EUROPEAN COMMISSION

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PUBLIC VERSION

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EC) No 139/2004 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus […]. Where possible the information omitted has been replaced by ranges of figures or a general description.

Securitas AB
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Subject: **Case M.10594 – SECURITAS / STANLEY SECURITY**
Commission decision pursuant to Article 6(1)(b) of Council Regulation No 139/2004[1] and Article 57 of the Agreement on the European Economic Area[2]

Dear Sir or Madam,

(1) On 10 June 2022, the Commission received notification of a proposed concentration pursuant to Article 4 of Council Regulation (EC) No 139/2004[3] by which Securitas AB ('Securitas' or the 'Notifying Party') acquires within the meaning of Article 3(1)(b) of the Merger Regulation sole control of the whole of Stanley Black & Decker, Inc.'s Electronic Security Business ('Stanley Security' or the 'Target') (the 'Transaction').[4] Securitas and Stanley Security together are designated hereinafter as the 'Parties'. The same concentration was notified to the Commission on 18 March 2022 but was subsequently withdrawn on 11 April 2022.

1 OJ L 24, 29.1.2004, p. 1 (the 'Merger Regulation'). With effect from 1 December 2009, the Treaty on the Functioning of the European Union ('TFEU') has introduced certain changes, such as the replacement of 'Community' by 'Union' and 'common market' by 'internal market'. The terminology of the TFEU will be used throughout this decision.
2 OJ L 1, 3.1.1994, p. 3 (the 'EEA Agreement').
3 OJ L 24, 29.1.2004, p. 1 (the 'Merger Regulation').
4 Publication in the Official Journal of the European Union No C 236, 20.6.2022, p. 110.

1. THE PARTIES

(2) Securitas is a Swedish-based security service provider offering services in over 40 countries. It is active in the provision of a wide range of services, including manned guarding, aviation security, electronic guarding, alarm monitoring and response, corporate risk management, fire services and other services such as parking and health and safety training.

(3) Stanley Security, formerly operating under the brand name 'Niscayah',[5] is the electronic security business of Stanley Black & Decker, Inc. and is primarily active in the U.S. and the EEA, offering security systems for electronic guarding and related electronic security services of alarm monitoring and response worldwide, as well as packages and technology tailored to the healthcare sector in North America.

2. THE CONCENTRATION

(4) Based on an acquisition agreement entered into by the Parties on 8 December 2021, Securitas will acquire sole control over Stanley Security. The Transaction constitutes a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

3. UNION DIMENSION

(5) The undertakings concerned have a combined aggregate worldwide turnover of more than EUR 5 000 million (Securitas: EUR […], Stanley Security: EUR […]) and the aggregate Community-wide turnover of each of the two undertakings concerned is more than EUR 250 million (Securitas: EUR […], Stanley Security: EUR […]). Neither of the undertakings concerned achieves more than two-thirds of its aggregate Union-wide turnover within one Member State. The Transaction thus has a Union dimension within the meaning of Article 1(2) of the EU Merger Regulation.

4. RELEVANT MARKETS

4.1. Introduction

(6) The Transaction concerns the security services sector. In the EEA, Securitas provides primarily manned guarding, as well as alarm monitoring and response services, installation and maintenance of electronic guarding equipment and aviation security. Stanley Security, for its part, focuses mostly on electronic security. In the EEA, it offers primarily alarm monitoring and response services and the installation and maintenance of electronic guarding equipment.

[5] The Commission issued a clearance decision dated 2 August 2011 in M.6292 – Securitas/Niscayah Group ('Securitas/Niscayah'). However, the concentration between Securitas and Niscayah Group was not consummated because Stanley Black & Decker outbid Securitas and purchased Niscayah instead, The Commission cleared the acquisition of Niscayah by Stanley Black & Decker through a simplified decision dated 23 August 2011 in M.6326 – Stanley Black & Decker/Niscayah Group. As such, the Transaction constitutes the second attempt of Securitas seeking to acquire the electronic security business that it divested in 2006.

4.2. Product Market Definition

4.2.1. The Commission's past decisional practice

(7) In previous decisions,[6] the Commission took the view that within the market for the provision of security services, (a) manned guarding, (b) alarm monitoring and response, (c) installation and maintenance of electronic guarding equipment (or 'electronic guarding') and (d) aviation security services provided to airports and airlines constitute distinct product markets.

(8) In particular, according to the Commission's past decisional practice:

(a) the provision of manned guarding services covers services such as uniformed on-site guards and retail guards, key-holding services, contract project security, and events security and crowd management;[7]

(b) alarm monitoring and response consists of receiving electronic data in an Alarm Receiving Center ('ARC' or Security Operations Centre, 'SOC') connected to a site of a customer, and reacting to any abnormal event detected by the alarm system of the site ("alarm monitoring services"). The action to be taken by the provider of alarm monitoring services when an abnormal event is detected can either be a phone call to the customer, to the police or to another security company or an "outside response", which involves sending staff on-site. Alarm response services consist in the provision of such "outside response" services;[8]

(c) the installation and maintenance of electronic guarding equipment comprises the installation and maintenance of alarm systems such as access control and fire alarm or video surveillance systems at a customer's site(s);[9] and,

(d) aviation security services to airports and airlines comprising elements of manned guarding and of electronic guarding security controls specifically for passengers.[10]

(9) Moreover, the Commission considered whether to include alarm response as part of manned guarding instead of alarm monitoring and response, leaving however, the exact market definition open in the absence of competition concerns.[11]

(10) Finally, the Commission previously found that electronic guarding and alarm monitoring and response services could each be further divided into two sub-markets depending on the type of customers, *i.e.*, residential and non-residential, although it ultimately left the market definition open.[12]

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6 M.6292 – Securitas/Niscayah Group, decision of 2 August 2011, paragraph 8; M.9559 – Telefonica/Prosegur/Prosegur Alarmas Espana, decision of 19 February 2020, paragraph 14; M.3396 – Group 4 Falck/Securicor, decision of 28 May 2004, paragraphs 29 and 31; and M.5993 – Securitas/Reliance Security Services, decision of 9 November 2010, paragraphs 12-15.

7 M.6292 – Securitas/Niscayah Group, decision of 2 August 2011, footnote 5.

8 M.6292 – Securitas/Niscayah Group, decision of 2 August 2011, paragraph 9 and ff.

9 M.6292 – Securitas/Niscayah Group, decision of 2 August 2011, paragraph 13 and ff.

10 M.3396 – Group 4 Falck/Securior, decision of 28 May 2004, paragraph 30.

11 M.5993 – Securitas/Reliance Security Services, decision of 9 November 2010, paragraphs 15-17.

12 M.6292 – Securitas/Niscayah Group, decision of 2 August 2011, paragraph 15; M.4986 – EQT V/Securitas Direct, decision of 31 January 2008, paragraphs 12-14.; M.9559 – Telefonica/Prosegur/Prosegur Alarmas Espana, decision of 19 February 2020, paragraph 25.

4.2.2. The Notifying Party's view

(11) The Notifying Party agrees that the installation and maintenance of electronic guarding equipment,[13] as well as the provision of aviation security services (*i.e.* due to the special nature of the aviation industry and services, and the specific regulations that apply to this sector),[14] constitute plausible relevant product markets. Moreover, the Notifying Party agrees that manned guarding[15] constitutes a separate relevant product market.[16]

(12) However, although the Notifying Party considers alarm monitoring and response as a possible relevant product market, it considers it would be more appropriate to treat alarm response as part of the manned guarding market.[17] This is because, from a supply-side perspective, alarm response services and manned guarding services require the same resources, such as security personnel, vehicles and a regional branch, whilst from a demand-side perspective, customers commonly purchase manned guarding and alarm response together in single packages.[18]

(13) The Notifying Party further submits that the sub-segmentation of the installation and maintenance of electronic guarding equipment and alarm monitoring and response markets by residential and non-residential customers would not be appropriate, because from a supply-side perspective, the services provided and the technologies and equipment involved are essentially the same for both types of customers.[19] In addition, the Notifying Party claims that most market participants tend to target the entire market, rather than focusing on non-residential or residential customers only.[20]

(14) For the same reasons, the Notifying Party submits that the installation and maintenance of electronic guarding equipment and the alarm monitoring and response markets to non-residential customers should not be further sub-divided depending on the complexity of customers' needs,[21] namely between non-residential customers with standard and specialised security needs,[22] and depending on the geographic coverage of the services, namely between non-residential customers with national coverage needs and those with no such needs.[23]

4.2.3. The Commission's assessment

(15) Based on the results of its market investigation, the Commission reaches the following conclusions.

(16) *First*, in the present case, there is no reason for the Commission to depart from the previous segmentation of the market for the provision of security services between: (i) manned guarding; (ii) alarm monitoring and response; (iii) installation and maintenance of electronic guarding equipment; and (iv) aviation security

13 Form CO, paragraph 138.
14 Form CO, paragraph 256.
15 Form CO, paragraph 246.
16 Form CO, paragraph 247.
17 Form CO, paragraph 182 and 196.
18 Form CO, paragraph 267.
19 Form CO, paragraph 216 and ff.
20 Form CO, paragraph 211 and ff.
21 Form CO, paragraph 218.
22 Form CO, paragraph 231.
23 Form CO, paragraph 241.

services.[24] This is because these services are complementary in nature,[25] and are not substitutable from a demand-side perspective,[26] whilst from a supply-side perspective, although a number of security service providers offer a range of these services, each of them requires different skillsets and competences.[27]

(17) This is reflected from the responses to the Commission's market investigation. For instance, a respondent explains that: "*it is correct to subdivide the security market into manned guarding, alarm monitoring and electronic guarding. From the costumers' perspective these are complementary services rather than substitutes. For example, the installation and maintenance of a thorough alarm, camera and access system cannot replace an alarm monitoring central, they are complementary. With respect to manned guarding in relation to alarm monitoring, even if there might be a trend for guarding from a distance, through e.g. camera observations, this has yet not replaced the customers' need for manned guarding, i.e., having physical guards present or nearby its buildings and sites. The trend that manned guarding is being replaced by technical remote guarding is however ongoing, and an important rational behind the Transaction for Securitas. Also, from a supply side perspective these services require different types of skill sets and competences for the supplier".*[28] Furthermore, as regards security services to airlines and airports, another respondent explains that: "*Aviation security is a very specific type of security as it relates to terrorism and takes place in an open environment with public access, requiring large volumes of people and with highly demanding customers*".[29]

(18) *Second*, alarm response belongs to the alarm monitoring and response market, instead of being a segment of manned guarding. This is because, from a supply-side perspective, certain security service providers, including Securitas, offer alarm response services in-house, whilst others, including Stanley Security, often outsource alarm response instead of providing these services themselves, and then offer a contract for both services to the customer.[30] Consequently, the lack of own personnel or a regional branch does not preclude security companies from offering response services together with monitoring services. In addition, this market dynamic also suggests that there is a vertical link within the alarm monitoring and response market, namely between the provision of alarm response services purchased by security service providers (upstream) and the provision of alarm monitoring and response to end-customers (downstream). Furthermore, from a

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24 The Commission notes that a respondent to its market investigation suggests that alarm monitoring and response services together with the installation and maintenance of electronic guarding equipment should be considered as a single product market (Response to question 4.1 of questionnaire Q6 to competitors). This is because, according to this respondent, certain security service providers only offer these products tied (Response to question 4.1 of questionnaire Q6 to competitors). However, the Commission does not find this segmentation appropriate, because the results of the market investigation suggest that customers purchase different security services in different ways, and potentially from different suppliers depending on their needs, and therefore, it is not the norm that alarm monitoring and the installation and maintenance of electronic equipment are bought as a bundle. For example, another respondent explains that: "*[n]ot all clients need the whole package of services, so there will always be competition on the service layers. And as a customer you can decide to work with several suppliers if preferred*." (Response to question 19.1 of questionnaire Q5 to customers in Belgium).

25 Responses to questions 4 and 4.1 of questionnaire Q6 to competitors.

26 Responses to questions 4, 4.1, 8 and 8.1 of questionnaire Q6 to competitors.

27 Responses to questions 4 and 4.1 of questionnaire Q6 to competitors.

28 Response to question 4.1 of questionnaire Q6 to competitors.

29 Response to question 8.1 to questionnaire Q6 to competitors.

30 Form CO, paragraph 201.

demand-side perspective, a larger number of customers buys alarm response together with alarm monitoring (on average [60-70]%, ranging from [20-30]% in the Netherlands to [90-100]% in Finland)[31] compared to those who purchase it together with (on-site) manned guarding (on average [10-20]%, ranging from [0-5]% in the Netherlands to [customers' information] in Norway).[32]

(19) *Third*, the markets for alarm monitoring and response and the installation and maintenance of electronic guarding equipment should be further segmented depending on the type of customer,[33] *i.e.* between residential and non-residential customers.[34] Although certain respondents explain that "*distinguishing the market by reference to residential or business customers is not always appropriate*" because "*the services provided in this regard are essentially the same for both categories of customers*",[35] the vast majority of respondents, both customers and competitors, argue otherwise. For instance, a customer explains that: *"[g]enerally speaking, where a company is working within the residential market then they will not have the capability or scale to support our specialised business functions. When procuring such services, [the customer] rel[ies] heavily on corporate capabilities, including; certain accreditation requirements for facilities, scalability where needed, extensive control room capabilities and monitoring requirements which are in no way comparable to a residential or domestic setting. It is difficult to envision a commercial customer relying on a residential provider. That said, there may be scope for a residential customer to rely on a commercial provider however this will be driven by various different factors (i.e. location, proximity to response and service)".*[36] The same view is supported by the vast majority of competitors who responded to the Commission's market investigation, suggesting that there are differences between the products and services offered to residential and to non-residential customers, in terms of pricing levels, IT infrastructure and variety of products and services offered, the levels of certification of the electronic guarding equipment, and the reaction time of the ARC among other factors.[37]

(20) Additionally, the segmentation between residential and non-residential customers is also supported by internal documents of the Parties, prepared in the ordinary course of business.[38] These documents indicate that the complexity of the security services

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31 Form CO, paragraph 185 and Table 6.4; and responses to questions 6, 7.1 and 7.2 of questionnaires Q1-5 to customers.

32 Form CO, paragraph 186 and Table 6.5.

33 In line with the Commission's past decisional practice, this decision does not discuss the segmentation of the market for the provision of manned guarding services per type of customer (i.e. between residential and non-residential customers), as this service is almost exclusively purchased by non-residential customers. (M.6292 – Securitas/Niscayah Group, decision of 2 August 2011, paragraphs 14-15).

34 Response to questions 5 and 5.1 of questionnaire Q6 to competitors.

35 Response to question 5.1 of questionnaire Q6 to competitors.

36 Response to question 4.5 of questionnaire Q1 to customers in Sweden.

37 Response to question 5.1 of questionnaire Q6 to competitors.

38 Response of the Notifying Party to Request for Information I-8, Annex Stanley 16.vi.51, Swinmark Update for Nordic MT, dated June 2018, page 9; Response of the Notifying Party to Request for Information I-9, Annex 1, Market matrix, dated August 2001, page 3; Response of the Notifying Party to Request for Information I-9, Annex 2, Market matrix, dated March 2005, page 22; and, Response of the Notifying Party to Request for Information I-9, Annex 5, Market matrix, dated February 2011.

varies according to the type of customer and that some competitors focus on residential customers while others focus on non-residential customers.[39]

(21) *Fourth*, on the basis of the results of the market investigation, the Commission considers that the market for the provision of alarm monitoring and response to non-residential customers and the market for installation and maintenance of electronic guarding equipment for non-residential customers should not be further segmented (i) based on the complexity and scope of customers' needs (between standard and specialised security needs) or (ii) based on the geographic coverage of the services, in particular national coverage needs.

(22) On the one hand, there are certain factors indicating that such differences in complexity of non-residential customers' needs could lead to defining separate product markets.

(23) In the first place, the alarms systems installed and maintained by security service providers are classified based on their complexity, based on certain regulatory standards (*e.g.* SSF 130 regulations in Sweden, FG Skadeteknikk's grades in Norway), that govern their complexity, design and installation requirements.[40] This suggests that, from a demand-side perspective, customers procure different alarm systems depending on their protection needs.[41] This is also supported by the responses to the Commission's market investigation,[42] where virtually all competitors and the vast majority of customers express a view that there are non-residential customers in the alarm monitoring and response and installation and maintenance of electronic guarding equipment, with specialised security needs.[43] Moreover, the results of the market investigation suggest that, from a supply side perspective, not all security service providers have the ability and expertise to offer installation and maintenance of electronic guarding equipment for alarm systems of the highest classification levels (*e.g.* Alarm Levels 3-4 in Sweden and FG3 B2-FG3 B3 in Norway).

(24) In the second place, there exist certain non-residential customers that operate sites nation-wide, and require national coverage when procuring security services.[44] Internal documents of Securitas prepared in the ordinary course of business suggest

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39 Response of the Notifying Party to Request for Information I-8, Annex Stanley 16.vi.49, M. Kushner visit Stockholm, dated September 2019, page 8; Minutes of a conference call with a competitor, dated 5 April 2022, paragraph 4; and Minutes of a conference call with a competitor, dated 6 April 2022, paragraphs 3 and ff.

40 Response of the Notifying Party to Request for Information I-8, paragraph 25 and ff.

41 The Notifying Party submits that an alarm system of the lowest classification level (e.g. Alarm Level 1 in Sweden, FG1 Grade in Norway) would be characterised by low complexity, and would be installed in the sites of SMEs with low protection value (i.e. needs similar to those of residential customers), whilst an alarm system of medium-to-high classification level (e.g. Alarm level 3 in Sweden, FG3 B2 Grade in Norway) would be more complex and installed in the sites of businesses with high value to protect. (Response of the Notifying Party to Request for Information I-8, Tables 5.1 and 5.2).

42 Responses to questions 5.2-5.4 of questionnaires Q1-5 to customers; Response to questions 6-6.4 of questionnaire Q6 to competitors.

43 A respondent explains the factors that differentiate the needs of non-residential customers, indicating that "[*t*]*he requirements for the services vary depending on the business's protection value, what the company's disaster recovery plans look like and whether the business has requirements for security of services or information from customers, authorities, legislators or insurance companies. Some activities also require the authorities to have guards with special powers and weapons*" (Response to question 6.4 of questionnaire Q6 to competitors).

44 Response to question 35.1 of questionnaire Q6 to competitors.

that the company acknowledges the existence of customers with "*national accounts*" and follows a specific business strategy for those customers (e.g. assigning Key Account Managers for each client with national coverage needs).[45] Moreover, the Commission's market investigation confirms that from a supply side perspective, the competitive landscape differs for those non-residential customers with national coverage needs, as not all security service providers are active nation-wide and thus only "*few suppliers can provide a national coverage*".[46] Finally, from a demand-side perspective, the vast majority of customers with national coverage needs procure these services via a single nation-wide contract.[47]

(25) On the other hand, the Commission notes that there would be considerable difficulty in defining the exact scope of potential sub-markets according to the complexity and geographic scope of customer needs. Rather, there is a continuum of service needs, each customer may at the same time have simple and complex security needs and a multitude of factors influence each customer's needs, including the geographic location of their sites.

(26) In the first place, it is not possible to identify clear dividing lines between customers with complex security needs and those without such complex security needs. For instance, different sites of the same customer's business may have different needs and/or businesses that otherwise seem similar in their needs, for instance due to the number of sites or the type of business they pursue (e.g. retail) may have very divergent security needs depending on the value they need to protect. Furthermore, according to internal documents of the Parties prepared in the ordinary course of business, alarm monitoring and response is a "*differentiated*" market,[48] which serves a variety of customers with different levels of security needs, rather than a market clearly divided into separate customer classes.[49]

(27) In the second place, it is equally difficult to clearly distinguish and identify customers with national coverage needs. Each customer's needs will depend on the location of its business sites. Those sites may have a clearly local coverage or clearly national coverage but there are also a large number of variations in between. That includes instances where the customers' sites would be located in two or three different municipalities, but not in a large number of them.

(28) In addition, the market investigation was not conclusive on whether customers with national coverage needs would consider contracting with numerous local suppliers as a substitute to contracting with a supplier with national coverage. For example, a customer explains from the one hand that, "*scale is also an important factor for [the customer] when cho[o]sing a security services provider. In particular, because of [the customer]'s nationwide presence, the security services provider*

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45 Response of the Notifying Party to Request for Information I-8, Annex Securitas 16(vi)4, Securitas Norway Business Plan for 2021, dated September 2020, page 19.

46 Response to question 52 of questionnaire Q6 to competitors.

47 Responses to questions 9.1-9.3 of questionnaires Q1-5 to customers.

48 Response of the Notifying Party to Request for Information I-8, Annex Stanley 16(vi)18, 'Electronic Security Strategic Plan', 30 July 2019.

49 Response of the Notifying Party to Request for Information I-9, Annex 1, Market Matrix, dated August 2001, slide 3; Response of the Notifying Party to Request for Information I-9, Annex 2, Market Matrix, dated March 2005, slide 22; Response of the Notifying Party to Request for Information I-9, Annex 5, Market Matrix, dated February 2011, slides 12 and 14.

needs to have a national footprint as well(...).".[50] On the other hand, a competitor of the Parties explains that customers can "*switch suppliers and based on their procurement strategy either go with one or multiple suppliers*"[51] in order to cover their needs.

(29) Therefore, for the purposes of this decision, the complexity and geographic scope of the needs of non-residential customers will not be considered as bases for separate sub-markets, but as factors leading to differentiated service offerings in the market. These plausible segments will be considered as differentiating factors in the alarm monitoring and response market for non-residential customers and the market for installation and in the maintenance of electronic guarding equipment for non-residential customers in the competitive assessment below.

