

TransactionWatch

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

Week of:

November 2nd – November 6th

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





Deal Activity Summary

November 2nd – November 6th

This Week's M&A Overview

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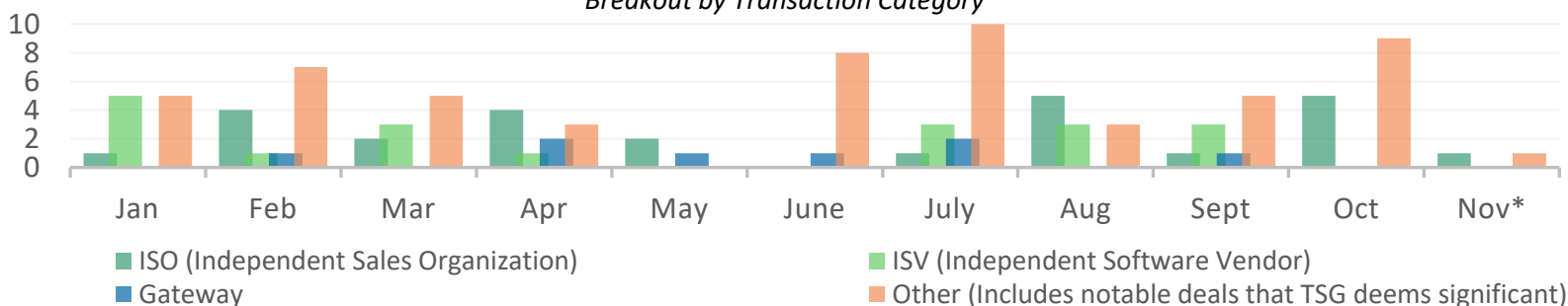
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Acceleration into the eCommerce space continues to be a growing focus for payment entities, which was further demonstrated this week with the announcements of two notable acquisitions. First off, Lightspeed POS has entered into a definitive agreement to acquire ShopKeep, an eCommerce platform provider, for a total consideration of approximately \$440 million, representing an 8.8x revenue multiple. The addition of ShopKeep further enhances Lightspeed's omnichannel offerings and accelerates their eCommerce solutions. Furthermore, ShopKeep will bring an increase to Lightspeed's overall payments volume which is estimated to reach \$33 billion annually from over 100,000 customers. Separately, Shift4 Payments announced their acquisition of 3dcart, another eCommerce platform provider, for an undisclosed sum. Similarly, this acquisition helps amplify Shift4's eCommerce offerings and helps create a more unified commerce ecosystem for their customers. 3dcart serves over 14,000 businesses and will help drive an increase to Shift4's payment volume, in which the company processed more than \$200 billion in 2019.

In other M&A news, Nuvei announced the completion of their acquisition of Smart2Pay, which was estimated to be valued at roughly \$345 million. Additionally, REPAY announced the closure of their deal with CPS Payment Services, which was initially announced just a couple weeks back.

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 2nd – November 6th

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.

PayPal Tops Estimates Amid Surge In Online Shopping But Outlook Disappoints

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

PayPal Holdings Inc. beat Wall Street estimates for quarterly revenue and profit on Monday (Nov. 2nd), boosted by a surge in digital payments as COVID-19 lockdowns worldwide drove more businesses online, but it forecast current-quarter profit below expectations. Shares of the digital payments processor fell more than 6% in extended trade.

How The Pandemic Has Changed How We Shop

[PYMNTS](#) | November 3rd, 2020

The shutdowns are on in the European Union as COVID-19 cases rise and local leaders work overtime to bend back the curve because their hospital ICU beds are outstripped by the exploding number of new cases. In the U.K., the government of Prime Minister Boris Johnson, after weeks of seeking to avoid national shutdown in favor of local tiered limitations, has imposed another strict national lockdown aimed at halting the coronavirus' spread.

VCs Say Lessons From COVID-19 May Push Funding, Dealmaking Past Political Uncertainty

[Crunchbase](#) | November 4th, 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.

Private Payroll Growth Slows In October, Well Below Expectations

[CNBC](#) | November 4th, 2020

Private job creation showed a sharp deceleration in October as the U.S. economy struggled against a resurgent coronavirus pandemic, according to a report Wednesday by ADP. Companies added 365,000 positions for the month, well below the 600,000 estimate from a Dow Jones economist survey. That was the lowest reported gain from ADP since July.



