

ANTICIPATED ACQUISITION BY GLOBAL BUSINESS TRAVEL GROUP, INC OF CWT HOLDINGS, LLC.

SUMMARY OF INTERIM REPORT

6 NOVEMBER 2024

OVERVIEW OF OUR INTERIM REPORT

1. The Competition and Markets Authority (**CMA**) has provisionally found that the anticipated acquisition (the **Merger**) by Global Business Travel Holdings, Inc. (**GBT**) of CWT Holdings, LLC. (**CWT** and, together with GBT, the **Parties**), to create the **Merged Entity**, amounts to a relevant merger situation (**RMS**) that may be expected to result in a substantial lessening of competition (**SLC**) in the global market for the supply of business travel agency (**BTA**) services to customers with high total travel spend (**TTV**) (of over \$25 million) and requirements spanning multiple distinct regions of the globe.¹
2. This is not our final decision, and we invite any interested parties to make representations to us on these provisional findings by no later than **5pm on Wednesday 27 November 2024**. Please make any responses to these provisional findings by email to GBT.CWT@cma.gov.uk. We will take all submissions received by this date into account in reaching our final decision.

WHO ARE THE BUSINESSES AND WHAT PRODUCTS DO THEY SUPPLY?

3. GBT is a NYSE-listed travel management company (**TMC**) trading under the name 'Amex Global Business Travel'. It provides BTA services, including search, booking, and expense management, in the UK and globally.² GBT also operates Neo, an online booking tool (**OBT**), and Neo1, a cloud-based travel spend manager.³

¹ All references to dollar (\$) amounts in this report are in US Dollars (USD).

² Final Merger Notice (**FMN**), 3 June 2024, paragraph 1.2.

³ FMN, paragraphs 3.3(a)-3.4.

4. GBT's 2023 turnover was approximately £1.8 billion worldwide and approximately £[X] million in the UK.
5. CWT is a privately owned TMC. Much like GBT, it provides BTA services, including search, booking and expense management, in the UK and globally.⁴ CWT also operates an OBT, via chat, web and mobile app (myCWT), and a hotel booking platform (RoomIt) which provides hotel inventory and booking solutions for business travellers, and a distribution platform for hotel chains.⁵
6. CWT's 2023 turnover was approximately £[X] million worldwide and approximately £[X] million in the UK.

OUR ASSESSMENT

Why are we examining this Merger?

7. The CMA's primary duty is to seek to promote competition for the benefit of consumers. It has a duty to investigate mergers that could raise competition concerns in the United Kingdom (**UK**), provided it has jurisdiction to do so.
8. In this case, the CMA has jurisdiction over the Merger because the Parties' overlapping activities meet the 'share of supply' jurisdictional test. We have calculated shares of supply on the basis of TTV generated in the UK in 2023 by customers whose global TTV exceeds \$25 million. We provisionally found that the Parties' combined share of supply in the UK on this basis is [60-70%].
9. Both parties provide BTA services to customers which include a range of UK headquartered business and international businesses with significant operations in the UK.

What evidence have we looked at?

10. In assessing the competitive effects of the Merger, we looked at a wide range of evidence in the round.
11. We received submissions and responses to information requests from the Parties, including the Parties' response to the CMA's Phase 1 Decision,⁶ and held meetings with the Parties, including a teach in and the Initial Substantive Meeting. We examined the Parties' internal documents, which provide information on the types of customers they serve, who their rivals are, and the closeness of

⁴ FMN, paragraph 1.2.

⁵ FMN, paragraphs 1.3, 3.14-3.15 and 3.19.

⁶ CMA, [Decision on relevant merger situation and substantial lessening of competition \(Phase 1 Decision\)](#), 30 July 2024. [Parties' response to the Phase 1 Decision](#), 23 August 2024.

competition between the Parties and their rivals, as assessed by the Parties in the ordinary course of business.

12. We spoke to and gathered information from third parties to better understand the competitive landscape faced by the Parties and obtain views on the impact of the Merger. In particular, the CMA received evidence from the Parties' customers and TMC competitors.

