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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:

August 31st – September 4th

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Deal Activity Summary

August 31st – September 4th

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](#)

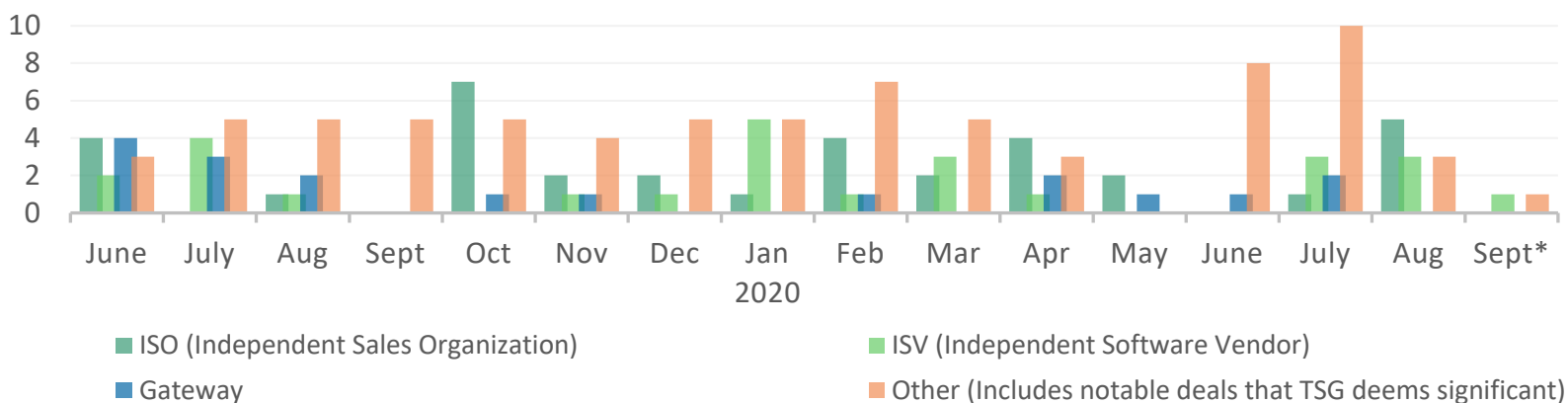
This Week's M&A Overview

The dismantling of Wirecard continued this week with the sale of its Communication Services unit to IDnow. While this unit does not play a direct role in payments, it further suggests that assets of Wirecard will continue to sell off. It is also reported that ongoing conversations for Wirecard North America are still taking place with potential buyers. Separately, Cornerstone Brands announced their intentions to acquire FXPress Payments, which provides a proprietary foreign exchange and payments platform, for an undisclosed sum. As part of the deal, Cornerstone's existing business will be sold off following the completion of the acquisition.

In other M&A news, MRI Software has agreed to acquire the RentPayments business from Priority Technology, who has owned the business for roughly 18 months when it acquired the business from Yapstone. Following the acquisition, Priority will continue to provide its payments infrastructure and processing services to the platform.

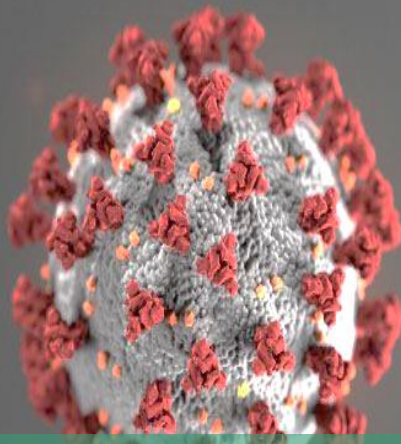
2019-2020 M&A Activity – Year to Date

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 31st – September 4th

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.

For August, Online Spending Remained Strong While Small-Business Traffic Softened Slightly

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

Online sales in August were 34% higher this year than last, says Signifyd's Pulse Report for E-Commerce, while small-business sales through August remained steady, finds the latest CardFlight Small Business Report. San Jose, Calif.-based Signifyd Inc., a fraud-prevention company focused on e-commerce, says overall online sales growth reflects the fact that some categories had very high sales and others were below average.

US Weekly Jobless Claims Drop To 881,000, Lowest Level Since Pre-Pandemic

[PYMNTS](#) | [September 3rd, 2020](#)

The number of Americans who filed for jobless claims fell to its the lowest number since the pandemic began in March, better than analysts' expectations, according to the latest data from the U.S. Department of Labor (DOL) on Thursday (September 3rd). For the week ending August 29th, the advance figure for seasonally adjusted initial claims was 881,000, a decrease of 130,000 from the previous week's revised level.

