



Payments Experts. Powerful Data.  
THE STRAWHECKER GROUP

# TransactionWatch

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

*Week of:*

*February 15<sup>th</sup> – February 19<sup>th</sup>*

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# Deal Activity Summary

February 15<sup>th</sup> – February 19<sup>th</sup>

## This Week's M&A Overview

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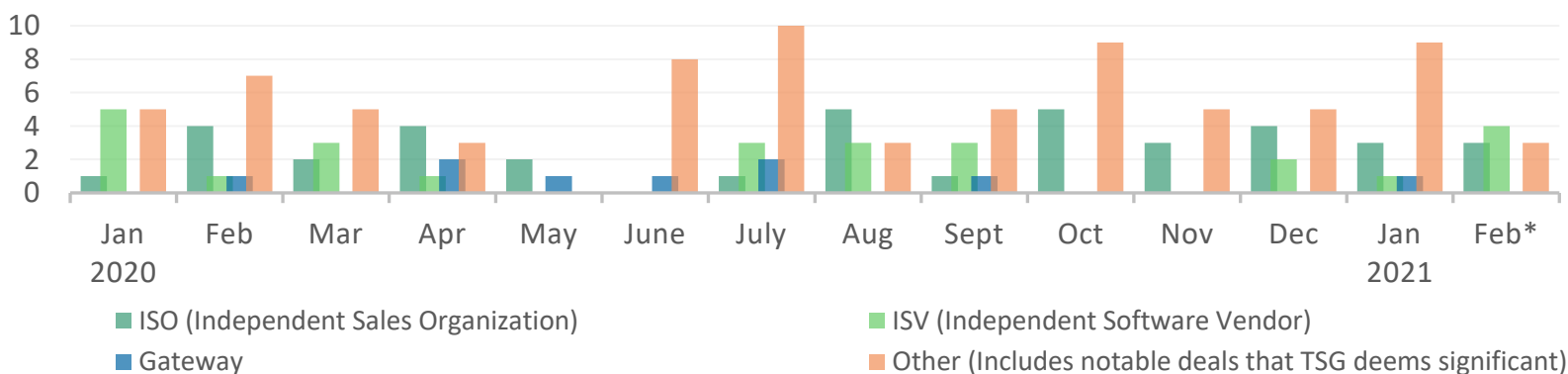
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After weeks of strong activity on the M&A front, movement slowed down this past week as companies assess their growth initiatives. Although, the B2B payments market is continuing to show room for opportunity as the business spend management software provider, Corcentric, announced their acquisition of Vendorin from Juvo Technologies for \$100 million. While financial terms were not disclosed, the acquisition was financed using cash on hand following a Bregal Sagemount investment in mid-2020. The addition of Vendorin will help accelerate Corcentric's presence in the B2B payments market and will enhance their platform by leveraging Vendorin's "Inroll" technology.

In other news, the card issuing start-up, Marqeta, has filed confidentially for a proposed IPO on Tuesday, February 16<sup>th</sup>. Marqeta is seeking a valuation of approximately \$10 billion as a result of the IPO and is reportedly working alongside Goldman Sachs and JPMorgan Chase for this initiative. Marqeta previously raised \$150 million last May, which doubled its valuation to \$4.3 billion at the time. Marqeta is anticipating to do this again by more than doubling their last valuation as they continue to seek rapid growth in the market.

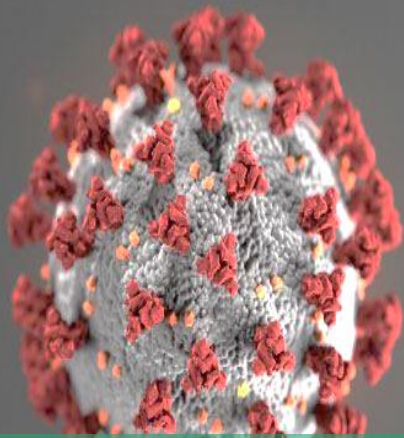
### 2020 – 2021 YTD M&A Activity

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

February 15<sup>th</sup> – February 19<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.**

## **U.S. Retail Sales Rose Strongly on Stimulus in January**

[The Wall Street Journal](#) | February 17<sup>th</sup>, 2021

*The U.S. economy's recovery picked up as consumers used stimulus checks to boost retail spending in January to its largest increase in seven months, a significant jump that comes as manufacturers continued to increase output and employers resumed hiring. The latest positive signs came on Wednesday (Feb. 17<sup>th</sup>) when the government said retail sales, a measure of purchases at stores, at restaurants and online, jumped a seasonally adjusted 5.3% in January from a month earlier, and manufacturing output neared pre-pandemic levels.*

