

# TransactionWatch

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

*Week of:*

*September 21<sup>st</sup> – September 25<sup>th</sup>*

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# Deal Activity Summary

September 21<sup>st</sup> – September 25<sup>th</sup>

## This Week's M&A Overview

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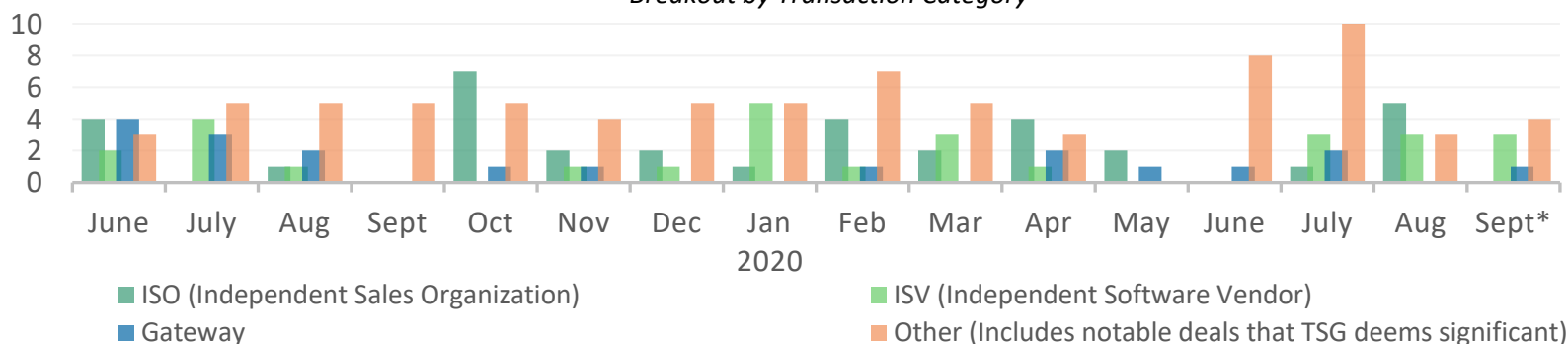
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Driving growth through ISVs was paramount this week as merchant acquirers continue to keep an eye on growing software providers in lucrative markets. Paya announced this Monday (Sept. 21<sup>st</sup>) their acquisition of The Payment Group (TPG), a provider of integrated payment solutions for municipal and government ISVs. As part of the acquisition, Paya will integrate TPG's online billing and software applications into Paya Connect. This deal marks Paya's second acquisition in the government and utility payments space and adds TPS's more than 600 municipal courts and utilities to its portfolio. In addition, this deal comes on the heels of Paya's intended merger with FinTech Acquisition Corp., which is expected to close in Q4 and will enlist the combined company on the NASDAQ.

In separate M&A news, Clearent has acquired field-service management ISV, Wintac, from Davisware LLC for an undisclosed sum. As part of this acquisition, Wintac will be integrated into Clearent's FieldEdge solution, a wholly owned subsidiary of the company. With this acquisition of Wintac, Clearent aims to increase their presence in the mechanical contractor/field-services industry by further growing its FieldEdge solution through the added integration of Wintac.

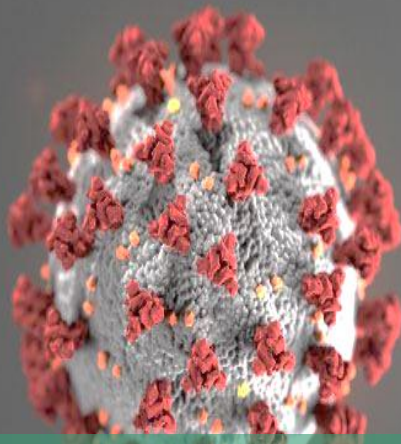
### 2019-2020 M&A Activity – Year to Date

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 21<sup>st</sup> – September 25<sup>th</sup>

**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.**

## **How Consumers Struggling with Covid-19's Impact Have Paid—Or Not Paid—Their Bills**

[Digital Transactions](#) | September 22<sup>nd</sup>, 2020

*The impact of the economic downturn sparked by the coronavirus pandemic has affected payments of all sorts, but perhaps none so much as consumer bill payments. Indeed, some 56% of consumers said it was harder to pay bills because they'd lost their jobs or had sustained a reduction in income, according to a second-quarter survey conducted by Aite Group, a Boston-based financial-services research firm that talked to 3,039 consumers. Aite released its report, commissioned by BillGO Inc., Tuesday (Sept. 22<sup>nd</sup>).*