WHAT DID THE EVIDENCE TELL US...

... about what would likely happen if the Merger does not take place?

13. In order to determine what (if any) impact the Merger may be expected to have on competition, we have considered what would likely happen if the Merger does not take place. This is known as the counterfactual.
14. Our provisional conclusion is that the appropriate counterfactual against which to assess the Merger is the prevailing conditions of competition whereby GBT and CWT would continue to compete broadly in the same way as they do now. CWT [X] did not submit that it would exit the market but for the Merger and we have not seen any other evidence to indicate an exiting firm scenario. [X] although CWT entered Chapter 11 bankruptcy after its financial position suffered due to the COVID-19 pandemic, it has subsequently undergone recapitalisation [X], allowing it to both retain customers and win new customers, including from GBT. It has also received [X].

... about the customers that would be affected by the Merger?

15. The evidence we have received consistently indicated that there is recognition within the BTA services sector of a group of customers, often referred to as global multinationals or GMNs, who have distinct requirements to other customers. In particular, the evidence shows that these customers require sufficient capacity, service and support levels to be available to support a high volume of multi-regional travel. These customers also identify a more limited set of TMCs as suitable for their requirements than smaller customers. While there does not appear to be a universally accepted definition of these customers, the evidence we have received indicates that in the ordinary course of their businesses TMCs typically identify customers as falling within this group by reference to the value of their TTV, or the value of their TTV in combination with requirements for travel services that span multiple distinct regions of the globe.
16. Both Parties differentiate between groups of customers in this way in their internal documents. GBT uses a threshold of \$30 million annual TTV and CWT uses a

threshold of \$25 million annual TTV to identify these customers.⁷ Other TMCs use different TTV thresholds to identify this group of customers. While the exact numbers used may differ, based on the information available to us, we consider that \$25 million annual TTV is an appropriate threshold for those customers.

17. Accordingly, we have assessed the effects of the Merger on the market for the supply of BTA services to customers with a high-volume (a TTV of over \$25 million) of business travel that spans multiple distinct regions of the globe (which we refer to in this report as **GMNs** or **GMN customers**).
18. We considered whether unmanaged travel (ie in-house management of travel services or permitting employees to book their own travel and expense it back through their employer) should be considered to be in the same market as the supply of BTA services to GMN customers. Evidence from GMN customers and the Parties' internal documents indicates that unmanaged travel is not viewed as an alternative to managed travel. Accordingly, we did not include unmanaged travel in the relevant market.
19. While we have provisionally found that the relevant geographic market is global, we note that both Parties have operations in the UK and that their customer bases include GMN customers which are based in and/or do business in the UK.

... about the effects of the Merger?

20. Our approach to assessing the Merger is forward-looking, and accounts for the future evolution of competitive conditions. This includes a consideration of any likely change in competitive strength, any expansion plans by the Parties and their rivals, any technological change, and their likely impact on competition. We adopted a time horizon of two years for our assessment, in line with the CMA Merger Assessment Guidelines. We consider that any impact from entry or expansion by rivals that only manifests itself after this time horizon would not be sufficiently timely to be relevant to our assessment of the loss of competition between the Parties resulting from the Merger.
21. We have provisionally found that the Merged Entity would be the clear market leader, and that the loss of competition between the Parties would not be offset by the constraint posed by other suppliers in the market.
22. The evidence from the shares of supply, bidding data, the Parties' internal documents, customers and competitors is consistent in showing that the Parties, alongside BCD, are by far the three largest TMCs supplying BTA services to GMN customers (with the Merged Entity around twice the size of BCD), and that the

⁷ We note that the Parties have claimed that CWT uses a threshold of [X] to identify these customers. However, this is not consistent with our review of the internal documents received from CWT which show CWT using a \$25 million annual TTV threshold.