(30) *Fifth*, in the markets for installation and maintenance of electronic guarding equipment for residential and non-residential customers, some security service providers outsource these services to third party providers (e.g. in order to complete their product portfolio or increase the geographic scope of the services they provide).[52] This suggests the existence of a vertical link between the provision of installation and maintenance of electronic guarding services to security service providers (upstream) and the sale of such services to end customers (downstream).[53]

(31) In the first place, this view is strongly supported by some of the Parties' internal documents prepared in the ordinary course of business. For example, one of Securitas' internal documents, referring specifically to the Swedish market, reads: [Securitas' business strategy]. *This means that we have an* [Securitas' profit margin]*, but at the same time our* [Securitas' business strategy]. *Securitas has a* [Securitas' profit margin].[54] The same internal document indicates that Securitas' [Securitas' partners information] and that only in 2020 in Sweden, Securitas [Securitas' business strategy] electronic guarding services amounting to SEK […] (approx. EUR […]), from [Securitas' partners information].[55]

(32) In the second place, the results of the Commission's market investigation confirm that sub-contracting is an important element of the security services industry in general. For example, a competitor explains that: "*nation-wide presence in the Nordic countries is very costly (as the population is small and split in a very large geographic area), hence why companies prefer to limit their geographic presence and cooperate with other third party competitors in order to offer full geographic coverage to their customers who need it. According to [the competitor], this*

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50 Minutes of a conference call with a customer, dated 15 February 2022, paragraph 7.

51 Response to question 47.2 of questionnaire Q6 to competitors.

52 Form CO, paragraph 135.

53 The Commission notes that for the purposes of this decision, it does not assess a vertical link between the provision of manned guarding to third party security service suppliers (upstream) and the provision of manned guarding to end-customers (downstream). This is because the Notifying Party confirms that, there is no such vertical relationship arising as a result of this Transaction. In particular, Stanley Security does not supply manned guarding services to end customers in any capacity, whether directly or by sub-contracting to a manned guarding company. Instead it advises end-customers who wish to procure manned guarding services, to procure those directly from a security service provider that is active in this market segment. (Form CO, paragraph 684).

54 Response of the Notifying Party to Request for Information I-8, Annex Securitas 16(vi)12, Securitas Sweden Business Plan for 2021, page 50.

55 Response of the Notifying Party to Request for Information I-8, Annex Securitas 16(vi)12, Securitas Sweden Business Plan for 2021, page 51.

partnering is necessary to cover the enormous geography we have in Norway, Sweden and Finland."[56]

(33) In the third place, some of the sub-contractors of installation and maintenance of electronic guarding services from security service providers are able to supply installations and maintenance electronic guarding services to end customers.[57]

(34) Therefore, based on the above, the Commission considers that there exist two tiers within the market for the installation and maintenance of electronic guarding equipment, namely between the sub-contracting of the installation and maintenance of electronic guarding services to security service providers (upstream) in order to ensure a fuller product portfolio and better geographic coverage and the sale of such services to end customers (downstream).[58]

4.2.4. Conclusion

(35) The Commission therefore considers that, for the purpose of assessing the present case, the provision of manned guarding, alarm monitoring and response, the installation and maintenance of electronic guarding equipment and the provision of aviation security services to airports and airlines constitute distinct product markets. Furthermore the alarm monitoring and response and the installation and maintenance of electronic guarding equipment should be further segmented per type of customer, namely between residential and non-residential customers.

4.3. Geographic Market Definition

4.3.1. The Commission's past decisional practice

(36) In its past decisional practice, the Commission found that the market for the provision of security services and its plausible sub-segments are national in scope, due to the existence of specific national regulations and standards, language differences and national preferences deriving from the reputation of each player at national level.[59]

4.3.2. The Notifying Party's view

(37) The Parties do not contest the Commission's past decisional practice on geographic market definition.

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56 Minutes of a conference call with a competitor, dated 17 February 2022, paragraph 13.

57 Form CO, paragraph 165.

58 The Commission notes that for the purposes of this decision, it does not assess a vertical link between the provision of manned guarding to third party security service suppliers (upstream) and the provision of manned guarding to end-customers (downstream). This is because the Notifying Party confirms that, there is no such vertical relationship arising as a result of this Transaction. In particular, Stanley Security does not supply manned guarding services to end customers in any capacity, whether directly or by sub-contracting to a manned guarding company. Instead it advises end-customers who wish to procure manned guarding services, to procure those directly from a security service provider that is active in this market segment. (Form CO, paragraph 684).

59 Case M.6292 – Securitas/Niscayah Group, decision of 2 August 2011, paragraphs 16-18; M.5993 – Securitas/Reliance Security Services/Reliance Security Services Scotland, decision of 9 November 2010, paragraph 24; and M.4986 – EQT V/Securitas Direct, decision of 31 January 2008, paragraphs 16-18.

4.3.3. The Commission's assessment

(38) The results of the Commission's market investigation confirm that the vast majority of security service providers offer their services at national level at most, via single or multiple contracts,[60] with the exception of certain large security service providers, such as the Parties, which also contract multinational agreements with large international customers.[61] Moreover, security service providers confirm that, within each geographic market, there are no market characteristics that result in differentiation of the products and/or services provided to customers,[62] whilst their price levels are homogeneous in regions across the same country.[63]

4.3.4. Conclusion

(39) The Commission therefore considers that, for the purpose assessing the present case, the market for manned guarding, alarm monitoring and response, the installation and maintenance of electronic guarding equipment and the provision of aviation security services for airports and airlines, as well as their segmentations are national in scope.

5. COMPETITIVE ASSESSMENT

5.1. Analytical framework

(40) Article 2 of the Merger Regulation requires the Commission to examine whether notified concentrations are compatible with the internal market, by assessing, pursuant to Articles 2(2) and (3), whether they would significantly impede effective competition in the internal market or in a substantial part of it, in particular as a result of the creation or strengthening of a dominant position.

5.1.1. Horizontal non-coordinated effects

(41) Horizontal effects are those deriving from a concentration where the undertakings concerned are actual or potential competitors of each other in one or more of the relevant markets concerned. The Commission appraises horizontal effects in accordance with the Horizontal Merger Guidelines.[64] Horizontal effects may be non-coordinated or coordinated.

(42) As regards horizontal non-coordinated effects, according to paragraph 26 of the Horizontal Merger Guidelines, a number of factors (the list of which is non-exhaustive) may be taken into account in order to determine whether significant non-coordinated effects are likely to result from a concentration, including the combined entity's market power, closeness of competition and barriers to entry and/or expand.

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60 Responses to questions 9.1.-9.3. of questionnaires Q1-Q5 to customers.

61 Responses to questions 10-10.4 of questionnaire Q6 to competitors.

62 ibid.

63 Responses to questions 8.1.-8.3. of questionnaires Q1-Q5 to customers.

64 Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings ('Horizontal Merger Guidelines'), OJ C 31, 5.2.2014.

5.1.2. Vertical effects

(43) According to the guidance set out in the Non-Horizontal Merger Guidelines,[65] a merger between undertakings operating at different levels of the supply chain may significantly impede effective competition if such a merger gives rise to foreclosure.[66] Foreclosure occurs where actual or potential competitors' access to supplies or markets is hampered or eliminated as a result of the merger, thereby reducing those companies' ability and/or incentive to compete.[67] Such foreclosure may also discourage entry or expansion of competitors or encourage their exit.[68]

(44) The Non-Horizontal Merger Guidelines identify two forms of foreclosure: input and customer foreclosure. Input foreclosure occurs where the merger is likely to raise the costs of downstream competitors by restricting their access to an important input. Customer foreclosure occurs where the merger is likely to foreclose upstream competitors by restricting their access to a sufficient customer base.[69]

(45) Pursuant to the Non-Horizontal Merger Guidelines, input foreclosure arises where, post-merger, the new entity would be likely to restrict access to the products or services that it would have otherwise supplied absent the merger, thereby raising its downstream rivals' costs by making it harder for them to obtain supplies of the input under similar prices and conditions as absent the merger.[70]

(46) In assessing the likelihood of an anticompetitive input foreclosure scenario, the Commission examines, *first*, whether the merged entity would have, post-merger, the ability to substantially foreclose access to inputs; *second*, whether it would have the incentive to do so; and *third*, whether a foreclosure strategy would have a significant detrimental effect on competition downstream.[71]

(47) Pursuant to the Non-Horizontal Merger Guidelines, customer foreclosure may occur when a supplier integrates with an important customer in the downstream market. As a result of this downstream presence, the merged entity may foreclose access to a sufficient customer base to its actual or potential rivals in the upstream market (the input market) and reduce their ability or incentive to compete. In turn, this may raise downstream rivals' costs by making it harder for them to obtain supplies of the input under similar prices and conditions as absent the merger. This may allow the merged entity to profitably establish higher prices on the downstream market.[72]

(48) In assessing the likelihood of an anticompetitive customer foreclosure scenario, the Commission examines, *first*, whether the merged entity would have the ability to foreclose access to downstream markets by reducing its purchases from its upstream rivals; *second*, whether it would have the incentive to reduce its purchases upstream; and *third*, whether a foreclosure strategy would have a

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65 Guidelines on the assessment of non-horizontal mergers under the Council Regulation on the control of concentrations between undertakings ('Non-Horizontal Merger Guidelines'), OJ C265, 18.10.2008.

66 Non-Horizontal Merger Guidelines, paragraphs 17-18.

67 Non-Horizontal Merger Guidelines, paragraph 18.

68 Non-Horizontal Merger Guidelines, paragraph 29.

69 Non-Horizontal Merger Guidelines, paragraph 30.

70 Non-Horizontal Merger Guidelines, paragraph 31.

71 Non-Horizontal Merger Guidelines, paragraph 32.

72 Non-Horizontal Merger Guidelines, paragraph 58.

significant detrimental effect on consumers in the downstream market.[73] For customer foreclosure to be a concern, a vertical merger must involve a company, which is an important customer with a significant degree of market power in the downstream market. If, on the contrary, there is a sufficiently large customer base, at present or in the future, that is likely to turn to independent suppliers, the Commission is unlikely to raise competition concerns on that ground.[74]

(49) The three conditions for assessing vertical effects are cumulative so that the absence of any of them is sufficient to rule out the likelihood of anti-competitive customer or input foreclosure.[75]

5.1.3. Conglomerate non-coordinated effects

(50) Conglomerate mergers consist of mergers between companies that are active in closely related markets, for instance suppliers of complementary products or of products which belong to a range of products that is generally purchased by the same set of customers for the same end use.[76]

(51) Pursuant to the Non-Horizontal Merger Guidelines, in most circumstances, conglomerate mergers do not lead to any competition problems.[77] However, foreclosure effects may arise when the combination of products in related markets may confer on the merged entity the ability and incentive to leverage a strong market position from one market to another closely related market by means of tying or bundling or other exclusionary practices.[78]

(52) The Non-Horizontal Merger Guidelines distinguish between bundling, which usually refers to the way products are offered and priced by the merged entity and tying, which usually refers to situations where customers that purchase one good (the tying good) are required to also purchase another good from the producer (the tied good).[79]

(53) Within bundling practices, a distinction is also made between pure bundling and mixed bundling. In the case of pure bundling, the products are only sold jointly in fixed proportions. With mixed bundling, the products are also available separately, but the sum of the stand-alone prices is higher than the bundled price.[80]

(54) The main concern in the context of conglomerate mergers is that of foreclosure. The combination of products in related markets may confer on the merged entity the ability and incentive to leverage a strong market position from one market to another, by means of tying or bundling or other exclusionary practices. While tying and bundling have often no anticompetitive consequences, in certain circumstances such practices may lead to a reduction in actual or potential competitors' ability or incentive to compete. This may reduce the competitive pressure on the merged entity allowing it to increase prices or deteriorate supply conditions in other ways.[81]

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73 Non-Horizontal Merger Guidelines, paragraph 59.
74 Non-Horizontal Merger Guidelines, paragraph 61.
75 See Case T – 370/17 *KPN BV v European Commission*, Judgment of the General Court of 23 May 2019, EU:T:2019:354, paragraph 119.
76 Non-Horizontal Merger Guidelines, paragraph 91.
77 Non-Horizontal Merger Guidelines, paragraph 92.
78 Non-Horizontal Merger Guidelines, paragraph 93.
79 Non-Horizontal Merger Guidelines, paragraphs 95 -97.
80 Non-Horizontal Merger Guidelines, paragraphs 96.
81 Non-Horizontal Merger Guidelines, paragraph 93.

(55) In assessing the likelihood of such a scenario, the Commission examines, *first*, whether the merged firm would have the ability to foreclose its rivals,[82] *second*, whether it would have the economic incentive to do so[83] and, *third*, whether a foreclosure strategy would have a significant detrimental effect on competition, thus causing harm to consumers.[84] In practice, these factors are often examined together as they are closely intertwined.

5.2. Assessment

5.2.1. Introduction

(56) In the EEA, both Securitas and Stanley Security provide security services mostly to non-residential customers, as well as to residential customers, however, to a much more limited extent.

(57) Consequently, the Transaction gives rise the following horizontal overlaps and non-horizontal links:

(a) Horizontal overlaps between the Parties' activities in the provision of alarm monitoring and response to non-residential customers in Belgium, Finland, Norway, Sweden, the Netherlands, Denmark, France and Ireland;

(b) Horizontal overlaps between the Parties' activities in the provision of alarm monitoring and response to residential customers in Belgium, Sweden, the Netherlands and France;

(c) Horizontal overlaps between the Parties' activities in the installation and maintenance of electronic guarding equipment to non-residential customers in Belgium, Finland, Norway, Sweden, the Netherlands, Denmark, France and Ireland;

(d) Horizontal overlaps between the Parties' activities in the installation and maintenance of electronic guarding equipment to residential customers in Belgium, Finland, Norway, Sweden and the Netherlands, Denmark, France and Ireland;

(e) Vertical links between the provision of alarm response to third parties ((upstream) where Securitas is active) and the provision of alarm monitoring and response services to non-residential end customers ((downstream) where both Parties are active) in Belgium, Finland, Norway, Sweden, the Netherlands, Denmark, France and Ireland;

(f) Vertical links between the sub-contracting of installation and maintenance of electronic guarding services ((upstream) where both Parties are active and the sale of such services to non-residential customers ((downstream), where both Securitas and Stanley Security are active) in Belgium, Finland, Norway, Sweden, the Netherlands, Denmark, France and Ireland; and,

(g) Conglomerate links between the provision of manned guarding to end customers, of alarm monitoring and response, and of electronic guarding services to non-residential customers in Belgium, Finland, Norway, Sweden, the Netherlands, Denmark, France and Ireland.

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82 Non-Horizontal Merger Guidelines, paragraphs 95-104.

83 Non-Horizontal Merger Guidelines, paragraphs 105-110.

84 Non-Horizontal Merger Guidelines, paragraphs 111-118.

(58) Below the Commission assesses the above-mentioned overlaps with the exception of the ones mentioned in paragraph (57)(b)-(d) above: The Transaction does not give rise to affected markets with respect to the horizontal overlaps in alarm monitoring and response provided to residential customers ((57)(b)), or the horizontal overlaps in the installation and maintenance of electronic guarding equipment provided either to non-residential customers ((57)(c)) or to residential customers ((57)(d)) and the Commission has not received any complaints from market participants in this respect. Similarly, the Commission does not assess the horizontal overlaps and non-horizontal links arising in Denmark, France and Ireland because they do not give rise to affected markets and because the Commission has not received any complaints from market participants in this respect.

5.2.2. Horizontal Overlaps

(59) In this Section, the Commission assesses whether the Transaction would give rise to serious doubts regarding its compatibility with the internal market as a result of the elimination of competitive constraints between the Parties in the market for alarm monitoring and response market for non-residential customers in Sweden, Norway, Finland, Belgium and the Netherlands.

(60) For the reasons detailed below, the Commission finds that the Transaction does not give rise to serious doubts regarding its compatibility with the internal market as a result of the horizontal overlaps in the market for alarm monitoring and response to non-residential customers in Sweden, Norway, Finland, Belgium and the Netherlands.

5.2.2.1. Sweden and Norway

5.2.2.1.1. The Notifying Party's view

(61) Table 1 below provides an overview of the market shares of the Parties and their competitors in alarm monitoring and response to non-residential customers in Sweden between 2019-2021, as submitted by the Notifying Party.

Table 1: Alarm Monitoring and Response to non-residential customers in Sweden

Market Participant	2019		2020		2021	
	Value (MEUR)	Share (%)	Value (MEUR)	Share (%)	Value (MEUR)	Share (%)
Securitas	*[...]*	*[20-30]%*	*[...]*	*[20-30]%*	*[...]*	*[20-30]%*
Stanley Security	*[...]*	*[5-10]%*	*[...]*	*[5-10]%*	*[...]*	*[5-10]%*
Combined	**[…]**	**[20-30]%**	**[…]**	**[20-30]%**	**[…]**	**[20-30]%**
Avarn	[…]	[10-20]%	[…]	[10-20]%	[…]	[10-20]%
Verisure	[…]	[10-20]%	[…]	[10-20]%	[…]	[10-20]%
SOS Alarm	[…]	[5-10]%	[…]	[5-10]%	[…]	[5-10]%
Sector Alarm	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Tempest Security	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Rapid	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Commuter	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Cubsec	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Bevakningsgr.	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Addici	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%

Market Participant	2019		2020		2021	
	Value (MEUR)	Share (%)	Value (MEUR)	Share (%)	Value (MEUR)	Share (%)
Vesper	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Estate	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Others	[…]	[20-30]%	[…]	[20-30]%	[…]	[20-30]%
Total	[…]	**100.0%**	[…]	**100.0%**	[…]	**100.0%**

Source: Parties' sales data and Securitas' market size estimates[85]

(62) Table 2 below provides an overview of the market shares of the Parties and their competitors in alarm monitoring and response to non-residential customers in Norway between 2019-2021, as submitted by the Notifying Party.

Table 2: Alarm Monitoring and Response to non-residential customers in Norway[86]

Market Participant	2019		2020		2021	
	Value (MEUR)	Share (%)	Value (MEUR)	Share (%)	Value (MEUR)	Share (%)
Securitas	*[...]*	*[5-10]%*	*[...]*	*[5-10]%*	*[...]*	*[5-10]%*
Stanley Security	*[...]*	*[10-20]%*	*[...]*	*[5-10]%*	*[...]*	*[5-10]%*
Combined	**[…]**	**[20-30]%**	**[…]**	**[10-20]%**	**[…]**	**[10-20]%**
Verisure	[…]	[10-20]%	[…]	[10-20]%	[…]	[10-20]%
Avarn	[…]	[10-20]%	[…]	[10-20]%	[…]	[10-20]%
DoroCare	[…]	[10-20]%	[…]	[10-20]%	[…]	[10-20]%
Sector Alarm	[…]	[10-20]%	[…]	[10-20]%	[…]	[10-20]%
KoneAS	[…]	[5-10]%	[…]	[5-10]%	[…]	[5-10]%
AddSecure	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Publicfiredep	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
GSS	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Alarm24	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Others	[…]	[10-20]%	[…]	[5-10]%	[…]	[5-10]%
Total	[…]	**100.0%**	[…]	**100.0%**	[…]	**100.0%**

Source: Parties' sales data and Securitas' market size estimates[87]

(63) The Notifying Party submits that the Transaction would not give rise to competition concerns related to the provision of alarm monitoring and response services to non-residential customers in Sweden and Norway, for a number of reasons. In the first place, according to the Notifying Party, the combined entity's market share in Sweden is moderate and does not in itself suggest that the

85 Response of the Notifying Party to Request for Information I-8, Annex 3.1 – Market Share Norway Sweden.

86 The Commission notes that, although the 2021 market share of the combined entity indicates that there is no horizontally affected market in alarm monitoring and response to non-residential customers in Norway, the Commission still conducted a competitive assessment, because of the confirmation by two providers, namely Kone AS and DoroCare, that they are not active in this market. Considering the significant market shares allocated by the Notifying Party to these two entities (combined market share of [20-30]% in 2021), the Commission concludes that the market share of the combined entity in 2021 is in all likelihood exceeding the 20% threshold and therefore treats it as an affected market.

87 Response of the Notifying Party to Request for Information I-8, Annex 3.1 – Market Share Norway Sweden.

combined entity would have market power.[88] In the second place, the Parties are not close competitors to one another as they focus on different non-residential customer segments. According to the Notifying Party, in Sweden, Securitas focuses on a broader range of private customers whilst Stanley Security focuses on public and governmental customers.[89] Likewise in Norway, the Notifying Party submits that Securitas' business opportunities where it competes directly with Stanley Security account for less than [20-30]% of Securitas' entire alarm monitoring.[90] In the third place, according to the Notifying Party, switching suppliers is easy[91] and alarm monitoring is a commoditised service, and therefore, there is no differentiation between the service offering of each competitor.[92] Finally, the Notifying Party submits that barriers to entry are low,[93] and, that customers enjoy a significant extent of countervailing buyer power.[94]

5.2.2.1.2. The Commission's assessment

(64) The results of the Commission's market investigation, as well as the other evidence in the file contradict to a certain extent the Parties' submissions as regards the combined entity's market position post-Transaction and the closeness of competition between the Parties. This relates in particular to customers with needs for national coverage or with specialised security needs. Moreover, the results of the market investigation are inconclusive concerning barriers to entry. In contrast, the Notifying Party' submission appears to hold true with respect to customers with more localized and/or less complex (standard) security needs. This is for the following reasons:

(65) *First*, as demonstrated in Table 1 above, the combined entity will, post-Transaction be the market leader in the provision of alarm monitoring and response services to non-residential customers in Sweden. More specifically, the Parties estimated the combined market share to be moderate in 2021 at [20-30]% (combined sales of EUR […]) in Sweden for all non-residential customers, and slightly higher at [30-40]% (combined sales of EUR […]) for customers with national coverage needs and at [20-30]% (combined sales of EUR […]) for customers with specialised security needs in 2021.[95] Moreover, the Notifying Party's submissions suggest that the alarm monitoring and response market to non-residential customers in Sweden is fragmented, with a number of other active competitors, including Avarn, Verisure, Sector Alarm etc.