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 2nd – November 6th



Nets Group Enters Into Exclusive Negotiations With Nexi

[Nets Newsroom](#) | November 2nd, 2020

Nets and Nexi, two leading players in the European payments industry, are in exclusive negotiations to reach a potential binding agreement on the terms of a merger. The transaction, which would establish a leading, pan-European PayTech provider, remains subject to reaching a binding agreement during the 10-day exclusivity period, as well as all necessary corporate and regulatory approvals.



China Halts Ant Group's Blockbuster I.P.O.

[New York Times](#) | November 3rd, 2020

Ant Group challenged China's state-dominated banking system by bringing easy-to-use payments, borrowing and investing to hundreds of millions of smartphones across the country. On Tuesday (Nov. 3rd), Chinese officialdom reminded the company who was really in charge. In a late-evening announcement that stunned China, the Shanghai Stock Exchange slammed the brakes on Ant's initial public offering, which was set to be the biggest stock debut in history with investors on multiple continents and at least \$34 billion in proceeds.



DOJ Files Antitrust Lawsuit Challenging Visa's \$5.3 Billion Acquisition Of Plaid

[TechCrunch](#) | November 5th, 2020

The Department of Justice has filed an antitrust lawsuit challenging Visa's proposed \$5.3 billion acquisition of Plaid. News of the DOJ's investigation first broke last month. "By acquiring Plaid, Visa would eliminate a nascent competitive threat that would likely result in substantial savings and more innovative online debit services for merchants and consumers," the DOJ wrote in its lawsuit. The deal would violate Section 2 of the Sherman Act "and must be stopped," the DOJ wrote in its filing, published by Bloomberg Law.



Partnership Activity

November 2nd – November 6th



Epos Now Goes Big With Major Ecommerce Partnership

[PR Newswire](#) | November 3rd, 2020

Epos Now, a global software and payments technology company supporting over 30,000 retail and hospitality locations, has launched a major partnership with US ecommerce giant, BigCommerce. The partnership pairs one of the world's leading ecommerce platforms with one of the world's leading cloud POS system providers. This will allow Epos Now's retail customers to take advantage of the global surge in online sales demand, and diversify their sales channels at a pivotal time for the sector.



Visa Partners With DigitSecure, HDFC Bank For Global-first Live Deployment Of PCI Certified Tap To Phone Card Acceptance Solution

[Yahoo! News](#) | November 3rd, 2020

Visa has announced the first successful live deployment of a PCI certified Tap to Phone card acceptance solution, in partnership with DigitSecure and HDFC Bank, as per a statement. DeliveryPlus is the first merchant to go live with HDFC Bank as the acquirer, as per the statement on Monday. It will enable merchants to securely accept contactless card payments through an app on their NFC-enabled Android smartphones, and without having dedicated card acceptance devices.

Other Notable Partnerships:

- **Kount** expands partnership with **Adobe** as an Accelerate Partner.
- **LoyalBe** partners with **Visa** on expanding their loyalty solution to the Irish market.
- **Stripe** and **Mindbody** expand their payments partnership into North America and Europe.
- **Sokin** partners with **Mastercard** in Europe for the roll out of its fixed-price subscription service.
- **Paytm** teams up with **SBI Card** on launching co-branded credit cards.
- **Visa** partners with **NOW Money** to provides customers in the Gulf region access to digital banking solutions.



Management Changes

November 2nd – November 6th



Dustin Siner Joins Rev19 As The Company's New Chief Revenue Officer

Rev19 announced this week the appointment of Dustin Siner as the company's Chief Revenue Officer. Siner joins Rev19 from TSYS, a Global Payments Company, where he served as Senior VP of Sales. In his new position at Rev19, Siner will oversee all sales channels and operations in the company.

Date Announced	Company	Personnel	New Position	Previous Position
11/2/2020	Rev19	Dustin Siner	<i>Chief Revenue Officer</i>	Senior VP of Sales at TSYS
11/2/2020	Fiserv	Kevin Warren	<i>Board Member</i>	Current Chief Marketing Officer at UPS
11/2/2020	Priority Technology Holdings	Dave Faupel	<i>Chief Marketing Officer</i>	VP of Marketing at Sage



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.

