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9 **IN THE UNITED STATES DISTRICT COURT**
10 **NORTHERN DISTRICT OF CALIFORNIA**

11
12 UNITED STATES OF AMERICA

13 *Plaintiff,*

14 v.

15 HEWLETT PACKARD ENTERPRISE CO.
16 and JUNIPER NETWORKS, INC.

17 *Defendants.*

CASE NO.

COMPLAINT

18
19
20 1. The United States of America brings this civil action to prevent Hewlett Packard
21 Enterprise Company (“HPE”) from acquiring a smaller, but innovative rival, Juniper Networks, Inc.
22 (“Juniper”). HPE and Juniper are the second- and third-largest providers of commercial or “enterprise”
23 wireless networking solutions, respectively, in the United States. The acquisition, if consummated,
24 would result in two companies—market leader Cisco Systems, Inc. (“Cisco”) and HPE—controlling
25 well over 70 percent of the U.S. market and eliminate fierce head-to-head competition between
26 Defendants, who offer wireless networking solutions under the HPE Aruba and Juniper Mist brands.

27 2. For years, pressure from Juniper has forced HPE to discount deeply and invest in
28 developing advanced software products and features as part of a multifaceted campaign to “Beat Mist.”

1 The “Beat Mist” campaign failed. Having failed to beat Juniper’s Mist on the merits, HPE seeks to
2 acquire Juniper instead for \$14 billion. This proposed acquisition risks substantially lessening
3 competition in a critically important technology market and thus poses the precise threat that the Clayton
4 Act was enacted to prevent. It should be blocked.

5 **INTRODUCTION**

6 3. Wireless networking technology is critical in the modern workplace. Millions of
7 Americans today create and share company resources and access the internet from wireless-enabled
8 devices. Retail employees wirelessly process payments and log inventory. Doctors access medical
9 records on phones and tablets and track patient care on the go. University students take notes on their
10 laptops and access course materials from classrooms, dorm rooms, and school libraries. As mobile
11 technology has improved and more services have migrated to the cloud, wireless networking technology
12 in the workplace has become even more essential. Today, it is the primary means by which many
13 employees connect to their employer’s computer network and the internet.

14 4. Providing companies with commercial wireless networking technology is itself a big
15 business. Every year, enterprises, including public and private companies, state and local agencies, and
16 non-profit organizations, spend billions of dollars buying wireless networking solutions for their offices,
17 stores, factories, and warehouses. Those solutions are built around wireless access points, which send
18 and receive data via radio signals and are wired to networks through devices called campus switches.
19 Enterprise-grade wireless networking solutions can simultaneously serve a larger number of users and
20 support feature sets and functionalities more advanced than the consumer-grade wireless systems that
21 most Americans have in their homes. Because many workplaces deploy a large number of access
22 points—sometimes thousands across a single corporate campus—network administrators rely on
23 sophisticated network management hardware and software to monitor and control them. By contrast,
24 consumer-grade wireless networking systems that individuals purchase for their homes are generally
25 managed device-by-device, and they often do not include systems for linking and managing multiple
26 access points from a single location.

1 5. Enterprise-grade wireless networking solutions generally include wireless access points;
2 the separate hardware or advanced software systems to monitor and manage them; and related logistical
3 support, including security updates and patches (collectively, “enterprise-grade WLAN solutions”).
4 Today, the market for those solutions in the United States is highly consolidated: market-leader Cisco
5 and Defendants collectively represent over 70 percent of it. For years, Cisco and HPE have been the two
6 leading providers of enterprise-grade WLAN solutions to U.S. companies. Despite significant
7 technological advances over the past decade—which, among other things, have radically changed how
8 wireless networks are managed—Cisco and HPE’s market positions have stayed relatively stable at
9 number one and number two in the market. While other vendors remain distant competitors, Juniper in
10 recent years has risen to challenge Cisco and HPE. Today, Juniper is the third-largest provider in the
11 United States and, like Cisco and HPE, it offers a portfolio of advanced wireless access points and a
12 sophisticated network management system. It competes aggressively against Cisco and HPE in several
13 distinct customer segments and industries.

14 6. Juniper’s growth in the market for enterprise-grade WLAN solutions has been swift. In
15 2019, Juniper acquired an independent networking startup, Mist Systems, with a portfolio of wireless
16 access points and campus switches managed by a network management platform called Mist. Mist
17 Systems had already differentiated itself by building tools optimized for remote cloud management and
18 using artificial intelligence and machine learning tools (“AIOps”) to streamline network operations and
19 improve the experience for network operators and users. The acquisition combined Mist Systems’
20 innovative technology with Juniper’s enterprise sales force and distribution network, and it launched
21 Juniper into the upper tier of wireless system providers. For instance, internal market share estimates
22 circulated by HPE executives show that Juniper increased its market share in North America for
23 enterprise-grade wireless solutions from 1.7 percent in 2019 to 6.5 percent of the market by the end of
24 2021 despite pandemic-related supply chain constraints. Juniper executives are seeking additional
25 growth in enterprise-grade WLAN solutions, aspiring for double-digit sales growth between 2023 and
26 2025.

1 7. Juniper’s ascent capitalized on and helped accelerate the industry’s burgeoning focus on
2 AIOps and other tools that simplify and automate network maintenance. Those tools, which can
3 materially decrease the cost of operating a wireless network, include conversational virtual assistants
4 that increase the productivity of network administrators and software that proactively searches for
5 network misconfigurations and other issues before they cause network outages. Customers and
6 competitors have come to associate Juniper with those tools. AI is often the main tool that customers
7 associate with Juniper Mist. Customers acquainted with Juniper’s AIOps have demanded other vendors
8 provide them as well.

