

# TransactionWatch

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

*Week of:*

*November 30<sup>th</sup> – December 4<sup>th</sup>*

This report is based upon information considered reliable by The Strawhecker Group® (TSG), but the accuracy and completeness of such information is not guaranteed or warranted to be error-free. Information provided is as reasonably available, not to be deemed all inclusive. TSG assumes no obligation to update the content hereof. This report is subject to the terms and conditions of a separate license with recipient, is further protected by copyright under U.S. Copyright laws and is the property of TSG. Recipient may not copy, reproduce, distribute, publish, display, modify, create derivative works, transmit, exploit, or otherwise disseminate any part of this report except as expressly permitted under recipient's license with TSG. The Strawhecker Group (TSG) is not endorsed, sponsored by, or in any other way affiliated with any companies identified in this presentation. The trademarks of third parties displayed herein are the property of such parties, and, are provided merely for identification purposes. TSG claims no rights therein. This document has not been prepared, approved or licensed by any entity identified in this report.

© Copyright 2020. The Strawhecker Group®. All Rights Reserved.



# Deal Activity Summary

November 30<sup>th</sup> – December 4<sup>th</sup>

## This Week's M&A Overview

### Table of Contents



[Deal Activity Summary](#)



[COVID-19 Industry Impact](#)



[B2B Payment Network](#)



[Historical M&A Tracker](#)



[Headline News](#)



[Partnership Activity](#)



[Management Changes](#)



[TSG Payments Index](#)



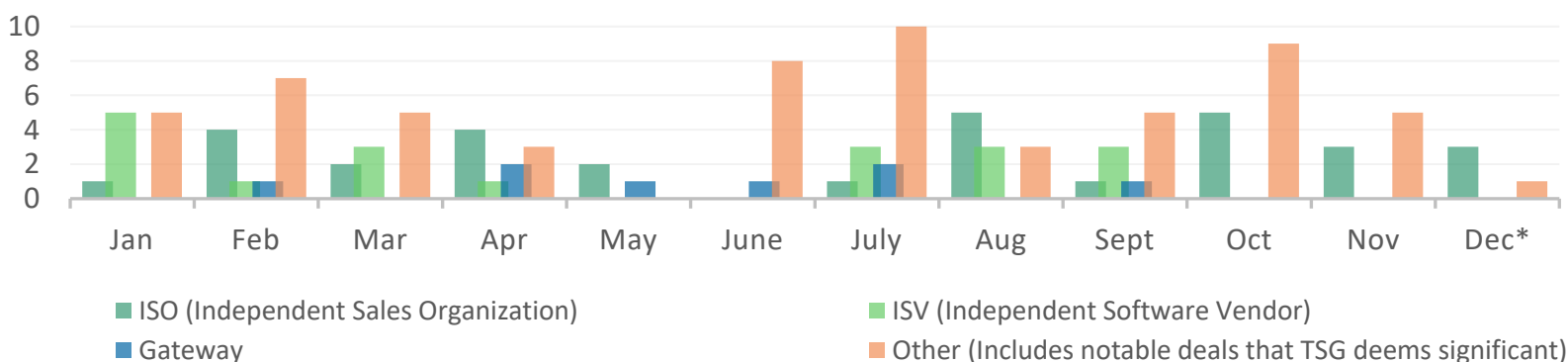
[TSG Buy/Sell Services](#)

Activity remains resilient on the M&A front this week as several new deals came about in the merchant acquiring industry. As we head closer to the new year, deals are continuing to close as payment firms finalize their 2020 objectives and move towards focusing on next year goals. First off, Nuvei announced this week their intention to acquire Base Commerce, an integrated payment solutions provider and ISO. Base Commerce processes approximately \$8 billion in ACH and more than \$2 billion in credit card acquiring volume annually. This transaction is expected to close by the end of the year. Separately, Lightspeed is remaining active with their new acquisition of Upserve announced this week. Upserve is backed by Vista Equity Partners and was acquired by Lightspeed for a total consideration of \$430 million, representing roughly an eleven times multiple on Upserve's annual revenue. Furthermore, Lightspeed announced the closing of its acquisition of ShopKeep, which was initially announced last month with a value at \$440 million.

