

# Notice to Commerce Commission seeking clearance for business acquisition

## Public version

### Contents

|            |  |    |
|------------|--|----|
| A          | Preliminary .....                                      | 2  |
| B          | Acquisition   Summary .....                            | 3  |
| C          | Parties   Confidentiality .....                        | 5  |
| D          | St John's business   Securely's business .....         | 7  |
| E          | The Transaction .....                                  | 13 |
| F          | Markets .....  | 16 |
| G          | Analysis.....  | 27 |
| H          | Conclusion .....                                       | 37 |
| I          | Documents supplied with Notice.....                    | 38 |
| Schedule 1 | (Confidential) List of documents.....                  | 39 |
| Schedule 2 | St John and Securely's business and key customers..... | 40 |
| Schedule 3 | Competitors .....                                      | 42 |
| Schedule 4 | Changes to self-funded price .....                     | 44 |
| Schedule 5 | Industry associations.....                             | 45 |
| Schedule 6 | Confidentiality .....                                  | 46 |
|            | Declaration by St John.....                            | 57 |

## A Preliminary

**Dated** 6 December 2023

**Under** Section 66, Commerce Act 1986 (**Act**)

**From** The Priory in New Zealand of the Most Venerable Order of the Hospital of St John of Jerusalem (**St John**)

**To** The Registrar  
Competition Branch  
Commerce Commission | Te Komihana Tauhokohoko  
Wellington

[registrar@comcom.govt.nz](mailto:registrar@comcom.govt.nz)

## B Acquisition | Summary

### 1 Conditional acquisition

- 1.1 St John has agreed to acquire assets, being a medical alarm and monitoring business, from Electra Services Limited, which trades as Securely (**Securely**) (the **Acquisition**). St John is seeking clearance for the Acquisition which is provided for in the sale and purchase agreement.
- 1.2 Completion of the Acquisition is conditional upon a clearance being given by the Commission under section 66(3) of the Act.
- 1.3 A clearance should be given as the Acquisition would not have, and would not be likely to have, the effect of substantially lessening competition (**SLC**) in any market.

### 2 Summary | Acquisition will not cause SLC

- 2.1 St John and Securely (the **Parties**) overlap in relation to the supply of medical alarms and monitoring services to:
- a end users, and
  - b commercial customers (mostly retirement homes), who in turn supply the alarms to their resident customers.<sup>1</sup>
- 2.2 A monitored medical alarm is a personal device which allows a user who suffers a medical incident to activate an alarm at a monitoring station.
- 2.3 On the Acquisition occurring no SLC will arise for these key reasons:
- a *St John will remain subject to the countervailing power of MSD for funded end user acquirers*
    - i For ████████ of end user acquirers their purchases are funded by the Ministry of Social Development | Te Manatū Whakahiato Ora (**MSD**). These users acquire at prices agreed with MSD.
    - ii MSD runs a competitive bidding process every two years and licenses successful tenderers to sell to funded end user acquirers. MSD's significant countervailing power constrains all providers, including St John. If the Acquisition occurs, this constraint on St John's ability to raise its prices, or reduce its service levels, would continue to prevail.
  - b *St John will remain subject to the countervailing power of MSD for self-funded end user acquirers*
    - i The balance of end user acquirers are self-funded, as they do not qualify for the benefit paid by MSD.
    - ii MSD's countervailing power operates for these end users as well, meaning prices bear a close relationship to the prices agreed with MSD by licensed

<sup>1</sup> We note for completeness that Securely also offers duress alarms for lone workers and personal (family safety) alarms, which use the same equipment as medical alarms. See further detail below at paragraph 7.11. St John does not provide lone worker or family safety alarms externally, however, St John does provide monitoring services for third party lone worker equipment suppliers.

- sellers. They are often the same, and if not are more or less similar. This is true whether the seller is licensed or not.
- iii If the Acquisition occurs, the correlation between prices in the funded and self-funded segments will persevere.
- c *For commercial customers, the Acquisition is within a 'safe harbour' and there is no realistic prospect of a SLC*
- i If the Acquisition occurs, St John estimates that:
    - A the three largest firms involved in commercial sales will have a combined market share of less than 70% [REDACTED]
    - B the merged firm's combined share of commercial sales will be less than 40% [REDACTED]
  - ii The concentration arising on Acquisition would be immaterial.
- d *In any case,<sup>2</sup> St John is constrained by the power of commercial acquirers*
- i Whether in a commercial market, or a wider market, commercial acquirers have significant purchasing power. Moreover, they can provide their own solutions as a substitute to purchasing from St John and its competitors.
  - ii The rationale for the Acquisition is to enable St John to enhance its offering to better meet the needs of acquirers (and especially commercial acquirers) using technology developed by Securely. Emerging technology will allow St John to compete more effectively. The need for it to do so is becoming acute as the markets are rapidly changing through innovation.
- e *Competition to supply end users and commercial customers constrains St John*
- i The second and third largest firms supplying end users and commercial customers are ADT Security Limited (**ADT**) and VitalCall (Chubb New Zealand) (**Chubb**). ADT is owned by Intelligent Monitoring Group (**IMG**) in Australia and Chubb is the New Zealand subsidiary of a large multi-national. Both have significant resources and presently have relatively modest market shares.
  - ii These modest shares of supply likely reflect the fact that, because of the constraint noted at paragraph 2.3a, b, and d, margins are small, and accordingly monitored medical alarms are not an investment focus.
  - iii If, on Acquisition, St John attempted to increase its prices above competitive levels or reduced its service level, ADT and Chubb could readily take market share through price and other competition. Contracts with end users tend to have short notice periods and customers can easily switch. In addition, the barriers to entry for new entrants are low.
  - iv Irrespective of the Acquisition, the markets are rapidly evolving through innovation and in uncertain ways. They are being materially disrupted by technology.

<sup>2</sup> And of particular relevance if the Commission decides that the End User Market and the Commercial Market are not separate markets.,

- v Commercial acquirers are increasingly demanding high-tech solutions, and end users are increasingly able to rely on different, but substitutable, products. The key examples are smartphone and smartwatch features.
- vi The Acquisition will allow St John to better compete with the large technology platforms.

## C Parties | Confidentiality

### 3 St John—acquirer

3.1 St John (NZBN 9429043031801) is the acquirer giving this Notice. Its details are:

The Priory in New Zealand of the Most Venerable Order  
of the Hospital of St John of Jerusalem  
2 Harrison Road  
Mount Wellington  
Auckland 1060

Attention: Julie Hands, Principal Legal Counsel  
Telephone: +64 27 266 0480  
Email: [julie.hands@stjohn.org.nz](mailto:julie.hands@stjohn.org.nz)  
Website: <https://www.stjohn.org.nz/>

3.2 All correspondence and notices for St John should be directed to St John's legal representatives, whose details are:

Dentons Kensington Swan  
Private Bag 92101  
Auckland 1142

Attention: David Campbell | Patrick Glennie  
Telephone: +64 9 379 1115 | +64 9 375 1116  
Email: [david.campbell@dentons.com](mailto:david.campbell@dentons.com) | [patrick.glennie@dentons.com](mailto:patrick.glennie@dentons.com)

### 4 Securely—vendor

4.1 Electra Services Limited trading as a Securely (company number 5493963) is the vendor. Its details are:

Securely  
25 Bristol Street  
PO Box 244  
Levin 5510

Attention: Jenny Beale, Group General Counsel  
Telephone: +64 27 615 6678  
Email: [jenny.beale@electra.co.nz](mailto:jenny.beale@electra.co.nz)  
Website: [www.securely.nz](http://www.securely.nz)

4.2 All correspondence and notices for Securely should be directed to:

Chapman Tripp  
PO Box 993  
Wellington 6140

Attention: Lucy Cooper | Sophie Harker  
Telephone: +64 4 498 2408 | +64 4 498 2413  
Email: [Lucy.Cooper@chapmantripp.com](mailto:Lucy.Cooper@chapmantripp.com) |  
[Sophie.Harker@chapmantripp.com](mailto:Sophie.Harker@chapmantripp.com)

## 5 Confidentiality

- 5.1 St John (for itself and Securely) says that all information redacted from the public version of this Notice is confidential (**Confidential Information**).
- 5.2 Confidential Information is indicated in three ways. Those parts:
- a enclosed in square brackets ([██████████]) are confidential to St John and have not been shared with the Securely
  - b enclosed in braces {██████████} are confidential to Securely and have not been shared with St John
  - c enclosed in square brackets *and* braces {██████████} are confidential to: (i) St John and Securely, or is (ii) personal information belonging to third parties.
- 5.3 If the Commission receives any request for the release of Confidential Information, under the Official Information Act 1982 or otherwise, St John and Securely each ask to be notified and each seeks an opportunity to provide a view as to whether the Confidential Information can be withheld before the request is determined.
- 5.4 The Confidential Information is either: personal information about third parties, or commercially sensitive and valuable information which is confidential to one or more of St John and Securely. Disclosure of commercially sensitive Confidential Information would likely give an unfair advantage to competitors, or unreasonably prejudice the commercial position of one or more of St John and Securely.

