



**COMESA Competition Commission**

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**Common Market for Eastern  
and Southern Africa**

**Case File No. CCC/MER/08/34/2024**

**Decision<sup>1</sup> of the 113<sup>th</sup> Meeting of the Committee Responsible  
for Initial Determinations Regarding the Proposed  
Acquisition by Clayton, Dubilier & Rice Fund XII, L.P. of Joint  
Control of Exclusive Networks S.A.**

**ECONOMIC SECTOR:** Information Technology



**20 December 2024**

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<sup>1</sup> In the published version of this decision, some information has been omitted pursuant to Rule 73 of the COMESA Competition Rules concerning non-disclosure of business secrets and other confidential information. Where possible, the information omitted has been replaced by ranges of figures or a general description.

## **The Committee Responsible for Initial Determinations,**

Cognisant of Article 55 of the Treaty establishing the Common Market for Eastern and Southern Africa (the “**COMESA Treaty**”);

Having regard to the COMESA Competition Regulations of 2004 (the “**Regulations**”), and in particular Part 4 thereof;

Mindful of the COMESA Competition Rules of 2004, as amended by the COMESA Competition [Amendment] Rules, 2014 (the “**Rules**”);

Conscious of the Rules on the Determination of Merger Notification Thresholds and Method of Calculation of 2015;

Recalling the overriding need to establish a Common Market;

Recognising that anti-competitive mergers may constitute an obstacle to the achievement of economic growth, trade liberalization and economic efficiency in the COMESA Member States;

Considering that the continued growth in regionalization of business activities correspondingly increases the likelihood that anti-competitive mergers in one Member State may adversely affect competition in another Member State,

Desirous of the overriding COMESA Treaty objective of strengthening and achieving convergence of COMESA Member States’ economies through the attainment of full market integration,

Having regard to the COMESA Merger Assessment Guidelines of 2014,

Determines as follows:

### **Introduction and Relevant Background**

1. On 18 September 2024, the Commission received a notification for approval of the merger regarding the proposed acquisition by Clayton, Dubilier & Rice Fund XII, L.P. (“**CD&R**” or the “**acquirer**”, together with its controlling and controlled affiliates, the “**CD&R Group**” or the “**acquiring group**”) of joint control with Permira Holdings Limited (“**Permira**”) of Exclusive Networks S.A. (“**Exclusive Networks**” or the “**target**”), pursuant to Article 24(1) of the Regulations.
2. Pursuant to Article 26 of the Regulations, the Commission is required to assess whether the transaction between the parties would or is likely to have the effect of substantially preventing or lessening competition or would be contrary to public interest in the Common Market.
3. Pursuant to Article 13(4) of the Regulations, there is established a Committee Responsible for Initial Determinations, referred to as the CID. The decision of the CID is set out below.



## The Parties

### CD&R (the “acquirer”)

4. The parties submitted that **CD&R**” (together with its controlling and controlled affiliates, the **CD&R Group**) is a private equity fund forming part of the CD&R Group. The CD&R Group is a private equity investment group based in the U.S., which originates, structures and frequently acts as a lead equity investor in management buyouts, strategic minority equity investments and other strategic investments in a variety of economic sectors.
5. The parties submitted that the CD&R Group is a leading private investment firm with a strategy of generating strong investment returns by building more robust and sustainable businesses through the combination of skilled investment experience and deep operating capabilities.
6. CD&R submitted that in partnership with the management teams of its portfolio companies, the CD&R Group takes a long-term view of value creation and emphasizes positive stewardship and impact. The group invests in businesses that span a broad range of industries, including industrial, healthcare, consumer, technology and financial services end markets. The CD&R Group is privately owned by its partners and has offices in New York and London.
7. CD&R also submitted that within the Common Market, the CD&R Group operates in all Member States, except Comoros, and Somalia as presented in Table 1 below.

**Table 1: List of CD&R Controlled Portfolio Companies with Activities in the COMESA Member States<sup>2</sup>**

Name of portfolio company	Description of global activities	Member State where turnover is generated
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

<sup>2</sup> Confidentiality of Information claimed by the merging parties.





