



**THE PROPOSED ACQUISITION OF 80% OF THE ISSUED SHARE CAPITAL OF
IWAYAFRICA KENYA LIMITED BY ECHOTEL INTERNATIONAL PROPRIETARY
LIMITED**

1. The Competition Authority of Kenya has approved the acquisition of 80% of the issued share capital of iWayAfrica Kenya Limited by Echotel International Proprietary Limited.
2. Echotel International Proprietary Limited (Echotel International), the acquirer, is incorporated as a wholly owned subsidiary of Echotel Proprietary Limited (Echotel).
3. In Kenya, Echotel resells Internet connectivity, Virtual Private Network (VPN) and online security services. It provides services via a multi-carrier converged network, to simplify the complexity of aggregating infrastructure to clients.
4. iWayAfrica Kenya (iWayKenya), the target, is incorporated in Kenya. The firm provides fixed line services as well as a range of ICT services including wireless internet connectivity services, data storage, support and maintenance services, among others.
5. The proposed transaction involves acquisition of 80% of the issued share capital of iWayAfrica Kenya Limited by Echotel International Proprietary Limited, occasioning control over the target by the acquirer. The proposed transaction therefore qualified as a merger within the meaning of Section 2 and 41 of the Competition Act No.12 of 2010.
6. The parties' combined turnover for the preceding year was **over Sh1 billion** and, therefore, the transaction met the threshold for full merger analysis as provided in the **Merger Threshold Guidelines**.
7. The acquirer, through its subsidiaries, provides wireless connectivity services while the target provides retail internet access, Virtual Private Network (VPN), and online security services. Therefore, the relevant product market for purposes of analyzing this transaction are the markets for provision of retail internet access, VPN and online security services.
8. The parties provide their products and services throughout Kenya and hence the relevant geographical market is national.
9. The competition analysis according to the relevant product markets is as such;

i. Market for provision of retail internet access services

10. According to research firm Delta Partners the estimated market shares for the five main players in the provision of retail Internet access services in 2018 was: iWayKenya (1.2%); Echotel (0.6%); Safaricom (14%); Internet Solutions (13%); Liquid Telecom (25%); Telkom Kenya (28%); Simbanet (4%); and Others (14.2%).
11. Post-merger, the merged entity will have a market share of 1.8% and is therefore unlikely to raise competition concerns since its share is low. In addition, the merged entity will face competition from other players who control a market share of approximately 98.2%.
12. From the foregoing, the proposed transaction is unlikely to lead to substantial lessening for competition or prevent competition in the market for provision of retail internet access services.

ii. Market for provision of VPN services

13. Delta Partners' data indicates that the market shares for the five leading players in the provision of VPN services in 2018 were: iWay Kenya (0.02%); Echotel (0.2%); Safaricom (15%); Internet Solutions (20%); Liquid Telecom (32%); Telkom Kenya (20%); Simbanet (4%); and Others (8.78%).
14. Post-merger, the merged entity will have a market share of 0.22%, and is therefore unlikely to raise competition concerns since its share is low. Further, the merged entity will face competitors from other players in this market.
15. From the foregoing, it is the Authority's view that the proposed transaction is unlikely to lead to substantial lessening for competition or prevent competition in the market for provision of VPN services.

iii. Market for the provision of online security services

16. In Kenya, online security companies offer multilayered internet security solutions for corporate and consumers.
17. The estimated market shares for the five leading players in the provision of online security services as at 2018 was: Echotel (0.4%); Safaricom (15%); Internet Solutions (35%); Liquid Telecom (20%); Telkom Kenya (10%); Simbanet (5%); and Others (14.6%).
18. Post-merger, there will be no change in market structure and concentration since the target is does not do business in the same market.

19. From the foregoing, the proposed transaction is unlikely to lead to substantial lessening for competition or prevent competition in the market for provision of online security services.
20. Additionally, the transaction is unlikely to lead to any negative public interest concerns.
21. Public interest concerns during merger analysis include;
- i. extent to which a proposed merger would impact employment opportunities;
 - ii. impact on competitiveness of small and medium enterprises (SMEs);
 - iii. impact on particular industries/sectors; and
 - iv. impact on the ability of national industries to compete in international markets.
22. Premised on the fact that the transaction is unlikely to raise negative competition or public interest concerns, the Authority approved the proposed acquisition of 80% of the issued share capital of iWayAfrica Kenya Limited By Echotel International Proprietary Limited.