

TransactionWatch

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

*Week of:
July 20th – July 24th*

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Deal Activity Summary

July 20th – July 24th

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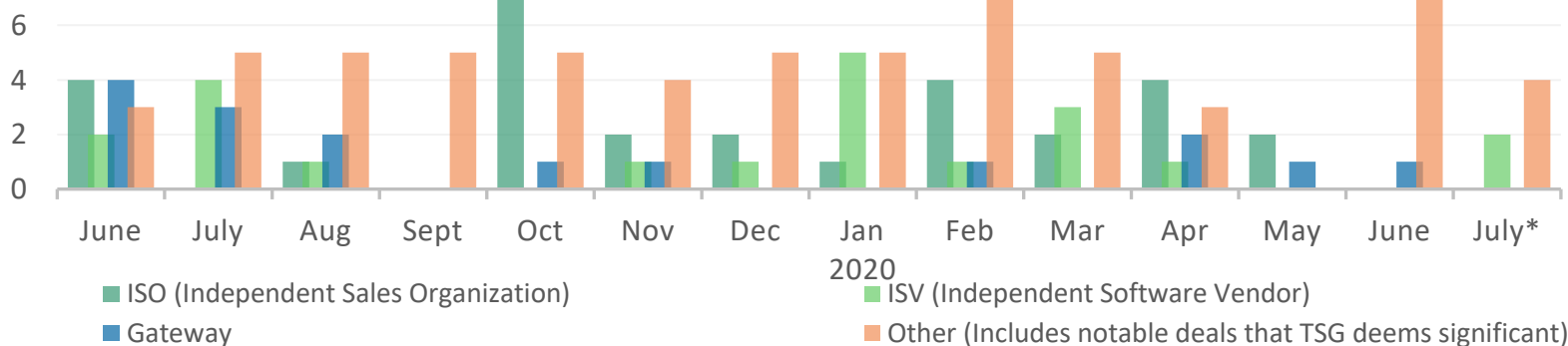
This Week's M&A Overview

This week, the market proved that buyers' interests have largely moved towards markets that have experienced increased growth brought on by COVID-19, especially the digital healthcare area. Healthcare ISV provider, HealthEdge, acquired The Burgess Group this week to help enhance its claims processing offering by including software-driven payment integrity to help provide further transparency between payers and healthcare providers. Another area that has withstood COVID-19 has been eCommerce. eBay announced this week their sale of its Classified Group to Adevinta for a total consideration of \$9.2 billion. In addition, NewOak Finance announced their acquisition of eCommerce lending solution, FuturePay.

In other M&A news, REPAY announced their acquisition of cPayPlus, an accounts payable automation provider based out of Utah. REPAY will pay up to \$16 million for the deal, of which \$8 million was paid at closing. This acquisition aims to enhance REPAY's software automation and payment solutions for the B2B market.

2020/2019 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

July 20th – July 24th

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.

Intuit QuickBooks Primes Summer Product Release For Covid-19 Recovery

[Finextra](#) | July 21st, 2020

Intuit QuickBooks, the UK's leading financial management software, today (July 21st) launches a host of innovative product tools as part of its Summer Product Release to support small businesses in their recovery following COVID-19 and improve long-term resilience.

PayJunction Announces New Cloud-based, Contactless Payment Processing Technology to Address COVID-19 Health Mandates

[GlobalNewswire](#) | July 21st, 2020

PayJunction, a leading developer of payment processing technology, has launched the first cloud-controlled and completely contactless payment solution to help businesses reduce potential exposure to the virus for staff and customers. For any businesses that allow customers inside, the PayJunction ZeroTouch Terminal has been designed to meet and exceed all current health mandates for contactless payments to avoid virus exposure.

US Air Travel Sinks 4 Pct Amid Rising Infections, Quarantines

[PYMNTS](#) | July 20th, 2020

The already sluggish recovery in air travel hit some turbulence over the past week. The number of travelers passing through airport security checkpoints across the United States fell by more than 4 percent in the week ending July 19th, according to stats compiled by the Transportation Security Agency (TSA).

