

TransactionWatch

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

*Week of:
August 3rd – August 7th*

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Deal Activity Summary

August 3rd – August 7th

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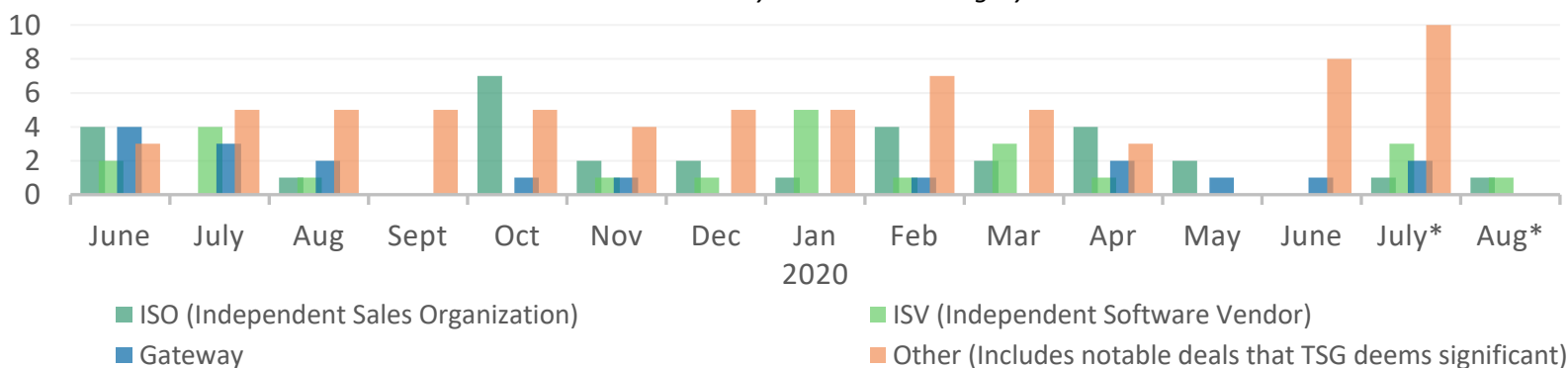
This Week's M&A Overview

Towards the end of July, M&A activity within the merchant acquiring industry saw a big increase in the number of deals announced. Just in the last week of July, approximately ten deals were announced that involved merchant acquiring. While M&A activity remained fairly low throughout the second quarter, largely due to COVID-19, activity is continuing to see an uptick. This was apparent this week with the announcement of Paya and FinTech Acquisition Corp. III, a special purpose acquisition company (SPAC), merger agreement. As part of the merger, Paya will bypass a traditional IPO and become a publicly traded company on the NASDAQ under the ticker symbol PAYA. GTCR, which owns a majority equity in Paya, will remain the company's largest stakeholder. The reflected enterprise value of the combined companies is approximately \$1.3 billion, and the transaction is expected to close in the fourth quarter of this year.

In other M&A news, TouchBistro announced their acquisition of CRM provider, TableUp. Through this acquisition, TouchBistro will fully integrate TableUp's guest management solution into its POS and restaurant management platform.

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

August 3rd – August 7th

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. Coronavirus Fraud Losses Near \$100 Million As COVID Scams Double

[Reuters](#) | August 4th, 2020

U.S. losses from coronavirus-related fraud and identity theft have reached nearly \$100 million since the pandemic emerged in March, while complaints of COVID-19 scams have at least doubled in most states, a consumer protection group said on Tuesday (August 4th).

Fintech Mega-rounds Keep Sector Afloat In Q2, Although Deal Activity Dips

[Finextra](#) | August 6th, 2020

After a pronounced pullback in investor activity during the early days of Covid-19, the fintech funding cycle roared back into life in Q2 2020 as a number of mega rounds came to fruition. The quarterly analysis by research firm CB Insights detected a rebound in fintech funding, although early-stage fintechs continue to suffer and deal activity continued to fall.

Digital Services And Clover Help Fiserv Return to Growth in the Wake of a 'Tumultuous' Covid Impact

[Digital Transactions](#) | August 5th, 2020

It's been an eventful summer so far for Fiserv Inc., which was hammered by the recession caused by the Covid-19 pandemic but in July began to regain its footing, according to top executives who spoke Wednesday (August 5th) afternoon. Revenue for the Brookfield, Wis.-based payments processor dipped 1% in June but began growing again last month, new chief executive Frank Bisignano told equity analysts during a call to discuss the June quarter results. The July uptick follows a quarter in which adjusted revenue slipped 12% year-over-year to \$3.22 billion.