9 8. Juniper’s competitors, including HPE, recognize Juniper as a competitive threat and have
10 tracked Juniper’s growth in the markets for enterprise-grade wireless and other networking components
11 with concern. In 2021 and 2022, senior HPE executives shared summaries of Juniper’s quarterly
12 earnings reports, noting that in one quarter “Mist double[d] revenue!” HPE’s Head of Worldwide Sales
13 commented that Juniper “did almost what we did which is concerning for me.” Other competitors
14 similarly have shared estimates of Juniper’s quarterly performance with concern and considered
15 changing their strategy in response.

16 9. HPE executives responded to Juniper’s growth in the enterprise-grade wireless and
17 related markets through various initiatives to “Beat Mist” through targeted marketing, competitive
18 pricing, and product innovation. For instance, in 2021 HPE executives created a “Beat Mist” listserv to
19 share competitive intelligence and technical insights about Mist’s hardware and software features. The
20 listserv also connected sales teams with engineers who could help them understand and rebut Juniper’s
21 claims about its technology, and it helped sales teams better promote HPE’s competing network
22 management platform, Aruba Central. The listserv has been in active use since it was created, with HPE
23 executives continuing to share competitive intelligence well after Defendants announced their merger in
24 January 2024. In 2022, HPE executives who believed their sales teams lacked training to effectively
25 compete with Mist launched a “Beat Mist” training program for sales executives and solution engineers.
26 HPE’s General Manager of U.S. Sales said he intended to “track every participant” and make the
27 program “100% mandatory.”
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1 10. HPE also invested in specific upgrades to its software to close gaps between its offerings
2 and Juniper’s. In late 2021, as part of its development of next generation Aruba Central network
3 management software (“CNX”), HPE launched “Project Gravity,” a multi-year project focused on
4 improving Aruba Central’s user interface and infusing its platform with features that use artificial
5 intelligence and machine learning. Internally, HPE executives routinely described Project Gravity as
6 critical to “Beat[ing] Mist” and driving sales in competitive matchups. For instance, in late December
7 2023, HPE’s former Head of Software Development, discussing Juniper’s competition for college and
8 university customers, explained, “I (we) fully recognize the MIST threat for Aruba [worldwide] and
9 have done so for a long time. . . . The risk is real and NOW. We need to put CNX in the hands of the
10 customers NOW.”

11 11. The intensity of HPE and Juniper’s competition is clear from its ordinary-course
12 documents. During a March 2021 public webinar on Mist’s AI-offerings, Juniper executives specifically
13 targeted HPE’s network management system, which they characterized as an example of “old”
14 technology compared to Mist’s “new” and innovative AI capabilities. Days later, HPE’s former Senior
15 Vice President for Sales in the Americas encouraged his teams to combat Juniper’s marketing and sales,
16 saying that he was “personally involved in 5 Head to Head street fights with Mist” and “[t]here are no
17 rules in street fights.” He concluded his email with an encouragement: “KILL MIST!!!!!!!!!!!!!!!!!!!!!!!!!!!!
18 !!!!!!!!!!!!!!!!!!!!!!!!!!!!!”

19 12. Having failed to beat Mist on the merits, HPE changed tactics and in January 2024 opted
20 to try to buy Juniper instead. That decision puts at risk myriad consumer benefits that have resulted from
21 competition between Defendants in the market for enterprise-grade WLAN solutions. Front-line sales
22 executives regularly seek deep discounts to win or retain business targeted by the other company, and
23 HPE has contemplated list price reductions for software and hardware products to avoid being undercut
24 by Juniper on price. Defendants’ merger, if consummated, would eliminate head-to-head competition
25 that has lowered prices and driven investment in network management software, and it would decrease
26 pressure on HPE to discount and innovate in the future. For these and other reasons set forth in this
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1 Complaint, HPE’s proposed acquisition of Juniper threatens to substantially lessen competition in
2 violation of Section 7 of the Clayton Act, 15 U.S.C. § 18, and should be blocked.

3 **BACKGROUND ON WIRELESS LOCAL AREA NETWORKING**

4 **A. Enterprise Wireless Solutions**

5 13. Networks are comprised of computers, printers, smartphones, and other devices that are
6 linked in order to send and receive data. Networks in single physical locations, like an individual office
7 building or a school, are referred to as local area networks (“LAN”) or, alternatively, “campus” or
8 “branch” networks depending on their size. “Wired” devices connect to a LAN using ethernet cables,
9 whereas wireless-enabled devices connect through wireless access points. Wireless access points and
10 wired devices are connected to multi-port devices, called switches, that serve as hubs for transmitting
11 data within a LAN.

12 14. LANs can be connected to each other using physical lines or the internet to form a wide
13 area network (“WAN”). Many WANs, like those that link a corporation’s various offices across the
14 United States, are privately run and accessible only to people granted access; others are open to all.
15 Individual LANs traditionally connected to a WAN using a router, but today can use software
16 replacements, like software-defined WAN (“SD-WAN”). Enterprise switches, routers, and SD-WAN are
17 distinct products from enterprise-grade wireless access points and the associated products used to
18 operate and manage them.

19 15. University campuses, hospital complexes, and large corporate offices may have
20 thousands of wireless access points, so network administrators rely on hardware and software systems to
21 operate and manage them. Traditionally, network management has been done on-premises using
22 wireless controllers, which are devices that channel and amplify bandwidth from a router, push firmware
23 to wireless access points and configure their code, and aggregate telemetry data to help network
24 administrators monitor connectivity and power use. Many organizations continue to use on-premises
25 controllers, often for compliance or security reasons.

