



## **MEDIA RELEASE**

**25 November 2021**

### **CCCS Clears Proposed Acquisition by Thermo Fisher Scientific, Inc. of PPD, Inc.**

The Competition and Consumer Commission of Singapore (“**CCCS**”) has cleared the proposed acquisition (“**Proposed Transaction**”) by Thermo Fisher Scientific, Inc. (“**Thermo Fisher**”) of PPD, Inc. (“**PPD**”) (collectively, the “**Parties**”).

2. Following its assessment, CCCS has concluded that the Proposed Transaction, if carried into effect, will not infringe the section 54 prohibition of the Competition Act (Cap. 50B) (“**Act**”).

### **Background**

3. On 1 October 2021, CCCS accepted an application from Thermo Fisher for a decision on whether the Proposed Transaction would infringe section 54 of the Act, which prohibits mergers that have resulted, or may be expected to result, in a substantial lessening of competition within any market in Singapore.

4. Thermo Fisher is a global manufacturer and supplier of a broad range of analytical, research and bioprocessing products, and pharmaceutical contract development and manufacturing services. In Singapore, Thermo Fisher offers life sciences and analytical instruments, laboratory equipment, chemical reagents, consumables, software and several other products/services in the life sciences industry.

5. PPD is a clinical research organisation (“**CRO**”) which mainly provides clinical development services (also known as clinical research organisation services) (“**CRO Services**”) to support pharmaceutical and biotech companies in the organisation and evaluation of clinical trials. In addition, PPD operates a small number of laboratories where it offers a range of testing services. PPD has operations in relation to both CRO Services and laboratory services in Singapore.

## CCCS's Assessment

6. CCCS conducted a public consultation from 11 October 2021 to 22 October 2021 and contacted 58 stakeholders including the customers and competitors of the Parties for their views.

### Relevant markets affected by the Proposed Transaction

7. CCCS determined that it is not necessary to conclude on a precise market definition for this merger as it does not affect the competition assessment of the Proposed Transaction. CCCS considered that the relevant markets in its assessment of the Proposed Transaction were in the global supply of:

#### Upstream Markets

- (a) Clinical Trial Comparator Sourcing Services;
  - (b) Clinical Trial Ancillary Sourcing Services;
  - (c) Clinical Trial Packaging Services;
  - (d) Clinical Trial Supply Storage, Distribution and Other Logistics Services; and
- (the above services are collectively “**Clinical Trial Support Services**”)

#### Downstream Market

- (e) CRO Services.
- (collectively the “**Relevant Markets**”)

### Competition Assessment for the Relevant Markets

8. CCCS notes that Thermo Fisher supplies a broad range of products to CROs and laboratories that compete with PPD in Singapore. However, CCCS notes that no competition concerns were raised by third parties for most of these products and in any event, CCCS has assessed that competition concerns in Singapore are unlikely to arise.

9. CCCS therefore focused its assessment on Thermo Fisher's supply of Clinical Trial Support Services to CROs and laboratories that compete with PPD in Singapore. In particular, the main issue that CCCS considered is whether, post-transaction, the vertically-integrated

merged entity may have the ability and incentive to foreclose rivals in the upstream markets for the Clinical Trial Support Services and downstream market for CRO Services.

10. CCCS found that customer foreclosure concerns are unlikely to arise for the upstream markets for Clinical Trial Support Services because:

- (a) For new clinical trials, Thermo Fisher's competitors are able to supply to many alternative CROs that make up a large majority of the CRO Services market, even if PPD shifts its purchases of Clinical Trial Support Services to Thermo Fisher;
- (b) There are significant costs and time involved with changing suppliers for Clinical Trial Support Services in the middle of a clinical trial. Thus, the likelihood PPD shifting its purchases of Clinical Trial Support Services away from Thermo Fisher's competitors for existing clinical trials is low.

11. CCCS found that input foreclosure concerns are unlikely to arise for the downstream market for CRO Services because:

- (a) There are multiple viable competitors to Thermo Fisher in the provision of Clinical Trial Support Services and switching to alternative suppliers between clinical trials is relatively easy;
- (b) While there may be difficulties switching suppliers of Clinical Trial Support Services in the middle of a clinical trial, CCCS found that end-customers also face similar difficulties when switching CRO Service providers in the middle of clinical trials. As such, there is little incentive for Thermo Fisher to engage in input foreclosure against PPD's competitors for existing clinical trials because any foreclosure strategy will be unlikely to result in a significant number of end-customers switching to PPD; and
- (c) The competitors of Thermo Fisher have capacity to expand supply and will be able to absorb additional demand from customers that switch away from Thermo Fisher.

12. CCCS also considered that the Proposed Transaction is unlikely to result in coordinated effects in the Relevant Markets due to the following:

- (a) The Proposed Transaction is unlikely to result in foreclosure of Thermo Fisher's or PPD's competitors. As such, the number of market players in the Relevant Markets are unlikely to be reduced and the ability for market players to coordinate, e.g. in terms of prices or conditions of sale, to reduce competition among themselves with not be increased;

(b) Prices are not transparent and contracts are highly customised to each clinical trial's complex and varied requirements.

13. Further information on the application and CCCS's Grounds of Decision will be made available in due course on [CCCS's Public Register](#) at our [website](#).

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### **About the Competition and Consumer Commission of Singapore**

The Competition and Consumer Commission of Singapore ("CCCS") is a statutory board of the Ministry of Trade and Industry. CCCS administers and enforces the Competition Act (Cap. 50B) which empowers CCCS to investigate and adjudicate anti-competitive activities, issue directions to stop and/or prevent anti-competitive activities and impose financial penalties. CCCS is also the administering agency of the Consumer Protection (Fair Trading) Act (Cap. 52A) or CPFTA which protects consumers against unfair trade practices in Singapore. Our mission is to make markets work well to create opportunities and choices for business and consumers in Singapore.

For more information, please visit [www.cccs.gov.sg](http://www.cccs.gov.sg).

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