

TransactionWatch

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

Week of:

February 22nd – February 26th

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


Deal Activity Summary

February 22nd – February 26th

This Week's M&A Overview

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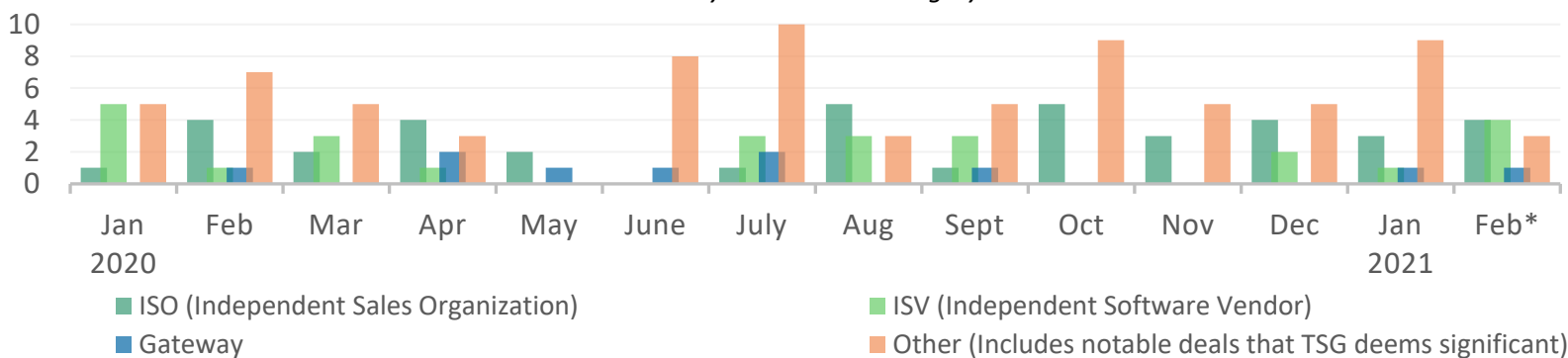
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Significant activity this past week with the announcements of a couple notable transactions that further consolidate the merchant acquiring industry. To start, NMI announced its acquisition of complementary payment gateway provider USAePay for an undisclosed sum. The acquisition of USAePay enables NMI to further expand its omnichannel offerings, which has been in more demand from merchants due to the ongoing pandemic. Furthermore, USAePay strengthens NMI's portfolio in several tactical verticals, specifically retailers and restaurants, and will add more than 90,000 merchants using its gateway offering. Collectively, the combined entity handled more than \$100 billion in payment volume from 1.5 billion transactions in 2020.

In other M&A news, Clearent and Transaction Services Group (TSG) announced a definitive merger agreement to form Xplor Technologies. Both Clearent and TSG are portfolio companies of the private equity firm Advent International. As a result of the merger, Xplor will serve more than 82,000 merchants that process over \$27 billion in annual payment volume across 158 countries. The newly established group will offer a global platform constructed to integrate software, payments, and commerce solutions.

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 22nd – February 26th

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.

Covid-19 Shopping Makes Card Fees a Bigger Burden for Merchants

[The Wall Street Journal](#) | February 24th, 2021

Visa Inc. and Mastercard Inc. are planning to raise swipe fees for some types of credit-card purchases in April, adding to the squeeze felt by restaurants, retailers and other merchants already struggling through the Covid-19 pandemic. What's more, customers' switch to online shopping during the pandemic—a trend heralded for keeping businesses afloat when people are reluctant to venture inside stores—is also creating extra costs for merchants.

Powell Pledges to Maintain Economic Support

[The New York Times](#) | February 24th, 2021

Jerome H. Powell, the chair of the Federal Reserve, told lawmakers that the economic rebound from the pandemic recession had further to go and reiterated that the central bank planned to keep up its growth-stoking policies, which include rock-bottom interest rates and large-scale bond buying.

Bank machine learning models hit hard by Covid

[Finextra](#) | February 24th, 2021

Over a third of UK banks have reported a negative impact on the performance of machine learning models as a result of the coronavirus pandemic. The survey of financial institutions conducted by the Bank of England found that around 35% of banks reported a 'positive' impact from Covid on the machine learning (ML) and data science (DS) technologies that support remote working among employees.

