



Decision CPC: 29/2022

Case Number: 08.05.001.022.021

**THE CONTROL OF CONCENTRATIONS BETWEEN ENTERPRISES LAW
No. 83(I)/2014**

**Notification of a concentration concerning the acquisition of the share capital
of Barracuda Parent LLC by KKR & Co. Inc., via Atlantic Holding Parent Inc.**

Commission for the Protection of Competition:

Mrs. Loukia Christodoulou	Chairperson
Mr. Panayiotis Ousta	Member
Mr. Aristos Aristeidou Palouzas	Member

Date of Decision: 13th of May 2022

SUMMARY OF THE DECISION

On 28/04/2022, the Commission for the Protection of Competition (hereinafter the “Commission”) received on behalf of Atlantic Holding Parent Inc. (hereinafter the “Atlantic Parent”), a notification of a proposed concentration. The notification was filed according to Section 10 of the Control of Concentrations between Enterprises Law 83(I)/14 (hereinafter the “Law”).

The notification concerns a concentration, according to which KKR & Co. Inc., (hereinafter the “KKR & Co.”, and together with its subsidiaries, the “KKR”), via Atlantic Parent, intends to acquire all the assets of Barracuda Parent, LLC (hereinafter the “Target” or the “Barracuda”).

The parties involved in the transaction are the following:

KKR & Co Inc. is a global investment company, duly registered under the laws of the State of Delaware, United States of America. It offers alternative asset management,

capital markets and insurance solutions. It finances investment funds that invest in private equity, credit and real estate and has strategic partners that manage hedge funds.

- Atlantic Holding Parent Inc. is a company duly registered under the laws of the State of Delaware, United States of America. It is a special purpose vehicle, with no prior business activities, established for the purposes of this transaction. It is indirectly controlled by funds, investment vehicles and/or separately managed accounts advised and/or managed by one or more subsidiaries of KKR & Co. Inc..
- Atlantic Merger Sub LLC is a company duly registered under the laws of the State of Delaware, United States of America. It is an indirect subsidiary and wholly owned by Atlantic Holding Parent Inc..
- Barracuda Parent LLC is a limited liability company duly registered under the laws of the State of California, United States of America. It is a provider of data solutions, applications and network security products and services to customers using network devices and cloud services. It offers security software as well as backup/archive solutions. Its portfolio includes cloud-enabled appliances, virtual appliances, public cloud solutions and Software-as-a-service (“SaaS”) solutions. Specifically, its security software focuses on secure email gateway products (inbound filtering of spam, phishing, malicious email and marketing; and data loss prevention and email encryption) and secure web gateway products (solutions that provide URL filtering, malicious-code detection and controls for web-based applications).

This concentration is based on an Agreement and Plan of Merger dated 10/04/2022, which was agreed upon by and among the Target, Atlantic Parent, Atlantic Merger Sub LLC and Thoma Bravo, L.P., solely in its capacity as “Equityholder Representative” (hereinafter the “Agreement”). Pursuant to the terms of the Agreement, Atlantic Parent intends to merge Atlantic Merger Sub LLC, an indirect wholly-owned subsidiary of Atlantic Parent, with Barracuda. Barracuda will continue as the surviving corporation of the merger, while Atlantic Merger Sub LLC will cease to exist separately and Atlantic Parent will exercise indirect sole control over the Target.

The Commission, taking into account the facts of the concentration, has concluded that upon completion of this merger, KKR, via Atlantic Parent, will acquire the sole

control over the Target, in accordance with the provisions of section 6 (1)(a)(ii) of the Law

Furthermore, based on the information contained in the notification, the Commission found that the criteria set by section 3 (2) (a) of the Law were satisfied and therefore the notified concentration was of major importance falling within the scope of the Law.

The relevant product/services market in this case was defined as the provision of products for security software market. In addition, the Commission concluded that the geographical market is defined, for the relevant market under reference, as that of the territory of the Republic of Cyprus.

Horizontal Overlap

According to the data of the notification, only two holding companies controlled by KKR are active in the security software industry, Optiv Security Inc. (hereinafter the “Optiv”) and ReliaQuest LLC (hereinafter the “ReliaQuest”).

- a) Optiv is an IT security solutions integrator that provides comprehensive cyber security solutions worldwide. It resells security software and provides extended/managed detection and response (XDR/MDR) services. XDR/MDR services enable organizations to proactively detect, analyze, investigate and respond through threat mitigation and containment. According to the participants, it does not operate in the same product market as Barracuda with regard to the supply of security software. While Barracuda is a security software provider/manufacture, Optiv operates as a security software reseller. Furthermore, Optiv sells primarily to large enterprises, while Barracuda sells primarily to small and medium-sized businesses (SMBs), which were previously considered by the Commission to be different product markets based on the end user.
- b) ReliaQuest is an IT security service provider, which provides extended/managed detection and response (XDR/MDR) services.

The activities of KKR (including those portfolio companies controlled by KKR) do not overlap with the business activities of the Target in Cyprus in 2020. There is therefore no horizontal overlap between the activities of KKR (including those portfolio companies controlled from KKR) and the Target in Cyprus.

Vertical Relationship

According to the data of the notification, this transaction will not raise any vertical concerns.

The only vertical relationship created by the transaction is the relationship between Barracuda and Optiv, which resells security software, including Barracuda's.

According to the notification, there are no vertical relationships between the activities of KKR (including those holding companies controlled by KKR) and the Target in Cyprus.

Neighboring Relationship

According to the participants, a neighboring relationship may arise between KKR's Portfolio Companies and the Target in Cyprus (i.e. they have the same clients). This fact, however, does not create any concerns regarding competition and any market shares in such neighboring markets will in any case be below 25% due to the limited turnover in Cyprus.

Taking into account the above, the Commission concludes that in this concentration no affected market is created based on Annex I of the Law. In addition, there are no other markets in which the notified concentration may have a significant effect.

The Commission, on the basis of the factual and legal circumstances, unanimously decided that this concentration does not create or strengthen a dominant position as there is no affected market and therefore the concentration does not raise serious doubts as to its compatibility with the operation of the competition in the market.

Therefore, the Commission, acting in accordance with section 22 of the Law, unanimously decided not to oppose the notified concentration and declare it as being compatible with the operation of the competition in the market.

Mrs. Loukia Christodoulou

President of the Commission for the Protection of Competition