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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 Where possible the information omitted has been replaced by ranges of figures or a general description.

Hewlett Packard Enterprise Company
1701 E. Mossy Oaks Road
Spring, TX 77389
United States of America

Subject: **Case M.11457 – HPE / JUNIPER**
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 27 June 2024, the European Commission ("**Commission**") received notification of a proposed concentration pursuant to Article 4 of the Merger Regulation by which Hewlett Packard Enterprise Company ("**HPE**" or "**Notifying Party**", USA) will acquire within the meaning of Article 3(1)(b) of the Merger Regulation sole control of the whole of Juniper Networks, Inc. ("**Juniper**", USA) (the "Transaction") by way of purchase of shares.[3] HPE and Juniper are collectively referred to as the "**Parties**".

[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 C, C/2024/4404, 8.7.2024.

1. THE PARTIES

(2) **HPE** is a Delaware corporation listed on the New York Stock Exchange with headquarters in Texas, USA. It is active worldwide in the development and marketing of business information technology ("**IT**"), offering infrastructure products to support the IT systems of customers, related software to automate and simplify IT operations, and cloud solutions as a service. Its product offering includes compute, storage, networking, high performance computing and artificial intelligence, and software.

(3) **Juniper** is a Delaware corporation listed on the New York Stock Exchange, with headquarters in California, USA. Juniper is a multinational networking technology company which provides networking, infrastructure, security, and other related solutions (hardware and software) to customers in multiple industries.

2. THE CONCENTRATION

(4) The Transaction consists in the acquisition of sole control by HPE over Juniper, pursuant to a merger agreement dated 9 January 2024, according to which HPE will acquire 100% of the outstanding shares of Juniper.

(5) Therefore, the Transaction constitutes a concentration within the meaning of Article 3(1)(b) of the Merger Regulation.

3. UNION DIMENSION

(6) The undertakings concerned have a combined aggregate worldwide turnover of more than EUR 5 000 million (HPE: EUR 27 136 million; Juniper: EUR 5 146 million).[4] Each of them has a Union-wide turnover in excess of EUR 250 million ([…]), and neither of them achieves more than two-thirds of their aggregate Union-wide turnover within one and the same Member State. The notified operation therefore has a Union dimension within the meaning of Article 1(2) of the Merger Regulation.

4. RELEVANT MARKETS

4.1. Introduction

(7) HPE and Juniper both supply products used in network infrastructure, encompassing the hardware and software enabling network connectivity and communication between, inter alia, users, devices, applications, and the internet.

(8) In determining the relevant markets, where possible, the Notifying Party provided its views on the product and geographic market definitions considered in previous Commission decisions. In the absence of a Commission precedent, the Notifying Party also relied on the segmentation used by market intelligence companies in order to identify potential product markets and to determine the narrowest possible segments on which the Parties are active.[5]

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4 Turnover calculated in accordance with Article 5 of the Merger Regulation.

5 Form CO, paragraph 203. The Notifying Party relies on market intelligence reports by International Data Corporation ("IDC"), Gartner, Dell'Oro Group ("Dell'Oro"), and 650 Group. The reporting

(9) For the purpose of this decision ('Decision'), the Commission carried out its competitive assessment for those potential product market segments which are affected[6] or, when assessing potential conglomerate effects, where one of the Parties has a share of 30% or more on a market which is closely related to a neighbouring market on which the other Party is active.[7]

4.2. Switches

4.2.1. Product market definition

(10) A switch is a piece of hardware which connects several devices onto a network and serves as the hub for transporting data. It is a multi-port networking device that links multiple cabled devices (such as e.g., computers, wireless access points, Internet of things devices, servers and peripheral devices) so they can communicate with each other and, subject to one of these devices being connected to the internet, the internet.[8]

(11) HPE supplies switches under its Aruba CX and Comware product lines. Juniper supplies switches under its EX and QFX product lines.

4.2.1.1. Commission's precedent

(12) In *Broadcom/Brocade*[9], *Hewlett-Packard/3Com*[10], *Gores Group/Siemens Enterprise Communications*[11], *Alcatel/Lucent Technologies*[12] and *Nvidia/Mellanox*[13], the Commission considered segmenting the market for switches:

(i) by underlying protocols and technologies, such as time-division multiplexing ("**TDM**") switches, asynchronous transfer mode ("**ATM**")

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categories that are available in each data source were used to identify the relevant markets. Whereas the market reports from most abovementioned sources cover all product segmentations referred to by the Notifying Party, a few of the narrowest product segmentations are based on only a smaller subset of sources.

6 Affected markets in the meaning of recital 25(g) in Annex I (Form CO) to the Commission's Implementing Regulation (EU) 2023/914 of 20 April 2023 implementing the Merger Regulation, OJ L 119, 5.5.2023, p.22: "*Affected markets are all relevant product and geographic markets, as well as plausible alternative relevant product and geographic markets, where the parties' activities overlap horizontally or are vertically related and which do not meet the conditions for review under point 5 of the Notice on Simplified Procedure and do not benefit from the flexibility clauses of point 8 of the Notice on Simplified Procedure."* The Notifying Party did not request to treat any market as not affected under the flexibility clauses.

7 The Parties' activities on markets where there is no horizontal overlap and where the Parties do not have a market share exceeding 30% (for example, HPE's activities in enterprise storage where HPE's market share is below 30%) will not be discussed in this Section.

8 Form CO, paragraph 210.

9 Commission decision of 12 May 2017 in case M.8314 – *Broadcom/Brocade*, paragraph 53.

10 Commission decision of 12 February 2010 in case M.5732 – *Hewlett-Packard/3Com*, paragraph 11.

11 Commission decision of 19 September 2008 in case M.5300 – *Gores Group/Siemens Enterprise Communications*, paragraph 14.

12 Commission decision of 24 July 2006 in case M.4214 – *Alcatel/Lucent Technologies*, paragraph 26.

13 Commission decision of 19 December 2019 in case M.9424 – Nvidia/Mellanox, paragraph 99.

switches, Internet Protocol /Ethernet switches[14] and multi-service ("**MS**") switches[15];

(ii) by bandwidth, within a potential segment for Ethernet switches, considering segmentations of bandwidth above or below 25 Gb/s[16];

(iii) by type of activity (manufacture, distribution and offering of integrated solutions)[17];

(iv) by size of the customer (e.g., the number of network users)[18].

(13) The Commission also considered whether a potential broader product market including both switches and routers exists, due to the growing multi-functionality and convergence between these two products. [19]

(14) In each of these decisions, the Commission ultimately left the market definition open.

4.2.1.2. The Notifying Party's views

(15) The Notifying Party does not consider that routers and switches form part of the same product market since they differ substantially in terms of functionalities and price.[20]

(16) The Notifying Party considers that switches based on Ethernet technology, should be distinguished from other switches as Ethernet technology has become the predominant technology in switching.[21]

(17) Furthermore, within a market for Ethernet switches, the Notifying Party considers that further segments exist for campus switches and for datacentre switches.[22]

(18) From a demand-side perspective, the Notifying Party submits that campus switches and datacentre switches have different use cases. Campus switches serve as the central hub for data transfers between various devices (such as computers, printers, server and other network-enabled devices) within a local area network ("**LAN**") enterprise environment (e.g., campuses, office buildings, small enterprises), whereas datacentre switches are used in large datacentre environments as a network

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14 Internet Protocol/Ethernet switches will be referred to in the rest of this Decision as 'Ethernet switches'.

15 Commission decision of 12 May 2017 in case M.8314 – *Broadcom/Brocade*, paragraph 54; Commission decision of 12 February 2010 in case M.5732 – *Hewlett-Packard/3Com*, paragraph 14; Commission decision of 24 July 2006 in case M.4214 – *Alcatel / Lucent Technologies*, paragraphs 26-29; Commission decision of 19 September 2008 in case M.5300 - *Gores Group/Siemens Enterprise Communications*, paragraph 14.

16 Commission decision of 19 December 2019 in case M.9424 – *Nvidia/Mellanox*, paragraph 99.

17 Commission decision of 19 September 2008 in case M.5300 - *Gores Group/Siemens Enterprise Communications*, paragraph 14.

18 Commission decision of 12 February 2010 in case M.5732 – *Hewlett-Packard / 3Com*, paragraph 15.

19 Commission decision of 12 February 2010 in case M.5732 – *Hewlett-Packard/3Com*, paragraph 11; Commission decision of 19 September 2008 in case M.5300 – *Gores Group/Siemens Enterprise Communications*, paragraph 14; and Commission decision of 24 July 2006 in case M.4214 – *Alcatel/Lucent Technologies*, paragraph 26.

20 Form CO, paragraph 233.

21 Form CO, paragraph 238.

22 Form CO, paragraph 227.

bridge to receive, process and route data to another destination. The Notifying Party considers that both products are therefore not substitutable due to different technical specifications (e.g., port count, latency level), functionalities (high or low performance) and deployment environments (LAN compared to large datacentre environments).[23]

(19) From a supply-side perspective, and due to different technical specifications, functionalities and deployment environments, the Notifying Party points out that a supplier specialized in the production of one type of switches would not readily be able to switch production to the other type without significant investments in new production capacity, equipment, and technical expertise.

(20) In relation to campus switches, the Notifying Party further considers that it may be possible to distinguish between different campus switches according to customer size as per Commission precedents. This is because different suppliers would exist for small to medium-sized businesses ("**SMBs**") and enterprise campus switches supplied to enterprise customers. The latter would require greater levels of functionality (e.g., security, reliability) compared to switches used by SMBs.[24] The Notifying Party does not consider that any further segmentation discussed in Commission precedents dealing with switches (e.g., type of activity or bandwidth) is warranted in the case of campus switches.[25]

(21) In any event, the Notifying Party considers that the exact product market definition can be left open as the Transaction does not lead to competition concerns, irrespective of the exact product market definition. [26]

4.2.1.3. The Commission's assessment

(22) In relation to a potential segmentation of the market for the supply of switches by protocol or underlying technology, the market investigation confirmed a separate potential product market for Ethernet switches would be warranted. From the demand-side perspective, all the respondents to the market investigation expressing a view do not consider TDM, ATM or MS switches to be a suitable alternative to Ethernet switches. The majority of respondents expressing a view indicated that Ethernet is the most widely used technology and that the other technologies or protocols do not constitute currently suitable alternatives.[27] From the supply-side perspective, the majority of competitors for the supply of switches expressing a view in the market investigation consider that a supplier of switches based on a certain technology or protocol would face significant barriers in terms of time and cost to develop and launch switches based on a different technology and protocol.[28]

(23) In relation to a potential further segmentation of the market for the supply of Ethernet switches by bandwidth speed, between Ethernet switches supporting a bandwidth higher or lower than 25 Gb/s, the result of the market investigation was mixed. While a majority of respondents expressing a view considered that this

23 Form CO, paragraphs 211 and 320.
24 Form CO, paragraph 231.
25 Form CO, paragraph 226.
26 Form CO, paragraph 245.
27 Replies to the market investigation addressed to competitors, distributors, resellers and customers of networking equipment ("Market Investigation (Phase 1)"), question C.A.B.4.
28 Replies to Market Investigation (Phase 1), question C.A.B.A.3

segmentation is appropriate, others disagreed.[29] For example, from a demand-side perspective, a few respondents indicated that such segmentation is not warranted given the decreasing price of switches with a bandwidth of more than 25 Gb/s bandwidth and in light of the "*continuous need for a higher bandwidth*".[30] Moreover, another respondent stressed that the segmentation by bandwidth higher or lower than 25 Gb/s bandwidth segmentation is not relevant "*in common use cases*".[31] From a supply-side perspective, one respondent also indicated that supply-side substitution is partial, and that it is more likely for a supplier of high bandwidth switches to develop and launch lower bandwidth switches than *vice versa*.[32]

(24) In relation to a potential segmentation by type of activity (manufacturing, distribution, or offering of integrated solutions), the majority of respondents that expressed a view indicated that they do not consider that such a segmentation is warranted as they generally see switches as being interchangeable, regardless of the end customer's activity.[33]

(25) In relation to a potential segmentation of switches by customer size, the results of the market investigation were mixed, with a small majority of respondents expressing a view indicating that they considered the switches supplied to customers of different sizes to be interchangeable.[34] For example, one respondent stated that customers of all sizes purchase similar switches. Other respondents however indicated that "*companies of different sizes have different requirements regarding switches"* and that smaller companies often "*require switches that are easier to configure and manage."*[35]

(26) In relation to whether a broader market including routers and switches should be considered, the results of the market investigation were mixed.[36] From a demand-side perspective, while a considerable number of respondents stated that they viewed routers and switches to be substitutable, considering that for the majority of uses cases within a LAN "*the routing functionality of modern switches can substitute a dedicated router*", other respondents highlighted that routers and switches have different functions within a network, as routers are more often used within wide area networks, connecting "*different LANs or networks and facilitate communication between them*." [37] From a supply-side perspective, the majority of respondents to the market investigation stated that a supplier of routers would not be able to offer switches in a timely manner and at no significant cost due to the technical specificities of the products involved, indicating that any potential entry would require substantial investments in terms of time and R&D expenditure.[38]

(27) Finally, in relation to a potential segmentation between campus switches and datacentre switches, the results of the market investigation support the Notifying Party's views that a distinction should be made between these products. From a

29 Replies to Market Investigation (Phase 1), question C.A.B.5.
30 Replies to Market Investigation (Phase 1), question C.A.B.6.
31 Replies to Market Investigation (Phase 1), question C.A.B.6.
32 Replies to Market Investigation (Phase 1), question C.A.B.A.3
33 Replies to Market Investigation (Phase 1), questions C.A.B.7/8.
34 Replies to Market Investigation (Phase 1), question C.A.B.9.
35 Replies to Market Investigation (Phase 1), question C.A.B.10.
36 Replies to Market Investigation (Phase 1), question C.A.B.1.
37 Replies to Market Investigation (Phase 1), question C.A.B.2.
38 Replies to Market Investigation (Phase 1), questions C.A.B.A.1/2.

demand-side perspective, a majority of respondents expressing a view declared that campus switches are not technically substitutable with datacentre switches, as campus switches are used "*for user connectivity and edge services*" whereas datacentre switches for "*tailored for high-performance, low-latency and highly scalable environments*."[39] From a supply-side perspective, the market investigation also broadly supported the lack of substitutability between suppliers of campus and datacentre switches, as a change in production from one category to the other would require substantial investments.[40]

(28) However, for the purpose of this Decision, the exact product market definition can be left open, as the Transaction does not raise serious doubts as to its compatibility with the internal market even under the narrowest plausible product market definition.