## D St John's business | Securely's business

### 6 St John's business

#### *St John's purpose*

- 6.1 St John is a charity in the health and social care sectors.
- 6.2 St John's core work is the provision of:
- a ambulance services
  - b first aid trading
  - c medical services at events
  - d medical alarms
  - e youth and community programmes.
- 6.3 The global governing body of St John is its Grand Council. In New Zealand, a Priory Chapter oversees St John's strategic and financial direction. The Priory Chapter is chaired by the Governor-General, as Prior of the Order in New Zealand.
- 6.4 To help fund its charitable purposes, and because it is a public health benefit in itself, St John supplies medical alarms and associated monitoring services to end users and to commercial customers. In both cases, St John's offering includes an alarm, associated equipment, and a monitoring service. Customers rent the physical alarms from St John, which ensures they are properly installed and maintained. St John then monitors them on an ongoing basis. When an alarm is activated, a medical response is initiated.
- 6.5 St John's national headquarters is at 604 Great South Road, Ellerslie, Auckland. St John currently has about 16,000 paid and volunteer staff members across New Zealand.
- 6.6 The relevant products sold by St John are assembled and manufactured at Chiptech, in Christchurch, New Zealand. Chiptech, sources components domestically and globally.
- 6.7 St John is a member of Telecare Services Association New Zealand (**TSANZ**), which requires St John to follow the Association's quality standards, policies and procedures. As a member of TSANZ, St John is required to undertake biannual compliance audits. Monitoring stations are part of the audit completed by a TSANZ appointed agency. Accredited providers must pass this audit, then have ongoing periodic reviews to maintain their TSANZ membership.
- 6.8 Further information about St John is available at: <https://www.stjohn.org.nz/> and in its annual reports.<sup>3</sup> The 2022 and 2023 reports show that St John's total sales revenues and volumes in respect of monitored medical alarms over the last three years are as follows:
- a **Total sales revenues:**
    - i 2022-2023: [REDACTED]

<sup>3</sup> Available at: [https://pardot.stjohn.org.nz/l/182252/2022-12-04/5w6n6s/182252/1670185387INroNFIR/Hato\\_Hone\\_St\\_John\\_Annual\\_Report\\_2022.pdf](https://pardot.stjohn.org.nz/l/182252/2022-12-04/5w6n6s/182252/1670185387INroNFIR/Hato_Hone_St_John_Annual_Report_2022.pdf) and [https://pardot.stjohn.org.nz/l/182252/2023-11-19/6tjyy4/182252/1700439023GhTj4DNT/HQ3382\\_Annual\\_Report\\_2023\\_LQ.pdf](https://pardot.stjohn.org.nz/l/182252/2023-11-19/6tjyy4/182252/1700439023GhTj4DNT/HQ3382_Annual_Report_2023_LQ.pdf) and provided with this application.

- ii 2021-2022: [REDACTED]
  - iii 2020-2021: [REDACTED]
- b **Total sales volumes:**

- i 2022-2023: [REDACTED]
- ii 2021-2022: [REDACTED]
- iii 2020-2021: [REDACTED]

\*In 2019-2020, with the impact of COVID-19 [REDACTED]. In 2020-2021, there was a rebound from the year of significant COVID-19 restrictions.

### *St John's products*

- 6.9 St John is a MSD-accredited medical alarm supplier. St John's product offering is confined to medical alarms. The products offered by St John to end users are:
- a **Home Plans (for MSD purposes, an 'in-home' medical alarm)**  
An alarm base unit installed in the customer's residence and a pendant (worn personally) which connects to that alarm when within about 200–300 metres of the base unit.
  - b **Mobile Plans**  
A stand-alone wearable alarm that works wherever there is cellular coverage.
  - c **Home and Mobile Plans (for MSD purposes, an 'anywhere' medical alarm service option)**  
An alarm base unit *and* a stand-alone wearable alarm are provided. When in range, the stand-alone alarm connects to the base unit. When not in range, it connects to a cellular network.
- 6.10 Commercial customers can, in some ways, be seen as resellers, but they will generally include the provision of the alarm within their standard offering rather than as an optional add on. The typical commercial customer is an owner of a retirement home or village. The owner may have a single home or village, but is often an entity with many sites.
- 6.11 St John's offering to commercial customers is similar to its offering end users but involves more optionality. For example:
- a Different service levels are sometimes agreed. Some commercial customers also acquire optional add-ons, such as additional mobile alarms, or St John also contacting their onsite teams when an alarm is activated. St John also have a number of villages that have opted in for an integrated monitored smoke alarm, which St John tends to offer on a request and case by case basis.
  - b Contract lengths and notice periods are longer. A common arrangement is a single monthly invoice and two to three year contracts with a three month notice period. In contrast, end users are billed weekly, fortnightly, or monthly, are on rolling contracts,

and can terminate immediately or, if moving to an alternative provider, on giving two to three weeks' notice.<sup>4</sup>

- c Pricing is more flexible and can be tiered according to volumes. Given contracts with commercial customers are longer, prices for commercial customers are usually lower than for comparable services provided to end users.

6.12 In all cases, an alarm is activated when a customer pushes a button on their pendant or wearable alarm. The push activates a signal which is monitored and received by St John. On receipt, St John's Clinical Communications Centre calls and talks to the customer (through the alarm) to confirm that help is required. If so, or if no communication is possible, St John will organise the most appropriate response. The response could involve an ambulance, a paramedic, another emergency service, or expert advice.

6.13 St John's has monitoring centres located in Auckland and in Christchurch. St John does not have any third party backup systems in place. The two centres act as backup for each other. In addition, the monitoring platform is hosted online so can be accessed remotely if necessary. There are several reasons why St John does not outsource any of its monitoring of alarms including risk management and customer service reasons. St John is well placed to deal with emergency calls, and customers get comfort from the fact that their calls will be monitored by St John.

6.14 St John does not provide medical alarm monitoring services for any other company [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]<sup>5</sup>

*Split of customer base*

6.15 [REDACTED]  
[REDACTED]. A more complete breakdown appears in Schedule 2. That Schedule includes details of St John's key (existing) commercial customers.

6.16 [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

**7 Securely's business**

7.1 Securely, the brand name of Electra Services Limited, is a 100% New Zealand owned company and is part of the Electra Group.

7.2 The Electra Group has been in the business of delivering 24/7 critical services to the community since it was founded in 1922. In addition to Securely, the Electra Group includes:

<sup>4</sup> [REDACTED]

<sup>5</sup> See note on monitoring stations at end of following section.

- a Electra Limited, the parent company, an electricity network company for the Horowhenua and Kapiti Coast regions of New Zealand,
  - b Quail Ridge Country Club Limited, a retirement village in Kerikeri, and
  - c Kerikeri Falls Investment Limited, a business involved in the construction of the Quail Ridge Country Club Limited.
- 7.3 Securely employees approximately 50 employees who are spread across Levin and Lower Hutt, along with sales team members based around New Zealand, together with a national presence of contracted service staff.
- 7.4 Like St John, Securely is a MSD-accredited medical alarm supplier and is a member of the TSANZ. Securely operates its NZ Security Association-approved secure 24/7 monitoring station and operational centre in Levin, with ICT backup as needed.
- [REDACTED]
- 7.5 [REDACTED]
- 7.6 There may be instances where a monitoring station has an arrangement to provide some sort of disaster recovery or business continuity facility within the security segment, but this is not common. Securely is not aware of any accredited medical alarm monitoring providers having this arrangement in place with another provider. MSD require that accredited providers have documented disaster recovery and business continuity plans, which are included in the audit process.
- 7.7 Unlike St John, Securely currently provides bureau monitoring services for several small security alarm technical services businesses. The largest of these is less than 50 customers and [REDACTED]

*Securely's products*

- 7.8 Securely is a medical alarm and security monitoring business as well as a call centre. Securely's primary offering is monitored medical alarms for use in private homes, retirement homes, and retirement villages. A breakdown of revenue earned by Security from different categories of customers is included at Schedule 2 below the breakdown for St John.
- 7.9 Securely's total sales revenues and volumes in respect of monitored medical alarms over the last three years are as follows:

a **Total sales revenues:**

- i 2022-2023: [REDACTED]
- ii 2021-2022: [REDACTED]
- iii 2020-2021: [REDACTED]

b **Total sales volumes:**

- i 2022-2023: [REDACTED]
- ii 2021-2022: [REDACTED]
- iii 2020-2021: [REDACTED]

7.10 In addition, Securely offers:

- a duress alarms for lone workers,
- b personal alarms (Family Safety alarms) used in conjunction with New Zealand Police monitoring, and
- c property security alarms for government, commercial, and residential premises.

7.11 The duress and personal alarm monitoring services referred to at paragraphs 7.10a and 7.10b use the same equipment as the medical alarm segment, [REDACTED]. The property security alarm monitoring services referred to at paragraph 7.10c use different equipment and provide different customer outcomes.

7.12 As at 30 April 2023 Securely's asset count for each segment was:

- a [REDACTED] for the medical alarm segment (including alarms for both end-users and commercial customers<sup>6</sup>), and
- b [REDACTED] for the property security alarm segment.

7.13 The Acquisition only relates to the activities described above in paragraphs 7.8 and 7.10a and 7.10b and excludes the property security alarm monitoring services described at paragraph 7.10c above.

7.14 Like St John, Securely is an MSD licensed medical alarm supplier which sells subscription-based monitoring services to end users and to commercial acquirers.

7.15 Further information about Securely is available at: <https://securely.nz/> and in its annual report.<sup>7</sup> Details of its medical alarm business appear at <https://securely.nz/medical-alarms/>.

### *Monitoring stations*

<sup>6</sup> This includes sales in the lone worker / duress alarm monitoring segment.

<sup>7</sup> See: <https://electra.co.nz/wp-content/uploads/2023/06/2023-Annual-Report.pdf>.

- 7.16 Only limited information is available about the monitoring stations of other participants in the market. In Securely's view, Patriot is likely the predominant monitoring platform used across New Zealand and Australia, and is also what is used by Securely.
- 7.17 Both St John and Securely understand that:
- a all participants service monitoring requirements inhouse (though with some backup services outsourced).
  - b the only major supplier of monitored medical alarms with its monitoring centre overseas is Chubb, with a main monitoring centre in Australia and a back up site available in New Zealand (St John understands that they may have required an exemption from the MSD to do so).
  - c Freedom Alarms operates a monitoring station in Wellington aligned with Wellington Free Ambulance, using the Patriot monitoring platform.
  - d ADT operate from an Auckland base, with a connection to Australia. ADT use Mastermind as their monitoring platform.
  - e most participants use the Patriot monitoring platform (and this is what is used by Securely), but other platforms are available such as Mastermind.

## E The Transaction

### 8 Asset sale

8.1 Over May and June 2023, Securely contacted industry participants and potential interested parties to sell all its medical and non-medical alarm businesses. A copy of an information memorandum Securely has shared with potential buyers that was released on 1 July 2023 accompanies this Notice. The option to purchase the business as a going concern, combined customer asset list, or as individual customer asset lists was outlined in the information memorandum.

8.2 The scope of St John's charitable purposes mean that it will not acquire a wider alarm business (that is, a business including security alarms). Accordingly, St John has only bid for, and has only agreed to purchase, Securely's monitored medical alarm business.

8.3 St John and Securely have entered into a sale and purchase agreement dated 3 October 2023 (**SPA**) under which St John (i.e. The Priory In New Zealand of the Most Venerable Order of the Hospital of St John of Jerusalem) will purchase this part of Securely's business. A copy of the SPA accompanies this Notice. The proposed purchase price of Securely is [REDACTED]

8.4 By way of this application, St John is seeking clearance for the Acquisition as provided for in the SPA. Completion pursuant to the SPA is conditional on the Commission granting clearance under section 66(3) of the Act.