In other M&A news, the private equity group Greater Sum Ventures (GSV) announced they have made a majority investment in the payments technology provider Fattmerchant. This investment helps Fattmerchant accelerate its growth and further enhance its unified commerce solution.

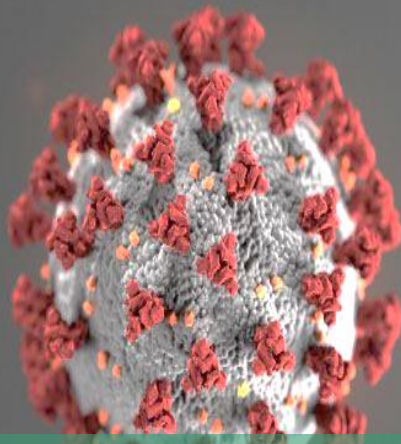
## 2020 M&A Activity – Year to Date

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 30<sup>th</sup> – December 4<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.**

## **Mastercard: COVID-19 Is Prompting Treasury Banks To Prioritize Digital Payments**

[PYMNTS](#) | [December 3<sup>rd</sup>, 2020](#)

*The digital shift brought on by the coronavirus has caused treasury banks to reprioritize their support of digital payments as consumers and merchants increasingly demand fast, easy and secure ways to get their money. And while the origins of that trend pre-date the current crisis, Silvana Hernandez, senior vice president of digital payments at Mastercard, tells PYMNTS that the pandemic has sped up the process.*

## **CCAF, World Bank, WEF: Covid-19 Caused Uneven Growth Across Fintech**

[Finextra](#) | [December 3<sup>rd</sup>, 2020](#)

*A joint report by The Cambridge Centre for Alternative Finance (CCAF), the World Bank Group and the World Economic Forum, has found that while 12 out of 13 fintech sectors reported year-on-year growth during the first half of 2020, significant discrepancies between sectors and regions remain.*

## **A New Setback for Big Cities as Return to the Office Fades**

[The Wall Street Journal](#) | [December 1<sup>st</sup>, 2020](#)

*U.S. employees started heading back to the office in greater numbers after Labor Day but that pace is stalling now, delivering another blow to economic-recovery hopes in many cities. The recent surge in Covid-19 cases across the country has led to an uptick in Americans resuming work at home after some momentum had been building for returning to the workplace, property analysts said.*

## **The Coronavirus Pandemic Has Caused A Surge In Demand For Contactless Payments, Accelerating The Shift From Cash To Digital Options**

[CNBC](#) | [December 3<sup>rd</sup>, 2020](#)

*The Covid-19 pandemic is expected to cause a drastic decline in cash usage due to the risk of contamination. "Over the past six to eight months, we've seen the use of cash decline even further, and that's a trend I think that we're going to see continue," said Jodie Kelley, CEO of Electronic Transactions Association. The unprecedented surge in the demand for contactless payment has also led to outstanding performances for major companies offering cashless methods, such as Apple, Square and PayPal.*





# 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: August 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 (\$ million)	Date
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
Other	SumUp	Goodtill	-	11/19/2020
ISO	Payroc	Bluestone Payments	-	11/18/2020
Other	Santander	Wirecard (Technology Assets)	\$118	11/17/2020
Other	PNC Financial	BBVA (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



# Historical M&A Tracker

Transaction History: August 2020 – November 2020

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





# Historical M&A Tracker

Transaction History: August 2020 – November 2020

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
ISV	Clearrent	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
ISV	TouchBistro	TableUp	-	8/5/2020



## Headline News

November 30<sup>th</sup> – December 4<sup>th</sup>



### **Shopify Merchants Break Records with \$5.1+ Billion in Worldwide Sales over Black Friday/Cyber Monday Weekend**

[BusinessWire](#) | [December 1<sup>st</sup>, 2020](#)

Shopify Inc., a leading global commerce company, announced today (Dec. 1<sup>st</sup>) Black Friday/Cyber Monday weekend results, with sales of \$5.1+ billion from the more than one million Shopify-powered brands around the world. From November 27 through November 30, total sales grew by 76% from the \$2.9+ billion reported for Black Friday/Cyber Monday weekend in 2019, a record that was surpassed this year on Saturday, November 28<sup>th</sup>, at 5:00pm ET.