(29) In Section 6.2.4 below, the Commission carries out an assessment of a potential market for Ethernet campus switches as this is the only potential market segment on which the Parties have a combined market share of more than 20%, thus warranting further review.[41]

4.2.2. Geographic market definition

4.2.2.1. Commission's precedents

(30) In *Hewlett-Packard/3Com*,[42] the Commission considered that the relevant geographic market for switches or any subsegment thereof is at least EEA-wide, if not worldwide.

4.2.2.2. The Notifying Party's views

(31) The Notifying Party considers that the geographic scope of the market is worldwide given the global production and distribution of campus switches, low transport costs, similar or identical prices and the absence of regulatory barriers.[43]

4.2.2.3. The Commission's assessment

(32) In the market investigation, the vast majority of respondents expressing a view indicated that the geographic scope of the market for switches is worldwide in scope.[44]

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39 Replies to Market Investigation (Phase 1), questions C.A.B.11/12.

40 Replies to Market Investigation (Phase 1), questions C.A.B.A.3/4.

41 Pursuant to the safeguard clause in point 14 of the Commission Notice on a simplified treatment for certain concentrations under Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings 2023/C 160/01, C/2023/2401, OJ C 160, 5.5.2023, p. 1) ('Notice on Simplified Treatment'), the Commission assesses this market in accordance with the Guidelines on the assessment of horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ C 31, 5.2.2004, p. 5-18 ('Horizontal Merger Guidelines').

42 Commission decision of 12 February 2010 in case M.5732 – *Hewlett-Packard/3Com*, paragraph 34.

43 Form CO, paragraph 246.

44 Replies to Market Investigation (Phase 1), question C.B.B.1.

(33) In any event, the Commission considers that, for the purpose of this Decision, the exact geographic market definition with regard to the supply of switches and any potential subsegment therein can be left open, as the Transaction does not raise serious doubts as to its compatibility with the internal market irrespective of whether a worldwide or EEA-wide market is considered.

(34) In Section 6.2.2 below, the Commission carries out an assessment based on an EEA-wide market for Ethernet campus switches as this is the only level at which the Parties have a combined market share of more than 20% thus warranting further review.[45]

4.3. WLAN equipment

4.3.1. Product market definition

(35) A wireless local area network ("**WLAN**") is a LAN that is based on wireless connections. WLAN equipment includes wireless access points ("**WAPs**") and WLAN controllers. A WAP is a networking device that allows wireless devices (e.g., computers, smartphones, etc.) to transmit and receive data over a WLAN. A WLAN controller is a hardware device that centralizes the control and management of WAPs to enable a large number of WAPs to be configured and managed at the same time.[46]

(36) HPE supplies WAPs and WLAN controllers under its Aruba brand. Juniper supplies WAPs under its Mist brand.

4.3.1.1. Commission's precedents

(37) In *Hewlett-Packard/3Com*[47] and *Gores Group LLC/Siemens Enterprise Communications*,[48] the Commission considered, but ultimately left open, (i) a market for WLAN equipment that is separate from a market for LAN equipment, and (ii) distinct market segments for single components of the WLAN system (i.e., WAPs and WLAN controllers).

4.3.1.2. The Notifying Party's views

(38) The Notifying Party considers that, from a demand-side perspective, WLAN and LAN equipment would not be effective and immediate substitutes to each other, but rather perform complementary functions within a LAN (WLAN equipment creates the "wireless" area within the LAN). From a supply-side perspective, a large number of vendors provide both WLAN and LAN equipment, which according to the Notifying Party illustrates the complementarity of WLAN and LAN equipment.[49]

(39) In relation to the potential segmentation at the level of the single component within WLAN equipment, the Notifying Party considers that, from a demand-side

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45 Pursuant to the safeguard clause in point 14 of the Notice on Simplified Treatment, the Commission assesses this market in accordance with the Horizontal Merger Guidelines.

46 Form CO, paragraphs 267 and 268.

47 Commission decision of 12 February 2010 in case M.5732 – *Hewlett-Packard/3Com*, paragraph 23.

48 Commission decision of 19 September 2008 in case M.5300 – *Gores Group/Siemens Enterprise Communications*, paragraph 18.

49 Form CO, paragraph 281.

perspective, WAPs and WLAN controllers are not substitutes but have complementary roles in the rolling out and operation of WLAN. From a supply-side perspective, a large number of vendors provide complementary offerings of WAPs and WLAN controllers, which according to the Notifying Party illustrates the complementarity of the individual WLAN components.[50]

(40) Notwithstanding, the Notifying Party considers that the exact market definition can be left open as the Transaction does not give rise to competition concerns under any plausible market definition.[51]

4.3.1.3. The Commission's assessment

(41) In relation to a potential distinction between a market for WLAN equipment that is separate from LAN equipment, the majority of respondents to the market investigation that expressed a view considered that, from a demand-side perspective, WLAN equipment is not a suitable alternative to LAN equipment on the basis of product characteristics, price and intended use. Respondents indicated that WLAN and LAN equipment are complementary, serving different use cases and purposes.[52]

(42) From the supply-side perspective, most respondents to the market investigation indicated that a supplier of WLAN equipment would not be able to start offering LAN equipment in a timely manner and at no significant costs, as switching production from LAN to WLAN equipment, or vice versa, would involve significant investments in terms of technical and financial capabilities.[53]

(43) In relation to a potential segmentation at the level of single components within the WLAN system, the majority of respondents that expressed a view considered that, from a demand-side perspective, single components within WLAN systems are not suitable alternatives to each other. WAPs and WLAN controllers are different components of an overall WLAN solution that serve different use cases and purposes.[54]

(44) The vast majority of respondents to the market investigation also indicated there is limited supply-side substitutability as a manufacturer of one type of single component within WLAN systems would need significant technical and financial investments to start manufacturing the other type of WLAN systems component.[55]

(45) However, for the purpose of this Decision, the exact product market definition with regard to the supply of WLAN equipment can be left open, as the Transaction does not raise serious doubts as to its compatibility with the internal market under any plausible product market definition.

(46) In Section 6.2.3 below, the Commission carries out an assessment of a potential market for WLAN equipment (that is separate from a potential market for LAN equipment) and of a plausible narrower market for WAPs, as these are the only

50 Form CO, paragraph 282.
51 Form CO, paragraph 278.
52 Replies to Market Investigation (Phase 1), question C.A.A.1/2.
53 Replies to Market Investigation (Phase 1), questions C.A.A.A.1/2.
54 Replies to Market Investigation (Phase 1), questions C.A.A.3/4.
55 Replies to Market Investigation (Phase 1), questions C.A.A.A.3/4.

plausible product markets within WLAN equipment where the Transaction gives rise to affected markets.

4.3.2. Geographic market definition

4.3.2.1. Commission's precedents

(47) In *Hewlett-Packard/3Com*[56] and *Gores Group LLC/Siemens Enterprise Communications*,[57] the Commission considered that the relevant geographic market for WLAN equipment is EEA-wide or worldwide, but ultimately left the exact geographic market definition open.

4.3.2.2. The Notifying Party's views

(48) The Notifying Party considers that the geographic market is worldwide.[58]

4.3.2.3. The Commission's assessment

(49) In the market investigation, the vast majority of respondents expressing a view indicate that the geographic of the market for WLAN equipment is worldwide in scope.[59]

(50) In light of the above, the Commission considers that the relevant geographic market for WLAN equipment is likely worldwide. However, for the purpose of this Decision, the Commission considers that the exact geographic market definition with regard to the supply of WLAN equipment can be left open, as the Transaction does not raise serious doubts as to its compatibility with the internal market irrespective of whether a worldwide or EEA-wide market is considered.

(51) In Section 6.2.3 below, the Commission carries out an assessment based on worldwide market for WAPs as the narrowest market where the Transaction gives rise to an affected market, as well as a worldwide market for WLAN equipment which is also affected.

4.4. SD-WAN

4.4.1. Product market definition

(52) A software-defined wide area network ("**SD-WAN**") has the same basic function as a router. A router is a multi-port device that connects LANs together to create a wide area network ("**WAN**") and, by connecting these LANs with the service provider network, provides internet connectivity.

(53) Traditional routing relies on static configurations and limited transport options. SD-WAN, on the other hand, constitutes a new approach to WAN connectivity that uses software to manage and optimize and control the flow of data over the WAN.[60]

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56 Commission decision of 12 February 2010 in case M.5732 – *Hewlett-Packard/3Com*, paragraph 31.

57 Commission decision of 19 September 2008 in case M.5300 – *Gores Group/Siemens Enterprise Communications*, paragraph 19.

58 Form CO, paragraph 308.

59 Replies to Market Investigation (Phase 1), questions C.B.A.1/2.

60 Form CO, paragraph 356.

(54) HPE supplies SD-WAN through its Aruba EdgeConnect solution. Juniper has a limited presence in SD-WAN solutions with its Smart Session Router and Juniper Mist WAN Assurance service.

4.4.1.1. Commission's precedents

(55) There is no Commission precedent with regard to SD-WAN.

(56) The closest related precedents relate to traditional routers, with which SD-WAN share the same basic function. In *Hewlett-Packard/3Com*[61] and *Broadcom/Brocade*,[62] the Commission recalled possible segmentations discussed for traditional routers in a number of previous decisions, including: (i) a potential segmentation according to the technology used (TDM, ATM and Ethernet), or (ii) a segmentation by type of activity (manufacture, distribution and offering of integrated solutions), or (iii) a segmentation on the basis of number of users, and (iv) a broader product market including both switches and routers.[63]

4.4.1.2. The Notifying Party's views

(57) The Notifying Party considers that the exact product market definition can be left open as the Transaction does not give rise to competition concerns under any plausible market definition.[64]

4.4.1.3. The Commission's assessment

(58) The Commission considers that, for the purpose of this Decision, the exact product market definition with regard to the supply of SD-WAN can be left open, as the Transaction would not give rise to an affected market even under the narrowest plausible product market definition.

4.4.2. Geographic market definition

4.4.2.1. Commission's precedents

(59) In *Broadcom/Brocade* and *Hewlett-Packard/3Com*, the Commission considered that the relevant geographic market for routers is at least EEA-wide, if not worldwide, but ultimately left the geographic market definition open.[65]

4.4.2.2. The Notifying Party's views

(60) The Notifying Party considers that the geographic market for SD-WAN is worldwide, given the global production and distribution of SD-WAN equipment and related software, low transport costs, similar or identical prices and the absence of regulatory barriers.[66]

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61 Commission decision of 12 February 2010 in case M.5732 – *Hewlett-Packard/3Com*, paragraphs 20 and 21.

62 Commission decision of 12 May 2017 in case M.8314 – *Broadcom/Brocade*, paragraphs 52 and 56.

63 Commission decision of 12 May 2017 in case M.8314 – *Broadcom/Brocade*, paragraph 55; Commission decision of 12 February 2010 in case M.5732 – *Hewlett-Packard/3Com*, paragraph 20.

