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THE STRAWHECKER GROUP

TransactionWatch

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

*Week of:
July 27th – July 31st*

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Deal Activity Summary

July 27th – July 31st

This Week's M&A Overview

Table of Contents

- [Deal Activity Summary](#)
- [COVID-19 Industry Impact](#)
- [Payments Monetization](#)
- [Historical M&A Tracker](#)
- [Headline News](#)
- [Partnership Activity](#)
- [Management Changes](#)
- [TSG Payments Index](#)
- [TSG Buy/Sell Services](#)

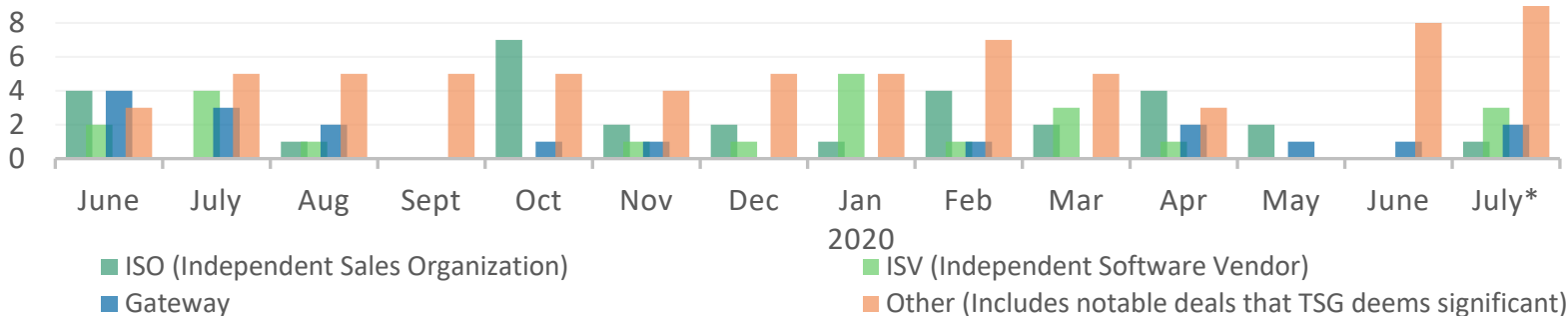
Activity in the merchant acquiring space picked up movement this week as several new deals were announced across different areas of the industry. While the effects of COVID-19 continue to unfold, consumer payment volumes are returning to more normalized levels. Deals across the industry are picking up more traction as buyers and sellers retain a higher level of economic optimism.

At the beginning of this week, Paysafe announced their intentions to acquire Openbucks, a payments gateway that focuses on retail gift card acceptance for online merchants. Many of their current customers operate in the U.S. gaming and eSports space, which complements Paysafe's market focus as they seek to further expand their cash alternative offerings in the U.S. Separately, Network International announced their intended acquisition of DPO Group, a leading online commerce platform in Africa, for a total consideration of \$288 million. This deal aims to accelerate their growth in Africa and broaden their merchant solution offerings in the area.

In other M&A news, Enova announced their intention to acquire online lending provider, OnDeck, in a deal valued at \$90 million. This deal will bring together two complementary businesses, which combined have served seven million customers.

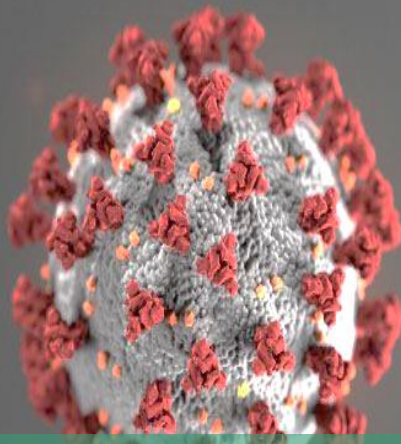
2019-2020 M&A Activity – Year to Date

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

July 27th – July 31st

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.

Q2 GDP: US Economy Contracted By Worst-Ever 32.9% In Q2, Crushed By Coronavirus Lockdowns

[Yahoo Finance](#) | July 30th, 2020

The US economy contracted at the sharpest rate on record in the second quarter this year, affirming fears that the coronavirus pandemic and measures to contain it drove a historic plunge in consumer and business activity.

UK Fintech Funding Slows Amid Pandemic

[Finextra](#) | July 27th, 2020

The first half of 2020 has seen investment in the UK's fintech sector slow by more than a third as venture capitalists (VCs) chose to either keep hold of the money or invest in more established companies amid the global pandemic. Figures released by fintech trade body Innovate Finance showed that UK venture capitalists invested \$1.84bn in the first six months of 2020, a 39% decline on the same period in 2019 which saw more than \$3bn invested in 263 startups.

