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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:
March 30th – April 3rd*

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Deal Activity Summary

March 30th – April 3rd

This Week's M&A Overview

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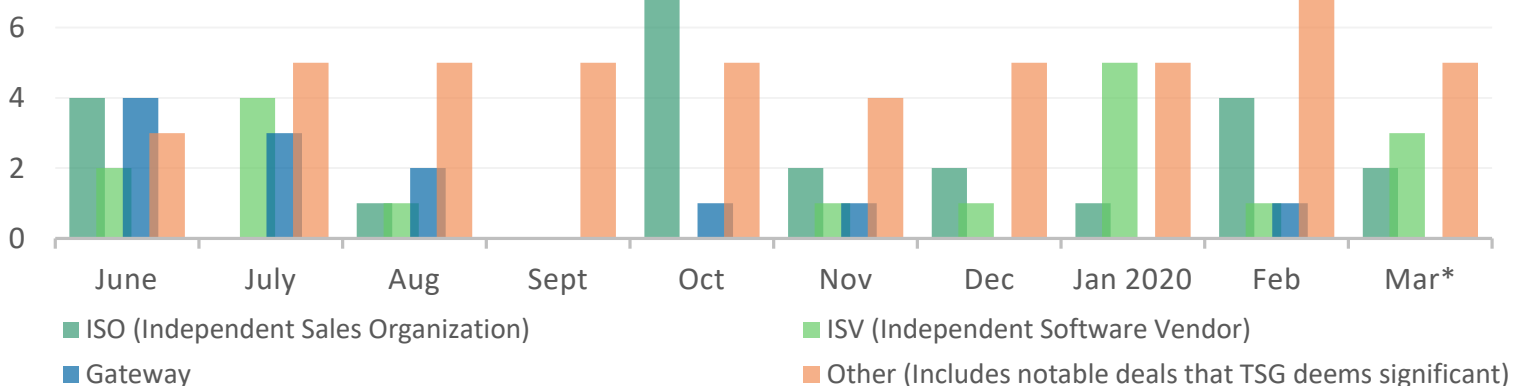
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In the wake of the COVID-19 pandemic, activity in the overall M&A space has seen a slowdown across a wide range of industries, including merchant acquiring. As small-to-medium sized businesses (SMBs) take a hit due to lower consumer spending or temporary closures, many merchant acquirers and payment processors are largely affected. Many entities within this industry are reassessing their current portfolios and halting conversations regarding upcoming potential deals. Firms are now putting their focus more towards sustaining their current portfolios' survival in the short-term in their efforts to maintain their profitability in the long run.

Ongoing deal conversations are still apparent in the market, however, due to the current environment, terms within the deals are becoming more draconian. The market has somewhat rapidly shifted into more of a "buyers" market as certain companies seek fast liquidation and cashflow. The vulnerability of the market has left many uncertainties, however, more M&A activity within the merchant acquiring industry is to be expected in the coming days and weeks.

2020/2019 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

March 30th – April 3rd

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. E-Commerce Growth Surges for Many Merchants Amid the Covid-19 Pandemic

[Digital Transactions](#) | [March 31st, 2020](#)

Newly analyzed data from Emarsys, a digital-marketing platform, shows that U.S. e-commerce spending continues to surge in the face of the Covid-19 pandemic, with at least a 57% growth in revenue and a 45% growth in orders in the past seven days.

PayPal Relaxes Fees, Response Rules For Merchants

[PYMNTS](#) | [March 31st, 2020](#)

PayPal is relaxing some of its payment fees for small businesses due to the COVID-19 crisis – including allowing customers to defer repayments on business loans.

Covid-19 Cuts Priority Technologies' Volumes, but Processor Anticipates Future Growth

[Digital Transactions](#) | [March 31st, 2020](#)

Priority Technologies Holdings Inc. says that just like other merchant acquirers its payment volumes are taking a hit as consumers and businesses hunker down in reaction to the corona virus. But its chief executive insists Priority's diversified business model provides insulation from the pandemic's worst effects.

Square and Venmo offer to deliver stimulus payments

[Finextra](#) | [March 30th, 2020](#)

Square and Venmo parent PayPal are talking to the US government about using their apps to deliver Covid-19 stimulus payments to Americans that do not have bank accounts.

Visa transaction volumes hurt as coronavirus crisis deepens

[Reuters](#) | [March 30th, 2020](#)

Visa Inc said on Monday (March 30th) its transaction volumes had been hit as the coronavirus pandemic wreaks havoc on consumer spending, leading it to forecast mid-single-digit percentage revenue growth for Q2.



Historical M&A Tracker

Transaction History: December 2019 – March 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	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 ePłatności (PeP)	\$439	3/11/2020
Other	InterPayments	SurchX	-	3/6/2020
ISV	Mindbody	ZeeZor	-	3/4/2020
ISO	Fiserv	MerchantPro Express	-	3/3/2020
ISV	RevSpring	Loyale Healthcare	-	3/3/2020
Gateway	Checkout.com	ProcessOut	-	2/26/2020



