

Section 68 of the Competition Act 2004

Infringement Decision issued by the Competition and Consumer Commission of Singapore

Infringement of the section 34 prohibition in relation to bid-rigging in tenders for vulnerability management software licences

5 September 2024

Case number: CCCS 500-100-2023-002

Confidential information in this Decision is denoted by square parenthesis [%].

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### **SECTION 1: OVERVIEW**

### A. The Parties

- 1. The Competition and Consumer Commission of Singapore ("CCCS") is issuing an Infringement Decision ("**ID**") against the following undertakings:
  - a. Rei Securite Pte. Ltd. ("Rei"); and
  - b. Soh Chee Keong ("**Soh**")

(each a "Party" and collectively, the "Parties").

CCCS finds that the Parties had participated in agreements and/or concerted practices involving collusive tendering or bid-rigging in relation to three invitations to quote ("ITQ") called by Ngee Ann Polytechnic ("NP") (collectively, the "NP ITQs"). The NP ITQs were called for the purposes of enabling NP to obtain quotes for the procurement of licences for vulnerability management software ("VMS") for its student management system, Oracle Peoplesoft Campus Solutions ("Peoplesoft Solutions").

- 2. Specifically, CCCS finds that Soh had, in his capacity as an undertaking providing IT support services to NP in respect of the VMS licence that Rei was contracted to provide for the NP ITQs, entered into agreements and/or concerted practices with Rei whereby he coordinated and facilitated the submission of cover bids by two other undertakings, QBTT Pte Ltd ("QBTT") and Contabilita Pte Ltd ("Contabilita"), 1 for each of the NP ITQs.
- 3. On 2 August 2024, CCCS sent each Party notice of its Proposed Infringement Decision ("**PID**"). The documents in CCCS's investigation file on the matters referred to in the PID were made available to the Parties. The Parties were further given the opportunity to make representations to CCCS, but declined to do so.<sup>2</sup>

## B. Background

4. NP uses Peoplesoft Solutions to manage its students' end-to-end journey from enrolment, assessments to graduation. To ensure that this management system is implemented securely, NP performs vulnerability assessment scans and source code reviews on PeopleSoft Solutions using a VMS known as "Safe O'Clock

<sup>&</sup>lt;sup>1</sup> Both QBTT and Contabilita were struck off the Register of Companies with effect from 4 September 2023.

<sup>&</sup>lt;sup>2</sup> Soh's email dated 8 August 2024; Cheong Lai Ping Karen's (Rei) email dated 11 August 2024.

Smart Cybersecurity Platform"<sup>3</sup>. NP first obtained a licence for the VMS on 1 April 2020, which expired on 31 March 2021. To ensure that it could continue using the VMS, NP issued an ITQ on 28 January 2021 to renew the licence for the VMS for another year. Two additional ITQs were subsequently issued to effect further extensions of the VMS licence. The details of the respective ITQs are set out below:

- a. 28 January 2021 (the "**1**st **NP ITQ**");
- b. 5 January 2022 (the "2<sup>nd</sup> NP ITQ"); and
- c. 21 November 2022 (the "**3**<sup>rd</sup> **NP ITQ**").
- 5. Only three bidders responded to each of the NP ITQs, namely Rei, QBTT and Contabilita. Details pertaining to each bidder are set out below:
  - a. Rei is an exempt private limited company incorporated on 16 September 2019. The sole director and shareholder of Rei is Cheong Lai Ping Karen ("Karen"). The business activity and revenue of Rei was almost entirely derived from the NP ITQs. Since the time that Rei was first engaged by NP to supply the licence for the VMS in 2020, Soh was contracted and paid by Rei to provide support services to NP in respect of the VMS licence that Rei was contracted to provide. This continued after each instance where Rei was subsequently awarded to continue to supply NP with the VMS licences.
  - b. QBTT was an exempt private limited company incorporated on 28 September 2020. The sole director and shareholder of QBTT was Soh. QBTT had no business activity and revenue at all times apart from participating in the NP ITQs, which it never won.
  - c. Contabilita was an exempt private limited company incorporated on 23 October 2020. Its sole director and shareholder was Wong Poh Mooi Claris ("Claris"). Similar to QBTT, Contabilita had no business activity and revenue at all times apart from participating in the NP ITQs, which it never won.
- 6. On 25 August 2023, based on information received, CCCS commenced an investigation under section 62 of the Competition Act 2004 (the "Act") against Rei and Soh. CCCS's investigations revealed certain key facts. First, OBTT's

<sup>&</sup>lt;sup>3</sup> The same VMS software was also previously known as "ERPScan Security Monitoring Suite".

and Contabilita's respective registered business addresses were the same as Soh's residential address. Second, Soh (who was the director and shareholder of QBTT) was the company secretary for Contabilita, and Claris (who was the director and shareholder of Contabilita) was the company secretary for QBTT. Third, Soh and Karen were previously business associates, and Soh had introduced Karen to Claris, who became the bookkeeper for Rei.<sup>4</sup> However, Soh clarified that QBTT, Rei and Contabilita operated independently of each other.<sup>5</sup> Fourth, despite Rei, QBTT and Contabilita having put in bids in respect of the NP ITQs, it was Soh who had the technical expertise and would provide support services to NP in respect of the VMS licences.<sup>6</sup>

7. The award of each of the NP ITQs, involves the successful party providing the following services to NP: (i) be an authorised distributor or reseller of the VMS product principal and supply the annual licence for the VMS to NP; (ii) provide back-to-back support between NP and the product principal, as well as software maintenance support to NP, such as liaising with the product principal if software patches were required or if any errors in respect of the VMS were encountered; and (iii) provide training to NP, if required.