26 16. In recent years, network management has migrated from on-premises hardware to remote
27 solutions located in the “cloud.” Cloud-based network management solutions can remotely calibrate
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1 wireless access points and monitor connectivity, making on-premises controllers superfluous. Cloud-
2 managed network management solutions typically have online portals or dashboards where network
3 administrators can easily check the performance of every wireless access point on a LAN or WAN on a
4 single screen. While many customers are still using on-premises management systems, the cloud-
5 managed segment of the industry is growing rapidly due, among other things, to its convenience and
6 efficiency. Using cloud-management, for instance, a network administrator for a national retail chain
7 could monitor the health of access points at stores across the county from one location. The wireless
8 access points in Juniper's Mist and HPE's Aruba portfolios were built to be cloud-managed, making
9 both companies well-situated to take advantage of growth in that market segment.

10 17. With improvements in data collection and analysis, networking vendors like HPE and
11 Juniper have introduced increasingly advanced features in their software solutions. Some of these
12 features use artificial intelligence and machine learning to provide network administrators with greater
13 insight into network performance and the causes of network failures. Others can automate functions
14 traditionally performed by network administrators to meet customers' rising demand for tools that
15 control management costs. For instance, Juniper Mist users have access to the Marvis Virtual Network
16 Assistant, an interface that displays information in response to plain-language queries, and Marvis
17 Minis, a tool that proactively searches for network misconfigurations and other potential issues,
18 allowing network administrators to pinpoint and resolve connectivity issues before they impact users.
19 Juniper estimates that at least 40 percent of enterprise customers will adopt some AIOps into their IT
20 systems by 2025, and the company will continue benefiting from customers' increasing interest in those
21 tools.

22 18. Vendors' network management solutions differ in the features and capabilities they offer
23 to customers. While some vendors include cutting edge AIOps, others provide cheaper and more bare-
24 bones network management solutions, offering customers a simple cloud-managed platform that
25 monitors connectivity but provides few other features. Customers choose providers that offer products
26 tailored toward their individualized networking needs.

1 19. Wireless access points generally reach the end of their useful life and need to be replaced
2 every five to seven years, but vendors launch new generations of wireless hardware more frequently and
3 enterprise customers interested in deploying the best technology in their workplaces will refresh their
4 wireless access points more frequently. A significant portion of enterprise customers keep their existing
5 wireless networking provider during a technology refresh, given the high cost and disruption of
6 replacing technology and re-training network administrators and IT personnel. Other enterprises, though,
7 will solicit quotes from multiple vendors to ensure they are getting the best solutions for their needs.

8 20. While some very large enterprises have direct relationships with wireless networking
9 vendors, most use value-added resellers to source their networking equipment. Leading vendors invest
10 heavily in cultivating and growing relationships with value-added resellers; they are key to vendors'
11 distribution networks and, when used effectively, magnify the vendors' own sales forces by encouraging
12 enterprise sales. Those vendors offer their value-added resellers preferred pricing and volume discounts,
13 which value-added resellers in turn pass on to their customers. Enterprise customers will often seek
14 quotes from several value-added resellers to get the best price available from each vendor.

15 21. Some enterprises, including state and local governments and agencies, issue formal
16 requests for proposals ("RFPs"), seeking bids from a range of wireless networking vendors. That process
17 may result in a bidding war between vendors.

18 22. Large enterprises, regardless of whether they issue formal RFPs, generally expect
19 vendors to offer additional discounts to win their business. They work with their value-added resellers to
20 negotiate those discounts, using the threat of going with a competitor to win additional concessions.
21 Certain value-added resellers are known to work exclusively with large, sophisticated enterprises or
22 Fortune 1000 companies. Those value-added resellers may partner with Cisco, HPE, and Juniper, but not
23 smaller wireless networking vendors that cater to small or medium-sized enterprises. Other value-added
24 resellers that do cater to small and medium-sized businesses may partner with those smaller wireless
25 networking vendors, but not Cisco, HPE, or Juniper.

26 23. Wireless networking vendors, like HPE and Juniper, are typically aware of an
27 enterprise's incumbent provider and which of their competitors are competing for an individual contract.

1 Because each contract is individually negotiated, each vendor has the opportunity to adjust its quotes or
2 bids depending on its perception of the competition it faces for a customer's business.

3 **B. HPE and Juniper are Leading Providers of Enterprise-Grade WLAN Solutions**

4 24. HPE, headquartered in Spring, Texas, competes in a number of technology markets,
5 including general-purpose servers, cloud storage, and finance. Networking is one of its fastest growing
6 divisions, and the company sells various networking products, including wireless access points and
7 campus switches, under the Aruba brand and its legacy on-premises network management solution,
8 Airwave. Enterprise-grade WLAN solutions in the United States represent a substantial portion of
9 HPE's total campus networking sales.

10 25. Juniper, headquartered in Sunnyvale, California, offers a range of networking products,
11 including wireless access points, wired switches, and network management software under the Mist
12 brand. Enterprise-grade WLAN solutions in the United States represent a substantial portion of Juniper's
13 total U.S. campus networking sales.

14 26. The U.S. market for enterprise-grade WLAN solutions, which include wireless access
15 points, the hardware or software tools to manage them, and related logistical support, is highly
16 concentrated. Cisco is by far the largest vendor and is more than twice as large as the next largest
17 competitor, HPE. According to estimates from multiple third-party sources used internally by HPE
18 executives, Cisco, HPE, and Juniper collectively represent over 70 percent of U.S. enterprise-grade
19 wireless access point revenue or North America WLAN revenue. Cisco and Defendants' shares of the
20 U.S. enterprise-grade WLAN market are roughly in line with their shares of the U.S. market for access
21 points alone.

22 27. Customers choose HPE and Juniper over Cisco and other WLAN vendors for several
23 reasons. Both have well-regarded portfolios of wireless access points and network management
24 solutions that are built for cloud-management. Both have experienced sales forces, technical support
25 organizations, and well-developed distribution channels, and they have track records for working with
26 large, sophisticated enterprises. While the same is true for Cisco, many WLAN customers suffer from
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1 “Cisco fatigue” due, among other things, to Cisco’s overlapping WLAN product portfolios—it sells
2 wireless access points under two competing brands—and complex licensing practices.