8.5 Pursuant to the SPA, if the Acquisition proceeds, St John will:

a Acquire Securely's:

i customer lists (including addresses, contact details, and billing information)

ii sales pipeline

iii medical alarms [REDACTED]

<sup>8</sup>

iv associated assets such as receivers and some other hardware relating to the operation, maintenance and improvement of the alarms.}}

b Take assignments of Securely's contracts with its customers and supplier (except for a small number that cannot be assigned or novated). [REDACTED]

<sup>9</sup>

8.6 The assets referred to at paragraph 8.5 above are all in relation to Securely's monitored medical alarm business. For the avoidance of doubt, St John will not acquire any assets relating to the parts of Securely's business not related to monitored medical alarms. That

<sup>8</sup> See schedule 3 of the SPA.

<sup>9</sup> See schedule 4 of the SPA.

is, St John will not acquire or take assignment of any customer lists, sales pipelines, assets, or contracts relating to Securely's non-medical alarm business.

8.7 After completion of the Acquisition:

- a [REDACTED]
- b [REDACTED]
- c [REDACTED]

9 Rationale for Acquisition

9.1 [REDACTED]

Securely has worked with developers to meet those customers' demands for high-tech solutions, including a number of sophisticated features [REDACTED] including:

- a integrated solutions including smoke, flood, voice panic detectors, fall detectors, and motion sensors
- b enhanced security and safety applications
- c monitoring apps with smart alerts for family members
- d smart proactive monitoring that tracks the user's behaviour based on artificial intelligence and big data (for example, an alarm may be triggered if a user stays in one room for an unusually long time).

9.2 [REDACTED]

9.3 [REDACTED]

9.4



## F Markets

### 10 Market definition

- 10.1 The Parties overlap in the supply of medical alarms and monitoring services to end users and commercial customers. The Parties consider the appropriate frame of reference to be separate nationwide markets for the supply of medical alarms and monitoring services to:
- a end users (the End User Market),<sup>10</sup> and
  - b commercial customers (the Commercial Market).
- 10.2 In any event, however the market(s) are defined, disruption means that a focus on 'monitored medical alarms' will likely prove to be anachronistic. The activity of technology vendors with new products (based on existing and emerging technologies such as smart watches and smartphone applications), and powerful technology platforms, will inevitably recast how the markets are understood and operate.
- 10.3 It is difficult to predict the speed at which this disruption will occur:
- a On one level, St John is beginning to see disruption. Many of the products listed in section 13 are already available in New Zealand (and others soon will be) and, although uptake is currently low amongst the age group that most commonly purchasing monitored medical alarms, both uptake and awareness are increasing.
  - b On another, St John considers that a much greater level of disruption is coming. As with uptake of technology in many sectors, there is likely to be a tipping point at which products that are now relatively uncommon become the norm. Once customers start using these products, they are likely to become much more focused on the extent of the technology and associated features available. St John cannot accurately predict when this will happen, but considers that it will be in the next few years as products improve and become more mainstream, and consumers become accustomed to them.
- 10.4 This disruption is discussed in more detail at section 13.

### 11 Previous approaches to market definition by the Commission and other competition authorities

#### *New Zealand*

- 11.1 St John is not aware of any existing decisions relating to the markets for monitored medical alarms in New Zealand.

#### *United Kingdom*

- 11.2 In the United Kingdom, the Competition and Markets Authority (**CMA**) considered the supply and monitoring of personal pendant alarms in Great Britain and Northern Ireland in a [2009 decision](#) on the merger of Seniorlink Eldercare and Aid Call.
- 11.3 Both parties supplied personal pendant alarms to local authorities, housing associations and individual private customers (end users). The local authorities and housing

---

<sup>10</sup> This market is sometimes referred to as the residential market by industry participants.

associations then supplied the alarms to some local residents free of charge (or subsidised), and to others on a paid-for basis.

#### 11.4 The CMA:

- a considered the sale of alarms to local authorities and housing associations as a separate market, or at least separate segment, to the sale to individual private customers
- b viewed local authorities and housing associations as participants in the market for the sale of alarms to end users.

11.5 While these markets did not involve commercial aged care customers, the CMA's decision is instructive, and is consistent with what St John is proposing in relation to the Acquisition. There are different dynamics in play when selling to individual customers (end users) compared to selling to resellers (whether they are local authorities and housing associations, or care homes). To the extent that resellers are relevant to the End User Market, it is as competitors (though St John notes that it is not common for residents of commercial customers to choose to take alarms from another provider).

## 12 Geographic dimension | National markets

12.1 Both Parties have customers throughout New Zealand, as does Chubb and ADT.<sup>11</sup> St John's understanding is that Freedom, while operating (and advertising) nationally, currently has a customer base that is largely clustered around the Wellington area.

## 13 Product dimension

13.1 The products offered by St John are described at paragraph 6.9, and those offered by Securely are described at paragraph 7.8. The competing products vary, but most competitors offer a home based alarm service, a mobile service, and some sort of combined service.

13.2 Historically, the nature of the products available to end users has conformed with the requirements under the Personal Emergency Response Systems part 1 (**PERS1**) and part 2 (**PERS2**) specifications.

13.3 PERS1 specifies the requirements the medical alarm equipment must meet. In particular, it provides that:

- a The equipment must be able:
  - i to fulfil all stages of the activation process
  - ii trigger device activation to alarm unit
  - iii activate the emergency call signal via the communications unit
  - iv successfully send the call signal to the alarm monitoring system
  - v enable the alarm monitoring team to respond to the client and hand over to the emergency services.

<sup>11</sup> [REDACTED]

- b The equipment must allow for long life batteries to be installed in the trigger devices as well as a battery backup (with 30 hours minimum battery life) for the main medical alarm base unit, along with visual and audible indicators to advise the client of any faults as well as successful 2-way communication links.
- 13.4 PERS 1 also specifies the requirements and business continuity provisions that an alarm monitoring facility must meet, including but not limited to:
- a UPS backups on the site capable of 12 hours of power (or 1 hour if a generator is on site)
  - b software protection with anti-virus and appropriate system updates as well as firewalls installed
  - c a second site (geographically separate from the primary site) available for backup if there is disruption to the primary site.
- 13.5 PERS2 specifies the professional requirements of the provider and its monitoring services. In particular, it provides that:
- a Providers shall adhere to industry codes of standards and practice, including the ethical code and complaints processes of TSANZ and protection of privacy and confidentiality of clients and former clients.
  - b Providers are to ensure all alarm equipment complies fully with PERS1.
  - c When developing and entering into client agreements, alarm service providers shall meet the list of requirements. These requirements include;
    - i not pressuring clients to change alarm providers or equipment
    - ii providing clear complaints procedures to clients prior to signing on
    - iii allowing clients to cancel their service immediately if they go into care, lose any funding or pass away
    - iv advising all clients that they can have a third party present for any visits or demonstrations.
- 13.6 The PERS2 specifications also provide clarity around:
- a the recruitment and training of client service representatives
  - b the management of performance of client service representatives
  - c specific mandatory requirements around alarm service provision, including key performance indicators (KPI's) on response timeframes to emergency call events
  - d marketing and interaction guidelines.
  - e establishing the suitability for and deploying a medical alarm service, and how to best maintain and support the alarm service.

- 13.7 Though the PERS1 and PERS2 specifications are not MSD controlled (they are controlled by TSANZ), they are a requirement of membership of TSANZ.<sup>12</sup> In turn, the MSD stipulates that to be accredited, a provider must be a member of TSANZ.
- 13.8 In its service level agreements, MSD also sets additional specifications and service levels which all bidders must meet to qualify for consideration. For instance:
- a at present, to be licenced by MSD, all alarms supplied must operate on 3G networks. This is a requirement despite providers being minded to migrate to 5G networks.
  - b providers must ensure that clients are not deinstalled due to missed payment issues—instead, 20 days’ notice is required to allow the client to work with MSD to support any missed payments
  - c providers must undertake an external audit process (at a frequency determined by TSANZ) to ensure compliance with PERS1 and PERS2 and other associated TSANZ standards.
- 13.9 A copy of a current MSD service level agreement accompanies this application.
- 13.10 While it is open to MSD-licensed providers to sell different alarms to self-funded customers, that would create complexity. [REDACTED]
- 13.11 [REDACTED]
- 13.12 As set out at paragraph 6.10, there is greater variation in the products offered to commercial customers as commercial customers have greater, and increasingly diverging, needs. [REDACTED]
- 13.13 For example, in the End User market, there are numerous emerging technologies available to users through smartwatches or smartphones:
- a **Apple (watch)**  
Apple offer the Apple Watch, which has an ever-increasing range of its own and third party applications that monitor and report on health. There are existing Apple applications for:
    - i **Fall detection (from Series 4)**<sup>13</sup>  
If the wearer has a fallen, the watch vibrates, sounds an alarm, and displays a visual alert. The wearer can choose to notify emergency services or dismiss the alert altogether. If the watch detects no movement for a minute, a 30-second countdown with vibrations and sounds commences and thereafter the watch will

<sup>12</sup> PERS1 and PERS2 were written in 2015 and published in 2016. These specifications are under regular review to reflect technological advances and further standards, PERS3 and PERS4, are currently being prepared and are expected to be released next year.

<sup>13</sup> See: <https://support.apple.com/en-nz/HT208944>.

automatically call for help and send an emergency alert with the user's location to chosen emergency contacts.

