

UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS: Edith Ramirez, Chairwoman
Julie Brill
Maureen K. Ohlhausen
Joshua D. Wright

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In the Matter of)

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Docket No. C-4415

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SOLERA HOLDINGS, INC.)

a corporation.)

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Clayton Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission (the “Commission”), having reason to believe that respondent Solera Holdings, Inc. (“Solera”), acquired Actual Systems of America, Inc. (“Actual Systems”), in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45, and it appearing to the Commission that a proceeding in respect thereof would be in the public interest, hereby issues its Complaint, stating its charges as follows:

I. RESPONDENT SOLERA HOLDINGS, INC.

1. Solera is a global provider of services and software to the automobile insurance claims processing industry. Solera also participates in the automotive recycling industry through its indirect, wholly-owned subsidiary, Hollander, Inc. Hollander, Inc. is one of the leading providers of yard management systems (“YMS”) used by automotive recycling yards. Solera is a company organized and existing under the laws of the State of Delaware, with its principal place of business at 7 Village Circle, Suite 100, Westlake, Texas, 76262.

II. ACTUAL SYSTEMS OF AMERICA

2. Prior to its acquisition by Respondent, Actual Systems was a privately-held company that shared substantial common ownership with Actual Systems U.K., Ltd. (“ASUK”) and Beech Systems, Ltd. (“Beech”). Actual Systems is a company organized and existing under the laws of the State of Colorado, with its principal place of business at 3131 South Vaughn Way

#134, Aurora, Colorado, 80014. Actual Systems also participates in the automotive recycling industry, providing YMS used by automotive recycling yards.

III. JURISDICTION

3. Solera is, and at all times relevant herein, has been engaged in commerce as “commerce” is defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and is a corporation whose business is in or affects commerce as “commerce” is defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

IV. THE ACQUISITION

4. On May 29, 2012, Solera acquired 100% of the stock of Actual Systems through a stock purchase agreement. On that same day, Solera acquired 100% of the stock of ASUK and all of Beech’s assets through a separate stock purchase agreement and an asset purchase agreement. Solera paid approximately \$8.7 million collectively for the three companies. At the time of the acquisition, both Solera and Actual Systems developed and sold YMS for use by automotive recycling yards.

V. THE RELEVANT PRODUCT MARKET

5. For purposes of this Complaint, the relevant line of commerce within which to analyze the effects of the transaction is the market for YMS.

VI. THE RELEVANT GEOGRAPHIC MARKET

6. For purposes of this Complaint, the relevant geographic market within which to analyze the effects of the transaction is the United States and Canada.

VII. MARKET STRUCTURE

7. The YMS market is highly concentrated. Prior to the transaction, Solera and Actual Systems were two of only three meaningful providers of YMS.

VIII. CONDITIONS OF ENTRY

8. Entry into the relevant market has not been, and would not be, timely, likely, or sufficient in magnitude, character, and scope to deter or counteract the anticompetitive effects of the acquisition. The time required to create a new YMS would be substantial. In addition, it would be difficult or costly to obtain the required license to the Hollander Interchange, a necessary input for offering a YMS.

IX. EFFECTS OF THE ACQUISITION

9. The effects of the acquisition have been a substantial lessening of competition in the relevant market in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45. Specifically, the acquisition:

- a. Eliminated actual, direct, and substantial competition between Solera and Actual Systems in the YMS market;
- b. Substantially increased the level of concentration in the YMS market; and
- c. Increased the likelihood that Respondent Solera will unilaterally exercise market power in the YMS market.

X. VIOLATIONS CHARGED

10. The allegations contained in Paragraphs 1 through 9 above are hereby incorporated by reference as though fully set forth here.

11. The transaction described in Paragraph 4 constitutes a violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, and Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18.

WHEREFORE, THE PREMISES CONSIDERED, the Federal Trade Commission on this twenty-second day of October, 2013, issues its Complaint against said Respondent.

By the Commission.

Donald S. Clark
Secretary

SEAL: