

TransactionWatch

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

*Week of:
October 5th – October 9th*

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Deal Activity Summary

October 5th – October 9th

This Week's M&A Overview

As we head into the fourth quarter, several payment firms are continuing to push deals to better position themselves for year's end and entering 2021. This week proved to have a lot of movement internationally, including Nexi's announcement to acquire SIA for a total consideration of \$5.3 billion. Collectively, the combined entity will be one of Europe's largest payment providers. The two groups have been in merger discussions for some time and together will have an estimated 70% market share in Italy along with a significant presence in most of Western Europe. Furthermore on Nexi, the group has reportedly made a non-binding offer for Denmark-based Nets Group. However, Nexi could face some competition in their pursuit for Nets as Global Payments has also reportedly shown interest. Separately, i3 Verticals have announced the acquisition of three companies for a total consideration of \$19.6 million, although, the three companies were not disclosed.

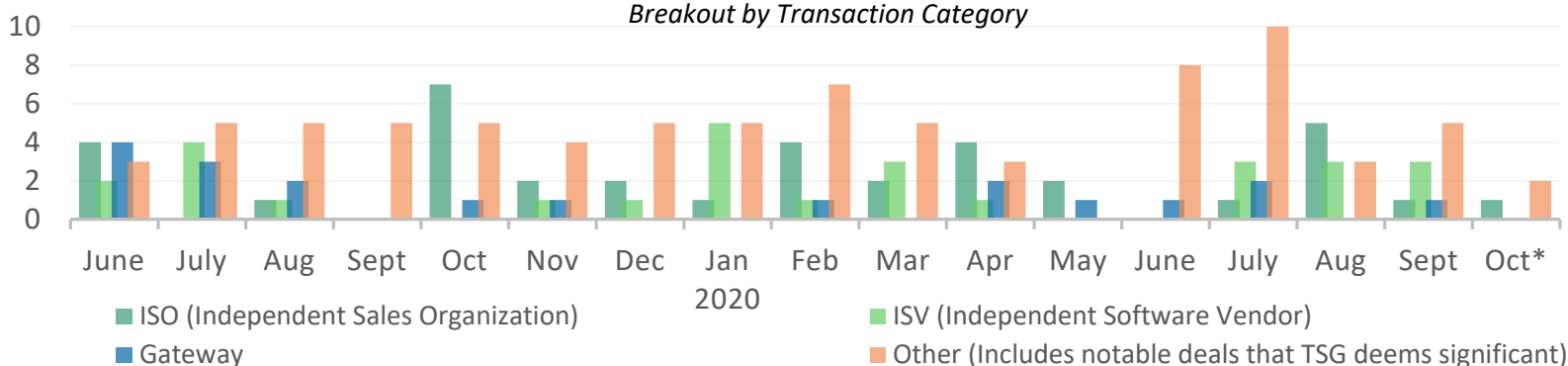
In other M&A news, Paynetics announced Friday morning (Oct. 9th) their acquisition of Wirecard's U.K. and Ireland corporate card portfolio. Details of this transaction were nondisclosed. This deal will allow Paynetics to broaden their existing presence in the U.K. and neighboring European markets.

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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 5th – October 9th

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.

TSG & Visa: Purchasing in a Pandemic

[The Strawhecker Group](#) | October 8th, 2020

The Strawhecker Group (TSG) and Visa Consulting & Analytics (VCA) teamed up to survey a representative sample of U.S. consumers, and analyzed Visa's proprietary spend data, with the goal of understanding how the COVID-19 pandemic has impacted consumer lifestyles, payments trends, and how behaviors may change after the pandemic.

Volume of Real-time Payments Surges During Pandemic, FIS Reports in New Study

[BusinessWire](#) | October 5th, 2020

New research released today by FIS® (NYSE: FIS) shows that adoption and usage of real-time payments has accelerated amidst the COVID-19 pandemic and the real-time rails are now offering capabilities that extend beyond instant payments. FIS' seventh annual Flavors of Fast report highlights key findings about real-time payments networks across the globe.