Visa Remains Profitable Despite Pandemic Hits; eBay Volume Jumps 26%

[Digital Transactions](#) | July 28th, 2020

Visa Inc. reported Tuesday (July 28th) that it managed to make nearly \$2.4 billion in its June-ending quarter despite massive hits to its international volumes and credit card spending caused by the Covid-19 pandemic, and its chief executive also addressed the latest debit card controversy. Separately, online marketplace eBay Inc. reported its volume rose 26% as stay-at-home consumers flocked to its platform for e-commerce purchases.

Study: U.S. Firms Plan to Decrease Cash Holdings Due to Worsening Business Performance

[PR Newswire](#) | July 27th, 2020

The effects of the COVID-19 pandemic is forcing many U.S. businesses to tap into their cash reserves, according to the AFP Corporate Cash Indicators[®], (CCI), a quarterly survey of senior corporate treasury and finance executives.



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: March 2020 – July 2020

Transaction Categories:



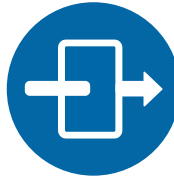
ISO

Independent
Sales Organization



ISV

Independent
Software Vendor



Gateway



Other

Includes notable deals that TSG
deems significant

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
Gateway	CITCON	OPAY	-	7/31/2020
ISV	Trust Payments	Mobilize Systems	-	7/30/2020
Other	Corsair Capital	MSTS	-	7/30/2020
Other	ZenBusiness	Joust	-	7/30/2020
Other	Quadient	YayPay	\$20	7/29/2020
Other	Prove (formerly Payfone)	Early Warning Service's 'Mobile Authentication' Business	-	7/29/2020
ISO	Network International	DPO Group	\$288	7/28/2020
Other	Enova	OnDeck	\$90	7/28/2020
Gateway	Paysafe	Openbucks	-	7/27/2020
Other	REPAY	cPayPlus	\$16	7/23/2020
Other	NewOak Finance	FuturePay	-	7/23/2020



Historical M&A Tracker

Transaction History: March 2020 – July 2020

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



Historical M&A Tracker

Transaction History: March 2020 – July 2020

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
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
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 ePlatnosci (PeP)	\$439	3/11/2020
Other	InterPayments	SurchX	-	3/6/2020
ISV	Mindbody	ZeeZor	-	3/4/2020



Headline News

July 27th – July 31st



Shopify Sales Double as Merchants Forced Into Online Future

[Bloomberg](#) | July 29th, 2020

Shopify Inc. nearly doubled its revenue in the second quarter, crushing analysts' estimates as a flood of merchants moved their businesses online during the coronavirus pandemic. Sales grew 97% to \$714.3 million from the same quarter a year ago, Ottawa-based Shopify said in a statement Wednesday (July 29th). Analysts had expected about \$512 million, according to data compiled by Bloomberg.



Mastercard Offers Concessions In Bid To Gain EU Okay For Nets Deal

[Reuters](#) | July 28th, 2020

Mastercard Inc has offered concessions in an attempt to address EU antitrust concerns about its planned purchase of part of Scandinavian payments group Nets, according to a European Commission filing on Tuesday (July 28th). The U.S. payments group announced a deal last August to acquire three divisions of European rival Nets, covering corporate clearing, instant payments and e-billing.



Wirecard Shares Surge As Investors Offer To Buy Insolvent Payments Company

[PYMNTS](#) | July 27th, 2020

As five dozen suitors with the backing of more than 130 investors have lined up to buy what's left of Wirecard AG, the German payment company's stocks soared by as much as 37.5 percent in Frankfurt on Monday (July 27th) — the steepest gain since June. Michael Jaffe, the company's insolvency administrator, said Wirecard has enough liquidity to keep operating for the time being. The bidding is expected to start next month, and Jaffe said he is confident of finding buyers, Bloomberg News reported.



Partnership Activity

July 27th – July 31st



American Express has extended its global partnership with International Airlines Group (IAG) with a signed multi-year agreement. As part of this renewed partnership, American Express will pay approximately \$955 million to IAG Loyalty as the airline group struggles with the effects of COVID-19 in the travel industry. American Express cardholders will continue to earn rewards points that can go towards buying flights as part of this extended agreement.

JPMORGAN CHASE & CO.

JPMorgan Chase is partnering up with Marqeta on launching digital-only credit cards. Utilizing Marqeta's tokenization solution, JPMorgan Chase is developing a digital offering that will enable instant issuance of virtual cards that can be used for mobile wallets, including Apply Pay and Samsung Pay. JPMorgan hopes to release this new functionality in early 2021.

Other Notable Partnerships:

- **WooCommerce** teams up with **Viva Wallet** on offering a free Pan-European payments gateway solution.
- **Computop** and **Limonetik** sign agreement on jointly providing marketplace payment services in Europe.
- **Galileo Financial** partners with **Plaid** on streamlining the authentication process for its customers.
- **Sezzle** is teaming up with **Plaid** for enhanced control over customer payment data.
- **Mastercard** partners with **Microsoft** on accelerating its Mastercard Labs initiative using Microsoft Azure.
- **ACI Worldwide** partners with **Arvato Financial Solutions** on eCommerce fraud solutions.
- **Visa** and **Moneris Solutions** partner on expanding real-time payment disbursements in Canada.



