

TransactionWatch

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

Week of:

November 9th – November 13th

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Deal Activity Summary

November 9th – November 13th

This Week's M&A Overview

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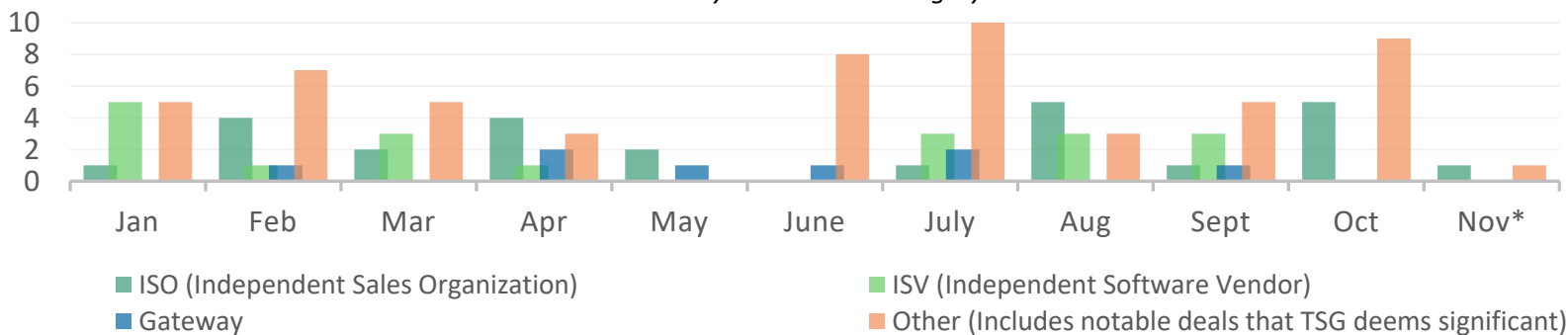
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M&A activity within the merchant acquiring industry witnessed a bounce back from earlier in the year when COVID-19's affect on the economy impacted the development of deal making. While M&A movement within the industry suffered in the second quarter, the progression and closure of deals picked up in the third quarter as national payment volumes began to return to a normalized level. This level of activity persists in the fourth quarter with several weekly new deal announcements occurring throughout the past month. Although deal activity was lacking this week, it is suspected that the consistency of new transactions will persist throughout the end of the year given that payment volumes remain steady.

The irregularity of this year has also largely affected the course of companies going public and listing on the stock exchange. While traditional IPOs are typically a common occurrence, this year has witnessed a rise in special purpose acquisition companies (SPACs) taking private organizations public. A couple examples of this in the payments space include Paya and BillTrust in just the last few months. Additionally, it is suspected that Paysafe Group has held conversations with a SPAC as an approach to go public bypassing the traditional IPO method, although nothing definite at this point.

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

November 9th – November 13th

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.

New Research from WEX and (E) BrandConnect Identifies the Pandemic as a Tipping Point for Digital Payments

[BusinessWire](#) | November 9th, 2020

WEX, a leading financial technology service provider, and (E) BrandConnect, a commercial arm of The Economist Group, today (Nov. 9th) announced the release of "The Digital Payments Tipping Point" white paper, which highlights how the pandemic has accelerated the digital transformation of B2B payments. The survey, of U.S. executives in financial services and technology, found that 72 percent of U.S. executives in those sectors are more digitally agile than before the pandemic and 83 percent have leveraged payment technology to innovate new sources of business value.

Cash Is Out, Contactless Is In, and Changes in the Way People Pay Look Likely to Stay

[Fiserv Newsroom](#) | November 10th, 2020

The latest Expectations & Experiences consumer trends survey from Fiserv, Inc. (NASDAQ: FISV), a leading global provider of financial services technology solutions, reveals how people are adjusting their financial behaviors and preferences during the COVID-19 pandemic.

COVID-19 Could Push Merchant Surcharging To The Mainstream

[PYMNTS](#) | November 11th, 2020

While the nation awaits the results of the presidential election, lessons learned early in the year from the COVID-19 pandemic and the "new normal" it created could push the tech sector past any political uncertainty. "There is 'scar tissue,' if you will, from March, as it caused a lot of companies to change their psychology," Yash Patel, general partner at Telstra Ventures, told Crunchbase News.

A New Virus Surge Will Send E-Commerce Volume Soaring Even Beyond Current Levels

[Digital Transactions](#) | November 12th, 2020

With a second wave of the Covid-19 pandemic surging and bringing with it the fear of another nationwide lockdown, merchants can expect to see a minimum 20% to 30% increase in holiday e-commerce sales in 2020, compared to 2019, says ACI Worldwide Inc.



B2B Payment Network

Navigating Through The B2B Payment Network

The B2B Payment Network has evolved significantly. Are you up to speed on the market opportunities currently available? TSG has proven results of helping clients [navigate the emerging B2B space](#). Whether starting new or improving the program you already have, there are critical questions you must ask.

LOOKING TO START A NEW AP PROGRAM?

- Do you know there is a simple way to start this program at **no cost to you**?
- Do you know how much **additional revenue** you could potentially be generating?
- Are you aware that you could **be reducing manual processes and costs**?
- Are you looking for a way to **improve reconciliation processes** for yourself and your suppliers?

DO YOU ALREADY HAVE AN AP PROGRAM?