- ii **Crash detection** (from series 8)<sup>14</sup>  
When a severe car crash is detected, the watch will sound an alarm and display an alert. If the user is unable to respond, the watch automatically calls emergency services after a 20-second delay as well as sending a message to the user's chosen emergency contacts.
  - iii **Caregiver alerts**<sup>15</sup>  
The watch will send a message to the user's chosen emergency contacts when the Emergency SOS signal is initiated (a press and hold of the side button).
  - iv **Care Smart App** (currently USA)  
Care Smart is a paid service which connects users to a 24/7 monitoring centre rather than directly calling 911. Users can contact the monitoring centre by pressing the 'Get Help' button or triggering fall detection. The staff member speaks directly to the user through the watch and can track the watch's location.
  - v **Heart rate monitoring**<sup>16</sup>  
The wearer is notified of any high, low, or irregular heart rhythms that might be suggestive of atrial fibrillation.
  - vi **Blood oxygen level tracking**<sup>17</sup>  
This feature identifies the percentage of oxygen circulating in the users blood, and can signal breathing or circulation issues if the percentage is too low.
- b **Apple (iPhone)**  
The Apple iPhone has many of the above features, including the following emergency features:
- i **Emergency SOS**<sup>18</sup>  
Depending on the model, the user can press the side button of their iPhone a number of times for an emergency countdown to start. An alert will sound and the iPhone will then automatically call the emergency services. After the call, the iPhone will send the user's emergency contacts a text message with the user's current location.
  - ii **Crash detection** (from iPhone 14)<sup>19</sup>  
If the iPhone detects a severe car crash, it will display an alert and automatically initiate an emergency phone call after 20 seconds unless the user cancels. If the user is unresponsive, the iPhone will play an audio message for emergency services, informing them that the user has been in a severe crash and giving approximate location.
- c **MediSOS**<sup>20</sup>  
Medical Alert Siren is a medical emergency siren application for the iPhone and

<sup>14</sup> See: <https://support.apple.com/en-nz/HT213225>.

<sup>15</sup> See: <https://support.apple.com/en-nz/HT206983>.

<sup>16</sup> See: <https://support.apple.com/en-nz/guide/watch/apde39f5426c/10.0/watchos/10.0#apdba5eab1ac>.

<sup>17</sup> See: <https://support.apple.com/en-nz/HT211027>.

<sup>18</sup> See: <https://support.apple.com/en-nz/HT208076>.

<sup>19</sup> See: <https://support.apple.com/en-nz/guide/iphone/iph948a628e9/ios>.

<sup>20</sup> See: <https://apps.apple.com/nz/app/medisos-medical-alert-siren/id1080191188>.

Apple Watch. Users can use the siren through their iPhone or Apple Watch to attract nearby attention in a medical emergency. First responders will be able to view the user's medical conditions, medication, and general details through the application.

- d **Medical Guardian**<sup>21</sup>  
Medical Guardian sell an MGMove smart watch (currently USA only) with 24/7 monitoring, allowing users to call for help during an emergency. A live operator will then send the appropriate emergency personnel.
- e **Life Station**<sup>22</sup>  
Life Station offers what it calls a Sidekick Smart Wearable Medical Alert (currently USA only). The Sidekick Smart is a custom-designed smartwatch that enables users to call for emergency help, monitor heart rate and track steps. The Sidekick Smart has 24/7 monitoring centres with specialists on call for any medical emergency.
- f **Life Alert**<sup>23</sup>  
Life Alert (currently USA only) is a smartphone application that connects the user directly to the Life Alert Monitoring Station, alerting an operator when assistance is needed. The operator has all the medical and other information to quickly notify emergency services and the user's emergency contacts.
- g **Senior Safety App**<sup>24</sup> (currently USA only)  
Senior Safety is a smart phone application that remotely monitors phone location and tracks movement to send out alerts in the case of a fall, sudden jerk, or incapacitation. An SOS feature gives users the option to send text-alerts to multiple people, notifying them of the phone's location.
- h **Samsung Smart Phone**<sup>25</sup>  
In an emergency, the user can press the power key on the phone three times to send an alert to their emergency contacts. Users can also attach a five second audio recording and pictures from both the front and rear phone cameras. Once the SOS message has been sent, the user's emergency contacts will be able to view the user's location and photo and audio files.
- i **Samsung Galaxy Watch**  
Samsung's Galaxy Watches (Galaxy Watch3, Galaxy Watch Active2 and later released Galaxy Watch and Active models) have the 'Samsung Health Monitor' which has the following features:<sup>26</sup>
  - i **Fall detection** (Galaxy Watch Active2, Galaxy Watch3, all Wear OS models)<sup>27</sup>  
If the watch detects a hard fall, the watch will notify the user's emergency contacts.
  - ii **SOS alerts**  
The watch can send emergency contacts an SOS alert if required. The feature requires a data enabled model or a tethered smartphone for Wi-Fi only models.

<sup>21</sup> See: <https://www.medicalguardian.com/press/smartwatch/>.

<sup>22</sup> See: <https://www.lifestation.com/sidekick-smart-lp/>.

<sup>23</sup> See: <https://apps.apple.com/us/app/life-alert/id439126489>.

<sup>24</sup> See: <https://www.seniorsafetyapp.com/>.

<sup>25</sup> See: <https://www.samsung.com/nz/support/mobile-devices/samsung-sos-smart-phone-emergency-message-guide/>.

<sup>26</sup> See: <https://www.samsung.com/nz/apps/samsung-health-monitor/>.

<sup>27</sup> See: <https://www.samsung.com/us/support/answer/ANS00087244/>.

Once the SOS has been sent, the user's emergency contacts will be able to see the user's exact location.

iii **Blood pressure**

The app uses optical signals collected from a sensor on the watch to calculate blood pressure.

iv **Electrocardiogram**

The ECG test measures the electrical activity of the heart to detect irregular rhythms. The Samsung Health Monitor app detects ECG signals through the watch's sensor and determines whether atrial fibrillation or normal sinus rhythm is present.

v **Blood oxygen level tracking**

This feature evaluates the users wellbeing by continuously monitoring blood oxygen levels while the user sleeps.

vi **Heart rate monitoring**

The user can select the option of always tracking, frequent tracking or never tracking. If the user selects always, their heart rate will automatically be measured continuously, regardless of movement.

13.14 The technologies that enable these applications are developing and at pace. For example, Apple has a whole suite of services which, while not emergency features in themselves, build on the above and accordingly offer additional functionality to traditional medical alarms. Those features/services include:

- a features making its services more accessible<sup>28</sup>
- b a Health App bringing together many of the features above, and also allowing you to log and track medications<sup>29</sup>
- c features allowing people to share their health data with family, friends and healthcare providers<sup>30</sup>
- d a feature, Medical ID, allowing first responders to see critical medical information even if your phone is locked<sup>31</sup>
- e a feature measuring walking steadiness to gain insight into the risk of falling<sup>32</sup>
- f a feature which listens for certain sounds, such as an emergency siren, and notifies the user when it recognises them.<sup>33</sup>

13.15 St John is also aware that Apple is actively looking at further developments around physical activity and movement, proactive visits by medical professionals based on health trends and/or a failure to take prescribed medication, and connecting family to health details.<sup>34</sup>

<sup>28</sup> See: <https://www.apple.com/accessibility/>.

<sup>29</sup> See: <https://www.apple.com/ios/health/>.

<sup>30</sup> See e.g. <https://support.apple.com/guide/iphone/iph5ede58c3d/ios>.

<sup>31</sup> See: <https://support.apple.com/HT207021>.

<sup>32</sup> See: <https://support.apple.com/HT212503>.

<sup>33</sup> See: <https://support.apple.com/guide/iphone/iphf2dc33312/ios>.

<sup>34</sup> [REDACTED]

- 13.16 While these technologies and features are different to traditional monitored medical alarms as they do not meet the existing device and network specifications set out by MSD and, in some cases, connect to specified phone numbers or the emergency services line (111) rather than to an independent monitoring response teams, they are strong substitutes as:
- a They offer additional services that are not standard with existing wearable alarms. For example, many of these emerging products offer video when the alarm is triggered, some integrate geofencing features, and some (as noted) have features such as fall detection, movement sensors, heartrate monitoring, and automatic family notification.
  - b The hardware (smartphones and smartwatches) is ubiquitous.
  - c Widespread cellular signal availability and coverage provide users and their whanau—who are often the first to suggest the purchase of a monitored medical alarm—with comfort that the user will be able to get help if necessary.
- 13.17 While some of the applications listed above are not yet available in New Zealand, St John expects these products, or similar products, including applications associated with independent monitoring services, will enter the New Zealand market over the short- to medium-term.<sup>35</sup> At first, their availability for certain customers may be limited by existing MSD requirements, but MSD is likely to monitor these types of product and may update its required specifications to accommodate alternative products such as the applications described above. For example, MSD ran an RFI process in June 2021 prior to the last tender round and sought feedback from suppliers and providers about improvements in technology and services. The RFI process assisted MSD in better understanding the emerging technology, which informed the next RFP. As a result of the feedback received, MSD introduced the 'Anywhere' category (for alarms that work both in and outside of the home) in the last RFP round in December 2022.
- 13.18 The dynamics in the Commercial Market differ, and in some ways the disruption caused by developing technologies is more advanced. Existing and potential commercial customers are expressing a desire for features such as those noted and especially geofencing. Geofencing would allow, for example, sensing how long someone stayed in a particular location such as a bathroom. Commercial customers are also pushing for products to be 5G enabled. [REDACTED]

## 14 Customer dimension

- 14.1 The characteristics of the traditional medical alarms flow, in large part, from the nature of the different customers. These tend to be older people, who may have less experience with technology than the population at large. However, technology adoption will continue

<sup>35</sup> Products available in New Zealand include the Apple Watch, Apple iPhone, MediSOS App, Samsung Smart Phone and Samsung Galaxy Watch. Products not yet available in New Zealand include Medical Guardian MGMove Smart Watch, Life Station Sidekick Smart Wearable Medical Alert, Life Alert App and Senior Safety App.

to change over time as the population ages, and comfort with technology grows. The nature of these customers affects how existing competition in the markets works.

