

ANTICIPATED ACQUISITION BY IRON MOUNTAIN INCORPORATED OF RECALL HOLDINGS LIMITED

Summary of hearing with Shell on 18 March 2016

1. Shell's off-site storage included generic documents such as old invoices, sales data, receipts and so on that needed to be stored but were not wanted in the office. Shell said it was trying to make more use of electronic documents and produce less paper for storage going forward. Shell also had more specific industry records like core samples, geophysical data, and plans and blueprints for offshore platforms and related data such as maps and sub-sea data.
2. Shell's requirements were primarily around document storage. Core samples were a small part of storage requirements by value and it did not need them to be kept with the documents, so a separate provider would be considered for that service. Core storage was specialised and fewer providers offered it. Core samples also needed to be kept in special conditions at a certain temperature and humidity. Specialist providers would need to have viewing areas available. Location was important: staff in Aberdeen were keen to have easy access to records, core samples and also things like the blueprints for the offshore wells and platforms, so that they could be accessed quickly if there was an emergency. Dundee would likely be seen as too far from Aberdeen, given the risk of road disruption in winter.
3. Shell did a ten-year tender for storage services in 2012 mainly for the UK, the Netherlands, for Canada and Australia. Recall was awarded the contract for records storage in the UK, Australia and Canada, [REDACTED] with the exception that Iron Mountain was retained for core storage. Shell did not seek alternative providers for core storage in the tender [REDACTED]. It was also expensive to move core samples around.
4. Recall replaced CGG in the UK, although CGG retained the business in the Netherlands. All Shell's records were successfully transitioned from CGG to Recall, in England and Wales. It was understood when the contract was awarded that Recall would build a facility in Aberdeen or acquire C21 to provide document storage there. Following the acquisition of C21, [REDACTED]. Recall was undertaking a number of upgrade works, [REDACTED].

5. Shell said its general preference was to try to have fewer and larger suppliers, and ideally would look to globalising a contract where possible. This was to reduce procurement costs with less management and less overhead. It also hoped standardisation and scale would give better rates. It invited four companies to participate in the tender, that it had assessed could operate across the relevant territories of the UK, Canada and the Netherlands: Recall, Iron Mountain, CGG – which was then Fugro, the incumbent supplier for the UK and The Netherlands – and Crown. [REDACTED] Shell considered that Recall seemed to be the main competition for Iron Mountain.
6. Shell thought that the Iron Mountain-Recall merger might deliver a global supplier which would allow Shell to standardise its procedures across all countries. While this would be a potential benefit, there would be no competition on even a regional scale, let alone a global scale. Iron Mountain would be in a very strong position. Shell was trying to get away from disaggregating and running local competitions.
7. Shell said it would not consider using a new entrant for specialist core storage, unless [REDACTED]. Shell required evidence of track record and ability to meet the requirements.
8. Shell said that while it had some in-house records capacity in some countries, this was not so in the UK where it was looking to reduce building footprint. However, it said the need for local provision of records management was not as crucial outside the operational requirements around Aberdeen. It felt that its needs could be met from reasonably centralised facilities in the UK although it would want an urgent delivery option (say 3 hours). It had some experience of scan on demand services and had found that the results were not satisfactory.
9. Shell said it had not directly sponsored Recall, offered an extended contract, or influenced its choice between new build or acquisition in relation to its entry into Scotland.