3 **C. Some WLAN Vendors Face Headwinds Competing for Large Enterprise Customers**

4 28. While every organization’s networking needs is unique, large enterprise customers,
5 including corporate campuses, research universities, and hospitals, tend to buy higher-end wireless
6 access points and network management software that can cover a larger geographic footprint and allow
7 more people to connect. Their networks are more likely to be mission critical than smaller customers’
8 networks; a network failure, for example, could make it impossible for a national retailer to conduct
9 transactions and order inventory, or for health professionals to access medical records and track patient
10 outcomes. As a result, large enterprise customers tend to demand more of their networking providers
11 than smaller ones do.

12 29. Because of the complexity of their networks, these large enterprise customers are “high
13 touch,” requiring vendors to have large and well-trained salesforces that can ensure their purchases
14 integrate with the customer’s existing IT infrastructure and that can customize software features where
15 needed. Large enterprise customers also seek vendors that can provide multiple networking components
16 at the same time and offer sophisticated and feature-rich network management solutions. Large
17 enterprise customers are also highly sensitive to vendors’ reputations and track-records, given the
18 damage that disruptive network failures can cause their businesses.

19 30. Many enterprise-grade WLAN vendors in the market today face headwinds competing
20 for large enterprises’ business. Several vendors lack sales and support organizations required to design
21 and customize networks for their customers. Some vendors primarily cater toward small businesses
22 rather than Fortune 500 companies, research universities, and other organizations with complex
23 networking needs. Still other vendors use cheap manufacturing components sourced from Chinese
24 manufacturers rather than U.S. corporations like Broadcom and Qualcomm, whose products are
25 considered more reliable and secure, offer shorter warranties or less desirable support packages, or have
26 bare-bones network management software that is less feature-rich than products offered by Cisco, HPE,
27 and Juniper.

THE RELEVANT MARKET FOR EVALUATING THE PROPOSED MERGER

31. The proposed acquisition threatens to substantially lessen competition in the market for enterprise-grade WLAN solutions. That product market constitutes a line of commerce as that term is used in Section 7 of the Clayton Act, 15 U.S.C. § 18, and it is a relevant product market in which competitive effects can be assessed.

32. Market definition is a tool to help courts assess an area of effective competition impacted by a merger. A relevant market includes a product and geographic dimension. Courts define relevant product and geographic markets to help identify where competition may be harmed by a merger. Defining the relevant market “is not an end unto itself; rather, it is an analytical tool used to ascertain the ‘locus of competition.’” *United States v. Bertelsmann SE & Co. KGAA*, 646 F. Supp.3d 1, 24 (D.D.C. 2022) (quoting *Brown Shoe Co. v. United States*, 370 U.S. 294, 320-21 (1962)).

33. There are many tools available to identify relevant markets. The outer boundaries of a relevant product market are determined by looking to the substitution choices made by customers in response to potential changes in price or quality. Courts often look to “practical indicia” to identify the boundaries of an antitrust market or submarket to determine whether two products are economic substitutes and compete within the same market or submarket, *Brown Shoe Co. v. U.S.*, 370 U.S. 294, 325 (1962). Courts also utilize economic tools, such as the “hypothetical monopolist” test, which asks whether a firm that was the only present and future seller of the products in a proposed market—a hypothetical monopolist—likely would undertake at least a small but significant and non-transitory increase in price or worsening of terms (“SSNIPT”) for at least one product in the proposed market.

D. Product Market

34. Enterprise-grade WLAN solutions are a relevant product market and line of commerce within the meaning of Section 7 of the Clayton Act. Enterprise-grade WLAN solutions are sold to businesses, school systems, and other commercial and non-profit organizations. They can serve a large number of users simultaneously and support advanced feature sets and functionalities. Unlike consumer-grade WLAN, enterprise-grade WLAN solutions include systems to manage multiple access points—sometimes thousands of them—across a single location. Systems used to manage multiple access points

1 include hardware-based controllers, cloud-managed services, and network management software. Those
2 systems monitor connectivity, service quality, and other critical network functions.

3 35. WLAN vendors offer products with a range of hardware and software features optimized
4 for different environments and customer needs. Because an individual vendor's WLAN solutions may
5 not be ideal for every customer, HPE and Juniper may be able to charge different prices and include
6 different terms for their customers. Customers are also unable to engage in arbitrage by purchasing
7 indirectly from or through other customers to defeat potential price increases or worsening of terms.

8 36. The market for enterprise-grade WLAN solutions exhibits many of the "practical indicia"
9 that courts look for when determining the boundaries of a relevant market, including peculiar
10 characteristics and uses, distinct customers, and industry recognition. For example:

- 11 • WLAN solutions use radio waves to connect users' devices to a local area network. Consumers
12 do not view wired solutions, which connect user devices directly to campus switches through
13 ethernet cables, as reasonable substitutes, even though both permit users to access the network,
14 because wired connections do not permit users freedom of movement. Wired connections are
15 used more often today for desktop computers, printers, and other stationary devices.
- 16 • Customers who purchase enterprise-grade WLAN solutions, which are tailored for commercial
17 environments, with wireless access points designed to be linked to cover a larger geographic area
18 and managed by a hardware or software system, are not generally able to be served by consumer-
19 grade WLAN solutions.
- 20 • Customers typically purchase network management software and other control systems along
21 with wireless access points; mixing and matching access points and control systems from
22 multiple vendors generally is not a feasible alternative to a complete WLAN solution. This is
23 because wireless access points sold by Cisco, HPE, Juniper, and other WLAN vendors often
24 cannot be managed by third-party network management software, and these firms generally do
25 not sell their network management software on a standalone basis to be used with third-party
26 hardware.

