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THE STRAWHECKER GROUP

TransactionWatch

Weekly Newsletter For Payments Executives That Covers The Most Important And Relevant Merchant Acquiring Deals And Activity

Week of:

October 19th – October 23rd

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Deal Activity Summary

October 19th – October 23rd



This Week's M&A Overview

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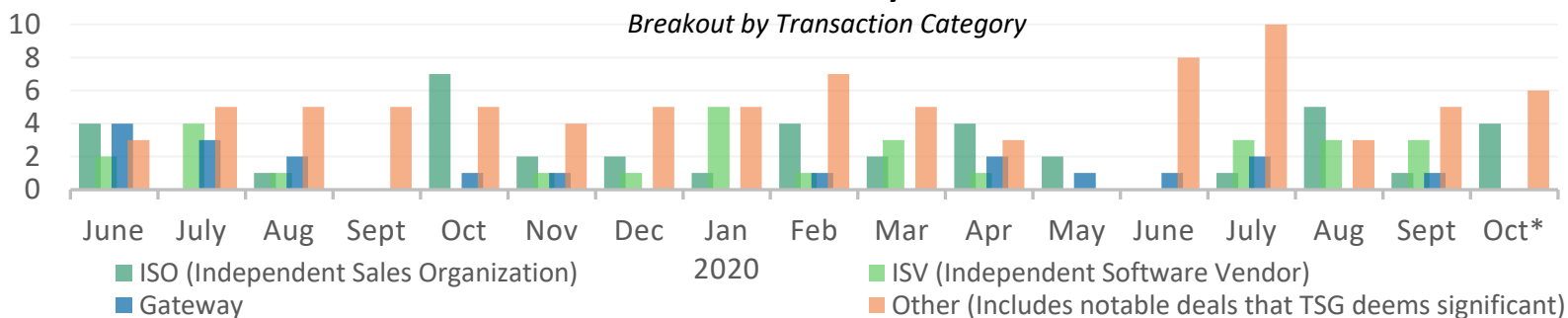
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Activity among special purpose acquisition companies (SPACs) within the merchant acquiring industry, as well as the overall market, has been very predominant this year. SPACs have garnered more attention from payment entities in recent months, presumably due to COVID-19's affect on the market. One of the more notable transactions was Paya's merger with FinTech Acquisition Corp. III in August, which recently closed and enlisted Paya to the Nasdaq on Monday (Oct. 19th). Separately, BillTrust announced this week their intentions to go public through a merger with South Mountain Merger Corp., a SPAC currently listed on the Nasdaq. Following the completion of the merger, the combined entity will have an implied estimated enterprise value of \$1.3 billion and will change its name to BTRS Holdings.

In other M&A news, Syncapay announced this week the combination of daVinci Payments and North Lane Technologies, formerly Wirecard North America. The combined company will operate under Syncapay, who acquired daVinci Payments in 2017. As part of the transaction, Wirecard North America has rebranded to North Lane Technologies, presumably to differentiate itself among its German affiliate Wirecard A.G. This is the latest deal in the dismantling of Wirecard's global assets, which follows the sale of its Brazilian, Romanian, and United Kingdom units.

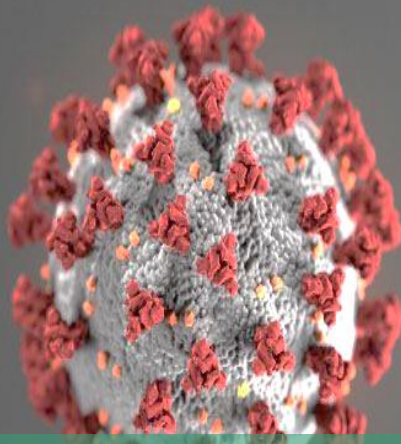
2019-2020 M&A Activity – Year to Date

Breakout by Transaction Category



*As of publication.

Note: TSG's selected M&A activity monitors specific markets relating to the acquiring industry and the general payments market.