- How **old** is your AP program?
- Are you **optimizing your returns**? Do you know you could potentially be leaving money on the table?
- The competition among AP Automation companies is aggressive when bidding for new business, **do you know how your program compares** against the industry?
- Are you looking to **exceed supplier acceptance targets**?

Whether you're looking to start a new program or improve your current accounts payable system, The Strawhecker Group is fully equipped to guide you through this initiative. TSG can help you partner with the right issuer to derive the most benefit from your program and maximize your ROI.

For more information, please email Info@thestrwegroup.com



Historical M&A Tracker

Transaction History: July 2020 – October 2020

Transaction Categories:



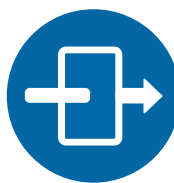
ISO

*Independent
Sales Organization*



ISV

*Independent
Software Vendor*



Gateway



Other

*Includes notable deals that TSG
deems significant*

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
ISO	Lightspeed POS	ShopKeep	\$440	11/5/2020
Other	Shift4 Payments	3dcart	-	11/5/2020
Other	Alliance Data	Bread	\$450	10/29/2020
ISO	Celero Commerce	TransNational Payments	-	10/28/2020
Other	Visa	YellowPepper	-	10/27/2020
Other	REPAY	CPS Payment Services	\$93	10/27/2020
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



Historical M&A Tracker

Transaction History: July 2020 – October 2020

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



Historical M&A Tracker

Transaction History: July 2020 – October 2020

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



Headline News

November 9th – November 13th



Adyen To Expand Into The Middle East, Opens Dubai Office

[PR Newswire](#) | November 10th, 2020

Adyen, the global payments platform of choice for many of the world's leading companies, announced today (Nov. 10th) that it will expand its offering to the Middle East. Supporting the momentum of innovation and diversification of the business landscape in the Middle East, the company has opened an office in Dubai.



Foley SPAC in merger talks with Blackstone's Paysafe

[Reuters](#) | November 6th, 2020

A blank-check company set up by veteran investor Bill Foley is in talks to merge with online payments firm Paysafe Group Ltd, which is backed by Blackstone Group Inc. and CVC Capital Partners, Bloomberg News reported on Friday (Nov. 6th). The report, citing people with knowledge of the matter, said Foley Trasimene Acquisition Corp II has begun talks with investors to raise more than \$1 billion in new equity to support the merger, which would create a company valued at more than \$10 billion.



Wells Fargo Explores Selling Private-Label Card Unit

[Bloomberg](#) | November 11th, 2020

Wells Fargo & Co. is exploring selling a unit offering store-branded credit cards as the bank chooses businesses to keep or break off in a broad strategic overhaul, according to people with knowledge of the matter. The unit providing so-called private-label cards and point-of-sale financing strikes agreements with retailers so that shoppers can buy merchandise such as jewelry, appliances and furniture on credit.



Partnership Activity

November 9th – November 13th



PAAy and Bluefin Join Forces to Dramatically Advance Remote Commerce Security

[BusinessWire](#) | [November 10th, 2020](#)

Bluefin, the leader in encryption and tokenization payment and data security, and PAAy, innovator in consumer authentication, announced today (Nov. 10th) a new security solution set that eliminates the threat of hackers and online fraud, while providing regulatory compliance. The solution set combines 3DS, hardware-based encryption, and vaultless tokenization to provide merchants a liability shift, strong customer authentication, data confidentiality, and compliance with the General Data Protection Regulation (GDPR) and the Payment Services Directive 2 (PSD2).



i2c Inc. Partners with Purewrist to Provide Wearable Solutions for Contactless Payments at Events, Retail Stores, Transit and More

[BusinessWire](#) | [November 10th, 2020](#)

i2c Inc., a leading provider of digital banking and payment processing technology and infrastructure, today (Nov. 10th) announced its partnership with Purewrist, an innovative FinTech company specializing in end-to-end contactless payment solutions and wearables. i2c's highly-configurable platform will be leveraged for transaction processing of tap-and-go payments made with the Purewrist GO wearable at NFC contactless readers.

Other Notable Partnerships:

- **areeba** and **Discover** enter into a strategic partnership to increase their global footprint.
- **Amazon** partners with **Barclaycard Germany** on offering installment financing plans for its customers.
- **Judopay** teams up with the **U.K. Government** to help push the adoption of digital payments for entities in the public sector.
- **BMO Harris Bank** partners with **Finicity** for secure data access solutions.
- **Payments Canada** partners with **Mastercard's Vocalink** to provide technology to support the country's real-time payments system.



Management Changes

November 9th – November 13th



citibank

Citi Names Mark McNulty as Head of Payments and Receivables EMEA, Treasury and Trade Solutions

Citi announced the appointment of Mark McNulty to serve as the company's Head of Payments and Receivables EMEA, Treasury and Trade Solutions. Mark has been with Citi for more than 20 years and has held several roles across the organization, most recently serving as Managing Director, Head of Clearing and FI Payments.

Date Announced	Company	Personnel	New Position	Previous Position
11/9/2020	TableSafe	David Selby	<i>Board Member</i>	Currently the Co-Chairman and former CEO at Schafer Condon Carter
11/10/2020	Citibank	Mark McNulty	<i>Head of Payments and Receivables EMEA, Treasury and Trade Solutions</i>	Managing Director, Head of Clearing and FI Payments at Citi



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

\$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 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.