US Jobless Claims Remain Historically High At 840,000

[PYMNTS](#) | October 8th, 2020

Jobless claims continued to be below 1 million last week, but so far have failed to slip under 800,000 since the start of the pandemic, according to data released Thursday (Oct. 8th) by the U.S. Department of Labor (DOL). For the week ending Oct. 3rd, the advance figure for seasonally adjusted initial claims was 840,000, a decrease of 9,000 from the previous week's revised level. The previous week's level was revised up by 12,000 to 849,000, up from 837,000.

200 Banks and Credit Unions Go Live with Zelle via Fiserv in 2020

[BusinessWire](#) | October 6th, 2020

As a growing number of consumers have embraced digital payments during the COVID-19 pandemic, financial institutions have added or enhanced person-to-person (P2P) payment capabilities, with more than 200 banks and credit unions going live on the Zelle Network® via Fiserv to date in 2020.



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@thestrawgroup.com



Historical M&A Tracker

Transaction History: June 2020 – September 2020

Transaction Categories:



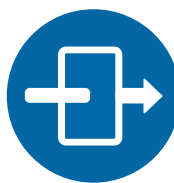
ISO

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	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
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



Historical M&A Tracker

Transaction History: June 2020 – September 2020

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
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
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



Historical M&A Tracker

Transaction History: June 2020 – September 2020

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
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
Other	Paytm	Raheja QBE	\$76	7/6/2020
Other	MFS Africa	Beyonic	-	6/30/2020
Other	Mastercard	Finicity	\$825	6/23/2020
Gateway	Planet	3C Payment	-	6/18/2020
Other	Professional Datasolutions	National Payment Card Association (ZipLine)	-	6/18/2020
Other	Boku	Fortumo Holdings	\$41	6/17/2020
Other	Square	Verse	-	6/15/2020



Headline News

October 5th – October 9th



Nexi Is Said to Pursue Nets in New Blockbuster Payments Play

[Yahoo! Finance](#) | [October 5th, 2020](#)

Nexi is already hunting for its next target after agreeing a milestone payments merger with Italian rival SIA, as consolidation in the sector shows little sign of easing. Milan-based Nexi made a non-binding bid for Denmark's Nets, people familiar with the matter said, asking not to be identified because the information is private. Nets's private-equity owners invited a select group of potential buyers to submit offers and could enter advanced talks with a preferred bidder as soon as this month, one of the people said.



Global Payments Explores \$2 Billion-plus Sale Of Prepaid Card Unit Netspend - Sources

[Reuters](#) | [October 2nd, 2020](#)

Global Payments Inc GPN.N is exploring a sale of its Netspend unit, aiming to secure a valuation of more than \$2 billion for the prepaid debit card business, three people familiar with the matter said on Friday (Oct. 2nd). The parent, valued at \$53 billion, is working with an investment bank on the potential divestment and began marketing Netspend to buyers last month, the sources said on condition of anonymity as the information is private.



VERTICALS

i3 Verticals Reports Three Acquisitions and Inducement Equity Grants

[BusinessWire](#) | [October 5th, 2020](#)

i3 Verticals, Inc., today announced the acquisition of three companies that strengthen its vertical focus. The first acquisition is within the Company's fast-growing Public Sector vertical. This business is based in the southeast and provides software and services for public safety and law enforcement customers. The second acquisition is within the Company's Healthcare vertical and offers medical billing and other software. This business is also headquartered in the southeast but serves customers across the country. The final acquisition offers proprietary technology that will augment the Company's existing platform across several verticals. It is also based in the southeast and serves customers on a nationwide basis.



Partnership Activity

October 5th – October 9th



Mastercard and Marqeta Expand Strategic Global Partnership

[Mastercard Newsroom](#) | [October 8th, 2020](#)

Mastercard will make a financial investment in Marqeta as the two companies look to deepen their global partnership and collaboration. Marqeta, the global modern card issuing platform, and Mastercard today announced an extended global partnership to expand into new geographies, open access to new products, and launch additional card programs together. As part of this partnership, Mastercard has also made a financial investment in Marqeta.