(66) However, it has been difficult to reach definitive conclusions on the Parties' and their competitors' market shares in Sweden in the course of the Commission's market investigation. More specifically, the Parties' estimates of some competitors' market sales have proven to be inaccurate and at times over-estimated, including

88 Response of the Notifying Party to Request for Information I-8, Annex 3.1 – Market Share Norway Sweden; Form CO, paragraph 385.

89 Form CO, paragraph 333 and ff.

90 Form CO, paragraph 333 and ff.

91 Form CO, Annex V, Submission on the countervailing buyer power, dated 1 June 2022, paragraph 33 and ff.

92 Response of the Notifying Party to Request for Information I-8, paragraphs 82 and 327.

93 Form CO, paragraph 485 and ff.

94 Form CO, paragraph 644 and Form CO, Annex V, Submission on the countervailing buyer power, dated 1 June 2022.

95 Response of the Notifying Party to Request for Information I-8, Annex 3.1 – Market Share Norway Sweden.

for some of the competitors that Securitas considers to compete closely with.[96] This is also reflected in certain internal documents of Securitas which state that *"(...) in some solution and services as monitoring we have [60-70]% of the market and earn in bottom line more than [market share comparison] the biggest competitor (...)*".[97]

(67) The same applies to Norway. More specifically, as demonstrated in Table 2 above, the Parties estimate that the combined entity will, post-Transaction, also be the market leader in Norway, with a moderate estimated market share of [10-20]% in 2021 for all non-residential customers (combined sales of EUR […]), and higher at [30-40]% (combined sales of EUR […]) for customers with national coverage needs.[98] Similarly to the case of Sweden, the Notifying Party's submissions suggest that the alarm monitoring and response market to non-residential customers in Norway is fragmented, with a number of other active competitors, including Avarn, Verisure, Sector Alarm, Tempest Security.

(68) However, it has also been difficult to reach definitive conclusions on the Parties and their competitors' market shares in Norway in the course of the Commission's market investigation. In particular, although the Parties' estimates of competitors' sales numbers are more accurate compared to those for Sweden, they include companies that are not active in the market (such as Doro Care and Kone AS). In the course of the Commission's market investigation, Doro Care submits that "*Careium Norge AS (form. Doro Care AS) is delivering Welfare technology, health services to Norwegian municipalities. In this marke[t] (Health) Securitas/Stanley Security is not represented. We do not compete in any marke[t] where Securitas/Stanley Security is a competitor*".[99] Doro Care further explains that it "*does not offer security services*"[100] and that likewise, neither Securitas nor Stanley Security are appropriately licenced to offer welfare technology in Norway, as they "*have no health personnel in their Alarm Response Centre*".[101]

(69) In the same vein, Kone AS submits that it "*does not offer alarm monitoring services which would be relevant*" to this case.[102] Kone AS further explains that: "*[m]ost elevators have an alarm phone system installed, to ensure the safety of elevator passengers in case of entrapment and to comply with regulations. This alarm phone system enables elevator passengers to establish a 2-way voice communication to a call center and report an elevator breakdown. KONE offers its customers this 2-way alarm communication, as well as the on-site maintenance of the elevator breakdowns (sending a technician to the elevator) as a service which is part of a maintenance agreement between the customer and KONE. (...)To the best of [KONE's] knowledge, Securitas does not offer customers, similar to those of KONE (facility management companies, housing owners' associations, building management companies, building owners, etc.), such end-to-end services regarding*

96 E-Mails from a competitor to the case team, dated 4, 5 and 6 April 2022; Minutes of call with a competitor, dated 5 April 2022.

97 Response of the Notifying Party to Request for Information I-8, Annex Securitas 16(vi)10, Securitas Sweden Business Plan for 2020, dated 16 September 2019, page 25.

98 The Commission notes that the Notifying Party failed to provide market shares in alarm monitoring and response for non-residential customers with specialised security needs. (Response of the Notifying Party to request for Information I-8, Annex 3.1 Market Share Norway Sweden).

99 E-Mail from a competitor to the case team, dated 4 April 2022.

100 E-Mail from a competitor to the case team, dated 6 April 2022.

101 ibid.

102 Response of a competitor to Request for information I-1, dated 6 April 2022, question 4.

responding to and fixing elevator breakdowns. (...) In addition to alarm phone systems, KONE provides KONE 24/7 Connected Services which is a value-added service for KONE's maintenance customers based on remote monitoring, providing AI-based predictive maintenance. 24/7 Connected Services are developed fully in-house (using KONE Employees and subcontractors). KONE 24/7 Connected Services is designed to provide information on upcoming maintenance needs and identify potential issues with the equipment monitored before they arise. (...) To conclude: KONE 24/7 Connected Services is primarily a tool for predictive maintenance using sensor monitoring, not Alarm Monitoring".[103]

(70) Evidence in the Commission's file indicates therefore that the Parties' combined market position in alarm monitoring and response for non-residential customers is most likely stronger than the Notifying Party estimated in both Sweden and Norway.

(71) *Second*, the results of the market investigation as well as evidence in the Commission's file suggest that the Parties are close competitors, despite the presence of a number of other rival providers active in the alarm monitoring and response market for non-residential customers in Sweden and Norway.[104]

(72) In the first place, internal documents of Securitas prepared in the ordinary course of business suggest that the latter considers Stanley Security as one of its five main competitors in alarm monitoring and response to non-residential customers in both Sweden and Norway.[105] Stanley Security's internal documents also suggest that Securitas is one of its main competitors.[106] This is also confirmed by the results of the Commission's market investigation, where the vast majority of customers shares the same view, naming Securitas (and Avarn) as the closest competitor of Stanley Security and Stanley Security (and Avarn) as the closest competitor of Securitas in alarm monitoring and response to non-residential customers in both Sweden and Norway.[107]

(73) In the second place, the Commission's market investigation confirms that the Parties seem to be some of the few providers that are able to offer alarm monitoring and response to certain types of non-residential customers, namely those with (i) specialised and (ii) national coverage needs.[108] The only other security service providers that are able to serve this market segment are Avarn, SOS Alarm[109] and

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103 Response of a competitor to Request for information I-1, dated 6 April 2022, question 1.

104 Minutes of call with competitor, dated 30 May 2022; Minutes of call with competitor dated 6 April 2022; Minutes of call with competitor, dated 5 April 2022.

105 Response of the Notifying Party to Request for Information I-8, Annex Securitas 16(vi)6, Securitas Norway Business Plan for 2021- Remote Services NO, dated 27 January 2021, slide 2; Response of the Notifying Party to Request for Information I-8, Annex Securitas 16(vi)7, Securitas Norway Business Plan for 2022- SOC and Remote Services, dated 27 September 2021, slide 3.

106 Response of the Notifying Party to Request for Information I-8, Annex Stanley 16(vi)50, Swinmark Business Performance, dated December 2017, slide 3.

107 Response to questions 14.1 and 14.2 of questionnaire Q1 to Customers in Sweden; Response to questions 14.1 and 14.2 of questionnaire Q2 to Customers in Norway.

108 A competitor in Norway submits that "*There is none other than Securitas, Avarn or Stanley Security which can offer a professional SOC to the FG3 marked/customers [i.e. lowest level of classification of alarm systems installed at the premises of customers with specialised needs in Norway]*" (Response of a competitor to question 3 of Questions to Electronic Guarding providers in Norway, dated 25 May 2022).

109 Minutes of a conference call with a competitor, dated 5 April 2022, paragraphs 4 and 10.

potentially Securitas Direct (that is owned by Verisure)[110] in Sweden, and Avarn in Norway. In contrast, a number of alarm monitoring and response providers, such as Verisure and Sector Alarm, focus primarily on residential customers and on non-residential customers with standard security needs and do not or cannot offer alarm monitoring and response services to non-residential customers with specialised security needs.[111]

(74) *Third*, the combined entity will continue to face strong competitive pressure by a sufficient number of alternative providers serving non-residential customers with standard security needs in both Sweden and Norway. More specifically, the results of the Commission's market investigation confirm that a number of credible alternatives to the combined entity, with strong market presence, are able and will continue to be able to serve non-residential customers with standard security needs in Sweden and Norway. These include, among others, Avarn, Verisure and Sector Alarm both in Sweden and in Norway and Tempest Security and SOS Alarm in Sweden.[112] These entities are well established players that are currently competing closely with the Parties in alarm monitoring and response for non-residential customers with standard security needs, and that, according to the Notifying Party's estimates, held collectively ~[40-50]% (Sweden) and ~[40-50]% (Norway) of the alarm monitoring and response to non-residential customers' market in 2021. More concretely, according to the Parties, Avarn's market shares are [10-20]% (Sweden) and [10-20]% (Norway); Verisure's market shares are [10-20]% (Sweden) and [10-20]% (Norway); Sector Alarm's market share in Norway is [10-20]% and SOS Alarm's market share in Sweden is [5-10]%.

(75) However, the same conclusion cannot be reached for non-residential customers with specialised and national coverage needs. When it comes to these types of non-residential customers, the Commission's market investigation suggests that certain companies, such as Verisure and Sector Alarm, do not compete with the Parties, and thus, the number of credible alternatives to the combined entity are limited to Avarn, SOS Alarm and potentially Securitas Direct (that is owned by Verisure) in Sweden,[113] and Avarn in Norway.

(76) In this context, the Commission notes that Avarn, the stronger competitor of the Parties in the Nordics, confirms that customers can switch to other suppliers, "*because there are many other companies that can offer the same in all countries*".[114] However, Avarn confirms that the options are more limited for customers with specialised security needs.[115] Nevertheless, the combined entity

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110 Information gathered from Securitas Direct website in Sweden suggest that it is able to offer alarm monitoring and response services to large customers as well as customers with national coverage needs: "*Securitas Direct's team for clients with nationwide representation specialises in corporations that are represented nationwide. (...) Who is regarded a major client? In general, retail chains and large companies or organisations who operate all over Sweden or the Nordic countries are regarded as major clients*". (Securitas Direct website, available at: https://www.securitasdirect.se/en, last accessed 30 June 2022).

111 Minutes of a conference call with a competitor, dated 4 April 2022, paragraph 4; Minutes of a conference call with a competitor, dated 6 April 2022, paragraph 3 and ff.

112 Responses to questions 10-10.2 of questionnaire Q1 to customers in Sweden; Responses to questions 10-10.2 to questionnaire Q2 to competitors in Norway.

113 Minutes of a conference call with a competitor, dated 5 April 2022, paragraphs 4 and 10; Minutes of a conference call with a competitor, dated 4 April 2022, paragraph 4; Minutes of a conference call with a competitor, dated 6 April 2022, paragraph 3 and ff.

114 Response to question 30 of questionnaire Q6 to competitors.

115 Response to question 30.1 of questionnaire Q6 to competitors.

will continue to face strong competitive pressure by Avarn in both Sweden and Norway.

(77) *Fourth*, the responses to the Commission's market investigation are mixed and inconclusive[116] with regard to barriers to entry in the alarm monitoring and response market for non-residential customers in Sweden and Norway.

(78) In the first place, the majority of competitors submits that barriers to entry are moderate in the sense that, although the respondents acknowledge that barriers to entry exist, new entrants are still able to enter the market.[117] However, a competitor explains that: *"although it is not difficult for a small security company to enter the market, it will most likely only sell to small businesses with local presence"*.[118]

(79) In the second place, competitors mention that entry costs are high, especially for new entrants who lack a sufficient customer base, and mention the existence of *"strict and specific regulatory requirements*"[119] of operating an ARC in Sweden and Norway.[120] Nevertheless, the Commission notes that the entry costs indicated by certain competitors (on average EUR 4.5 million)[121] are relatively low compared to the overall market size of alarm monitoring and response to non-residential customers in Sweden and Norway, which is estimated by the Parties to be approximately EUR […] for Sweden and EUR […] for Norway (or EUR […] without DoroCare and KoneAS),[122]taking into account scale efficiencies as well as the presumption that the lifetime of an ARC is long, following its creation.

(80) In the third place, although entry in Sweden and Norway has been limited in the last three years,[123] the Commission notes that there has been some recent entry in the past three years by Certego in Norway and Sweden and by Coor in 2020 in Sweden.[124] It has not been possible, nonetheless, to determine the market share these players captured since their entry.

(81) Nevertheless, despite these considerations around the Parties' market position, the closeness of competition between them and the existence of certain barriers to entry, the Commission's market investigation as well as evidence from the Commission's file indicate that the Transaction is not likely to lead to an impediment of effective competition in the alarm monitoring and response markets to non-residential customers in Sweden and Norway. As shown above, the combined entity's combined market share is moderate and the combined entity will continue to face strong competitive pressure by a sufficient number of alternative providers serving non-residential customers with standard security needs in both Sweden and Norway.

(82) While the combined entity will face competition from fewer credible competitors with regard to non-residential customers with specialised and national coverage

116 Response to questions 24 and 24.1 of Questionnaire Q6 to competitors.
117 Response to question 24 of Questionnaire Q6 to competitors.
118 Minutes of a conference call with a competitor, dated 17 February 2022, paragraph 20.
119 Response to question 24.1 of Questionnaire Q6 to competitors.
120 Minutes of a conference call with a competitor, dated 30 May 2022, paragraph 8.
121 Response to question 24.1 of Questionnaire Q6 to competitors.
122 Response of the Notifying Party to Request for Information I-8, Annex 3.1, Market Share Norway Sweden.
123 Response to questions 19 and 19.1-19.6 of Questionnaire Q6 to competitors.
124 Response to questions 19 and 19.1-19.6 of Questionnaire Q6 to competitors; Minutes of a conference call with a competitor, dated 1 July 2022, paragraph 3.

security needs, the market investigation as well as evidence from the Commission's file show that these are normally large companies that enjoy a significant degree of countervailing buyer power when purchasing alarm monitoring and response services.

(83) *First*, alarm monitoring and response accounts for a small proportion of customer's total spend on security services, even for customers with specialised security needs.[125] Thus, the incentive of the combined entity to deteriorate the commercial terms of alarm monitoring in order to increase its profits to the detriment of its customer relations is limited. For instance, the Parties submit that, in 2021:

(a) in Sweden,[126] on average, alarm monitoring and response services accounted for [5-10]% of the overall spend of Securitas' and [10-20]% of Stanley Security's largest customers;[127] whilst,

(b) in Norway,[128] on average, alarm monitoring and response services accounted for [0-5]% of the overall spend of Securitas' and [5-10]% of Stanley Security's largest customers.

(84) These figures indicate that customers can rely on their spend on other security services in their contract negotiations in alarm monitoring and response and, for instance, threaten to reduce or generally limit the purchasing of other security services from the Parties if the Parties deteriorate the supply conditions in alarm monitoring and response.

(85) *Second*, the non-residential customers with national coverage and specialised needs are generally large, sophisticated companies that are experienced purchasers, relying on tender procedures or other advanced negotiating procedures to select security providers.

(86) *Third*, the vast majority of customers in Sweden who participated in the market investigation did not express concerns about the Transaction, some of them explicitly acknowledging their buyer power.[129] For example, a customer in Sweden explains that "*if the suppliers decide to raise their prices, [the customer] considers that they would still hold some buyer power considering they are a large customer*".[130] The same applies to Norway. In particular, the vast majority of customers in Norway who participated in the market investigation did not express concerns about the Transaction.[131] For instance, a respondent submits: "*(…) These*

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125 Form CO, Annex V, Submission on the countervailing buyer power, dated 1 June 2022, focusses primarily on alarm monitoring. However, the arguments are equally applicable to customers of alarm monitoring and response should the Commission consider such a hypothetical product market (Form CO, Annex V, Submission on the countervailing buyer power, dated 1 June 2022, footnote 3).

126 Form CO, Annex V, Submission on the countervailing buyer power, dated 1 June 2022, paragraph 27.

127 According to the Notifying Party, largest customers by revenue refer to customers that (i) spent at least EUR 50,000 per year on either of the Parties' services, and (ii) procured alarm monitoring from Securitas or Stanley Security respectively. (Form CO, Annex V, Submission on the countervailing buyer power, dated 1 June 2022, paragraph 18).

128 Form CO, Annex V, Submission on the countervailing buyer power, dated 1 June 2022, paragraph 18.

129 Response to questions 26.1, 26.1.1 and 26.1.2 of Questionnaire Q1 to customers in Sweden; Minutes of a conference call with a customer dated 29 April 2022, paragraph 14; Minutes of a conference call with a customer dated 4 May 2022, paragraph 15; Minutes of a conference call with a customer dated 25 May 2022, paragraphs 9 and 10; Minutes of a conference call with a customer dated 16 February 2022, paragraphs 11-13.

130 Minutes of a conference call with a customer dated 25 May 2022, paragraphs 9 and 10.

131 Response to questions 26.1, 26.1.1 and 26.1.2 of Questionnaire Q2 to customers in Norway.

services are also provided by other competitors in the market like AVARN. The operation should therefore have no impact in these markets".[132]

(87) *Fourth*, some of the large customers have the option to self-supply or partially self-supply alarm monitoring, at a lower cost compared to the costs of launching a certified ARC by an entrant in the alarm monitoring and response market. In this context, the Commission's market investigation confirms that there is no need for the customers to obtain an EN 50518 certification that is a requirement for the ARCs of security service providers offering alarm monitoring and response.[133] Furthermore, Securitas submits that it contracts alarm response to customers who self-supply alarm monitoring[134] and, conversely, that it does not differentiate its prices for alarm response based on whether the request comes from Securitas' alarm monitoring customers or from customers doing in-house alarm monitoring.[135] However, the Commission notes that its market investigation revealed that companies that own an ARC might still rely on security service providers for their staffing.[136] For instance, a customer mentions that it "*rel[ies] on the security service provider to deliver highly trained operators with good knowledge of our facilities that will operate the ARC 24/7 with a high service standard according to the service level agreement we have with the supplier*".[137]

(88) Moreover, Securitas submits that approximately [50-60]% of its top 100 largest customers (by overall revenue) in Sweden have opted to self-supply alarm monitoring services either partially or fully,[138] arguing that self-supply is a valid option, particularly for large and medium size organisations.[139] In this context, Securitas indicates one customer with specialised security and national coverage needs that switched to self-supplying alarm monitoring and response between 2019 and 2021, namely Norwegian customer […].[140]

(89) *Fifth*, alarm monitoring and response customers who responded in the Commission's market investigation suggest that in Sweden, the barriers to switching are medium high and therefore, switching providers is relatively common.[141] Although respondents submit that "*switching security service can be*

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132 ibid.

133 Form CO, paragraph 1000 and ff; Response of the Notifying Party to Request for Information I-10, paragraph 7 and ff; Response of a customer to a Request for Information (on self-supplying) of 1 July 2022, questions 3-4.

134 Response of the Notifying Party to Request for Information I-10, paragraph 1.

135 Response of the Notifying Party to Request for Information I-10, paragraph 15.

136 Minutes of a conference call with a competitor, dated 1 July 2022, paragraph 8.

137 Response of a customer to a Request for Information (on self-supplying) of 1 July 2022, question 5.

138 According to the Parties' submission, partial self-supply refers to instances where customers: (i) use ARC staff supplied by security companies, (ii) outsource alarm monitoring for some of their sites (applicable to multi-site customers that self-supply alarm monitoring to its main site (i.e., headquarters), or (iii) outsource some alarm monitoring services (e.g., fire alarm monitoring). (Response of the Notifying Party to Request for Information I-10, paragraph 17 and ff).

139 As regards Stanley Security, it does not have any customers with in-house ARCs, buying alarm response services, as Stanley Security does not in-source manned guarding for alarm response and thus encourages customers to contract directly with a manned guarding specialist, as this will avoid the customer paying a mark-up on the response services and will also avoid Stanley Security having responsibility for delays in alarm response. (Response of the Notifying Party to Request for Information I-10, paragraph 3).

140 Form CO, Annex V, Submission on the countervailing buyer power, dated 1 June 2022, paragraphs 39-40.

141 On average, Swedish customers marked barriers to switching as medium/neutral, scoring 2.67/5. (Response to question 16.1 of questionnaire Q1 to customers in Sweden).

an administrative burden and can therefore be costly even if the price is lower than the price the existing provider offers"[142] and that one *"(...) would need to train the new service provider to get to know [the customer's] systems which requires resources*"[143], no Swedish customer strongly contests its ability to switch provider if necessary.[144] A customer with multinational presence explains that, "*speaking only for [the customer], the [T]ransaction is unlikely to chan[g]e the status quo given [the customer's] procurement strategy for security services (...) and our existing agreements with Securitas",* confirming that large customers with specialised and national coverage needs might indeed have less choice, but also a sufficient degree of buyer power.[145]

(90) Finally, customers in Sweden and Norway express neutral to positive views with regard to the Transaction.[146] For instance, a customer in Norway believes that, so long as Avarn exercises competitive pressure on the combined entity, the Transaction should not have any impact in the alarm monitoring and response market for non-residential customers.[147] Additionally, a customer in Sweden submits that "[e]*ven if the parties do have some overlaps, the merger seems logic as the "new" Securitas can provide the full range of services needed. So, we deem it as positive from a product quality and service range perspective but find it more unclear if efficiencies will have positive impact on price levels. It's negative for the security market as such as a competitor vanish*."[148]

5.2.2.1.3. Conclusion

(91) In light of the above, the Commission concludes that the Transaction does not give rise to serious doubts regarding its compatibility with the internal market as a result of the horizontal overlaps in the market for alarm monitoring and response to non-residential customers in Sweden and Norway post-Transaction, in particular because of the fact that the combined entity's market shares are moderate, the existence of a number of credible alternatives for non-residential customers with standard security needs, and the countervailing buyer power of non-residential customers with specialised and/or national coverage needs.