### SECTION 2: EVIDENCE RELATING TO BID-RIGGING ARRANGEMENT

### The 1<sup>st</sup> NP ITQ

8. On 25 September 2020, NP sent an email to Rei (the latter being the incumbent supplier of the VMS licence to NP)<sup>7</sup>, asking for a budgetary quote, i.e. an estimate of Rei's likely quote to enable NP to estimate the cost of the procurement of a new VMS licence and plan for the issuance of the 1<sup>st</sup> NP ITQ. Around the same period, Karen discussed the matter with Soh, who, at that time, was already providing IT support services to NP in relation to the existing VMS licence granted to NP (which Rei was contracted to provide). Soh advised Karen to submit a budgetary quote to NP within a range of \$60,000 to \$70,000 (the "**Price Range**"). In the course of CCCS's investigation, Soh explained that the lower limit of \$60,000 roughly comprised of:<sup>8</sup> (a) the licence fee payable to the product principal, which was around \$24,000; and (b) his subcontracting fee of

<sup>&</sup>lt;sup>4</sup> Notes of Information ("NOI") of Soh dated 10 October 2023, response to question 82.

<sup>&</sup>lt;sup>5</sup> NOI of Soh dated 10 October 2023, response to question 136.

<sup>&</sup>lt;sup>6</sup> NOI of Soh dated 10 October 2023, response to questions 12, 31 and 89.

<sup>&</sup>lt;sup>7</sup> Rei participated in the 9 January 2020 ÎTQ alongside 3 other bidders and won.

<sup>&</sup>lt;sup>8</sup> The overall components added up to \$58,000 but for the purposes of determining the Price Range, Soh had rounded up the amount to \$60,000. NOI of Soh dated 10 October 2023, response to Q62.

\$34,000 per year, comprising a monthly fee of \$2,000 and a further \$10,000 for contingency "support cost". As for the upper limit of \$70,000, Soh claimed that this was the upper limit for public sector ITQs, and that this upper limit was published on the Government Electronic Business Portal ("GeBIZ").

### The Need for Three Quotes

9. On 2 October 2020, Rei responded to NP's email and provided a budgetary quote of \$63,000. Subsequently on 20 October 2020, NP responded to Rei saying that it needed at least three quotes and asked if Rei could help to provide contacts for suppliers that could provide additional quotes for the VMS. When Karen sought Soh's help to look for two other suppliers, Soh told Karen that he would provide one quote through QBTT (which he had incorporated on 28 September 2020) and suggested getting Rei's accountant, Claris, to provide the other quote. Thereafter, Claris was approached by Soh and incorporated Contabilita on 23 October 2020. 10 Budgetary quotes within the Price Range indicated by Soh were then provided by QBTT and Contabilita to NP. According to Soh, there was a "gentlemen's agreement" between the Parties (i.e. Rei and Soh) that the bids submitted by QBTT and Contabilita in response to the 1st NP ITQ would correspond to the respective budgetary quotes provided to NP earlier. The budgetary quotes submitted to NP were \$63,000 (for Rei), \$65,000 (for Contabilita) and \$66,000 (for QBTT). Rei then followed up with an email to NP on 30 October 2020 to check if the latter had received the budgetary quotes from QBTT and Contabilita. The email from Rei read as follows: 11

"Good evening",

I believe by now you should have received the three quotes we spoke about on the phone last week, from QPTT (sic) Pte Ltd, Contabilita Pte Ltd and ourselves.

Please let us know if any of the three quotes are missing. Have a great weekend.

Regards

<sup>&</sup>lt;sup>9</sup> NOI of Soh dated 10 October 2023, Q61 to 64. According to the "Guide for Suppliers Participating in Singapore Government Procurement Opportunities" issued by the Ministry of Finance, any procurement exceeding \$90,000 would require an agency to call for a tender, rather than an ITQ. [≫] In other words, Soh's claim was incorrect because the "quotation limit" would have been \$90,000 by the time NP called for the 1<sup>st</sup> NP ITQ. In any event, there is no "upper limit" to an ITQ, as suppliers are free to submit bids above \$90,000.

<sup>&</sup>lt;sup>10</sup> NOI of Soh dated 10 October 2023, response to question 48; NOI of Karen dated 12 October 2023, response to questions 74 to 77, 90 to 91, 97 to 99.

<sup>&</sup>lt;sup>11</sup> Email correspondence between Karen and NP titled "[ERPScan] Budgetary Quote for Renewing the ERPScan (PeopleSoft) from 1 Apr 2021 to 30 Mar 2022", which was provided by Soh to CCCS on 15 October 2023.

#### Karen".

# **Enhancing Rei's Prospects**

- 10. NP issued the 1<sup>st</sup> NP ITQ on 28 January 2021 through GeBIZ. Soh proceeded to concurrently prepare the bids (which included compliance checklists and price schedules) for Rei, Contabilita and QBTT on the same day, and submitted Rei's bid on 29 January 2021, Contabilita's bid on 31 January 2021 and QBTT's bid on 1 February 2021. For Rei and Contabilita, Soh admitted that he had used their Corppass<sup>12</sup> accounts to upload their ITQ submissions in GeBIZ. All three ITQ submissions showed that Soh had edited both Rei's and Contabilita's ITQ submission (See **Annex A**). The evidence is clear that by the time Soh submitted QBTT's bid on GeBIZ, Soh was fully aware of Rei's bid price of \$63,000 and Contabilita's bid price of \$65,000. This suggests that Soh ensured that QBTT and Contabilita had priced their respective bids of \$66,000 and \$65,000 in a manner that would ensure that Rei's bid would be the lowest (and therefore the most competitive).
- 11. When interviewed by CCCS, Soh admitted that there was a "conflict of interest" when he participated in the NP ITQ (through QBTT) whilst also providing IT support services to NP in respect of the VMS licences that Rei was contracted to provide, and that he had effectively quoted for QBTT with access to Rei's documents and information:<sup>14</sup>

"Q: If QBTT and Rei Securite were independently competing in the Ngee Ann Poly ITQs, why were you, as the director of QBTT, preparing Rei Securite's GeBIZ submission form?

