

TransactionWatch

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

*Week of:
September 7th – September 11th*

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Deal Activity Summary

September 7th – September 11th

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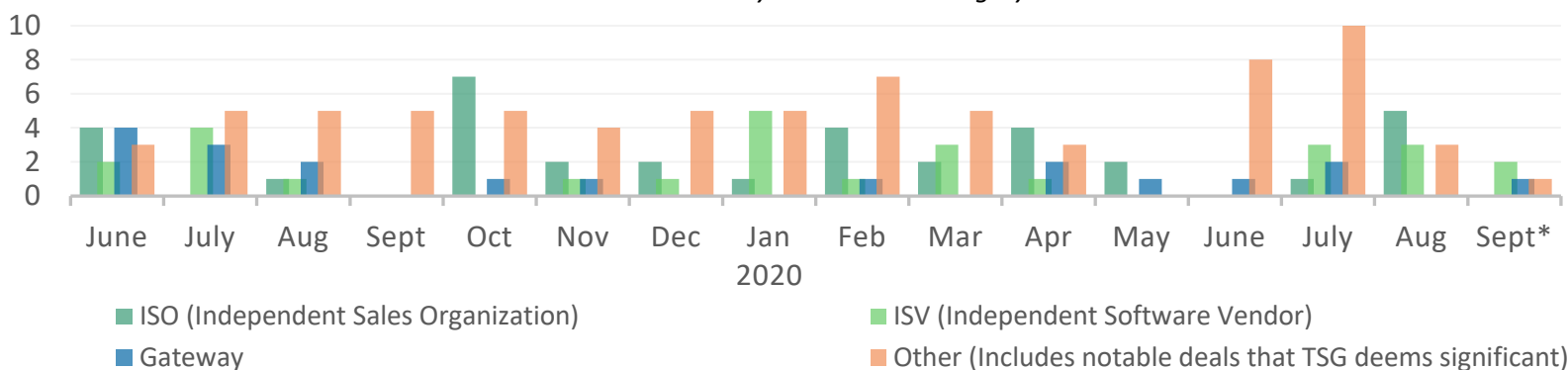
This Week's M&A Overview

The growth of the eCommerce market brought on by COVID-19 has attracted various buyers in recent months as consumers further transition into online shopping. This week 2Checkout, a growing online payment provider, announced they have been acquired by Verifone. This acquisition helps expand Verifone's presence in the eCommerce marketplace and further diversifies their offerings. Verifone is a large player in the payment hardware market through the development of card terminals, however, this area has been largely affected by COVID-19 and the shift in online shopping. Verifone's global network and established payment technology will further transform 2Checkout's payment offerings and increase their presence internationally.

In other M&A news, North American Bancard (NAB) announced their acquisition of hospitality ISV, Salido. This acquisition embarks the growing trend of payment providers increasing their market reach through software providers. Salido, who specifically focuses on the restaurant industry, is aiming to further enhance the payment technologies on their platform with the assistance of NAB's payment experience and technology.

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

September 7th – September 11th

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.

US Jobless Claims Hold Steady At 884K

[PYMNTS](#) | September 10th, 2020

First-time jobless claims held steady last week, the U.S. Department of Labor (DOL) reported on Thursday (September 10th). For the week ending Sept. 5th, the advance figure for seasonally adjusted initial claims was 884,000, unchanged from the previous week's revised level. The previous week's level was revised up by 3,000 from 881,000 to 884,000.

Shift4 Payments: Merchant Transaction Volume Finds Momentum Throughout Summer

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

Shift4 Payments (NYSE: FOUR), the leader in integrated payment processing solutions, has revealed that merchant transaction volume in the United States climbed throughout July and August as states endeavored to slow the spread of the novel coronavirus. In the fourth of a series of updates since the COVID-19 pandemic began to impact the United States, Shift4's transaction data suggests that businesses continued to find momentum in the summer months even as they grappled with the new reality of capacity restrictions and social distancing guidelines.