5.2.2.2. Finland

5.2.2.2.1. The Notifying Party's view

(92) Table 3 below provides an overview of the market shares of the Parties and their competitors in alarm monitoring and response to non-residential customers in Finland between 2018-2020, as submitted by the Notifying Party.[149]

142 Response to question 16.2.1 of questionnaire Q1 to customers in Sweden.
143 ibid.
144 ibid.
145 Response to question 26.1 of questionnaire Q4 to competitors in the Netherlands.
146 Response to question 26.1 of questionnaire Q1 to customers in Sweden; Response to question 26.1 of questionnaire Q2 to customers in Norway.
147 Response to question 26.1.1 of questionnaire Q2 to customers in Norway.
148 Response to question 26.1.1 of questionnaire Q1 to customers in Sweden.
149 The Notifying Party did not submit 2021 data, except for Sweden and Norway.

Table 3: Alarm Monitoring and Response to non-residential customers in Finland

Market Participant	2018		2019		2020	
	Value (MEUR)	Share (%)	Value (MEUR)	Share (%)	Value (MEUR)	Share (%)
Securitas	*[...]*	*[20-30]%*	*[...]*	*[20-30]%*	*[...]*	*[20-30]%*
Stanley Security	*[...]*	*[0-5]%*	*[...]*	*[0-5]%*	*[...]*	*[0-5]%*
Combined	**[…]**	**[20-30]%**	**[…]**	**[20-30]%**	**[…]**	**[20-30]%**
Avarn	[…]	[10-20]%	[…]	[10-20]%	[…]	[10-20]%
Sector Alarm	[…]	[0-5]%	[…]	[0-5]%	[…]	[5-10]%
Verisure	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
SOL	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
ISS Palvelut Oy	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Palmia	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
K2	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Vantti	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Others	[…]	[40-50]%	[…]	[30-40]%	[…]	[30-40]%
Total	[…]	**100.0%**	[…]	**100.0%**	[…]	**100.0%**

Source: Parties' sales data and Securitas' market size estimates[150]

(93) The Notifying Party submits that the Transaction would not give rise to competition concerns related to the provision of alarm monitoring and response services to non-residential customers in Finland. This is because, according to the Notifying Party, (i) the Parties face competition from a large number of small and large players;[151] (ii) the Parties are not close competitors to one another as they focus on different non-residential customer segments;[152] (iii) the combined entity will continue to face competitive constraints post-Transaction due to the prevalence of sub-contracting of response services and the ability of smaller rivals to expand their alarm monitoring and response services;[153] and (iv) certain large non-residential customers have in-house ARCs and can therefore credibly threaten to take these services in-house.[154]

5.2.2.2.2. The Commission's assessment

(94) The results of the Commission's market investigation, as well as the other evidence in the file, confirm the Parties' submissions as regards the combined entity's market position post-Transaction and the closeness of competition between the Parties and barriers to entry. The results of the market investigation regarding barriers to entry and expansion are inconclusive. This is for the following reasons:

(95) *First*, as demonstrated in Table 3 above, the combined entity will, post-Transaction be the market leader in the provision of alarm monitoring and response services to non-residential customers in Finland. More specifically, the Parties estimated the combined market share to be moderate in 2020 at [20-30]% (combined sales of EUR […]) in Finland for all non-residential customers, and slightly higher at

150 Form CO, Annex 7.1, Parties' market share.
151 Form CO, paragraph 515.
152 Form CO, paragraph 516.
153 Form CO, paragraph 517.
154 Form CO, paragraph 518.

[30-40]% (combined sales of EUR […])[155] for customers with national coverage needs in 2020.[156]

(96) *Second*, the market share increment caused by the Transaction in alarm monitoring and response for non-residential customers in Finland is small, ranging between […]% between 2018-2020. This low increment demonstrates that Stanley Security's activity is very limited in Finland, its sales amounting to less than EUR […] annually in 2018-2020, compared to Securitas' turnover of around EUR […] annually in 2018-2020.

(97) *Third*, post-Transaction, the Parties will continue to face competition from one large player, Avarn (market share of [10-20]% in alarm monitoring and response to non-residential customers in Finland in 2020), and several smaller players (including Sector Alarm, Verisure, SOL, ISS Palvelut Oy, Palmia, K2, and Vantti). The Commission notes that Avarn, who is the stronger competitor of the Parties in the Nordics, confirms that customers can switch to other suppliers, "*because there are many other companies that can offer the same in all countries*".[157]

(98) *Fourth,* the results of the market investigation confirm the Parties' view that they are likely not close competitors in the alarm monitoring and response market for non-residential customers in Finland. More specifically, the vast majority of customers name Avarn as Securitas' closest competitor, with a small minority also naming AddSecure.[158] Notably, no customer names Stanley Security as Securitas' closest competitor.[159] In the same vein, the vast majority of competitors names Avarn as Securitas' closest competitor, with limited references to Verisure and Stanley Security.[160] In addition, Securitas focuses on tenders where customers require alarm monitoring and response alongside other manned guarding services (e.g. on-site guarding or mobile patrol) whereby Stanley Security's would have a larger share of customers that seek alarm monitoring and response alongside electronic guarding services.[161] However, both customers[162] and competitors[163] name Securitas and Avarn, at the same rate, as the closest competitors of Stanley Security.

(99) *Fifth*, the responses to the Commission's market investigation are mixed and inconclusive[164] concerning barriers to entry in the alarm monitoring and response market for non-residential customers in Finland.

(100) In the first place, the majority of competitors submit that barriers to entry are moderate, in the sense that, although certain regulatory and cost barriers exist, new entrants are still able to enter the market.[165]

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155 Form CO, paragraph 520 and Table 6.64.

156 The Parties fail to provide their and their competitors' market shares for alarm monitoring and response to non-residential customers with specialised security needs in Finland.

157 Response to question 30 of questionnaire Q6 to competitors.

158 Response to question 14 of questionnaire Q3 to Customers in Finland.

159 ibid.

160 Response to question 15.1.2 of questionnaire Q6 to Competitors.

161 Form CO, paragraph 509.

162 Response to question 15.1.2 of questionnaire Q6 to Competitors.

163 Response to question 15.2.1 of questionnaire Q6 to Competitors.

164 Response to questions 24 and 24.1 of Questionnaire Q6 to competitors.

165 Response to question 24 of Questionnaire Q6 to competitors.

(101) In the second place, competitors mention that entry costs are high.[166] Nevertheless, the Commission notes that, the entry costs indicated by certain competitors (on average EUR 4.5 million)[167] are relatively low compared to the overall market size of alarm monitoring and response to non-residential customers in Finland, which is estimated by the Parties to be approximately EUR […],[168] taking into account scale efficiencies as well as the presumption that the lifetime of an ARC is long, following its creation.

(102) In the same vein, entry in Finland has been limited in the last three years.[169] However, the Commission notes that despite the barriers, the results of its market investigation suggest that there has been some recent entry in the past three years in the Finnish market, e.g. by Certego.[170] It has not been possible, nonetheless, to determine the market share that Certego captured since its entry.

(103) *Sixth*, customers in Finland express neutral to positive views with regard to the Transaction.[171] More importantly, virtually all customers in Finland who responded to the Commission's market investigation agree that there are enough credible alternatives that will exert competitive pressure to the combined entity.[172] This is confirmed by a competitor of the Parties in Finland, who explains that customers can "*switch suppliers and based on their procurement strategy either go with one or multiple suppliers*."[173] Furthermore, some customers also argue that there will be benefits as a result of the Transaction, such as the improvement of the combined entity's product offering. In this context, a customer submits that the Transaction will result in "*stronger service capabilities for Securitas, but still choices for procuring from different companies*".[174]

5.2.2.2.3. Conclusion

(104) In light of the above, the Commission concludes that the Transaction does not give rise to serious doubts regarding its compatibility with the internal market as a result of the horizontal overlap in the market for alarm monitoring and response to non-residential customers Finland post-Transaction, in particular because of the fact that the combined entity's market share is moderate, the increment brought by the Transaction is negligible, and the Parties are likely not close competitors.

5.2.2.3. Belgium and the Netherlands

5.2.2.3.1. The Notifying Party's view

(105) Table 4 below provides an overview of the market shares of the Parties and their competitors in alarm monitoring and response to non-residential customers in Belgium between 2018-2020, as submitted by the Notifying Party.[175]

166 Minutes of a conference call with a competitor, dated 30 May 2022, paragraph 8.
167 Response to question 24.1 of Questionnaire Q6 to competitors.
168 Form CO, Annex 7.1, Parties' market share.
169 Response to questions 19 and 19.1-19.6 of Questionnaire Q6 to competitors.
170 Response to questions 19 and 19.1-19.6 of questionnaire Q6 to competitors.
171 Response to question 26.1 of questionnaire Q3 to customers in Finland.
172 Response to question 26.1.1 of questionnaire Q3 to customers in Finland.
173 Response to question 47.2 of questionnaire Q6 to competitors.
174 Response to question 26.1.1 of questionnaire Q3 to customers in Finland.
175 The Notifying Party did not submit 2021 data, except for Sweden and Norway.

Table 4: Alarm Monitoring and Response to non-residential customers in Belgium

Market Participant	2018		2019		2020	
	Value (MEUR)	Share (%)	Value (MEUR)	Share (%)	Value (MEUR)	Share (%)
Securitas	*[...]*	*[10-20]%*	*[...]*	*[10-20]%*	*[...]*	*[10-20]%*
Stanley Security	*[...]*	*[10-20]%*	*[...]*	*[10-20]%*	*[...]*	*[10-20]%*
Combined	**[…]**	**[20-30]%**	**[…]**	**[30-40]%**	**[…]**	**[20-30]%**
Johnson Controls	[…]	[10-20]%	[…]	[10-20]%	[…]	[10-20]%
G4S	[…]	[10-20]%	[…]	[10-20]%	[…]	[10-20]%
Seris	[…]	[5-10]%	[…]	[5-10]%	[…]	[5-10]%
SMC	[…]	[5-10]%	[…]	[5-10]%	[…]	[5-10]%
NIT Technologies	[…]	[5-10]%	[…]	[0-5]%	[…]	[0-5]%
Verisure	[…]	[0-5]%	[…]	[5-10]%	[…]	[5-10]%
Praxis group	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Nomos	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Others	[…]	[5-10]%	[…]	[5-10]%	[…]	[5-10]%
Total	[…]	**100.0%**	[…]	**100.0%**	[…]	**100.0%**

Source: Parties' sales data and Securitas' market size estimates[176]

(106) Table 5 below provides an overview of the market shares of the Parties and their competitors in alarm monitoring and response to non-residential customers in the Netherlands between 2018-2020, as submitted by the Notifying Party.

Table 5: Alarm Monitoring and Response to non-residential customers in the Netherlands

Market Participant	2018		2019		2020	
	Value (MEUR)	Share (%)	Value (MEUR)	Share (%)	Value (MEUR)	Share (%)
Securitas	*[...]*	*[20-30]%*	*[...]*	*[20-30]%*	*[...]*	*[20-30]%*
Stanley Security	*[...]*	*[0-5]%*	*[...]*	*[0-5]%*	*[...]*	*[0-5]%*
Combined	**[…]**	**[20-30]%**	**[…]**	**[20-30]%**	**[…]**	**[20-30]%**
G4S	[…]	[10-20]%	[…]	[10-20]%	[…]	[10-20]%
Trigion	[…]	[10-20]%	[…]	[10-20]%	[…]	[10-20]%
SMC	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
NVD	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Cruon	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Seris	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Randstad	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Intergarde	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Schipper	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Europac	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
MPL	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Alarm Meldnet	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
RouteIT	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Verisure	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Others	[…]	[20-30]%	[…]	[20-30]%	[…]	[5-10]%
Total	[…]	**100.0%**	[…]	**100.0%**	[…]	**100.0%**

Source: Parties' sales data and Securitas' market size estimates[177]

176 Form CO, Annex 7.1, Parties' market share.

177 Form CO, Annex 7.1, Parties' market share.

(107) The Notifying Party submits that the Transaction would not give rise to competition concerns related to the provision of alarm monitoring and response services to non-residential customers in Belgium. This is because, according to the Notifying Party, (i) post-Transaction, the Parties will continue to face strong competition from well established players (e.g. G4S, Johnson Controls, Seris and Verisure);[178](ii) the Parties are not close competitors to one another as they focus on different non-residential customer segments (*i.e.* Stanley Security services several customers in the retail segment whereas Securitas focuses on public and specialised security customers);[179] (iii) the Parties are facing out-of-market competition by non-integrated suppliers of electronic guarding services (e.g., Siemens, Bosch) that also compete for alarm monitoring and response contracts of large corporate customers with specialised and/or national coverage needs, where alarm monitoring forms a part of requested security services;[180] (iv) barriers to entry and/or expansion are low;[181] (iv) switching suppliers is easy;[182] and (v) it is common for large non-residential customers in Belgium to have in-house ARCs and can therefore credibly threaten to take these services in-house.[183]

(108) Likewise in the Netherlands, the Notifying Party submits that (i) the increment brought about by the Transaction is small;[184] (ii) there are 34 licensed ARCs providing monitoring services in the Netherlands, some of which exert and will continue to exert competitive pressure on the combined entity post-Transaction (e.g. Allied Universal/G4S, Trigon and Verisure through its brand Securitas Direct);[185] (iii) the Parties are not close competitors, as Stanley Security services customers with national coverage needs in the retail segment, whereas Securitas achieves the majority of its revenues from large and/or medium-size customers;[186] and (iv) barriers to entry and/or expand are low.[187]

5.2.2.3.2. The Commission's assessment

(109) The results of the Commission's market investigation, as well as the other evidence in the file, confirm the Parties' submissions as regards the combined entity's market position post-Transaction and the closeness of competition between the Parties and barriers to entry. The results of the market investigation regarding barriers to entry and expansion are inconclusive. This is for the following reasons:

(110) *First*, as demonstrated in Table 4 above, the combined entity will, post-Transaction, be the market leader in the provision of alarm monitoring and

178 Form CO, paragraph 497.
179 Form CO, paragraphs 491 and 499.
180 According to the Notifying Party, these suppliers participate in tenders for bundled security services and sub-contract alarm monitoring and response to third parties. The Notifying Party gives the example of Siemens winning a contract with NATO and sub-contracting alarm monitoring to a third party provider, as it does not operate an ARC. In this context, the Notifying Party submits that non-integrated suppliers of electronic guarding services have a very good knowledge of alarm monitoring and response services offered by various providers and can easily switch between these providers. (Form CO, paragraph 492).
181 Form CO, paragraph 498.
182 Form CO, paragraph 500.
183 Form CO, paragraph 201.
184 Form CO, paragraph 522.
185 Form CO, paragraphs 523-525 and 530.
186 Form CO, paragraph 526.
187 Form CO, paragraph 531.

response services to non-residential customers in Belgium. More specifically, the Parties estimated the combined market share to be moderate in 2020 at [20-30]% (combined sales of EUR […]) in Belgium for all non-residential customers,[188] and slightly higher at [30-40]% (combined sales of EUR […])[189] for non-residential customers with national coverage needs in 2020.[190] The same applies to the Netherlands as demonstrated in Table 5 above, where the Parties estimated the combined market share to be moderate in 2020 at [20-30]% (combined sales of EUR […])[191] in the Netherlands for all non-residential customers, and slightly higher at [20-30]% (combined sales of EUR […])[192] for non-residential customers with national coverage needs in 2020.[193]

(111) *Second*, post-Transaction, the Parties will continue to face strong competition from a number of players in Belgium, including Johnson Controls (holding a market share of ~[10-20]% in 2020), G4S (~[10-20]%), Seris (~[5-10]%), Verisure (~[5-10]%), and SMC ([5-10]%) and in the Netherlands, including G4S ([10-20]%) and Trigion ([10-20]%), as demonstrated in Table 4 and Table 5 above.

(112) However, it has also been difficult to reach definitive conclusions on the Parties and their competitors' market shares in the Netherlands. More specifically, the Parties' estimates of some competitors' market sales are likely to be inaccurate at times, for example, by considering Randstad as a competitor to the Parties, when in fact it is a human resource consulting firm, and to the Commission's knowledge, it does not offer security services.

(113) *Third,* in the Netherlands, the market share increment caused by the Transaction in alarm monitoring and response for non-residential customers is small, ranging between […]% between 2018-2020. This low increment demonstrates that Stanley Security's activity is very limited in the Netherlands, where it achieved a turnover of only around EUR […] annually in 2018-2020, compared to Securitas' turnover of more than EUR […] annually in 2018-2020.

(114) *Fourth*, the results of the market investigation confirm the Parties' view that they are likely not close competitors in the alarm monitoring and response market for non-residential customers in Belgium and the Netherlands, and that the Parties face a number of other credible alternatives. More specifically, for Belgium, the vast majority of customers names G4S and Seris as Securitas' closest competitor, with a small minority briefly naming a number of other providers, such as Verisure and Stanley Security, at the same negligible rate.[194] In the same vein, the vast majority of competitors names Verisure and Jonson Controls as Stanley Security's closest competitor, with limited references to Securitas, G4S and Seris.[195] Customers confirm that a number of competitors are able to offer alarm monitoring and response services to non-residential customers with national coverage and/or specialised security needs. For instance, one states that "*Seris, G4S and Securitas*

188 Form CO, Annex 7.1, Parties' market share.
189 Form CO, Table 6.61.
190 The Parties fail to provide their and their competitors' market shares for alarm monitoring and response to non-residential customers with specialised security needs in Belgium.
191 Form CO, Annex 7.1, Parties' market share.
192 Form CO, Table 6.68.
193 The Parties fail to provide their and their competitors' market shares for alarm monitoring and response to non-residential customers with specialised security needs in the Netherlands.
194 Response to question 14 of questionnaire Q5 to customers in Belgium.
195 Response to question 15.1.2 of questionnaire Q6 to competitors.

are the only security company able to offer integrated services throughout all Belgium for large companies."[196] For the Netherlands, the vast majority of competitors names G4S and Trigion as both Securitas and Stanley Security's closest competitors,[197] whilst competitors consider in addition to those, SMC as the closest competitor to both Securitas and Stanley Security.[198] A competitor in Belgium confirms that it considers "*Stanley [Security] more as the technical installer and Securitas as the Service provider*".[199]

(115) *Fifth,* the responses to the Commission's market investigation are mixed and inconclusive[200] concerning barriers to entry in the alarm monitoring and response market for non-residential customers in Belgium and the Netherlands.

(116) In the first place, the majority of competitors submit that barriers to entry are high; however, new entrants are still able to enter the market.[201]

(117) In the second place, competitors mention that entry costs are high.[202] Nevertheless, the Commission notes that the entry costs indicated by certain competitors (on average EUR 4.5 million)[203] are relatively low compared to the overall market size of alarm monitoring and response to non-residential customers in Belgium and the Netherlands, which is estimated by the Parties to be approximately EUR […] and EUR […] respectively.[204]

(118) *Sixth,* customers in Belgium and the Netherlands express neutral to positive views with regard to the Transaction.[205] Moreover, certain customers in the Netherlands expect an improvement in the quality of services offered by the combined entity as a result of the Transaction, whilst other believe that, even in the case of price increases, switching remains possible against reasonable migration costs.[206] Likewise, some customers in Belgium believe that, the combined entity could "*be more efficient and provide lower prices*", that "a *structured challenger on the market is positive for price vs. quality in the total market*" and that there is *"(...) possibly more room for innovation*" as a result of the Transaction.[207]

196 Response to question 14.1 of questionnaire Q5 to customers in Belgium.
197 Response to question 14 of questionnaire Q4 to customers in the Netherlands.
198 Response to questions 15.1.2 and 15.2.1. to questionnaire Q6 to competitors.
199 Response to question 15.4 of questionnaire Q6 to competitors.
200 Response to questions 24 and 24.1 of Questionnaire Q6 to competitors.
201 Response to question 24 of Questionnaire Q6 to competitors.
202 Minutes of a conference call with a competitor, dated 30 May 2022, paragraph 8.
203 Response to question 24.1 of questionnaire Q6 to competitors.
204 Form CO, Annex 7.1, Parties' market share.
205 Response to question 26.1 of questionnaire Q4 to customers in the Netherlands; and, Response to question 26.1 of questionnaire Q5 to customers in Belgium.
206 Response to question 26.1 of questionnaire Q4 to customers in the Netherlands.
207 Response to question 26.1 of questionnaire Q5 to customers in Belgium.

5.2.2.3.3. Conclusion

(119) In light of the above, the Commission concludes that the Transaction does not give rise to serious doubts regarding its compatibility with the internal market as a result of the horizontal overlaps in the market for alarm monitoring and response to non-residential customers in Belgium and the Netherlands post-Transaction, in particular because of the fact that the combined entity's market shares are moderate, and in the Netherlands, the Transaction leads to a small increment only, the Parties are likely not close competitors and a number of other credible alternative providers are active in both the Belgian and the Dutch markets.

5.2.2.4. Conclusion

(120) In light of the above, the Commission concludes that the Transaction does not give rise to serious doubts regarding its compatibility with the internal market as a result of the horizontal overlaps in the market for alarm monitoring and response to non-residential customers in Sweden, Norway, Finland, Belgium and the Netherlands post-Transaction.

5.2.3. Vertical Links

5.2.3.1. Input Foreclosure

(121) In this Section, the Commission assesses whether the Transaction would result in input foreclosure of the combined entity's rivals in the downstream market for alarm monitoring and response, if Securitas limits access to its alarm response services upstream in Sweden, Norway, Finland, Belgium and the Netherlands.

(122) This is because, evidence in the Commission's file suggests that a number of players active in the market for the provision of alarm monitoring and response, including among others, SOS Alarm, Verisure and Sector Alarm, do not provide alarm response services themselves, but instead, subcontract this service from third party providers.[208]

5.2.3.1.1. The Notifying Party's view

(123) Table 6 below provides an overview of the market shares of Securitas and its competitors in the upstream market for the provision of alarm response services to third party providers in Sweden in 2020, as submitted by the Notifying Party.