64 Form CO, paragraph 369.

65 Commission decision of 12 May 2017 in case M.8314 – *Broadcom/Brocade*, paragraph 60; Commission decision of 12 February 2010 in case M.5732 – *Hewlett-Packard/3Com*, paragraph 30.

66 Form CO, paragraph 376.

4.4.2.3. The Commission's assessment

(61) For the purpose of this Decision and in line with its previous decisional practice, the Commission considers that the exact geographic market definition with regard to the supply of SD-WAN can be left open, as the Transaction does not give rise to an affected market irrespective of whether a worldwide or EEA-wide market is considered.

4.5. Enterprise network security solutions

4.5.1. Product market definition

(62) Enterprise network security solutions are hardware or software products, or a combination of both, that are integrated throughout the network and detect and respond to threats. These solutions protect sensitive data and IT infrastructure from unauthorized access. Enterprise network security solutions include (i) security service edge ("**SSE**") solutions, which can also be sold together with SD-WAN as Secure Access Service Edge ("**SASE**") solutions, (ii) network access control ("**NAC**") solutions, and (iii) firewall solutions.

(63) SSE solutions secure access to the web, cloud services, and private applications regardless of the location of the user or the device used, or where the application is hosted. When SSE solutions are combined with SD-WAN solutions and sold as SASE solutions, these provide a converged network and cloud-based security capability that ensures user and system connectivity in different (on-premises, hybrid and remote) work environments.

(64) NAC solutions allow organisations to enforce policies that control access to their network infrastructure by both user-oriented and Internet of things devices. Specifically, these solutions segment connected devices to determine who can access which part of the organisation's network.

(65) Firewall solutions restrict and permit the flow of traffic between networks. Firewall solutions can take the form of purpose-built physical appliances, virtual appliances ("**virtual firewalls**"), and cloud software (firewall-as-a-service or "**FWaaS**").

(66) HPE's enterprise network security solutions include SSE, SASE (HPE's SSE combined with HPE's SD-WAN solutions) and NAC. HPE does not offer firewall solutions.

(67) Juniper sells enterprise network security solutions encompassing SSE, SASE (a combination of Juniper's SSE and SD-WAN through its Smart Session router), NAC and firewall solutions.

4.5.1.1. Commission's precedents

(68) The are no Commission precedents that consider SSE, NAC, SASE and firewalls specifically. However, the Commission did consider in previous decisions a potential market for (enterprise) security software.

(69) In previous decisions, the Commission classified software products into (i) infrastructure software; (ii) middleware; (iii) application software and office software; and (iv) operating/browser software.[67] In *Broadcom/Symantec Enterprise Security Business*[68], the Commission considered a market for enterprise security software as a potential further segmentation of the market for infrastructure software. The Commission further considered the nine sub-segments of enterprise security software: (i) application security testing (dynamic and static); (ii) data loss prevention; (iii) enterprise endpoint protection; (iv) identity governance and administration; (v) secure e-mail gateways; (vi) secure web gateways; (vii) security information and event management; (viii) (web) access management; and (ix) other security software.[69] However, the Commission ultimately left open the exact product market definition.

4.5.1.2. The Notifying Party's views

(70) The Notifying Party considers that the Commission's precedents do not fully capture the Parties' activities in enterprise network security solutions but instead discuss security software in general.

(71) With respect to enterprise network security solutions, the Notifying Party refers to a segmentation that is used by the market intelligence company Gartner ("**Gartner**"). On enterprise network equipment,[70] Gartner identifies five categories of network security solutions, including the following three in which the parties are both active: (i) NAC; (ii) firewalls; and (iii) Zero Trust Network Access ("**ZTNA**"). Gartner further segments firewalls into (a) network firewalls; (b) virtual firewalls; and (c) FWaaS. Furthermore, the Notifying Party refers to Gartner's definition of SSE as an offering that should include as a minimum (i) secure web gateway; (ii) cloud access security broker; and (iii) ZTNA capabilities. The Notifying Party further notes that Gartner reports on SASE as a separate product category.[71]

(72) The Notifying Party considers that, from a demand-side perspective, NAC, SSE and firewalls have different functionalities. Customers may use these solutions for various purposes and sometimes combine multiple security solutions for improved protection.

(73) From a supply-side perspective, vendors may specialise in certain categories of network security solutions and the ability of a vendor to start offering a different category of security solution may vary depending on the category of security solution in question.[72]

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67 Commission decision of 20 June 2011 in case M.6237 – *Computer Sciences Corporation/iSoft Group*, paragraph 23; Commission decision of 15 December 2014 in case M.7458 – *IBM/INF Business of Deutsche Lufthansa*, paragraph 35; and Commission decision of 8 March 2017 in case M.8223 – *Micro Focus/HPE Software Business*, paragraph 18.

68 Commission decision of 30 October 2019 in case M.9538 – *Broadcom/Symantec Enterprise Security Business*, paragraphs 16-18.

69 Commission decision of 30 October 2019 in case M.9538 – *Broadcom/Symantec Enterprise Security Business*, paragraphs 15, 16 and 18.

70 Form CO, paragraph 407.

71 Form CO, paragraphs 408 and 451.

72 Form CO, paragraph 415.

(74) The Notifying Party does not consider it appropriate to further segment a potential market for enterprise network security solutions, given the Parties' limited activities therein or any potential subsegment thereof.[73]

(75) With respect to SASE, the Notifying Party does not consider it appropriate to define a separate market for SASE solutions, given that customers often do not opt for a unified SASE offering but mostly mix-and-match SSE and SD-WAN offerings from different vendors to build their own SASE environment.

(76) However, the Notifying Party considers that exact product market definition can be left open as the Transaction does not give rise to competition concerns under any plausible market definition.[74]

4.5.1.3. The Commission's assessment

(77) The Commission notes that, for the purpose of this Decision, the exact product market definition with regard to the supply of enterprise network security solutions can be left open, as the Transaction would not give rise to an affected market even under the narrowest plausible product market definition.[75]

4.5.2. Geographic market definition

4.5.2.1. Commission's precedents

(78) In *Hewlett-Packard/3Com*[76] and *Broadcom/Symantec Enterprise Security Business*[77], the Commission considered that the relevant geographic market for infrastructure software (as well as any potential segmentation of that market, including security software) is at least EEA-wide, if not worldwide, but ultimately left the geographic market definition open.

4.5.2.2. The Notifying Party's views

(79) The Notifying Party considers that the geographic market for the supply of enterprise network security solutions is worldwide, given the low transport costs, the similarity of product specifications and the sales patterns of the main manufacturers, which operate worldwide.[78]

4.5.2.3. The Commission's assessment

(80) For the purpose of this Decision and in line with its previous decisional practice, the Commission considers that the exact geographic market definition with regard to the supply of enterprise network security solutions can be left open, as the

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73 Form CO, paragraphs 408-409.

74 Form CO, paragraph 413.

75 The Parties' combined market share post-Transaction remains below 20% on each potential product market, including the narrowest potential product markets for NAC, SASE, and SSE where their activities overlap.

76 Commission decision of 12 February 2010 in case M.5732 – *Hewlett-Packard/3Com*, paragraph 33.

77 Commission decision of 30 October 2019 in case M.9538 – *Broadcom/Symantec enterprise security business*, paragraph 26.

78 Form CO, paragraph 417.

Transaction does not give rise to an affected market irrespective of whether a worldwide or EEA-wide market is considered.[79]

4.6. Routers

4.6.1. Product market definition

(81) A router is a multi-port device that connects LANs together to create a WAN and, by connecting these LANs with the service provider network, provides internet connectivity. Routers are designed to carry combined voice and data traffic across a WAN, managing the path data takes while preserving the quality of service required for mission-critical applications.[80]

(82) Juniper supplies a range of routers, including SDN-enabled routers and routers suitable for WAN and datacentre use cases. HPE does not supply routers.

4.6.1.1. Commission's precedents

(83) In *Hewlett-Packard/3Com* and *Broadcom/Brocade*, the Commission considered whether the market could be segmented (i) according to the technology used (TDM, ATM, and Ethernet); (ii) by type of activity (manufacture, distribution and offering of integrated solutions); or (iii) on the basis of number of users; and (iv) whether there is a broader product market including both switches and routers.[81]

(84) In the previous decisions mentioned above, the Commission ultimately left the market definition open.[82]

4.6.1.2. The Notifying Party's views

(85) The Notifying Party considers that the exact product market definition can be left open as the Transaction does not give rise to competition concerns under any plausible market definition.[83]

4.6.1.3. The Commission's assessment

(86) In light of the above, the Commission considers that, for the purpose of this Decision, the exact product market definition with regard to the supply of routers can be left open, as the Transaction would not give rise to an affected market even under the narrowest plausible product market definition.[84]

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79 The Parties' combined market share post-Transaction remains below 20% on each potential geographic market for the supply of enterprise network security solutions or any of its subsegments. See Section 5 below.

80 Form CO, paragraph 459.

81 Commission decision of 12 May 2017 in case M.8314 – *Broadcom/Brocade*, paragraph 55; Commission decision of 12 February 2010 in case M.5732 – *Hewlett-Packard/3Com*, paragraph 20.

82 Commission decision of 12 May 2017 in case M.8314 – *Broadcom/Brocade*, paragraph 55; Commission decision of 12 February 2010 in case M.5732 – *Hewlett-Packard/3Com*, paragraph 21.

83 Form CO, paragraph 474.

84 While HPE's SD-WAN can be used in a routing capacity, HPE does not supply actual routers and therefore the Parties activities do not overlap in the market for the supply of routers. Even considering a broader market encompassing both routers and SD-WAN, the Parties' shares would remain such as not to give rise to affected markets. See Form CO, paragraphs 380, 467 and Annex 27.

4.6.2. Geographic market definition

4.6.2.1. Commission's precedents

(87) In previous decisions, the Commission considered that the geographic scope of the markets for routers is at least EEA-wide, if not worldwide.[85]

4.6.2.2. The Notifying Party's views

(88) The Parties consider that the geographic market is worldwide in scope.[86]

4.6.2.3. The Commission's assessment

(89) For the purpose of this Decision and in line with its previous decisional practice, the Commission considers that the exact geographic market definition with regard to the supply of routers can be left open, as the Transaction does not give rise to an affected market irrespective of whether a worldwide or EEA-wide market is considered.

4.7. Cloud networking

4.7.1. Product market definition

(90) Cloud networking allows a connection of users, applications and resources in the cloud, enabling communication between them through cloud-based technologies. A cloud network can be a public, private, hybrid or community-based. In cloud networking, an organisation's network capabilities and resources are hosted in a public or private cloud platform. These resources can be managed internally or by a service provider and are available on demand.

(91) Juniper supplies cloud networking software under its Apstra brand. HPE does not supply cloud networking software.[87]

4.7.1.1. Commission's precedents

(92) There is no Commission precedent with regard to cloud networking.

(93) However, the Commission previously considered the market for cloud computing with a potential segmentation of a market for software-as-a-service ("**SaaS**"). In *Capgemini/Orange/JV*, the Commission considered segmenting the overall market for the provision of IT between (i) infrastructure-as-a-service ("**IaaS**"), (ii) product-as-a-service ("**PaaS**"), and (iii) SaaS.[88]

(94) The Commission further considered a possible distinction between public, private and hybrid cloud. However, the results of the market investigation were inconclusive.[89] The Commission ultimately left the market definition open.[90]

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85 Commission decision of 12 May 2017 in case M.8314 – *Broadcom/Brocade*, paragraph 60; Commission decision of 12 February 2010 in case M.5732 – *Hewlett-Packard/3Com*, paragraph 3.

86 Form CO, paragraph 476.

87 HPE does supply SaaS solutions that are not suitable for cloud networking.

88 Commission decision of 12 June 2023 in case M.10855 – *Capgemini/Orange/JV*, paragraph 33.

89 Commission decision of 12 June 2023 in case M.10855 – *Capgemini/Orange/JV*, paragraph 34.

90 Commission decision of 12 June 2023 in case M.10855 – *Capgemini/Orange/JV*, paragraph 39.

4.7.1.2. The Notifying Party's views

(95) The Notifying Party considers that exact product market definition can be left open as the Transaction does not give rise to competition concerns under any plausible market definition.[91]

4.7.1.3. The Commission's assessment

(96) In light of the above, the Commission considers that, for the purpose of this Decision, the exact product market definition with regard to the supply of cloud networking can be left open, as the Transaction would not give rise to an affected market even under the narrowest plausible product market definition.[92]

4.7.2. Geographic market definition

4.7.2.1. Commission's precedents

(97) In *Capgemini/Orange/JV*, the Commission noted that in its decisional practice, it has acknowledged that the IT services market is likely broader than national, but that it has ultimately left the geographic market definition open.[93]

4.7.2.2. The Notifying Party's views

(98) The Parties consider the geographic market to be worldwide in scope.[94]

4.7.2.3. The Commission's assessment

(99) For the purpose of this Decision and in line with its previous decisional practice, the Commission considers that the exact geographic market definition with regard to the supply of cloud networking can be left open, as the Transaction does not give rise to an affected market irrespective of the geographic scope of the market.