[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

**Exclusive Networks (the “target firm”)**

8. Exclusive Networks submitted that it is a société anonyme incorporated in accordance with the Laws of France, with its registered address at 20, Quai du Pont du Jour, 92100 Boulogne-Billancourt, France.
9. Exclusive Networks is active globally in the wholesale distribution of Information Technology (“IT”) products and solutions, providing supporting value-added services. It works with vendors of such technologies to enable them to distribute their products across a large number of jurisdictions, including through the provision of specialist expertise (e.g., marketing and logistics expertise). Exclusive Networks also provides supporting services, related to the products it distributes.
10. In the Common Market, Exclusive Networks is active in the wholesale distribution of IT products and solutions. IT distribution involves the supply of IT products (such as servers, software, storage devices, PCs, etc.), by different IT manufacturers to wholesale distributors and to resellers. The resellers then sell the products to end customers. Specifically, Exclusive Networks works with vendors of hardware, software, and services dedicated to enterprise IT servers, storage, security and software.
11. Exclusive Networks also submitted that it generates turnover through the following controlled firms incorporated in the Common Market:
  - (i) Exclusive Networks Mauritius (Exclusive Networks Mauritius), with its business address at 203B Moka Business Centre, Mount Ory Road, Bon Air, Moka, Mauritius; and
  - (ii) Exclusive Networks Kenya Limited (Exclusive Networks Kenya), with its business address at The Citadel, 4<sup>th</sup> Floor, Office No.4B, Muthithi Road, Nairobi, Kenya.



12. Exclusive Networks further submitted that it controls the following firms incorporated outside the Common Market that generate turnover from sales of IT products to customers located in the Common Market:
- (i) Exclusive Networks SAS (France), with its business address at 20 quai du Point du Jour, 92100 Boulogne-Billancourt, France;
  - (ii) Nuaware Limited (United Kingdom), with its business address at C/O Rodliffe Accounting Ltd 1 Canada Sq 37th Floor, Canary Wharf, London, United Kingdom, E14 5AA;
  - (iii) Networks Distributors FZ LLC (United Arab Emirates), with its business address at 35th Floor – office 3502 – Shatha Tower, Media City, Dubai – PO Box 5006400;
  - (iv) Exclusive Networks Topco South Africa (Pty) Ltd (South Africa), with its business address at Unit 24, Oxford Office Park, 3 Bauhinia Street, Highveld Technopark, 0169, Gauteng.
13. In the Common Market, Exclusive Networks operates in the DRC, Djibouti, Egypt, Eswatini, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Somalia, Tunisia, Uganda and Zambia.

### **Jurisdiction of the Commission**

14. Article 24(1) of the Regulations requires ‘notifiable mergers’ to be notified to the Commission. Rule 4 of the Rules on the Determination of Merger Notification Thresholds and Method of Calculation (the “**Merger Notification Thresholds Rules**”) provides that:

*“Any merger, where both the acquiring firm and the target firm, or either the acquiring firm or the target firm, operate in two or more Member States, shall be notifiable if:*

- a) the combined annual turnover or combined value of assets, whichever is higher, in the Common Market of all parties to a merger equals or exceeds USD 50 million; and*
- b) the annual turnover or value of assets, whichever is higher, in the Common Market of each of at least two of the parties to a merger equals or exceeds USD 10 million, unless each of the parties to a merger achieves at least two-thirds of its aggregate turnover or assets in the Common Market within one and the same Member State”.*

15. The undertakings concerned have operations in two or more Member States. The undertakings concerned derived a turnover of more than the threshold of USD 50 million in the Common Market and they each derived a turnover of more than USD



10 million in the Common Market. In addition, the parties do not hold more than two-thirds of their respective aggregate turnover or asset value in one and the same Member State. The Commission was thus satisfied that the transaction constitutes a notifiable transaction within the meaning of Article 23(5)(a) of the Regulations.

### **Details of the Merger**

16. The proposed transaction involves the proposed acquisition by CD&R of joint control, with Permira, of Exclusive Networks.
17. The parties submitted that following completion of the proposed transaction, CD&R is expected to hold an approx. 56% interest in Exclusive Networks, the existing controller - Permira approximately 38%, and the Founder (Olivier Breittmayer) approximately 6%, with CD&R and Permira jointly controlling Exclusive Networks.