#### *Funded and self-funded end users*

- 14.2 End users can be funded or self-funded. Funded end users are those who qualify for MSD funding which covers the ongoing costs of a medical alarm supplied by one of the MSD accredited suppliers. Self-funded end users have to pay for the costs of a medical alarm themselves. MSD funding for medical alarms is a subset of the Disability Allowance.<sup>36</sup>
- 14.3 To qualify for funding, end users must:
- a already receive the Disability Allowance and meet the eligibility criteria, or apply using the Disability Allowance application form
  - b have a health practitioner (usually a doctor) complete a medical alarm assessment form
  - c arrange for installation and then provide the forms to MSD together with proof of installation.
- 14.4 Once funding has been approved by MSD, the Disability Allowance will be paid to the end user. The supplier will then liaise directly with MSD in terms of reporting against service level agreements. The supplier cannot facilitate an application for a Disability Allowance or seek the GP's approval on behalf of the end user.
- 14.5 In some cases, ACC will also fund medical alarm services for patients recovering from accidents, but this is much rarer. The vast majority of the funded market is made up of end users with long term needs.<sup>37</sup>
- 14.6 Both funded and self-funded end users demand the same features and providers compete for them in the same way, offering the noted products at competitive prices.
- 14.7 In addition, the PERS1 and PERS2 requirements that TSANZ members (i.e. all MSD accredited suppliers) must comply with, apply equally to dealings with funded and self-funded end users. For example, these requirements mean that TSANZ members cannot solicit either self-funded or funded end users face to face.<sup>38</sup>
- 14.8 However, there are some differences in the way that suppliers compete for funded and self-funded end users. This is because some of the rules are included in the MSD service level agreement rather than PERS1 and PERS2. For example:
- a The MSD agreement provides that funded end users cannot be required to pay ambulance charges. This does not apply to self-funded end users, which means that suppliers can, if they want to, offer monitoring only services which do not cover the ambulance charge.

<sup>36</sup> Further information on the Disability Allowance is available at <https://www.workandincome.govt.nz/products/a-z-benefits/disability-allowance.html>

<sup>37</sup> Further information on available funding is available from MSD at <https://www.workandincome.govt.nz/eligibility/health-and-disability/medical-alarms.html> and from St John at <https://www.stjohn.org.nz/medical-alarms/funding/>.

<sup>38</sup>

- b Funded end users will only be funded for the products funded by MSD. Self-funded end users can be offered add-ons such as additional pendants or smoke alarms.

*Commercial customers*

14.9 Commercial customers buy medical alarm products in bulk and therefore have significant countervailing power. Given the unique needs of each commercial customer, suppliers tend to adopt a more bespoke marketing approach for these customers, and build relationships over the long term.<sup>39</sup>

14.10 Rather than purchasing a medical alarm service from a third party supplier, some commercial customers (St John suggests around 30% of the total) choose to instead provide this service in-house by developing and providing their own solutions. For example:

- a Qestral Corporation Limited, an owner of four retirement villages (with two more in development), has a shareholding in Spritely Limited, a provider of monitored alarms in the Commercial Market. [REDACTED]
- b Metlifecare Limited and Ryman Healthcare Limited, two of the largest retirement village operators which between them operate at least 17.7% of the retirement villages in New Zealand, have their own solutions.<sup>40</sup> They include systems, generically known as ‘nurse call’ systems, throughout their rest home facilities. These are fixed call point buttons which connect to on-site response points, in a similar way to what you would expect in a hospital. In independent living units, the duty of care is different so systems can be set to connect either to on-site response services or to external monitoring services (which they outsource).<sup>41</sup>

14.11 In addition, as they on-sell to end users, those commercial customers who develop their own solutions compete in the End User Market (although, again, we note that commercial customers will generally include the provision of the alarm within their standard offering rather than as an optional add on or as a product that non-residents can pay for).<sup>42</sup>

**15 Counterfactual**

15.1 Should the Acquisition not proceed:

[REDACTED]

[REDACTED]

<sup>39</sup> Again, as explained in Securely’s information memorandum. In this market, St John’s business development team often responds to RFPs or takes part in tender processes.

<sup>40</sup> [REDACTED]

<sup>41</sup> Securely supports this model where a commercial customer has elected to in-source the purchase, installation and management of the nurse call system in its rest home facility and independent living units, but have chosen to outsource the monitoring of the nurse call activity in their independent living units.

<sup>42</sup> Spritely work with Fletcher subsidiary, Vivid Living to supply their service to residents. Additionally, Securely provides monitoring of the nurse call functions to the same residents along with optional services.

[REDACTED]

[REDACTED]

b [REDACTED]

c For the purpose of this clearance application, St John has assumed that, absent the Acquisition, the Parties would continue to operate independently of each other.



| PROVIDER             | UNITS  | PERCENTAGE |
|----------------------|--------|------------|
| <b>Total Market</b>  | ██████ |            |
| ████████████████████ | ██████ | ████       |

Source: St John's estimates

*Funded segment of the End User Market*

| PROVIDER                      | UNITS  | PERCENTAGE |
|-------------------------------|--------|------------|
| St John                       | ██████ | ████       |
| ADT Security Limited          | ██████ | ████       |
| Securely                      | ██████ | ████       |
| VitalCall (Chubb New Zealand) | ██████ | ████       |
| Freedom Alarms Limited        | ██████ | ████       |
| <b>Segment Total</b>          | ██████ |            |
| ████████████████████          | ██████ | ████       |

Source: St John's estimates

*Self-funded segment of the of the End-User Market*

| PROVIDER                      | UNITS  | PERCENTAGE |
|-------------------------------|--------|------------|
| St John                       | ██████ | ████       |
| ADT Security Limited          | ██████ | ████       |
| Securely                      | ██████ | ████       |
| VitalCall (Chubb New Zealand) | ██████ | ████       |
| Freedom Alarms Limited        | ██████ | ████       |
| <b>Segment Total</b>          | ██████ |            |
| ████████████████████          | ██████ | ████       |

Source: St John's estimates

17.4 The table above in respect of the self-funded segment does not include additional suppliers who only supply to this channel (which means they do not need to comply with the PERS1 and PERS2 specifications). Examples include Safelet (<https://safelet.co.nz/>),

Home Guardian (<https://homeguardian.ai/>). [REDACTED]

- 17.5 As the tables above show, post-Acquisition, the combined entity would have a market share of approximately [REDACTED] by volume in the End User Market, and each segment of it. St John acknowledges that this combined market share exceeds the Commission's concentration indicators. However, the Acquisition is not likely to significantly lessen competition for the reasons set out in this application. [REDACTED]



that St John and Securely's market share is lower than estimated and may well be below 20%. In any case, the Acquisition is not likely to significantly lessen competition in this market for the reasons set out in this application.

## **18 St John will still be subject to the countervailing power of the MSD in the End User Market**

### *MSD*

- 18.1 MSD is not a customer in the proper sense. In order to participate in the funded segment of the end user market, a supplier needs to be accredited/licensed by MSD. MSD licenses and funds products, but ultimately the end user chooses the (relatively homogenous) product from one of the competing licensed providers. MSD can use a broad range of procurement techniques in order to gain the best possible pricing.
- 18.2 For the purposes of SLC analysis, MSD's funding has the same effect as if it were an exceptionally large customer in a market with many single product acquirers. By reason of its scale, it, effectively, sets the characteristics of the product, and includes or excludes sellers by differentiating between them on price.
- 18.3 Sellers have little power and no opportunity to differentiate themselves by offering more. They simply agree to meet the specification and thereafter bid at a price that is sufficiently low that it lessens the risk of not being licensed.
- 18.4 [REDACTED]
- 18.5 As explained above, while the MSD is not a customer, it is an important constraint in the End User Market. St John estimates [REDACTED] of the acquirers in that market are funded by MSD and providers can only access this segment of the market if they hold an MSD licence.
- 18.6 The funded channel is effectively controlled by MSD, which:
- a determines which suppliers are on the panel of MSD accredited providers
  - b specifies certain technical requirements that suppliers must meet
  - c sets the funding level (which impacts the price that suppliers are able to charge).
- 18.7 MSD can also control the entry of new suppliers into the funded channel, and discipline existing suppliers:
- a MSD issues RFPs to join the panel approximately every 2-3 years, which means that there are frequent opportunities to enter the market
  - b If, following the Acquisition, MSD is not satisfied with the quality or price of the merged entity's product, it can simply choose not to accept the merged entity on the panel at the next RFP.
- 18.8 If the Acquisition proceeds, the MSD's countervailing power will not be reduced.

- 18.9 In the short term (until December 2024), this power will manifest itself directly—St John cannot increase the prices of funded products as these are set under its agreement with MSD, and it will also be bound by the terms of Securely’s agreement with the MSD.
- 18.10 MSD’s countervailing power will not end at that point. St John’s understanding is that MSD aims to have five licensed providers on its panel at any one time.<sup>44</sup> There is no suggestion that its bidding process has been, or will be, undersubscribed. The only way in which St John can ensure it stays on the panel after 2024 is to put in a bid at competitive prices every two years.
- 18.11 In Securely’s view:
- a While MSD is the major controlling factor on suppliers in the End User Market, its role is as a rule setter rather than in proactively managing the market. MSD’s role is functionary and responsive. It sets standards and invites bids, which it then assesses on their merits.
  - b That said, because MSD in effect sets the market price through the recurring accredited panel procurement process, and that pricing is published and therefore visible to customers, MSD in a sense sets the price for both the funded and self-funded segments of the End User Market.

## **19 The remaining competitors in each of the End User Market and the Commercial Market have the power to constrain St John**

- 19.1 ADT and Chubb are significant competitors. Both ADT and Chubb are more significant competitors for (and constraints on) St John than Securely currently is. Importantly in considering whether the Acquisition would allow St John profitably to increase its prices, both also can scale up if margins in the market increase.
- 19.2 ADT is part of the global corporation ADT Inc. headquartered in Florida and listed on the New York Stock Exchange. ADT NZ and ADT Australia was recently acquired by IMG, making it one of the largest monitoring service providers in Australasia. IMG has strong experience and technical expertise in monitoring systems, including IoT systems.
- 19.3 Chubb Fire & Security is a global organisation specialising in fire protection and security systems. Chubb is a subsidiary of APi Group Corporation, listed on the New York Stock Exchange. In 2003, Chubb was acquired by United Technologies Corporation, then spun off in 2020 into a separate company, Carrier Global. In 2022, APi Group acquired Carrier Global. Chubb’s headquarters are in the United Kingdom and the company has been operating in New Zealand since 1958.
- 19.4 All of the existing competitors listed in Schedule 3, including ADT and Chubb, offer various forms of in-home and mobile devices (other than Nurse Call). ADT and Chubb’s level of focus on the medical alarm market in New Zealand likely reflects the small margins available. If St John tried to increase its prices or reduce its service levels, an opportunity would arise for these competitors to invest and expand at short notice.

<sup>44</sup> In 2014, four suppliers were re-appointed. In 2016, there were five suppliers (one new entrant), which remained in 2018 and 2019. In 2020, this increased to six suppliers (four original, two new, one merged), and in 2022 there were five suppliers (five original, one left the panel).