Management Changes

July 27th – July 31st



The Blackstone Group®

Blackstone Announces The Appointment Of Gene Lockhart As Senior Advisor

Blackstone appoints former Mastercard CEO and President, Gene Lockhart, as a Senior Advisor. Mr. Lockhart will bring valuable financial insight to The Blackstone Group and will focus on Blackstone Growth (BXG) and Blackstone Tactical Opportunities (BTO).

Date Announced	Company	Personnel	New Position	Previous Position
7/27/2020	Allica Bank	Richard Davies	CEO	CEO Banking at Revolut
7/27/2020	Optimized Payments	Fei Hou	Chief Data Scientist	Data Scientist, Student Consultant for the City of Atlanta
7/28/2020	Curve	Scott Weller	CFO	Head of Business Development at PayPal
7/28/2020	Blackstone	Gene Lockhart	Senior Advisor	CEO and President at Mastercard
7/29/2020	Paytm Money	Varun Sridhar	CEO	CEO of FinShell India
7/30/2020	Sezzle	Reid Bork	VP of Enterprise Sales	Senior Director of Global Accounts at PayPal
7/31/2020	Great Hill Partners	Ian Drysdale	Executive In Residence	Principal for Drysdale Advisory



TSG Payments Index

Q1 2011 – Q2 2020

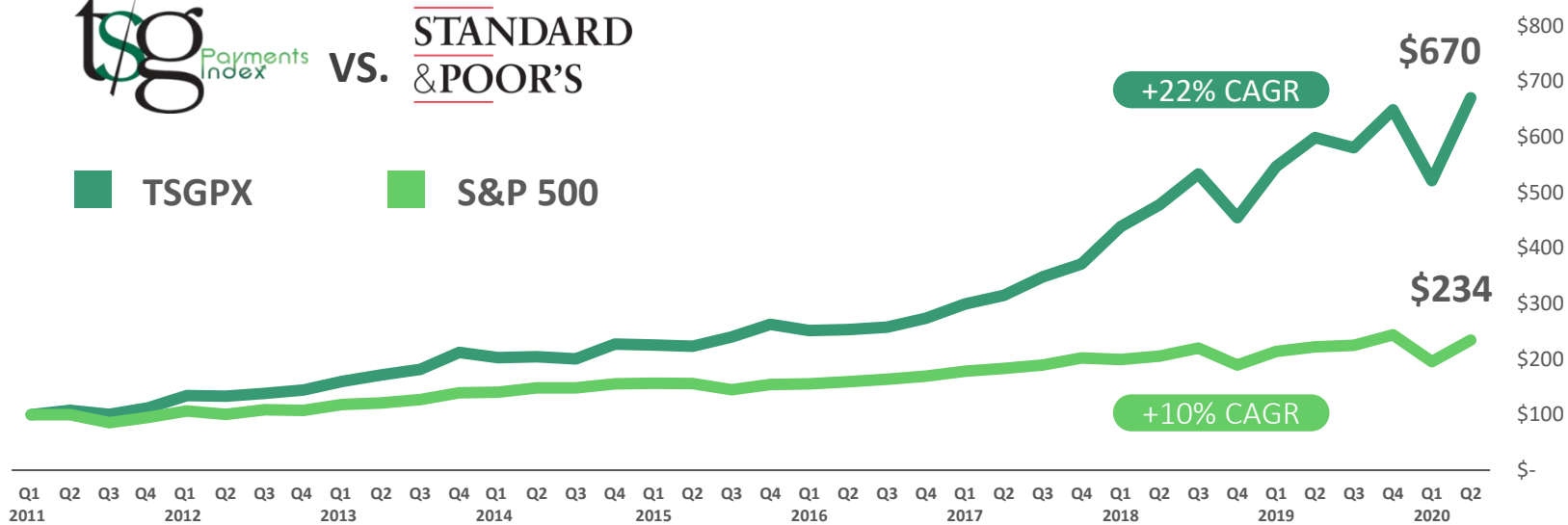
*Drop in value from Q4 2019 to Q1 2020 is attributed to the volatility and uncertainty caused by the ongoing COVID-19 pandemic



VS. STANDARD
& POOR'S

TSGPX

S&P 500



Payments companies have been thriving in recent years and are becoming more valuable and profitable for these companies and their 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

Shift4
PAYMENTS

In its sale to

LIGHTHOUSE
NETWORK

payroc
STABILITY IN PAYMENTS

In the acquisition of

Integrity

CLARUS
MERCHANT SERVICES

In the acquisition of

NAMS

PARTHENON
CAPITAL PARTNERS

In the acquisition of

NXGEN
& **pay**scape®

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.