COVID-19 Industry Impact

October 19th – October 23rd

As the world faces the continuously evolving COVID-19 pandemic, TSG is here to help support our clients by providing valuable information as it relates to COVID-19's impact on the merchant acquiring industry. In order to help keep our readers well-informed about this ongoing crisis and how it relates to the payments market, below are this week's essential news stories.

Coronavirus Tanked the Economy. Then Credit Scores Went Up.

[The Wall Street Journal](#) | October 18th, 2020

Millions of Americans lost their jobs and skipped debt payments this year. You wouldn't know it looking at consumer credit scores. While the coronavirus was pummeling the U.S. economy, Americans' credit scores—a metric used in nearly every consumer-lending decision—were rising. The average FICO credit score stood at 711 in July, up from 708 in April and 706 a year earlier, according to Fair Isaac Corp., the score's creator.

ACH Network Volume Increases 9% in Third Quarter, as Commercial Payments Volume Rebounds

[Nacha News](#) | October 20th, 2020

The ACH Network had exceptionally strong growth in the third quarter of 2020, with a resurgence of commercial volume even as some government assistance payments have largely concluded. Volume on the ACH Network totaled 6.8 billion payments in the third quarter, a 9% increase from the same period in 2019. The value of those payments, \$15.9 trillion, reflects a 13.1% increase. With one additional banking day in the third quarter of 2020 compared to the third quarter of 2019, ACH Network volume compared on a per-day basis increased by 7.3%.

Paysafe: Diversifying Payment Offerings Crucial to Future of North American In-Store SMBs

[BusinessWire](#) | October 21st, 2020

Four fifths (80%) of North American in-store small and medium-sized businesses (SMBs) that have diversified online or enhanced their card-present payment offerings during the COVID-19 pandemic have seen a positive impact, according to research from Paysafe, a leading specialized payments platform. The data released today suggests the SMB space's future will be dependent on omnichannel payments and technology.

42% of Americans Have Missed Bill Payments Due to Financial Impact of COVID-19 Pandemic

[BusinessWire](#) | October 22nd, 2020

doxo, the innovative web and mobile bill pay service, today (Oct. 22nd) released new survey data that examines how the COVID-19 pandemic has impacted consumers' ability to pay their bills. With over half (57%) of Americans reporting a reduced income, the latest doxoINSIGHTS Bill Pay Impact Report shows that 42% of consumers missed at least one bill payment in the past seven months due to financial effects of the COVID-19 pandemic.



Payments Monetization

Drive Growth Through The Monetization Of Payments

The continuous adoption of integrated software solutions among business owners has created a large opportunity for independent software vendors (ISVs). Effectively implementing payment processing capabilities can create significant payment revenue through their platform, increasing overall market valuation.

The process of [monetizing payments within ISVs](#) can be challenging and time consuming as there are several models to choose from. An ISV needs to evaluate factors such as the revenue opportunity, the level of risk, the resources required, and the overall customer relationship.

The Strawhecker Group's expertise and experience can [provide customized guidance](#) on your firm's go-forward strategy and execution.

EXPERTISE

TSG has served leading software companies and is well positioned to build-out a payment strategy that helps you avoid barriers to entry. **TSG can assess your current situation, review relationships, and develop a roadmap to your financial and operational objectives.**



INDUSTRY CONTACTS

TSG is highly knowledgeable of payment providers and can pin-point the appropriate partner to create a cohesive solution for you and your customers. **TSG can provide an experienced guide that will reduce complexity, speed up implementation, and maximize your investment.**



TSG can identify and assess areas of payment monetization and provide support to a relationship that is financially beneficial and increases enterprise value. Whether it is a new or existing offering, TSG can provide actionable insights to maximize the benefits of integrated payments among software solutions.