## **In a 'Future That Arrived Early,' Shopify Invests to Capitalize on Trends Accelerated by Covid**

[Digital Transactions](#) | February 17<sup>th</sup>, 2021

*While many payments companies have had their hands full contending with the many impacts of the Covid-19 pandemic, payments firms with e-commerce platforms have thrived as consumers flocked to online buying. Shopify Inc. demonstrated Wednesday just how much it's investing in shopping and payments apps to capitalize on the growth it saw last year.*

## **Covid-19: Contactless ATM withdrawals go mainstream**

[Finextra](#) | February 18<sup>th</sup>, 2021

*Covid-19 has accelerated the trend towards contactless cash withdrawals in Switzerland, according to SIX, which says that more than a third of machines in the country are now equipped with QR code readers while another 20% have NFC readers. The number of ATMs that offer contactless cash withdrawals has been on the rise for some time, jumping 26% worldwide in 2019.*

## **The changing face of debit cards amid COVID-19**

[PaymentsSource](#) | February 18<sup>th</sup>, 2021

*Debit cards appear ordinary, lacking the reward programs and prestige of credit cards, the cash flow flexibility of buy now/pay later programs, the anonymity of bitcoin and the coolness of cash. But debit's one of the few payment methods that has shaken the financial services industry to its core, pitting bank issuers and merchants against each other as they argue over "swipe fees."*



# 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: November 2020 – January 2021

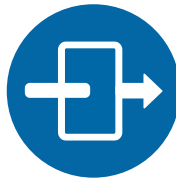
## Transaction Categories:



**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
ISV	Corcentric	Vendorin	\$100	2/16/2021
ISV	Tyler Technologies	NIC, Inc.	\$2,300	2/10/2021
ISO	AffiniPay	ClientPay	-	2/9/2021
ISV	NCR	Terfina	-	2/8/2021
ISV	I3 Verticals	Business Information Systems	\$87.7	2/5/2021
Other	FTAC Olympus Acquisition Corp.	Payoneer	\$3,300	2/3/2021
Other	SumUp	Paysolut	-	2/2/2021
Other	CURO Group Holdings	Flexiti Financial	\$121	2/1/2021
ISO	CORE Business Technologies	Secure Instant Payments (SIP)	-	2/1/2021
ISO	CORE Business Technologies	eGov Strategies	-	2/1/2021
Other	Fleetcor	Roger	-	1/28/2021



# Historical M&A Tracker

Transaction History: November 2020 – January 2021

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
Other	Atlantic-Pacific Processing Systems (APPS)	Paynomix	-	1/28/2021
Gateway	PNC Bank	Tempus Technologies	-	1/27/2021
Other	OV Loop	Push Pay (dba PayFi)	-	1/26/2021
Other	NCR	Cardtronics	\$2,500	1/25/2021
ISO	DNA Payments	Active Payments	-	1/21/2021
ISO	Pineapple Payments	1 <sup>st</sup> Payment Systems	-	1/15/2021
Other	Entrust	HyTrust	-	1/14/2021
ISV	Vanco	Smartcare	-	1/13/2021
Other	Equifax	Kount	\$640	1/8/2021
Other	Cart.com	AmeriCommerce	-	1/7/2021
ISO	FortisPay	Swype at Work	-	1/7/2021
Other	NCR	Freshop	-	1/6/2021
Other	AvidXchange	Core Associates	-	1/4/2021
ISV	Thoma Bravo	RealPage	\$10,200	12/21/2020
ISV	Sphere	Health iPASS	-	12/18/2020
Other	Fiserv	Ondot Systems	-	12/16/2020
Other	GoDaddy	Poynt	\$320	12/16/2020



# Historical M&A Tracker

Transaction History: November 2020 – January 2021

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
Other	Worldline	ANZ Bank (Commercial Acquiring)	\$365	12/15/2020
Other	IBM	Expertus Technologies	-	12/15/2020
ISO	Foley Trasimene Acquisition 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
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
Other	Shift4 Payments	3dcart	-	11/5/2020
Other	Alliance Data	Bread	\$450	10/29/2020
ISO	Celero Commerce	TransNational Payments	-	10/28/2020



## Headline News

February 15<sup>th</sup> – February 19<sup>th</sup>

### MARQETA

#### **U.S. payments startup Marqeta files with regulators for IPO**

[Reuters](#) | February 16<sup>th</sup>, 2021

U.S. payment card issuing start-up Marqeta Inc on Tuesday (Feb. 16<sup>th</sup>) filed confidentially with the U.S. Securities and Exchange Commission for a proposed initial public offering (IPO), according to a person familiar with the matter. Marqeta will now await feedback from the SEC on its filing and hopes to complete its IPO as early as April, the source said, requesting anonymity because the matter is private.