Table 6: Sales Shares of Alarm Response services to third party providers in Sweden

Supplier	**Sales shares (% per value)**[209]
Securitas	*[30-40]%*
Stanley Security	*[0-5]%*
Combined	**[30-40]%**
Avarn	[20-30]%

[208] Minutes of a conference call with a competitor dated 5 April 2022, paragraph 5; Minutes of a conference call with a competitor dated 16 February 2022, paragraph 9; Minutes of a conference call with a competitor dated 5 April 2022, paragraph 3.

[209] The Notifying Party did not submit 2021 sales data. However, the Notifying Party confirms that neither Securitas' nor its competitors' sale shares in Sweden for 2021 are materially different from those for 2020. (Response of the Notifying Party to Request for Information I-13). The Notifying Party did not submit information on the overall value of alarm response services sold to third party security services providers in 2020 in Sweden either.

Supplier	Sales shares (% per value)[209]
Tempest Secuirty	[5-10]%
Rapid Säkerhet AB	[5-10]%
Commuter Security Group AB	[5-10]%
Cubsec AB	[0-5]%
Addicci Security AB	[0-5]%
Others	[10-20]%
Total	**100%**

Source: Securitas' sales data[210]

(124) Table 7 below provides an overview of the market shares of Securitas and its competitors in the upstream market for the provision of alarm response services to third party providers in Norway in 2020, as submitted by the Notifying Party.

Table 7: Sales Shares of Alarm Response services to third party providers in Norway

Supplier	Sales shares (% per value)[211]
Securitas	*[20-30]%*
Stanley Security	*[0-5]%*
Combined	**[20-30]%**
Avarn	[50-60]%
Others	[10-20]%
Total	**100%**

Source: Securitas' sales data[212]

(125) Table 8 below provides an overview of the market shares of Securitas and its competitors in the upstream market for the provision of alarm response services to third party providers in Finland in 2020, as submitted by the Notifying Party.

Table 8: Sales Shares of Alarm Response services to third party providers in Finland

Supplier	Sales shares (% per value)[213]
Securitas	*[20-30]%*
Stanley Security	*[0-5]%*
Combined	**[20-30]%**
Avarn	[30-40]%
SS Palvelut Oy	[0-5]%
Vantti & other listed competitors	[30-40]%
Total	**100%**

Source: Securitas' sales data[214]

210 Response of the Notifying Party to Request for information I-2, Table 1.3.1.

211 The Notifying Party did not submit 2021 sales data. However, the Notifying Party confirms that neither Securitas' nor its competitors' sale shares in Norway for 2021 are materially different from those for 2020. (Response of the Notifying Party to Request for Information I-13). The Notifying Party did not submit information on the overall value of alarm response services sold to third party security services providers in 2020 in Norway either.

212 Response of the Notifying Party to Request for information I-2, Table 1.5.1.

213 The Notifying Party did not submit 2021 sales data. However, the Notifying Party confirms that neither Securitas' nor its competitors' sale shares in Finland for 2021 are materially different from those for 2020. (Response of the Notifying Party to Request for Information I-13). The Notifying Party did not submit information on the overall value of alarm response services sold to third party security services providers in 2020 in Finland either.

214 Response of the Notifying Party to Request for information I-2, Table 1.4.

(126) Table 9 below provides an overview of the market shares of Securitas and its competitors in the upstream market for the provision of alarm response services to third party providers in Belgium in 2020, as submitted by the Notifying Party.

Table 9: Sales Shares of Alarm Response services to third party providers in Belgium

Supplier	Sales shares (% per value)[215]
Securitas	*[5-10]%*
Stanley Security	*[0-5]%*
Combined	**[5-10]%**
Seris	[50-60]%
Vigicore	[20-30]%
G4S	[5-10]%
Total	**100%**

Source: Securitas' sales data[216]

(127) Table 10 below provides an overview of the market shares of Securitas and its competitors in the upstream market for the provision of alarm response services to third party providers in the Netherlands in 2020, as submitted by the Notifying Party.

Table 10: Sales Shares of Alarm Response services to third party providers in the Netherlands

Supplier	Sales shares (% per value)[217]
Securitas	[0-5]%
Stanley Security	*[0-5]%*
Combined	**[0-5]%**
G4S	[30-40]%
Trigion	[10-20]%
Cruon	[5-10]%
Seris	[5-10]%
NVD	[5-10]%
Randstad	[0-5]%
Intergarde	[0-5]%
Schipper	[0-5]%
Others	[10-20]%
Total	**100%**

Source: Securitas' sales data[218]

(128) The Notifying Party submits that alarm response (which it considers as a segment of manned guarding) and alarm monitoring and response (see market shares in Table 1, Table 2, Table 3, Table 4, Table 5 above) are not vertically related

215 The Notifying Party did not submit 2021 sales data. However, the Notifying Party confirms that neither Securitas' nor its competitors' sale shares in Belgium for 2021 are materially different from those for 2020. (Response of the Notifying Party to Request for Information I-13). The Notifying Party did not submit information on the overall value of alarm response services sold to third party security services providers in 2020 in Belgium either.

216 Response of the Notifying Party to Request for information I-2, Table 1.1.

217 The Notifying Party did not submit 2021 sales data. However, the Notifying Party confirms that neither Securitas' nor its competitors' sale shares in the Netherlands for 2021 are materially different from those for 2020. (Response of the Notifying Party to Request for Information I-13). The Notifying Party did not submit information on the overall value of alarm response services sold to third party security services providers in 2020 in the Netherlands either.

218 Response of the Notifying Party to Request for information I-2, Table 1.2.

markets, because the former is not an 'input' to the latter, and that instead, alarm monitoring and alarm response are complementary security services which are generally picked and chosen by end customers depending on their security needs (*i.e.* some may purchase only monitoring as an end-service and do not require any response).[219]

(129) In any event, the Notifying Party submits that the combined entity would neither have the ability nor the incentive to foreclose input, because: (i) a number of credible alarm response providers are active in Sweden, Finland, Norway, Belgium and the Netherlands;[220] (ii) the volume of alarm response services that Securitas provides to other security companies (excluding Stanley Security) is limited and could be readily replaced by competitors;[221] (iii) the service offered by Securitas is not materially different from that offered by its competitors;[222] (iv) changing supplier of manned guarding/response is a simple process that does not require significant effort nor time;[223] (v) Securitas' rivals will have the ability to expand output if the combined entity forecloses input and capacity constraints can be overcome over a relatively short period of time (*i.e.* it only takes several weeks to train a guard and there are no substantial investments required for providing this training);[224] and (vi) the additional downstream margin generated by any diversion of end customers to the combined entity's downstream offering will be insufficient to compensate for the margin that would be lost upstream from ceasing the supply of alarm response services to security companies.[225]

5.2.3.1.2. The Commission's assessment

5.2.3.1.2.1. Ability to Foreclose Input

(130) As regards the combined entity's ability and potentially incentive to engage in input foreclosure to the detriment of alarm monitoring and response providers in Sweden, Finland, Norway, Belgium and the Netherlands, the Commission notes the following.[226]

(131) *First*, contrary to the Parties' views, the majority of the respondents to the Commission's market investigation considers alarm response as an important input to the provision of alarm monitoring and response, one of which explains that

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219 Form CO, Annex II, Additional Considerations on Vertical Relationships, dated 25 May 2022, paragraph 3.

220 Form CO, Annex II, Additional Considerations on Vertical Relationships, dated 25 May 2022, paragraph 9 and Table 9.

221 Form CO, Annex II, Additional Considerations on Vertical Relationships, dated 25 May 2022, paragraph 10.

222 Form CO, Annex II, Additional Considerations on Vertical Relationships, dated 25 May 2022, paragraph 18.

223 ibid.

224 Form CO, Annex II, Additional Considerations on Vertical Relationships, dated 25 May 2022, paragraph 19.

225 Form CO, Annex II, Additional Considerations on Vertical Relationships, dated 25 May 2022, paragraph 22.

226 The Commission provides a competitive assessment of the geographic markets listed in Tables 6 to 10, even where they do not give rise to affected markets, as certain responses in the market investigation prompted the Commission to assess these vertical relationships as to their effect on the market.

"*having access to dispatching manned guards is essential for the execution of alarm response to verify alarm cause and take further needed action*".[227]

(132) *Second*, the Commission's market investigation confirms the Parties' argument that, in all five geographic markets, there exists at least one credible alternative to Securitas, to whom downstream rivals can switch to, should the merged entity forecloses input post-Transaction.[228]

(133) In the first place, respondents to the Commission's market investigation name (i) Avarn in Sweden; (ii) 4T-Turva Oy in Finland; (iii) Avarn and local companies such as Team Security, First Security Group, Safe24, Alltid24, RST, Tynset Vaktselskap, Manngard, Alarmeksperten, Norvakt Kirkenes, Toma Security, Hønefoss Vaktselskap, Snøhetta, NVC in Norway; (iv) G4S and Seris in Belgium; and (v) Sleutelwacht, Intergarde and G4S in the Netherlands.[229]

(134) In the second place, the results of the Commission's market investigation suggest that there are to an extent barriers to switching providers, however, some respondents confirm that they could switch to alternative credible providers.[230]

(135) *Third*, despite the fact that, in certain geographic markets, the Commission's market investigation suggests the existence of only one credible alternative (e.g. in the case of Norway and Sweden, a competitor explains that "*the only companies that offer National Alarm Response Services in Norway and Sweden are: Securitas and Avarn"*[231]*),* Securitas estimates that the volume of alarm response services that it provides to other security companies (excluding Stanley Security) is limited and could be readily replaced by competitors.[232] More specifically, the Notifying Party submits the following.[233]

(a) In Sweden in 2020, response services that Securitas provides to other security companies (excluding Stanley Security) represented revenues of approximately EUR […], a small amount relative to the value of response services consumed by end customers (*i.e.* EUR […] according to the Notifying Party's estimates, excluding the value of response services to end-customers offered by Stanley Security with Securitas as a sub-contractor).

(b) In Norway in 2020, response services that Securitas provides to other security companies (excluding Stanley Security) represent revenues of approximately EUR […], a small amount relative to the value of response services consumed by end customers (*i.e.* EUR […] according to the Notifying Party's estimates, excluding the value of response services to end-customers offered by Stanley Security with Securitas as a sub-contractor).

(c) In Finland in 2020, response services that Securitas provides to other security companies (excluding Stanley Security) represent revenues of approximately EUR […], a small amount relative to the value of response services consumed by end customers (*i.e.* EUR […] according to the Notifying

227 Responses to questions 4, 4.1 and 4.2 of Questionnaire Q7 to B2B competitors.
228 Responses to questions 5.1 of Questionnaire Q7 to B2B competitors.
229 ibid.
230 Responses to questions 14-14.2 of Questionnaire Q7 to B2B competitors.
231 Response to question 4.2 of Questionnaire Q7 to B2B Competitors.
232 Form CO, Annex II, Additional Considerations on Vertical Relationships, dated 25 May 2022, paragraph 10.
233 ibid.

Party's estimates, excluding the value of response services to end-customers offered by Stanley Security with Securitas as a sub-contractor).

(d) In Belgium in 2020, response services that Securitas provides to other security companies (excluding Stanley Security) represent revenues of approximately EUR […], a negligible amount relative to the value of response services consumed by end customers (*i.e.* EUR […] according to the Notifying Party's estimates, excluding the value of response services to end-customers offered by Stanley Security with Securitas as a sub-contractor).

(e) In the Netherlands in 2020, response services that Securitas provides to other security companies (excluding Stanley Security) represent revenues of approximately EUR […], a negligible amount relative to the value of response services consumed by end customers (*i.e.* EUR […] according to the Notifying Party's estimates, excluding the value of response services to end-customers offered by Stanley Security with Securitas as a sub-contractor).

(136) According to the above-mentioned data submitted by Securitas, security service providers arguably do not rely largely on Securitas' alarm response services in order to supply this service to end customers. This could be the case, on the one hand because, there exist other integrated third party security service providers (*e.g.* Avarn, Seris, G4S, Tempest Security etc.) that offer alarm response to end-customers via their in-house capabilities whilst, on the other hand, non-integrated alarm monitoring and response providers do not only rely on Securitas when procuring alarm response from other third party providers. Finally, considering the small volumes of alarm response that Securitas provides to other security service providers, alternative suppliers will likely not need to increase their capacity significantly in order to cover all or part of the needs, should the combined entity engage in input foreclosure strategies post-Transaction.[234]

(137) *Fourth*, Securitas is already, pre-Transaction, active in both the upstream and downstream markets, and has not engaged in any foreclosure strategies to date.[235] This is confirmed by the majority of respondents to the Commission's market investigation that purchase alarm response services from Securitas. These respondents consider that there will be negative consequences for non-integrated third party alarm monitoring and response providers, if the combined entity decides to stop providing alarm response services to them, or provide them at a higher price.[236] However, the fact that Securitas is already pre-Transaction active in both upstream and downstream markets, whilst Stanley Security is not active upstream, suggests that the combined entity will most likely have neither the ability nor the incentive to engage in input foreclosure strategies.[237] Accordingly, none of the respondents to the Commission's market investigation express substantiated input foreclosure concerns in any of the geographically affected markets, with the exception of one competitor in Sweden. This competitor, that does not currently purchase alarm response services from Securitas in Sweden, submits that there

234 ibid, paragraph 11.

235 Form CO, Annex II, Additional Considerations on Vertical Relationships, dated 25 May 2022, paragraph 26.

236 Response to question 13 of Questionnaire Q7 to B2B Competitors.

237 In this context, a respondent indicates that "Stanley [Security] does not provide manned guarding [for alarm response], thus we do not expect the situation to change after [T]ransaction". (Response to questions 10-10.3 of Questionnaire Q7 to B2B Competitors).

have been occasions where Securitas reduced the quality of its services (e.g. by delaying alarm response) to end customers that contracted a third party provider for the alarm monitoring, and Securitas for the alarm response.[238] However, the competitor does not provide concrete evidence to support its claim. In contrast, another competitor purchasing alarm response services from Securitas in Sweden submits "*with the information currently available, [the competitor] does not see any incentive for Securitas to stop providing manned guarding services for alarm response to us or to provide them at a higher cost / worse conditions in any of the countries mentioned. (...) Obviously if any of those impacts would be likely to take place, that would imply a clear detrimental effect of the planned merger on [the competitor] and other competitors (...)*".[239] However, in view of the lack of the combined entity's ability to engage in input foreclosure strategies, no further analysis of the combined entity's incentive to foreclose input will be conducted for the purposes of this decision.

5.2.3.1.3. Conclusion

(138) In light of the above, the Commission concludes that the Transaction does not give rise to serious doubts regarding its compatibility with the internal market because of input foreclosure, due to the lack of ability of the combined entity to foreclose access to alarm response in Sweden, Finland, Norway, Belgium and the Netherlands.

5.2.3.2. Customer Foreclosure

(139) In this Section, the Commission assesses whether the Transaction would result in customer foreclosure of the combined entity's rivals in the market for the provision of alarm response, if the combined entity limits access to its alarm monitoring services downstream.

5.2.3.2.1. The Notifying Party's view

(140) Table 11 below provides an overview of the Parties' purchasing shares of alarm response services from third party providers in Sweden in 2021.

Table 11: Purchasing Shares of Alarm Response services from third party providers in Sweden in 2021

Supplier	**Purchasing shares (% per value)[240]**
Securitas	*[0-5]%*
Stanley Security	*[5-10]%*
Combined	**[5-10]%**
Avarn	[20-30]%
Bevakning	[0-5]%
Addici	[0-5]%
Vesper	[0-5]%

238 Minutes of a conference call with a competitor, dated 30 May 2022, paragraph 13.

239 Response to questions 10 – 10.3 of Questionnaire Q7 to B2B Competitors.

240 The Notifying Party does not provide information on the overall value of alarm response services purchased by security services providers in 2021 in Sweden.

Supplier	Purchasing shares (% per value)[240]
Commuter	[0-5]%
Rapid	[0-5]%
Tempest	[0-5]%
Cubsec	[0-5]%
Estate	[0-5]%
Others	[50-60]%
Total	**100%**

Source: Parties' purchasing data[241]

(141) Table 12 below provides an overview of the Parties' purchasing shares of alarm response services from third party providers in Norway in 2021.

Table 12: Purchasing Shares of Alarm Response services from third party providers in Norway in 2021

Supplier	Purchasing shares (% per value)[242]
Securitas	*[0-5]%*
Stanley Security	*[10-20]%*
Combined	**[10-20]%**
AddSecure	[5-10]%
Verisure	[20-30]%
Avarn	[0-5]%
Sector	[10-20]%
Others	[30-40]%
Total	**100%**

Source: Parties' purchasing data[243]

(142) Table 13 below provides an overview of the Parties' purchasing shares of alarm response services from third party providers in Finland in 2021.

Table 13: Purchasing Shares of Alarm Response services from third party providers in Finland in 2021

Supplier	Purchasing shares (% per value)[244]
Securitas	*[20-30]%*
Stanley Security	*[5-10]%*
Combined	**[30-40]%**
Verisure	[20-30]%
ISS Palvelut Oy	[10-20]%
Avarn	[20-30]%
Total	**100%**

Source: Parties' purchasing data[245]

(143) Table 14 below provides an overview of the Parties' purchasing shares of alarm response services from third party providers in Belgium in 2021.

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241 Response of the Notifying Party to Request for Information I-12, Table 4.6.

242 The Notifying Party does not provide information on the overall value of alarm response services purchased by security services providers in 2021 in Norway.

243 Response of the Notifying Party to Request for Information I-12, Table 4.7.

244 The Notifying Party does not provide information on the overall value of alarm response services purchased by security services providers in 2021 in Finland.

245 Response of the Notifying Party to Request for Information I-12, Table 4.8.

Table 14: Purchasing Shares of Alarm Response services from third party providers in Belgium in 2021

Supplier	Purchasing shares (% per value)[246]
Securitas	*[0-5]%*
Stanley Security	*[10-20]%*
Combined	**[10-20]%**
G4S	[20-30]%
Seris	[10-20]%
Others	[50-60]%

Source: Parties' purchasing data[247]

(144) Table 15 below provides an overview of the Parties' purchasing shares of alarm response services from third party providers in the Netherlands in 2021.

Table 15: Purchasing Shares of Alarm Response services from third party providers in the Netherlands in 2021

Supplier	Purchasing shares (% per value)[248]
Securitas	*[40-50]%*
Stanley Security	*[0-5]%*
Combined	**[40-50]%**
G4S	[20-30]%
Trigion	[20-30]%
Cruon	[0-5]%
Seris	[0-5]%
NVD	[0-5]%
Randstad	[0-5]%
Intergarde	[0-5]%
Schipper	[0-5]%
Total	**100%**

Source: Parties' purchasing data[249]

(145) Although the Notifying Party does not consider alarm response and alarm monitoring to be vertically related markets,[250] it submits that, the combined entity will not have the ability to engage in customer foreclosure strategies, because: (i) Securitas already pre-Transaction does not purchase alarm response services (as it is a fully integrated player)[251]; whilst (ii) Stanley Security already pre-Transaction relied heavily on Securitas for the provision of alarm response services in Sweden, Norway, Finland, Belgium and the Netherlands.[252]

246 The Notifying Party does not provide information on the overall value of alarm response services purchased by security services providers in 2021 in Belgium.

247 Response of the Notifying Party to Request for Information I-12, Table 4.9.

248 The Notifying Party does not provide information on the overall value of alarm response services purchased by security services providers in 2021 in the Netherlands.

249 Response of the Notifying Party to Request for Information I-12, Table 4.10.

250 Form CO, Annex II, Additional Considerations on Vertical Relationships, dated 25 May 2022, paragraph 3.

251 Form CO, paragraph 153 and Table 6.1.

252 Form CO, paragraph 156 and Table 6.2.

5.2.3.2.2. The Commission's Assessment

5.2.3.2.2.1. Ability to Foreclose Customers

(146) As regards the combined entity's ability to engage in customer foreclosure to the detriment of alarm response providers in Sweden, Norway, Finland, Belgium and the Netherlands, the Commission notes the following.[253]

(147) *First*, the impact on the competitive status quo pre-Transaction will be very limited for the reasons demonstrated below.

(148) In the first place, Securitas has already, pre-Transaction, been a vertically integrated entity with strong alarm response presence in all of the above-mentioned geographic markets. Therefore, already pre-Transaction, Securitas does not purchase alarm response from third party providers, with the exception of Finland and the Netherlands and to a very small extent, Norway, where a negligible percentage (below [0-5]% of its alarm response revenue in 2020 in all instances) of Securitas' alarm response revenues originates from subcontracting the service from rival third party providers.[254]

(149) In the second place, even though in Finland and the Netherlands, Securitas sub-contracts some of its alarm response needs from third party providers as demonstrated in Table 11 and Table 15 above (indicating that Securitas' purchasing share of alarm response services amounts to ~[30-40]% and ~[40-50]% of the overall purchases of alarm response services from third party providers in 2021), it would not be able to engage in customer foreclose strategies as a result of the Transaction, as Stanley Security is not vertically integrated, and therefore does not offer alarm response services in-house.

(150) In the third place, Stanley Security may not provide alarm response services in-house pre-Transaction, but it sources the vast majority of its needs from Securitas in Sweden, Norway and Finland (between […]% of its alarm response revenue in 2020) already.[255] In the case of Belgium, Stanley Security does not procure any alarm response services from Securitas.[256] However, even if it were to switch to Securitas post-Transaction, this would unlikely have an effect on any of the combined entity's alarm response competitors in Belgium. This is because, Stanley Security's revenues only represent a small fragment of the alarm response market for non-residential customers in Belgium (EUR […], representing [0-5]% of the overall market in 2020).[257] In the Netherlands, the Parties' submissions suggest that all of Stanley Security's alarm monitoring and response revenues to non-residential customers originate from the provision of alarm monitoring services only, and that therefore, Stanley Security did not offer alarm response services in between 2018-2020.[258]

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253 The Commission provides a competitive assessment of the geographic markets listed in Tables 11 to 15, even where they do not give rise to affected markets, as certain responses in the market investigation prompted the Commission to assess these vertical relationships as to their effect on the market.