For more information, please contact MI@thestrwegroup.com



Historical M&A Tracker

Transaction History: July 2020 – September 2020

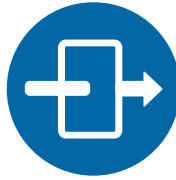
Transaction Categories:



ISO
Independent
Sales Organization



ISV
Independent
Software Vendor



Gateway



Other
Includes notable deals that TSG
deems significant

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
Other	Nets Group	CCV Schweiz	-	10/23/2020
ISO	Syncapay	North Lane Tech. (Formerly Wirecard North America)	-	10/22/2020
Other	PaymentCloud	Paysley	-	10/21/2020
ISO	Versapay	Solupay	-	10/20/2020
Other	South Mountain Merger Corp.	BillTrust	\$1,300	10/19/2020
Other	First Citizens Bank	CIT Group	\$2,200	10/16/2020
ISO	Stripe	Paystack	\$200+	10/15/2020
Other	Paynetics	Wirecard (UK and Ireland Corporate Card Portfolio)	-	10/9/2020
ISO	Nexi	SIA	\$5,300	10/5/2020
Other	Castles Technology	Spire Payments	-	10/1/2020
ISO	SIBS	Wirecard (Romania)	-	9/28/2020



Historical M&A Tracker

Transaction History: July 2020 – September 2020

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
Other	Paya	The Payment Group	-	9/21/2020
ISV	Clearent	Wintac	-	9/23/2020
Other	Fleetcor	AFEX	-	9/17/2020
Other	Payroc	Blackline Partners (dba eConduit)	-	9/15/2020
ISV	North American Bancard	Salido	-	9/10/2020
Gateway	Verifone	2Checkout	-	9/8/2020
Other	Cornerstone Brands	FXPress Payments	-	9/1/2020
ISV	MRI Software	RentPayment	-	9/1/2020
ISO	Railsbank	Wirecard U.K. (Wirecard Card Solutions)	-	8/28/2020
Other	WorldRemit	Sendwave	~\$500	8/25/2020
ISV	Mastercard	IfOnly	-	8/24/2020
Other	Afterpay	Pagantis SAU & PMT Technology	~\$59	8/24/2020
ISO	PagSeguro Digital	Wirecard Brazil	-	8/21/2020
Other	American Express	Kabbage	-	8/17/2020
ISO	Fortis Payment Systems	Blue Dog Business Services	-	8/11/2020
ISV	SpotOn	Seatninja	-	8/11/2020
ISO	Payroc	Strategic Payment Systems	-	8/10/2020



Historical M&A Tracker

Transaction History: July 2020 – September 2020

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
ISV	TouchBistro	TableUp	-	8/5/2020
ISO	FinTech Acquisition Corp. III	Paya	\$1,300 (Enterprise value)	8/3/2020
Other	Apple	Mobeewave	\$100	7/31/2020
Gateway	CITCON	OPAY	-	7/31/2020
ISV	Trust Payments	Mobilize Systems	-	7/30/2020
Other	Corsair Capital	MSTS	-	7/30/2020
Other	ZenBusiness	Joust	-	7/30/2020
Other	Quadient	YayPay	\$20	7/29/2020
Other	Prove (formerly Payfone)	Early Warning Service's 'Mobile Authentication' Business	-	7/29/2020
ISO	Network International	DPO Group	\$288	7/28/2020
Other	Enova	OnDeck	\$90	7/28/2020
Gateway	Paysafe	Openbucks	-	7/27/2020
Other	REPAY	cPayPlus	\$16	7/23/2020
Other	NewOak Finance	FuturePay	-	7/23/2020
ISV	HealthEdge	Burgess Group	-	7/21/2020
ISV	Square	Stitch Labs	-	7/10/2020
Other	Heidelpay Group	Paysafe's 'Pay Later' business	-	7/9/2020



Headline News

October 19th – October 23rd



Paya Debuts On Nasdaq, Shares Close Up 10 Pct

[PYMNTS](#) | [October 19th, 2020](#)

Paya, the latest FinTech to join the ranks of publicly traded companies, made its market debut Monday (Oct. 19th). Shares of the Atlanta-based payment processor rose as much as 10.6 percent to \$13 on the Nasdaq Stock Market before closing at \$12.15, up 3.4 percent on the session. The launch follows the vote Friday by shareholders of a special purpose acquisition company, FinTech Acquisition Corp. III, to approve a business combination with Paya and to change its name to Paya Holdings, according to a press release.



