



सत्यमेव जयते



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2021/05/838)

30 June 2021

Notice under Section 6(2) of the Competition Act, 2002 jointly given by Synnex Corporation, Spire Sub I, Inc., Spire Sub II, LLC, and Tiger Parent (AP) Corporation

CORAM:

Mr. Ashok Kumar Gupta
Chairperson

Ms. Sangeeta Verma
Member

Mr. Bhagwant Singh Bishnoi
Member

Order under Section 31(1) of the Competition Act, 2002

1. On 21 May 2021, the Competition Commission of India (**‘Commission’**) received a notice under Section 6(2) of the Competition Act, 2002 (**‘Act’**), jointly given by i) Synnex Corporation (**‘Synnex’**), ii) Spire Sub I, Inc. (**‘Sub I’**), iii) Spire Sub II, LLC (**‘Sub II’**), and iv) Tiger Parent (AP) Corporation (**‘Tiger Parent’**). [Hereinafter Synnex, Sub I, Sub II and Tiger Parent are collectively referred to as the **Parties** and individually as **Party** and Sub I and Sub II are collectively referred to as the **Merger Subs.**]
2. The notice was given pursuant to an Agreement and Plan of Merger (**‘Merger Agreement’**) executed by and among Synnex, Tiger Parent, Sub I, and Sub II on 22 March 2021. Further, as part of Merger Agreement, Synnex, and Tiger Parent Holdings, L.P. (**‘Tiger Holdings’**) would also enter into an ‘Investor Rights Agreement’.
3. The proposed combination comprises of following inter-connected steps:



- (i) Merger of Sub I with and into Tiger Parent, with Tiger Parent being the surviving entity;
- (ii) Following this, Merger of Tiger Parent with and into Sub II, with Sub II being the surviving entity and remaining as a direct wholly owned subsidiary of Synnex. Consequently, Synnex will acquire 100% shareholding in Tech Data Corporation (“**Tech Data**”), and Tech Data will become a wholly owned subsidiary of Synnex; and
- (iii) Upon steps (i) and (ii) of the transaction coming into effect, and in consideration of the shares of common stock of Tiger Parent held by Tiger Holdings, Synnex will issue approximately 45% shares of its common stock (carrying proportionate voting rights) to Tiger Holdings, and the shareholding of existing shareholders of Synnex will be reduced to approximately 55%.

[Steps (i), (ii), and (iii) are collectively referred to as the **Proposed Combination**.]

4. In terms of Regulations 14(3) of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, *vide* communication dated 18 June 2021, the Parties were required to furnish certain information and clarifications, *inter alia*, regarding products and services of Parties, rationale of incorporation of Merger Subs, *etc.* The response was submitted by the Parties on 25 June 2021.
5. Synnex, founded in 1980, is a corporation formed in accordance with the laws of the State of Delaware, U.S.A. It is headquartered in Fremont, California, and listed on the New York Stock Exchange. It provides technology products and solutions for information technology (“**IT**”) systems to resellers and retail customers. Through its wholly owned subsidiary HYVE Solutions Corporation (“**HYVE Corporation**”), Synnex designs, manufactures, and deploys custom-built, cost-effective, energy-efficient data centre servers and storage solutions worldwide. Synnex has a presence in countries of North and South America, the Asia-Pacific, and Europe. In India, it is



present through its wholly owned subsidiary, HYVE Solutions India Private Limited ('HYVE'), which operates as an Importer of Records¹ ('IOR') for HYVE Corporation and imports custom-built products (i.e. as per customer specifications) manufactured by HYVE Corporation to India to fulfil customer requirements.