A: Because Claris and Karen don't know how to do. QBTT and Rei are independent competitors. But I as a sub-contractor am not independent. I know there is a conflict of interest. But then, going back to the same constraint, it's not easy to find 3 parties to submit quotations.

*Q*: You consider yourself to be separate from *QBTT*?

<sup>&</sup>lt;sup>12</sup> Corppass is a single corporate digital identity for Singapore business entities to transact online with Singapore government agencies. For example, to participate in the ITQs called by NP, Rei, QBTT and Contabilita needed to utilise their respective Corppass accounts to submit the quotations to NP.

<sup>&</sup>lt;sup>13</sup> NOI of Soh dated 10 October 2023, response to questions 11 and 67.

<sup>&</sup>lt;sup>14</sup> NOI of Soh dated 10 October 2023, response to questions 51 to 53.

A: It's hard to believe, but yes. I have to play 2 roles, one as a competitor, and one as a sub-contractor.

Q: Would you agree that given you are one person, you cannot partition yourself such that information you gain as a "subcontractor" is not available to you as a competitor. Therefore, you quote for QBTT with access to Rei's documents and information.

A: Yes you are right."

12. As for the relationship between the Parties, Rei was to pay to Soh \$34,000 in exchange for him providing the IT support services to NP in respect of the VMS licence (which Rei was contracted to provide), once the NP ITQ was awarded to Rei. Soh describes the IT support services that he provided as consisting of "onsite support, email support and telephone support"<sup>15</sup>, while Karen described the support required under the services rendered to NP to be "minimal work" that requires "12 man hours" for one whole year. <sup>16</sup> Karen admitted that she participated (through Rei) in the 1<sup>st</sup> NP ITQ to get a deal that was "effortless"<sup>17</sup> and that "it was nice to have some income without too much effort"<sup>18</sup>. Separately, Soh admitted that QBTT did not intend to win the NP ITQ:

"I was hoping not to win this ITQ, because I was out of job for 5 years and I don't have money to fund the license. Ngee Ann Polytechnic going to pay by instalments, but I had to fund it upfront." <sup>19</sup>

13. On 26 March 2021, the ITQ was awarded to Rei, whereupon Rei paid Soh \$34,000 for Soh's IT support services on 30 April 2021 as subcontracting fees<sup>20</sup>.

# 2<sup>nd</sup> NP ITQ

- 14. On 5 January 2022, NP issued the 2nd NP ITQ.
- 15. Similar to the arrangements in respect of the 1<sup>st</sup> NP ITQ, Soh provided input on Rei's pricing for the 2<sup>nd</sup> NP ITQ by telling Karen that Rei should bid within the same Price Range, and helped complete the bid that Rei submitted to NP on 5

<sup>&</sup>lt;sup>15</sup> NOI of Soh dated 10 October 2023, response to question 63.

<sup>&</sup>lt;sup>16</sup> NOI of Karen dated 12 October 2023, responses to questions 34, 35 and 187.

<sup>&</sup>lt;sup>17</sup> NOI of Karen dated 12 October, response to question 26.

<sup>&</sup>lt;sup>18</sup> NOI of Karen dated 12 October, response to question 19.

<sup>&</sup>lt;sup>19</sup> NOI of Soh dated 10 October 2023, response to question 35.

<sup>&</sup>lt;sup>20</sup> Payment voucher from Rei submitted by Soh to CCCS on 15 October 2023.

January 2022.<sup>21</sup> QBTT and Contabilita then submitted bids that were within the Price Range. These were priced at \$68,888 and \$68,000 respectively, in support of Rei's lower bid (which was priced at \$63,000). QBTT, Rei and Contabilita were again the only bidders that participated in the 2<sup>nd</sup> NP ITQ.

16. Rei was awarded the ITQ on 4 February 2022. Rei again appointed Soh as a "subcontractor" and subsequently made various payments to him amounting to \$34.000.<sup>22</sup>

## 3<sup>rd</sup> NP ITQ

- 17. On 21 November 2022, NP issued the 3<sup>rd</sup> NP ITQ.
- 18. Similar arrangements to what had been done for the 1<sup>st</sup> NP ITQ and the 2<sup>nd</sup> NP ITQ<sup>23</sup> were again adopted between the Parties. This time, Rei's bid was priced at \$65,000 whilst QBTT's and Contabilita's bids were priced at \$68,888 and \$69,000 respectively. Again, QBTT, Rei and Contabilita were the only bidders participating in the 3<sup>rd</sup> NP ITQ.
- 19. Rei was awarded the ITQ on 24 February 2023. Rei again appointed Soh as a "subcontractor", and would be expected to make payments amounting to approximately \$34,000 to Soh.

