMA found that customers, in general, attach more value to provenance data than valuation data, although prices may vary according to the volume of data purchased. Solera submitted that HPI sells provenance checks for £[redacted] and valuation data for £[redacted] per valuation (although it provides discounts based on volumes). [redacted]
158. The CMA notes that, although the extent to which customers would be willing to switch away from their preferred supplier of the more valuable provenance data in order to retain access to used car valuation data is unclear, the fact that customers appear to attach a higher value to provenance data could to some extent limit customers' interest in switching.
- *Extent to which Experian's ability to compete for provenance data customers would be substantially reduced*
159. The CMA considered how Experian might respond if the Parties refused to continue supplying Experian with CAP data. The CMA considered in particular to what extent Experian could retain customers or win provenance customers from the Parties.
160. [redacted] However, the CMA found that many customers were willing to split their purchase of provenance data and valuation data, and many did so already (see paragraph 151). Therefore, the CMA believes that, if the Parties engaged in a foreclosure strategy by refusing access to CAP data, Experian would not be prevented from continuing to offer provenance data to many of its existing

⁶⁰ In the consumer segment it is difficult to quantify revenues as valuations are often supplied free of charge. Solera did not provide its revenues for this segment. The CMA notes that, even when adding all valuation data types into one single market, the size of the market would still be smaller than the size of the provenance data market.

⁶¹ These figures are likely to be overestimated as [redacted].

customers. Moreover, it could continue to compete for Solera's provenance data sales, which amounted to approximately £[redacted] in 2014.

161. Even in a 'worst case' scenario where none of the customers that currently buy CAP data would be willing to split their purchases, Experian would still retain its stand-alone provenance data sales [redacted] and could compete for Solera's stand-alone provenance sales (at least £[redacted] per year).⁶²
162. The CMA also considered whether Experian's potential continued offering would be sufficient to cover the costs associated with acquiring provenance data.
163. Based on third party responses, the CMA understands that the annual costs for keeping a provenance data business are in the region of £[redacted]. These costs are associated with the cost of data acquisition, mainly from the DVLA and SMMT, but also from police and finance companies. The DVLA, SMMT and MIAFTR⁶³ confirmed that the annual cost of access to their data is £96,000, £200,000 and £230,000 respectively.⁶⁴ [redacted] Overall this evidence indicates that even in the 'worst case' scenario outline above, Experian would continue offering provenance data.
164. The CMA asked Experian whether, if it were not able to offer CAP data, it would continue to offer provenance data both on a stand-alone basis and bundled with other used car valuation data. Experian said that it would.
165. On the basis of this evidence, the CMA believes that there is no realistic prospect that refusing to supply Experian with CAP data would substantially affect Experian's ability to compete for provenance data customers.

Conclusion on foreclosure from the supply of provenance data through refusal to supply CAP data

166. The CMA found that some of the conditions for the Parties to have the ability to foreclose Experian from the supply of provenance data by restricting

⁶² Solera submitted that [20–30]% of Solera's customers purchase provenance data on a stand-alone basis. This would be equivalent to approximately £[redacted] of revenues. However, some of these customers may be also buying valuation separately from CAP, therefore this figure could be lower. Solera also estimated that [40–50]% of CAP's customers are also likely to buy provenance data from Solera. The revenues obtained from these customers are estimated at £[redacted]. Under a very conservative assumption, if these revenues can be attributed to those Solera customers who are buying valuation data from CAP separately, the revenues from customers who are buying provenance data on a stand-alone basis would be £[redacted].

⁶³ Motor Insurance Anti Fraud and Theft Register.

⁶⁴ In particular, the CMA notes that, in the context of the *HPI/CarweB*, one third party estimated these costs to be of £68,000, and mentioned that Experian, HPI and CarweB did not pay for these data because they 'create relationships with individual finance houses and negotiate the swapping of this finance data with other vehicle history checking companies'. Also, in the context of the *CarweB/HPI* merger investigation, [redacted] explained that its total data costs for supplying provenance data were of £0.5 million approximately.

access to the CAP data might be present. In particular, based on the evidence available:

- (a) CAP may have a significant degree of market power in the supply of codes and used car valuation data, and for some customers, the CAP code and CAP valuation data are considered as 'must-have'; and
- (b) the products that are subject to a foreclosure strategy, namely provenance data and codes and used car valuation data, are supplied to a large common pool of customers and the markets are of a similar size.