- 1 • Industry analysts, including 650 Group Market Intelligence Research (“650 Group”), regularly
2 track revenue growth for an enterprise-grade WLAN market and calculate various vendors’
3 shares of that market. Those analysts separately track revenues for enterprise-grade and
4 consumer-grade WLAN, and, for enterprise-grade WLAN, include revenues from wireless
5 access points, controllers, and cloud-managed services. Defendants regularly circulate market
6 share estimates produced by 650 Group and other industry analysts and rely on them to gauge
7 their performance relative to competitors.

8 37. Purchasing wireless access points from an original device manufacturer and either using a
9 third-party network management software or creating a bespoke software solution in-house is not a
10 reasonable substitute for most customers looking to purchase enterprise-grade WLAN solutions. Among
11 other things, few WLAN customers have the IT resources and expertise to design and procure their own
12 access points and network management systems or the scale needed to make buying directly cost-
13 effective. Customers would not substitute solutions involving third-party or bespoke software in
14 sufficient numbers to deter a hypothetical monopolist of enterprise-grade WLAN solutions from
15 undertaking a SSNIPT.

16 38. Consumer-grade WLAN solutions also are not a reasonable substitute for most
17 enterprise-grade WLAN solutions. Consumer wireless access points are typically smaller, capable of
18 handling fewer users simultaneously, less reliable, and designed to cover smaller geographic areas.
19 Among other things, because consumer-grade WLAN solutions are managed device-by-device, they
20 generally do not include systems for linking and managing large numbers of access points from a single
21 location. Customers would not substitute consumer-grade WLAN solutions in sufficient numbers to
22 deter a hypothetical monopolist of enterprise-grade WLAN solutions from undertaking a SSNIPT.

23 **E. Geographic Market**

24 39. The relevant geographic market for HPE’s proposed acquisition of Juniper is the United
25 States. Several enterprise-grade WLAN vendors that are active abroad, including Chinese multinational
26 Huawei Technologies Company (“Huawei”), have been identified as potential security threats by the
27 U.S. government and, under federal law, are barred from competing for business domestically. As a
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1 result, customers in the United States have fewer options than they would if they were based abroad, and
2 HPE and Juniper may be able to charge different prices and include different terms for those customers.
3 Customers in the United States are also unable to engage in arbitrage by purchasing indirectly from or
4 through other customers outside the United States in order to defeat potential price increases or
5 worsening of terms. The geographic market includes all sales made to customers in the United States,
6 regardless of the WLAN vendor's location. Defendants regularly rely on industry analysts, including
7 International Data Corporation ("IDC"), that calculate wireless access point market shares for the United
8 States.

9 **HPE'S ACQUISITION OF JUNIPER IS PRESUMPTIVELY UNLAWFUL AND THREATENS**
10 **COMPETITION IN VIOLATION OF THE CLAYTON ACT**

11 40. The proposed merger has an effect that "may be substantially to lessen competition." *See*
12 15 U.S.C. § 18. Not only is the transaction presumptively unlawful, but other evidence also illustrates
13 the threat to competition presented by eliminating Juniper as a strong competitive force.

14 **A. The Proposed Acquisition is Presumptively Unlawful**

15 41. The proposed merger is presumptively unlawful. It would significantly increase
16 concentration in an already consolidated relevant market for enterprise-grade WLAN solutions. The
17 proposed acquisition would result in two firms controlling over 70 percent of the relevant market.

18 42. To measure market concentration, courts often use the Herfindahl-Hirschman Index
19 ("HHI") as described in Section 2.1 of the 2023 *Merger Guidelines*. *See* United States Department of
20 Justice and Federal Trade Commission, *Merger Guidelines* (2023 ed.) § 2.1. HHIs range from 0 in
21 markets with no concentration to 10,000 in markets where one firm has 100 percent market share. Under
22 the *Merger Guidelines*, a market with HHI greater than 1,800 is highly concentrated, and a change of
23 more than 100 points is a significant increase. *See Fed. Trade Comm'n v. Kroger Co.*, No. 3:24-cv-
24 00347, 2024 WL 5053016, at *15 (D. Or. Dec. 10, 2024). A merger that creates or further consolidates a
25 highly concentrated market that involves an increase in the HHI of more than 100 points is presumed to
26 substantially lessen competition and is presumptively unlawful. *See id.* at *15 (citing U.S. Dep't of
27 Justice & Fed. Trade Commission, *Merger Guidelines* § 2.1 (2023)).

1 43. The proposed merger between HPE and Juniper easily clears these hurdles in the markets
2 for enterprise-grade WLAN solutions and is presumptively unlawful, with a pre-merger HHI over 3,000
3 and a change of at least 250 points using IDC’s estimates of U.S. market shares for wireless access
4 points. Cisco and Defendants’ shares of the U.S. enterprise-grade WLAN market are roughly in line
5 with their shares of the U.S. market for access points alone.

6 **B. The Merger Threatens Higher Prices and Less Innovation By Eliminating Fierce**
7 **Head-to-Head Competition Between Defendants**

8 44. HPE and Juniper compete fiercely to win business. They frequently submit bids to
9 provide enterprise-grade WLAN to the same customers, and they are often the top two bidders.
10 Customers—particularly large enterprise customers—frequently benefited from competition between
11 HPE and Juniper, which, among other things, has forced HPE to offer significant discounts to win
12 business in head-to-head matchups against Juniper. For instance:

- 13 • In 2021 and 2022, HPE and Juniper were the top two contenders for a multi-million-dollar
14 contract to provide WLAN solutions to a large research university in the Northeast. HPE’s sales
15 teams described the opportunity as “a very competitive deal against [Juniper’s] Mist that we need
16 to win” and sought approval for a 79 percent discount on hardware and a 73 percent discount on
17 software to win the deal. Juniper ultimately won the contract.
- 18 • In 2023, HPE and Juniper were the top two contenders to provide WLAN solutions to a large
19 research university system in the Northwest—an HPE Aruba customer since 2005—and each
20 offered discounts against each other to win the contract. Juniper ultimately won the contract, and
21 an HPE executive described the loss as “a big hit, surprise.”
- 22 • In 2023, HPE and Juniper were the top two contenders for a \$100 million contract to provide
23 WLAN solutions to a large healthcare system. Both parties discounted deeply to win the
24 business, which Juniper ultimately won. Reflecting on the loss, HPE’s Head of Sales for the
25 Americas wrote, “This is a huge blow and Juniper will leverage this one and continu[e] to bring
26 credibility to there [sic] solution.”