## **Fed's Rosengren Says U.S. Could Face A Credit Crunch By Year End If Virus Worsens**

[Reuters](#) | September 23<sup>rd</sup>, 2020

*The U.S. economy could face more foreclosures and business bankruptcies in the fall and winter if there is a rise in infections and no additional fiscal aid, conditions that could make it harder for consumers and businesses to access credit, Boston Federal Reserve President Eric Rosengren said on Wednesday (Sept. 23<sup>rd</sup>). Community and regional banks could especially come under stress if there is a rise in delinquencies in commercial real estate loans as businesses struggle to stay in operation, Rosengren said.*

## **Another 870,000 Americans File Jobless Claims**

[PYMNTS](#) | September 24<sup>th</sup>, 2020

*The U.S. Department of Labor (DOL) reported on Thursday (Sept. 24<sup>th</sup>) that the number of Americans who filed for jobless claims in the week ended Sept. 19 increased to 870,000 -- higher than analysts' predictions -- in another sign that the nation's recovery is uneven. That's up 4,000 from the previous week's revised level of 866,000, which the Labor Department originally reported at 860,000. While the latest numbers represent the fourth consecutive week filers were below 1 million, the number of Americans filing for unemployment insurance remains historically high.*





## 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](mailto: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
Other	Paya	The Payment Group	-	9/21/2020
ISV	Clearent	Wintac	-	9/23/2020
Other	Fleetcor	AFEX	-	9/17/2020
Other	Payroc	Blackline Partners (dba eConduit)	-	9/15/2020
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



# Historical M&A Tracker

Transaction History: May 2020 – August 2020

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





# Historical M&A Tracker

Transaction History: May 2020 – August 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



## Headline News

September 21<sup>st</sup> – September 25<sup>th</sup>



### **Novacap Portfolio Company Nuvei Corporation Completes US\$833 Million Initial Public Offering and Concurrent Private Placement**

[PR Newswire](#) | [September 22<sup>nd</sup>, 2020](#)

Novacap, one of Canada's leading private equity firms, announced today (Sept. 22<sup>nd</sup>) that portfolio company Nuvei Corporation (TSX: NVEI), a global payment technology provider, closed its US\$833 million initial public offering on the Toronto Stock Exchange and concurrent private placement. According to the TSX, at its offering price, Nuvei's IPO represents the largest technology IPO by both equity capital raised and market capitalization at the time of listing in TSX history.



### **Mastercard Expands its Digital First Card Program Amid Growing Demand for Digitally Driven Money Management Solutions**

[BusinessWire](#) | [September 23<sup>rd</sup>, 2020](#)

Directly addressing today's generation, who does everything – from ordering meals to scheduling doctor's appointments – on their mobile phones or online, Mastercard today (Sept. 23<sup>rd</sup>) announced the expansion of its Digital First Card Program in North America. Mastercard is partnering with payment processors including CoreCard, FIS, Fiserv, Galileo, i2c, Marqeta, PTS and TSYS, a Global Payments Company, to provide them with the foundational digital guidelines that will enable consumers to experience a best-in-class digital banking experience.



### **Intuit Launches Omnichannel Sales Platform QuickBooks Commerce**

[BusinessWire](#) | [September 23<sup>rd</sup>, 2020](#)

Today (Sept. 23<sup>rd</sup>), Intuit launched QuickBooks Commerce, a business management platform to help small businesses attract and sell to new customers across multiple channels and ultimately grow their business. QuickBooks Commerce is the central hub that small businesses have been looking for — where they can access multiple sales channels, integrate existing ones, manage orders and fulfillment, sync inventory across online and offline channels, avoid stockouts and get profitability insights.





## Partnership Activity

September 21<sup>st</sup> – September 25<sup>th</sup>



Salesforce announced they are teaming up with Stripe to power their Commerce Cloud Payments solution. This partnership with Salesforce provides Stripe with a significant increase in processing volume for their platform. With the addition of Salesforce's Commerce Cloud Payments, Stripe will be the primary processor for thousands of additional merchants. Furthermore, this partnership adds another category leader (companies that process more than \$1 billion annually) to Stripe's growing client base.



FIS is partnering with The Clearing House on bringing real-time payment processing and settlement to small-to-medium sized banks and credit unions. Through this partnership, clients of FIS who use their core banking systems will be enabled to initiate and receive real-time payments by connecting to the RTP network built by The Clearing House.