### **Starboard Value Pushes Payments Firm ACI Worldwide to Pursue Sale**

[Bloomberg](#) | [December 2<sup>nd</sup>, 2020](#)

Activist investor Starboard Value is urging ACI Worldwide Inc. to explore a sale, arguing that a takeover is more likely to create value for shareholders than the payment company's standalone plan released last month. Starboard Managing Member Jeff Smith said in a letter to the company Wednesday that its revenue growth and margin targets are so conservative that it "seems almost impossible for management to miss."



### **Stripe Launches Stripe Treasury In Major Expansion Of Financial Services Offering For Platform Partners**

[Stripe Newsroom](#) | [December 3<sup>rd</sup>, 2020](#)

Stripe, the technology company building economic infrastructure for the internet, today announced that it is launching Stripe Treasury. This gives Stripe's platform users powerful APIs to embed financial services, enabling their customers to easily send, receive and store funds. Shopify is partnering with Stripe and Evolve Bank & Trust to build Shopify Balance, the business account designed to help merchants take control of their finances. Stripe Treasury is a leap forward for Stripe's platform partners, who can now greatly extend—along a critical dimension—the level of support they provide to their users.





## Partnership Activity

November 30<sup>th</sup> – December 4<sup>th</sup>



### Mastercard, TSYS and Extend Launch Mobile Virtual Card Solution for Commercial Clients

[BusinessWire](#) | November 30<sup>th</sup>, 2020

Mastercard and its partners, TSYS, a Global Payments company, and Extend, today introduced a mobile virtual card solution that enables virtual corporate cards to be easily loaded into a mobile wallet for fast and secure contactless payments. The new mobile virtual card solution addresses the growing demand for digital, contactless commercial payments, which has been amplified by the changing nature of work and business expenses during the pandemic, and the rise of the work-from-home economy.



### Visa Partners With Ethereum Digital-Dollar Startup That Raised \$271 Million

[Forbes](#) | December 2<sup>nd</sup>, 2020

Credit card giant Visa today announced it is connecting its global payments network of 60 million merchants to the U.S. Dollar Coin (USDC) developed by Circle Internet Financial on the Ethereum blockchain. The digital currency is now valued at \$2.9 billion. While Visa itself won't custody the digital currency, effective immediately, the partnership will see Circle working with Visa to help select Visa credit card issuers start integrating the USDC software into their platforms and send and receive USDC payments.

### Other Notable Partnerships:

- **ReceiptHero** enters into a cooperation agreement with **Eurocard** for digital receipts in Eurocard's apps.
- **Velo Labs** is collaborating with **Lightnet Group** and **Visa** to jointly develop payments solutions in Asia.
- **Computer Services Inc. (CSI)** teams up with **Featurespace** on a new anti-money laundering solution.
- **Razorpay** and **Visa** team up for a new SMB corporate card.
- **Worldline** partners with **P3 Financial Group** to expand P3's Payment System as a Service (PSAAS) to thirteen European countries.
- **Payoneer** teams up with **TrueLayer** on launching its open banking service in the United Kingdom and Europe.



# Management Changes

November 30<sup>th</sup> – December 4<sup>th</sup>



Craig Vosburg



Linda Kirkpatrick

## Mastercard Appoints Craig Vosburg to Chief Product Officer and Promotes Linda Kirkpatrick to President, North America

Mastercard announced this week the appointment of Craig Vosburg to Chief Product Officer and promoted Linda Kirkpatrick to succeed him as President, North America. Under his new role, Vosburg will lead a newly integrated products and engineering organization for Mastercard, while Kirkpatrick will oversee all customer-facing activities in the U.S. and Canada. Both positions are effective January 1<sup>st</sup>, 2021.