167. However, as set out above, the evidence provided by the Parties and third parties indicates that:

- (a) customers do not have a strong incentive or preference to buy the range of products from a single source and, therefore, Experian could compete to retain its provenance data customers and compete to win new provenance data customers from the Parties post-Merger;
- (b) in any event, Experian would continue to be able to supply provenance data to those customers that do not want valuation data and the evidence available indicates that these sales would be sufficient to cover its costs of supply;
- (c) customers appear to value provenance data more than used car valuation data, which suggests that the incentive for customers to switch their supply of provenance data because of a change in supply of their valuation data might be limited; and
- (d) Experian submitted that it would continue to supply provenance data post-Merger even if its access to CAP data was restricted

168. Overall, on the basis of all the evidence available to it, the CMA believes that the Parties would not have the ability to foreclose Experian in the supply of provenance data by refusing access to CAP data. For this reason, the CMA did not go on to consider the Parties' incentive to pursue such a strategy or to consider the effect such a strategy might have.

169. Accordingly, the CMA believes that the Merger does not give rise to a realistic prospect of a SLC from the foreclosure of Experian in the supply of provenance data as a result of the Parties' refusal to supply CAP data.

Foreclosure from the supply of provenance data through refusal to supply CAP data and bundling of CAP data with provenance data

170. The CMA also considered whether the Parties would have the ability and incentive to refuse to supply Experian with CAP data *and* implement a bundling strategy, such that its CAP data would could only be purchased with Solera's provenance data at the same time (ie provenance and valuation data would be bought in fixed proportions, known as a **pure bundle**). This would mean that customers would not be able to buy CAP's data separately even if they were prepared to do so. The Parties could use this strategy to take advantage of the fact that many customers require both types of data. By offering CAP's data only in a bundle with provenance data, the Parties could expect to draw additional customers buying CAP data and provenance data from Experian.⁶⁵
171. The CMA also considered whether the Parties could implement a bundling strategy where a bundle was offered on a more flexible basis so that rather than buying CAP data and provenance data in fixed proportions customers would contract for a certain volume of valuation data and a minimum volume of provenance data (**flexible bundle**).

Ability

172. The CMA believes that some of the conditions for the Parties to have the ability to foreclose through a pure bundling strategy may be present in this case. In particular:
- (a) CAP may have market power in the supply of codes and used car valuation data and, for some customers, CAP data appears to be considered as 'must-have'; and
 - (b) the products that are subject to a foreclosure strategy are supplied to a large common pool of customers.
173. In addition, as the bundle would limit customers' ability to split purchases, Experian's ability to sell provenance data to those customers who purchase both used car valuation and provenance data could be reduced.

⁶⁵ The CMA did not consider the implications of a bundling strategy where the Parties no longer offered provenance data separately as the CMA considered that there would be no incentive for the Parties to do this as it would not enhance the Parties' ability to draw additional provenance customers from Experian while it would remove their ability to compete for stand-alone provenance customers.

174. However, on the other hand, the evidence provided by Solera and third parties indicates that implementing a pure bundling strategy could be difficult as:
- (a) customers do not have a strong incentive or preference to buy the range of products from a single source; and
 - (b) customers appear to value provenance data more than used car valuation data.
175. In addition, and significantly in the context of assessing a pure bundle, the evidence available to the CMA indicates that customers do not necessarily buy provenance and valuation data in fixed proportions or at the same time and requirements for provenance and valuation data are not homogeneous across customers (see paragraphs 152 and 153). Many customers currently buy CAP's valuation data on a stand-alone basis, which would not be possible under this foreclosure strategy. Offering a pure bundle would force these customers to buy provenance data when they do not need it, thus reducing sales of CAP data. Sales of other valuation data (ie Glass's or DeltaPoint) would be expected to increase.
176. The CMA believes that, if the merged Parties were to implement this strategy, Experian would be able to compete for those customers that only require provenance data, for those customers that only want valuation data and are willing to switch away from CAP data to Glass's data in order not to pay the higher price for unwanted Solera provenance data, and for those customers that, despite wanting both used car valuation data and provenance data, would not be willing to accept the bundle.
177. The CMA also considered whether the Parties could implement a flexible bundle so customers would not need to buy used car valuation data and provenance data in fixed proportions. However, the CMA believes that it would be difficult for this strategy to be implemented effectively in light of the variable needs of different customers and their uncertain needs limiting their desire for fixed bundles. Nonetheless, the CMA has considered the incentive for the Parties to commit to a flexible bundling strategy below.
178. The CMA has not found it necessary to conclude on whether the Parties would have the ability to foreclose Experian from the supply of provenance data through a bundling strategy because, as explained below, on the evidence available the CMA does not find the Parties to have the necessary incentive to do so.