254 Form CO, Table 6.1.

255 Form CO, Table 6.2.

256 ibid.

257 Form CO, Annex 7.1, Parties' market shares.

258 ibid.

(151) *Second*, none of the respondents to the Commission's market investigation raised customer foreclosure concerns based on the Parties' conduct pre-Transaction, with the exception of a competitor in Sweden.[259] The competitor is concerned that Stanley Security, which pre-Transaction offers advanced alarm monitoring as an independent non-integrated provider, will post-Transaction hinder its competitors' expansion by only cooperating with Securitas for the provision of alarm response to customers with national coverage needs.[260] In this context, the competitor explains that pre-Transaction, smaller alarm response providers that do not offer national coverage rely on Stanley Security, who outsources alarm response services to them.[261] More specifically, pre-Transaction, customers of Stanley Security with national coverage needs were offered the option to multi-source alarm response for their different sites in Sweden, based on their needs. For instance, customers would have the option of contracting smaller and cheaper alarm response providers in metropolitan areas where more alarm response providers are active and Securitas in more remote areas where no alternative providers are active. The competitor is concerned that, post-Transaction, the combined entity would offer national coverage for alarm response and would otherwise refuse to offer its alarm response services in remote areas where it will be the only provider, unless it is awarded the full contract.[262] This way, the combined entity could prevent customers from multi-sourcing alarm response services and consequently, eliminate smaller competitors from the alarm monitoring and response market.

(152) However, the Commission notes that even if the combined entity engages into customer foreclosure strategies post-Transaction, the effects on competition would be limited, for the following reasons.

(a) The competitive status quo would not alter significantly. In the case of Sweden, Stanley Security's captive demand for alarm response for non-residential customers is only [0-5]% of its overall alarm response needs, as it sources the remaining [90-100]% from Securitas,[263] as mentioned in paragraph (150) above. Therefore, even if the combined entity were to engage in customer foreclosure strategies, these strategies would not have a material effect on Securitas' upstream alarm response competitors, considering that, already pre-Transaction, Stanley Security purchases a negligible amount of its alarm response needs from them;

(b) Alarm response, from a supply-side perspective, requires the same resources (i.e. security personnel, vehicles etc.) as manned guarding.[264] According to the Notifying Party's submission, the market for manned guarding is significantly larger than the one for alarm response. More specifically, in the case of Sweden, the Notifying Party estimates the overall manned guarding market in 2020 at EUR […], which is significantly larger than its estimate of the alarm response to non-residential customers, at EUR […]. Furthermore, the vast majority of the respondents to the Commission's market investigation believes that barriers to entry in the manned guarding market

259 Minutes of a conference call with a competitor dated 30 May 2022.

260 The competitor explains: *"(...) The problems arise with agreements with national coverage that are not divided. A state actor that has 98% of its agreement in a big city but has 1 office in a place where only Securitas is available. Is it then reasonable that only Securitas can bid on the 98%?*" (Response to question 35.1 of Questionnaire Q6 to Competitors).

261 Minutes of a conference call with a competitor dated 30 May 2022, paragraph 8 and et seq.

262 Minutes of a conference call with a competitor dated 30 May 2022, paragraph 10.

263 Form CO, Table 6.2.

264 Form CO, paragraph 193.

are low.[265] In this vein, alarm response providers will still have other manned guarding opportunities available and their competitiveness in terms of scale is unlikely to be affected by customer foreclosure strategies.

(153) Nonetheless, in view of the lack of the combined entity's ability to engage in customer foreclosure strategies, no further analysis of the effects on competition, should the combined entity foreclose customers, will be conducted for the purposes of this decision.

(154) *Third*, the competitive landscape in all of the above-mentioned geographic markets suggests that the combined entity will face competition in the downstream market for alarm monitoring and response by a number of providers that are not vertically integrated (and therefore would still need to sub-contract alarm response from third party providers), and therefore, should the combined entity engage in customer foreclosure strategies, a sufficient number of alternative downstream providers will remain available. More specifically, the Notifying Party lists between 3-5 non-integrated credible alternative alarm monitoring and response providers in each of the relevant geographic markets for non-residential customers (including SOS Alarm, Verisure and Securitas Direct, Sector Alarm, Alarm 24, Prosero, Johnson Controls Chubb/APi etc.), depending on the geographic region.[266]

5.2.3.2.3. Conclusion

(155) In light of the above, the Commission concludes that the Transaction does not give rise to serious doubts regarding its compatibility with the internal market as a result of customer foreclosure, due to the lack of ability of the combined entity to foreclose access to a sufficient customer base in alarm response in Sweden, Finland, Norway, Belgium and the Netherlands.

5.2.3.3. Foreclosure in electronic guarding

(156) In this Section, the Commission assesses whether the Transaction would result in customer foreclosure[267] of the combined entity's rivals in the market for the installation and maintenance of electronic guarding equipment, if the combined entity ceases to sub-contract these services from third party providers as a result of the Transaction in Sweden, Norway, Finland, Belgium and the Netherlands.

(157) This is because, although both Parties are already, pre-Transaction, active in the market for the installation and maintenance of electronic guarding equipment, they also procure such services from third party providers when they do not have the internal capability to provide the relevant services themselves.

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265 Responses to questions 23-23.1 of questionnaire Q6 to competitors.

266 Response of the Notifying Party to Request for Information I-8, Annex 3.1, Market Share Norway Sweden; Form CO, Tables 6.60, 6.63 and 6.66.

267 The Commission, for the purposes of this decision, does not assess whether the Transaction would result in input foreclosure of the combined entity's rivals in the upstream market for the installation and maintenance of electronic guarding equipment, by the combined entity refusing to sub-contract these services to its rival providers, for the following reasons. In the first place, the Parties are not significant players in the upstream market for the installation and maintenance of electronic guarding equipment to third party providers. In particular, in Sweden, only Stanley Security is active and the market share of the combined entity is estimated by the Notifying Party to be [0-5]% in 2021. In Norway, Finland and Belgium, where both Parties are active, the market share of the combined entity in 2021 would be [0-5]%, [5-10]% and [0-5]% respectively, whilst none of the Parties are active in this market in the Netherlands.

5.2.3.3.1. The Notifying Party's view

(158) Table 16 below provides an overview of the Parties' purchasing shares of installation and maintenance of electronic guarding equipment from third party providers in Sweden in 2021.

Table 16: Purchasing Shares of Installation and maintenance of electronic guarding equipment from third party providers in Sweden in 2021

Supplier	Purchasing shares (% per value)[268]
Securitas	*[5-10]%*
Stanley Security	*[0-5]%*
Combined	**[5-10]%**
Avarn	[5-10]%
Others	[80-90]%
Total	**100%**

Source: Parties' purchasing data[269]

(159) Table 17 below provides an overview of the Parties' purchasing shares of installation and maintenance of electronic guarding equipment from third party providers in Norway in 2021.

Table 17: Purchasing Shares of Installation and maintenance of electronic guarding equipment from third party providers in Norway in 2021

Supplier	Purchasing shares (% per value)[270]
Securitas	*[0-5]%*
Stanley Security	*[0-5]%*
Combined	**[5-10]%**
LåssenteretAS	[0-5]%
Certego	[0-5]%
Verisure	[0-5]%
Schneider	[20-30]%
Others	[60-70]%
Total	**100%**

Source: Parties' purchasing data[271]

(160) Table 18 below provides an overview of the Parties' purchasing shares of installation and maintenance of electronic guarding equipment from third party providers in Finland in 2021.

268 The Notifying Party does not provide information on the overall value of alarm response services purchased by security services providers in 2021 in Sweden.

269 Response of the Notifying Party to Request for Information I-12, Table 1.6.

270 The Notifying Party does not provide information on the overall value of alarm response services purchased by security services providers in 2021 in Norway.

271 Response of the Notifying Party to Request for Information I-12, Table 1.7.

Table 18: Purchasing Shares of Installation and maintenance of electronic guarding equipment from third party providers in Finland in 2021

Supplier	Purchasing shares (% per value)[272]
Securitas	*[5-10]%*
Stanley Security	*[0-5]%*
Combined	**[5-10]%**
Others	[90-100]%
Total	**100%**

Source: Parties' purchasing data[273]

(161) Table 19 below provides an overview of the Parties' purchasing shares of installation and maintenance of electronic guarding equipment from third party providers in Belgium in 2021.

Table 19: Purchasing Shares of Installation and maintenance of electronic guarding equipment from third party providers in Belgium in 2021

Supplier	Purchasing shares (% per value)[274]
Securitas	*[0-5]%*
Stanley Security	*[20-30]%*
Combined	**[20-30]%**
Others	[70-80]%
Total	**100%**

Source: Parties' purchasing data[275]

(162) Table 20 below provides an overview of the Parties' purchasing shares of installation and maintenance of electronic guarding equipment from third party providers in the Netherlands in 2021.

Table 20: Purchasing Shares of Installation and maintenance of electronic guarding equipment from third party providers in the Netherlands in 2021

Supplier	Purchasing shares (% per value)[276]
Securitas	*[0-5]%*
Stanley Security	*[0-5]%*
Combined	**[5-10]%**
Others	[90-100]%
Total	**100%**

Source: Parties' purchasing data[277]

(163) The Notifying Party submits that in none of the geographically affected markets, the combined entity will have the ability or the incentive to engage in foreclosure of the market for the installation and maintenance of electronic guarding equipment. This is primarily, because the combined entity does not have sufficient

272 The Notifying Party does not provide information on the overall value of alarm response services purchased by security services providers in 2021 in Finland.

273 Response of the Notifying Party to Request for Information I-12, Table 1.8.

274 The Notifying Party does not provide information on the overall value of alarm response services purchased by security services providers in 2021 in Belgium.

275 Response of the Notifying Party to Request for Information I-12, Table 1.9.

276 The Notifying Party does not provide information on the overall value of alarm response services purchased by security services providers in 2021 in the Netherlands.

277 Response of the Notifying Party to Request for Information I-12, Table 1.10.

market power to do so and credible alternatives to the combined entity exist in each of the geographic markets.[278] The Notifying Party also explains that, in the security services industry, competitors often rely on one another to sub-contract a range of services, and therefore, it would be in the combined entity's interest to not jeopardise those by engaging into foreclosure strategies.[279]

5.2.3.3.2. The Commission's assessment

5.2.3.3.2.1. Ability to foreclose Electronic Guarding equipment providers

(164) As regards the combined entity's ability to engage in customer foreclosure to the detriment of electronic guarding providers in Sweden, Norway, Finland, Belgium and the Netherlands, the Commission notes the following.

(165) *First*, the combined entity does not have a significant degree of market power in the installation and maintenance of electronic guarding equipment to non-residential customers. More specifically, the Notifying Party submits that this product market is fragmented in all of the above-mentioned geographic markets, with numerous small competitors active therein. In particular, the Notifying Party indicates between 6-9 competitors active in this market in each of the above-mentioned geographic markets, with similarly low market shares to those of the combined entity.[280]

(166) In addition, in the downstream market for the installation and maintenance of electronic guarding equipment to non-residential customers, according to the Notifying Party's submission, the combined entity's market share would amount to ~[0-5]%, ~[5-10]%, ~[5-10]%, ~[10-20]% and ~[10-20]% in the Netherlands, Norway, Belgium, Sweden and Finland in 2020 respectively.[281] Therefore, their demand for sub-contracting these services from third party providers would be fundamentally low.

(167) *Second*, the demand of the Parties for installation and maintenance of electronic guarding equipment services from third party providers is small, partly because of their low market share, but also because already pre-Transaction, the Parties provide these services to a large extent in-house.

(168) In the first place, as demonstrated in Table 16-Table 20 above, the combined entity's purchasing share for the installation and maintenance of electronic guarding equipment services from third party providers in 2021 is low, amounting to […]% in all of the above mentioned countries, with the exception of Belgium, where the combined entity's purchasing share is slightly higher but still moderate, at [20-30]%.[282]

(169) In the second place, according to the Notifying Party, Securitas did not purchase any installation and maintenance of electronic guarding equipment services from third party providers in Belgium, the Netherlands and Norway in 2020.[283] However, in the case of Finland and Sweden, Securitas purchased installation and

278 Form CO, paragraph 58(a).
279 Form CO, paragraph 156 and Table 6.2.
280 Form CO, Annex 7.1, Parties' market share.
281 Form CO, Annex 8.1, Parties' market share.
282 Response of the Notifying Party to Request for Information I-12, Tables 1.6-1.1-.
283 Form CO, Table 6.1.

maintenance of electronic guarding equipment services from third party competitors representing [50-60]% and [90-100]% of its overall sales to end-customers in this product market in 2020.[284]

(170) In the third place, Stanley Security focuses on the installation and maintenance of electronic guarding equipment and sources the vast majority of its needs in-house. In particular, Stanley Security purchased installation and maintenance of electronic guarding equipment services from third-party providers representing only a small fragment of its overall sales to end-customers in this product market. More specifically, in 2020, Stanley purchased installation and maintenance of electronic guarding equipment services from third party competitors representing [5-10]%, [20-30]%, [5-10]%, [10-20]% and [10-20]% of its overall revenues from the installation and maintenance of electronic guarding equipment in Belgium, the Netherlands, Finland, Sweden and Norway respectively.[285]

(171) *Third*, even in the cases where the Parties rely heavily on sub-contracting the installation and maintenance of electronic guarding equipment from third party providers (*i.e.* in the case of Securitas in Finland and Sweden), the volume of sub-contracted services is very limited. For instance, Securitas' sales in the market for installation and maintenance of electronic guarding equipment in Sweden in 2020 amounted to EUR […], representing only [0-5]% of the overall market for non-residential customers. Likewise, in Finland, Securitas' sales in the market for installation and maintenance of electronic guarding equipment amounted to EUR […], representing only [0-5]% of the overall market for non-residential customers in 2020.[286]

(172) In the first place, Securitas' internal documents prepared in the ordinary course of business, suggest that, although it subcontracts a number of regional and local players, it already pre-Transaction sub-contracts those services from Stanley Security and Securitas Direct (which was originally part of Securitas and although the brand is currently operated by Verisure, the two entities are still cooperating closely).[287] For instance, in Sweden in 2020, Securitas' spending on sub-subcontractors for the installation and maintenance of electronic guarding equipment services amounted to SEK […] (~EUR […]), of which ~[40-50]%, amounting to SEK […] (~EUR […]), was purchased from Stanley Security and Securitas Direct.[288]

(173) In the second place, the Parties submit that Stanley Security does not have internal spare capacity in any of the relevant markets where it is active and that therefore would not be able to cover a substantial proportion of services currently outsourced by Securitas to third parties without hiring additional staff. This is because maintaining excess staff would represent a cost inefficiency for Stanley Security and, as such, it attempts to cover its staffing needs in the ordinary course of business, hiring any additional staff as required and to balance any peaks in

284 ibid.
285 Form CO, paragraph 6.2.
286 Form CO, Annex 7.1, Parties' market shares.
287 Minutes of a conference call with a competitor, dated 30 May 2022, paragraph 14.
288 Response of the Notifying Party to Request for Information I-8, Annex Securitas 16(vi)12, Securitas Sweden business plan 2021, slide 51.

demand by relying on sub-contractors. Indeed, as indicated in Table 16-Table 20 above, in most of these markets, Stanley Security also relies on sub-contractors.[289]

(174) *Fourth*, evidence in the Commission's file highlights that sub-contracting is an important element of Securitas' business model (see paragraph (172) above), especially with regard to the installation and maintenance of electronic guarding equipment market and there is no indication that the combined entity will, post-Transaction, deviate from this business model. More specifically, an internal document prepared by Securitas in the ordinary course of business indicates that the benefits of a business model that focuses on sub-contracting third party providers for the installation and maintenance of electronic guarding equipment, is that the sub-contractor faces the risk, whilst Securitas still makes a good profit margin from its sales.[290]

(175) In any event, the Commission notes that none of the respondents to the its market investigation raised such foreclosure concerns, based on the Parties' conduct pre-Transaction, with the exception of one competitor with respect to one of the relevant geographic markets.[291] However, evidence in the Commission's file suggests that this competitor has not been one of the Parties' largest sub-contracting partner in the installation and maintenance of electronic guarding equipment in the past,[292] whilst no cooperation has taken place between Securitas and the competitors recently.[293] The competitor did not support its concern with sufficient evidence, whilst none of the remaining respondents to the Commission's market investigation expressed similar concerns.

5.2.3.3.3. Conclusion

(176) In light of the above, the Commission concludes that the Transaction does not give rise to serious doubts regarding its compatibility with the internal market as a result of foreclosure in the market for the installation and maintenance of electronic guarding equipment, in particular due to the lack of ability of the combined entity to foreclose electronic guarding competitors in Sweden, Finland, Norway, Belgium and the Netherlands.

5.2.4. Conglomerate links

(177) In this Section, the Commission assesses whether the Transaction would result in foreclosure of the Parties' rivals by way of tying or bundling practices in any other markets where the Transaction may have a significant impact.

(178) In this respect, the Commission considers the Parties' activities in Sweden, Norway, Finland, the Netherlands and Belgium in i) manned guarding and installation and maintenance of electronic guarding equipment for non-residential customers; ii) manned guarding and alarm monitoring and response for non-

289 Form CO, paragraph 159 and ff.

290 Response of the Notifying Party to Request for Information I-8, Annex Securitas 16(vi)12, Securitas Sweden business plan 2021, slide 50.

291 Response to question 3.1 of Questionnaire Q6 to competitors; Minutes of a conference call with a competitor, dated 2 February 2022, paragraph 19 and et seq.

292 Response of the Notifying Party to Request for Information I-8, Annex Securitas 16(vi)12, Securitas Sweden business plan 2021, slide 51; and, Response of the Notifying Party to Request for Information I-12, Tables 2.1-2.3.

293 Response to question 3.1 of Questionnaire Q6 to competitors.

residential customers and iii) electronic guarding and alarm monitoring and response for non-residential customers.[294]

5.2.4.1. Manned guarding and electronic guarding for non-residential customers

5.2.4.1.1. The Notifying Party's view

(179) The Notifying Party submits that the Transaction would not give rise to competition concerns related to tying or bundling of manned guarding with electronic guarding services. According to the Notifying Party, post-Transaction, Securitas would not have the ability to engage in any foreclosure strategies. This is because (i) post-Transaction, the merged entity would not have market power in any electronic or manned guarding market and in addition, the Transaction would not affect the market position of the merged entity in any manned guarding market;[295] (ii) the merged entity would continue to face competition from several established competitors in all manned guarding markets post-Transaction;[296] (iii) the majority of customers purchasing electronic guarding services does not require manned guarding services;[297] (iv) customers usually do not purchase electronic and manned guarding services simultaneously;[298] (v) in particular significant customers will determine their security needs by themselves and source the security services needed via tenders, leaving no space for bundling by service providers;[299] and (vi) post-Transaction, Securitas will continue to face competition from fully-integrated suppliers, such as Avarn or G4S.[300]

(180) In addition, the Notifying Party submits that post-Transaction, the merged entity would also not have the incentive to engage in any foreclosure strategies. This is because (i) manned guarding services are required only by a very small subset of customers purchasing electronic guarding services, which would limit the profitability of any foreclosure strategy;[301] (ii) Securitas' rivals would also be able to offer bundled services;[302] and (iii) Securitas is already active across these markets (either directly or through subcontracting) and has so far not attempted to leverage its position from one market to another.[303]

(181) Lastly, the Notifying Party submits that a hypothetical tying or bundling strategy would not have a significant adverse effect on competition in the markets for manned guarding and electronic guarding for non-residential customers, as rivals would not be prevented from competing effectively. This is because (i) post-Transaction, Securitas would continue to face strong competitors which could offer manned guarding with other security services, such as Avarn or G4S;[304] (ii) the effect of a leveraging strategy based on Securitas' position in the manned guarding

294 This decision assesses the conglomerate relationships resulting from the relationships between two of the aforementioned services. The considerations expressed in this Section however also apply, *mutatis mutandis*, to the relationship between all three of these services combined (as in: manned guarding, alarm monitoring and response, electronic guarding).
295 Form CO, paragraphs 635-645.
296 Form CO, paragraph 655.
297 Form CO, paragraph 656.
298 Form CO, paragraph 657.
299 Form CO, paragraph 658.
300 Form CO, paragraph 659.
301 Form CO, paragraph 680.
302 Form CO, paragraph 681.
303 Form CO, paragraph 682.
304 Form CO, paragraph 694.

market would be limited to a small set of customers, as the majority of non-residential electronic guarding customers does not require manned guarding;[305] and (iii) Securitas' inability pre-Transaction to leverage its position in manned guarding markets to other security markets suggest that such a strategy would be ineffective.[306]

5.2.4.1.2. The Commission's assessment

5.2.4.1.2.1. Ability to foreclose

(182) As regards the combined entity's ability to engage in foreclosure via tying or bundling of electronic guarding services for non-residential customers with manned guarding services in Sweden, Finland, Norway, Belgium and the Netherlands, the Commission notes the following.

(183) *First*, as a prerequisite to have the ability to engage in foreclosure through bundling or tying strategies, the combined entity must have a significant degree of market power in one of the closely related markets.[307]

(184) On the one hand, the market shares of Securitas in the markets for manned guarding in Sweden, Norway, Finland, the Netherlands and Belgium are high, suggesting a degree of market power in these markets. Specifically, as shown in Table 21-Table 25, Securitas is the largest player in Sweden (market share [40-50]% in 2020), Norway (market share [40-50]% in 2020), Finland (market share [30-40]% in 2020) and Belgium (market share [30-40]% in 2020). In all these countries, Securitas continues to face competition from one significant, though smaller competitor, namely either Avarn (Sweden, Norway, Finland) or G4S (Belgium). Furthermore, in the Netherlands, Securitas also has a significant market share (market share [30-40]% in 2020), however continues to face competition from two slightly larger competitors, namely Trigion (market share [30-40]% in 2020) and G4S (market share [30-40]% in 2020).[308] The Transaction does not lead to any further increment in manned guarding services, as Stanley Security is not active in these services the EEA.[309]

(185) Tables 21-25 below provide an overview of the market shares of the Parties and their competitors in manned guarding services in Sweden, Norway, Finland, Belgium and the Netherlands between 2018-2020, as submitted by the Notifying Party.