UK Retail Spending Rebounds To Near Pre-lockdown Levels

[Reuters](#) | July 24th, 2020

British retail sales jumped back almost to pre-coronavirus lockdown levels in June when non-essential stores in England reopened, giving a boost to beleaguered clothing stores. Sales volumes in June leapt by 13.9% from May, above all forecasts in a Reuters poll of economists. A 70% surge in clothing and footwear sales reversed much of their slump in recent months, though the sector remains one of the worst hit, with spending 35% below pre-pandemic levels.



Payments Monetization

Drive Growth Through The Monetization Of Payments

The continuous adoption of integrated software solutions among business owners has created a large opportunity for independent software vendors (ISVs). Effectively implementing payment processing capabilities can create significant payment revenue through their platform, increasing overall market valuation.

The process of monetizing payments within ISVs can be challenging and time consuming [as there are several models to choose from](#). An ISV needs to evaluate factors such as the revenue opportunity, the level of risk, the resources required, and the overall customer relationship.

The Strawhecker Group's expertise and experience can [provide customized guidance](#) on your firm's go-forward strategy and execution.

EXPERTISE

TSG has served leading software companies and is well positioned to build-out a payment strategy that helps you avoid barriers to entry. **TSG can assess your current situation, review relationships, and develop a roadmap to your financial and operational objectives.**



INDUSTRY CONTACTS

TSG is highly knowledgeable of payment providers and can pin-point the appropriate partner to create a cohesive solution for you and your customers. **TSG can provide an experienced guide that will reduce complexity, speed up implementation, and maximize your investment.**



TSG can identify and assess areas of payment monetization and provide support to a relationship that is financially beneficial and increases enterprise value. Whether it is a new or existing offering, TSG can provide actionable insights to maximize the benefits of integrated payments among software solutions.

For more information, please contact MI@thestrwegroup.com



Historical M&A Tracker

Transaction History: February 2020 – June 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	REPAY	cPayPlus	\$16	7/23/2020
Other	NewOak Finance	FuturePay	-	7/23/2020
ISV	HealthEdge	Burgess Group	-	7/21/2020
ISV	Square	Stitch Labs	-	7/10/2020
Other	Heidelpay Group	Paysafe's 'Pay Later' business	-	7/9/2020
Other	Paytm	Raheja QBE	\$76	7/6/2020
Other	MFS Africa	Beyonic	-	6/30/2020
Other	Mastercard	Finicity	\$825	6/23/2020
Gateway	Planet	3C Payment	-	6/18/2020
Other	Professional Datasolutions	National Payment Card Association (ZipLine)	-	6/18/2020
Other	Boku	Fortumo Holdings	\$41	6/17/2020



Historical M&A Tracker

Transaction History: February 2020 – June 2020

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
Other	Square	Verse	-	6/15/2020
Other	TAS Group	Infraxis	-	6/10/2020
Other	Infibeam Avenues	Cardpay Technologies	-	6/8/2020
Other	Zip	QuadPay	\$403	6/2/2020
ISO	Base	LucentPay <i>*merchant accounts</i>	-	5/28/2020
Gateway	Checkout.com	Pin Payments	-	5/26/2020
ISO	Ontario Systems	SwervePay	-	5/19/2020
Other	Santander	Ebury	\$453	4/29/2020
Other	Euronet	Dolphin Debit	-	4/28/2020
ISO	Rapyd	Korta	-	4/24/2020
Gateway	Worldline	GoPay	-	4/23/2020
ISV	Gojek	Moka POS	\$130	4/22/2020
ISO	Payroc	Gateway Payments	-	4/22/2020
Gateway	Harbour & Hills	Global Envoi	-	4/8/2020
Other	SoFi	Galileo Financial Technologies	\$1,200	4/7/2020
ISO	Celero Commerce	FlashBanc	-	4/7/2020
ISO	VizyPay	Echo Daily	-	4/2/2020