4.8. Servers

4.8.1. Product market definition

(100) Servers are multi-user computing devices that access and deliver services via a network. Enterprise servers can be mid-range and high-end servers. Servers are the computing power of datacentres.[95]

(101) HPE supplies servers under its ProLiant and Synergy brands. Juniper does not supply servers.

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91 Form CO, paragraph 491.

92 There is no horizontal overlap on a potential market for the supply of cloud networking software, which is a product category reported on by Gartner. While HPE offers certain SaaS solutions, the Transaction does not give rise to an affected market in a potential market for cloud computing or any potential segmentation thereof. Form CO, paragraphs 495-498.

93 Commission decision of 12 June 2023 in case M.10855 – *Capgemini/Orange/JV*, paragraph 44.

94 Form CO, paragraph 493.

95 Form CO, paragraphs 516 and 517.

4.8.1.1. Commission's precedents

(102) In previous decisions, the Commission considered an overall market for servers, with a possible segmentation by price band into (i) entry level (below USD 100 000), (ii) mid-range (USD 100 000 – USD 999 999) and (iii) high-end (USD 1 million and above).[96]

(103) The Commission ultimately left the market definition open.[97]

4.8.1.2. The Notifying Party's views

(104) The Notifying Party submits that the relevant product market should include all servers, as segmentation based on price bands is inappropriate in light of technological developments and customer preferences and behaviour. Advances in virtualisation and network technology made it possible for customers to replace expensive large-capacity servers with scaled installations of commoditized servers networked together, and to buy only the compute power needed and scale up as further compute power is desired. Consequently, the price bands in previous Commission decisions are no longer up to date. Current competitive dynamics are better captured by IDC's price ranges: (i) entry level (below USD 25,000), (ii) mid-range (USD 25,000–USD 250,000), and (iii) high-end (USD 250,000 and above). Therefore, if segmentation by price bands is considered, IDC's current price segmentation should be used.[98]

(105) The Notifying Party considers that the exact product market definition can be left open as the Transaction would not give rise to competition concerns under any plausible market definition.[99]

4.8.1.3. The Commission's assessment

(106) In the market investigation, none of the respondents supported an overall market including all servers.[100]

(107) The Commission considers that the results of the market investigation are inconclusive as to which segmentation should apply to the market for servers. While some respondents suggested segmentation by price bands, others suggested a different form of segmentation, such as technical and performance specifications.[101]

(108) In light of the above, the Commission considers that, for the purpose of this Decision, the exact product market definition with regard to the supply of servers can be left open, as the Transaction would not raise serious doubts as to its compatibility with the internal market even under the narrowest plausible product market definition.

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96 Commission decision of 19 December 2019 in case M.9424 – *Nvidia/Mellanox*, paragraph 119; Commission decision of 27 June 2019 in case M.9205 – *IBM/Red Hat*, paragraph 214; Commission decision of 21 January 2010 in case M.5529 – *Oracle/Sun Microsystems*, paragraph 941.

97 Commission decision of 19 December 2019 in case M.9424 – *Nvidia/Mellanox*, paragraph 119; Commission decision of 27 June 2019 in case M.9205 – *IBM/Red Hat*, paragraph 214; Commission decision of 21 January 2010 in case M.5529 – *Oracle/Sun Microsystems*, paragraph 941.

98 Form CO, paragraphs 523 and 524.

99 Form CO, paragraph 526.

100 Replies to Market Investigation (Phase 1) HPE server customers, question C.A.1.

101 Replies to Market Investigation (Phase 1) HPE server customers, question C.A.2.

(109) In Section 6.3.3 below, the Commission carries out an assessment on the basis of the narrowest plausible market submitted by the Notifying Party, which is based on IDC's price segmentation.[102]

4.8.2. Geographic market definition

4.8.2.1. Commission's precedents

(110) In *Nvidia/Mellanox*, the Commission considered that the geographic scope of the market for datacentre servers (including a potential market for mid-range servers) is worldwide.[103]

4.8.2.2. The Notifying Party's views

(111) The Notifying Party considers the geographic market to be worldwide in scope given the global production and distribution of servers, low transport costs, similar prices across regions and the absence of regulatory barriers.[104]

4.8.2.3. The Commission's assessment

(112) In the market investigation, all the respondents that expressed a view indicated that the market for servers is worldwide in scope.[105]

(113) In light of the above, for the purpose of this Decision and in line with its previous decisional practice, the Commission considers that the exact geographic market definition with regard to the supply of servers can be left open, as the Transaction does not raise serious doubts as to its compatibility with the internal market irrespective of the geographic scope of the market.

(114) In Section 6.3.3 below, the Commission carries out an assessment on the basis of a worldwide geographic market for the supply of servers.[106]

4.9. High performance computing

4.9.1. Product market definition

(115) High performance computing ("**HPC**") systems are solutions which combine computing power to solve large problems, process data and perform calculations more quickly than regular systems.[107] HPC systems are often designed and delivered as integrated packages, featuring high-density servers, high-performance storage, and high-performance networking fabrics. These fabrics are composed of various elements, such as switches, adapters, cables and related software.

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102 Pursuant to the safeguard clause in point 17 of the Notice on Simplified Treatment, the Commission assesses this market in accordance with the Guidelines on the assessment of non-horizontal mergers under the Council Regulation on the control of concentrations between undertakings, OJ C 265, 18.10.2008, p. 6-25 ('Non-Horizontal Merger Guidelines').

103 Commission decision of 19 December 2019 in case M.9424 – *Nvidia/Mellanox*, paragraph 122.

104 Form CO, paragraph 527.

105 Replies to Market Investigation (Phase 1) HPE server customers, question C.B.1.

106 Pursuant to the safeguard clause in point 17 of the Notice on Simplified Treatment, the Commission assesses this market in accordance with the Non-Horizontal Merger Guidelines.

107 Form CO, paragraph 531.

(116) HPE supplies HPC systems, including through its Cray and Apollo systems. Specifically on high-performance fabrics, HPE is present with its high-performance fabrics interconnect, Slingshot, optimised for interconnecting datacentre servers for HPC workloads.

(117) Juniper does not offer HPC systems, high-performance fabrics.

4.9.1.1. Commission's precedents

(118) There is no Commission precedent on HPC systems as such. In *Nvidia/Mellanox*, the Commission analysed HPC tangentially in relation to its consideration of network interconnects used for HPC applications. The Commission considered that high-performance network interconnect systems belong to a separate market from Ethernet-based network interconnects due to the former's superior comparative performance for HPC applications, in particular significantly lower latency and higher bandwidth. Most respondents to the Commission's market investigation in that case stated that only high-performance network interconnects are suitable for high-end HPC applications, for which low latency and high bandwidth are particularly important.[108]

(119) The Notifying Party's views

(120) The Notifying Party considers that the exact product market definition can be left open as the Transaction would not give rise to competition concerns under any plausible market definition.

4.9.1.2. The Commission's assessment

(121) The Commission considers that, for the purpose of this Decision, the exact product market definition with regard to the supply of HPC systems can be left open, as the Transaction would not raise serious doubts as to its compatibility with the internal market even under the narrowest plausible product market definition.

(122) In Section 6.3.4 below, the Commission carries out an assessment on the basis of a potential market for the supply of HPC systems.[109]

4.9.2. Geographic market definition

4.9.2.1. Commission's precedents

(123) In *Nvidia/Mellanox,* the Commission considered that the geographic scope of the various markets for network interconnect products was worldwide.[110]

4.9.2.2. The Notifying Party's views

(124) The Notifying Party considers the geographic market to be worldwide in scope given the global production and distribution of HPC, low relative transport costs, similar prices across regions, and the absence of regulatory barriers.[111]

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108 Commission decision of 19 December 2019 in case M.9424 – *Nvidia/Mellanox*, paragraphs 57 to 70.

109 Pursuant to the safeguard clause in point 17 of the Notice on Simplified Treatment, the Commission assesses this market in accordance with the Non-Horizontal Merger Guidelines.

110 Commission decision of 19 December 2019 in case M.9424 – *Nvidia/Mellanox*, paragraph 107.

111 Form CO, paragraph 537.

4.9.2.3. The Commission's assessment

(125) For the purpose of this Decision, and in line with its previous decisional practice, the Commission considers that the exact geographic market definition with regard to the supply of HPC can be left open, as the Transaction does not raise serious doubts as to its compatibility with the internal market irrespective of whether a worldwide or EEA-wide market is considered.

(126) In Section 6.3.3 below, the Commission carries out an assessment on the basis of a worldwide geographic market for the supply of HPC systems.[112]

5. MARKET SHARES

(127) According to the Horizontal Merger Guidelines[113] and the Non-Horizontal Merger Guidelines,[114] in the assessment of the effects of a merger, market shares constitute a useful first indication of the structure of the markets at stake and of the competitive importance of the relevant market players.

(128) In this Section, the Commission presents the market shares of the Parties in all markets listed in Section 4 above where the Parties have overlapping activities and/or the markets are relevant to the conglomerate assessment. Competitors' shares are presented only for those markets that will be assessed in Section 6.[115] For the purposes of this Decision and in line with paragraph 111 of the Market Definition Notice[116], the shares set out below are value-based.

(129) The Notifying Party has put forward market shares from four different third-party providers. For the purposes of this Decision, the Commission has relied on Gartner[117] and IDC[118] for worldwide and EEA-wide market shares. For market segmentations or geographic markets where Gartner or IDC do not provide complete data, this Section presents the market share data based on Dell'Oro[119] or 650 Group[120] reports, as well as Hyperion Research for HPC as the only report covering this market.

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112 Pursuant to the safeguard clause in point 17 of the Notice on Simplified Treatment, the Commission assesses this market in accordance with the Non-Horizontal Merger Guidelines.

113 Horizontal Merger Guidelines, paragraph 14.

114 Non-Horizontal Merger Guidelines, paragraph 24.

115 The Parties' shares are set out for all overall markets as discussed in Section 4 above where the Parties' activities overlap. To the extent the Transaction gives rise to affected markets in narrower segments, market shares are set out for the Parties and their competitors with a market share of at least 1% in 2023. To the extent that the Parties' activities overlap on narrower potential market segments than those set out in the tables below where the Transaction does not give rise to an affected market, this is specified without providing shares covering the last three years.

116 Commission Notice on the definition of the relevant market for the purposes of Union competition law, OJ C, C/2024/1645, 22.2.2024 ('Market Definition Notice').

117 Gartner data are available on worldwide basis only. 2023 market shares are based on H1 2023 data as the relevant Gartner industry report covering the full year of 2023 was not yet available at time of formal notification. Form CO, paragraphs 202 and 208.

118 IDC data are available at worldwide level, and at EEA-wide level for switches, WLAN equipment, WAPs, storage and servers. 'EEA' in the IDC industry reports covers only the following 22 countries: Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, and Sweden. Form CO, Annexes 17 and 18.

119 Dell'Oro data are available at worldwide level only. Form CO, Annex 17.

120 650 Group data are available at worldwide level, and Europe-wide level for datacentre switches, WLAN equipment, SD-WAN, and SSE. Any EEA shares provided based on 650 Group reflect

(130) Table 1 provides an overview of the Parties' market shares for 2021, 2022 and 2023 on the overall market for Ethernet switches.

Table 1: Ethernet Switches – EEA-wide and worldwide market shares by revenue – 2021-2023

Company	EEA			Worldwide		
	2021	2022	2023	2021	2022	2023
HPE	[10-20]%	[10-20]%	[10-20]%	[5-10]%	[5-10]%	[5-10]%
Juniper	[0-5]%	[0-5]%	[0-5]%	[0-5]%	[0-5]%	[0-5]%
Combined	***[10-20]%***	***[10-20]%***	***[10-20]%***	***[5-10]%***	***[5-10]%***	***[10-20]%***

Source: Form CO, paragraphs 248-249 and Annex 20. Both worldwide and EEA-wide figures reflect IDC data.

