



---

# Sanoma / Iddink merger

---

Prepared for Association of  
Competition Economics

**Maurice de Valois Turk**  
Partner

Copenhagen, 14 November 2019

---

**oxera**  
compelling economics

# Parties in the ecosystem for learning materials

---

- Schools



- Software developers



- Distributors



- Publishers

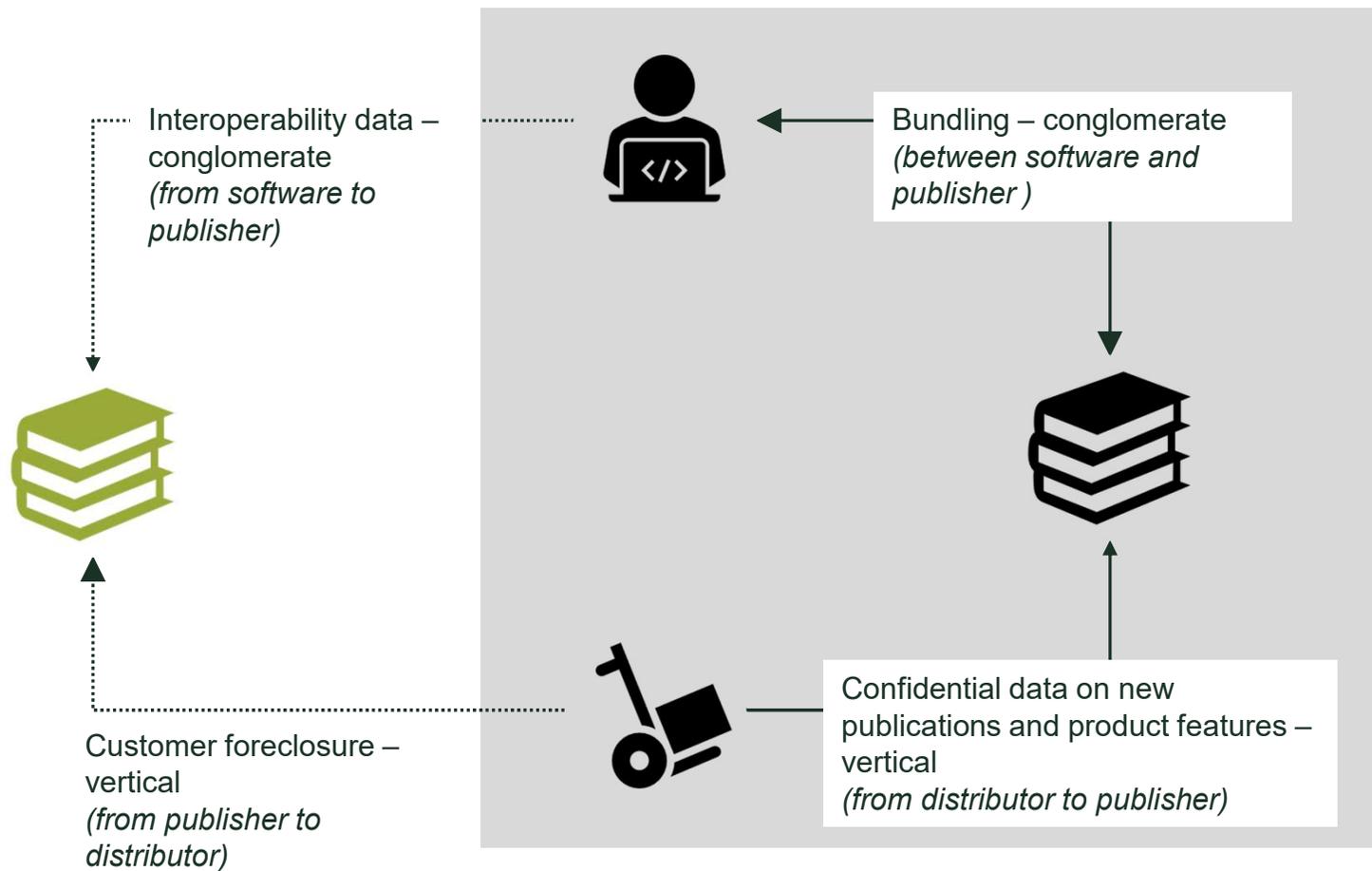


... and students!