### Analysis of the Facts

20. The evidence shows that Soh and Karen stood to gain if the NP ITQs were called and awarded to Rei. The evidence further shows that when NP first made it known that it needed more quotes apart from what Rei (as the incumbent supplier) had submitted, Soh and Karen decided to use newly incorporated companies (i.e. QBTT and Contabilita) to submit the required additional bids. This distorted the competitive process that the NP ITQ was meant to achieve by creating an illusion of competition. This was evident from Soh's own admission:

"In a situation where you need 3 quotes, but there's only 1 customer, how to get 2 other parties to bid for this ITQ? I need to create a marketplace for the competition. I need to go convince the parties (in this case,

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<sup>&</sup>lt;sup>21</sup> NOI of Soh dated 10 October 2023, response to question 94.

<sup>&</sup>lt;sup>22</sup> Payments of \$8,500 were made on 1 August 2022 and 1 November 2022; and 2 payments of \$8,500 were made on 18 May 2023. Payment vouchers from Rei submitted by Soh to CCCS on 15 October 2023.

<sup>&</sup>lt;sup>23</sup> NOI of Soh dated 10 October 2023, response to question 94.

Contabilita) that this is a potential opportunity for her (Claris). Because Rei is the incumbent. If I don't do anything, [it will] only be Rei bidding for the [ITQ], then it cannot be awarded. Because only 1 party. So I need a second party (Ngee Ann said 3, but I only need 2). I need to convince somebody to challenge Karen from this tender. [...]"<sup>24</sup>

21. In order for Rei to win the respective NP ITQs, at least three bidders were required to participate and the bid price of Rei's ITQ submissions needed to appear to be the most competitive. The evidence available to CCCS, as set out above, gives rise to a strong inference that Soh had, pursuant to an arrangement between Rei and himself, procured QBTT and Contabilita to submit budgetary quotes and, subsequently, ITQ submissions that not only fulfilled NP's requirement for three quotes, but were also priced in a manner that would enhance Rei's chances of being awarded the NP ITQs. Such conduct amounts to cover-bidding, which not only deprived NP of any genuine competition in respect of the respective NP ITQs but also precluded any chance of NP obtaining more competitive bids (e.g. by re-calling the NP ITQs should Rei be the only bidder or if NP received less than three bids).

#### **SECTION 3: INFRINGEMENT DECISION**

#### A. CCCS's Infringement Decision

- 22. Section 34(1) of the Act prohibits "...agreements between undertakings ... or concerted practices, which have as their object or effect the prevention, restriction or distortion of competition within Singapore".
- 23. The law on bid-rigging, in particular cover-bidding and how it harms competition and infringes section 34(1) of the Act is well established. The CCCS Guidelines on the Section 34 Prohibition state that bid-rigging will always be regarded to have an appreciable adverse effect on competition. This position has been cited with approval by the Competition Appeals Board in *CU Water* and *Pang's Motor Trading*. The tendering process is designed to foster competition, and an essential feature of this system is that each interested supplier should prepare and submit its bids independently. Tender bids that are submitted as a result of collusion or co-operation between suppliers competing

<sup>&</sup>lt;sup>24</sup> NOI of Soh dated 10 October 2023, response to question 37.

<sup>&</sup>lt;sup>25</sup> CCCS Guidelines on the Section 34 Prohibition, at paragraph 2.24.

<sup>&</sup>lt;sup>26</sup> CU Water Services Pte Ltd v CCCS [2023] SGCAB 1 ("CU Water"), at [27]; and Re Pang's Motor Trading v Competition Commission of Singapore [2014] SGCAB 1 ("Pang's Motor Trading"), at [30].

for the award of the tender will, by their very nature, be regarded as appreciably restricting of competition.<sup>27</sup>

- 24. In Apex Asphalt and Paving Co Limited v Office of Fair Trading<sup>28</sup> ("Apex") (cited by CCCS in Pest Control<sup>29</sup>) and, subsequently, Makers UK Limited v Office of Fair Trading (which applied the principles set out in Apex)<sup>30</sup>, the UK Competition Appeal Tribunal identified the anti-competitive harms of a cover bid to be that (a) it reduces the number of competitive bids submitted in respect of that particular tender; (b) it deprives the tenderee of the opportunity of seeking a replacement (competitive) bid; (c) it prevents other contractors wishing to place competitive bids in respect of that particular tender from doing so; and (d) it gives the tenderee a false impression of the nature of competition in the market, leading at least potentially to future tender processes being similarly impaired. The principles set out in these decisions were applied by CCCS in Formula 1 and GEMS Tenders.<sup>31</sup> As detailed in the preceding section, the Parties' conduct bears out many of the harms identified above.
- 25. In the present case, the Parties' co-ordination to use newly incorporated companies (i.e. QBTT and Contabiltia) to draw up and submit the various bids within the Price Range for the NP ITQs, such that Rei would always be the lowest bidder, leads CCCS to find that the cover bids submitted by QBTT and Contabilita were co-ordinated by Soh to allow Rei to win the NP ITQs. It bears repeating that the respective NP ITQs largely involved the provision of a renewed VMS licence (essentially just a product key to activate the licence) with little differentiation needed between bidders. CCCS considers that the evidence pertaining to the NP ITQs clearly reflects an agreement and/or concerted practice between separate undertakings (i.e. Rei and Soh), where Soh enabled Rei to achieve a better prospect of winning the NP ITQs by procuring and co-ordinating two other cover bids (through QBTT and Contabilita), such that the profits from the agreement and/or concerted practice could be shared between Soh (through the fees he was paid for his IT support services) and Karen (through Rei's profits). This undermined the competitive process that the NP ITQs were meant to achieve and gave NP the false impression that there were three independent bids.
- 26. It is well-established that a party participating in anti-competitive conduct that relates to cover bidding is liable for an infringement under section 34 of the

<sup>&</sup>lt;sup>27</sup> CCCS Guidelines on the Section 34 Prohibition, at paragraph 3.8.