Global Visa Study Finds 67% of Small Businesses and 78% of Consumers Have Adopted New Behaviors to Adjust to COVID-19

[BusinessWire](#) | August 4th, 2020

As small and micro businesses (SMBs) worldwide continue to endure the financial impact of COVID-19, one thing is clear: rethinking the checkout or point-of-sale (POS) experience is essential for survival on Main Street.



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
ISV	TouchBistro	TableUp	-	8/5/2020
ISO	FinTech Acquisition Corp. III	Paya	\$1,300 (Enterprise value)	8/3/2020
Other	Apple	Mobeewave	\$100	7/31/2020
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



Historical M&A Tracker

Transaction History: March 2020 – July 2020

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
Gateway	Paysafe	Openbucks	-	7/27/2020
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
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 *merchant accounts	-	5/28/2020



Historical M&A Tracker

Transaction History: March 2020 – July 2020

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



Headline News

August 3rd – August 7th



Kabbage®

Kabbage Considers a Sale. It's Expected to Seek Up to \$1 Billion.

[Barron's](#) | August 3rd, 2020

Kabbage, the fintech startup that outperformed many large lenders during the Paycheck Protection Program, is weighing a sale, two people familiar with the situation said. The Atlanta company has hired FT Partners after receiving expressions of interest, the people said. Kabbage could sell for \$750 million to \$1 billion, one person said.



Processor Paya Will Go Public Via a So-Called SPAC Merger

[Digital Transactions](#) | August 3rd, 2020

Payments provider Paya Inc. today (August 3rd) announced a merger with special acquisition merger company (SPAC) FinTech Acquisition Corp III. The merger is being consummated as part of Atlanta.-Ga.-based Paya's plans to take the company public. Currently, the company is owned by private-equity firm GTCR LLC. Because Fintech Acquisition is already a publicly traded SPAC or so-called blank-check company, Paya will not undergo an initial public offering once the deal closes. Instead, the combined entity will assume a new legal name and will re-list under a new ticker on the Nasdaq exchange, the company says.



BIGCOMMERCE

Shopify Rival BigCommerce Soars Up To 292% On Debut After \$216M IPO

[Yahoo Finance](#) | August 6th, 2020

BigCommerce Holdings Inc (NASDAQ: BIGC) shares skyrocketed on the first day of trading at Nasdaq Stock Market on Wednesday (August 5th). The Austin, Texas-based company's shares opened at \$68, and soared as much as 292% to \$93.99 in intraday trading, on its debut. Trading had to be halted due to volatility when shares skyrocketed to \$79.40 within three minutes of open, and another time when the stock surged to \$91.80 a share, Business Insider reported.



Partnership Activity

August 3rd – August 7th



Global Payments announced this week that their Issuer Solutions business, TSYS, has expanded upon its multi-year agreement with TD Bank Group. Under this agreement, TSYS will continue to provide processing and support services for TD Bank and their customers and commercial card portfolios. TD Bank has been utilizing TSYS' payments processing platform for the past 15 years. In addition, Global Payments also announced a multi-year strategic partnership with Amazon Web Services (AWS). As part of this agreement, AWS will support Global Payments' core issuing platform for financial institutions.



Lightspeed POS announced this week their launch of Lightspeed Capital for U.S. customers. Lightspeed Capital is powered by Stripe and offers U.S.-based merchants financing options up to \$50,000 per retail location. Lightspeed Capital works as a merchant cash advance program, which takes a percentage of a merchant's daily sales and automatically applies it to the borrowed amount.

Other Notable Partnerships:

- **Finexio** partners with **Billtrust** on growing its supplier network and enabling faster payment services.
- **Bank of Abyssinia** teams up with **Visa** on launching an eCommerce acquiring service in Ethiopia.
- **Jobber** partners with **Stripe** on offering financing services to its North American customers.
- **Everlink** signs multi-year extension with **Interac Corp.** for tokenization support.
- **eBay** partners with **LendingPoint** to provide U.S. sellers funding options.
- **Bill.com** extends partnership with **Intuit QuickBooks** for their integration into QuickBooks Online Advanced.
- **Mastercard** and **ANNA Money** have extended their partnership which will support ANNA's customers with additional payment services.
- **Visa** signs a multi-year global strategic partnership with **9Spokes** on providing 9Spokes services to its network of clients.