### **Competition Analysis**

#### **Consideration of the Relevant Markets**

##### **Relevant Product Market**

18. Paragraph 7 of the Commission's Guidelines on Market Definition states that a ***“relevant product market comprises all those products and/or services which are regarded as interchangeable or substitutable by the consumer/customer, by reason of the products’ characteristics, their prices and their intended use”***.
19. The CID noted that CD&R group is active in a broad range of industries, including industrial, healthcare, consumer, technology and financial services and markets. Through its portfolio company namely [REDACTED] CD&R group is active in the [REDACTED].
20. Exclusive Networks is active in the wholesale distribution of IT products and solutions. Specifically, Exclusive Networks works with vendors of hardware, software, and services dedicated to enterprise IT servers, storage, security and software.
21. In view of the above, the CID's assessment of the relevant product market focused on the wholesale distribution of IT products.

*Wholesale distribution of IT products*

22. IT distribution involves the supply of various IT products such as servers, software, storage devices, and personal computers by IT manufacturers to wholesale distributors, who then supply these products to resellers. Resellers, including value-added resellers, retail distributors, and large corporate clients, subsequently



sell the products to end customers. Specifically, Exclusive Networks partners with vendors of hardware, software, and services, focusing on enterprise IT infrastructure, including servers, storage solutions, security systems, and enterprise software.

23. Wholesale distributors like exclusive Networks serve as intermediaries between global IT vendors and downstream resellers or end customers. They provide a comprehensive range of IT products, including personal computers, servers, printers, scanners, storage devices, networking equipment, packaged software, and other digital consumer products. They often offer a "one-stop-shop" solution, bundling a wide array of products and services to meet diverse customer needs.
24. Similarly, the parties argue that there is no significant differentiation between IT distributors by product type. Most distributors compete broadly, offering both hardware and software rather than specializing in one category. From a demand perspective, customers expect distributors to offer a comprehensive portfolio of products from various vendors, as they typically require a mix of hardware and software and often prefer to source from a single supplier.
25. The services provided by wholesale distributors, such as logistics, and technical support, are generally similar across different IT product categories. In addition to this, the increasing adoption of cloud services has further blurred the distinctions between various IT product categories. Many IT functions that previously required physical hardware are now delivered as cloud-based services on a pay-per-use basis, leading to increased substitution between different categories of traditional IT equipment.
26. Accordingly, IT manufacturers produce a diverse range of hardware and software products tailored to various applications, while wholesale distributors provide broad product portfolios and integrated "one-stop-shop" solutions. This confirmed that the wholesale distributors typically distribute several types of products together.
27. In its previous decisional practice, the CID<sup>3</sup> has determined that sub-segmentation by product category (e.g., servers, PCs, storage devices) is not appropriate in the context of wholesale IT distribution. While narrower product markets may be relevant for competitive assessment at the manufacturing level, the distribution market operates at a broader level where such distinctions are less significant.
28. Based on the above considerations, and for the purposes of this assessment, the CID defined the relevant product market as the market for the wholesale distribution of IT products.

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<sup>3</sup> See Case File No. CCC/MER/12/30/2020, Alviva Holdings Limited and Tarsus Technology Group Proprietary Limited, decision dated 16 April 2021.





29. Based on the foregoing assessment and without prejudice to its approach in similar future cases, the CID defined the relevant product market as ***the wholesale distribution of IT products***.