<sup>&</sup>lt;sup>28</sup> Apex Asphalt and Paving Co Limited v Office of Fair Trading [2005] CAT 4.

<sup>&</sup>lt;sup>29</sup> Re Certain Pest Control Operators in Singapore [2008] SGCCS 1 ("Pest Control"), at [59].

<sup>&</sup>lt;sup>30</sup> Makers UK Limited v Office of Fair Trading [2007] CAT 11.

<sup>&</sup>lt;sup>31</sup> Formula 1 and GEMS Tenders [2017] SGCCCS 1 ("Formula 1 and GEMS Tenders").

Act.<sup>32</sup> In this regard, a facilitator would also be liable for participating in anti-competitive conduct, if such conduct contributes actively and intentionally to the anti-competitive conduct, even if that facilitator was not itself active in the market affected by the restriction of competition, i.e. the market for the supply and renewal of VMS licence (and associated support services) that can fulfil NP's requirements in this case.<sup>33</sup> In relation to the NP ITQs, Soh had, as an undertaking, clearly orchestrated and facilitated the submission of cover-bids by QBTT and Contabilita to provide Rei with a better prospect of winning the NP ITQs.

- 27. Each of the Parties to the anti-competitive conduct described above is considered an undertaking for the purposes of applying section 34 of the Act. "Undertaking" is defined by section 2 of the Act as including an individual or body corporate capable of carrying on commercial or economic activities relating to goods or services. <sup>34</sup> Rei, as a body corporate that supplies software services, is an "undertaking". Soh, being an individual, is considered an "undertaking" for conduct related to his supply of IT support services to NP in respect of the VMS licences that Rei was contracted to provide.
- 28. Accordingly, CCCS concludes that the Parties' conduct relating to the NP ITQs constitutes bid-rigging, which has the object of restricting, preventing or distorting competition. CCCS is therefore of the view that the Parties have infringed section 34 of the Act.
- 29. Further, CCCS is satisfied that the infringement had been intentionally or negligently committed by Soh and Rei. CCCS considers that, given NP's request for three quotes, Soh and Rei knew or ought to have known that the purpose of the NP ITQs was to ensure that NP obtained a cost-effective and competitive price for the VMS licence through competition from the NP ITQs. However, Soh and Rei had subverted this competitive process by using QBTT and Contabilita to submit cover bids for the NP ITQs, and, to use Soh's words, "create competition", i.e. to create the illusion of competition.<sup>35</sup>

<sup>&</sup>lt;sup>32</sup> See cases cited in paragraphs 23 and 24 of this ID.

<sup>&</sup>lt;sup>33</sup> T-99/04 *AC-Treuhand AG v European Commission*. In that case, a consultancy firm was held to be liable for organizing meetings for members of the cartel, even though it did not operate in the relevant industry where the anti-competitive conduct took place.

<sup>&</sup>lt;sup>34</sup> Section 2 of the Act defines "undertaking" as any person, being an individual, body corporate, an unincorporated body of persons or any other entity capable of carrying on commercial or economic activities relating to goods or services.

<sup>&</sup>lt;sup>35</sup> NOI of Soh dated 10 October 2023, response to question 37.

- 30. In addition, CCCS considers that, by reason of the very nature of the agreements and/or concerted practices involving bid-rigging, each of the Parties must have been aware that the agreements and/or concerted practices in which they participated had the object of preventing, restricting or distorting competition.
- 31. CCCS therefore finds that the Parties, namely Rei and Soh, have infringed section 34 of the Act for the agreement and/or concerted practice involving bidrigging of the NP ITQs and impose on the Parties the financial penalties listed below pursuant to section 69(2)(e) of the Act.<sup>36</sup>

### **SECTION 4: CCCS'S ACTION**

#### A. Calculation of Penalties

- 32. The following section sets out the financial penalties CCCS imposes on Rei and Soh in accordance with the six-step approach set out in CCCS Penalty Guidelines, taking into account the seriousness of the infringement and need for deterrence:<sup>37</sup>
  - a. Step 1: calculation of the base penalty having regard to the seriousness of the infringement (expressed as a percentage rate) and the party's turnover of the business in Singapore for the relevant markets affected by the infringement (i.e., relevant turnover) <sup>38</sup> in the party's financial year preceding the date when the infringement ended <sup>39</sup>;
  - b. Step 2: the duration of the infringement;
  - c. Step 3: any aggravating and mitigating factors;
  - d. Step 4: other relevant factors such as deterrent value;
  - e. Step 5: statutory maximum penalty as provided for under section 69(4) of the Act; and

<sup>&</sup>lt;sup>36</sup>For the purposes of this ID, CCCS has focused on the conduct of Rei and Soh, in view of the facts and circumstances of the case. Further, this ID is not addressed to QBTT and Contabilita, as they have been struck off the Register of Companies at the date of this ID.

<sup>&</sup>lt;sup>37</sup> CCCS Guidelines on the Appropriate Amount of Penalty in Competition Cases, paragraph 2.1.

<sup>&</sup>lt;sup>38</sup> The relevant market affected by the infringement is the supply and renewal of VMS licence (and associated support services) that can fulfil NP's requirement for vulnerability assessment scans and source code reviews on PeopleSoft Solutions.

<sup>&</sup>lt;sup>39</sup> Competition (Financial Penalties) Order 2007, paragraph 3 and CCCS Guidelines on the Appropriate Amount of Penalty in Competition Cases, paragraph 2.5.