(131) With the exception of the potential EEA-wide market for Ethernet campus switches, the Transaction does not give rise to affected markets on any potential narrower segmentation of the market as discussed in Section 4.[121] The Transaction would also not give rise to an affected market on a potential broader market comprising both switches and routers.[122]

(132) Table 2 provides an overview of the Parties' and their main competitors' market shares for 2021, 2022 and 2023 in the potential EEA-wide market for the supply of Ethernet campus switches. The Transaction does not give rise to an affected market in the potential worldwide market for the supply of Ethernet campus switches.[123]

Table 2: Ethernet Campus Switches – EEA-wide market shares by revenue – 2021-2023

Company	EEA		
	2021	2022	2023
HPE	[20-30]%	[10-20]%	[20-30]%
Juniper	[0-5]%	[0-5]%	[0-5]%
Combined	***[20-30]%***	***[10-20]%***	***[20-30]%***[124]
Cisco	[50-60]%	[50-60]%	[50-60]%
Huawei	[5-10]%	[5-10]%	[5-10]%
H3C	Not available	Not available	Not available
Extreme Networks	[0-5]%	[0-5]%	[0-5]%
TP-Link	[0-5]%	[0-5]%	[0-5]%
Netgear	[0-5]%	[0-5]%	[0-5]%
Ubiquiti	[0-5]%	[0-5]%	[0-5]%
Fortinet	-	[0-5]%	[0-5]%
Arista Networks	[0-5]%	[0-5]%	[0-5]%
Ruijie	Not available	Not available	Not available
China Huaxin	[0-5]%	[0-5]%	[0-5]%
Others	**[20-30]%**	**[20-30]%**	**[20-30]%**

Source: Form CO, paragraphs 247 and 259, and Annex 17. EEA-wide figures based on IDC.

'Europe' data which covers all EEA countries as well as 20 other European countries. Form CO, Annexes 17, 18 and RFI 7 Q2.

121 On a potential market segmentation for Ethernet switches with bandwidth below 25 Gb/S, the Parties' combined share amounts to [20-30]% in 2023 at EEA-wide level when looking at the most conservative market share estimates. However, the HHI remains below 150. Form CO, Annexes 20 and 21.

122 Form CO, Annex 24 and Table 2 in response to RFI 7.

123 Form CO, Annex 17 - Worldwide figures based on Gartner.

124 The HHI resulting from the Transaction is 86 in 2023.

(133) Table 3 provides an overview of the Parties' and their main competitors' market shares for 2021, 2022 and 2023 in the potential worldwide market for WLAN equipment for enterprise customers.[125] The Transaction does not give rise to an affected market in the potential EEA-wide market for the supply of WLAN equipment.[126]

Table 3: WLAN Equipment –worldwide market shares by revenue – 2021-2023[127]

Company	Worldwide		
	2021	2022	2023
HPE	[10-20]%	[10-20]%	[10-20]%
Juniper	[0-5]%	[0-5]%	[5-10%]
Combined	***[10-20]%***	***[10-20]%***	***[20-30]%***
Cisco	[30-40]%	[30-40]%	[40-50]%
Huawei	[5-10]%	[5-10]%	[5-10]%
H3C	[0-5]%	[0-5]%	[0-5]%
Ruijie Networks	[0-5]%	[0-5]%	[0-5]%
Extreme Networks	[0-5]%	[0-5]%	[0-5]%
Ubiquiti	[0-5]%	[0-5]%	[0-5]%
CommScope	[0-5]%	[0-5]%	[0-5]%
TP-Link	[0-5]%	[0-5]%	[0-5]%
Fortinet	[0-5]%	[0-5]%	[0-5]%
Zyxel	[0-5]%	[0-5]%	[0-5]%
Others	**[10-20]%**	**[5-10]%**	**[5-10]%**

Source: Form CO, paragraphs 309-310, and Annex 17. Worldwide figures reflect Gartner data.

(134) If the market for WLAN equipment were segmented by individual component of the system, the Transaction would only give rise to an affected market on the potential worldwide market for the supply of WAPs. The Parties would not overlap on a more narrowly-defined market for WLAN controllers, as only HPE is active here.[128]

125 The Parties provide market share estimates for enterprise customers because their activities overlap only in the Gartner segment for enterprise customers, see Form CO paragraph 311.

126 Form CO, Annex 17 – EEA-wide figures based on IDC.

127 Worldwide figures for 2023 reflect H1 2023.

128 Form CO, paragraph 275.

(135) Table 4 provides an overview of the Parties' and their main competitors' market shares for 2021, 2022 and 2023 in the potential worldwide market for the supply of WAPs. The Transaction does not give rise to an affected market in the potential EEA-wide market for the supply of WAPs.[129]

Table 4: WAPs –worldwide market shares by revenue – 2021-2023

Company	Worldwide		
	2021	2022	2023
HPE	[10-20]%	[10-20]%	[10-20]%
Juniper	[0-5]%	[5-10]%	[5-10]%
Combined	***[10-20]%***	***[20-30]%***	***[20-30]%***
Cisco	[40-50]%	[40-50]%	[40-50]%
Huawei	[5-10]%	[5-10]%	[5-10]%
H3C	[0-5]%	[0-5]%	[0-5]%
Extreme Networks	[5-10]%	[0-5]%	[0-5]%
Ruijie Networks	[0-5]%	[0-5]%	[0-5]%
CommScope	[0-5]%	[0-5]%	[0-5]%
Fortinet	[0-5]%	[0-5]%	[0-5]%
TP-Link	[0-5]%	[0-5]%	[0-5]%
Arista Networks	[0-5]%	[0-5]%	[0-5]%
Ubiquiti	[0-5]%	[0-5]%	[0-5]%
Zyxel	Not available	Not available	Not available
Others	**[5-10]%**	**[5-10]%**	**[5-10]%**

Source: Form CO, paragraphs 309-312, and Annex 17. Worldwide figures reflect Gartner data.

(136) Table 5 provides an overview of the Parties' market shares for 2021, 2022 and 2023 in a potential market for SD-WAN.

Table 5: SD-WAN – EEA-wide and worldwide market shares by revenue – 2021-2023[130]

Company	EEA			Worldwide		
	2021	2022	2023	2021	2022	2023
HPE	[5-10]%	[5-10]%	[5-10]%	[5-10]%	[5-10]%	[5-10]%
Juniper	[0-5]%	[0-5]%	[0-5]%	[0-5]%	[0-5]%	[0-5]%
Combined	***[5-10]%***	***[5-10]%***	***[5-10]%***	***[5-10]%***	***[10-20]%***	***[5-10]%***

Source: Form CO, Table 18 and Annex 17. Worldwide figures based on Gartner data; EEA-wide figures based on 650 Group data.

129 Form CO, Annex 17 – EEA-wide figures based on IDC.

130 The Parties' EEA-wide shares in this table reflect their shares in 'EMEA'. The Notifying Party submits EMEA-wide data due to a lack of publicly available EEA-wide data. The Notifying Party considers that the Parties' EMEA shares constitute a reliable proxy for the Parties' EEA shares. Form CO, paragraph 455.

(137) Table 6 provides an overview of the Parties' market shares for 2021, 2022 and 2023 in a potential market for SSE.[131]

Table 6: SSE – EEA-wide and worldwide market shares by revenue – 2021-2023[132]

Company	EEA			Worldwide		
	2021	2022	2023	2021	2022	2023
HPE	-	-	-	[0-5]%	[0-5]%	[0-5]%
Juniper	-	[0-5]%	[0-5]%	-	[0-5]%	[0-5]%
Combined	-	***[0-5]%***	***[0-5]%***	***[0-5]%***	***[0-5]%***	***[0-5]%***

Source: Form CO, Tables 19 and 20. Worldwide figures based on 650 Group data, EEA-wide figures based on Dell'Oro data.

(138) Segmenting the market for SSE more narrowly (i.e., into secure web gateway, cloud access security broker, and ZTNA), the Parties' combined shares would not give rise to affected markets.[133]

(139) Table 7 provides an overview of the Parties' market shares for 2021, 2022 and 2023 in a potential market for SASE solutions.

Table 7: SASE Solutions – EEA-wide and worldwide market shares by revenue – 2021-2023[134]

Company	EEA			Worldwide		
	2021	2022	2023	2021	2022	2023
HPE	[0-5]%	[0-5]%	[0-5]%	[5-10]%	[5-10]%	[0-5]%
Juniper	-	[0-5]%	[0-5]%	-	[0-5]%	[0-5]%
Combined	***[0-5]%***	***[0-5]%***	***[0-5]%***	***[5-10]%***	***[5-10]%***	***[5-10]%***

Sources: Form CO, paragraphs 455-457, Table 23 and Annex 17. Worldwide and EEA-wide figures both reflect Dell'Oro data.

131 Given the Parties' very low combined market shares on the potential markets for SSE, SASE and NAC, their combined shares on a broader overall market for enterprise network security solutions would also be low and would not give rise to affected markets.

132 Worldwide data for 2023 relates to H1 2023 data, Form CO Table 19. The Parties' EEA-wide shares in this table reflect their shares in 'EMEA'. The Notifying Party submits EMEA-wide data as it is not aware of publicly available EEA-wide data for SSE. The Notifying Party considers that the Parties' EMEA shares constitute a reliable proxy for the Parties' EEA shares. Form CO, paragraph 418.

133 Form CO, Annex 31.

134 The Parties' EEA-wide shares in this table reflect their shares in 'EMEA'. The Notifying Party submits EMEA-wide market shares as it is not aware of publicly available EEA-wide shares for SASE. The Notifying Party considers that the Parties' EMEA shares constitute a reliable proxy for the Parties' EEA shares. Form CO paragraph 455 and footnote 317.

(140) Table 8 provides an overview of the Parties' market shares for 2021, 2022 and 2023 in a potential market for NAC.

Table 8: NAC – EEA-wide and worldwide market shares by revenue – 2021-2023[135]

Company	EEA			Worldwide		
	2021	2022	2023	2021	2022	2023
HPE	[10-20]%	[10-20]%	[10-20]%	[5-10]%	[5-10]%	[5-10]%
Juniper	-	-	-	-	-	[0-5]%
Combined	***[10-20]%***	***[10-20]%***	***[10-20]%***	***[5-10]%***	***[5-10]%***	***[5-10]%***

Source: Form CO, paragraphs 418-428, and Annexes 31, response to RFI 7. Worldwide figures based on Gartner; European figures based on 650 Group data.

(141) With the exception of mid-range servers based on IDC's price segmentation[136], HPE's shares remain below 30% on any other potential narrower segmentation of the market by price band (i.e., entry level and high-end servers) as well as the potential market for mid-range servers based on Commission precedent.[137]

(142) Table 9 provides an overview of the Parties' and their main competitors' market shares for 2021, 2022 and 2023 in the market for mid-range servers. HPE's shares are such as not to give rise to an affected market on any other potential segmentation of the market for servers (i.e., overall market for servers and segmentation by price band into entry level, mid-range and high-end servers).[138]

Table 9: Mid-range servers – worldwide market shares by revenue – 2021-2023

Company	Worldwide		
	2021	2022	2023
HPE	[20-30]%	[30-40]%	[5-10]%
Juniper	-	-	-
Lenovo	[10-20]%	[10-20]%	[0-5]%
Dell Technologies	[10-20]%	[10-20]%	[5-10]%
Cisco	[10-20]%	[10-20]%	[0-5]%
IEIT Systems	[0-5]%	[0-5]%	[0-5]%
IBM	[5-10]%	[5-10]%	[0-5]%
Fujitsu	[0-5]%	[0-5]%	[0-5]%
Oracle	[0-5]%	[0-5]%	[0-5]%
Super Micro	[0-5]%	[0-5]%	[5-10]%
Nettrix	[0-5]%	[5-10]%	[0-5]%
H3C	[0-5]%	[0-5]%	[0-5]%
xFusion Digital Technologies	[0-5]%	[0-5]%	[0-5]%
Others	**[10-20]%**	**[5-10]%**	**[50-60]%**

Source: Form CO, paragraphs 528-529, and Annex 33. Worldwide figures are based on IDC data.

135 The EEA-wide data reflects what 650 Group defines as 'Enhanced NAC', a security product that offers at least four out of five network security functions, once of which being 'network access control'.

136 See Section 4.8.1.3.

137 Form CO, paragraphs 528-529, and Annex 33.

138 Form CO, paragraphs 528-529, and Annex 33.

(143) Table 10 provides an overview of the Parties' and their main competitors' market shares for 2021, 2022 and 2023 in the market for HPC systems.

Table 10: HPC – EEA-wide and worldwide market shares by revenue – 2021-2023[139]

Company	EEA			Worldwide		
	2021	2022	2023	2021	2022	2023
HPE	[20-30]%	[20-30]%	[20-30]%	[30-40]%	[30-40]%	[30-40]%
Juniper	-	-	-	-	-	-
Dell Technologies	[20-30]%	[20-30]%	[20-30]%	[20-30]%	[20-30]%	[20-30]%
Lenovo	[10-20]%	[5-10]%	[10-20]%	[5-10]%	[5-10]%	[5-10]%
Atos	[10-20]%	[10-20]%	[10-20]%	[0-5]%	[0-5]%	[0-5]%
IBM	[0-5]%	[0-5]%	[0-5]%	[0-5]%	[0-5]%	[0-5]%
Inspur	[0-5]%	[0-5]%	[0-5]%	[5-10]%	[5-10]%	[5-10]%
Sugon	Not available	Not available	Not available	[0-5]%	[0-5]%	[0-5]%
Others	**[20-30]%**	**[20-30]%**	**[20-30]%**	**[10-20]%**	**[10-20]%**	**[10-20]%**

Source: Form CO, Annex 33. Worldwide and EEA-wide figures based on Hyperion Research Data.

