

Economics consulting on competition policy and antitrust issues

Practice brochure

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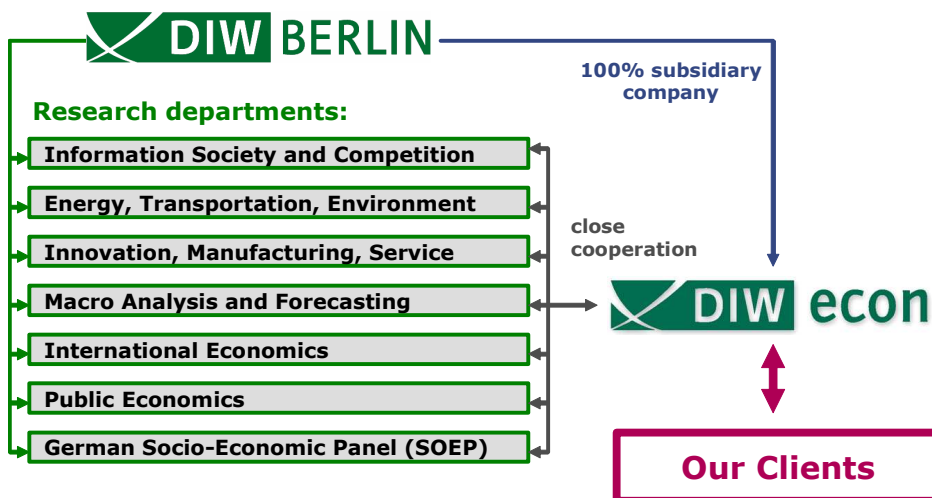
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DIW econ – the consulting company of DIW Berlin

DIW econ is an economics consultancy with a clear focus on the needs of business clients, international organisations and governments. Our work is based on the combination of sound economic theory with advanced economic tools and real world data.

The strong theoretical foundation of our work as well as the academic excellence of our individual experts is based on the close cooperation with DIW Berlin, our parent institute. DIW Berlin is the leading German think tank for applied economic research and policy advice. Established in 1925, DIW Berlin has an annual budget of around EUR 20 m and employs about 100 scientific staff.

To turn academic excellence into added value for our clients, project teams at DIW econ include experienced consultants as well as scientific staff of DIW Berlin on a case-by-case basis. In this way we combine the relevant sector-specific know-how of our consultants with the theoretical foundation and the sound knowledge of economic modelling and empirical methodologies of world-class economists. The figure below depicts this structure of cooperation:



Economic Analysis of Competition

Requirements and decisions in competition policy increasingly reflect the economic effects of companies' conduct. Hence, assessing issues like mergers, vertical and horizontal agreements, price setting, product design or state aid requires rigorous economic analyses based on state-of-the-art insights from the economics of industrial organisation as well as straightforward empirical analysis.

At DIW econ we have extensive experience on matters surrounding competition economics in national and international settings. Our assessments combine a profound knowledge of modern economic theory with state-of-the-art quantitative approaches. This way, we achieve robust results that stand up to the highest levels of scrutiny and effectively support the overall arguments of our clients on antitrust issues.

Our expertise includes:

- Analysis of market structure
- Market definition
- Assessment of concentration levels and market power;
- Analysis of incentives for abuse;
- Economic evaluation of price- and non-price strategies;
- Analysis on and simulation of mergers, acquisitions and joint ventures;
- Economic evaluation of horizontal and vertical agreements;
- Economic effects of state aid.

Examples of our experience:**□ Competition in web search markets**

On behalf of Microsoft Germany, we analysed the determinants of competition in web search markets. Particular emphasis was given on the impact of scale economies and network effects on concentration levels. The project also focussed on defining relevant antitrust markets, assessing the contestability of a dominant position and understanding incentives and possibilities for abusing it. Finally, the project report also discussed various types of public interventions and provided recommendations for policy makers.

□ Buyer power of the retail industry

For the German Brands Association, we analysed the determinants of buyer power in retail markets and provided quantitative estimates on the extent of buyer power in German groceries markets as well as on its consequences for suppliers and consumers. Based on these findings, we discussed different remedies to strengthen competition between retailers and their suppliers.

□ Economic effects of cloud computing

For Microsoft Germany we studied the economic importance of cloud computing with special emphasis on the prospects for competition. Special attention was given to the role of network effects and scale economies in different segments and their implication on competition levels, the providers' incentives to follow different pricing strategies, the potential for vertical integration and the role of open standards. Based on this assessment, the study closes by discussing regulatory challenges to stimulate the adoption of cloud computing.

Our experts for competition economics

	
<p>Prof. Dr. Pio Baake pbaake@diw.de</p>	<p>Dr. Ferdinand Pavel fpavel@diw-econ.de</p>
<p>Pio Baake is a Senior Economist with DIW Berlin and a Senior Research Associate with DIW econ. He is a specialist in microeconomics and industrial organization with expertise in regulatory economics, public finance, contract theory, public choice and general equilibrium theory. His latest work includes efficient regulation of dynamic telecommunication markets, regulation of new and emerging markets, and competition with congestible networks. He has significant consulting experience and has published in leading economic journals.</p> <p>Pio Baake holds a Ph.D. from Humboldt University Berlin.</p>	<p>Ferdinand Pavel is a manager at DIW econ. As an experienced economist, he advises private and public clients in Europe and overseas with specific focus on competition and regulation policy as well as on network industries such as information technology, telecommunications, energy and postal services. His recent work focuses on competition in the retail industry and in IT markets such as web-search or cloud computing. He also works on accessing the economic potential and impact of information and communication technologies, investment incentives for broadband deployment and regulation of energy markets.</p> <p>Ferdinand Pavel holds a Ph.D. from Humboldt University Berlin.</p>