



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 018408

In the matter between:

MB TECHNOLOGIES INVESTMENTS (PTY) LTD

Primary Acquiring Firm

AND

SECUREDATA HOLDINGS LTD

Primary Target Firm

Panel	: Dr Takalani Madima (Presiding Member)
	: Prof Imraan Valodia (Tribunal Member)
	: Anton Roskam (Tribunal Member)
Heard on	: 26 February 2014
Order Issued on	: 26 February 2014
Reasons Issued on	: 4 April 2014

Reasons for Decision

Approval

- [1] On 26 February 2014 The Competition Tribunal ("**the Tribunal**") unconditionally approved the acquisition of SecureData Holdings Ltd by MB Technologies Investments (Pty) Ltd.
- [2] The reasons for approval of the proposed transaction follow below.

Parties to the Transaction

Primary acquiring firm

- [3] The primary acquiring firm is MB Technologies Investments (Pty) Ltd ("**MB Technologies**"), a company incorporated in terms of the laws of the Republic of South Africa. MB Technologies is controlled by Investec Bank Limited ("**Investec Bank**") which is in turn controlled by Investec Limited ("**Investec**"), a company listed on the Johannesburg Securities Exchange ("**JSE**"). Investec's largest shareholders are as follows:

- Public Investment Corporation;
- Investec Staff Share Schemes;
- Old Mutual;
- Old Mutual Group; and
- Alan Gray.

- [4] MB Technologies controls and wholly owns the following firms:

- Advanced Channel Technologies (Pty) Ltd;
- Channel Capital (Pty) Ltd;
- Channel Risk Management (Pty) Ltd;
- Channelware (Pty) Ltd;
- Tarsus Technologies (Pty) Ltd;
- Printacom Technologies;
- MBT Secretarial Services (Pty) Ltd; and
- MBT Services (Pty) Ltd.

Primary target firm

- [5] The primary target firm is SecureData Holdings Ltd ("**SecureData**"), a company incorporated in terms of the laws of the Republic of South Africa and listed on the JSE. SecureData directly controls the following subsidiaries:
- SecureData Administration (Pty) Ltd;
 - SecureData Continuity (Pty) Ltd; and;
 - SecureData Security (Pty) Ltd.
- [6] The five largest shareholders of SecureData are as follows:
- 360 NE Asset Management (Pty) Ltd;
 - Treacle Investments (Pty) Ltd;
 - Rhys Summerton;
 - Treacle Fund II Trust; and
 - Golden Hind Partnership.

Proposed Transaction

- [7] The proposed transaction is structured as a Scheme of Arrangement in terms of section 114 of the Companies Act 71 of 2008 and a delisting. The first step in the transaction involves MB Technologies acquiring the entire issued share capital of SecureData. The second step involves SecureData delisting from the JSE. Post-merger, MB Technologies will hold the entire issued share capital of SecureData and will control SecureData.

Rationale

- [8] MB Technologies views the proposed acquisition of SecureData as an attractive business opportunity which is likely to increase diversification, synergies and lead to cost saving.
- [9] SecureData is of the view that the specific business areas of the merging firms complement one another in that MB Technologies will play a role in driving SecureData's strategy going forward. It also provides SecureData's shareholders with a cash exit opportunity.

Relevant Market and Impact on Competition

- [10] SecureData is operative in the information security sector, specifically as a distributor and seller of risk management solutions. MB Technologies, also operating in the IT sector, focuses rather on the sale and distribution of IT equipment. There thus exists a horizontal overlap in the national market for the distribution of information security products within the Information Technology ("IT") sector.
- [11] Post-merger the merged entity will hold a market share of about 20% (MB Technologies, the acquiring firm, holds less than 1% market share) and will remain constrained by other information security distributors such as Westcon (35%), Axiz Workgroup (20%), Unlimited Networks (10%) and others.
- [12] The presence of viable alternative players in the market and the relative homogeneity of the product provide customers with a certain degree of countervailing power and this further militates against competition concerns.

Public Interest


- [13] No public interest concerns arise from the proposed transaction.

Conclusion

- [14] In light of the above I conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in the national market for the distribution of information security products within the IT sector.
- Accordingly, I approve the transaction unconditionally.

4 APRIL 2014

DATE



Dr Takalani Madima

Prof Imraan Valodia and Anton Roskam concurring

Tribunal Researcher: Derrick Bowles/ Shannon Quinn

For the merging parties: Natalie von Ey- Cliffe Dekker Hofmeyr Inc

For the Commission: Tshegofatso Radinku