Parties and BCD compete closely for these customers, largely because of their scale and global coverage. While FCM is a credible alternative for some of those customers, it was regarded by others as not having the same capacity or global reach. The evidence is also consistent that CTM and Navan are relatively weak competitors in the supply of BTA services to GMNs. We found little evidence that any other TMCs compete for GMNs to any meaningful extent.

23. We recognise that CWT may be [redacted] than it was in 2019 and that its financial difficulties during the COVID-19 pandemic have had an adverse impact on [redacted]. However, CWT remains a significant and close competitor to GBT, one of very few close competitors and, more generally, one of a limited number of TMCs capable of serving GMN customers. This is evidenced by: customers retained since 2019, including in bids against GBT; customers won since 2019, including from GBT; customer and competitor ratings. Furthermore, the evidence indicates that CWT [redacted] it has taken steps to recover, improving its financial performance, and that it [redacted]. We therefore consider that it is likely that CWT will continue to be a significant competitor to and constrain GBT in the supply of BTA services to GMNs.
24. As regards the impact of innovation on the competitive landscape, while some customers and competitors recognised technological changes in the market, such as digital solutions reducing the need for agents to book travel, they also highlighted the continued importance of in-person support, alongside technological solutions, to meet GMN customer needs. We have seen evidence of a tech-entrant partnering with TMCs in order to provide a comprehensive set of BTA services to GMN customers. Accordingly, while we acknowledge the ongoing technological innovation in this market, we have not seen evidence indicating that technology could substitute a comprehensive BTA offering, or that tech-led competitors are likely to become material standalone competitors in the next two years.
25. Finally, we have found that any TMC looking to enter or gain more scale in BTA services for GMN customers would face substantial barriers to entry and expansion. Our evidence consistently indicates that a combination of demonstrated track record, geographic footprint, and overall scale and consistency of service is required to compete for GMN customers.
26. Therefore, the effect of this Merger would be to combine two significant and close competitors in a market for GMN customers, with few meaningful alternatives and significant barriers to entry and expansion.

... about the overall impact of the Merger on GMN customers?

27. Business travel plays a vital role in maintaining a successful economy, in particular for open trading economies such as the UK which are highly dependent on global trade, supply chains and international investment. Both Parties' GMN customers

include companies, whether headquartered in or outside the UK, that play an important role in the UK economy. A cost-effective, good quality and efficient business travel sector is therefore a necessary underpinning element of UK productivity and economic growth.

28. Our statutory duty is to assess whether the Merger may be expected to result in an SLC within any market or markets in the UK for goods or services. Any such reduction in competition can have a potential impact on consumers.
29. In this case, our provisional finding is that this Merger, by removing the constraint that GBT and CWT exert on each other, would lead to a significant reduction in competition in the supply of BTA services to GMN customers, which in turn would allow the Merged Entity to raise prices and/or degrade non-price aspects of its competitive offering to GMN customers, including those who operate in the UK.

PROVISIONAL CONCLUSION

30. For the reasons explained in this report, we provisionally conclude that the Merger, if implemented, will result in the creation of an RMS, and that situation may be expected to result in an SLC in the global market for the supply of BTA services to GMN customers, including the customers served by GBT and CWT, a number of which are based in the UK and/or do business in the UK. The Merger may therefore be expected to result in an SLC within the UK.

WHAT HAPPENS NEXT?

31. We invite any interested parties to make representations to us on these provisional findings by no later than **5pm on Wednesday 27 November 2024**.
32. As a result of the provisional SLC identified, the Parties are required to confirm to the CMA within three working days of the publication of this Interim Report whether they intend to submit a completed Phase 2 Remedies Form (**Remedies Form**), and to submit this by no later than **5pm on Wednesday 20 November 2024**. Following submission of the Remedies Form (or confirmation by the Parties that they do not intend to submit such a form), the CMA will publish an Invitation to Comment on Remedies in order to consult on possible action to remedy, mitigate or prevent the SLC and the resulting adverse effects provisionally identified. For more information on the phase 2 process, see chapter 12 of [Mergers: Guidance on the CMA's jurisdiction and procedure \(CMA2\)](#).