

Approval of the proposed acquisition of Looker by Google / Z-4658 Google LLC - Looker Data Sciences, Inc.

The BWB has approved the proposed acquisition of Looker Data Sciences, Inc. (“Looker”) by Google LLC (“Google”) in phase I. The proposed transaction was notified to the BWB on 29 July 2019 (Z-4532). Following consultations with the official parties, the notifying parties on 9 September 2019 withdrew the notification. On 4 November 2019, the transaction was re-notified to the BWB (Z-4658). Within the EEA, the proposed transaction was solely notifiable in Austria as the turnover thresholds pursuant to Art 9 of the Federal Cartel Act were exceeded. The transaction relates to the business analytics-software sector. The extensive investigation conducted by the BWB has shown that the proposed transaction would not lead to the creation or strengthening of a dominant position in Austria. Since Lookers business activities concentrate on the North American market, the major focus of the proposed transaction lies in the USA. The competition authorities in the USA and Australia have cleared the transaction unconditionally.

The proposed transaction was analysed in detail by the BWB. Having examined the information submitted by the parties to the proposed transaction, the BWB conducted a consultation of Lookers competitors.

Looker is an American computer software and data analytics company. In return for the payment of license fees, Looker offers tools to companies of all sizes, from small and medium businesses to large enterprises, for the visualization and analysis of data. Looker has no establishment in Austria. Google, a 100%-subsidiary of Alphabet Inc., also offers a data analysis tool for business customers. Therefore, the proposed transaction is confined to the business-to-business (B2B) sector.

In contrast to Lookers data analysis tools, Google’s data analysis tool offers limited data analysis and visualization functions. Furthermore, Google’s data analysis tool is only compatible with its own data warehouse solution, whereas data analysis tools of competitors are developed as “multi-cloud”-tools.

Based on the European Commission’s previous decision-making practice, it has been considered to define a relevant market for “Enterprise Application Software” (“EAS”) and a potential sub-segment limited to “business analytics” (“BA”) software. The question of the exact scope of the business analytics-software market can be left open. Similarly, the question of whether data warehouses should be classified as part of an overall database product market or as a sub-segment of business analytics software, can be left open.

In general, the parties (as well as the European Commission in other similar cases) referred to studies of independent analysts like IDC, Forrester and Gartner. These studies particularly address the market position of the parties and the competitive situation in the relevant markets.

As regards the geographic market definition, the BWB in principle considers the relevant geographic markets to be worldwide.

Software products are usually offered worldwide, customers have similar demands worldwide, language does not form a barrier (software is coded in programming language, interfaces are available in numerous languages, even though English remains the dominant international language in the IT sector) and no transport costs are incurred since such software is mostly made available in an electronic form or as download through the Internet. For the purpose of the present case the exact definition of the relevant geographic markets, however, can be left open, because even if the relevant geographic markets have to be defined on a narrow basis as only being national, the transaction - given the very low turnover and very small market shares - does not result in concerns of market dominance.

The BWB concluded that the horizontal overlaps would not give rise to competition concerns because of the numerous competitors and the differences of the data analysis tools currently offered by Looker and Google. The results of the market survey of Lookers competitors essentially confirmed this assessment.

Furthermore, the BWB has assessed possible negative vertical effects arising from the transaction such as foreclosure of third-party data warehouse solutions. According to concurring statements of all interviewed market participants, the interoperability of data analysis tools with various data warehouses from different providers constitute a major factor for the attractiveness of the tool for business customers. Data analysis tools absent compatibility with different data warehouse solutions would result in a decrease of users and customers.

The BWB also examined possible risks of market foreclosure through Googles position in the field of web analytics services and online and offline advertising. The BWB concluded that foreclosure through Googles Web analytics and advertising data would not be profitable for Google and would also not be suitable to restrict competition in the business analytics software market.

During phase I investigation, the BWB was in contact with other competition authorities, inter alia with the U.S. Department of Justice and the UK Competition and Markets Authority (CMA). In this respect, the BWB was also in contact with the European Commission.