Table 21: Manned Guarding in Sweden

	2018		**2019**		**2020**	
Market Participant	**Value (MEUR)**	**Share (%)**	**Value (MEUR)**	**Share (%)**	**Value (MEUR)**	**Share (%)**
Securitas	*[...]*	*[40-50]%*	*[...]*	*[40-50]%*	*[...]*	*[40-50]%*
Stanley Security	*[...]*	*[0-5]%*	*[...]*	*[0-5]%*	*[...]*	*[0-5]%*
Combined	**[…]**	**[40-50]%**	**[…]**	**[40-50]%**	**[…]**	**[40-50]%**
Avarn	[…]	[20-30]%	[…]	[20-30]%	[…]	[20-30]%
Addici	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%

305 Form CO, paragraph 695.
306 Form CO, paragraph 696.
307 Non-Horizontal Merger Guidelines, paragraph 99.
308 Form CO, Annex 7.1.
309 Form CO, paragraph 249.

Market Participant	2018		2019		2020	
	Value (MEUR)	Share (%)	Value (MEUR)	Share (%)	Value (MEUR)	Share (%)
Tempest	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Commuter	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Rapid	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Vesper	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Cubsec	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Estate	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Bevakning	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Others	[…]	[10-20]%	[…]	[10-20]%	[…]	[10-20]%
Total	[…]	**100.0%**	[…]	**100.0%**	[…]	**100.0%**

Source: Parties' sales data and Securitas' market size estimates[310].

Table 22: Manned Guarding in Norway

Market Participant	2018		2019		2020	
	Value (MEUR)	Share (%)	Value (MEUR)	Share (%)	Value (MEUR)	Share (%)
Securitas	*[...]*	*[50-60]%*	*[...]*	*[50-60]%*	*[...]*	*[40-50]%*
Stanley Security	*[...]*	*[0-5]%*	*[...]*	*[0-5]%*	*[...]*	*[0-5]%*
Combined	**[…]**	**[50-60]%**	**[…]**	**[50-60]%**	**[…]**	**[40-50]%**
Avarn	[…]	[30-40]%	[…]	[30-40]%	[…]	[40-50]%
CitySecurityAS	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
TomaSecurity	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Tryggvakt	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Hønefossvaktselskap	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
GSS	[…]	-	[…]	-	[…]	[0-5]%
SOSSecurity	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Others	[…]	[10-20]%	[…]	[5-10]%	[…]	[5-10]%
Total	[…]	**100.0%**	[…]	**100.0%**	[…]	**100.0%**

Source: Parties' sales data and Securitas' market size estimates[311]

Table 23: Manned Guarding in Finland

Market Participant	2018		2019		2020	
	Value (MEUR)	Share (%)	Value (MEUR)	Share (%)	Value (MEUR)	Share (%)
Securitas	*[...]*	*[30-40]%*	*[...]*	*[30-40]%*	*[...]*	*[30-40]%*
Stanley Security	*[...]*	*[0-5]%*	*[...]*	*[0-5]%*	*[...]*	*[0-5]%*
Combined	**[…]**	**[30-40]%**	**[…]**	**[30-40]%**	**[…]**	**[30-40]%**
Avarn	[…]	[30-40]%	[…]	[30-40]%	[…]	[30-40]%
Relia Palvelut Oy	[…]	[0-5]%	[…]	[5-10]%	[…]	[5-10]%
Palmia	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
ISS Palvelut Oy	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Sydbevakning Ab	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Others	[…]	[10-20]%	[…]	[10-20]%	[…]	[10-20]%
Total	[…]	**100.0%**	[…]	**100.0%**	[…]	**100.0%**

Source: Parties' sales data and Securitas' market size estimates[312]

310 Form CO, Annex 7.1, Parties' market share.
311 Form CO, Annex 7.1, Parties' market share.
312 Form CO, Annex 7.1, Parties' market share.

Table 24: Manned Guarding in Belgium

Market Participant	2018		2019		2020	
	Value (MEUR)	Share (%)	Value (MEUR)	Share (%)	Value (MEUR)	Share (%)
Securitas	*[...]*	*[30-40]%*	*[...]*	*[20-30]%*	*[...]*	*[30-40]%*
Stanley Security	*[...]*	*[0-5]%*	*[...]*	*[0-5]%*	*[...]*	*[0-5]%*
Combined	**[…]**	**[30-40]%**	**[…]**	**[20-30]%**	**[…]**	**[30-40]%**
G4S	[…]	[20-30]%	[…]	[20-30]%	[…]	[20-30]%
Seris	[…]	[5-10]%	[…]	[5-10]%	[…]	[5-10]%
Protection Unit	[…]	[0-5]%	[…]	[0-5]%	[…]	[5-10]%
Trigion	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Others	[…]	[30-40]%	[…]	[40-50]%	[…]	[10-20]%
Total	[…]	**100.0%**	[…]	**100.0%**	[…]	**100.0%**

Source: Parties' sales data and Securitas' market size estimates[313].

Table 25: Manned Guarding in the Netherlands

Market Participant	2018		2019		2020	
	Value (MEUR)	Share (%)	Value (MEUR)	Share (%)	Value (MEUR)	Share (%)
Securitas	*[...]*	*[20-30]%*	*[...]*	*[20-30]%*	*[...]*	*[30-40]%*
Stanley Security	*[...]*	*[0-5]%*	*[...]*	*[0-5]%*	*[...]*	*[0-5]%*
Combined	**[…]**	**[20-30]%**	**[…]**	**[20-30]%**	**[…]**	**[30-40]%**
Trigion	[…]	[30-40]%	[…]	[20-30]%	[…]	[30-40]%
G4S	[…]	[30-40]%	[…]	[30-40]%	[…]	[30-40]%
Profi-sec	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Maat	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Seris	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Others	[…]	[0-5]%	[…]	[0-5]%	[…]	[0-5]%
Total	[…]	**100.0%**	[…]	**100.0%**	[…]	**100.0%**

Source: Parties' sales data and Securitas' market size estimates[314]

(186) In addition, in the course of the market investigation, competitors and customers identified Securitas as the most competitive player in the manned guarding market in all five geographical markets, with only Avarn (in Norway, Sweden and Finland) as well as G4S and Trigion (in Belgium and the Netherlands) identified as credible alternatives.[315] However, according to a competitor, in some remote locations in Sweden and Norway, Securitas may in fact be the only provider for manned guarding services and may leverage this position to force customers to also purchase their electronic guarding services.[316] Furthermore, there has been little or no significant entry in manned guarding services in the abovementioned countries over the last five years.

(187) On the other hand, the majority of competitors responding to the market investigation does not believe that barriers to entry in manned guarding markets are high.[317] Furthermore, despite Securitas' high market shares, most customers responding to the market investigation did not consider Securitas' manned

313 Form CO, Annex 7.1, Parties' market share.
314 Form CO, Annex 7.1, Parties' market share.
315 Responses to questions 11 and 11.1 of Questionnaires Q1-Q5 to Customers; and Responses to question 15.1.1. of Questionnaire Q6 to Competitors.
316 Response by a competitor to question 29 of Questionnaire Q6 to Competitors.
317 Responses to questions 23, 23.1. and 18.1-18.6 of Questionnaire Q6 to Competitors.

guarding services to be a "must-have", as there remain other provider(s) available in each country.[318]

(188) On balance, the above indicates that the combined entity will likely have a certain degree of market power in the manned guarding markets in Sweden, Norway, Finland and Belgium, and to a lesser degree, in the Netherlands.

(189) *Second*, the market shares of Securitas and Stanley Security in the markets for electronic guarding for non-residential customers in the above-mentioned Member States are relatively low (namely, below [20-30]%), suggesting that the combined entity would not have a significant degree of market power in these markets.[319] However, the majority of competitors having responded to the market investigation considered barriers to entry to the electronic guarding markets for non-residential customers to be moderate.[320]

(190) *Third*, the purchasing patterns of security customers in the manned guarding and electronic guarding markets in Sweden, Norway, Finland, Belgium, and the Netherlands suggest that, despite the combined entity's potential market power in manned guarding, it would be difficult for the combined entity to engage in any tying or bundling foreclosure strategies with regard to electronic guarding services successfully. According to the Parties' estimates, only a small share (between […]%) of their non-residential electronic guarding customers actually requires manned guarding services,[321] with the percentage of those purchasing these together, being even lower.[322] Competitors responding to the market investigation confirmed that the share of their electronic guarding customers, which require manned guarding services, is relatively low.[323] Thus, if the combined entity were to engage in foreclosure strategies by which it would leverage its position in manned guarding in order to gain market shares in electronic guarding for non-residential customers, it would only reach a small share of all potential electronic guarding customers, as the rest of these does not purchase manned guarding services. As stated in paragraph 100 of the Non-Horizontal Merger Guidelines, "*for foreclosure to be a potential concern it must be the case that there is a large common pool of customers for the individual products concerned*". However, there is such no large common pool of customers for these two services. Therefore, if the combined entity were to engage in foreclosure of electronic guarding competitors, there would be a considerable majority of the market that would remain unaffected. Furthermore, while the share of manned guarding customers requiring electronic guarding services is quite high, depending on the country ([…]%),[324] even amongst these customers, only […]% procure manned guarding and electronic guarding services together, according to the Parties' estimates.[325]

(191) *Fourth*, the most important parameters that customers take into account when choosing a security service provider according to the market investigation, are quality and specific functionalities of services, followed by price. By comparison, the ability of a security service provider to offer integrated services for alarm

318 Responses to questions 17, 17.1 and 17.2. of Questionnaires Q1-Q5 to Customers.
319 Form CO, Annex 7.1.
320 Responses to questions 25 and 25.1. of Questionnaire Q6 to Competitors and see paragraph (78).
321 Form CO, table 6.78.
322 Form CO, table 6.80.
323 Responses to questions 41.1-41.6. of Questionnaire Q6 to Competitors.
324 Form CO, table 6.94.
325 Form CO, table 6.96.

monitoring and response, manned guarding and electronic guarding was considered of comparatively lesser importance by most customers responding to the market investigation.[326] This would suggest that as long as customers have the choice, they will likely choose providers based on quality, rather than accepting bundled or tied services by the combined entity which are of lower quality.

(192) *Fifth*, while customers responding to the market investigation have suggested that overall, there are medium high or high barriers to switching for all security services, including administrative costs and the time required for a new tender,[327] the majority of competitors responded that they believe that should Securitas increase prices or provide lower quality services or switch the conditions for manned guarding services as part of a bundling strategy post-Transaction, customers could easily switch to alternative providers.[328]

(193) *Sixth*, the combined entity will have the advantage of being able to offer their services in a comprehensive, integrated manner. While a competitor claimed that, post-Transaction, the combined entity would be the only competitor that would be able to offer fully integrated services, which would put them at a significant advantage in all security-markets in Sweden,[329] the market investigation indicated that the combined entity will continue to face fully integrated suppliers which can offer manned and electric guarding services, also in Sweden. In particular, in the countries with Securitas' highest market shares in manned guarding (Sweden, Norway and Finland), the combined entity will continue to compete with Avarn, which would be able to match the combined entity's bundled offers.

(194) *Seventh*, several (large, non-residential) customers responding to the market investigation indicated that they are not concerned about the possibility of tying or bundling strategies, as they will continue to have the ability to purchase only the services needed and also to refuse the combination of services by Securitas, if they would want to purchase these separately. One customer stated that "*the client generally decides what services it wants to purchase*".[330] Another stated that "*customers will always be able to purchase products separately, if they wanted*".[331] In addition, some respondents indicated that manned guarding and electronic guarding may not be particularly suitable to be combined from a technological point of view, as "*[s]ynergies are mostly with the alarm monitoring and other technology-related services",* as opposed to the traditional manned guarding services.[332]

(195) *Lastly*, Securitas has already been offering both manned and electronic guarding services (to non-residential customers) before the Transaction. Despite this, the market investigation did not indicate that Securitas has bundled services to leverage its strength in manned guarding services and gain share in electronic guarding for non-residential customers. While post-Transaction, Securitas would have different incentives regarding bundling strategies, its ability to foreclose rivals should not change, as the market where Securitas has strength that could be leveraged (manned guarding), will remain unaffected by the Transaction.

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326 Response to questions 13 and 13.1-13.3. of questionnaires Q1-5 to Customers.
327 Response to questions 16 and 16.1-16.2.1. of questionnaires Q1-5 to Customers.
328 Response to questions 44 and 44.1-44.4. of questionnaire Q6 to Competitors.
329 Minutes of a conference call with a competitor, dated 2 February 2022.
330 Minutes of a conference call with a customer, dated 15 February 2022.
331 Minutes of a conference call with a customer, dated 16 February 2022.
332 Responses to questions 49 and 49.1 of questionnaire Q6 to Competitors.

(196) On balance, the considerations above suggest that the combined entity will not have the ability to engage in foreclosure via tying or bundling of electronic guarding services with manned guarding services for non-residential customers in Sweden, Finland, Norway, Belgium and the Netherlands.

5.2.4.1.2.2. Incentive to foreclose

(197) The incentive to foreclose rivals through bundling or tying depends on the degree to which this strategy is profitable. The merged entity faces a trade-off between the possible costs associated with bundling or tying its products and the possible gains from expanding market shares in the market(s) concerned, or as the case may be, being able to raise price in those market(s) due to its market power.[333]

(198) *First*, the Commission considers the relative value of different products. According to the Non-Horizontal Merger Guidelines, "*it is unlikely that the merged entity would be willing to forego sales on one highly profitable market in order to gain shares on another market where turnover is relatively small and profits are modest*".[334] Competitors responding to the market investigation suggested that electronic guarding is more profitable than manned guarding in terms of margin.[335] In addition, the national markets for electronic guarding for non-residential customers in the five relevant countries are also each larger in terms of overall turnover, than the respective manned guarding markets.[336] This would suggest that the combined entity would have an incentive to engage in conglomerate foreclosure strategies.

(199) However, the combined overall turnover generated by Securitas pre-Transaction in the manned guarding markets is considerably higher in each Member State than that generated by both Parties combined in the respective markets for electronic guarding to non-residential customers.[337] More importantly, as stated in paragraph (190), relatively few non-residential electronic guarding customers even require manned guarding. It would thus likely not be profitable to risk foregoing sales in the combined entity's highest grossing markets (manned guarding) to be able to increase their turnover in just a small share of another market (electronic guarding to non-residential customers).

(200) *Second*, while Securitas is already offering both services, the Notifying Party claims that in "*instances where Securitas provides a combination of more than one security service to a customer in accordance with that customer's specific needs, Securitas does not engage in mixed bundling practices*", i.e., it does not offer a discount for the combination of services as compared to the situation where those services are provided individually. Instead, when a combination (i.e., more than one) of security services is supplied by Securitas, they are "*priced on a standalone basis, based on a monthly subscription-type fee*".[338] Similarly, in the cases where Stanley Security offers bundled packages of different security services involving

333 Non-Horizontal Merger Guidelines, paragraph 105.
334 Non-Horizontal Merger Guidelines, paragraph 107.
335 Responses to questions 37 and 37.1 of questionnaire Q6 to Competitors.
336 Form CO, Annex 7.1, Parties' Market Share.
337 Ibid.
338 Form CO, paragraph 702.

manned guarding (via-subcontracting), it does not offer preferential prices or discounts.[339]

(201) The market investigation yielded mixed results as to whether the combined entity would have the incentive to change this approach and offer its services tied together or in bundles. Some competitors pointed towards the danger of Securitas combining their strong manned guarding offering with the high quality electronic guarding offering of Stanley Security and that Securitas did offer multi-year bundled service-offers in the past.[340] However, other competitors responded that such a strategy would likely not be in the combined entity's interest, as customers may not want to purchase these together and would continue to have the ability to switch to other suppliers.[341] In this regard, as shown in paragraph (194), the market investigation suggested that customers may have a significant amount of countervailing buyer power with regard to these markets.

(202) On balance, the considerations above suggest that the combined will not have the incentive to engage in foreclosure via tying or bundling of electronic guarding services for non-residential customers with manned guarding services in Sweden, Finland, Norway, Belgium and the Netherlands, mainly due to the relatively limited profitability of a potential foreclosure strategy in the electronic guarding markets and the high likelihood that customers will continue to be able to choose to purchase these services separately, should they prefer.

(203) Given the conclusion that the combined entity will not have the ability and incentive to engage in the above-mentioned foreclosure strategies, the Commission will not analyse the potential effects of such foreclosure.

5.2.4.1.3. Conclusion

(204) In light of the above, the Commission concludes that the Transaction does not give rise to serious doubts regarding its compatibility with the internal market because of conglomerate foreclosure, in particular due to the lack of ability and incentive of the combined entity to engage in tying or bundling foreclosure strategies with regard to manned guarding and electronic guarding for non-residential customers in Sweden, Finland, Norway, Belgium and the Netherlands.

5.2.4.2. Manned guarding and alarm monitoring and response for non-residential customers

5.2.4.2.1. The Notifying Party's view

(205) The Notifying Party submits that the Transaction would not give rise to competition concerns related to tying or bundling of manned guarding with alarm monitoring and response services in any of the markets. According to the Notifying Party, post-Transaction, Securitas would not have the ability to engage in any foreclosure strategies. This is because (i) post-Transaction, the merged entity would not have market power in any manned guarding or alarm monitoring and response market and in addition, the Transaction would not affect the market position of the merged entity on any manned guarding market;[342] (ii) the merged entity would continue to face competition from several established competitors in

339 Form CO, paragraph 703.
340 Responses to questions 49 and 49.1 of questionnaire Q6 to Competitors.
341 Responses to questions 49 and 49.1 of questionnaire Q6 to Competitors.
342 Form CO, paragraphs 653-645.

all manned guarding markets post-Transaction;[343] (iii) the majority of customers purchasing alarm monitoring and response services does not require manned guarding services;[344] (iv) in particular significant customers will determine their security needs by themselves and often launch tender processes, leaving no space for bundling by security service providers;[345] and (v) post-Transaction, security will continue to face competition from fully-integrated suppliers, such as Avarn or G4S.[346]

(206) In addition, the Notifying Party submits that post-Transaction, the merged entity would also not have the incentive to engage in any foreclosure strategies. This is because (i) manned guarding services are required only by a very small subset of customers purchasing alarm monitoring services, which would limit the profitability of any foreclosure strategy;[347] (ii) Securitas' rivals would also be able to offer bundled services;[348] (iii) Securitas is already active across these markets (either directly or through subcontracting) and has so far not attempted and was not able to leverage its position from one market to another.[349]

(207) Lastly, the Notifying Party submits that a hypothetical tying or bundling strategy would not have a significant adverse effect on competition, as competitors would not be prevented from competing effectively. This is because (i) post-Transaction, Securitas would continue to face strong competitors which could offer manned guarding with other security services, such as Avarn or G4S;[350] (ii) the effect of a leveraging strategy based on Securitas' position in the manned guarding market would be limited to a small set of customers, as the majority of non-residential alarm monitoring and response customers does not require manned guarding;[351] and (iii) Securitas' inability to leverage its position in manned guarding markets to other security markets suggest that such a strategy would be ineffective.[352]

5.2.4.2.2. The Commission's assessment

5.2.4.2.2.1. Ability to foreclose

(208) As regards the combined entity's ability to engage in foreclosure via tying or bundling of alarm monitoring and response services for non-residential customers with manned guarding services in Sweden, Finland, Norway, Belgium and the Netherlands, the Commission notes the following.

(209) *First*, as determined in paragraphs (183) and (186), the combined entity will likely have a certain degree of market power in the manned guarding markets in Sweden, Norway, Finland and Belgium, and to a lesser degree, in the Netherlands.

(210) *Second*, as stated in Section 5.2.2.1, the Commission's market investigation indicates that the combined entity will likely not obtain a significant degree of market power in the markets for alarm monitoring and response services for non-

343 Form CO, paragraph 655.
344 Form CO, paragraph 656.
345 Form CO, paragraph 658.
346 Form CO, paragraph 659.
347 Form CO, paragraph 680.
348 Form CO, paragraph 681.
349 Form CO, paragraph 682.
350 Form CO, paragraph 694.
351 Form CO, paragraph 695.
352 Form CO, paragraph 696.

residential customers in Sweden and Norway, due to countervailing buyer power. In particular, any bundling strategy would be faced with a significant degree of countervailing buyer power by non-residential alarm monitoring and response customers, in particular those that require specialized or nationwide services.[353] Furthermore, as stated in Sections 5.2.2.2 and 5.2.2.3 , the Commission concluded that the combined entity will likely not have market power in the markets for alarm monitoring and response services for non-residential customers in Finland, Belgium and the Netherlands.

(211) *Third*, the purchasing patterns of security customers in the manned guarding and alarm monitoring and response markets in Sweden, Norway, Finland, Belgium, and the Netherlands suggest that, despite the combined entity's potential market power in manned guarding, it would be difficult for the combined entity to engage in any tying or bundling foreclosure strategies with regard to alarm monitoring and response services successfully. According to the Parties' estimates, only a small share (between […]%) of their non-residential alarm monitoring and response customers actually requires manned guarding services.[354] Competitors responding to the market investigation confirmed that the share of their alarm monitoring and response customers which require manned guarding services is relatively low.[355] While the share of manned guarding customers requiring alarm monitoring and response services is quite high depending on the country ([…]%),[356] even amongst these, only […]% procure manned guarding and alarm monitoring and response services together, according to the Parties' estimates.[357] Thus, if the combined entity were to engage in foreclosure strategies by which it would leverage its position in manned guarding in order to gain market shares in alarm monitoring and response for non-residential customers, it would only reach a small share of all potential customers, as the rest of these does not purchase manned guarding services. Thus, there is no large common pool of customers for these two services.

