

**ANALYSIS OF PROPOSED AGREEMENT CONTAINING CONSENT ORDERS
TO AID PUBLIC COMMENT**

In the Matter of Healthcare Technology Holdings, Inc., File No. 111-0097

I. Introduction

The Federal Trade Commission (“Commission”) has accepted from Healthcare Technology Holdings, Inc. (“Healthcare Technology”), subject to final approval, an Agreement Containing Consent Orders (“Consent Agreement”), which is designed to remedy the anticompetitive effects of Healthcare Technology’s proposed acquisition of SDI Health LLC (“SDI”) from SDI Health Holdings LLC (“SDI Holdings”). Under the terms of the proposed Consent Agreement, Healthcare Technology would be required, among other things, to divest SDI’s promotional audits and medical audits business.

The proposed Consent Agreement has been placed on the public record for thirty days for receipt of comments; any comments received will also become part of the public record. After thirty days, the Commission will again review the proposed Consent Agreement and the comments received, and will decide whether it should withdraw from the proposed Consent Agreement, modify it, or make it final.

Pursuant to an agreement dated January 13, 2011, Healthcare Technology, through its wholly owned subsidiary, IMS Health Incorporated (“IMS”), proposes to acquire all of the membership interests in SDI (“Proposed Acquisition”). The Commission’s Complaint alleges that the Proposed Acquisition, if consummated, would violate 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, by lessening competition in the U.S. markets for promotional audits and medical audits. The proposed Consent Agreement will remedy the alleged violations by replacing the competition that would otherwise be eliminated by the acquisition.

II. The Parties

Healthcare Technology is the private holding company of IMS. IMS produces and sells healthcare data and analytics to pharmaceutical, biotechnology, and other customers. IMS maintains its headquarters in Danbury, Connecticut and has operations in over 100 countries.

SDI Holdings is the private holding company of SDI, which offers many of the same healthcare data and analytics products and services as IMS, and is headquartered in Plymouth Meeting, Pennsylvania.

III. The Products and Structure of the Markets

Promotional audits provide estimates (based on data from physician panels) of pharmaceutical promotional activities for individual branded drugs in areas such as physician detailing, product sampling, and advertising. Pharmaceutical manufacturers and other customers use promotional audits to assess their “share of voice,” or their share of spending in various

promotional categories, which helps them to determine their promotional budgets. The promotional audit market, however, does not include products that gauge physician reactions to promotional efforts or otherwise assess the effectiveness of promotional activities.

Medical audits provide estimates of disease-specific diagnoses made and therapies prescribed by physicians. The data underlying medical audits are also collected from panels of physicians. Customers use medical audits to assess, among other things, the size of therapeutic areas, which products are used to treat particular diseases, and prescribing and treatment trends.

The United States is the relevant geographic area in which to analyze the effects of the Proposed Acquisition in both the promotional audits and medical audits markets.

The \$16 million market for promotional audits is highly concentrated. Only IMS, SDI, and Cegedim S.A. offer promotional audits in the United States. IMS has a 30 percent share of the market, while SDI and Cegedim have shares of 68 percent and 2 percent, respectively. The \$9 million market for medical audits is also highly concentrated, with IMS accounting for 53 percent and SDI accounting for the remaining 47 percent of the market.

IV. Effects of the Acquisition

The Proposed Acquisition would eliminate actual, direct, and substantial competition between IMS and SDI in the markets for promotional audits and medical audits. By increasing IMS's share in each market, while at the same time eliminating its only significant competitor, an acquisition of SDI likely would allow IMS to unilaterally charge significantly higher prices for promotional and medical audits. The Proposed Acquisition would also likely lead to a decrease in quality for such audits, resulting in substantial anticompetitive harm to consumers in the U.S. markets for promotional and medical audits.

V. Entry

Entry into the relevant markets would not be timely, likely, or sufficient in magnitude, character, and scope to prevent the anticompetitive effects of the Proposed Acquisition. Entry would not take place in a timely manner because of the significant time required to recruit panels of physicians to provide the data underlying the estimates included in promotional and medical audits. In addition, the relevant markets are relatively small and mature, limiting sales opportunities for any potential new entrant. Given the size of the investment and the time needed to enter the relevant markets, relative to the sizes of those markets, it is unlikely that an entrant could obtain sufficient sales to make the investment profitable. As a result, new entry or repositioning by other firms sufficient to ameliorate the competitive harm from the Proposed Acquisition likely would not occur.

VI. The Consent Agreement

The proposed Consent Agreement remedies the acquisition's likely anticompetitive effects in the markets for promotional and medical audits. Pursuant to the Consent Agreement, Healthcare Technology will divest all of SDI's business relating to the production or sale of promotional and medical audits. The Consent Agreement provides that Healthcare Technology must find a buyer for the SDI audits business that is acceptable to the Commission (with no minimum price), no later than three months from the date on which Healthcare Technology consummates its acquisition of SDI.

Any acquirer of the divested assets must receive the prior approval of the Commission. The Commission's goal in evaluating possible purchasers of divested assets is to maintain the competitive environment that existed prior to the acquisition. A proposed acquirer of divested assets must not present competitive problems. There are a number of parties interested in purchasing SDI's promotional and medical audits business, several of which appear to have the expertise, experience, and financial viability to successfully retain the current level of competition in the relevant markets.

If the Commission determines that Healthcare Technology has not provided an acceptable buyer for SDI's promotional and medical audits business within the required time period, or that the manner of the divestiture is not acceptable, the Commission may appoint a trustee to divest the assets. The trustee would have the exclusive power and authority to accomplish the divestiture, and would divest the business for no minimum price.

The Consent Agreement also contains an Order to Hold Separate and Maintain Assets, which will serve to protect the viability, marketability, and competitiveness of the divestiture asset package until the assets are divested to a buyer approved by the Commission.

The purpose of this analysis is to facilitate public comment on the proposed Consent Agreement, and it is not intended to constitute an official interpretation of the proposed Consent Agreement or to modify its terms in any way.