Ant Group To Launch \$35 Billion IPO After Final Nod From China Regulator

[Reuters](#) | [October 21st, 2020](#)

China's Ant Group has won the final nod from the country's top securities watchdog for the registration of its Shanghai offering, the regulator said on Wednesday, clearing the last regulatory hurdle for its \$35 billion dual-listing. Ant, the fintech company backed by Chinese e-commerce group Alibaba Group Holding BABA.N, plans to list simultaneously in Hong Kong and Shanghai in the coming weeks, sources have said.



PayPal in Talks to Buy Crypto Firms Including BitGo

[Bloomberg](#) | [October 22nd, 2020](#)

PayPal Holdings Inc. is exploring acquisitions of cryptocurrency companies including Bitcoin custodian BitGo Inc., according to people familiar with the matter, a move that would expand its embrace of digital coins. PayPal has been holding talks with BitGo, a company that helps investors store Bitcoin securely, and could reach a deal within weeks, the people said, asking not to be identified because the matter is private.



Partnership Activity

October 19th – October 23rd



VoPay Leverages Visa Direct to Support Digital Transformation Acceleration

[BusinessWire](#) | *October 20th, 2020*

VoPay, a leader in payment technology innovation, today announced that it is working with Visa to integrate Visa Direct, Visa’s real-time¹ push payments platform, to power their new solution called VoPay Instant. Enabled by Visa Direct and made available through VoPay’s financial institution partner, the VoPay Instant solution will help Canadians receive fast, simple and secure disbursements directly into their bank accounts.



monese

Monese And Mastercard Enter Strategic Partnership To Better Serve The Underbanked Across Europe

[AltFi](#) | *October 19th, 2020*

Digital banking provider Monese has today revealed a strategic partnership with global payments giant Mastercard to enhance local banking across Europe. The two companies are hoping to better serve the underbanked through the collaboration by providing greater access to banking services and electronic payments. As part of the partnership, Monese will become a principal Mastercard issuer, joining the likes of Tide and Curve, giving its customers access to Mastercard’s extensive payment network.

Other Notable Partnerships:

- **Mastercard** is teaming up with **IDEMIA** and **MatchMove** on piloting a fingerprint biometric card in Asia.
- **American Express** is teaming up with **Coupa** on enabling the use of virtual cards for Coupa’s B2B solution, Coupa Pay.
- **Alliance Data** signs into a strategic partnership with **Fiserv** for credit card processing services.
- **TransferGo** partners with **Visa** for real-time international money transfer services.



Management Changes

October 19th – October 23rd



SpotOn Appoints Kevin Bryla As The Company's New Chief Marketing Officer and Head of Customer Experience

SpotOn announced this Tuesday (Oct. 20th) the appointment of Kevin Bryla to the role of Chief Marketing Officer and Head of Customer Experience. Bryla has been a Board Advisor to SpotOn since 2017 and joins the company from Kyriba, where he served as Executive VP and Chief Marketing Officer.

Date Announced	Company	Personnel	New Position	Previous Position
10/20/2020	SpotOn Transact	Kevin Bryla	<i>Chief Marketing Officer and Head of Customer Experience</i>	Executive VP and Chief Marketing Officer at Kyriba
10/23/2020	ACI Worldwide	Charles Bobrinsky	<i>Board Member</i>	Current Head of Investment Group and Portfolio Manager at Ariel Investments
10/23/2020	ACI Worldwide	Didier Lamouche	<i>Board Member</i>	Former president and CEO of Oberthur Technologies Group SAS



