



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM158Oct15

In the matter between:

EOH ABANTU (PTY) LTD

Primary Acquiring Firm

and

**GRID CONTROL TECHNOLOGIES (PTY) LTD, FORENSIC DATA ANALYSTS
(PTY) LTD AND INVESTIGATIVE SOFTWARE SOLUTIONS (PTY) LTD**

Primary Target Firms

Panel : Yasmin Carrim (Presiding Member)
: Mondo Mazwai (Tribunal Member)
: Fiona Tregenna (Tribunal Member)
Heard on : 18 November 2015
Order Issued on : 18 November 2015
Reasons Issued on : 25 November 2015

Reasons for Decision

Approval

[1] On 18 November 2015, the Competition Tribunal ("Tribunal") unconditionally approved the merger between EOH Abantu (Pty) Ltd ("EOH") and Grid Control Technologies (Pty) Ltd ("GCT"), Forensic Data Analysts (Pty) Ltd ("FDA") and Investigative Software Solutions (Pty) Ltd ("ISS").

[2] The reasons for approving the proposed transaction follow.

Parties to transaction

Primary acquiring firm

- [3] The primary acquiring firm is EOH Abantu (Pty) Ltd (“EOH”). It is wholly controlled by EOH Holding Limited and is a company listed on the JSE.
- [4] EOH develops business and IT strategies, supplies and implements solutions, and manages enterprise-wide business systems for medium to large clients.

Primary target firms

- [5] The primary target firms are Grid Control Technologies (Pty) Ltd (“GCT”), Forensic Data Analysts (Pty) Ltd (“FDA”) and Investigative Software Solutions (Pty) Ltd (“ISS”). These firms are wholly owned by Business Venture Investments 1549 (Pty) Ltd who is the sole shareholder.
- [6] GCT manufactures and provides water and electricity metering solutions which allows municipalities and landlords to better manage and interface with its energy and water users.
- [7] FDA provides forensic software and hardware solutions. Its products include forensic evidence management¹, firearm management² and forensic hardware and equipment.³
- [8] ISS provides analytical software solutions on the IBM i2 product suite. These solutions are provided to customers for forensic investigative purposes.

Proposed transaction and rationale

- [9] The proposed transaction involves EOH purchasing 100% of the target firms’ shares from its shareholder.

¹ This product allows for the maintenance and tracking of case related exhibits and documents in a secure environment.

² Allows investigators to track and trace firearms and firearm permits

³ These products allows for the collection and processing of forensic investigative evidence

[10] EOH submits that the acquisition will assist it in leveraging its business by allowing it to expand its existing product offering and acquire strong management teams.

[11] The target firms' shareholder submits that the transaction will allow it to recoup its investment as well as provide the target firms and its employees with better growth opportunities through a larger listed group.

Impact on competition

[12] The Commission considered the activities of the merging parties and found there was no product overlap. The Commission engaged with a number of the parties' customers and found that there was no evidence of demand side substitutability. Customers were not able to substitute the target firms' products with those of the acquiring firm

[13] However given that the merging parties have two business units, namely Energy Insight and Energy Cybernetics which provide energy management services, similar to that offered by GCT, the Commission then considered whether there was any prospect of supply side substitutability.

[14] Energy Insight and Energy Cybernetics's core competency is to assist customers with energy usage optimization and energy cost management. GCT's core competency is to upgrade meters and provide appropriate software solutions to allow customers to manage the administrative aspects of water and electricity usage by end-users. In its investigation, the Commission found that these services were not substitutable.

[15] Furthermore the merging parties submitted that there were a number of factors which impeded their ability to provide a more comprehensive utility management system and as such had no intention of upgrading the system post-merger. This included the substantial cash and time investment as well as significant staff training costs that would be required to refocus the businesses from their current core competencies. Based on the above, the Commission concluded there was unlikely to be any supply side substitution.

[16] We concur with the Commission's competition assessment that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market.

Public interest

[17] The merging parties confirmed that the proposed transaction will not result in an adverse impact on employment.⁴ The proposed transaction further raises no other public interest concerns.

Conclusion

[18] In light of the above, we conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. In addition, no public interest issues arise from the proposed transactions. Accordingly, we approve the proposed transaction unconditionally.



Ms Yasmin Carrim

25 November 2015
DATE

Ms Mondo Mazwai and Ms Fiona Tregenna concurring

Tribunal Researcher: Karissa Moothoo Padayachie

For the merging parties: Michael Baxter, John King, Jayesh Ranchod and Renee Fielder for EOH. Vhonani Mufamadi and Keith Keating for GCT.

For the Commission: Ratshidaho Mapwanya and Nolubabalo Myoli

⁴ *Inter alia* merger record page 7.