Historical M&A Tracker

Transaction History: February 2020 – June 2020

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
Other	Brex	Neji	-	3/24/2020
Other	Brex	Compose Labs	-	3/24/2020
Other	Brex	Landria	-	3/24/2020
ISV	Fiserv	Bypass Mobile	-	3/18/2020
Other	Accuity	Apply Financial	-	3/12/2020
ISO	Nets	Polskie ePłatnosci (PeP)	\$439	3/11/2020
Other	InterPayments	SurchX	-	3/6/2020
ISV	Mindbody	ZeeZor	-	3/4/2020
ISO	Fiserv	MerchantPro Express	-	3/3/2020
ISV	RevSpring	Loyale Healthcare	-	3/3/2020
Gateway	Checkout.com	ProcessOut	-	2/26/2020
ISO	Santander	Elavon Mexico	\$85.7	2/24/2020
Other	Intuit	Credit Karma	\$7,100	2/24/2020
Other	LendingClub	Radius Bancorp	\$185	2/18/2020
ISV	Flywire	Simplee	-	2/13/2020
Other	Klarna	Moneymour	-	2/12/2020
ISO	REPAY	Ventanex	\$50	2/10/2020



Headline News

July 20th – July 24th



Chinese Fintech Giant Ant To Go Public In Dual Shanghai-Hong Kong IPO

[CNBC](#) | July 20th, 2020

Chinese fintech firm Ant Group has begun the process of a concurrent initial public offering in Shanghai and Hong Kong. Ant, an affiliate of e-commerce giant Alibaba, said Monday (July 20th) that it would list its shares on both the Shanghai stock exchange's STAR — a Nasdaq-style tech board — and the Hong Kong stock exchange.



eBay's Management of Payments Begins Scaling Globally

[PRNewswire](#) | July 20th, 2020

Starting today (July 20th), eBay will begin expanding its management of payments around the globe. The company embarked on its journey to manage the end-to-end payments process on its marketplace platform in late 2018 and is already seeing success with its rollouts in the U.S. and Germany. Until now, the rollout has been paced by an Operating Agreement with PayPal that governed how quickly eBay could scale its management of payments.



Mastercard Accelerates Crypto Card Partner Program, Making it Easier for Consumers to Hold and Activate Cryptocurrencies

[BusinessWire](#) | July 20th, 2020

Aiding adoption and creating innovative experiences in the crypto space, Mastercard today (July 20th) announced the expansion of its cryptocurrency program, making it simpler and faster for partners to bring secure, compliant payment cards to market. Supercharging the partnership experience, cryptocurrency and crypto card partners are invited to join Mastercard's Accelerate program² for emerging brands and fintechs, giving them access to everything they need to grow quickly.



Partnership Activity

July 20th – July 24th



Shopify announced this week their partnership with Affirm to exclusively power its Shop Pay Installments solution in the United States. Affirm's buy now, pay later checkout solution will be made available to Shopify merchants later this year as a way to provide their customers flexible payment options when purchasing goods at their online store. As buy now, pay later checkout solutions continue to pick up adoption globally, Shopify's deal with Affirm will help accelerate this global trend and drive additional adoption in the United States.



Finastra and Microsoft are teaming up on a multi-year cloud agreement to help further develop their digital financial service offerings. Together, the companies support more than 3,000 banks and financial institutions and aims to continue to drive innovation across the financial sector. Finastra relies on Microsoft Azure, Office 365, and other Microsoft products to build and develop its digital solutions. This expanded partnership will help both companies bring new innovative financial solutions for the years to come.

Other Notable Partnerships:

- **Shopify** is teaming up with the **Canadian Government** to launch Go Digital Canada, a new program that assists SMBs grow their online presence.
- **Western Union** partners with **TrueMoney** for further expansion into the Philippines.
- **ACI Worldwide** extends its partnership with **Three UK** for their fraud management offerings.
- **Stripe** partners with **Notarize** on providing payment processing solution to notary publics.
- **3C Payments** partners with **CyberSource** on payment security for the hospitality and transportation industries.