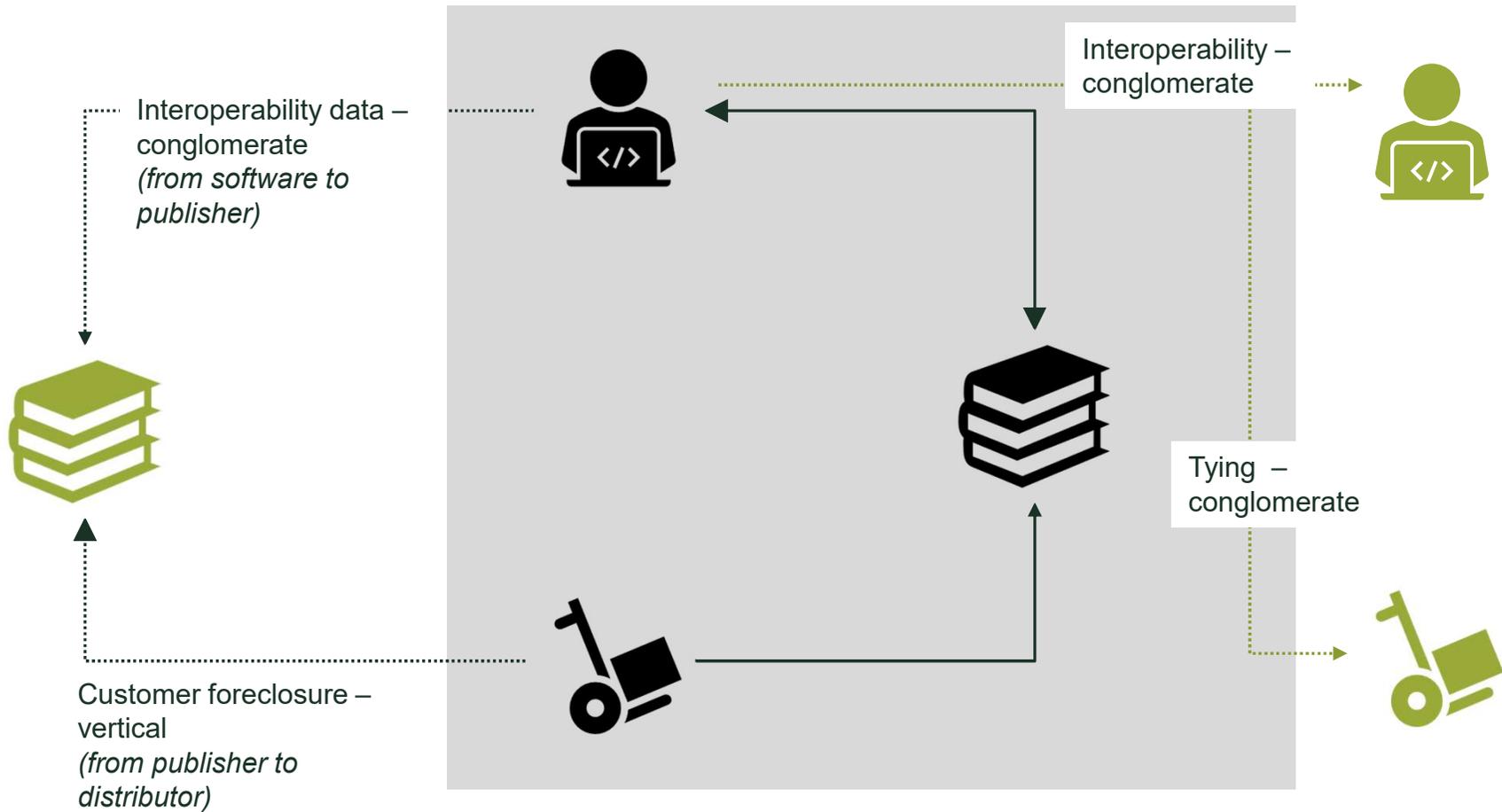
# Non-horizontal theories of harm investigated by ACM