6. COMPETITIVE ASSESSMENT

6.1. Introduction

(144) The Transaction gives rise to three horizontal relevant markets that will be assessed under Section 6.2. Two of them constitute affected markets within the meaning of recital 25(g) Annex I to Regulation (EU) 2023/914[140] and the third market is assessed because it falls under a safeguard in case of which the Commission can decide to treat a market under the normal procedure.[141]

(145) The Transaction also leads to a combination of activities of the Parties to the concentration that is not a horizontal overlap, but nevertheless brings together activities on a market on which HPE holds a market share of more than 30% with closely related markets on which Juniper is active. These markets will be assessed in Section 6.3 because they fall under a safeguard in case of which the Commission can decide to treat a market under the normal procedure.[142]

6.2. Horizontal effects

6.2.1. Legal framework

(146) The Horizontal Merger Guidelines[143] describe two main ways in which horizontal mergers may significantly impede effective competition. In particular, the proposed concentration might be creating or strengthening a dominant position: (i) by eliminating important competitive constraints on one or more firms, which

139 2023 data reflects H1 2023. The Parties' EEA-wide shares in this table reflect their shares in 'EMEA'. EMEA shares constitute a reliable proxy for the Parties' EEA shares. Form CO, Annex 33 and response to RFI 7 question 2.

140 Commission Implementing Regulation (EU) 2023/914 of 20 April 2023 implementing Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings and repealing Commission Regulation (EC) No 802/2004, OJ L 119, 5.5.2023, p. 22 (the "Implementing Regulation").

141 In accordance with point 14 of the Notice on Simplified Treatment.

142 In accordance with point 17 of the Notice on Simplified Treatment.

143 Horizontal Merger Guidelines, paragraph 22.

consequently would have increased market power, without resorting to coordinated behaviour (non-coordinated effects); and (ii) by changing the nature of competition in such a way that firms that previously were not coordinating their behaviour, are significantly more likely to coordinate and raise prices or otherwise harm effective competition (coordinated effects).

(147) A merger giving rise to horizontal non-coordinated effects might significantly impede effective competition by creating or strengthening the dominant position of a single firm, one which, typically, would have an appreciably larger market share than the next competitor post-merger. Moreover, also mergers that do not lead to the creation of or the strengthening of a single firm's dominant position may create competition concerns under the substantive test set out in Article 2(2) and Article 2(3) of the Merger Regulation. Regarding mergers in oligopolistic markets, the Merger Regulation clarifies that "*under certain circumstances, concentrations involving the elimination of important competitive constraints that the merging parties exerted upon each other, as well as a reduction of competitive pressure on the remaining competitors, may, even in the absence of a likelihood of coordination between the members of the oligopoly, result in a significant impediment to effective competition*".[144]

(148) The Horizontal Merger Guidelines list a number of factors which may influence whether or not significant horizontal non-coordinated effects are likely to result from a merger, such as the large market shares of the merging firms, the fact that the merging firms are close competitors, the limited possibilities for customers to switch suppliers, or the fact that the merger would eliminate an important competitive force. Not all those factors need to be present to make significant non-coordinated effects likely and it is not an exhaustive list.[145]

6.2.2. Horizontally affected markets

(149) Based on the market shares as set out in Section 5, there are two affected market segments in which the Parties' combined market shares exceed 20% and the HHI delta is above 150: (i) the worldwide market for the supply of WAPs and (ii) the worldwide market for the supply of WLAN equipment (Section 6.2.3).

(150) Furthermore, the Transaction also leads to a horizontal overlap in the EEA-wide market for Ethernet campus switches. While this market technically meets the conditions for simplified review under point 5 of the Notice on Simplified Treatment given that the Parties' combined market share is below 50% and the HHI delta is below 150, the lack of a Commission precedent and the resulting uncertainty about the market definition warrants a review in accordance with the Horizontal Merger Guidelines (Section 6.2.4).[146]

144 Merger Regulation, recital 25. Similar wording is also found in paragraph 25 of the Horizontal Merger Guidelines.

145 Horizontal Merger Guidelines, paragraph 26.

146 Pursuant to the safeguard clause in point 14 of the Notice on Simplified Treatment.

(151) The Transaction also results in horizontal overlaps for a number of other markets as set out in Section 5, which do not give rise to affected markets within the meaning of recital 25(g) Annex I to the Implementing Regulation, as they meet the conditions for review under point 5 of the Notice on Simplified Treatment.[147] These overlaps will not be assessed in detail in this Decision.

6.2.3. The worldwide markets for the supply of WAPs and WLAN equipment

(152) As discussed in Section 4.3 above, the Commission previously considered a market for the supply of WLAN equipment as well as a possible segmentation by WLAN component, including a potential separate market for the supply of WAPs. The Transaction causes both the broader and the narrower market to be affected. In this Section, the Commission carries out its competitive assessment for WLAN equipment alongside its assessment on the basis of the narrowest possible market definition, i.e., the worldwide market for the supply of WAPs.

6.2.3.1. The Notifying Party's views

(153) The Notifying Party considers that the Transaction will not give rise to competition concerns in the worldwide market for the supply of WLAN equipment, or in the narrower worldwide market segment for the supply of WAPs, for the following reasons.

(154) First, the combined share of the Parties in the worldwide market for the supply of WAPs as well as the overall worldwide market for WLAN equipment remains low ([20-30]% in the narrower WAPs segment and [20-30]% in the overall WLAN equipment market), and the increment brought about by the Transaction is limited ([5-10]% in the narrower WAPs segment and [5-10]% in the overall WLAN equipment market).

(155) Second, the Notifying Party submits that the merged entity will continue to be constrained by a number of other effective competitors post-Transaction. Cisco will remain the clear market leader post-Transaction in the narrower WAPs segment as well as the overall market for WLAN equipment, with a market share of [40-50]% and [40-50]% respectively.[148] In addition to Cisco, the merged entity will continue to face competition from numerous other competitors, including Huawei, Extreme Networks, CommScope, Arista Networks, H3C, Fortinet, Ubiquiti and TP-Link.[149]

(156) Third, the Notifying Party considers that the Parties' products are not close competitors and that their WAPs product offering, as well as their WLAN product offerings more broadly, are differentiated. In any event, the Notifying Party considers that the Parties' products are not competing more closely with each other than with the products of other competitors in the market.[150]

147 The combined share of the Parties in these markets is lower than 20%, in accordance with the Notice on Simplified Treatment, point 5(d)(i)(aa).

148 Form CO, paragraphs 680, 689 and following.

149 Form CO, paragraphs 680, 695 and following.

150 Form CO, paragraphs 680, 715 and following.

(157) Fourth, the Notifying Party submits that the barriers to entry and expansion in the market for the supply of WAPs specifically, and WLAN equipment more broadly, are low due to the lack of regulatory barriers, low technological barriers, and as demonstrated by recent entries.[151]

(158) Fifth, the Notifying Party submits that the merged entity will face sophisticated customers with significant buying power due to the procurement process for WLAN equipment, including WAPs, and the multi-sourcing policy that some customers maintain.[152]

6.2.3.2. The Commission's assessment

(159) The Commission considers that, for the reasons set out below, the Transaction does not raise serious doubts as to its compatibility with the internal market as a result of horizontal effects, neither in a worldwide market for WAPs, nor in an overall worldwide market for WLAN equipment.

(160) This Decision will first assess the impact of the Transaction on the narrowest possible product market, the **worldwide market for WAPs**. Then, it will assess whether the conclusion for the narrowest possible product market applies equally to the overall **worldwide market for WLAN equipment**, of which WAPs are a part.

6.2.3.2.1. Worldwide market for WAPs

(161) On the worldwide market for WAPs**,** first, the Commission notes that the Parties' combined 2023 market shares in a worldwide market for WAPs remain moderate, at [20-30]% respectively.[153]

(162) Second, a wide range of competitors will remain post-Transaction in the market for the supply of WAPs. First and foremost, the merged entity will continue to face competition from Cisco, a strong and established player across all networking markets, as well as from a large number of other companies.

(163) In the market investigation, the vast majority of respondents that expressed a view considered that a large number of companies supply products that compete with HPE's and Juniper's WAPs. Customers, competitors and distributors of the Parties consider that such suppliers include Cisco, Huawei, Fortinet, Extreme Networks, Ubiquiti, TP-Link, Zyxel, and CommScope, among others.[154] As to the main parameters of competition, the market respondents considered price, quality and after sales services to be of particular importance. Other factors such as brand name, a broad product portfolio or integrated or complementary software solutions have been considered less important.[155]

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151 Form CO, paragraphs 680, 722 and following.

152 Form CO, paragraphs 680, 725 and following.

153 Market shares for H1 2023 (see Section 5 above for more detail).

154 Replies to Market Investigation (Phase 1), questions E.A.1/2.

155 Replies to Market Investigation (Phase 1), question E.A.10. Many networking hardware providers, including the Parties, also provide network management software, which is typically considered as part of the Parties' hardware offer and generally not sold by hardware suppliers on a standalone basis. Asked specifically about the network management software, most market participants that expressed a view considered it either somewhat important or very important, but not the most important factor (Replies to Market Investigation (Phase 1), question E.A.11). The Commission therefore considers network management software as part of the hardware markets. Furthermore, there are a number of

(164) Furthermore, the market investigation has shown that distributors and resellers who supply WAPs to the end-customer are not subject to exclusivity agreements with vendors and generally offer WAPs of several vendors.[156]

(165) Therefore, despite the Parties' combined share of [20-30]% in a worldwide market for WAPs, the merged entity will continue to be constrained by a sufficient number of alternative suppliers post-Transaction.

(166) Third, there is some differentiation between WAPs in the market. Even though the majority of respondents that expressed a view considered that the campus switches of HPE and Juniper compete closely[157], some of them explained their response with statements pointing out the different customer needs to which HPE's and Juniper's WAPs respond. For example, a distributor noted that "*HPE and Juniper do have WAPs that compete closely and some that focus on different customer needs.*"[158] A reseller submitted that "*We see both WAP product lines competing in the same customer segments. However, depending on customer or solution requirements, both can also have a unique position due to it's individual function.*"[159] Furthermore, a customer explained that "*HPE is known for its Aruba networking solutions, which offer a wide range of network services. Juniper, on the other hand, focuses strongly on the integration of AI and machine learning into its Mist solutions. HPE and Juniper may have different focuses in terms of their target markets.*"[160]

(167) These statements are broadly in line with those of respondents submitting outright that HPE's and Juniper's WAPs focus on different customer needs.[161] Furthermore, they correspond to the Parties' submission that they may compete closely in some cases, but not more closely than with other competitors and depending on the customers' requirements. For example, HPE claims that it has a broader offering than Juniper, which only offers cloud-managed WAPs that cannot address the needs of customers wanting on-premises management.[162]

(168) In addition, market participants have identified a number of innovative competitors, including but not limited to the Parties, and describe the market as vibrant.[163]

(169) Against this background, customers will continue to have several alternative suppliers of WAPs to choose from.

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third-party vendors who offer network management solutions on a standalone basis, without also supplying the hardware. The Parties' market shares in relation to network management software would therefore not be any higher than the Parties' shares for related networking equipment (Form CO, paragraph 168).

156 Replies to Market Investigation (Phase 1), questions D.A.4/5 and D.B.2/3.

157 Replies to Market Investigation (Phase 1), questions E.A.3/4.

158 Replies to Market Investigation (Phase 1), question E.A.4.

159 Replies to Market Investigation (Phase 1), question E.A.4.

160 Replies to Market Investigation (Phase 1), question E.A.4.

161 Replies to Market Investigation (Phase 1), questions E.A.3/4.

162 Form CO, paragraph 716.

163 Replies to Market Investigation (Phase 1), questions E.A.5/6.

(170) Fourth, the Commission considers that customers have a certain level of countervailing buyer power. On average, end-customers conclude new contracts for the supply of WAPs every 3 to 5 years.[164] The end-customer is in control of the choice of vendor, having collected information themselves or following direct contacts with the vendors, or based on the outcome of a request for proposal or tender process based on specific technical requirements.[165]

(171) The vast majority of end-customers of networking equipment that expressed a view in the market investigation source a specific type of networking equipment such as WAPs from more than one vendor.[166] Furthermore, the vast majority of respondents that expressed a view consider that switching from one supplier of WAPs to another is a real option, even if it is technically complex and would require some time.[167] Even once end-customers have chosen a WAPs supplier, a majority of respondents taking a view submit that, in practice, they do switch between different vendors.[168] A vast majority of respondents expressing a view also indicated that end-customer would have the bargaining power to react in case of a price increase of the Parties' WAPs.[169]

(172) Overall, for the reasons outlined above, the Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market as a result of horizontal effects in a worldwide market for WAPs.