Incentive

179. The CMA assessed the Parties' incentive to commit to a bundling strategy where CAP's used car valuation data is not available without Solera's provenance data.
180. Forcing CAP data customers to purchase provenance data via a pure bundle would require many customers to purchase provenance data when they do not need it. This would amount to increasing the price for CAP data, such that at least some of these customers would no longer buy it.⁶⁶ Therefore under a pure bundle, the Parties could lose a significant proportion of their used car valuation data revenues.
181. In order to estimate the loss that this might represent, the CMA compared CAP's revenues from direct sales to final customers with its sales through its resellers (Solera and Experian).⁶⁷
182. The CMA conservatively assumed that customers purchasing from resellers are more likely to purchase codes and valuation data in fixed proportions and at the same time because these customers are presented with a selection method which allows a valuation to be added to a provenance check. However, the majority of CAP's sales are not through resellers. CAP's stand-alone annual sales, are £[REDACTED].⁶⁸ Moreover, this figure does not include sales to customers that buy CAP data from HPI and Experian despite having a licence with CAP for bulk data.
183. Based on information provided by Experian, the CMA estimates that, if the Parties were able to attract all of Experian's sales of CAP data and provenance data currently made through Autocheck, the Parties could gain a total of £[REDACTED],⁶⁹ though the CMA notes that this figure is overstated as it includes sales of Glass's valuations.
184. The CMA considered whether the Parties may be able to mitigate some of the losses they could face from customers who do not use provenance data and used car valuation data in fixed proportions by offering a flexible bundle. However, the CMA believes that, given the uncertainties in terms of customer requirements (see paragraphs 151 to 155), it would not be possible for this

⁶⁶ The CMA notes in this context that the evidence available indicates that CAP data is a 'must-have' for some customers, such that CAP is able to charge near the maximum price for CAP data (see paragraphs 111–121). This factor could make customers less willing to accept further increases in the price of CAP data.

⁶⁷ CAP sales of used car valuation data in 2014 totalled £[REDACTED]. These sales consisted of CAP sales to strategic partners of £[REDACTED] and CAP sales on a stand-alone basis of £[REDACTED]. Sales of CAP code equalled £[REDACTED] of which CAP sales to strategic partners were £[REDACTED] and CAP sales on a stand-alone basis were £[REDACTED].

⁶⁸ This reflects the £[REDACTED] of stand-alone used car valuation data sales and the £[REDACTED] from the stand-alone sales of codes.

⁶⁹ Experian's sales from its Autocheck product including valuations were of £[REDACTED] in 2014.

strategy to be implemented such that losses could in fact be mitigated to any material extent.

Conclusion on incentive

185. Accordingly, on the basis of this evidence, the CMA believes that the Parties would not have the incentive to foreclose Experian from the supply of provenance data through a bundling strategy. On this basis, the CMA has not found it necessary to consider the effects of such a strategy on competition.

Conclusion on foreclosure from the supply of provenance data through refusal to supply CAP data and bundling of CAP data with provenance data

186. The CMA does not believe that the Parties have the incentive to implement an input foreclosure and bundling strategy which would lead to Experian being foreclosed from the supply of provenance data. It is also not clear to the CMA that the Parties would have the ability to do so either. Accordingly, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC from the foreclosure of Experian in the supply of provenance data as a result of the Parties' refusal to supply CAP data *and* bundling of used car valuation data with provenance data.

Barriers to entry and expansion

187. Entry, or expansion of existing firms, can mitigate the initial effect of a merger on competition, and in some cases may mean that there is no SLC. In assessing whether entry or expansion might prevent a SLC, the CMA considers whether such entry or expansion would be timely, likely and sufficient.⁷⁰
188. However, the CMA has not had to conclude on barriers to entry or expansion as the Merger does not give rise to competition concerns on any basis.

Third party views

189. The CMA contacted customers, competitors and suppliers of the Parties. The CMA also contacted customers of Experian. Third party comments have been taken into account where appropriate in the competitive assessment above.
190. The CMA notes that a number of third parties raised concerns regarding the CAP code and the terms under which CAP makes this code available.

⁷⁰ [Merger Assessment Guidelines](#), from paragraph 5.8.1.

Competing vehicle data suppliers considered that the pervasiveness of the CAP code and the restrictive conditions under which CAP offers the CAP code had prevented other competitors from becoming established in the market and had limited innovation. As set out above, the CMA considered the role of the CAP code to the extent it was relevant to each Merger-specific issue. For the purposes of this decision, the CMA did not consider the broader concern regarding access to the CAP code raised by some third parties as this concern did not relate to the Merger.

Decision

191. Consequently, the CMA does not believe that it is or may be the case that the Merger has resulted, or may be expected to result, in a SLC within a market or markets in the United Kingdom.
192. The Merger will therefore **not be referred** under section 22(1) of the Act.

Andrew Wright
Director, Mergers
Competition and Markets Authority
5 May 2015

ⁱ Solera clarified that almost all of CAP's revenues were generated in the UK in the last financial year.

ⁱⁱ Solera clarified that DeltaPoint does not have its own code.