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FTC Imposes Structural and Interoperability Remedies in Micromarket Kiosk Merger

On Friday, May 1, 2026, the Federal Trade Commission (the “FTC”) accepted for public comment a consent order resolving horizontal and vertical antitrust concerns arising from the proposed acquisition of Cantaloupe, Inc. by 365 Retail Markets, LLC (“365”), an affiliate of Providence Equity Partners L.L.C.

Under a June 15, 2025, merger agreement, 365 agreed to acquire all voting securities of Cantaloupe in an all-cash transaction valued at approximately \$848 million. The FTC alleges that the acquisition, as originally structured, would violate Section 7 of the Clayton Act by substantially lessening competition in the sale and provision of micromarket kiosks and related software and services to foodservice operators in the United States. The FTC also alleged that the merger would enhance 365’s ability and incentive to engage in exclusionary conduct by degrading or denying interoperability between its hardware and software and competing systems.

To resolve these concerns, the consent order requires divestiture of Cantaloupe’s Three Square Market U.S. business to Seaga Manufacturing, Inc. and imposes extensive interoperability and nondiscrimination obligations on 365.

FTC Complaint

The FTC alleges the following about the relevant markets and the industry background:

- **Relevant market.** The FTC’s complaint defines the relevant product market as the sale and provision of micromarket kiosks and related software and services to foodservice operators and the relevant geographic market as the United States.
- **Micromarket kiosks** are unattended self-service mini convenience stores located in “high-trust” locations like office breakrooms. In contrast to vending machines and other point-of-sale options, such as smart coolers, micromarket kiosks feature open shelves, wider inventory and freshly prepared foods. They provide self-checkout functionality, payment processing and inventory tracking. Foodservice operators pay for the kiosks and associated software through upfront fees, recurring monthly charges and a share of transaction revenue.
- **Software.** Foodservice operators use vending management software (“VMS”) to “track sales, monitor purchasing habits, manage inventory, measure theft rates, and set dynamic pricing instantaneously across” all of their retail devices (including micromarket kiosks, vending machines and other dining points of sale). Foodservice operators use warehouse management software (“WMS”) to manage inventory at each location.
- **Current interoperability.** To manage their mixed portfolios of point-of-sale devices, including micromarkets, vending machines, smart coolers and other foodservice formats, efficiently, foodservice operators rely on VMS (to aggregate sales data, set prices and promotions and monitor performance) and WMS (to plan replenishment and routing). The functionality of VMS and WMS depends on the seamless flow of data from micromarket kiosks and other point-of-sale

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devices. Integrations between micromarket kiosks and VMS are currently achieved mainly through voluntary adoption of industry data standards set by the National Automatic Merchandising Association (“NAMA”).

The FTC alleges the following about the merging parties and the market structure:

- **Micromarket kiosks.** 365 is the largest provider of micromarket kiosks in the United States, with roughly a 70% or higher share of the relevant market. Cantaloupe is the second-largest provider, 365’s “direct and closest competitor,” and describes the market as “essentially ... [a] duopoly” with 365. Other firms generally have negligible shares and lack the scale, scope or core focus to replicate the closeness of competition between 365 and Cantaloupe.
- **Software.** Cantaloupe has a significant position in VMS, with its “Seed” VMS, which is used not only by its own micromarket kiosk customers, but also numerous third-party micromarket kiosk providers. 365 has a smaller VMS, but it also integrates with third-party point-of-sale devices. 365 has the leading integrated software/hardware WMS solution. Cantaloupe offers a tablet-based WMS system.

The FTC alleges the following anticompetitive effects:

- **Horizontal.** The merger would cause unilateral effects. It would eliminate substantial head-to-head competition and increase the likelihood that 365 could unilaterally exercise market power, leading to higher prices, reduced quality and lower innovation in micromarket kiosks and related software and services.
- **Vertical/Foreclosure.** The transaction would provide 365 both the ability and the incentive to foreclose rivals by eliminating or degrading interoperability between 365’s kiosks and rival VMS/WMS providers and between Cantaloupe’s Seed VMS and rival micromarket kiosks. This diminished interoperability would increase barriers to entry and expansion, reduce rivals’ access to critical functionality and data flows and lessen competition by weakening the ability of foodservice operators to “mix and match” best-of-breed components. This, in turn, would likely increase costs to foodservice operators and ultimately the price of food purchased by end consumers, including many blue-collar workers relying on micromarkets in workplace breakrooms.