### stripe

#### **Investors Are Now Valuing Stripe At \$115 Billion**

[Forbes](#) | February 17<sup>th</sup>, 2021

Investors are valuing Stripe at a \$115 billion valuation in “secondary market” transactions, where shares of a private company’s stock are sold after they were first issued. That valuation is up more than threefold from the \$36 billion Stripe fetched when it raised money in April 2020 from venture firms including Andreessen Horowitz, General Catalyst and Sequoia. Stripe is also planning a new primary funding round at a valuation north of \$100 billion, according to a person familiar with the matter. A spokesperson from Stripe declined to comment.

### citi

#### **Citi Can’t Have Its \$900 Million Back**

[Bloomberg](#) | February 17<sup>th</sup>, 2021

Last August, Citigroup Inc. wired \$900 million to some hedge funds by accident. Then it sent a note to the hedge funds saying, oops, sorry about that, please send us the money back. Some did. Others preferred to keep the money. Citi sued them. Yesterday Citi lost, and they got to keep the money. I read the opinion, by U.S. District Judge Jesse Furman, expecting to learn about the New York legal doctrine of finders keepers—more technically, the “discharge-for-value defense”—and I was not disappointed.





## Partnership Activity

February 15<sup>th</sup> – February 19<sup>th</sup>

### DISCOVER

#### Discover Signs Agreement to Help Expand Acceptance of Sezzle's Buy Now, Pay Later Feature

[BusinessWire](#) | February 18<sup>th</sup>, 2021

Discover, a digital banking and payments services company, and Sezzle, Inc, an installment payment platform, have announced an agreement that will allow Sezzle to work with selected merchants on the Discover Global Network in offering consumers additional payment options. This relationship is Discover Global Network's latest partnership in the buy now, pay later space and Sezzle's latest partnership with one of the four major card networks in the US market.

### Klarna.

#### Klarna Teams up With Safello - Bringing Open Banking To Cryptocurrency Market

[PR Newswire](#) | February 17<sup>th</sup>, 2021

Klarna, the leading global payments provider and shopping service and Safello, Sweden's leading broker for cryptocurrencies, today (Feb. 17<sup>th</sup>) announce a strategic partnership to bring Klarna Open Banking to Safello's award-winning brokerage platform for cryptocurrency trading. This partnership, which is Klarna's first entry into the cryptocurrency industry, marks a new era in financial innovation.

#### Other Notable Partnerships:

- **Mastercard** and **Razorpay** team up on digital banking and card services for Indian MSMEs.
- **Island Pay** and **Mastercard** partner to launch the world's first central bank digital currency-linked card.
- **Aurgia** partners with **ACI Worldwide** to launch a next-generation ATM and self-service banking platform.
- **Atom Bank** partners with **Plaid** for open banking and payment initiatives for small businesses.
- **Mastercard** and **MTN** form a strategic partnership to support mobile payments in Africa.
- **Planet Payments** partners with **Cybersource** to offer merchants simplified digital payment solutions.



# Management Changes

February 15<sup>th</sup> – February 19<sup>th</sup>



## Toast Appoints Former American Express Executive, Susan Chapman-Hughes, To Its Board Of Directors

Point of Sale (POS) provider, Toast, announced early this week the appointment of Susan Chapman-Hughes to the company’s board of directors, effective immediately. Susan Chapman-Hughes most recently served as EVP/GM of Global Digital Capabilities, Transformation and Operations in the Global Commercial Services (GDCT&O) division of American Express.

Date Announced	Company	Personnel	New Position	Previous Position
2/17/2021	Toast	<b>Susan Chapman-Hughes</b>	<i>Board Members</i>	EVP/GM of Global Digital Capabilities, Transformation and Operations at American Express
2/17/2021	Digital Check	<b>John Gudenburr</b>	<i>VP of Engineering</i>	Director of Engineering and Program Management at Digital Check
2/18/2021	Aurora Payments	<b>Doug Hardman</b>	<i>Chief Technology Officer</i>	CEO at 41N