6. Sub I is a Corporation and Sub II is a Limited Liability Company set up in accordance with the laws of State of Delaware, U.S.A. They are wholly owned subsidiaries of Synnex and have been incorporated solely for the purposes of the Proposed Combination.
7. Tiger Parent is a corporation formed in accordance with the laws of the State of Delaware, U.S.A. It was formed by Apollo Management L.P. ('Apollo') on 12 June 2020 and is currently the holding company of Tech Data. Tiger Holdings is the sole member and holder of all issued and outstanding shares of common stock of Tiger Parent. Tiger Parent and Tiger Holdings are both indirectly controlled by investment funds managed by affiliates of Apollo.
8. Apollo is a limited partnership formed in accordance with the laws of the State of Delaware, U.S.A. Investment funds managed by the affiliates of Apollo invest in companies and debt issued by companies involved in various businesses throughout the world. Apollo, through Tiger Parent, and Tiger Holdings control Rackspace Inc. ('Rackspace'), which is a leading end-to-end multicloud solutions expert. It is present in India through Rackspace India Private Limited ('Rackspace India'). Rackspace India is, *inter alia*, engaged in the provision of application-managed services, customer relationship management, database services, digital marketing services, email hosting and productivity, and cloud solutions from different vendors, namely, Amazon Web Services, Microsoft Azure, Google Cloud Platform, and VMware. Further, Rackspace does not host a cloud platform itself. Rackspace India

¹ An Importer of Record ('IOR') refers to an importer (an entity or an individual) who is responsible for ensuring that legal goods are imported in accordance with the laws and regulations of the importing country. The IOR is responsible for filing legally required documents and paying the assessed import duties and other taxes on the imported goods.



has a wholly owned subsidiary, Tricore Solutions Private Limited² (**‘Tricore’**), in India.

9. Tech Data is a privately held company currently indirectly controlled by investment funds managed by affiliates of Apollo. Tech Data is globally active in the wholesale distribution of technology products and solutions to resellers and distribution of aggregated cloud offerings of multiple vendors. It is present in India through its subsidiary Tech Data Advanced Solutions (India) Private Limited (**‘Tech Data India’**). Tech Data India is engaged in the wholesale distribution of technology products, including hardware, software, products relating to data centres, cloud solutions, security, analytics, and education solely in the business-to-business (**‘B2B’**) space.
10. It is submitted in the notice that Parties are operating in the IT and ITES sector, and activities of the Parties do not overlap in India as Synnex is present in India only through HYVE, and HYVE had no sales in the previous FY (ending 30 November 2020). Under the IT and ITES sector, Parties have presence in narrower business segments of i) wholesale distribution of IT products and ii) supply of servers and storage solutions. *In the market of wholesale distribution of IT products*, it is submitted that Synnex and Tech Data are active in the wholesale distribution of IT products globally, whereas only Tech Data is present in this business segment in India. *In the market of supply of servers and storage solutions*, it is submitted that Synnex (through HYVE) only imports certain custom built products in India whereas Tech Data India is only present in the B2B space in this business segment and does not manufacture custom servers or storage solutions, nor supply built to custom servers or storage solutions. Therefore, the business activities of the Parties do not exhibit horizontal overlaps in India.

² Tricore primarily acts as an IT services delivery centre for Rackspace / Rackspace India by way of exports to Rackspace and other related entities in the field of hosting support services and other related activities. It is submitted that Tricore does not have any significant presence in the market facing activities in India.



11. The Commission decided to leave the delineation of the relevant market open as the Proposed Combination is not likely to cause an appreciable adverse effect on competition in any of the relevant markets.
12. It is submitted by the Parties that there are no existing or potential vertical relationship between the subsidiaries / associates / affiliates / joint ventures of Synnex and Tech Data India, and the portfolio entities invested in by investment funds managed by affiliates of Apollo in India.
13. Considering the material on record, including the details provided in the notice and the assessment of the Proposed Combination based on the factors stated in Section 20(4) of the Act, the Commission is of the opinion that the Proposed Combination is not likely to have any appreciable adverse effect on competition in India. Therefore, the Commission approves the Proposed Combination under Section 31(1) of the Act.
14. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.
15. The information provided by the Parties shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.
16. The Secretary is directed to communicate to the Parties accordingly.