Key Terms of the Consent Order

To resolve the concerns alleged in its complaint, the FTC has accepted a consent order for public comment with the following terms:

- **Divestiture.** Requires 365 to divest the entire U.S. business of Three Square Market, including all related assets such as micromarket kiosks, smart coolers, VMS and WMS, to Seaga Manufacturing, Inc.
- **Interoperability and fee monitoring.** 365 must offer, maintain and establish integrations with third-party hardware and software on nondiscriminatory terms, as long as the third party or customer adheres to current industry standards (such as NAMA standards). 365 is prohibited from degrading, inhibiting or altering existing integrations (except in limited, reasonable circumstances) and from using confidential information obtained through integration processes for its own competitive advantage. 365 must charge reasonable fees for integrations, though it may charge different fees to different parties, provided the fees are “objective, specific, and related to the work being performed.”

Commissioner Meador’s Statement: Serial Acquisitions and Foreclosure

Commissioner Mark R. Meador voted to approve the complaint and consent order and issued a separate statement highlighting two issues:

- **“Serial acquisitions” and cumulative effects.** Commissioner Meador writes that the transaction occurs against the backdrop of 365’s history of “serial acquisitions,” including deals below Hart-Scott-Rodino thresholds and the 2021 acquisition of Avanti. He cited in particular an announcement video from the Avanti acquisition in which the CEO and founder of 365 stated that the transaction brought the three innovators in the space together under one roof as raising concerns that 365 views acquisitions as a way to “enhance its already dominant market position.” Commissioner Meador emphasizes that, consistent with the 2023 Merger Guidelines and long-standing precedent, the FTC evaluated the cumulative competitive effects of this chain of acquisitions and considered whether these deals, taken together, form part of an exclusionary course of conduct.

- **Enhanced technical capabilities to foreclose rivals.** Commissioner Meador writes that, because, in his view, 365 already holds a dominant position in micromarket kiosks, combining its hardware portfolio with Cantaloupe’s software assets would give the merged firm new and enhanced technical mechanisms to restrict interoperability and foreclose access to critical inputs. He notes that under established precedent, acquisitions that place a dominant firm in a unique position to engage in future foreclosure can violate Section 7 of the Clayton Act and potentially Section 2 of the Sherman Act, even before exclusionary conduct has fully materialized. To counter this alleged ability to cut off rivals’ access to critical inputs, Commissioner Meador emphasized the need for “compelling evidence that the merged firm would lack an incentive to pursue such a foreclosure strategy in the future.”

In finding that the proposed remedies fully resolve the competitive concerns, Commissioner Meador emphasized that:

- **Structural relief is sound.** The consent order requires clean divestitures of Cantaloupe’s micromarket kiosk business and related software to Seaga, a buyer Commissioner Meador views as financially and operationally capable of competing immediately on day one.
- **Behavioral provisions are justified.** Interoperability and fee-monitoring requirements, paired with a 10-year duration and a qualified monitor, are designed to prevent the merged firm from using its combined hardware and software assets to lock out rivals or degrade competitors’ access to critical inputs. In particular, Commissioner Meador noted that the behavioral remedies “are designed to operate alongside the structural relief and maintain the parties’ existing incentives to support access to critical inputs...” Commissioner Meador did not address how he would view a behavioral remedy that was not alongside a divestiture.

Important Takeaways

- **Consent decrees requiring interoperability and/or nondiscrimination are possible, but remain rare.**
 - ◆ In the first Trump administration, the Antitrust Division of the Department of Justice (the “DOJ”) expressed skepticism about behavioral remedies and limited their use. While the FTC did continue to order behavioral remedies, firewalls—designed to limit the flow of competitively sensitive information among competitors—were most common. Interoperability and nondiscrimination remedies were rare and typically limited to the defense industry.
 - ◆ The patterns of the first Trump administration on behavioral remedies have largely continued in the second Trump administration. The DOJ has not brought any vertical cases thus far. 365/Cantaloupe is the first FTC behavioral remedy addressing a vertical theory of harm, outside of the defense industry, in the second Trump administration. Notably, as emphasized by Commissioner Meador, the behavioral remedy in this case accompanied a structural remedy.
- **Antitrust enforcers are focused on kitchen table issues.** The complaint alleges that the merger could hurt blue-collar workers, since many of their breakrooms feature micromarket kiosks. Numerous DOJ and FTC enforcers have cited the importance of “kitchen table” issues in antitrust enforcement. Commissioner Meador defines these as “the economic issues that confront ordinary American families as they come together every day.”

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This memorandum is not intended to provide legal advice, and no legal or business decision should be based on its content. Questions concerning issues addressed in this memorandum should be directed to:

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