

**COMPETITION TRIBUNAL  
REPUBLIC OF SOUTH AFRICA**

**Case No.: 75/LM/Jul00**

**In the large merger between**

**The Bidvest Group Ltd**

**and**

**I-Fusion Holdings Ltd**

---

**Reasons for the Competition Tribunal's Decision**

---

**Approval**

The Competition Tribunal issued a Merger Clearance Certificate on 10 August 2000 approving the merger between Bidvest and I-Fusion without conditions. The reasons for our decision are set out below.

**The Transaction**

Bidvest intends to acquire a controlling shareholding (60%) in I-Fusion Holdings. According to Bidvest the acquisition of I-Fusion would enhance its capability to develop Bidvest's own internal computer systems within the group and, at the same time, I-Fusion needed to introduce a strategic controlling shareholder to add value to its current and future operations.

According to Bidvest its hardware and human resources will be combined with those of I-Fusion to produce a substantial computer network to be used internally by the Group, but which could also profitably be made available to other firms.

**The relevant market**

I-Fusion focuses on three areas namely Networking, Services and Systems Integration which include services such as providing networking capability, IT consultancy, project management, midrange and desktop support, third party maintenance operations and providing customers with database software, network integration hardware infrastructure and desktop products.

Bidvest is involved in freight management, supply and distribution of commercial office products, branded fastening, packaging, strapping and adhesive products, outsourcing

services including cleaning, security and laundry services, distribution of a comprehensive range of products to the leisure, hospitality and food service industries, manufacture and distributor of products to the bakery, meat and food industries, and travel related financial services.

### **The impact on competition in the relevant market**

The Bidvest Group and I-Fusion Holdings do not compete in the same markets. However, I-Fusion supplies the Bidvest Group with IT equipment and services and the Bidvest Group supplies I-Fusion with an insignificant amount of stationery. The transaction might, therefore, have an affect on vertical competition in the IT industry.

I-Fusion has, based on turnover, less than 1% of the IT market and competes with major players such as Datatec, Comparex, Mustek, MB Technologies, Dimension Data, AST Abraxis. Datatec is the largest with an estimated market share of 10%.

I-Fusion informed the Tribunal that it is not a manufacturer of IT equipment nor does it have exclusivity on any operating systems such as IBM, Unix or AIX. Bidvest will, therefore, still have to purchase its IT equipment from suppliers outside the Bidvest group. I-Fusion also informed the Tribunal that none of its current customers are competitors of Bidvest.

### **Conclusion**

In light of the above the Tribunal is satisfied that the merger does not substantially prevent or lessen competition in the relevant horizontal or vertical markets, nor does it raise any of the public interest concerns listed in section 16(3) of the Act.

---

D. Lewis

6 September 2000

---

Date

Concurring: N.M. Manoim and P.E Maponya