

# Illumina's takeover of PacBio raises competition concerns

The Competition and Markets Authority (CMA) has issued its provisional findings as part of a Phase 2 merger investigation of the proposed \$1.2 billion takeover by Illumina, Inc. (Illumina) of Pacific Biosciences of California, Inc (PacBio).

The companies are both global suppliers of Next-Generation DNA sequencing systems to organisations across the world, including UK universities, laboratories and research institutes. DNA sequencing systems are vital to the study of genetic variation in humans and other species, for purposes such as essential disease research and drug development.

The CMA's provisional conclusion is that the merger will result in a significant loss of competition between the 2 companies, with few alternative providers of DNA sequencing systems remaining.

DNA sequencing is a highly concentrated industry and Illumina holds an approximately 80% share of the market globally and 90% in the UK. The CMA's investigation has found that PacBio is one of Illumina's closest competitors and vice versa. The companies' internal documents often refer to each other as competitive threats and this is consistent with the views of customers and the remaining competitors.

PacBio also recently released new, innovative technology and is well-positioned to be a stronger competitor in the future. The CMA is therefore concerned that the deal would remove a significant competitive threat to Illumina.

DNA sequencing is a dynamic and rapidly developing sector where innovation is key. The CMA considers that competition is one of the main factors that drives innovation and is concerned that the loss of PacBio as an independent competitor will lead to a reduction in overall levels of innovation in the market.

Stuart McIntosh, the Inquiry Chair, said:

DNA sequencing is a highly concentrated industry and given the strength of Illumina in this market, and the limited number of alternative providers, the removal of an innovative competitor like PacBio is likely to have a significant impact on competition.

This could harm critically important innovation in the systems created to support DNA sequencing and lead to less choice, higher prices or lower quality as a result of the merger.

For more information, visit the [case page](#).

Notes to editors:

1. Next-Generation Sequencing underlies the study of all organisms, and informs knowledge spanning basic biology to complex human diseases such as cancer. Next-Generation Sequencing is a dynamic industry, with new sequencing platforms and updates to technology being released frequently.
2. All the CMA's functions in phase 2 merger inquiries are performed by inquiry groups chosen from the CMA's panel members. The appointed inquiry group are the decision-makers on phase 2 inquiries.
3. The CMA's panel members come from a variety of backgrounds, including economics, law, accountancy and/or business; the membership of an inquiry group usually reflects a mix of expertise and experience.
4. The members of this inquiry group are Stuart McIntosh (Chair), Humphrey Battcock, Colleen Keck and John Thanassoulis.