Management Changes

August 3rd – August 7th



stripe

Stripe Hires Former AWS VP, Mike Clayville, As Their New Chief Revenue Officer

Stripe announced this week their appointment of Mike Clayville as the company's new Chief Revenue Officer. Mr. Clayville comes to Stripe from Amazon Web Services (AWS) where he served as Vice President – Worldwide Commercial Sales and Business Development.

Date Announced	Company	Personnel	New Position	Previous Position
8/4/2020	Punchey Inc.	Mark Tavenner	<i>CFO</i>	Current Managing Partner at Domestic Real Estate Asset Management LLC
8/4/2020	Authvia	Will Broadlick	<i>VP of Strategic Partnerships</i>	Director of Product Management at Merchant eSolutions
8/5/2020	Stripe	Mike Clayville	<i>Chief Revenue Officer</i>	VP of Worldwide Commercial Sales and Business Development at AWS
8/6/2020	BlueSnap	Jason Green	<i>Global Sales Team Lead</i>	Sales Lead for the Integrated Division at Global Payments/TSYS
8/6/2020	PayPal Ventures	Peggy Mangot	<i>Operating Partner</i>	Senior VP at Wells Fargo
8/6/2020	Linked2pay	Bill Lodes	<i>Chief Revenue Officer</i>	Executive VP of Business Development and Strategy at First American Payment Systems



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

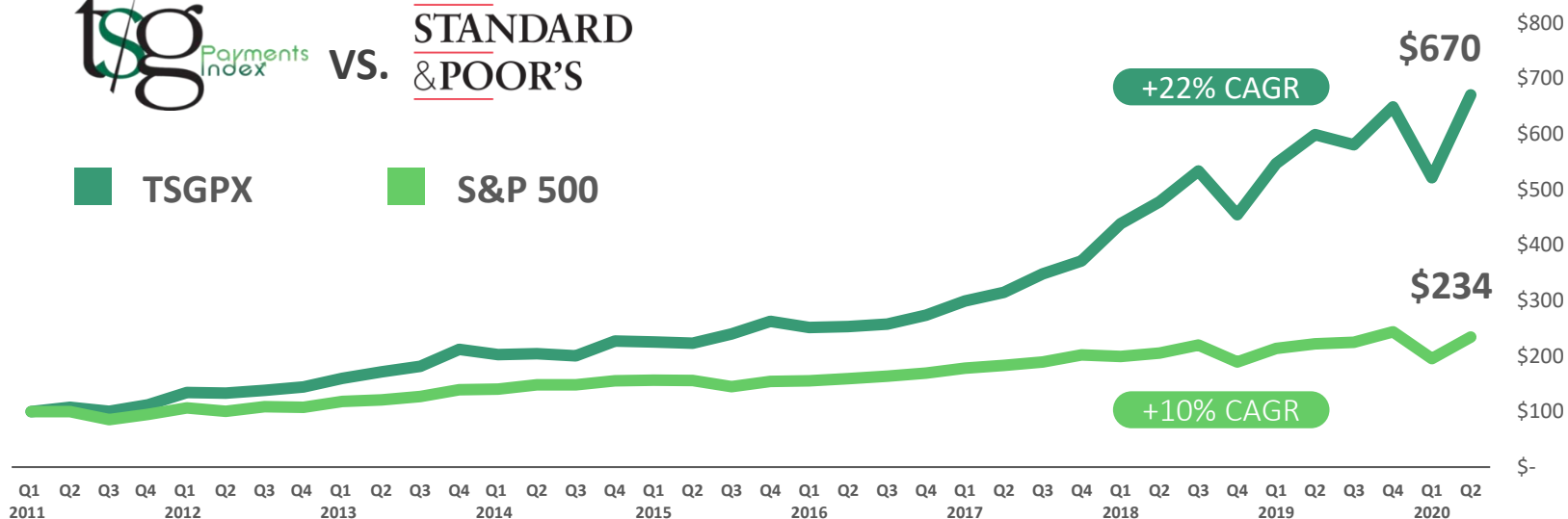


VS.

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.