1 45. HPE also compares the pricing of its wireless access points and network software
2 licenses to Juniper's and recommends deep discounts below list prices to remain competitive. For
3 instance, an internal July 2022 price calibration report on Aruba Central licenses for advanced wireless
4 access points recommended that HPE lower the price of its software package to "compete better with
5 [Juniper's] Mist and [Cisco's] Meraki," which it identified as HPE's "primary competitors."

6 46. In the field, HPE sales teams have raised concerns about Juniper undercutting HPE on
7 price, seeking authority to offer steep pricing discounts to win business against Juniper. For instance, in
8 April 2023, HPE's former Senior Vice President of Software shared feedback that, in a recent head-to-
9 head competition, HPE's "Aruba [product] was very, very expensive" and Juniper's "Mist [product] was
10 [millions of dollars] cheaper." In response, HPE's Head of Sales for the Americas confirmed that,
11 "everything [they] are saying is accurate . . . [o]ur 4x4 6e APs for example is approx. 400.00 list price
12 higher. It is killing us in K12 and Higher Ed." In other words, Juniper was undercutting HPE on price in
13 education, costing HPE business in one of its stronger customer verticals.

14 47. Head-to-head competition has also benefited customers by forcing Defendants and other
15 competitors to innovate their network management software. In internal documents, HPE executives
16 recognize the necessity of addressing Juniper's perceived product advantages, and they directly link
17 software initiatives, like Project Gravity, to HPE's efforts to "Beat Mist." HPE's internal documents do
18 not show the same urgency to out-innovate Cisco on network management software, and many
19 enterprise customers do not consider Cisco an innovation leader in AIOps and other advanced software
20 tools. For instance, an October 2022 HPE strategy deck stated that to "grow cloud managed revenues"—
21 one of six strategic priorities and initiatives for the 2023 fiscal year—HPE had to "Beat Mist by
22 leveraging improved [user experience] with [AIOps]-infused workflows." In an email a month later,
23 HPE's former Senior Vice President of Software wrote that while HPE had mostly closed the gap on
24 AIOps, Mist still had an advantage in "their [user interface ("UI")] workflows and speedy UI. . . . We
25 can beat them on the UI workflows with Project Gravity," but it "can't come soon enough." Mist was
26 still putting pressure on HPE's "top customers" in September 2023, leading HPE's former Senior Vice
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1 President of Software to write that, until HPE launched a revamped network management software
2 solution, “we cannot rest easy.”

3 48. Many large customers—including each of the three customers mentioned above—
4 describe Cisco, HPE, and Juniper as the three leading vendors for their customer segments and believe
5 Cisco’s products compare unfavorably to HPE’s and Juniper’s on price, features, and reliability. Those
6 customers benefit from having Juniper as a credible alternative to Cisco and HPE in the market. If HPE
7 successfully acquired Juniper, the acquisition would leave them with fewer credible choices.

8 **C. The Proposed Merger Would Facilitate Coordination Among the Remaining**
9 **Enterprise-Grade WLAN Vendors**

10 49. The proposed merger will also reduce competition by increasing the risk of coordination
11 among the remaining vendors. The existing market structure of the enterprise-grade WLAN market is
12 already conducive to coordinated behavior. A few large players dominate the industry, and information
13 about their actions is widely known. During customer negotiations, it is common for competitors to
14 receive bidding information about their competitors from customers in hopes of obtaining better pricing
15 terms. WLAN vendors follow the same market analysts and seek advice from the same consultants
16 about go-to-market strategies. Discounting practices have also become fairly standardized over time.

17 50. Gross margins for enterprise-grade WLAN vendors are exceedingly high, giving vendors
18 a strong incentive to prevent competition from leading to discounts that are too deep. HPE executives
19 are aware of the margins they earn on their WLAN solutions. When discussing unconfirmed rumors of
20 Mist’s acquisition in 2019 before a buyer was identified, a former HPE executive expressed concern that
21 one prospective buyer may “play the 45 too [sic] 50% gross margin game”—lower than HPE’s higher
22 average gross margins—“and ruin the market for us all.”

23 51. This acquisition, if allowed to proceed, would result in two firms—Cisco and HPE—
24 controlling over 70 percent of the relevant market, with a significant gap between HPE and the next
25 largest vendor in the market. Cisco and HPE would cement their positions as key leaders for the market
26 to follow, and, with fewer players and obvious leaders, Cisco and HPE may find it easier to reach and
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1 sustain a consensus on price, features, and reliability that harms enterprise customers through
2 coordination.

3 **NOTHING OFFSETS THE MERGER'S THREATS TO COMPETITION**

4 52. Entry by new vendors of enterprise-grade WLAN in response to the merger would not be
5 timely, likely, or sufficient to offset the anticompetitive effects of the proposed merger of HPE and
6 Juniper. It takes years and significant financial investment for a vendor to design and procure hardware
7 components for a WLAN portfolio; create a management platform that incorporates tools that streamline
8 and automate network maintenance; build a sales and support organization; and recruit value-added
9 resellers and other distribution partners that procure and install equipment for WLAN customers.