Consumers Show Pent-Up Dining Demand In Post-Pandemic World

[PYMNTS](#) | February 23rd, 2021

Since the start of the pandemic, many consumers have settled into a new normal. Where once they ate at restaurants, they may now order in or cook at home. Where once they spent time perusing the aisles at grocery stores, they may now order delivery or opt for buy online, pickup in store (BOPIS). The question remains for retailers hoping to set themselves up for long-term success: how will these short-term shakeups affect the lasting routines of consumers in the post-pandemic world?



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: 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
ISO	Clearent	Transaction Services Group (TSG)	-	2/25/2021
Gateway	NMI	USAePay	-	2/23/2021
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



Historical M&A Tracker

Transaction History: November 2020 – January 2021

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
ISO	CORE Business Technologies	eGov Strategies	-	2/1/2021
Other	Fleetcor	Roger	-	1/28/2021
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 st 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



Historical M&A Tracker

Transaction History: November 2020 – January 2021

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
Other	Fiserv	Ondot Systems	-	12/16/2020
Other	GoDaddy	Poynt	\$320	12/16/2020
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



Headline News

February 22nd – February 26th



Restaurant-Software Provider Toast Prepares for IPO

[The Wall Street Journal](#) | [February 21st, 2021](#)

Toast Inc. is planning an initial public offering that could value the restaurant-software provider at around \$20 billion, people familiar with the matter said. Toast tapped Goldman Sachs Group Inc. and JPMorgan Chase & Co. to underwrite a possible listing later this year, these people said. It could also consider other options including a sale or combination with a blank-check company, some of the people said. There are no guarantees Toast will ultimately go public or pursue another of the options.



Wells Fargo sells asset management arm to private equity firms for \$2.1 billion

[Reuters](#) | [February 23rd, 2021](#)

Wells Fargo & Co said on Tuesday it had agreed to sell its asset management business, which manages more than \$603 billion on behalf of customers, to private equity firms GTCR LLC and Reverence Capital Partners for \$2.1 billion. The sale represents the biggest shake-up at the U.S. bank since former Bank of New York Mellon top boss Charles Scharf joined as chief executive officer in 2019. Reuters reported in January that a Wells Fargo deal with the buyout firms was close.



With a Federal Lawsuit, Intuit Challenges the Card Networks' Interchange Regime

[Digital Transactions](#) | [February 23rd, 2021](#)

Lawsuits brought by merchants against Visa Inc. and Mastercard Inc. have become almost routine for the two network giants, but now they face an unusual action—a suit from Intuit Inc., which is not only a card-accepting merchant but also an independent sales organization and payment facilitator. Filed Feb. 19 in U.S. District Court for the Northern District of California, Intuit alleges the networks' interchange pricing models constitute unlawful price fixing, with rates set without regard to actual cost.



Partnership Activity

February 22nd – February 26th



Afterpay and Stripe Partner to Offer 'Buy Now, Pay Later' Payments for Merchants

[PR Newswire](#) | February 24th, 2021

Afterpay the leader in "Buy Now, Pay Later," today (Feb. 24th) announced a partnership with Stripe, the technology company building economic infrastructure for the internet. The two companies are joining forces to offer Afterpay's payment service to Stripe merchants through an easy and seamless integration. The partnership allows both new and existing Stripe merchants to easily offer Afterpay - giving their shoppers the opportunity to receive their items immediately and pay in four installments, without the need to take out a traditional loan or pay upfront fees or interest.



Lightspeed Partners with dLocal to Power Payments for Independent Merchants in Mexico

[BusinessWire](#) | February 23rd, 2021

dLocal, the foremost payment platform connecting global merchants to emerging markets, and Lightspeed, a leading provider of cloud-based, omnichannel commerce platforms, today (Feb. 23rd) announced a new partnership. The collaboration will allow Lightspeed merchants to accept local payment options across Latin America as the small business market in that region undergoes a rapid digital transformation.