Visa and Stripe expand Partnership To Include B2B Payments

[The Paypers](#) | [October 8th, 2020](#)

Visa has partnered with Stripe, a US-based fintech that focuses on online payment processing, for the acceptance of B2B payments using Stripe Connect.

This is an extension of the partnership that the two entities formed in late 2018 to enable real-time push payments. The new solutions will be on the Visa Payables Automation platform, which allows buyers to enrol, manage, and pay suppliers digitally with a Visa commercial card. This new feature, which is powered by Stripe Connect, enables buyers on Visa Payables Automation to pay suppliers who are unable to accept digital payments, using a virtual Visa card.

Other Notable Partnerships:

- **Shift4 Payments** and **Agilysys** renew long-standing partnership on providing integrated commerce solutions for hospitality operators.
- **GOLDPoint Systems** announces a strategic partnership with **ACI Worldwide** to provide their customers with bill payment capabilities through the integration of ACI Speedpay.
- **Razer Fintech** partners with **Visa** to launch the Razer Card, a prepaid card solution for Singapore.



Management Changes

October 5th – October 9th



The Head Of Square Capital, Jacqueline Reses, Is Stepping Down From The Role At Month's End

Jacqueline Reses is stepping down from her role as Head of Square Capital on Oct. 30th. Reses has worked at Square for five years and was the Chief Development Officer at Yahoo! prior to joining Square. Square has not yet announced a replacement for Reses to fill the role of Head of Square Capital.

Date Announced	Company	Personnel	New Position	Previous Position
10/5/2020	Square	Jacqueline Reses	To step down from role as Head of Square Capital	-
10/7/2020	Nacha	Jeanette Hait Blanco	General Counsel	Associate General Counsel at Nacha
10/7/2020	Linked2pay	Sarah Guckes	Chief Marketing Officer	Head of Marketing at Solera, Inc.
10/7/2020	QuadPay	Laura Kane	Senior VP of Enterprise Sales	Chief Revenue Officer at LegitScript
10/7/2020	Tradeshift	Christophe Bodin	Chief Revenue Officer	Chief Customer Officer at Anaplan



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

tsg
Payments
Index

VS.

STANDARD
& POOR'S

TSGPX

S&P 500

\$731

+23% CAGR

\$254

+10% CAGR

\$800
\$700
\$600
\$500
\$400
\$300
\$200
\$100
\$-

Q1 2011 Q2 2011 Q3 2011 Q4 2011 Q1 2012 Q2 2012 Q3 2012 Q4 2012 Q1 2013 Q2 2013 Q3 2013 Q4 2013 Q1 2014 Q2 2014 Q3 2014 Q4 2014 Q1 2015 Q2 2015 Q3 2015 Q4 2015 Q1 2016 Q2 2016 Q3 2016 Q4 2016 Q1 2017 Q2 2017 Q3 2017 Q4 2017 Q1 2018 Q2 2018 Q3 2018 Q4 2018 Q1 2019 Q2 2019 Q3 2019 Q4 2019 Q1 2020 Q2 2020 Q3 2020

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
Payments
Index

Euronet
WORLDWIDE

EVERI

EVOPAYMENTS
INTERNATIONAL

FIS

ACI
UNIVERSAL
PAYMENTS.

AllianceData.

AMERICAN
EXPRESS

CARDTRONICS

Diebold Nixdorf

DISCOVER

fiserv.

shopify

Square

mastercard

globalpayments

paysign

jack henry
& ASSOCIATES INC.

usbank

PayPal

VISA

WESTERN
UNION WU

green
dot

USIO

VERISIGN

NCR

wex



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



In its
sale to



In the
acquisition of



In the
acquisition of



In the
acquisition of



In its
Merger with



In its
sale to



On their funding
event with



On their funding
event with



In the
acquisition of



In due diligence support
of its investment into



THE BEEKMAN GROUP LLC

In its
recapitalization of



In a merchant portfolio
purchase from



In its
merger with



On the organization of
its joint venture with



On their
investment in



In the
acquisition of



In the
acquisition of



In acquisition of the
operation assets of



In the
acquisition of



On their joint
venture with





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.