10 53. To compete effectively for larger enterprises, vendors also need name recognition and a
11 demonstrated track record to convince them to consider switching providers. In addition, vendors may
12 need to build a portfolio of complementary components, like campus switches, because of the increasing
13 number of enterprise customers wishing to consolidate vendors across their networks—upwards of 50
14 percent according to internal Juniper documents. As one HPE executive explained, “It is a long journey
15 to become successful in this world.”

16 54. Similarly, there are obstacles to existing enterprise-grade WLAN vendors repositioning
17 or expanding to replace the competition lost from an independent Juniper. Today, only a handful of
18 WLAN vendors are well-positioned to address the most sophisticated use cases. Several smaller WLAN
19 vendors will continue to be disadvantaged due to small sales forces and support organizations, necessary
20 components to developing proven reputations for reliable service that enterprise-grade customers
21 demand. Even well-resourced networking companies in complementary networking markets are unlikely
22 to be strong alternatives to Cisco and HPE immediately, as several face reputational headwinds and have
23 not developed the distribution networks for rapid growth in the enterprise-grade WLAN market.

24 55. Defendants have claimed that the proposed acquisition would generate synergies by
25 combining operations and removing duplication in the companies’ sales, administrative, and other
26 organizations. But HPE’s own executives—and several of HPE’s competitors—have expressed doubts
27 about HPE’s ability to successfully integrate Juniper’s products into its networking portfolio.

1 Regardless, to the extent the proposed transaction would result in any verifiable, merger-specific
2 efficiencies in the relevant market, such efficiencies are unlikely to be timely or substantial enough to
3 mitigate the risk to competition posed by the transaction.

4 **JURISDICTION AND VENUE**

5 56. The United States brings this action under Section 15 of the Clayton Act, 15 U.S.C. § 25,
6 as amended, to prevent and restrain Defendants from violating Section 7 of the Clayton Act, 15 U.S.C. §
7 18. This Court has subject matter jurisdiction over this action pursuant to Section 15 of the Clayton Act,
8 15 U.S.C. § 25.

9 57. HPE and Juniper are engaged in interstate commerce and in activities substantially
10 affecting interstate commerce. They sell enterprise-grade WLAN solutions throughout the United States,
11 and their sales have had a substantial effect on interstate commerce.

12 58. This Court has personal jurisdiction over each Defendant. HPE and Juniper each transact
13 business within this District. Aruba Networks, a subsidiary of HPE, is based in Santa Clara, California,
14 and Juniper is headquartered in Sunnyvale, California. HPE and Juniper executives responsible for
15 managing their networking businesses live and work in the San Francisco Bay Area.

16 59. Venue is proper in this district under Section 12 of the Clayton Act, 15 U.S.C. § 22 and
17 under 28 U.S.C. § 1391(b) and (c).

18 **DIVISIONAL ASSIGNMENT**

19 60. Pursuant to Civil Local Rule 3-2(c) and General Order No. 44, this antitrust case shall not
20 be assigned to a particular Division of this District. Instead, it shall be assigned on a District-wide basis.

21 **VIOLATIONS ALLEGED**

22 61. HPE's proposed acquisition of Juniper, if allowed to proceed, would violate Section 7 of
23 the Clayton Act, 15 U.S.C. § 18, because the effect of it may be to substantially lessen competition in
24 interstate trade and commerce in the market for enterprise-grade WLAN solutions in the United States
25 for the reasons alleged above.

26 62. Unless enjoined, the effect of the proposed acquisition may result in the following
27 anticompetitive effects, among others, in the relevant markets:

- 1 1. Significantly increasing concentration in an already highly concentrated market;
- 2 2. Eliminating head-to-head competition; and
- 3 3. Increasing prices paid by customers and causing a decrease in quality, service,
- 4 and innovation.

5 **REQUEST FOR RELIEF**

6 63. The United States requests that the Court:

- 7 (a) Adjudge and decree that HPE's proposed acquisition of Juniper would be
- 8 unlawful and violate Section 7 of the Clayton Act, 15 U.S.C. § 18;
- 9 (b) Preliminarily and permanently enjoin and restrain Defendants and all persons
- 10 acting on their behalf from consummating HPE's acquisition of Juniper or from
- 11 entering into or carrying out any other contract, agreement, plan, or
- 12 understanding, the effect of which would be to combine HPE and Juniper in the
- 13 United States; and
- 14 (c) Award the United States the costs of this action; and award the United States
- 15 other relief that the Court deems just and proper.

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Dated: January 30, 2025

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CIVIL COVER SHEET

This civil cover sheet does not replace or supplement the filing and service of pleadings or other papers. The information on this form, approved in its original form by the Judicial Conference of the United States in September 1974, is required for the Clerk of Court to initiate the civil docket. Instructions are on the reverse of this form.

I. PLAINTIFF(S)

United States of America

County of Residence of First Listed Plaintiff: Leave blank in cases where United States is plaintiff.

Attorney or Pro Se Litigant Information (Firm Name, Address, and Telephone Number)

See Attachment A

DEFENDANT(S)

Hewlett Packard Enterprise Company (HPE); Juniper Networks, Inc. (Juniper)

County of Residence of First Listed Defendant: Harris County, Texas

Defendant's Attorney's Name and Contact Information (if known)

See Attachment A

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- X U.S. Government Plaintiff Federal Question (U.S. Government Not a Party)
U.S. Government Defendant Diversity

III. CAUSE OF ACTION

Cite the U.S. Statute under which you are filing: Section 7 of the Clayton Act, 15 U.S.C. § 18
Brief description of case: Proposed Acquisition of Juniper Networks by Hewlett Packard

IV. NATURE OF SUIT (Place an "X" in One Box Only)

Table with columns: CONTRACT, REAL PROPERTY, TORTS, CIVIL RIGHTS, PRISONER PETITIONS, FORFEITURE/PENALTY, LABOR, IMMIGRATION, BANKRUPTCY, SOCIAL SECURITY, FEDERAL TAX SUITS, OTHER STATUTES. Includes various legal categories and checkboxes.

