

# TransactionWatch

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

*Week of:*

*December 14<sup>th</sup> – December 18<sup>th</sup>*

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


# Deal Activity Summary

December 14<sup>th</sup> – December 18<sup>th</sup>

## This Week's M&A Overview

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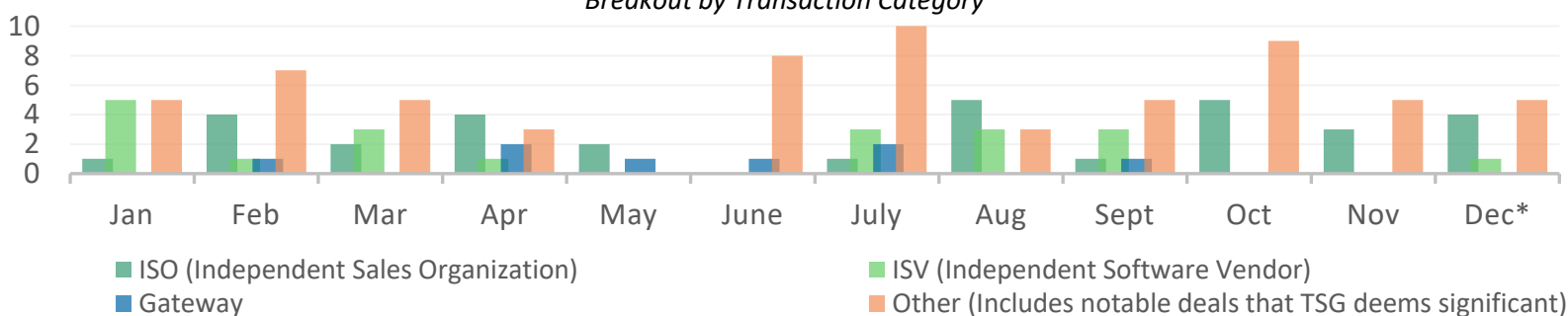
Activity remains resilient on the M&A front as we inch closer towards the new year. This week consisted of various deals within the merchant acquiring industry including Fiserv's announcement to acquire Ondot Systems, a digital experiences platform for financial institutions. Ondot's platform handles more than one billion transactions a month from over thirty million cards. Fiserv plans to further develop Ondot's platform and offer its digital suite of products to its client base of financial institutions. Financial terms of this transaction were not disclosed, and the deal is expected to close in Q1 of 2021.

GoDaddy announced their intention to acquire Poynt for \$320 million in cash at closing and up to \$45 million in deferred payments dependent on certain performance conditions over a three-year period. Poynt has a customer base of more than 100,000 merchants who process over \$16 billion in annual gross merchandise volume. This acquisition by GoDaddy further demonstrates the growing focus towards omnichannel solutions as the company will now have a foothold in the POS market in addition to their online services.

In other M&A news, Worldline announced their majority investment in ANZ Bank's Commercial Acquiring unit. Worldline will now take a 51% controlling stake in the unit, which they acquired for a total consideration of approximately \$365 million.

## 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

December 14<sup>th</sup> – December 18<sup>th</sup>

**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.**

## **ACI Speedpay Pulse Study Finds 35 Percent of Consumers Who Have Missed Bill Payments During COVID-19 Do Not Expect to Catch Up for at Least Six Months**

[BusinessWire](#) | December 15<sup>th</sup>, 2020

*New data from ACI Worldwide (NASDAQ: ACIW), a leading global provider of real-time electronic payment and banking solutions, shows that more than a third of consumers will take at least six months to catch up on missed bill payments due to COVID-19.*

## **NYC Restaurants Face 'Devastating' Fate As New COVID-19 Lockdowns Loom**

[Yahoo! Finance](#) | December 15<sup>th</sup>, 2020

*Thousands of restaurants are back on life-support as cities across the country implement new COVID-19 restrictions. In New York City, restaurant owners are bracing for a brutal winter as indoor dining was paused again on Monday (Dec. 14<sup>th</sup>). Adding insult to injury, a winter storm is on track to blanket the city with up to a foot of snow this week forcing the shutdown of outdoor dining as well.*