Two ToHs dismissed and two ToHs underpinning remedies



# Non-horizontal theories of harm

## Two additional theories of harm



# Two conglomerate theories of harm

---

## Foreclosure of competing software developers

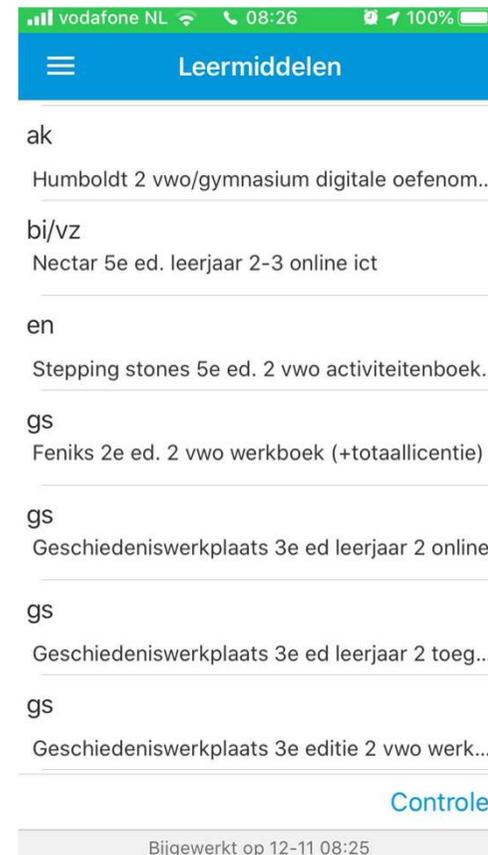
- Merged entity uses publisher meta-data on an exclusive basis to enhance its market position in software market

## Foreclosure of competing publishers and distributors

- Merged entity leverages its market position in software into publishing and distribution markets
- Merged entity exclusively offers enhanced version of learning methods to users of software exclusively via its distributor (tying)

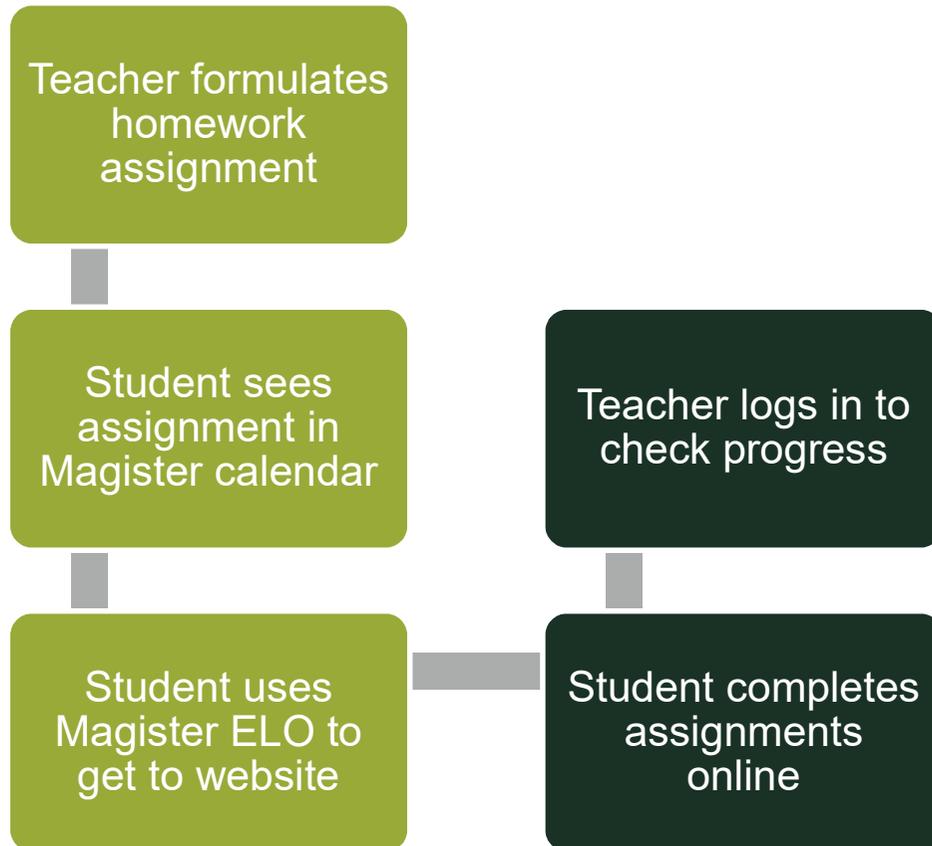
# Licensing of electronic learning materials