Shopify, Suddenly Worth \$117 Billion, Is One of the Biggest Pandemic Winners

[The Wall Street Journal](#) | September 2nd, 2020

The coronavirus pandemic has forced many small businesses to finally open online stores—and turned e-commerce software provider Shopify Inc. into one of the biggest winners of the retail shakeout. When Troy Geddes had to close his doors in March, he knew that after 23 years in business he would have to go online to survive. In April, he launched a web version of Comicopolis, his comic-book and game store in Santa Cruz, Calif. Millions of small businesses have had to adapt to a world where online sales abruptly jumped to levels that weren't expected for years. U.S. e-commerce sales surged 37% to \$200 billion in the second quarter, according to the Commerce Department.



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: May 2020 – August 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	North American Bancard	Salido	-	9/10/2020
Gateway	Verifone	2Checkout	-	9/8/2020
Other	Cornerstone Brands	FXPress Payments	-	9/1/2020
ISV	MRI Software	RentPayment	-	9/1/2020
ISO	Railbank	Wirecard U.K. (Wirecard Card Solutions)	-	8/28/2020
Other	WorldRemit	Sendwave	~\$500	8/25/2020
ISV	Mastercard	IfOnly	-	8/24/2020
Other	Afterpay	Pagantis SAU & PMT Technology	~\$59	8/24/2020
ISO	PagSeguro Digital	Wirecard Brazil	-	8/21/2020
Other	American Express	Kabbage	-	8/17/2020
ISO	Fortis Payment Systems	Blue Dog Business Services	-	8/11/2020



Historical M&A Tracker

Transaction History: May 2020 – August 2020

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
ISV	SpotOn	Seatninja	-	8/11/2020
ISO	Payroc	Strategic Payment Systems	-	8/10/2020
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
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



Historical M&A Tracker

Transaction History: May 2020 – August 2020

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



Headline News

September 7th – September 11th

Worldline

UPDATE 1-Worldline Offers EU Concessions Over \$9.2 Billion Ingenico Deal

[Reuters](#) | [September 10th, 2020](#)

French payments company Worldline has offered concessions in a bid to gain EU antitrust approval for its 7.8-billion-euro (\$9.2 billion) acquisition of rival Ingenico, a European Commission filing showed on Thursday (September 10th). The move by Worldline, once part of Atos, could help it stave off a full-scale, four-month investigation by the EU competition enforcer.



lightspeed

Lightspeed Announces Initial Public Offering in the United States

[PRNewswire](#) | [September 9th, 2020](#)

Lightspeed POS Inc. today (September 9th) announced the launch of a marketed public offering of Lightspeed's subordinate voting shares in the United States and Canada, representing Lightspeed's initial public offering in the United States. In connection with the initial public offering in the United States, Lightspeed has filed an application to list its subordinate voting shares on the New York Stock Exchange (the "NYSE") under the ticker "LSPD". Trading of Lightspeed's subordinate voting shares is expected to commence on the NYSE following pricing of the offering.

Klarna®

Exclusive: Klarna Talks To Investors On Raising Funds At Over \$10 Billion Valuation: Sources

[Reuters](#) | [September 8th, 2020](#)

Swedish payments firm Klarna is in talks with investors for a new round of funding which would value it at more than \$10 billion, three sources said, as it attempts to expand its business in the United States. At that valuation, Klarna, whose service allows shoppers to buy online through its merchant partners and settle their dues in instalments using its "buy now, pay later" (BNPL), would nearly double its previous peak of \$5.5 billion in August 2019.



Partnership Activity

September 7th – September 11th



Square and Mastercard are teaming up with the Falkland Islands' government on bringing electronic payments to the region. Together, small and medium sized businesses in the area can begin to accept card payments and other digital transactions using Square and Mastercard's technology and infrastructure. This region has largely been cash-only due to banking and compliance issues. Although, the newly formed partnership among the three groups will provide easier access for card transaction acceptance and issuance for businesses and consumers.



Fiserv is utilizing its partnership with QuadPay on providing retailers installment payment options at checkout. One of the first retailers to take advantage of this partnership is Fanatics, who will utilize Fiserv's relationship with QuadPay on providing customers the option to pay in installments rather than all at once. Fiserv is seeking to increase the growth of its installment payment offering as more businesses and consumers begin to use buy now, pay later options.