Management Changes

July 20th – July 24th



Boom Commerce Appoints Former Paysafe CEO O.B. Rawls As Strategic Advisor

Former Paysafe CEO, O.B. Rawls, has been appointed as a Strategic Advisor for Boom Commerce. O.B. Rawls has held numerous roles throughout his 40-year career in the payments industry and is expected to bring key insights to his new role at Boom Commerce as they continue to seek impressive growth.

Date Announced	Company	Personnel	New Position	Previous Position
7/21/2020	BNY Mellon's Pershing	Emily Schlosser	COO	Head of Charge for the Global Markets Division at Goldman Sachs
7/21/2020	Boom Commerce	O.B. Rawls	Strategic Advisor	CEO, Global Payment Processing at Paysafe
7/21/2020	Wells Fargo	Ather Williams III	Head of Strategy, Digital and Innovation	Head of Business Banking at Bank of America
7/21/2020	Wells Fargo	Mike Santomassimo	CFO	CFO at BNY Mellon
7/22/2020	Symphony	Brad Levy	President & Chief Commercial Officer	Partner at IHS Markit



TSG Payments Index

Q1 2011 – Q2 2020

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

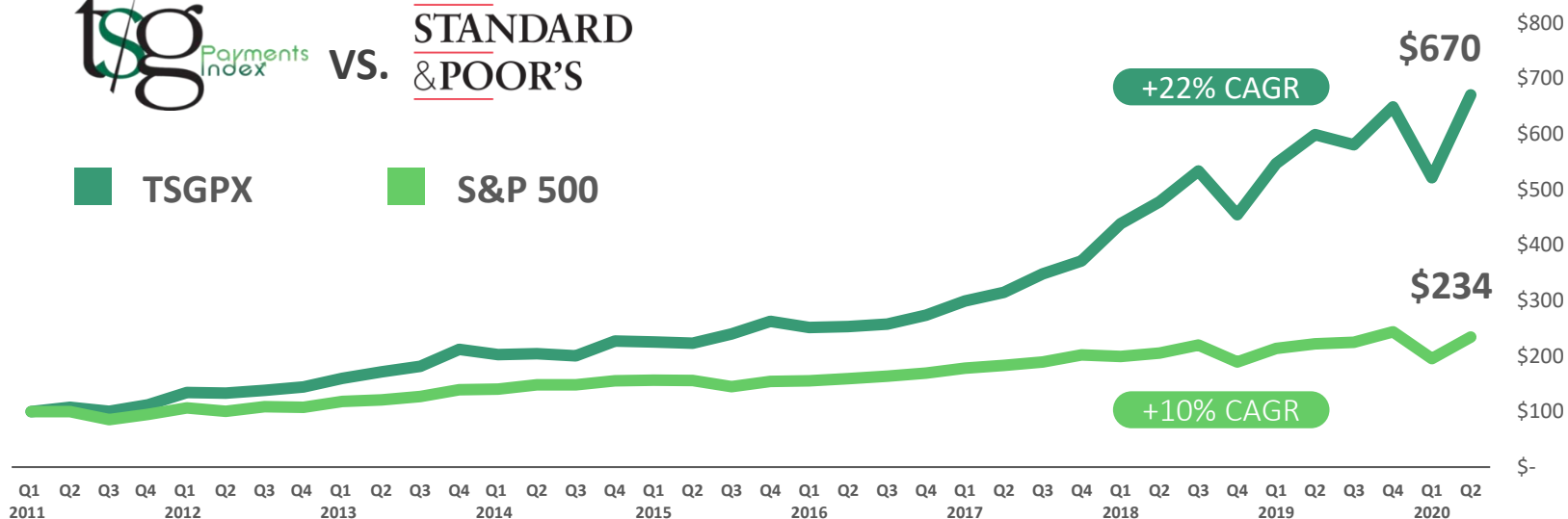


VS.

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 \$670 in Q2 2020, as compared to \$234, if invested in the S&P 500.

On average, payments companies grow at a compounded rate that is 12% 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.