#### **Relevant Geographic Market**

30. The Commission's Guidelines on Market Definition define the relevant geographic market as comprising "***...the area in which the undertakings concerned are involved in the supply and demand of products or services, in which the conditions of competition are sufficiently homogeneous, and which can be distinguished from neighbouring areas because the conditions of competition are appreciably different in those areas***"<sup>4</sup>.
31. The CID considered the relevant geographic market for the wholesale distribution of IT products, taking into account both supply-side and demand-side factors. The CID considered that the relevant geographic market for the wholesale distribution of IT products is at least COMESA-wide. Customers face no significant barriers to source these products from manufacturers or resellers outside their home country.
32. The CID observed that customer requirements for IT products are generally consistent across the COMESA region, with minimal variation between Member States, due to the establishment and harmonization of standards including IT products under the COMESA Standards, Metrology, Conformity Assessment and Accreditation Policy<sup>5</sup>.
33. The CID observed that most IT products are available with multi-lingual manuals and in various language versions, ensuring accessibility, irrespective of difference in languages. Furthermore, the distribution of IT products is increasingly realized through centralized warehouses on a global scale where large customers, such as enterprises with substantial purchasing volumes, may have access to alternative supply sources including direct procurement from manufacturers or international wholesalers. This indicates the likely global scope of the wholesale distribution of IT products.
34. However, the CID noted that this may not usually be the case for smaller dealers who operate at a lower scale and might face challenges when attempting to procure IT products from global manufacturers. These challenges may include costs associated with cross-border transactions and complex logistical arrangements, which limit their ability to source from international suppliers effectively.

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<sup>4</sup> Paragraph 8

<sup>5</sup> See [https://www.comesa.int/wp-content/uploads/2020/10/COMESA\\_SQA\\_policy\\_document\\_-FINAL\\_DRAFT-SQA\\_26-06-09-1.pdf](https://www.comesa.int/wp-content/uploads/2020/10/COMESA_SQA_policy_document_-FINAL_DRAFT-SQA_26-06-09-1.pdf).



35. Based on these considerations, the CID concluded that the relevant geographic market for the wholesale distribution of IT products is at least the Common Market.

### **Market Shares and Concentration**

36. The CID observed that the activities of the merging parties, CD&R and Exclusive Networks, overlap in Egypt, where both are active in the wholesale distribution of IT products. CD&R's portfolio company, ██████████ operates in this market alongside Exclusive Networks, making Egypt the primary focus of the competitive assessment, as it is the most likely market to be affected by the proposed transaction.
37. The CID noted that although the parties did not submit precise market share data for their competitors, they identified Mideast Communication Systems, Starlink, and Westcon as key players in the Egyptian IT distribution sector. The CID noted that the parties estimated their respective markets at approximately [0 – 5]% and combined market share at [0 – 5]% in the wholesale distribution of IT products market in Egypt<sup>6</sup>. ██████████
- ██████████<sup>7</sup>. As a result, the proposed transaction is unlikely to raise competition concerns in the Common Market, particularly in Egypt, given the parties' minimal market shares in Egypt, the only member state where both are active.
38. The CID also noted that the IT distribution market is highly fragmented and characterized by the presence of numerous competing firms in the Common Market and beyond. The CID further noted the parties' submission, citing Statista, global IT spending in 2023 reached approximately USD 4.7 trillion, with Exclusive Networks and ██████████ holding a combined global market share of significantly less than [0 – 5%]<sup>8</sup>. These further underscores the limited competitive impact of the transaction, both within Egypt and in the Common Market. The presence of numerous alternative competitors in the market will continue to constrain the merged entity, ensuring that competition within the region remains unaffected.
39. The CID further observed that post-merger, the transaction will have a negligible impact on the market structure for the wholesale distribution of IT products in the Common Market. The merging parties will continue to face strong competition from existing players, limiting their ability to exert market power. As such, the proposed merger does not raise significant competition concerns and is unlikely to result in any substantial lessening of competition within the Common Market.

<sup>6</sup> Confidentiality of information claimed by the merging parties.

<sup>7</sup> Confidentiality of information claimed by the merging parties.

<sup>8</sup> Confidentiality of information claimed by the merging parties.



## **Consideration of Third-Party Views**

40. In arriving at its determination, the CID also considered submissions from the national competition authorities of DRC, Egypt, Eswatini, Ethiopia, Kenya, Libya, Madagascar, Mauritius, Seychelles, Zambia and Zimbabwe which confirmed the absence of competition and public interest concerns.

## **Determination**

41. The CID determined that the merger is not likely to substantially prevent or lessen competition in the Common Market or a substantial part of it, nor will it be contrary to public interest. The CID further determined that the transaction is unlikely to negatively affect trade between Member States.
42. The CID, therefore, approved the transaction.
43. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 20<sup>th</sup> day of December 2024

**Commissioner Dr Mahmoud Momtaz (Chairperson)**

**Commissioner Lloyds Vincent Nkhoma**

**Commissioner Vipin Naugah**