- School selects “method”
  - Specific for course, level and year (e.g. biology, for 2<sup>nd</sup> year Grammar school)
  - Method comprises analogue and digital materials
- Distributors ensure that license for usage of online materials are provided to students
- Most schools use added module of student administration software called ELO to provide weblinks with automated authentication



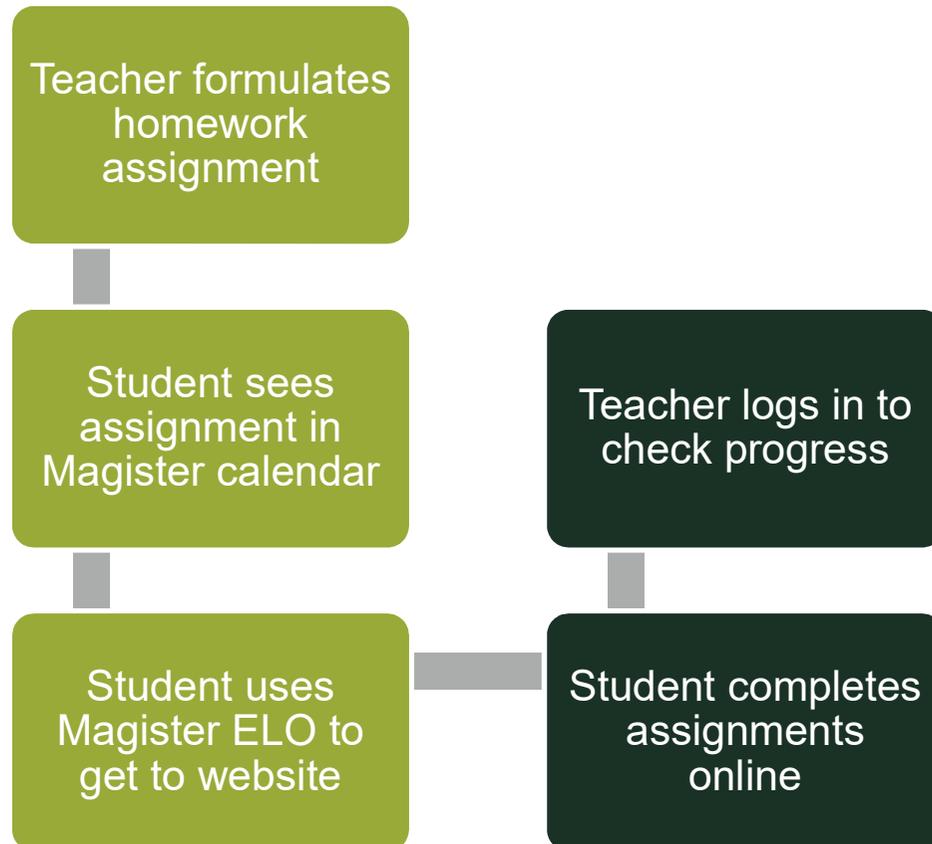
# Current practice

## Work flow for digital assignments



# The generation of meta data

## Work flow for digital assignments



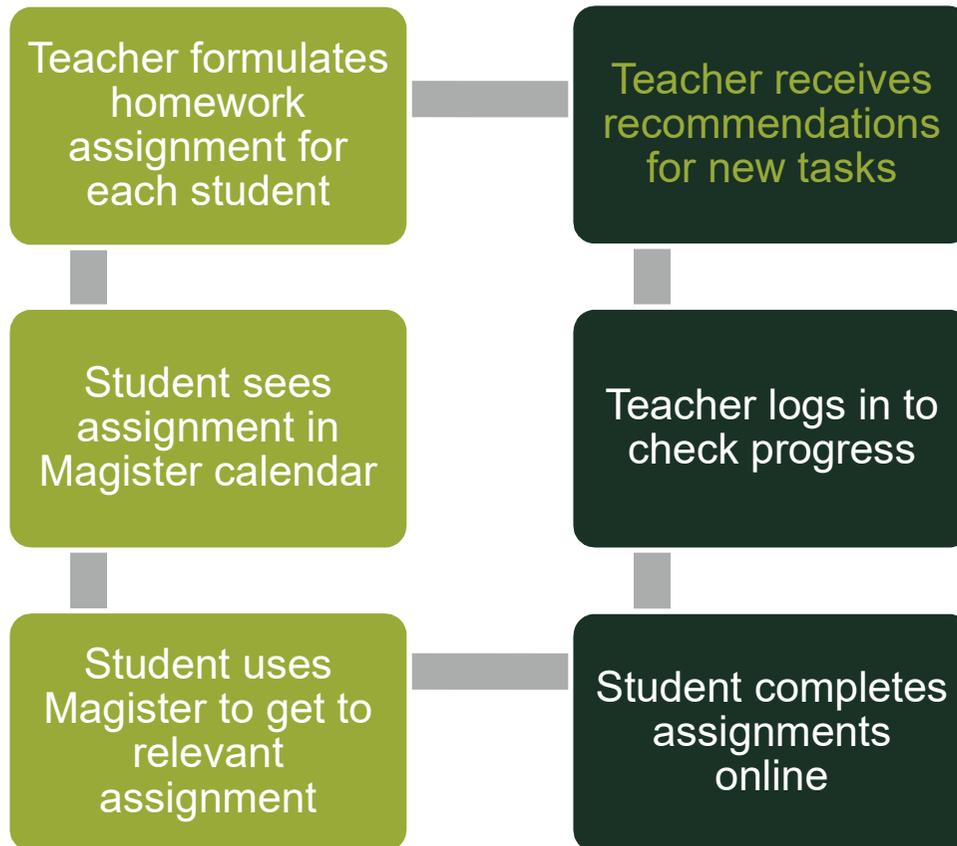
While completing their assignments, students generate meta-data, such as:

- How much time do they need – overall and for each assignment?
- In which order do they complete the assignments?
- Do they go back to change their answers?

This data is captured via websites from publishers

# Implementing personalised learning post merger

## Work flow for digital assignments



- Merger internalizes a publisher and software developer
- Free flow of meta-data from publisher to software developer
- Meta-data can be used as fuel for recommendation engine for teacher further enhances software capability for personalised learning
- Other strategy would be to limit inter-operability with new personalised learning module

# The three-step test for conglomerate effects

---

## Ability

- There is a precedent operating model currently used by Somtoday in collaboration with Learnbeat
- Iddink is current market leader with market share of 50%+
- Oxera analysis of churn across different activities in merger finds that schools are more prone to change distributors as compared to publishers/learning method

## Incentive

- Iddink has started marketing Personalised Learning module of Magister: “MagisterMe”