## **Shift4 Payments: As Merchants Persevere Throughout the Fall, Transaction Volumes Show Continuing Impact of COVID-19**

[BusinessWire](#) | December 11<sup>th</sup>, 2020

*Shift4 Payments, the leader in integrated payment processing solutions, has revealed that the month-over-month change in U.S. merchant transaction volumes from October to November dipped more than in previous years as merchants and consumers contend with recent spikes in COVID-19 transmission and renewed health and safety restrictions.*

## **COVID-19 Ushers in Digital Shift for Banking & Payments Amongst Australians**

[Mastercard Newsroom](#) | December 14<sup>th</sup>, 2020

*COVID-19 has pushed vast swathes of Australians and people around the world into becoming more digitally savvy when it comes to banking and apps, according to Mastercard's inaugural global State of Pay report.*





# 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](mailto:Info@thestrwegroup.com)



# Historical M&A Tracker

Transaction History: September 2020 – November 2020

## Transaction Categories:



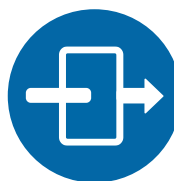
**ISO**

Independent  
Sales Organization



**ISV**

Independent  
Software Vendor



**Gateway**



**Other**

Includes notable deals that TSG  
deems significant

| Transaction Category | Buyer                                   | Seller                             | Purchase Amount<br>(\$ million) | Date       |
|----------------------|---|------------------------------------|---------------------------------|------------|
| ISV                  | Sphere                                  | Health iPASS                       | -                               | 12/18/2020 |
| Other                | Fiserv                                  | Ondot Systems                      | -                               | 12/16/2020 |
| Other                | GoDaddy                                 | Poynt                              | \$320                           | 12/16/2020 |
| Other                | Worldline                               | ANZ Bank<br>(Commercial Acquiring) | \$365                           | 12/15/2020 |
| Other                | IBM                                     | Expertus Technologies              | -                               | 12/15/2020 |
| ISO                  | Foley Trasimene Acquisition<br>Corp. II | Paysafe                            | \$9,000                         | 12/7/2020  |
| Other                | Affirm                                  | Paybright                          | \$264                           | 12/3/2020  |
| ISO                  | Nuvei                                   | Base Commerce                      | -                               | 12/1/2020  |
| ISO                  | Lightspeed POS                          | Upserve                            | \$430                           | 12/1/2020  |
| ISO                  | Greater Sum Ventures                    | Fattmerchant                       | -                               | 12/1/2020  |
| Other                | Square                                  | Credit Karma Tax                   | \$50                            | 11/25/2020 |



# Historical M&A Tracker

Transaction History: September 2020 – November 2020

| Transaction Category | Buyer                       | Seller  | Purchase Amount (\$ million) | Date       |
|----------------------|-----------------------------|---|------------------------------|------------|
| Other                | SumUp                       | Goodtill  | -                            | 11/19/2020 |
| ISO                  | Payroc                      | Bluestone Payments                                    | -                            | 11/18/2020 |
| Other                | Santander                   | Wirecard<br>(Technology Assets)                       | \$118                        | 11/17/2020 |
| Other                | PNC Financial               | BBVA<br>(U.S. Operations)                             | \$11,600                     | 11/16/2020 |
| ISO                  | Nexi                        | Nets Group  | \$9,200                      | 11/15/2020 |
| 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.<br>(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 |





# Historical M&A Tracker

Transaction History: September 2020 – November 2020

| Transaction Category | Buyer                  | Seller  | Purchase Amount (\$ million) | Date       |
|----------------------|------------------------|---|------------------------------|------------|
| ISO                  | Stripe                 | Paystack  | \$200+                       | 10/15/2020 |
| Other                | Paynetics              | Wirecard<br>(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.<br>(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  |