TSG Payments Index

Q1 2011 – Q3 2020

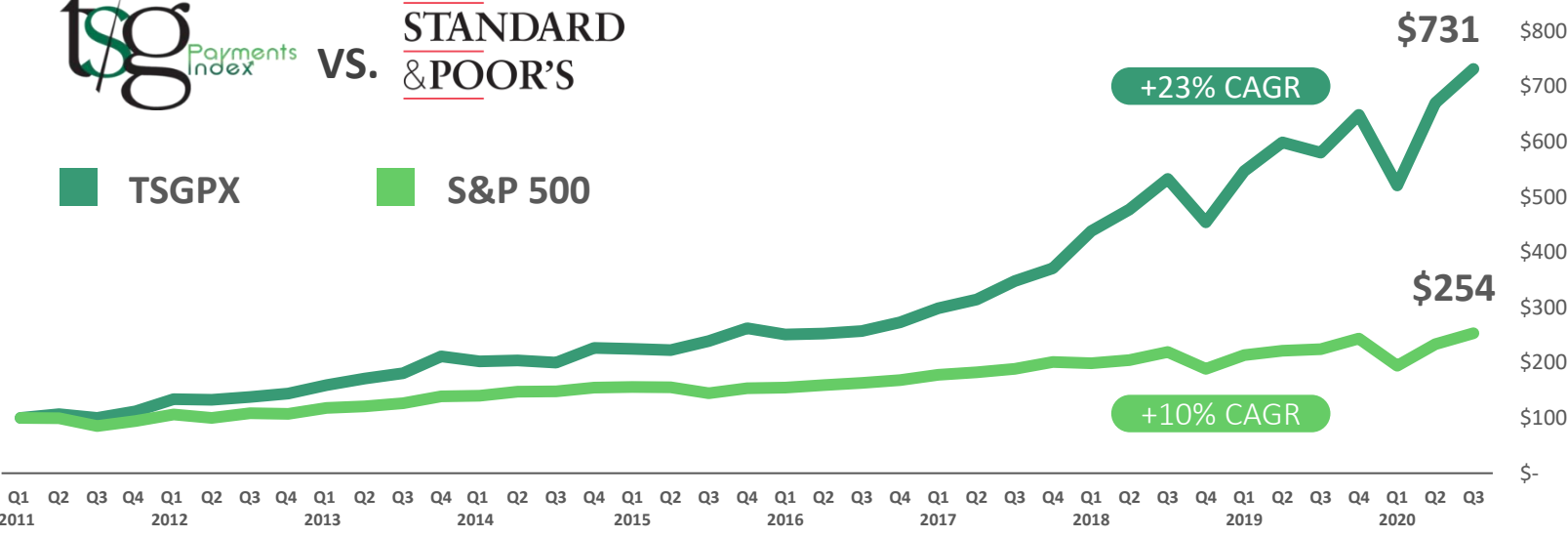
*Drop in value from Q4 2019 to Q1 2020 is attributed to the volatility and uncertainty caused by the ongoing COVID-19 pandemic



VS. STANDARD
& POOR'S

TSGPX

S&P 500



Payments companies have been thriving in recent years and are becoming more valuable and profitable for the company and its investors. With strong earnings year after year, many payments companies are rapidly increasing their market capitalization and gaining the attention of additional stakeholders.

The chart displays the performance of a \$100 investment in an index of selected payments companies which represent the “TSG Payments Index” – this index is calculated on a value weighted basis using market capitalization and is compared to the S&P 500 which is also calculated using the same methodology. **A \$100 investment in the TSGPX in Q1 2011 would be valued at approximately \$731 in Q3 2020, as compared to \$254, if invested in the S&P 500.**

On average, payments companies grow at a compounded rate that is **13% higher** than that of the industry average. This growth rate is more than double of the industry average and represents the attractiveness of the payments market. The Payments Index is depicted to portray the growing nature of the payments market and hints at where this market is headed in the coming years.