6.2.3.2.2. Worldwide market for WLAN equipment

(173) On the overall worldwide market for WLAN equipment, first, the Parties' combined 2023 market shares remain moderate, at [20-30]%.[170]

(174) Second, a wide range of competitors will remain post-Transaction in the market for the supply of WLAN equipment. The merged entity will continue to face competition from Cisco, a strong and established player across all networking markets, as well as from a large number of other companies.

(175) As explained above, in the market investigation, the vast majority of respondents that expressed a view considered that a large number of companies supply products that compete with HPE's and Juniper's WAPs. In addition, in an overall market for WLAN equipment, the merged entity will also face competition from suppliers of WLAN controllers. A significant amount of competitors supply WAPs as well as WLAN controllers, including Cisco and HPE, and the top 10 competitors for WAPs and for WLAN equipment more generally are largely the same.[171]

164 Replies to Market Investigation (Phase 1), questions D.C.2/3.
165 Replies to Market Investigation (Phase 1), questions D.C.4/5.
166 Replies to Market Investigation (Phase 1), questions D.C.6/7.
167 Replies to Market Investigation (Phase 1), questions E.A.14/15.
168 Replies to Market Investigation (Phase 1), questions E.A.12/13
169 Replies to Market Investigation (Phase 1), questions E.A.16/17.
170 Market shares for H1 2023 (see Section 5 above for more detail).
171 See Annex 17 Form CO (Gartner, Enterprise Network Equipment by Market Segment, Worldwide, 2Q23).

(176) Third, the Commission does not consider that the merged entity will have a significantly strengthened position as a result of adding Juniper's WAPs to its overall WLAN equipment offering. Whilst a majority of respondents to the market investigation who expressed a view indicated that a company that offers a bundle of WLAN components (e.g., WAPs and controllers) would have a competitive advantage over companies that offer each component separately[172], it is not clear how this advantage would materialise in practice. Indeed, the results of the market investigation were mixed as to customers' purchasing patterns. A slight majority of customers taking a view indicated that they typically acquire a bundle of networking products from the same vendor, a significant group indicated that they source networking equipment such as WAPs and WLAN controllers on a standalone basis.[173] Furthermore, pre-Transaction, HPE was already active as a supplier of WAPs and WLAN controllers. While the addition of Juniper's WAPs offering may strengthen the merged entity's WAPs offering post-Transaction, the possibility for HPE of offering bundles of WLAN equipment was pre-existing, and HPE's offering of WLAN controllers will not be strengthened post-Transaction given that Juniper does not supply WLAN controllers.

(177) Therefore, despite the Parties' combined share of [20-30]% in an overall worldwide market for WLAN equipment, the merged entity will continue to be constrained by a sufficient number of alternative suppliers post-Transaction.

(178) Overall, the majority of market participants that expressed a view considered that the Transaction will have a neutral impact on their company and on competition on the possible worldwide markets for the supply of WAPs or WLAN equipment more broadly.[174]

(179) Therefore, for all the reasons mentioned above, the Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market as a result of horizontal effects in a worldwide market for WLAN equipment.

6.2.4. The EEA-wide market for the supply of Ethernet campus switches

6.2.4.1. The Notifying Party's views

(180) The Notifying Party considers that the Transaction will not give rise to competition concerns in the putative market for the supply of Ethernet campus switches at an EEA-wide level for the following reasons.

(181) First, the combined market share of the Parties in the market for the supply of Ethernet campus switches remains modest in the EEA ([20-30]%) and the increment brought about by the Transaction is very limited ([0-5]%).[175]

172 Replies to Market Investigation (Phase 1), questions E.B.1/2.
173 Replies to Market Investigation (Phase 1), questions D.C.11/12.
174 Replies to Market Investigation (Phase 1), questions F.1/2 and F.3/4.
175 Form CO, paragraphs 616, 617 and following.

(182) Second, the Notifying Party submits that the merged entity will continue to be constrained by a number of other effective competitors post-Transaction. Cisco will remain the clear market leader post-Transaction, with a market share of [50-60]%.[176] In addition to Cisco, the merged entity will continue to face competition from numerous other competitors, including Huawei, Extreme Networks, Arista Networks, Ubiquiti, and Fortinet.[177]

(183) Third, the Notifying Party considers that the Parties' products are not closer competitors with each other than when compared with other competitors in the market.[178]

(184) Fourth, the Notifying Party submits that the barriers to entry and expansion in the market for Ethernet campus switches are low due to the lack of regulatory barriers, low technological barriers, and as demonstrated by recent entry.[179]

(185) Fifth, the Notifying Party submits that the merged entity will face sophisticated customers with significant buying power due to the procurement process for campus switches and the multi-sourcing policy that some customers maintain.[180]

6.2.4.2. The Commission's assessment

(186) The Commission considers that, for the reasons set out below, the Transaction does not raise serious doubts as to its compatibility with the internal market as a result of horizontal effects in an EEA-wide market for Ethernet campus switches.

(187) First, the Parties' combined 2023 market share in a narrowly defined, EEA-wide market for Ethernet campus switches remains moderate at [20-30]%.

(188) Second, a wide range of competitors will remain post-Transaction in the market for the supply of Ethernet campus switches. The merged entity will continue to face competition from Cisco, a strong and established player across all networking markets, as well as from a large number of other companies. As to the main parameters of competition, the market respondents considered price, quality and after sales services to be of particular importance. Other factors such as brand name, a broad product portfolio or integrated or complementary software solutions have been considered less important.[181] [182]

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176 Form CO, paragraphs 616, 622 and following.

177 Form CO, paragraphs 616, 630 and following.

178 Form CO, paragraphs 616, 658 and following.

179 Form CO, paragraphs 616, 666 and following.

180 Form CO, paragraphs 616, 677 and following.

181 Replies to Market Investigation (Phase 1), question E.C.10. Many networking hardware providers, including the Parties, also provide network management software, which is typically considered as part of the Parties' hardware offer and generally not sold by hardware suppliers on a standalone basis. Asked specifically about the network management software, most market participants that expressed a view considered it either somewhat important or very important, but not the most important factor (Replies to Market Investigation (Phase 1), question E.C.11). The Commission therefore considers network management software as part of the hardware markets. Furthermore, there are a number of third-party vendors who offer network management solutions on a standalone basis, without also supplying the hardware. The Parties' market shares in relation to network management software would therefore not be any higher than the Parties' shares for related networking equipment (Form CO, paragraph 168).

182 Replies to Market Investigation (Phase 1), question E.C.11.

(189) In the market investigation, the vast majority of respondents that expressed a view considered that a large number of companies supply products that compete with HPE's and Juniper's Ethernet campus switches. Customers, competitors, and distributors of the Parties consider that such suppliers include Cisco, Fortinet, Huawei, Arista Networks, Extreme Networks, Netgear,[183] and Ubiquiti, among others.[184]

(190) Furthermore, the market investigation has shown that distributors and resellers who supply Ethernet campus switches to end-customers are not subject to exclusivity agreements with vendors and generally offer Ethernet campus switches of several vendors.[185]

(191) Therefore, despite the Parties' combined share of [20-30]% at EEA-wide level, the merged entity will continue to be constrained by a sufficient number of alternative suppliers of Ethernet campus switches post-Transaction.

(192) Third, the level of differentiation between Ethernet campus switches is limited. Whilst the Parties are considered to compete closely, they do not appear to compete more closely with each other than with their competitors. When asked to indicate whether some suppliers are stronger than others, respondents to the market investigation frequently referred to Cisco and Arista Networks as strong competitors, in addition to the Parties.[186]

(193) Furthermore, the vast majority of distributors and resellers responding to the market investigation indicate at least some level of differentiation or focus on different customer needs. For instance, one reseller of Ethernet campus switches noted "*Depending on customer or solution requirements, both can also have a unique position due to it's individual function.*"[187] One distributor of campus switches noted that "*For entry level solutions HPE has a more adequate portfolio that better fits with customer's needs. In many other solutions HPE and Juniper compete closely and are alternative.*"[188] Another distributor considers that "*Juniper is focusing on larger High-End Segment – HPE is focusing on MID and SMB market*".[189]

(194) In addition, market participants have identified a number of different innovative competitors, including but not limited to the Parties.[190]

(195) Against this background, even though the majority of respondents that expressed a view considered that the campus switches of HPE and Juniper compete closely,[191] customers will continue to have several alternative suppliers of Ethernet campus switches with comparable offerings to choose from.

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183 Netgear had a share of [0-5]% in 2022 but [0-5]% in 2023 and is hence included in the 'Others' category in Table 2 above. Form CO, Annex 17.

184 Replies to Market Investigation (Phase 1), questions E.C.1/2.

185 Replies to Market Investigation (Phase 1), questions D.A.4/5, D.B.2/3 and D.C.11.

186 Replies to Market Investigation (Phase 1), question E.C.2.

187 Replies to Market Investigation (Phase 1), question E.C.4.

188 Replies to Market Investigation (Phase 1), question E.C.4.

189 Replies to Market Investigation (Phase 1), question E.C.4.

190 Replies to Market Investigation (Phase 1), questions E.C.5/6.

191 Replies to Market Investigation (Phase 1), question E.C.3.

(196) Fourth, whilst respondents to the market investigation submit that entry is difficult due to the presence of legacy suppliers, there are also some examples of entry in the market for Ethernet campus switches in recent years, including Arista Networks and, more recently, Nile Security.[192]

(197) Fifth, the Commission notes that customers have a certain level of countervailing buyer power. On average, end-customers conclude new contracts for the supply of Ethernet campus switches every 5 years.[193] The end-customer is in control of the choice of vendor, having collected information themselves or following direct contacts with the vendors, or based on the outcome of a request for proposal or tender process based on specific technical requirements.[194]

(198) The vast majority of end-customers of networking equipment that expressed a view in the market investigation source a specific type of networking equipment such as Ethernet campus switches from more than one vendor.[195] Furthermore, the vast majority of respondents that expressed a view consider that switching from one supplier of campus switches to another is a real option, even if it is technically complex and would require some time.[196] A vast majority of respondents expressing a view also indicated that end-customer would have the bargaining power to react in case of a price increase of the Parties' Ethernet campus switches.[197]

(199) Finally, the majority of market participants that expressed a view considered that the Transaction will have a neutral impact on their company and on competition on the possible EEA-wide market for the supply of Ethernet campus switches.[198]

(200) Therefore, the Commission concludes that the Transaction would not raise serious doubts as to its compatibility with the internal market as a result of horizontal effects on a putative EEA-wide market for the supply of Ethernet campus switches.

6.3. Conglomerate effects

6.3.1. Legal framework

(201) According to the Non-Horizontal Merger Guidelines, in the majority of circumstances, conglomerate mergers will not lead to any competition problems.[199]

(202) 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. 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

192 Replies to Market Investigation (Phase 1), questions E.C.7/8.
193 Replies to Market Investigation (Phase 1), questions D.C.2/3.
194 Replies to Market Investigation (Phase 1), question D.C.4.
195 Replies to Market Investigation (Phase 1), questions D.C.6/7.
196 Replies to Market Investigation (Phase 1), questions E.C.12/13.
197 Replies to Market Investigation (Phase 1), questions E.C.14/15.
198 Replies to Market Investigation (Phase 1), questions F.1/2 and F.3/4.
199 Non-Horizontal Merger Guidelines, paragraph 92.

incentive to compete. This may reduce the competitive pressure on the merged entity allowing it to increase prices.[200]

(203) In assessing the likelihood of such a scenario, the Commission examines, first, whether the merged firm would have the ability to foreclose its competitors[201], second, whether it would have the economic incentive to do so,[202] and third, whether a foreclosure strategy would have a significant detrimental effect on competition, thus causing harm to consumers.[203] These factors are cumulative and often examined together as they are closely intertwined.