- f. Step 6: immunity, leniency reductions and/or fast-track procedure discounts.
- 33. The following table sets out the financial penalties CCCS imposes on the Parties according to the six-step framework in CCCS's Penalty Guidelines:<sup>40</sup>

<sup>&</sup>lt;sup>40</sup> CCCS Guidelines on the Appropriate Amount of Penalty in Competition Cases.

Step in Penalty Guidelines	Rei	Soh	CCCS's Considerations	
Step 1: Calculation of Base Penalty <sup>41</sup>	\$[ <b>*</b> ]	\$[ <b>※</b> ]	<ul> <li>Rei's financial year commences on 1 September and ends on 31 August. As the infringement ended on 24 February 2023, the business year for the purpose of determining relevant turnover is the financial year ended 31 August 2022, i.e. 1 September 2021 to 31 August 2022. Rei's relevant turnover based on its submissions for the financial year ending 31 August 2022 was \$[≥]. 42 CCCS understands that this represents partial payment made by NP for services provided by Rei for the 2<sup>nd</sup> NP ITQ.</li> <li>For Soh, the business year for the purpose of determining relevant turnover is the calendar year 2022, i.e. 1 January 2022 to 31 December 2022. 43 Soh's relevant turnover based on his submissions for calendar year 2022 was \$[≥]. 44 CCCS understands that this represents partial payment made by Rei to Soh for support services provided for the 2<sup>nd</sup> NP ITQ.</li> <li>However, CCCS considers that the abovementioned relevant turnover figures do not appropriately reflect the true scale of Rei's and Soh's respective economic activities in the relevant market during the relevant periods, as the above turnover figures represent only a fraction of the revenue that Rei and Soh derived for the services that they had each rendered during the relevant periods.</li> <li>To ensure that the penalties reflect the seriousness of the infringement and serve as a sufficient deterrent, 45 CCCS considers it appropriate to use \$[≥&lt;] (i.e. Rei's revenue)</li> </ul>	

<sup>41</sup> This step is based on seriousness of infringement (expressed as a percentage rate) and the party's turnover of the business in Singapore for the relevant markets affected by the infringement (i.e., relevant turnover) in the party's financial year preceding the date when the infringement ended.

<sup>&</sup>lt;sup>42</sup> Rei's response dated 27 June 2024 to CCCS's notice issued pursuant to section 63 of the Act ("**s63 notice**") dated 24 June 2024.

<sup>&</sup>lt;sup>43</sup> As a natural person/individual participating in the provision of IT support services as a subcontractor, Soh is not a registered business and accordingly does not have a relevant financial year. CCCS considers that in such a scenario, it is appropriate to determine Soh's turnover via his income in the relevant calendar year and references his income tax statement submitted to the Inland Revenue Authority of Singapore.

<sup>&</sup>lt;sup>44</sup> Soh's responses dated 25 and 26 June 2024 to CCCS's s63 notice dated 24 June 2024.

<sup>&</sup>lt;sup>45</sup> Formula 1 and GEMS Tenders, at [231].

Step in Penalty Guidelines	Rei	Soh	CCCS's Considerations
Step 2: Duration of Infringement	No change from Step 1	No change from Step 1	derived from the supply and renewal of VMS licence (and associated support services) to NP in the relevant financial year) as relevant turnover for the calculation of Rei's penalty. Similarly, CCCS considers it appropriate to use \$[≫](i.e. Soh's revenue derived from his provision of support services to NP in respect of the VMS licence that Rei was contracted to provide in the relevant financial year) as relevant turnover for the calculation of Soh's penalty. 46  • As the agreement and/or concerted practice involving bid-rigging in relation to the NP ITQs have as their object the prevention, restriction and distortion of competition and are by their very nature, serious infringements of the Act, CCCS has fixed the starting point at [≫] of relevant turnover.  • Therefore, the starting amount for Rei is \$[≫] and \$[≫] for Soh  • The agreements and/or concerted practices for the collusive tendering or bid-rigging took place repeatedly in 3 discrete tenders from years 2021 to 2022.  • For bid-rigging cases, CCCS considers each tender to be a discrete infringement and applies a duration of 1 year due to the long-lasting effects of the conduct even though the duration of the tender is typically shorter. Thus, CCCS has applied a duration multiplier of 1 year. Therefore, the penalty after adjustment for duration remains at \$[≫] for Rei and \$[≫] for Soh.
Step 3: Aggravating	\$[%] (+10% of [%])	\$[ <b>※</b> ] (+[ <b>※</b> ]	• CCCS considers the multiple infringing incidences by the Parties <sup>47</sup> to be an aggravating factor. In view of the Parties' involvement in 3 bid-rigging infringing incidences, CCCS

<sup>&</sup>lt;sup>46</sup> CCCS retains the discretion to use different turnover figures, if the undertaking's audited accounts do not reflect the true scale of an undertaking's activities in the relevant market. Paragraph 2.6 of the CCCS Guidelines on the Appropriate Amount of Penalty in Competition Cases.

<sup>47</sup> CCCS Guidelines on the Appropriate Amount of Penalty in Competition Cases 2016, paragraph 2.14.