- 19.5 St John highlights this existing competition rather than new entrants as Chubb and ADT already have everything required (such as MSD licensing) in place to expand. All they would need to do is scale up.
- 19.6 In relation to the self-funded segment of the End User Market, Securely's view is that, over time, as the technology requirements of consumers grows, consumer expectations of device functionality will outstrip the current basic device covered by MSD funding. As a result, Securely expects the self-funded segment of the End User Market to grow proportionally, which will lift the corresponding device price, both as a service or as purchase. At least some customers will be willing to pay more but will expect more from their device and/or supplier. In turn, this will encourage new entrants, including those who do not wish to take part in the MSD process. This dynamic is already evident overseas in Japan, where Securely understands that the Apple Watch is being used as the device of choice by some new medical alarm providers. This illustrates the potential for non-traditional providers to enter into this segment of the End User Market as customer demands change.

#### *Barriers to entry*

- 19.7 However, the barriers to entry for new entrants, especially new entrants with experience in adjacent sectors or with scale, are relatively low:
- a MSD tenders every two years based on clear, publicly available, criteria.
  - b MSD's criteria are clear and publicly available, if an entrant can comply with them it can then to take part in the tender process.
  - c While some scale (St John estimates [REDACTED]) is needed to operate call centres, this part of the service can be outsourced.
  - d End user contracts tend to have short notice period so customers can switch easily, though the similarities of the service supplied by each provider (due to the requirement to comply with MSD's specifications) means switching is rare in practice.
  - e The products themselves are relatively inexpensive.
  - f There are entities, such as Safelet and Home Guardian, which have a presence in some segments of the market, though could scale up relatively easily if prices increased and there was an opportunity to take market share from St John (i.e. they currently sell only to self-funded customers but could take part in the MSD process if there was an incentive to do so).
  - g Suppliers in other adjacent sectors, such as suppliers of duress or security alarms, would face even fewer barriers if they decided to enter this market.
  - h New Zealand has an aging population so the overall market for products of this type is likely to grow, potentially increasing the incentives for new entrants.

#### **20 Price in self-funded segment of the End User Market are a function of the funded price**

- 20.1 As explained above, products and service levels in the self-funded segment of the End User Market are a function of those in the much larger funded segment. While MSD is

not an active participant in this channel, its involvement in the funded channel does have a significant impact on the competitive dynamic in the self-funded channel. For example:

- a MSD publishes pricing information for medical devices supplied in the funded channel, which effectively creates a price ceiling in the self-funded channel (as customers in the self-funded channel would be reluctant to pay materially more than customers in the funded channel)
- b given the vast majority of sales of medical alarms are in the funded channel and the products sold in each channel are the same, if MSD were to encourage new entry in the public channel, any new entrant may well also enter the private channel
- c price changes are administratively challenging and costly (there are therefore lower administrative costs if prices do not change regularly, especially if tied closely to, or at MSD levels)

- 20.2 In the case of many suppliers, prices in the two segments are the same, to meet customer expectations. In the case of St John there has been a difference, but a strong and steady relationship.<sup>45</sup>
- 20.3 In the 2014–2018 period MSD’s power drove funded prices down and the difference between St John’s funded and self-funded prices widened. Since then, the self-funded price has reduced relative to the funded price. Most providers have not increased their prices in the self-funded segment (or have only done so rarely) whereas the MSD price has more recently been allowed to increase by CPI.
- 20.4 In addition, the main providers have been increasing their prices when bidding for MSD accreditation to account for the cost of replacement equipment brought on by the transition from the copper line network to wireless and cellular options (the only connection platforms for new and existing clients).
- 20.5 The combination of factors which constrain price rises in the self-funded segment of the market, and see those prices ‘tethered’ to those in the funded segment include:
- a MSD prices are visible to funded and self-funded end users—substantial differences cannot, reputationally, be sustained
  - b many self-funded end users only just miss out on qualifying for funding, having gone through the funding process, so are conscious of funded costs
  - c those with lower needs (i.e. those further away from the funding threshold) have more power as they can delay purchasing a product, or choose not to at all
  - d significant price rises are unsustainable where many end users are on low and fixed incomes – even those self-funded end users who have missed out on funding due to income or asset requirements have often only just lost out, and there are others who do receive disability allowance but exhaust it paying for other costs such as home help.
- 20.6 The table at **Schedule 4** sets out St John’s funded and self-funded prices over the last ten years. The figures illustrate the dynamics described. [REDACTED]

---

<sup>45</sup> See Schedule 4.

[REDACTED]

20.7 Indeed, St John is now selling more services to self-funded users [REDACTED] than previously. A table setting out changes over time is set out below [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

\* The Grand Total column shows the total number of installations over the period covered in the table, and does not reflect the total number of units with St John’s customers at the end of the period (it does not take into account de-installations).

20.8 While St John does not have access to the equivalent information for other providers, its understanding is that for all providers there is a close relationship between their self-funded prices and their funded prices. In fact, some providers, such as Securely and Freedom, peg the two.

20.9 Incidentally, there is a further barrier to increasing prices for self-funded customers. Most are elderly and cope poorly with any change that might require them to amend an automatic payment authority. This deters price increases except where necessary as the administrative burden and cost to achieve a price increase can outweigh any gain.

**21 In the Commercial Market, the Acquisition is within a ‘safe harbour’**

21.1 Based on the figures set out in section 17 above, if the Acquisition proceeds, the three largest firms in the Commercial Market will have a combined share of just over [REDACTED] (i.e. less than 70%)<sup>46</sup> and the merged firm’s combined share of the Commercial Market will be just over [REDACTED] (i.e. less than 40%).<sup>47</sup>

21.2 On that basis, while the Commercial Market is included in this application on the basis that the Commission may find that it is part of a single market with the End User Market, clearance would be unlikely to be needed in respect of the Commercial Market if that was the only market affected by the Acquisition.<sup>48</sup>

21.3 In any case, and of relevance if the Commission decides that the End User Market and the Commercial Market are not separate markets, St John will be constrained in respect of the commercial segment of that market by the power of the commercial providers.

<sup>46</sup> [REDACTED]

<sup>47</sup> See note at paragraph 17.9 above.

<sup>48</sup> See paragraph 3.51 of Commerce Commission *Mergers and acquisitions Guidelines*, May 2022.

- 21.4 Not only is St John's market share, irrespective of the Acquisition, relatively small, it is also, and will remain, constrained by the significant power of the commercial customers. As explained above, these purchasers negotiate bespoke service level agreements and have requirements such as 5G compatibility and/or geofencing. If they are not met, each of them have the option of going to other providers, and some of them have the additional option of exiting the market altogether and developing their own solutions.

## H Conclusion

### 22 No SLC

22.1 The Acquisition would not have, and would not be likely to have, the effect of substantially lessening competition in any relevant market.

22.2 In respect of the End User Market:

- a The main constraint on St John in respect the largest segment of this market, the funded segment, is MSD's countervailing power. The Acquisition will not reduce this power. St John will still need to be successful in a competitive process run by the MSD every two years to sell its products to MSD funded customers. Service level and price are determined by this process.
- b St John can price as it chooses in the remaining segment of this market, the self-funded market, but, in reality, prices and service levels are tethered to the funded segment of the market. This is borne out by the evidence over ten years and is driven by customer demand and strong competition. (Indeed, even as market share aggregated, the relative price has fallen.) The Acquisition will not change either of these factors and, should St John seek to increase its prices or reduce service levels, ADT and Chubb, in particular, are well placed to capitalise and take market share.

22.3 In respect of the Commercial Market, the Acquisition falls well within a safe harbour and, in any case, St John will be constrained by the power of the commercial customers and by larger competitors with a greater share of this market.

22.4 More generally, and of relevance to both markets, this sector is facing significant disruption in the medium-term. [REDACTED]

[REDACTED]. Customers are demanding technologically advanced solutions, and these solutions are being developed by a variety of providers. [REDACTED]

## **I Documents supplied with Notice**

### **23 Schedule 1**

23.1 Schedule 1 is a list of documents which accompany with this Notice. All are confidential.

## Schedule 1 List of documents

### Publicly available documents

| Provider |   | Document                             | Date              |
|----------|---|--------------------------------------|-------------------|
| St John  | 1 | MSD OIA Request Response             | 21 September 2021 |
| St John  | 2 | Hato hone St John Annual Report 2022 | 3 October 2022    |
| St John  | 3 | Hato hone St John Annual Report 2023 | 19 October 2023   |

### Confidential documents

For the avoidance of doubt:

- All documents listed below are confidential.
- Redactions have been applied to these documents where they include privileged information (primarily in relation to discussions between St John and its legal advisers in relation to the Acquisition and this Notice. For the avoidance of doubt, where privileged information has not been redacted, this is inadvertent, and no waiver of privilege is intended.

| Provider |    | Document   | Date                       |
|----------|----|------------|----------------------------|
| St John  | 1  | [REDACTED] | [REDACTED]                 |
| St John  | 2  | [REDACTED] | [REDACTED]                 |
| Securely | 3  | [REDACTED] | [REDACTED]                 |
| St John  | 4  | [REDACTED] | [REDACTED]                 |
| St John  | 5  | [REDACTED] | [REDACTED]                 |
| St John  | 6  | [REDACTED] | [REDACTED]                 |
| St John  | 7  | [REDACTED] | [REDACTED]                 |
| St John  | 8  | [REDACTED] | [REDACTED]<br>[REDACTED] 3 |
| St John  | 9  | [REDACTED] | [REDACTED]                 |
| St John  | 10 | [REDACTED] | [REDACTED]                 |
| St John  | 11 | [REDACTED] | [REDACTED]                 |
| St John  | 12 | [REDACTED] | [REDACTED]                 |

## Schedule 2 St John and Securely's business and key customers

### St John

Revenue earned by market, for the year ended 30 June 2023:

| Customer               | Revenue (exc. GST) | Units (paying clients) | Comments   |
|------------------------|--------------------|------------------------|------------|
| End User - Total       | [REDACTED]         | [REDACTED]             | [REDACTED] |
| End User - MSD funded  | [REDACTED]         | [REDACTED]             | [REDACTED] |
| End User – self-funded | [REDACTED]         | [REDACTED]             | [REDACTED] |
| Commercial             | [REDACTED]         | [REDACTED]             | [REDACTED] |

Revenue earned in the Commercial Market, for the year ended 30 June 2023, from St John's Top 5 customers:

| Customer   | Revenue (exc. GST) | Contact    | Comments   |
|------------|--------------------|------------|------------|
| [REDACTED] | [REDACTED]         | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED]         | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED]         | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED]         | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED]         | [REDACTED] | [REDACTED] |

**Securely**

Revenue earned by market, for the year ended 30 June 2023:

| Customer         | Revenue (exc. GST) | Units (paying clients) | Comments |
|------------------|--------------------|------------------------|----------|
| End User - Total |                    |                        |          |
| Commercial       |                    |                        |          |

Revenue earned in the Commercial Market, for the year ended 30 June 2023, from Securely's Top 5 customers:

| Customer | Revenue (exc. GST) | Contact | Comments |
|----------|--------------------|---------|----------|
|          |                    |         |          |
|          |                    |         |          |
|          |                    |         |          |
|          |                    |         |          |
|          |                    |         |          |

## Schedule 3 Competitors

The Parties face strong competition from a range of suppliers active in the supply of medical alarms in New Zealand.