## Headline News

December 14<sup>th</sup> – December 18<sup>th</sup>



### **WEX Completes Acquisition of eNett and Optal**

[BusinessWire](#) | [December 15<sup>th</sup>, 2020](#)

WEX, a leading financial technology service provider, today (Dec. 15<sup>th</sup>) announced the completion of its previously announced agreement to acquire eNett, a leading provider of B2B payments solutions, and Optal, a company that specializes in optimizing B2B transactions. WEX paid total consideration of approximately \$577.5 million, funded from cash on hand. Though visibility remains limited due to COVID-19, WEX expects the impact of the acquisition on adjusted net income will be immaterial through calendar year 2021.

## **Paysafe:**

### **Paysafe Launches Paysafecash In US To Enable Online Cash Payments**

[BusinessWire](#) | [December 15<sup>th</sup>, 2020](#)

Paysafe, a leading integrated payments platform, today (Dec. 15<sup>th</sup>) announced the U.S. launch of Paysafecash™, an alternative payment method for consumers who want to pay online easily and safely using cash. The U.S. eCash solution is powered by the Vanilla Direct™ payment network of InComm Payments, a leading global payments technology company. With the ongoing U.S. issue of financial inclusion and cash's enduring importance in the market, Americans not able, or wanting, to make credit or debit card payments online can now access Paysafecash™, which was first launched in 2018 and is now live in almost 30 global markets.

## **coinbase**

### **Coinbase Announces IPO In A Milestone For The Crypto Industry**

[Fortune](#) | [December 17<sup>th</sup>, 2020](#)

Cryptocurrency giant Coinbase announced on Thursday (Dec. 17<sup>th</sup>) that it has confidentially filed for a public offering, becoming the latest in a parade of high-profile startups to pursue an IPO in 2020. Founded in 2012 as a simple way for consumers to purchase Bitcoin, Coinbase has since become a conglomerate of crypto-related business and the standard-bearer for an industry long regarded with suspicion by regulators and the traditional financial establishment.





## Partnership Activity

December 14<sup>th</sup> – December 18<sup>th</sup>

### Klarna.

#### Klarna Partners With Verifone To Enable Superior Shopping Experiences In Physical Stores Globally

[PRNewswire](#) | [December 15<sup>th</sup>, 2020](#)

Klarna, the leading global payments and shopping service, today (Dec. 15<sup>th</sup>) announces a strategic partnership with Verifone, a global leader in payments and commerce solutions, that will make Klarna available as the first-ever buy now pay later solution to millions of Verifone devices in the US and Europe.

### adyen

#### Adyen And Flywire Partner To Boost Global Payment Capabilities For Vertical Industries

[PRNewswire](#) | [December 15<sup>th</sup>, 2020](#)

Adyen, the global payments platform of choice for many of the world's leading companies, and Flywire, a high-growth vertical payments company, today (Dec. 15<sup>th</sup>) announced a partnership which integrates Adyen into Flywire's global network of payment partners. The partnership is aimed at delivering the latest payment functionality to facilitate seamless customer journeys for students, patients, and global travelers.

#### Other Notable Partnerships:

- **Form3** teams up with **Mastercard** on real-time payment platforms worldwide.
- **Mastercard** and **EnKash** partner on expanding the usage of commercial cards in India.
- **FIS** partners with **Quontic Bank** on launching its new Bitcoin Rewards Checking account service.
- **Square** teams up with **POWDR** to bring contactless payments to ski resorts.
- **Pockit** partners with **TransferWise** for international money transfer services.