Step in Penalty Guidelines	Rei	Soh	CCCS's Considerations	
and Mitigating Factors		of [%])	<ul> <li>considers it appropriate to increase the penalties by 10% from Step 2 (i.e. 2 additional infringing incidences x 5%). 48</li> <li>CCCS also considers the role of an undertaking as a leader in, or as an instigator of, an infringement to be an aggravating factor. 49 In this case, CCCS considers that Soh instigated the infringement, by orchestrating and facilitating the cover bid arrangement with Rei using QBTT and Contabilita. CCCS therefore considers it appropriate to increase the penalties by another [✗] from step 2 for Soh (i.e. a total of [✗] increase from step 2).</li> </ul>	
Step 4: Adjustment for other factors	No change from Step 3	No change from Step 3	In view of Rei's and Soh's financial positions, CCCS considers that there is no need for an adjustment with regard to penalty on the basis of proportionality. No adjustments were made to the financial penalty at this step	
Step 5: Adjustment to prevent maximum penalty being exceeded	\$[ <b>%</b> ]	\$[%]	<ul> <li>The applicable turnover for Rei for the business year preceding the date of this ID (i.e. the financial year ending 31 August 2023) is \$[★]. <sup>50</sup> As such, the statutory maximum penalty for Rei is \$[★]. The penalty figure at Step 3 does not exceed the statutory maximum.</li> <li>The applicable turnover for Soh for the business year preceding the date of this ID (i.e. calendar year 2023) is \$[★]. <sup>51</sup> As such, the statutory maximum penalty for Soh is \$[★]. The penalty figure at Step 3 would exceed the statutory maximum, and Soh's penalty would be capped at \$[★].</li> </ul>	

<sup>&</sup>lt;sup>48</sup> This approach of increasing the penalties by multiples of 5% for each additional instance of infringement after the first was endorsed by the CAB in *Pang's Motor Trading* (paragraphs [58] to [59]).

<sup>49</sup> CCCS Guidelines on the Appropriate Amount of Penalty in Competition Cases 2016, paragraph 2.14.

<sup>50</sup> Rei's response dated 27 June 2024 to CCCS's s63 notice dated 24 June 2024.

<sup>51</sup> Soh's responses dated 25 and 26 June 2024, to CCCS's s63 notice dated 24 June 2024

Step in Penalty Guidelines		Rei Soh		CCCS's Considerations
Step Leniency applicable)	<b>6:</b> (if	NA	NA	NA. No leniency application was accepted by CCCS.
Total		\$6,237	\$2,550	

### **B.** Conclusion on Penalties

34. In conclusion, pursuant to section 69(2)(e) of the Act, CCCS directs that the Parties pay the following financial penalties for their involvement in bid-rigging for the supply and renewal of VMS licences in respect of NP's student management system on Peoplesoft Solutions:

Party	Financial Penalty	
Rei	\$6,237	
Soh	\$2,550	
Total	<u>\$8,787</u>	

Aivin Koh

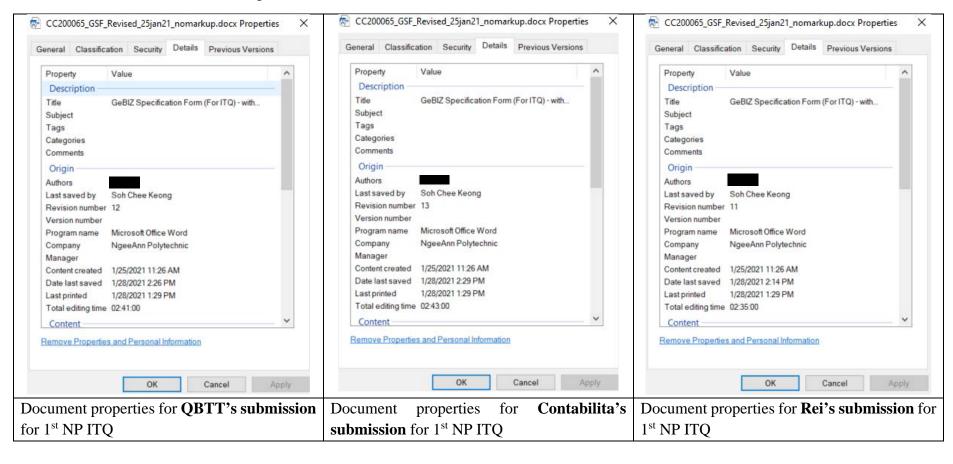
Chief Executive

Competition and Consumer Commission of Singapore

### Annex A

## Document Properties for the ITQ submissions for the 1st NP ITQ

• The document properties of the ITQ submissions suggest that they were all last saved and modified by Soh. The extent of the modifications for Rei's and Contabilita's ITQ submissions are set out below.



# Tracked Changes by Soh to Rei's ITQ submission for the 1st NP ITQ



Figure 1: Tracked changes in Rei's submission - Particulars

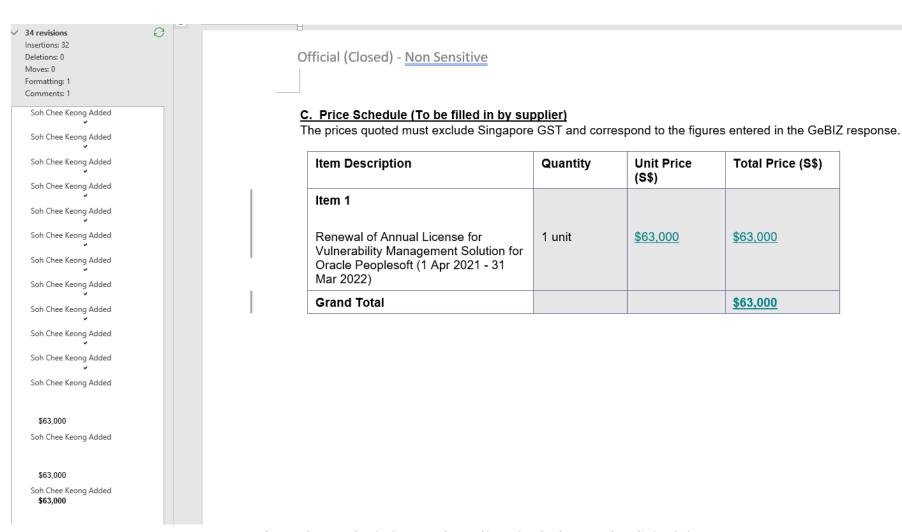
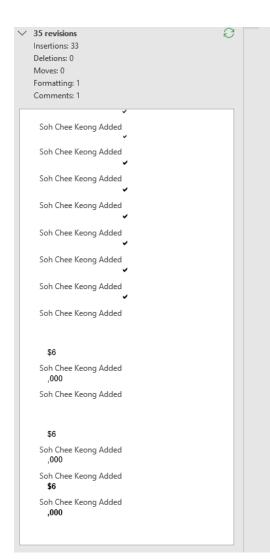


