



## **OBSERVATORY ON COMPETITION LAW ENFORCEMENT**

### **LINKEDIN'S PURCHASE BY MICROSOFT**

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By its [decision](#) of October 14th, 2016, the European Commission conditionally approved the acquisition of LinkedIn by Microsoft, a business deal estimated to reach 26 billion dollars.

#### **I. EU dimension of the merger**

The Commission concluded that the merger in question had an EU dimension within Article 1(2) of the Merger Regulation (No. 139/2004). The parties achieved a combined aggregate world-wide turnover of more than EUR 5 000 million, and each of them an EU-wide turnover of over EUR 250 million, but neither of them achieved more than two-thirds of its aggregate EU-wide turnover within one Member State.

#### **II. The definition of relevant market**

Microsoft and LinkedIn were, in the Commission's view, companies whose business areas were complementary of each other, apart from the market for online advertising, where small overlaps occurred.

The Commission identified several markets that would be potentially affected by the merger, although the investigation focused on three markets: the market for professional social network services; the market for customer relationship management software solutions; and the market for online advertising services.

#### **III. Threats to Competition Law**

The Commission feared that Microsoft would take advantage of its strong market position in the market for Operating Systems for computers to further strengthen LinkedIn's position in the market for professional social network services. It feared particularly that Microsoft would pre-install LinkedIn in all computers that used Windows as their operating system, or that it would integrate LinkedIn into Microsoft Office, combining the user databases of both companies.



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Measures such as these would, according to the Commission, increase LinkedIn's visibility significantly, potentially hindering or even restricting the entry to the market of new professional social networks, greatly hampering consumers' choice.

Competition concerns in both the market for customer relationship management software solutions and the market for online advertising services were analysed but dismissed as unlikely to occur as a consequence of this merger.

#### **IV. The solutions proposed by Microsoft**

In light of the concerns identified by the Commission in the market for professional social network services, Microsoft offered to impose the following remedies:

- Ensure that companies that develop and distribute computers have the possibility of not installing LinkedIn on Windows and that, if they do, they may remove the program as well;
- Allow competing professional social networks to keep their current levels of interoperability with Microsoft Office's products through the Office "add-in" program as well as the Office application programming interfaces;
- Grant competing networks access to "Microsoft Graph", a gateway for software developers used to build applications and other services that can (with the user's permission) access personal data stored in the Microsoft Cloud, such as contact information, calendar and emails. This data can then be used by software developers to gain subscribers and usage in their own professional social networks.

These commitments will apply in the EEA (European Economic Area) for a five-year period and will be monitored by the European Commission.