Other Notable Partnerships:

- **Atlantic-Pacific Processing Systems** and **Global Oclus** partner to pilot digital currency payment acceptance technology.
- **WorldLine** and **Amadis** team up to rollout a multi-currency payment solution with Subway restaurants.
- **Lloyds Banking Group** partners with **Mastercard** for its Open Banking software.
- **Vantik** and **Mastercard** partner for debuting a new debit card.
- **Mastercard** and **ACI Worldwide** form strategic partnership to provide real-time payments in Peru.
- **Treasury Prime** and **Marqeta** team up for single vendor programmatic card issuing.



Management Changes

February 22nd – February 26th



DISCOVER

Discover Financial Services Appoints David L. Rawlinson II To Its Board of Directors

Discover Financial Services announced this week the appointment of David L. Rawlinson II to their Board of Directors. Rawlinson is the current CEO of NielsenIQ and has developed a vast amount of experience in global eCommerce, consumer trends, consumer data, and digital B2B operations throughout his career.

Date Announced	Company	Personnel	New Position	Previous Position
2/22/2021	Green Dot Corp.	Amit Parikh	Executive VP of its Banking as a Service division	COO of Apple Payments
2/23/2021	Discover Financial Services	David L. Rawlinson II	Board Member	Current CEO of NielsenIQ
2/24/2021	Qu POS	Matt Haselhoff	SVP of Sales	Chief Revenue Officer at Omnivore



TSG Payments Index

Q1 2011 – Q4 2020

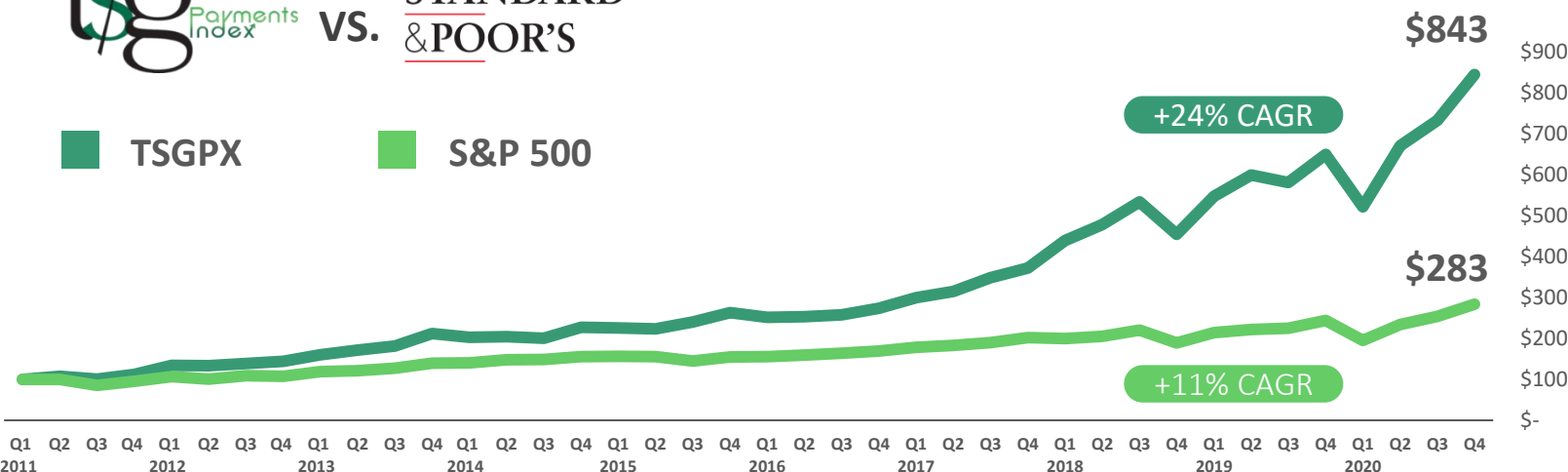
*Drop in value from Q4 2019 to Q1 2020 is attributed to the volatility and uncertainty caused by the ongoing COVID-19 pandemic



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



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.
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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.