Date Announced	Company	Personnel	New Position	Previous Position
12/1/2020	Chargebacks911	Jia Min Tan	Director of Business Development, APAC	Director of Alliances, APAC at NS8 Inc.
12/1/2020	Klarna	Michael Moritz	Chairman of the Board of Directors	Current Partner at Sequoia Capital
12/1/2020	First American Payment Systems	Chuck Springer	VP of Information Security and Compliance	VP of Governance, Risk Management and Compliance at Epsilon
12/1/2020	Mastercard	Richard Verma	Executive VP, Global Public Policy and Regulatory Affairs	Vice Chair and Partner at The Asia Group
12/1/2020	One Inc.	Jig Patel	President and COO	Group CIO – Digital Banking Solutions at Fiserv
12/2/2020	USA Technology	Ravi Venkatesan	Chief Technology Officer	Head of Innovation at Bakkt
12/3/2020	Mastercard	Craig Vosburg	Chief Product Officer	President, North America at Mastercard
12/3/2020	Mastercard	Linda Kirkpatrick	President, North America	President, US Issuers at Mastercard



# 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

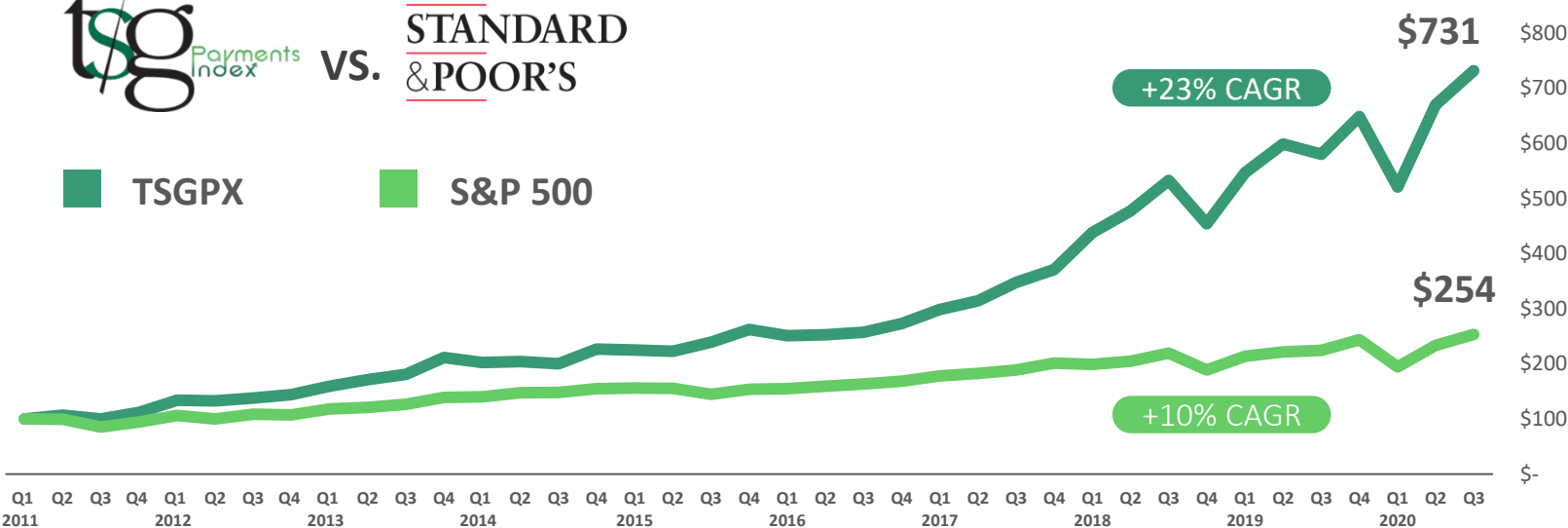


VS.

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.