# Management Changes

December 14<sup>th</sup> – December 18<sup>th</sup>



## NMI Names Jagdeep Sahota as Vice President of Strategic Alliances

NMI announced the appointment of Jagdeep Sahota to serve as the company's VP of Strategic Alliances. Under his new role, Sahota will focus on NMI's array of partnerships and alliances as a means to provide their customers with new and updated solutions. Prior to joining NMI, Sahota worked at Salesforce where he served as Senior Director, Strategic Product Partnerships.

| Date Announced | Company             | Personnel        | New Position                        | Previous Position   |
|----------------|---------------------|------------------|-------------------------------------|---|
| 12/15/2020     | NMI                 | Jagdeep Sahota   | VP of Strategic Alliances           | Senior Director, Strategic Product Partnerships at Salesforce             |
| 12/16/2020     | Ripple              | Sandie O'Connor  | Board of Directors                  | Chief Regulatory Affairs Officer at JPMorgan Chase                        |
| 12/16/2020     | Openpay Group       | Brian Shniderman | Chief Executive of U.S. Operations  | Owner/Principal, US and Global Cross-Industry Payments Leader at Deloitte |
| 12/17/2020     | Nuvei               | Neil Erlick      | Chief Corporate Development Officer | Executive VP of Business Development at Paysafe                           |
| 12/17/2020     | Drake Star Partners | Nicholas Huss    | Senior Advisor                      | CEO of Ingenico Group   |
| 12/18/2020     | Epos Now            | Nathan Gill      | Chief Product Officer               | President & COO at PremierXD  |



# 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

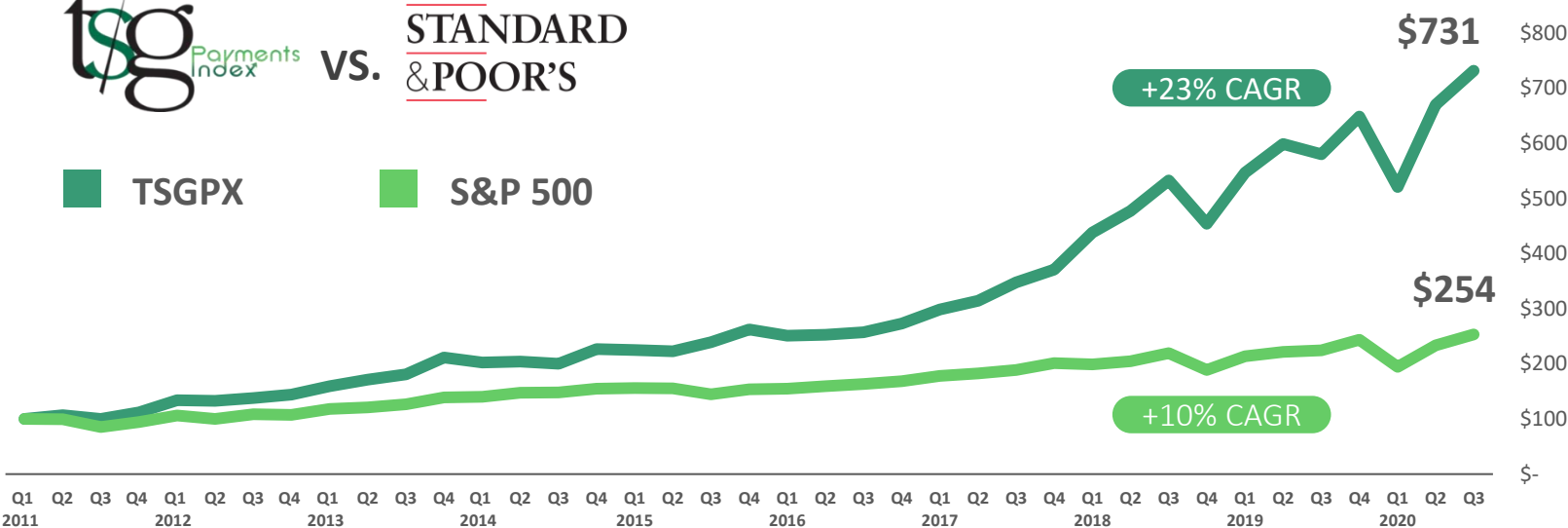


VS.

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



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.