(204) In order to be able to foreclose competitors, the merged entity must have a significant degree of market power, which does not necessarily amount to dominance, in one of the markets concerned. The effects of tying or bundling can only be expected to be substantial when at least one of the merging parties' products is viewed by many customers as particularly important and there are few relevant alternatives for that product.[204] Further, for foreclosure to be a potential concern, it must be the case that there is a large common pool of customers, which is more likely to be the case when the products are complementary.[205] Finally, bundling is less likely to lead to foreclosure if rival firms are able to deploy effective and timely counter-strategies, such as single-product companies combining their offers.[206]

(205) The incentive to foreclose competitors through tying or bundling depends on the degree to which this strategy is profitable.[207] Bundling and tying may entail losses or foregone revenues for the merged entity.[208] However, they may also allow the merged entity to increase profits by gaining market power in the tied goods market, protecting market power in the tying good market, or a combination of the two.[209]

(206) It is only when a sufficiently large fraction of market output is affected by foreclosure resulting from the concentration that the concentration may significantly impede effective competition. If there remain effective single-product players in either market, competition is unlikely to deteriorate following a conglomerate concentration.[210] The effect on competition needs to be assessed in light of countervailing factors such as the presence of countervailing buyer power or the likelihood that entry would maintain effective competition in the upstream or downstream markets.[211]

200 Non-Horizontal Merger Guidelines, paragraphs 91 and 93.
201 Non-Horizontal Merger Guidelines, paragraphs 95-104.
202 Non-Horizontal Merger Guidelines, paragraphs 105-110.
203 Non-Horizontal Merger Guidelines, paragraphs 111-118.
204 Non-Horizontal Merger Guidelines, paragraph 99.
205 Non-Horizontal Merger Guidelines, paragraph 100.
206 Non-Horizontal Merger Guidelines, paragraph 103.
207 Non-Horizontal Merger Guidelines, paragraph 105.
208 Non-Horizontal Merger Guidelines, paragraph 106.
209 Non-Horizontal Merger Guidelines, paragraph 108.
210 Non-Horizontal Merger Guidelines, paragraph 113.
211 Non-Horizontal Merger Guidelines, paragraph 114.

6.3.2. Conglomerate relationships

(207) The Notifying Party has identified two potential markets where HPE's market share exceeds 30% that can be considered as closely related to the supply of networking equipment (in particular the market for datacentre switches), namely (i) the worldwide market for the supply of mid-range servers (USD 25,000 – 250,000) (Section 6.3.3), and (ii) the worldwide market for the supply of HPC systems (Section 6.3.4). In the next sections, the Commission will assess in accordance with the Non-Horizontal Merger Guidelines whether the Transaction will have a significant impact on the closely related markets on which Juniper is active.[212]

6.3.3. Foreclosure of the Juniper's networking rivals by tying or bundling with HPE's servers

(208) Customers that purchase servers also purchase datacentre switches. HPE's activities as a supplier of servers can therefore be considered as closely related to the supply of networking equipment, and in particular datacentre switches, in which Juniper is active.

(209) As set out in Section 4.8, the market investigation was inconclusive as to whether a further segmentation of the market for the supply of servers is warranted, and, if so, on which basis. Given that HPE's market share in 2022 exceeded 30% on the worldwide market for the supply of mid-range servers according to the segmentation applied by IDC,[213] this section assesses whether the merged entity could foreclose its networking rivals by tying or bundling Juniper's networking products, and in particular its datacentre switches, to HPE's servers in this putative market.

6.3.3.1. The Notifying Party's views

(210) The Notifying Party submits that the merged entity would not have the ability to foreclose competing datacentre switches vendors by bundling HPE's mid-range servers with its datacentre switches. In particular, the Notifying Party submits that, while some customers purchase mid-range servers and datacentre switches together from the same vendors, each solution is available and commonly sold on a standalone basis, and separate demand exists for each product.[214]

6.3.3.2. The Commission's assessment

(211) For the reasons set out below and based on the results of the market investigation, the Commission considers that the merged entity would not have the ability to foreclose Juniper's networking rivals, in particular rival suppliers of datacentre switches, by tying or bundling the sale of Juniper's datacentre switches to HPE's mid-range servers. Therefore, given that the conditions under the Non-Horizontal Merger Guidelines are cumulative, the Commission does not need to take a position on whether the two other conditions are satisfied.[215]

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212 Pursuant to the safeguard clause in point 17 of the Notice on Simplified Treatment.

213 See Section 5, Table 9.

214 Form CO, para. 748.

215 Non-Horizontal Merger Guidelines, paragraphs 93-118.

(212) First, for the purpose of this Decision, the Commission considers that the merged entity does not have a significant degree of market power in the worldwide market for mid-range servers. Post-Transaction, HPE will continue to face competition from several established players such as Dell, Cisco and Lenovo, each of which had market shares of more than 10% in 2022 and 2021, with HPE's market share circling around 30% in the same years ([30-40]% in 2022 and [20-30]% in 2021).[216]

(213) Second, while many companies have a single department for the procurement of IT infrastructure[217], the purchasing patterns for both products vary. The majority of respondents that expressed a view in the market investigation noted that customers do not tend to purchase servers and datacentre switches at the same time.[218]

(214) Third, the majority of server customers expressing a view indicated that the merged entity would not obtain a significant competitive advantage by offering Juniper's datacentre switches as a bundle with HPE servers, noting that there are many factors to consider, including technical and volume requirements.[219] Furthermore, HPE today already supplies both mid-range servers and datacentre switches, yet its market share on the market for the supply of datacentre switches remains limited ([0-5]% worldwide and [0-5]% in the EEA).[220]

(215) Fourth, to the extent that customers would value a bundled offer, the Parties' competitors could replicate and challenge any tied or bundled products. Cisco, for instance, already offers both servers and datacentre switches and could bring a bundled offer to market. In addition, non-integrated competitors that do not offer servers in addition to datacentre switches could still compete post-merger by partnering with other vendors of servers. Already today, customers purchase servers and datacentre switches from different vendors. For example, given HPE's limited presence in datacentre switching, many of its customers prefer to rely on another vendor for datacentre switches. Conversely, Juniper's datacentre switches customers are required to rely on other vendors for their server needs, as Juniper does not offer servers. The possibility for competitors to replicate a potential bundled offer of the merged entity by bringing their own bundled offer to the market, alone or in cooperation with other vendors, is also confirmed by the response to the market investigation.[221]

(216) Finally, the majority of HPE's customers of mid-range servers that expressed a view considered that the Transaction will have a neutral impact on their company as well as the market for the supply of datacentre switches.[222]

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216 As set out in Section 5 above, HPE's share in 2023 amounted to [5-10]%. The shares of Dell, Cisco and Lenovo amounted to [5-10]%, [0-5]% and [0-5]% respectively. Given the large shift of the market shares compared to prior years, the Commission conservatively conducted its assessment on the basis of HPE's market share in 2022.

217 Replies to Market Investigation (Phase 1), questions D.D.1/2; Replies to Market Investigation (Phase 1) HPE server customers, questions D.1/2.

218 Replies to Market Investigation (Phase 1), questions D.D.3/4; Replies to Market Investigation (Phase 1) HPE server customers, questions D.3/4.

219 Replies to Market Investigation (Phase 1), questions E.D.1/2; Replies to Market Investigation (Phase 1) HPE server customers, questions D.5/6.

220 Form Co, Annex 17.

221 Replies to Market Investigation (Phase 1) HPE server customers, question D.6.

222 Replies to Market Investigation (Phase 1) HPE server customers, questions E.1-E3.

6.3.3.3. Conclusion

(217) In view of the above considerations and in light of the results of the market investigation and the evidence and information available to it, the Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market as a result of conglomerate effects, notably by tying or bundling Juniper's datacentre switches to HPE's servers, considering that the merged entity would not have the ability to engage in such strategy.

6.3.4. Foreclosure of the Juniper's networking rivals by tying or bundling with HPE's HPC systems

(218) Customers that purchase HPC systems purchase an integrated system of high-density servers, high-performance storage and high-performance networking fabrics. The latter are made up of various components, such as switches, adapters, cables and related software. Customers that purchase HPC systems therefore require switches.

(219) Juniper does not supply HPC systems, nor high-performance networking fabrics such that there is no horizontal overlap between the Parties with regards to HPC systems. Juniper does supply datacentre switches. HPE's activities as a supplier of HPC systems can therefore be considered as closely related to the supply of datacentre switches, in which Juniper is active.

6.3.4.1. The Notifying Party's views

(220) The Notifying Party submits that while Juniper supplies datacentre switches, its Ethernet-based datacentre switches are not optimised for HPC use cases. Unlike high-performance interconnects, they do not deliver the high-end performance in terms of bandwidth and latency. Therefore, the Notifying Party submits that these products cannot be considered to be complementary products.

(221) To the extent that the Commission would consider that Juniper's datacentre switches could be relevant for HPC use cases, the Notifying Party submits that this would only be relevant for low-performance HPC solutions, where customers would source servers, storage and interconnects separately rather than as part of an integrated HPC system. In such a scenario, the relevant related markets would be the markets for storage and servers, in which neither of the Parties have market power.

(222) The Notifying Party further submits that the merged entity would in any event not have the ability to engage in a foreclosure strategy in respect of HPE's HPC products. First, the Notifying Party argues that HPE does not have market power in either market, facing a wide range of competitors such as Dell, Lenovo, and others. Second, HPE already supplies both products and its market shares nevertheless remain limited, such that HPE could have already engaged in a hypothetical bundling strategy. Third, competing suppliers of datacentre switches supply a much broader range of customers than those who use it for HPC applications. Fourth, the Notifying Party submits that customers have significant countervailing buyer power and could switch to other providers of HPC systems in response to a bundling strategy.[223]

[223] Notifying Party's response to RFI 7.

6.3.4.2. The Commission's assessment

(223) For the purpose of this Decision, the Commission considers that there is potentially a close relationship between HPE's activities as a supplier of HPC systems and Juniper's datacentre switches offering. While the majority of HPE's HPC customers that expressed a view confirmed that only high-performance datacentre switches are suitable for HPC applications[224], consistent with Commission precedent, the vast majority of respondents to the market investigation who expressed a view submitted that Juniper's Ethernet-based datacentre switches are already or increasingly suitable for HPC applications. Juniper's Ethernet-based datacentre switches are therefore potentially closely related to the HPC systems such as those supplied by HPE. The Commission will therefore assess this conglomerate relationship on the basis that the Transaction may have a significant impact on the worldwide market for Ethernet-based datacentre switches, given HPE's market share of more than 30% in a potential market for HPC.

(224) For the reasons set out below and based on the results of the market investigation, the Commission considers that the merged entity would not have the ability to foreclose Juniper's networking rivals, in particular rival suppliers of datacentre switches, by tying or bundling the sale of Juniper's datacentre switches to HPE's HPC offering. Therefore, given that the conditions under the Non-Horizontal Merger Guidelines are cumulative, the Commission does not need to take a position on whether the two other conditions are satisfied.[225]

(225) First, the merged entity does not have a significant degree of market power in a putative worldwide market for HPC systems. HPE had a market share between [30-40]% and [30-40]% over the past three years, facing competition from established players such as Dell, Lenovo, Atos and others, with Dell as the largest competitor at [20-30]% in 2023. Market shares have remained stable in the past few years, and HPE will continue to face competition post-Transaction.

(226) Second, while many companies have a single department for the procurement of IT infrastructure[226], the purchasing patterns for both products vary. The majority of HPE's HPC customers that expressed a view in the market investigation noted that they do not tend to purchase HPC systems and datacentre switches at the same time.[227]

(227) Third, the majority of respondents expressing a view in the market investigation indicated that the merged entity would not obtain a significant competitive advantage by offering Juniper's datacentre switches as a bundle with HPE's HPC offering, noting that procurement is usually done separately and mainly based on technical requirements, even if there could be some cost efficiencies.[228] Furthermore, HPE today already supplies both HPC systems and datacentre switches, yet its market share on the market for the supply of datacentre switches remains limited ([0-5]% worldwide and [0-5]% in the EEA).[229]

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224 Replies to Market Investigation (Phase 1) HPE HPC customers, questions C.1/2.

225 Non-Horizontal Merger Guidelines, paragraphs 93-118.

226 Replies to Market Investigation (Phase 1) HPE HPC customers, questions C.5/6.

227 Replies to Market Investigation (Phase 1) HPE HPC customers, questions C.7/8.

228 Replies to Market Investigation (Phase 1), questions E.E.3/4; Replies to Market Investigation (Phase 1) HPE HPC customers, questions C.9/10.

229 See Section 4 above.

(228) Fourth, the demand for datacentre switches to be used for HPC applications is only a small part of the total demand for datacentre switches. As a result, even if HPE were to bundle Juniper's datacentre switches with its mid-range servers, a large part of the worldwide market for the supply of datacentre switches would remain contestable for non-integrated suppliers of datacentre switches.

(229) Finally, the majority of HPE's HPC customers that expressed a view in the market investigation considered that the Transaction will have a neutral or positive impact on their company as well as the market for HPC and the market for the supply of datacentre switches[230].

6.3.4.3. Conclusion

(230) In view of the above consideration and in light of the results of the market investigation and the evidence and information available to it, the Commission concludes that the Transaction does not raise serious doubts as to its compatibility with the internal market as a result of conglomerate effects, notably by tying or bundling Juniper's datacentre switches to HPE's HPC offering, considering that the merged entity would not have the ability to engage in such strategy.

7. CONCLUSION

(231) 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

[230] Replies to Market Investigation (Phase 1) HPE HPC customers, questions D.1/2, D.3.