- Oxera analysis shows broad interest by schools and teachers in implementing personalised learning

## Impact

- Oxera analysis shows that marginal loss of volume can lead to significant short term profit effects

---

**Contact:**

Maurice de Valois Turk

+31 20 888 83 88

[maurice.devaloisturk@oxera.com](mailto:maurice.devaloisturk@oxera.com)

---

[www.oxera.com](http://www.oxera.com)

Follow us on Twitter [@OxeraConsulting](https://twitter.com/OxeraConsulting)

Oxera Consulting LLP is a limited liability partnership registered in England no. OC392464, registered office: Park Central, 40/41 Park End Street, Oxford, OX1 1JD, UK; in Belgium, no. 0651 990 151, registered office: Avenue Louise 81, 1050 Brussels, Belgium; and in Italy, REA no. RM - 1530473, registered office: Via delle Quattro Fontane 15, 00184 Rome, Italy. Oxera Consulting GmbH is registered in Germany, no. HRB 148781 B (Local Court of Charlottenburg), registered office: Rahel-Hirsch-Straße 10, Berlin 10557, Germany.

Although every effort has been made to ensure the accuracy of the material and the integrity of the analysis presented herein, Oxera accepts no liability for any actions taken on the basis of its contents.

No Oxera entity is either authorised or regulated by the Financial Conduct Authority or the Prudential Regulation Authority within the UK or any other financial authority applicable in other countries. Anyone considering a specific investment should consult their own broker or other investment adviser. Oxera accepts no liability for any specific investment decision, which must be at the investor's own risk.

© Oxera 2019. All rights reserved. Except for the quotation of short passages for the purposes of criticism or review, no part may be used or reproduced without permission.

---

Strictly confidential

**oxera**  
compelling economics