### ADT Security Limited

ADT offers At-Home devices and Anywhere devices. More information can be found on ADT's website: <https://www.adtsecurity.co.nz/health-and-wellness/nevaalone/>

8 Henderson Place  
Onehunga, Auckland 1061

PO Box 2439  
Shortland Street  
Auckland 1140

0800 111 238  
adtnz.customerrelations@tycoint.com

[REDACTED]

### Vitalcall (Chubb New Zealand)

Chubb offers At-Home pendants and VitcalCALL GO GPS Pendants. More information can be found on Chubb's website: <https://chubbfs.com/nz-en/vitalcall/>

3 Fisher Cres  
Mt Wellington, Auckland 1010

Private Bag 92 207  
Victoria Street West  
Auckland 1142

0800 20 30 40  
nz\_vitalcallsales@chubbfs.com

[REDACTED]

### Freedom Alarms Limited

Freedom offers In-Home neck or wrist pendants, as well as mobile pendants. More information can be found on Freedom's website: <https://freedomalarms.co.nz/>

AIA Tower Level 2,  
34 Manners Street, Wellington 6011

PO Box 24 445  
Manners Street  
Wellington 6142

0800 380 280  
info@freedomalarms.co.nz

[REDACTED]

### **Nurse Call New Zealand Limited**

Nurse Call offers numerous monitoring products such as pendant alarms, floor pressure mats, pocket pagers, bed monitoring units etc. More information can be found on Nurse Call's website:

<https://www.nursecallnewzealand.co.nz/products/products.html>

40 Ribble Street  
Oamaru 9400



### **Spritely Limited**

Spritely offers In-Home alarms and Mobile Alarms. More information can be found on Spritely's website: <https://securely.nz/medical-alarms/>

Ground Floor, 122 Victoria Street  
Christchurch CBD 80111

PO Box 13206  
Armagh  
Christchurch 8141

09 301 6000  
info@spritely.co.nz



### **Tunstall New Zealand Limited**

Tunstall offers various In-Home personal alarms, and two types of mobile personal alarms. More information can be found on Tunstall's website: <https://www.tunstallhealthcare.com.au/products>

2/65 Chapel Street  
Tauranga 3310

PO Box 13153  
Tauranga 3110

07 571 2680  
info@tunstall.co.nz

## Schedule 4 Changes to self-funded price

| Year | Funded price – 'in home' alarm | Self-funded price* -'in home' alarm | Difference | Funded price – 'anywhere' alarm | Self-funded price* - 'anywhere' alarm | Difference |
|------|--------------------------------|-------------------------------------|------------|---------------------------------|---------------------------------------|------------|
| 2023 | ████                           | ████                                | ████       | ████                            | ████                                  | ████       |
| 2022 | ████                           | ████                                | ████       | ████████<br>████                | ████                                  | ████       |
| 2021 | ████                           | ████                                | ████       | ████                            | ████                                  | ████       |
| 2020 | ████                           | ████                                | ████       | ████                            | ████                                  | ████       |
| 2019 | ████                           | ████                                | ████       | ████                            | ████                                  | ████       |
| 2018 | ████                           | ████                                | ████       | ████                            | ████                                  | ████       |
| 2017 | ████                           | ████                                | ████       | ████                            | ████                                  | ████       |
| 2016 | ████                           | ████                                | ████       | ████                            | ████                                  | ████       |
| 2015 | ████                           | ████                                | ████       | ████                            | ████                                  | ████       |
| 2014 | ████                           | ████                                | ████       | ████                            | ████                                  | ████       |
| 2013 | ████                           | ████                                | ████       | ████                            | ████                                  | ████       |

\* While funded prices are fixed for a minimum of a two year period (save for agreed increases in accordance with inflation), self-funded prices may vary over shorter timeframes and according to the terms agreed with the customer. The table above shows the starting price that St John gave new customers at the beginning of the year in question.

## Schedule 5 Industry associations

The Parties participate in numerous industry associations.

For St John, these include:

- Telecare Services Association New Zealand (<https://www.tsanz.org.nz/> – [contact@tsanz.org.nz](mailto:contact@tsanz.org.nz) or Daniel Paul, Secretariat (0800 400 993))
- The Retirement Villages Association of New Zealand - (<https://www.retirementvillages.org.nz/> – [info@retirementvillages.org.nz](mailto:info@retirementvillages.org.nz))

Securely currently holds a membership for the following bodies and associations:

- Telecare Services Association New Zealand (<https://www.tsanz.org.nz/> – [contact@tsanz.org.nz](mailto:contact@tsanz.org.nz))
- New Zealand Security Association (<https://security.org.nz/> – [gary@security.org.nz](mailto:gary@security.org.nz))
- New Zealand Aged Care Association (<https://nzaca.org.nz/> – [office@nzaca.org.nz](mailto:office@nzaca.org.nz))
- The Retirement Villages Association of New Zealand (<https://www.retirementvillages.org.nz/> – [info@retirementvillages.org.nz](mailto:info@retirementvillages.org.nz))

## Schedule 6 Confidentiality

Table of information for which confidentiality is claimed in notice seeking clearance for St John to acquire the assets of Securely.

- 1 The table below sets out the information for which confidentiality is claimed in the clearance application referred to above.
- 2 The Official Information Act 1982 is referred to as the OIA.
- 3 We have highlighted the relevant sections in the same colours that were used in the clearance application:

- 3.1 [REDACTED]
- 3.2 [REDACTED] and
- 3.3 [REDACTED].

| Reference       | Text  | Reason text should be withheld   |
|-----------------|---|--|
| 2.3(a)(i)       | For [REDACTED] of end user acquirers their purchases are funded by the Ministry of Social Development   | S9(2)(b)(ii): St John's estimates of the market share is commercially sensitive.                             |
| 2.3(c)(i)(A)(B) | The three largest firms involved in commercial sales will have a combined market share of less than 70% (at about [REDACTED])<br><br>The merged firm's combined share of commercial sales will be less than 40% (at about [REDACTED]) | S9(2)(b)(ii): St John's estimates of the market share is commercially sensitive.                             |
| Footnote 4      | Footnote: [REDACTED]  | S9(2)(b)(ii): Unfairly prejudicial to St John as discusses customer termination process.                     |
| 6.8(a)          | Total sales revenue<br>2022-2023: [REDACTED]<br>2021-2022: [REDACTED]<br>2020-2021: [REDACTED]  | S9(2)(b)(ii): St John's sales revenue is commercially sensitive. Provision would only prejudice competitors. |
| 6.8(b)          | Total sales volumes<br>2022-2023: [REDACTED]<br>2021-2022: [REDACTED]<br>2020-2021: [REDACTED]  | S9(2)(b)(ii): St John's sales volumes is commercially sensitive. Provision would only prejudice competitors. |

|      |   |   |
|------|---|---|
|      | <p>In 2019-2020, with the impact of COVID-19 [REDACTED]</p> <p>[REDACTED] In 2020-2021, there was a rebound from the year of significant COVID-19 restrictions.</p> |   |
| 6.14 | <p>St John does not provide medical alarm monitoring services for any other company [REDACTED]</p>  | <p>S9(2)(b)(ii): Unfairly prejudicial to St John as considers St Johns' commercial current and future strategy.</p>   |
| 6.15 | [REDACTED]  | <p>S9(2)(b)(ii): The proportion of St John's sales revenue is commercially sensitive to St John and should be withheld. Provision would only benefit other competitors.</p>                                 |
| 6.16 | [REDACTED]  | <p>S9(2)(b)(ii): The proportion of St John's sales revenue is commercially sensitive to St John and should be withheld. Provision would only benefit other competitors.</p>                                 |
| 7.4  | [REDACTED]  | <p>S9(2)(b)(ii): Securely's rationale behind its monitoring station is commercially sensitive. Discusses Securely's plan if the acquisition goes ahead. Provision would only benefit other competitors.</p> |
| 7.5  | [REDACTED]  | <p>S9(2)(b)(ii): Unfairly prejudicial as discusses Securely's rationale with in-house operation.</p>  |

|      |  |  |
|------|--|--|
|      | [REDACTED]   | Provision would only benefit other competitors.  |
| 7.7  | [REDACTED]   | S9(2)(b)(ii): Unfairly prejudicial to Securely as discusses strategy.  |
| 7.9  | <p>Total sales revenues</p> <p>2022-2023: [REDACTED]</p> <p>2021-2022: [REDACTED]</p> <p>2020-2021: [REDACTED]</p> <p>Total sales volumes</p> <p>2022-2023: [REDACTED]</p> <p>2021-2022: [REDACTED]</p> <p>2020-2021: [REDACTED]</p> | S9(2)(b)(ii): Securely's sale revenues and sales volumes are commercially sensitive. Provision would only benefit other competitors. |
| 7.11 | <p>The duress and personal alarm monitoring services referred to at paragraphs 7.10a and 7.10b use the same equipment as the medical alarm segment, [REDACTED]</p> <p>[REDACTED]</p>   | S9(2)(b)(ii): Unfairly prejudicial as Securely's sales proportions are commercially sensitive.                                       |
| 7.12 | <p>[REDACTED] for the medical alarm segment (including alarms for both end-users and commercial customers</p> <p>[REDACTED] for the property security alarm segment</p>  | S9(2)(b)(ii): Securely's asset count is commercially sensitive. Provision would only benefit other competitors.                      |
| 7.14 | <p>Like St John, Securely is an MSD licensed medical alarm supplier which sells subscription-based monitoring services to end users and to commercial acquirers. [REDACTED]</p> <p>[REDACTED]</p>                                    | S9(2)(b)(ii): Unfairly prejudicial to St John as considers St Johns' rationale behind the acquisition.                               |
| 8.3  | <p>The proposed purchase price of Securely is [REDACTED]</p>   | S9(2)(b)(ii): The agreed purchase price for Securely is sensitive to both Parties. Provision would only benefit other competitors.   |