(212) *Fourth*, the most important parameters that customers take into account when choosing a security service provider according to the market investigation, are quality and specific functionalities of services, followed by price. By comparison, the ability of a of security service provider to offer integrated services for alarm monitoring and response, manned guarding and electronic guarding was considered of comparatively lesser importance by most customers responding to the market investigation.[358] This would suggest that, as long as customers have the choice, they will likely choose providers based on quality, rather than accepting bundled or tied services by the combined entity which are of lower quality.

(213) *Fifth*, while customers responding to the market investigation have suggested that overall, there are medium high or high barriers to switching for all security services, including administrative costs and the time required for a new tender,[359] competitors indicated that it is considerably more common to switch manned guarding providers at the end of a contract than to switch alarm monitoring and

353 See Section 5.2.2.1.2.
354 Form CO, table 6.79.
355 Responses to questions 40.1-40.5. of Questionnaire Q6 to Competitors.
356 Form CO, table 6.93.; See also Responses to questions 40.1-40.5. of Questionnaire Q6 to Competitors.
357 Form CO, table 6.95.
358 Responses to questions 13 and 13.1-13.3. of Questionnaires Q1-Q5 to Customers.
359 Responses to questions 16 and 16.1-16.2.1. of Questionnaires Q1-Q5 to Customers.

response providers at the end of a contract.[360] This indicates that, should Securitas attempt to increase prices or provide lower quality services or switch the conditions for manned guarding services as part of a bundling strategy for alarm monitoring and response services post-Transaction, customers may be more able and willing to switch their manned guarding provider, rather than their alarm monitoring and response provider.

(214) *Sixth*, the combined entity will have the advantage of being able to offer their services in a comprehensive, integrated manner. While a third party competitor claimed that, post-Transaction, the combined entity would be the only competitor that would be able to offer fully integrated services, which would put them at a significant advantage in all security-markets in Sweden,[361] the market investigation indicated that the combined entity will continue to face fully integrated suppliers which can offer manned guarding and alarm monitoring and response services to non-residential customers, also in Sweden. In particular in the countries with Securitas' highest market shares in manned guarding (Sweden, Norway and Finland), the combined entity will continue to compete with Avarn, which would be able to match the combined entity's offer.

(215) *Seventh*, several (large, non-residential) customers responding to the market investigation indicated that they are not concerned about the possibility of tying or bundling strategies, as they will continue to purchase only the services needed and also be able to refuse the combination of services by Securitas, if they would want to purchase these separately. One customer stated that "*the client generally decides what services it wants to purchase*".[362] Another stated that "*customers will always be able to purchase products separately, if they wanted*".[363]

(216) *Lastly*, Securitas has already been offering both manned guarding and alarm monitoring and response services (to non-residential customers) before the Transaction. Despite this, the market investigation did not indicate that Securitas has bundled services to leverage its strength in manned guarding services and gain share in electronic guarding for non-residential customers. While post-Transaction, Securitas would have different incentives regarding bundling strategies, its ability to foreclose rivals should not change, as the market where Securitas has strength that could be leveraged (manned guarding), will remain unaffected by the Transaction. On balance, the Commission considers, on the basis of the considerations above, that the combined will not have the ability to engage in foreclosure via tying or bundling of alarm monitoring and response services for non-residential customers with manned guarding services in Sweden, Finland, Norway, Belgium and the Netherlands.

5.2.4.2.2.2. Incentive to foreclose

(217) *First*, competitors responding to the market investigation indicated that alarm monitoring and response services are more profitable than manned guarding in terms of margin.[364] However, national markets for alarm monitoring and response services for non-residential customers in the five relevant countries are each considerably smaller in terms of overall turnover, than the respective manned

360 Responses to question 28 of Questionnaire Q6 to Competitors.
361 Minutes of a conference call with a competitor, dated 2 February 2022.
362 Minutes of a conference call with a customer, dated 15 February 2022.
363 Minutes of a conference call with a customer, dated 16 February 2022.
364 Responses to questions 37 and 37.1. of Questionnaire Q6 to Competitors.

guarding markets.[365] Furthermore, the combined overall turnover generated by Securitas pre-Transaction in the manned guarding markets is considerably higher than that generated by both Parties combined in the respective markets for alarm monitoring to non-residential customers. To illustrate, the turnover generated by Securitas in manned guarding in Sweden in 2020 (EUR […]) is even significantly larger than the overall size of the non-residential alarm monitoring and response market in Sweden over the same year (EUR […]).[366] Furthermore, as stated in paragraph (211), relatively few alarm monitoring and response customers even require manned guarding. It would thus likely not be profitable to risk foregoing sales in the combined entity's highest grossing markets (manned guarding) to be able to increase their turnover in just a small share of another market (alarm monitoring and response to non-residential customers).

(218) *Second*, while Securitas is already offering both services, the Notifying Party claims that in "*instances where Securitas provides a combination of more than one security service to a customer in accordance with that customer's specific needs, Securitas does not engage in mixed bundling practices*", i.e., it does not offer a discount for the combination of services as compared to the situation where those services are provided individually. Instead, when a combination (i.e., more than one) of security services is supplied by Securitas, they are "*priced on a standalone basis, based on a monthly subscription-type fee*".[367] Similarly, in the cases where Stanley Security offers bundled packages of different security services involving manned guarding (via-subcontracting), it does not offer preferential prices or discounts.[368] In addition and as stated above, the market investigation did not indicate that Securitas has bundled services to leverage its strength in manned guarding services and gain shares in electronic guarding for non-residential customers.

(219) The majority of competitors and customers responding to the market investigation confirmed that they did not expect it to be likely that the combined entity would tie (as in not sell separately anymore) its manned guarding and alarm monitoring and response products for non-residential customers together post-Transaction.[369] One customer responded that "*[c]ompanies do not always demand a complete solution from the market. If this is only offered by suppliers as a total solution, you make the purchase market smaller for yourself and thus the competition stronger*".[370] Another customer stated that "*Manned guarding is a very important part of Securitas activities, I doubt they would be willing to jeopardize their competitiveness by imposing customer other services."*[371]

(220) To the contrary, the majority of customers and competitors responding to the market investigation indicated that it might be in the combined entity's interest to offer commercial bundles including manned guarding and alarm monitoring and response services to non-residential customers. Customers seemed to however suggest, that this might be a positive aspect, with one customer stating "*[t]his is*

365 Form CO, Annex 7.1.
366 Ibid.
367 Form CO, paragraph 702.
368 Form CO, paragraph 703.
369 Responses to questions 21 and 21.1. of Questionnaires Q1-Q5 to Customers. Responses to questions 45 and 45.1-45.4 of Questionnaire Q6 to Competitors.
370 Response by a customer to questions 21 and 21.1. of Questionnaires Q4 to Customers.
371 Response by a customer to questions 21 and 21.1. of Questionnaires Q5 to Customers.

probably one of the main benefits of the merger for commercial clients".[372] In this regard and as indicated in the Non-Horizontal Merger Guidelines, commercial bundling practices do not have to be inherently anticompetitive, as customers may in fact have a strong incentive to buy a range of products from a single source[373] and such practices may also lead to cost-savings and other benefits to customers.[374]

(221) On balance, the Commission considers, on the basis of the considerations above, that the combined entity will have the incentive to engage in foreclosure via tying or bundling alarm monitoring and response services for non-residential customers with manned guarding services in Sweden, Finland, Norway, Belgium and the Netherlands, mainly due to the relatively limited profitability of a potential foreclosure strategy in the alarm monitoring and response markets.

(222) Given the conclusion that the combined entity will not have the ability and incentive to engage in the above-mentioned foreclosure strategies, the Commission will not analyse the potential effects of such foreclosure.

5.2.4.2.3. Conclusion

(223) In light of the above, the Commission concludes that the Transaction does not give rise to serious doubts regarding its compatibility with the internal market because of conglomerate foreclosure, in particular due to the lack of ability and incentive of the combined entity to engage in tying or bundling foreclosure strategies with regard to manned guarding and alarm monitoring and response services for non-residential customers in Sweden, Finland, Norway, Belgium and the Netherlands.

5.2.4.3. Electronic guarding and alarm monitoring and response

5.2.4.3.1. The Notifying Party's view

(224) The Notifying Party submits that the Transaction would not give rise to competition concerns related to tying or bundling of electronic guarding services with alarm monitoring and response services for non-residential customers in any of the markets. According to the Notifying Party, post-Transaction, Securitas would not have the ability to engage in any tying or bundling foreclosure strategies. This is because (i) post-Transaction, the merged entity would not have a substantial degree of market power in any alarm monitoring and response or electronic guarding market;[375] (ii) the merged entity would continue to face competition from several established competitors in all alarm monitoring and response as well as electronic guarding markets post-Transaction;[376] and (iii) a significant proportion of customers does not purchase electronic guarding and alarm monitoring and response services simultaneously or purchases only one of the two services altogether.[377]

(225) In addition, the Notifying Party submits that post-Transaction, the merged entity would also not have the incentive to engage in any foreclosure strategies, as it would not be able to convince its customers to switch away from the electronic

372 Response by a customer to questions 22 and 22.1. of Questionnaires Q1 to Customers.
373 Non-Horizontal Merger Guidelines, paragraph 104.
374 Non-Horizontal Merger Guidelines, paragraphs 116-118.
375 Form CO, paragraphs 620-621.
376 Form CO, paragraph 622 ff.
377 Form CO, paragraph 625 ff.

guarding or alarm monitoring and response services that they may currently procure from a competitor.[378] This is because (i) customers which already have alarm systems installed would likely not require electronic guarding services, which would exclude Securitas from competing in a significant market-segment;[379] (ii) a significant segment of customers have the preference to procure electronic guarding and alarm monitoring and response services separately;[380] (iii) Securitas' competitors would also be able to offer bundles to those customers, that would prefer purchasing the services in a bundle;[381] (iv) Securitas would not have the incentive to jeopardize the relationships to competitors which may act as potential sub-contractors or customers of Securitas;[382] and (v) Securitas is already active across these markets and has so far not attempted and was not able to leverage its position from one market to another.[383]

(226) Lastly, the Notifying Party submits that a hypothetical tying or bundling strategy would not have a significant adverse effect on competition, as competitors would not be prevented from competing effectively. This is because (i) post-Transaction, a significant number of competitors would remain which could discipline any attempted foreclosure strategy; (ii) the presence of strong countervailing buyer power;[384] (iii) the ability of competitors to react to bundling strategies by offering bundles of their own;[385] and (iv) low barriers to entry to both alarm monitoring and response as well as electronic guarding markets.[386]

5.2.4.3.2. The Commission's assessment

5.2.4.3.2.1. Ability to foreclose

(227) As regards the combined entity's ability to engage in foreclosure via tying or bundling of electronic guarding services for non-residential customers with alarm monitoring and response services for non-residential customers in Sweden, Finland, Norway, Belgium and the Netherlands, the Commission notes the following.

(228) On the one hand, the purchasing patterns of non-residential security customers in the electronic guarding and alarm monitoring and response markets in these five Member States suggest that the combined entity may in fact have the ability to tie or bundle these products, as they have a large common pool of customers. The majority of competitors responding to the market investigation indicated that the share of customers requiring electronic guarding services that also source alarm monitoring and response services is high and vice-versa.[387] The majority of competitors responding to the market investigation also indicated that of those customers who purchase both services, the majority purchases them together.[388]

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378 Form CO, paragraph 635.
379 Form CO, paragraph 636.
380 Form CO, paragraph 637.
381 Form CO, paragraph 638.
382 Form CO, paragraph 639.
383 Form CO, paragraph 640.
384 Form CO, paragraph 644.
385 Form CO, paragraph 645.
386 Form CO, paragraph 647.
387 Responses to questions 42 and 42.1-42.6. of Questionnaire Q6 to Competitors.
388 Responses to question 42.3 of Questionnaire Q6 to Competitors.

(229) On the other hand, *first*, as stated in Section 5.2.2, the Commission's market investigation indicates that the combined entity will likely not obtain a significant degree of market power in the markets for alarm monitoring and response services for non-residential customers in Sweden and Norway due to significant countervailing buyer power. In particular, any bundling strategy would be faced with a significant degree of countervailing purchaser power by non-residential alarm monitoring and response customers, in particular those that require specialized or nationwide services.[389] Furthermore, the Commission concluded that the combined entity will likely not have market power in the market for alarm monitoring and response services for non-residential customers in Finland, Belgium and the Netherlands.

(230) *Second*, the market shares of Securitas and Stanley Security in the markets for electronic guarding for non-residential customers in the above-mentioned Member States are relatively low (namely, below 20%), suggesting that the combined entity would not have a significant degree of market power in these markets.[390] The majority of competitors having responded to the market investigation considered barriers to entry to the electronic guarding markets for non-residential customers to be moderate.[391]

(231) *Third,* the most important parameters that customers take into account when choosing a security service provider according to the market investigation, are quality and specific functionalities of services, followed by price. By comparison, the ability of a security service provider to offer integrated services for alarm monitoring and response, manned guarding and electronic guarding was considered of comparatively lesser importance by most customers responding to the market investigation.[392] This would suggest that as long as customers have the choice, they will likely choose providers based on quality, rather than accepting bundled or tied services by the combined entity which are of lower quality.

(232) *Fourth*, while customers responding to the market investigation have suggested that overall, there are medium high or high barriers to switching for all security services, including administrative costs and the time required for a new tender,[393] the majority of competitors responding to the market investigation stated that should Securitas or Stanley Security increase prices or provide lower quality services for alarm monitoring and/or response services, customers could easily switch to alternative providers post-Transaction.[394] One competitor elaborated that "*the common practice is that the customer does not pay to change service provider*".[395] Another competitor stated that should the combined entity attempt to tie or bundle electronic guarding and alarm-monitoring and response services together, non-residential "*[c]ustomers have good opportunity to switch suppliers and based on their procurement strategy either go with one or multiple suppliers*."[396]

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389 See Section 5.2.2.1.2.

390 See Form CO, Annex 7.1.

391 Responses to questions 25 and 25.1. of Questionnaire Q6 to Competitors and see paragraph (78).

392 Responses to questions 13 and 13.1-13.3. of Questionnaires Q1-Q5 to Customers.

393 Responses to questions 16 and 16.1-16.2.1. of Questionnaires Q1-Q5 to Customers.

394 Responses to question 30 of Questionnaire Q6 to Competitors.

395 Responses by a competitor to question 30 of Questionnaire Q6 to Competitors.

396 Responses by a competitor to question 47.2. of Questionnaire Q6 to Competitors.

(233) *Fifth*, the combined entity will have the advantage of being able to offer their services in a comprehensive, integrated manner. While a competitor claimed that, post-Transaction, the combined entity would be the only competitor that would be able to offer fully integrated services, which would put them at a significant advantage in all security-markets in Sweden,[397] the market investigation indicated that the combined entity will continue to face fully integrated suppliers which can offer electronic guarding and alarm monitoring and response services to non-residential customers, also in Sweden. In particular in the countries with Securitas' highest market shares in manned guarding (Sweden, Norway and Finland), the combined entity will continue to compete with Avarn, which would be able to match the combined entity's offer. A Norwegian customer concluded that "*Avarn considered a main competitor would prevent the described combination of services for fear of losing market share."*[398]

(234) *Sixth*, several (large, non-residential) customers responding to the market investigation indicated that they are not concerned about the possibility of tying or bundling strategies, as they will continue to have the ability to request which services they want to purchase and also refuse the combination of services by Securitas, if they would wand to purchase these separately. One customer stated that "*the client generally decides what services it wants to purchase*".[399] Another stated that "*customers will always be able to purchase products separately, if they wanted*".[400]

(235) *Lastly*, both Stanley Security and to a lesser degree Securitas have been offering alarm monitoring and response as well as electronic guarding services to non-residential customers before the Transaction. Despite this, the market investigation did not indicate that either Parties have bundled their services in either of these markets to gain market shares in the respective other market. While post-Transaction, the combined entity would have different incentives regarding bundling strategies as it would gain market shares in both markets, in particular in alarm monitoring and response for non-residential customers, a customer maintained that "*Securitas have had this combination of products before and back then products could be provided separately. That is same with their main competitors, as a customer you can buy the products separately*."[401]

(236) On balance, the Commission considers, on the basis of the considerations above, that the combined will not have the ability to engage in foreclosure via tying or bundling of electronic guarding services with alarm monitoring and response services for non-residential customers services in Sweden, Finland, Norway, Belgium and the Netherlands, mainly due to the lack of market power in both markets, the purchasing patterns in both markets and the continued ability of customers to switch providers and determine which services they would like to purchase.

5.2.4.3.2.2. Incentive to foreclose

(237) *On the one hand,* while Securitas is already offering both services, the Notifying Party claims that in "*instances where Securitas provides a combination of more*

397 Minutes of a conference call with a competitor dated 2 February 2022.
398 Response by a customer to question 19.1. of Questionnaire Q2 to Customers.
399 Minutes of a conference call with a customer, dated 15 February 2022.
400 Minutes of a conference call with a customer, dated 16 February 2022.
401 Response by a customer to question 19.1. of Questionnaire Q1 to Customers.

than one security service to a customer in accordance with that customer's specific needs, Securitas does not engage in mixed bundling practices", i.e., it does not offer a discount for the combination of services as compared to the situation where those services are provided individually. Instead, when a combination (i.e., more than one) of security services is supplied by Securitas, they are "*priced on a standalone basis, based on a monthly subscription-type fee*".[402] Similarly, in the cases where Stanley offers bundled packages of different security services involving manned guarding (via-subcontracting), it does not offer preferential prices or discounts.[403] In addition and as stated above, the market investigation did not indicate that Securitas has bundled services to leverage its strength in manned guarding services and gain share in electronic guarding for non-residential customers.

(238) *On the other hand*, competitors responding to the market investigation indicated that alarm monitoring and response services are slightly more profitable than electronic guarding in terms of margin.[404] At the same time, the electronic guarding market for non-residential customers is considerably larger than the alarm monitoring and response market for these customers.[405] The overall turnover that could be generated by increasing market shares in the electronic guarding markets for non-residential customers is considerably higher than for alarm monitoring and response services to non-residential customers. In addition, as shown in paragraph (230), the share of customers purchasing both services (together) is high. This would indicate that the combined entity may have the incentive to leverage their position in alarm monitoring and response markets for non-residential customers, to gain further market shares in the electronic guarding markets for non-residential customers.

(239) The market investigation provided mixed results as to whether the combined entity would have the incentive to tie electronic guarding and alarm monitoring and response products together for non-residential customers, post-Transaction. One competitor responded that "*[p]ost Transaction, Securitas will be the dominant supplier of alarm monitoring services to non-residential customers. It is likely it will try to leverage this position by tying the sale of these services to customers also purchasing its electronic guarding services (purchased from Stanley Security, the leading provider of such services).*" To the contrary, another competitor stated that such practice "*would not be wise of them, that will only exclude them from parts of the market*". A further competitor offered a more nuanced view, stating that "*[i]n certain cases when the main product is the electronic guarding, this is operationally sensible but we do not see this transaction as changing the market; this has been and is the practice for certain cases. As a general rule, we believe they are selling the services separately*."[406] By comparison, customers responding to the market investigation were more sceptic with regard to the combined entity's incentive to tie these services together. According to one customer, "*[t]he suppliers would lose contracts if they "forced" commercial clients into a single solution*".[407]

(240) However, both customers and competitors deemed it likely that post-Transaction, the combined entity will offer its electronic guarding and alarm monitoring and

402 Form CO, paragraph 702.
403 Form CO, paragraph 703.
404 Responses to questions 37 and 37.1. of Questionnaire Q6 to Competitors.
405 Form CO, Annex 7.1.
406 Responses to question 47 of Questionnaire Q6 to Competitors.
407 Response by a customer to question 19.1. of Questionnaire Q1 to Customers.

response services in commercial bundles to non-residential customers.[408] Several customers in fact perceived this as an advantage to customers, leading to synergies as well as to a more comprehensive and/or cheaper offer.[409] To the contrary, one competitor responding to the market investigation expects such bundling practices would have a negative effect on price, stating that "[*i*]*t is more likely that the Parties will keep a high price level and tie the products since there is a lack of competition and the Parties are dominant in several markets*."[410] However, this concern was not further substantiated.

(241) On balance, the Commission considers, on the basis of the considerations above, that the combined entity may have the incentive to engage in foreclosure via bundling of alarm monitoring and response services for non-residential customers with manned guarding services in Sweden, Finland, Norway, Belgium and the Netherlands, mainly due to the likely profitability of such practice.

(242) Given the conclusion that the combined entity will not have the ability to engage in the above-mentioned foreclosure strategies, the Commission will not analyse the potential effects of such foreclosure.

5.2.4.3.3. Conclusion

(243) In light of the above, the Commission concludes that the Transaction does not give rise to serious doubts regarding its compatibility with the internal market because of foreclosure concerning tying or bundling strategies with regard to electronic guarding and alarm monitoring and response services for non-residential customers in Sweden, Finland, Norway, Belgium and the Netherlands. While the combined entity would likely have the incentive to engage in such foreclosure strategies, the Commission concludes that it would not have the ability to do so. In particular, the primary target of such practices, large non-residential customers, are likely to have countervailing buyer power, which would prevent the combined entity from successfully employing a foreclosure strategy that would negatively affect the quality or price of the services offered.

6. CONCLUSION

(244) For the above reasons, the European Commission has decided not to oppose the notified operation and to declare it compatible with the internal market and with the EEA Agreement. This decision is adopted in application of Article 6(1)(b) of the Merger Regulation and Article 57 of the EEA Agreement.

For the Commission

(Signed)
Margrethe VESTAGER
Executive Vice-President

408 Responses to questions 20 and 20.1. of Questionnaires Q1-Q5 to Customers; Responses to question 48 of Questionnaire Q6 to Competitors.

409 Response to questions 20 and 20.1. of questionnaires Q1-5 to Customers.

410 Response to question 48 of questionnaire Q6 to Competitors.