Cash App's Surge During Covid-19 Pandemic Fuels Square Stock

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

Square Inc.'s Cash App looks a lot like a bank—digitally storing and transferring money for users. Investors don't seem to mind. Square shares have rallied 28% in the past month and are up 166% since the start of the year, while bank stocks have fallen sharply. The run-up is mostly due to the popularity of its Cash App offering, which lets consumers send money to one another via smartphone, purchase things with a prepaid debit card and invest in bitcoin and slices of individual stocks, analysts and investors said.

Pandemic Accelerates Tech Revolution In Retail

[Finextra](#) | [September 3rd, 2020](#)

The boom in online shopping during the coronavirus pandemic has seen more than one in seven UK retailers (15%) create roles specifically to cater to an increase in digital sales and boost online capacity, according to a study of over 300 senior retail executives conducted by Barclays Corporate Banking.



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@thestrawgroup.com



Historical M&A Tracker

Transaction History: May 2020 – August 2020

Transaction Categories:



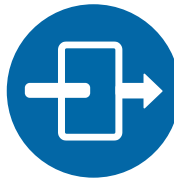
ISO

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	Cornerstone Brands	FXPress Payments	-	9/1/2020
ISV	MRI Software	RentPayment	-	9/1/2020
ISO	Railsbank	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
ISV	SpotOn	Seatninja	-	8/11/2020
ISO	Payroc	Strategic Payment Systems	-	8/10/2020



Historical M&A Tracker

Transaction History: May 2020 – August 2020

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
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



Historical M&A Tracker

Transaction History: May 2020 – August 2020

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
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
Other	Euronet	Dolphin Debit	-	4/28/2020
ISO	Rapyd	Korta	-	4/24/2020
Gateway	Worldline	GoPay	-	4/23/2020



Headline News

August 31st – September 4th

nuvei

Payment Tech Firm Nuvei Files For IPO In Canada

[Reuters](#) | [September 1st, 2020](#)

Montreal-based payment technology firm Nuvei Corp said on Tuesday (September 1st) it had filed for an initial public offering with Canadian securities regulators. Nuvei was valued at \$2 billion at the end of last year. Bloomberg, citing sources, reported last month that the company is preparing to file for an IPO in the United States also in September.

PayPal

PayPal Enters Installment Loan Business Targeting Fintechs Affirm And Afterpay

[Forbes](#) | [August 31st, 2020](#)

Point of sale financing—the modern layaway that lets you pay for a new TV or dress in four installments instead of putting it on your credit card—has been rising steeply in popularity over the past two years, and the pandemic is propelling it to new heights. Australian company Afterpay, whose entire business is staked on the scheme, has sailed from a market valuation of \$1 billion in 2018 to \$18 billion today. Eight-year-old San Francisco startup Affirm is rumored to be planning an IPO that could fetch \$10 billion. Now PayPal is cramming into the space.

fiserv.

"Alexa, Pay for Gas" Goes Live Nationwide

[Yahoo! Finance](#) | [September 1st, 2020](#)

Fiserv, Inc., a leading global provider of payments and financial services technology solutions, alongside Amazon and ExxonMobil, announced today that "Alexa, pay for gas" is now live at more than 11,500 Exxon and Mobil stations in the United States. Beginning today (September 1st), consumers with Alexa-enabled vehicles, devices like Echo Auto, or the Alexa app on smartphones can simply say, pay and be on their way when they fuel up at an Exxon or Mobil station.



Partnership Activity

August 31st – September 4th



Global Payments and its TSYS Issuer Solutions business has renewed its agreement with Wells Fargo this week. This expanded partnership with TSYS, which initially began in 1995, provides Wells Fargo with a range of processing and support services for their commercial card portfolio. This multi-year agreement helps maintain TSYS's strong portfolio as Wells Fargo remains the fourth largest bank in the U.S.



Mastercard has teamed up with TSYS on providing its issuing clients the ability to offer installment payment options. The partnership enables Mastercard customers to pay for goods and services in installments either before, during, or after the checkout process. Installment payment players have rapidly emerged into the global market in recent years, and Mastercard's new partnership with TSYS suggests that the company is better positioning itself for increased acceptance in this space.