TSG Buy/Sell Consulting Services

Buy-Side

- Buyers use TSG's due-diligence subject matter experts for support on a variety of key decision criteria can affect the value of the property. TSG assists buyers by acting as their advisor as they evaluate the financial value, benchmarking key performance metrics, determine risk, and evaluate the value of any technology assets.

Sell-Side

- The key factor in a successful asset sale is understanding the true value of your enterprise. Value is defined as the "amount a buyer is willing to pay." TSG has a pulse of the market and performs an extensive evaluation of value drivers to ensure potential "sellers" understand the value of their company in the marketplace – prior to starting the sales process. In addition, buyers can use the data to assess offers that have been received for an accurate and fact-based assessment of the offer.

Private Equity

- TSG can help private equity firms understand the landscape before investing and can build a market analysis to determine which investment is the best fit to create the highest ROI. TSG provides investors and financial institutions with the documented valuation information needed to support funding events.

Restructuring & Re-Capitalization

- TSG can facilitate strategic exercises to help forge a new path ahead and can help with implementation of a new structure to ultimately maximize the value and performance of the entity.

30+
ACQUISITIONS
AND INVESTMENT
TRANSACTIONS



250+
COMPLETED
PAYMENTS CO.
VALUATIONS



8 of 12
OF THE LARGEST
PAYMENTS TRANS
IN THE LAST YEAR



\$10-100M
TYPICAL DEAL
RANGE





TSG Buy/Sell Consulting Services

TSG Has Advised For Many Leading Companies in the Payments Industry


Shift4
 PAYMENTS

In its sale to

 **LIGHTHOUSE**
 NETWORK


 STABILITY IN
 PAYMENTS

In the acquisition of

 **Integrity**


 CLARUS
 MERCHANT SERVICES

In the acquisition of

 **NAMS**


 PARTHENON
 CAPITAL PARTNERS

In the acquisition of

 **NXGEN**
 &  **payscape**


 APPLIED MERCHANT

In its Merger with

 **BLUE SQUARE**
 RESOLUTIONS


 Terrapin
 Financial Services, LLC

In its sale to

 **BluePay**


 Goldman Sachs

On their funding event with

 **Newtek**
 "The Small Business Authority"


 Goldman Sachs

On their funding event with

 **Bluefin**
 Payment Systems


 PIVOTAL
 PAYMENTS

In the acquisition of

 **CAPITAL**
 PROCESSING NETWORK

 **Bregal Sagemount**

In due diligence support of its investment into

 **YAPSTONE**
 POWERING PAYMENTS


 THE BEEKMAN GROUP LLC

In its recapitalization of

 **Direct Connect**


 sage

In a merchant portfolio purchase from

 **Heartland**
 PAYMENT SYSTEMS


 PRIORITY
 PAYMENT SYSTEMS

In its merger with

 **cynergydata**


 Mutual of Omaha Bank

On the organization of its joint venture with

 **First Data.**


 SIG
 SUSQUEHANNA
 GROWTH EQUITY, LLC

On their investment in

 **PaySimple**


 CAYAN

In the acquisition of

 **CPS**
 CARD PAYMENT SERVICES


 STABILITY IN
 PAYMENTS

In the acquisition of

 **iTransact**


 talus
 pay

In acquisition of the operation assets of

 **PROLIFIC**
 BUSINESS SOLUTIONS

 **BluePay**

In the acquisition of

 **Primax**
 Defining Card Processing


 KeyBank

On their joint venture with

 **Elavon**



Payments Experts. Powerful Data.
THE STRAWHECKER GROUP®

ANALYTICS + CONSULTING

The Strawhecker Group (TSG) is a fast-growing analytics and consulting firm. The company serves the entire payments ecosystem, from fintech startups to Fortune 500 companies. The firm provides its clients with advisory services, research and analytics to help them plan and execute their strategic initiatives. Based in Omaha, a recognized payments industry hub, TSG is an established leader in this high-growth, ever-evolving space.