### Other Notable Partnerships:

- **Ebanx** has partnered with **PayPal** on integrating PayPal's digital wallet into Ebanx's solution in Brazil.
- **River Valley Community Bank** has selected **NCR** on enhances the bank's digital capabilities and self-service options.
- **Google Pay** is collaborating with **Visa** on rolling out tokenization for debit and credit cards made using the digital wallet.
- **Priority Technology** is partnering with **Behalf Inc.** on providing its client base merchant financing options through Behalf at checkout.
- **Stripe** and **Mailchimp** have partnered on offering Mailchimp users the ability to add a buy button on their website.
- **PayPal** and **Mastercard** expand their PayPal Business Debit Mastercard program to include an additional five new European countries.
- **Computop** further expands into Central and Eastern Europe through a partnership with **Raiffeisen Bank**.



# Management Changes

September 21<sup>st</sup> – September 25<sup>th</sup>



**adyen**

## Adyen Co-Founder and Chief Technology Officer To Step Down From Management At The Start Of 2021

Adyen announced this week that Arnout Schuijff, the company's co-founder and Chief Technology Officer, will step down from his management role effective January 1<sup>st</sup>, 2021. Arnout co-founded the company in 2006 with Pieter van der Does and was a key player in Adyen's impressive growth and development.

Date Announced	Company	Personnel	New Position	Previous Position
9/23/2020	Coinbase	Shilpa Dhar	VP of Produce	Head of Product at Venmo
9/23/2020	Coinbase	Ravi Byakod	VP of Engineering	Head of Commerce Engineering, CloudTech at Adobe
9/23/2020	DTCC	Lisa Hershey	Managing Director and Chief Compliance Officer	Managing Director and Head of Operational Risk Management at DTCC
9/24/2020	Adyen	Arnout Schuijff	Stepping down from management board effective January 1 <sup>st</sup> , 2021	Chief Technology Officer



# 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

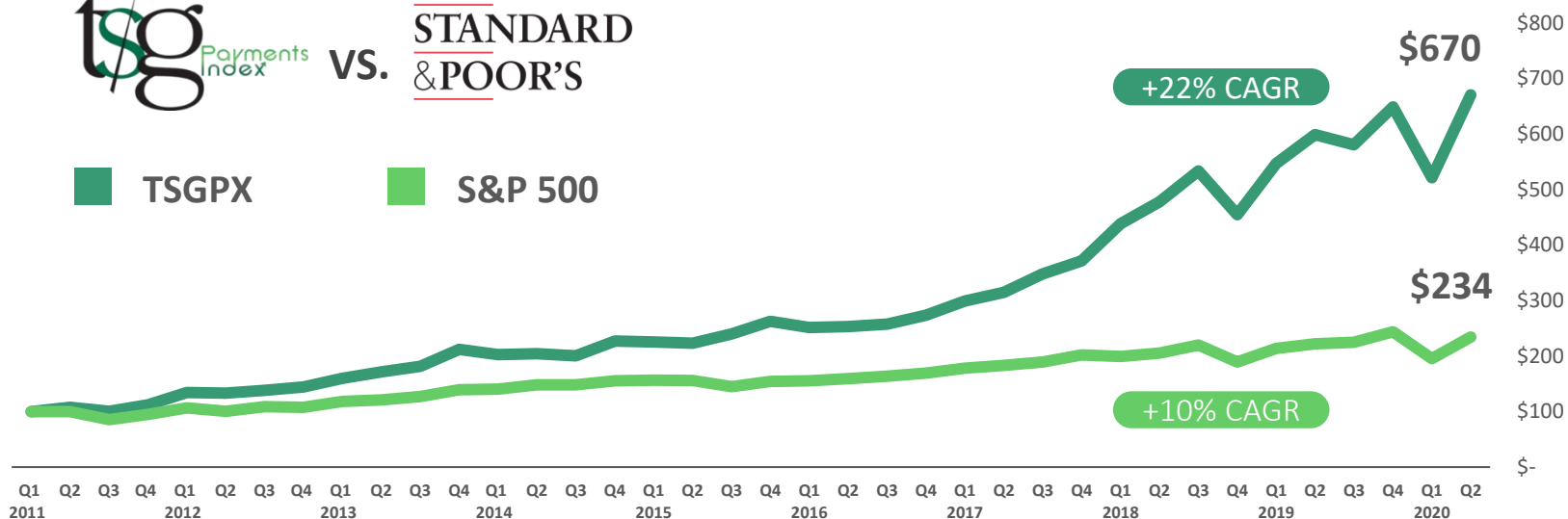


VS.

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.