Figure 2: Tracked changes in Rei's submission - Price Schedule

# Tracked Changes by Soh to Contabilita's Submission for the 1st NP ITQ



Figure 3: Tracked changes in Contabilita's submission - Particulars



Official (Closed) - Non Sensitive

### C. Price Schedule (To be filled in by supplier)

The prices quoted must exclude Singapore GST and correspond to the figures entered in the GeBIZ response.

Item Description	Quantity	Unit Price (S\$)	Total Price (S\$)
Renewal of Annual License for Vulnerability Management Solution for Oracle Peoplesoft (1 Apr 2021 - 31 Mar 2022)	1 unit	<u>\$6</u> 5,000	<u>\$6</u> 5 <u>,000</u>
Grand Total			<u>\$65,000</u>

Figure 4: Tracked changes in Contabilita's submission - Price Schedule

# Tracked Changes by Soh to QBTT's Submission for the 1st NP ITQ



Figure 5: Tracked changes in QBTT's submission - Particulars

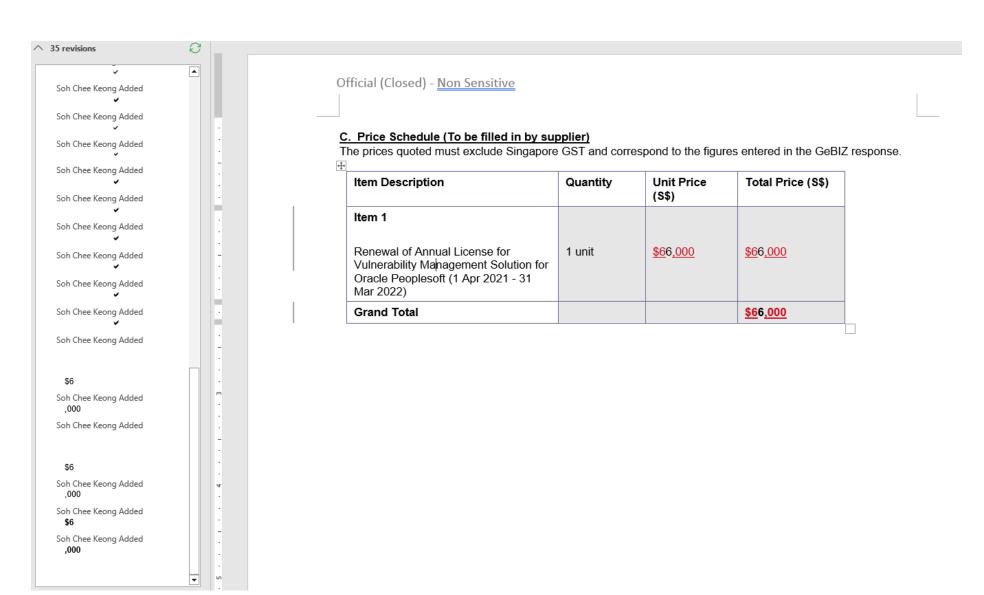
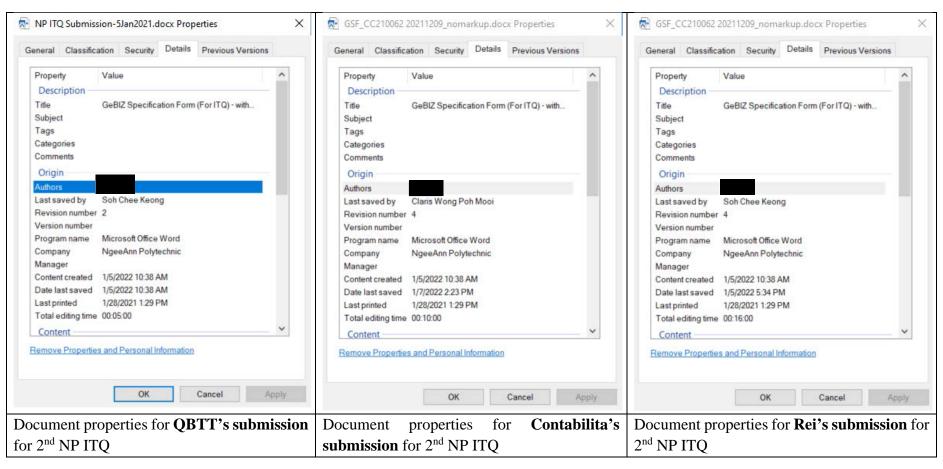


Figure 6: Tracked changes in QBTT submission - Price Schedule

## Document Properties for the ITQ submissions for the 2<sup>nd</sup> NP ITQ

• The document properties of Rei's submission suggest that it was last saved and modified by Soh.



## **Document Properties for the ITQ submissions for the 3rd NP ITQ**

• The document properties of the submissions did not indicate any amendments made by Soh in respect of Contabilita's or Rei's submissions.