Other Notable Partnerships:

- **QuadPay** teams up with **Mastercard's Vyze** to expand its installment payment option for online and instore retailers.
- **REPAY** partners with **CU*Answers** on providing credit unions with ACH and card processing capabilities.
- **Chase** partners with **Mastercard** on the roll out of its Freedom Flex credit card.
- **Emburse** is partnering with **Mastercard** and **Amazon Business** on offering business expense automation services.
- **ACI Worldwide** teams up with **Capsys** and **T-Systems** on providing real-time payment services in Hungary.
- **FIS** signs long term agreement with **Caceis** on providing its Open Payment Framework to the firm.
- **Vipps** forms a strategic partnership with **Visa** on expanding internationally outside of its home country of Norway.



Management Changes

August 31st – September 4th



Lightspeed POS Appoints A New Member To Its Board Of Directors

Lightspeed announced this week the appointment of Merline Saintil to its Board of Directors. Saintil brings years of experience to the Lightspeed team. Most notably, Saintil has served as Head of Operations, Product, and Technology at Intuit Inc. She has also held positions at Yahoo, PayPal, Joyent, and more.

Date Announced	Company	Personnel	New Position	Previous Position
8/31/2020	Usio Inc.	Ernesto Beyer	<i>Board Member</i>	Currently serves as Latin America Market Manager of Xcoal Energy & Resources
8/31/2020	Spredly	Lee Kirkpatrick	<i>Board Member</i>	CFO at Twilio Inc.
9/1/2020	Paysafe	Jeffry Beene	<i>SVP, Merchant Risk</i>	VP of Risk, Underwriting and Compliance at Talus Pay
9/2/2020	ACI Worldwide	Tony Dinkins	<i>Chief Human Resources Officer</i>	Chief Human Resource Officer at Fiesta Restaurant Group
9/3/2020	Lightspeed POS	Merline Sainil	<i>Board Member</i>	Head of Operations, Product, and Technology at Intuit



TSG Payments Index

Q1 2011 – Q2 2020

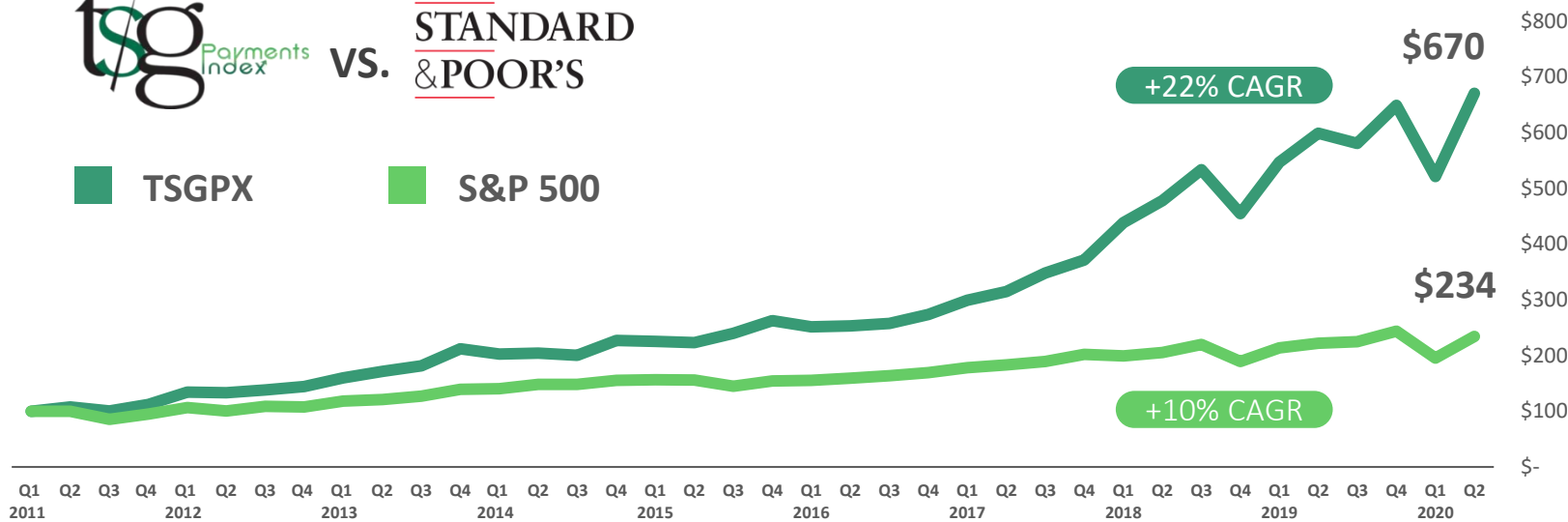
*Drop in value from Q4 2019 to Q1 2020 is attributed to the volatility and uncertainty caused by the ongoing COVID-19 pandemic



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



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.