# TSG Payments Index

Q1 2011 – Q4 2020

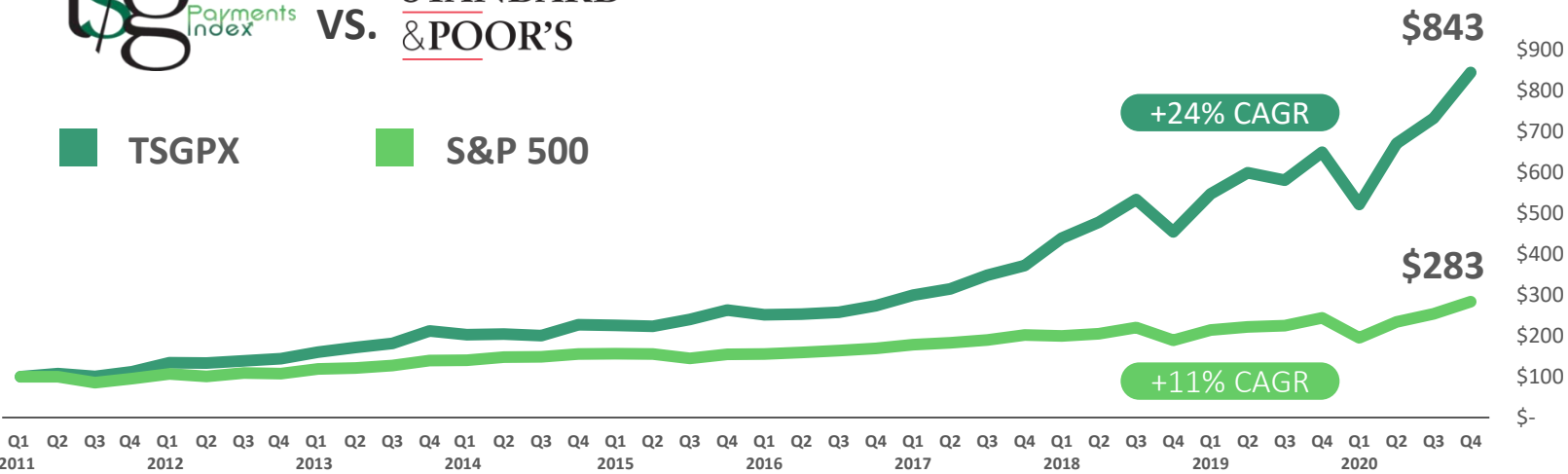
\*Drop in value from Q4 2019 to Q1 2020 is attributed to the volatility and uncertainty caused by the ongoing COVID-19 pandemic



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 \$843 in Q4 2020, as compared to \$283, 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

  
**Shift4**  
 PAYMENTS

In its sale to

 **LIGHTHOUSE**  
 NETWORK

  
 STABILITY IN  
 PAYMENTS

In the acquisition of

 **Integrity**

  
 CLARUS  
 MERCHANT SERVICES

In the acquisition of

 **NAMS**

 **PARTHENON**  
 CAPITAL PARTNERS

In the acquisition of

 **NXGEN**  
 &  **payScape**

 **APPLIED** MERCHANT\*

In its Merger with

 **BLUE SQUARE**  
 RESOLUTIONS

 **Terrapin**  
 Financial Services, LLC

In its sale to

 **BluePay**

 **Goldman Sachs**

On their funding event with

 **Newtek**  
 "The Small Business Authority"

 **Goldman Sachs**

On their funding event with

 **Bluefin**  
 Payment Systems

 **PIVOTAL**  
 PAYMENTS

In the acquisition of

 **CAPITAL**  
 PROCESSING NETWORK

 **BregalSagemount**

In due diligence support of its investment into

 **YAPSTONE**  
 POWERING PAYMENTS

 **THE BEEKMAN GROUP LLC**

In its recapitalization of

 **Direct Connect**

 **sage**

In a merchant portfolio purchase from

 **Heartland**  
 PAYMENT SYSTEMS\*

 **PRIORITY**  
 PAYMENT SYSTEMS

In its merger with

 **cynergydata**

 **Mutual of Omaha Bank**

On the organization of its joint venture with

 **First Data.**

 **SIG**  
 SUSQUEHANNA  
 GROWTH EQUITY, LLC

On their investment in

 **PaySimple**

 **CAYAN**

In the acquisition of

 **CPS**  
 CARD PAYMENT SERVICES

 **payroc**  
 STABILITY IN  
 PAYMENTS

In the acquisition of

 **iTransact**

 **talus**  
 pay

In acquisition of the operation assets of

 **PROLIFIC**  
 BUSINESS SOLUTIONS

 **BluePay**

In the acquisition of

 **Primax**  
 Defining Card Processing

 **KeyBank**

On their joint venture with

 **Elavon**



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.