|        |   |   |
|--------|---|---|
| 8.5(a) | <p>Medical alarms [REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>                      | <p>S9(2)(b)(ii): The details of St John's acquisition contains information confidential to both Parties. Provision would only benefit other competitors.</p>                              |
| 8.5(b) | <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> | <p>S9(2)(b)(ii): The details of St John's acquisition contains information confidential to both Parties, such as business units and contracts.</p>  |
| 8.7(a) | <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>                   | <p>S9(2)(b)(ii): St John's competitive strategy post acquisition is commercially sensitive. This would unfairly prejudice its position against competitors.</p>                           |
| 8.7(b) | <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>   | <p>S9(2)(b)(ii): St John's competitive strategy post acquisition is commercially sensitive. This would unfairly prejudice its position against competitors.</p>                           |
| 8.7(c) | <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>   | <p>S9(2)(b)(ii): The details of St John's acquisition contains information confidential to both Parties. The process by which the handover will take place is commercially sensitive.</p> |

|     |   |  |
|-----|---|--|
|     | [REDACTED]  |  |
| 9.1 | <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED] Securely has worked with developers to meet those customers' demands for high-tech solutions, including a number of sophisticated features [REDACTED] including</p> | <p>S9(2)(b)(ii): Unfairly prejudicial to St John as considers St Johns' rationale behind the acquisition.</p> <p>S9(2)(b)(ii): Unfairly prejudicial to Securely as discusses commercial focus.</p> |
| 9.2 | [REDACTED]  | S9(2)(b)(ii): Unfairly prejudicial to St John as discusses business strategy. This is only beneficial to competitors.  |
| 9.3 | [REDACTED]  | S9(2)(b)(ii): Unfairly prejudicial as discusses St John's rationale behind acquisition and future business strategy.   |
| 9.4 | [REDACTED]  | S9(2)(b)(ii): Unfairly prejudicial as discusses St John's rationale behind acquisition and future business strategy.   |

|             |   |  |
|-------------|---|--|
| Footnote 11 | <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>   | S9(2)(b)(ii): Commercially sensitive to Securely as contains information in Information Memorandum.  |
| 13.4        | <p>While it is open to MSD-licensed providers to sell different alarms to self-funded customers, that would create complexity. [REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> | S9(2)(b)(ii): St John's product offering and understanding of other competitors. May be prejudicial for competitors to know that St John's products are the same in each segment.                        |
| 13.5        | <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>   | S9(2)(b)(ii): Unfairly prejudicial to St John as compares offerings between competitors. This would only benefit competitors of St John to know that St John products are less technologically advanced. |
| 13.10       | <p>[REDACTED]</p> <p>[REDACTED]</p>   | S9(2)(b)(ii): It is only beneficial for competitors to know St John's view of market offerings.  |
| 13.11       | <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>   | S9(2)(b)(ii): Unfairly prejudicial as discusses St John's rationale behind acquisition and future business strategy.   |
| 13.12       | <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>   | S9(2)(b)(ii): It is only beneficial for competitors to know St John's capabilities compared to more bespoke technology.  |

|             |            |   |
|-------------|------------|---|
|             | [REDACTED] |   |
| Footnote 34 | [REDACTED] | S9(2)(b)(ii): Confidential meeting between St John and Apple. St John's competitors do not need to be made aware of this. |
| 13.18       | [REDACTED] | S9(2)(b)(ii): It is only beneficial for competitors to know St John's capabilities compared to more bespoke technology.   |
| Footnote 38 | [REDACTED] | S9(2)(b)(ii): Commercially sensitive to Securely as contains information in Information Memorandum.                       |
| 14.10       | [REDACTED] | S9(2)(b)(ii): Commercially sensitive as relates to St John's understanding of the market and third parties.               |
| Footnote 40 | [REDACTED] | S9(2)(b)(ii): Commercially sensitive as relates to St John's understanding of the market and third parties.               |
| 15.1(a)     | [REDACTED] | S9(2)(b)(ii): Unfairly prejudicial as discusses St John's business strategy if acquisition did not go ahead.              |

|                   |                   |   |
|-------------------|-------------------|---|
| <p>15.1(a)(i)</p> | <p>[REDACTED]</p> | <p>S9(2)(b)(ii): Unfairly prejudicial as discusses St John’s business strategy if acquisition did not go ahead.</p>   |
| <p>15(a)(ii)</p>  | <p>[REDACTED]</p> | <p>S9(2)(b)(ii): Unfairly prejudicial as discusses St John’s rationale behind the acquisition.</p>  |
| <p>15.1(b)</p>    | <p>[REDACTED]</p> | <p>S9(2)(b)(ii): Unfairly prejudicial for Securely’s strategy to be released if the acquisition did not go ahead.</p>   |
| <p>17.3</p>       | <p>[REDACTED]</p> | <p>S9(2)(b)(ii): It would be unfairly prejudicial for St John’s estimates of how many units each provider has installed in various markets to be released. This information would equally prejudice other competitors if it was released.</p> |



|      |  |   |
|------|--|---|
|      | <p>Acquisition is not likely to significantly lessen competition for the reasons set out in this application. [REDACTED]</p>   |   |
| 17.6 | Market share table   | S9(2)(b)(ii): There is no need for St John's estimates of other suppliers' market shares to be released. This information would prejudice other competitors if it was released.                     |
| 17.7 | [REDACTED]   | S9(2)(b)(ii): There is no need for St John's understanding of other suppliers' market shares estimates of other be released. This information would prejudice other competitors if it was released. |
| 17.8 | [REDACTED]   | S9(2)(b)(ii): There is no need for St John's estimates of other suppliers' market shares to be released. This information would prejudice other competitors if it was released.                     |
| 17.9 | <p>In contrast to the End User Market, the table above suggests that, post-Acquisition, the combined entity would have a market share of only approximately [REDACTED] by volume in the Commercial Market.</p> <p>If Nurse Call, or one or more of the other providers within the 'Other' category, have sufficient market share to mean that the market is concentrated, that would likely mean that St John and Securely's market share is lower than estimated and may well be below [REDACTED]</p> | S9(2)(b)(ii): There is no need for St John's estimates of other suppliers' market shares to be released. This information would prejudice other competitors if it was released.                     |
| 18.4 | [REDACTED]   | S9(2)(b)(i): Trade secret. St John's relies on the  |

|              |  |  |
|--------------|--|--|
|              | [REDACTED]   | End User market to meet its charitable purpose.  |
| 18.5         | St John estimates [REDACTED] of the acquirers in that market are funded by MSD and providers can only access this segment of the market if they hold an MSD licence  | S9(2)(b)(ii): St John's estimates of the market share is commercially sensitive.   |
| 19.7(c)      | While some scale (St John estimates [REDACTED]) is needed to operate call centres, this part of the service can be outsourced.   | S9(2)(b)(ii): St John's customer share would be unfairly prejudicial if released, and other competitors had access to this number. |
| 20.6         | [REDACTED]   | S9(2)(b)(ii): St John's pricing mechanism is confidential. It would benefit other competitors if this was made public.             |
| 20.7 + table | Indeed, St John is now selling more services to self-funded users [REDACTED] than previously. A table setting out changes over time is set out below [REDACTED]  | S9(2)(b)(ii): St John's pricing mechanism is confidential. It would benefit other competitors if this was made public.             |
| 21.1         | Based on the figures set out in section 17 above, if the Acquisition proceeds, the three largest firms in the Commercial Market will have a combined share of just over [REDACTED]% (i.e. less than 70%) and the merged firm's combined share of the Commercial Market will be just over [REDACTED]% (i.e. less than 40%). | S9(2)(b)(ii): St John's estimates of the market share is commercially sensitive.   |
| Footnote 46  | This figure will be higher if Nurse Call or any other entities in the 'Other' category listed at paragraph 17.5 are in the largest three competitors—but it should not exceed [REDACTED]%.   | S9(2)(b)(ii): Commercially sensitive as provides insight on relative market shares.  |
| 22.4         | [REDACTED]   | S9(2)(b)(ii): Unfairly prejudicial as discusses  |

|            |   |  |
|------------|---|--|
|            | <p>[REDACTED] Customers are demanding technologically advanced solutions, and these solutions are being developed by a variety of providers. [REDACTED]</p> <p>[REDACTED]</p> | <p>St John's rationale behind acquisition and future business strategy.</p>  |
| Schedule 1 | List of documents provided  | S9(2)(b)(ii): Unfairly prejudicial as contains confidential information to both St John and Securely in relation to the acquisition.                             |
| Schedule 2 | <p>Table of revenue earned</p> <p>Table of customer contracts</p>   | S9(2)(b)(ii): St John and Securely's revenue figures are confidential, as is its customer contracts. It would benefit other competitors if this was made public. |
| Schedule 3 | Contact details for competitors   | Personal details are not publicly available.   |
| Schedule 4 | Table showing changes to self-funded price  | S9(2)(b)(ii): St John's pricing is confidential. It would benefit other competitors if this was made public.   |

## Declaration by St John

I, **Nick Coley**, Head of Telecare at St John, have prepared, or supervised the preparation of this notice seeking clearance.

To the best of my knowledge, I confirm that:

- all information specified by the Commission has been supplied
- if information has not been supplied, reasons have been included as to why the information has not been supplied
- all information known to the applicant that is relevant to the consideration of this notice has been supplied, and
- all information supplied by St John is correct as at the date of this notice.

St John and I undertake to advise the Commission immediately of any material change in circumstances relating to the notice.

St John and I understand that it is an offence under the Commerce Act to attempt to deceive or knowingly mislead the Commission in respect of any matter before the Commission, including in these documents.

I am an officer of St John and am duly authorised to submit this notice.

### Name and title or person authorised to sign:



---

Nick Coley

Head of Telecare

**Dated:** 06 December 2023