Other Notable Partnerships:

- **Jifiti** partners with **Mastercard** on growing its point of sale installment payment offerings.
- **Paysend** expands into the U.S. through a partnership with **Central Payments**.
- **Azimo** teams up with **Alipay** on providing money transfer services to China.
- **Visa** and **PayPal** extend their real-time payments partnership which enables consumers and SMBs to send and receive money in real-time on PayPal's Instant Transfer service.
- **Mastercard** and **PFS** are teaming up with the **Government of Jersey** on developing a card-based stimulus scheme.
- **Payroc** partners with **NMI** on providing additional support for their Canadian Integrated Payments Platform, Caledon.



Management Changes

September 7th – September 11th



American Express Picks Up Wells Fargo's Colleen Taylor To Lead U.S. Merchant Services Business

American Express has picked up Colleen Taylor to serve as the company's newly created position of President of U.S. Merchant Services. Taylor recently served as EVP, Head of Merchant Services at Wells Fargo and has held other executive roles at Mastercard, Capital One, and JPMorgan Chase.

Date Announced	Company	Personnel	New Position	Previous Position
9/7/2020	TerraPay	Ron Vollebregt	<i>Chairman of the Board of Directors</i>	Current CFO of FoodVentures
9/8/2020	GoCardless	Even Walser	<i>Chief Revenue Officer</i>	Chief Revenue Officer of Decibel Insight
9/9/2020	Bill.com	Tom Clayton	<i>Chief Revenue Officer</i>	VP Global Trade Business at Houzz
9/10/2020	American Express	Colleen Taylor	<i>President of Merchant Services</i>	EVP, Head of Merchant Services at Wells Fargo
9/10/2020	USA Technologies	Fernando Lopez	<i>VP of Business Development</i>	VP and General Manager at Verifone



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

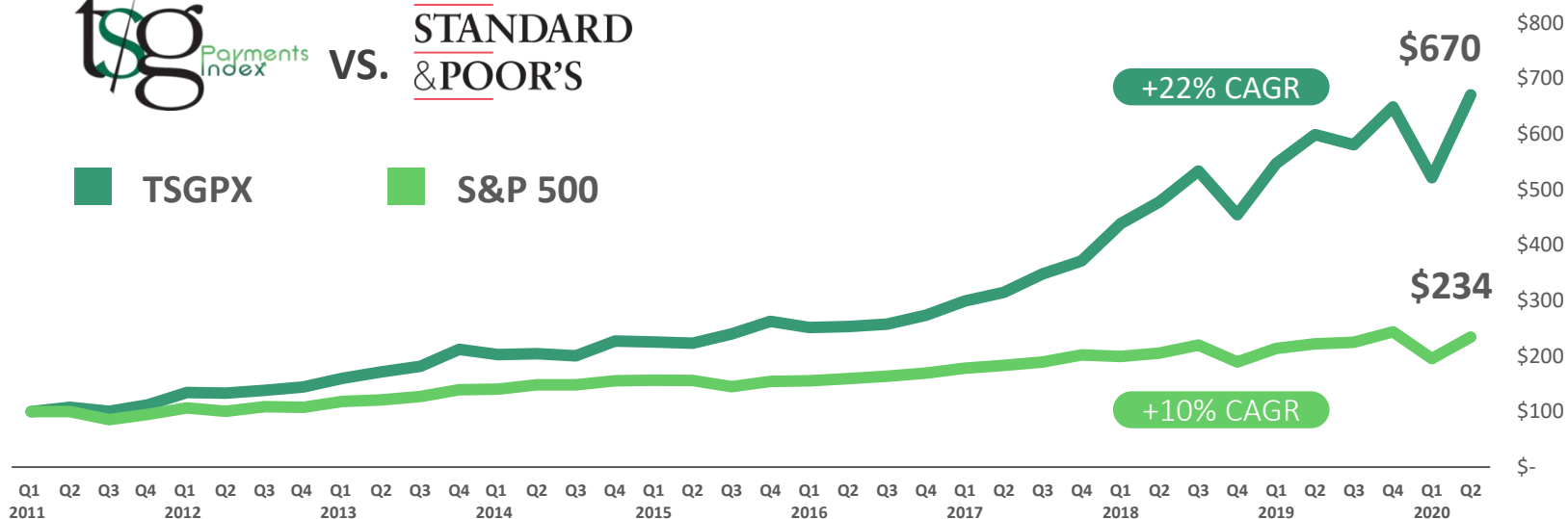


VS.

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.