V. ORIGIN (Place an "X" in One Box Only)

- X Original Proceeding
Removed from State Court
Remanded from Appellate Court
Reinstated or Reopened
Transferred from Another District
Multidistrict Litigation-Transfer
Multidistrict Litigation-Direct File

VI. FOR DIVERSITY CASES ONLY: CITIZENSHIP OF PRINCIPAL PARTIES

Table for Plaintiff and Defendant citizenship: Citizen of California, Citizen of Another State, Citizen or Subject of a Foreign Country, Incorporated or Principal Place of Business In California, Incorporated and Principal Place of Business In Another State, Foreign Nation.

VII. REQUESTED IN COMPLAINT

- Check if the complaint contains a jury demand.
Check if the complaint contains a monetary demand. Amount:
Check if the complaint seeks class action status under Fed. R. Civ. P. 23.
Check if the complaint seeks a nationwide injunction or Administrative Procedure Act vacatur.

VIII. RELATED CASE(S) OR MDL CASE

Provide case name(s), number(s), and presiding judge(s).

IX. DIVISIONAL ASSIGNMENT pursuant to Civil Local Rule 3-2

(Place an "X" in One Box Only) SAN FRANCISCO/OAKLAND SAN JOSE EUREKA-MCKINLEYVILLE

DATE 01/30/2025 SIGNATURE OF ATTORNEY OR PRO SE LITIGANT /s/ Jeremy M. Goldstein

COMPLETING THE CIVIL COVER SHEET

Complete the form as follows:

- I. Plaintiffs-Defendants.** Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.
- County of Residence.** For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. In land condemnation cases, the county of residence of the “defendant” is the location of the tract of land involved.
- Attorney/Pro Se Litigant Information.** Enter the firm name, address, telephone number, and email for attorney of record or pro se litigant. If there are several individuals, list them on an attachment.
- II. Jurisdiction.** Under Federal Rule of Civil Procedure 8(a), pleadings must establish the basis of jurisdiction. If multiple bases for jurisdiction apply, prioritize them in the order listed:
- (1) *United States plaintiff.* Jurisdiction based on 28 U.S.C. §§ 1345 and 1348 for suits filed by the United States, its agencies or officers.
 - (2) *United States defendant.* Applies when the United States, its agencies, or officers are defendants.
 - (3) *Federal question.* Select this option when jurisdiction is based on 28 U.S.C. § 1331 for cases involving the U.S. Constitution, its amendments, federal laws, or treaties (but use choices 1 or 2 if the United States is a party).
 - (4) *Diversity of citizenship.* Select this option when jurisdiction is based on 28 U.S.C. § 1332 for cases between citizens of different states and complete Section VI to specify the parties’ citizenship. Note: Federal question jurisdiction takes precedence over diversity jurisdiction.
- III. Cause of Action.** Enter the statute directly related to the cause of action and give a brief description of the cause. Do not cite jurisdictional statutes unless jurisdiction is based on diversity. Example: U.S. Civil Statute: 47 U.S.C. § 553. Brief Description: Unauthorized reception of cable service.
- IV. Nature of Suit.** Check one of the boxes. If the case fits more than one nature of suit, select the most definitive or predominant.
- V. Origin.** Check one of the boxes:
- (1) *Original Proceedings.* Cases originating in the United States district courts.
 - (2) *Removed from State Court.* Proceedings initiated in state courts may be removed to the district courts under Title 28 U.S.C. § 1441. When the petition for removal is granted, check this box.
 - (3) *Remanded from Appellate Court.* Check this box for cases remanded to the district court for further action, using the date of remand as the filing date.
 - (4) *Reinstated or Reopened.* Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.
 - (5) *Transferred from Another District.* Check this box for cases transferred under Title 28 U.S.C. § 1404(a). Do not use this for within-district transfers or multidistrict litigation (MDL) transfers.
 - (6) *Multidistrict Litigation Transfer.* Check this box when a multidistrict (MDL) case is transferred into the district under authority of Title 28 U.S.C. § 1407.
 - (7) *Multidistrict Litigation Direct File.* Check this box when a multidistrict litigation case is filed in the same district as the Master MDL docket.
- VI. Residence (citizenship) of Principal Parties.** Mark for each principal party *only* if jurisdiction is based on diversity of citizenship.
- VII. Requested in Complaint.**
- (1) *Jury demand.* Check this box if plaintiff’s complaint demanded a jury trial.
 - (2) *Monetary demand.* For cases demanding monetary relief, check this box and enter the actual dollar amount being demanded.
 - (3) *Class action.* Check this box if plaintiff is filing a class action under Federal Rule of Civil Procedure 23.
 - (4) *Nationwide injunction.* Check this box if plaintiff is seeking a nationwide injunction or nationwide vacatur pursuant to the Administrative Procedures Act.
- VIII. Related Cases.** If there are related pending case(s), provide the case name(s) and number(s) and the name(s) of the presiding judge(s). If a short-form MDL complaint is being filed, furnish the MDL case name and number.
- IX. Divisional Assignment.** Identify the divisional venue according to Civil Local Rule 3-2: “the county in which a substantial part of the events or omissions which give rise to the claim occurred or in which a substantial part of the property that is the subject of the action is situated.” Note that case assignment is made without regard for division in the following case types: Property Rights (Patent, Trademark and Copyright), Prisoner Petitions, Securities Class Actions, Anti-Trust, Bankruptcy, Social Security, and Tax.

ATTACHMENT A

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