Historical M&A Tracker

Transaction History: December 2019 – March 2020

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
ISO	Santander	Elavon Mexico	\$85.7	2/24/2020
Other	Intuit	Credit Karma	\$7,100	2/24/2020
ISO	Ally Financial	CardWorks	\$2,650	2/18/2020
Other	LendingClub	Radius Bancorp	\$185	2/18/2020
ISV	Flywire	Simplee	-	2/13/2020
Other	Klarna	Moneymour	-	2/12/2020
ISO	REPAY	Ventanex	\$50	2/10/2020
Other	Square	Dessa	-	2/7/2020
Other	Intercontinental Exchange	Bridge2 Solutions	-	2/5/2020
ISO	Australis Capital	Paytron Merchant Services	-	2/4/2020
Other	Worldline	Ingenico	\$8,600	2/3/2020
Other	Accenture	Mudano	-	2/3/2020
ISO	Cornerstone Payment Systems	Move Your Mountain	-	1/31/2020
Other	WEX	eNett; Optal	\$1,700	1/24/2020
Other	RS2	Kalicom Kassen System	-	1/23/2020
ISV	DNA Payments	Zash AB	-	1/17/2020
Other	Far Point Acquisition	Global Blue	\$2,600	1/16/2020



Historical M&A Tracker

Transaction History: December 2019 – March 2020

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
ISV	Goldman Sachs Merchant Banking	Aptos	-	1/13/2020
Other	Visa	Plaid	\$5,300	1/13/2020
Other	PayU	PaySense	\$185	1/10/2020
ISV	Nets	Poplatek	-	1/9/2020
ISV	MTBC	CareCloud	-	1/8/2020
ISV	Lightspeed	Gastrofix	\$100+	1/7/2020
Other	Mastercard	RiskRecon	-	12/23/2019
Other	NCR	Zynstra	\$129	12/23/2019
ISO	Lovell Minnick Partners	Fortis Payments	-	12/17/2019
Other	Deluxe	Fiserv (Remittance Solutions assets)	-	12/17/2019
ISV	Rev19	PayK12	-	12/16/2019
Other	Great Hill Partners	VersaPay	\$95.6	12/13/2019
Other	Payoneer	Optile	-	12/10/2019
ISO	Pineapple Payments	Paystri	-	12/4/2019
ISV	Sage	CakeHR	-	11/28/2019
Other	PayPal	Honey	\$4,000	11/20/2019
ISO	Rev19	PurePayments	-	11/19/2019



Headline News

March 30th – April 3rd



EVO Payments Gets Liquidity Injection To Help It Cope with Covid-19's Effects

[*Digital Transactions*](#) | [*March 30th, 2020*](#)

Merchant acquirer EVO Payments Inc. disclosed Sunday (March 29th) that it had received a \$150 million investment from a private-equity firm to help carry it through the Covid-19 pandemic, which has decimated consumer spending. The investment came from funds affiliated with Chicago-based Madison Dearborn Partners LLC, which has been a major investor in EVO Payments since 2012. "MDP's added resources will strengthen EVO's financial profile and enable the company to remain focused on future strategic initiatives as it navigates the global Covid-19 pandemic," EVO said in a regulatory filing.



Shopify Purges Thousands of Merchants for Price Gouging and Making False Covid-19 Claims

[*Digital Transactions*](#) | [*April 2nd, 2020*](#)

Scammers come out of the woodwork with every calamity, and it's no different with the Covid-19 pandemic currently sweeping the world. Now e-commerce services and payments provider Shopify Inc. reports it has purged numerous merchants engaged in questionable practices related to the new coronavirus, or Covid-19.



Skrill offers free services to SMEs supporting Covid-19 initiatives

[*Finextra*](#) | [*April 1st, 2020*](#)

Skrill, the online payments company, is offering its wallet and Quick Checkout solution free of charge to the many small to medium-sized businesses (SMBs) around the world which are providing products or services supporting communities during the COVID-19 outbreak.



Partnership Activity

March 30th – April 3rd



PLAID

Microsoft has entered into a partnership with US-based fintech startup, Plaid. Under this agreement, Microsoft and Plaid will cooperate on the development a new software application called Money in Excel, which will enable users to track and analyze their financial accounts and expenses within an Excel spreadsheet. Plaid, which was recently acquired by Visa for approximately \$5.3 billion, will provide the connection between users and their financial institution. This will ultimately allow users to seamlessly import their financial account information via a Plaid link within their Excel spreadsheet.



Announced earlier this week on March 30th, Keap has formed a partnership with merchant acquirer Stripe for payment processing solutions. Keap, a customer resource management (CRM) and marketing tool, has integrated Stripe's payment processing solution into its three platforms. Through this integration with Keap, Stripe will become the preferred payment provider to the more than 250,000 global customers on Keap's platform.

Other Notable Partnerships:

- **ICICI Bank** launches banking service through a partnership with **WhatsApp**.
- **Sony Bank** establishes a partnership with **OneSpan** for mobile banking security.
- **CoinEx** forms a partnership with **Simplex** on credit card enabled cryptocurrency transactions.



Management Changes

March 30th – April 3rd



Dwolla Fills In New Management Role With Brady Harris As The Company's New CEO

Dwolla Inc. has appointed former Payscape President, Brady Harris, as the company's new CEO. Brady will succeed Ben Milne, who will continue to support the company as a member of the board. Dwolla has experienced a large growth in recent years and supports more than \$10 billion a year in gross payment volume.

Date Announced	Company	Personnel	New Position	Previous Position
3/30/2020	I2c Inc.	Tracy Seng	<i>EVP, Head of Global Client Success</i>	Senior VP, Relationship Management at Wells Fargo
3/30/2020	Dwolla Inc.	Brady Harris	<i>CEO</i>	President at Payscape
4/2/2020	Citibank	Anders Fogh Rasmussen	<i>Senior Advisor</i>	Secretary General of NATO



TSG Payments Index

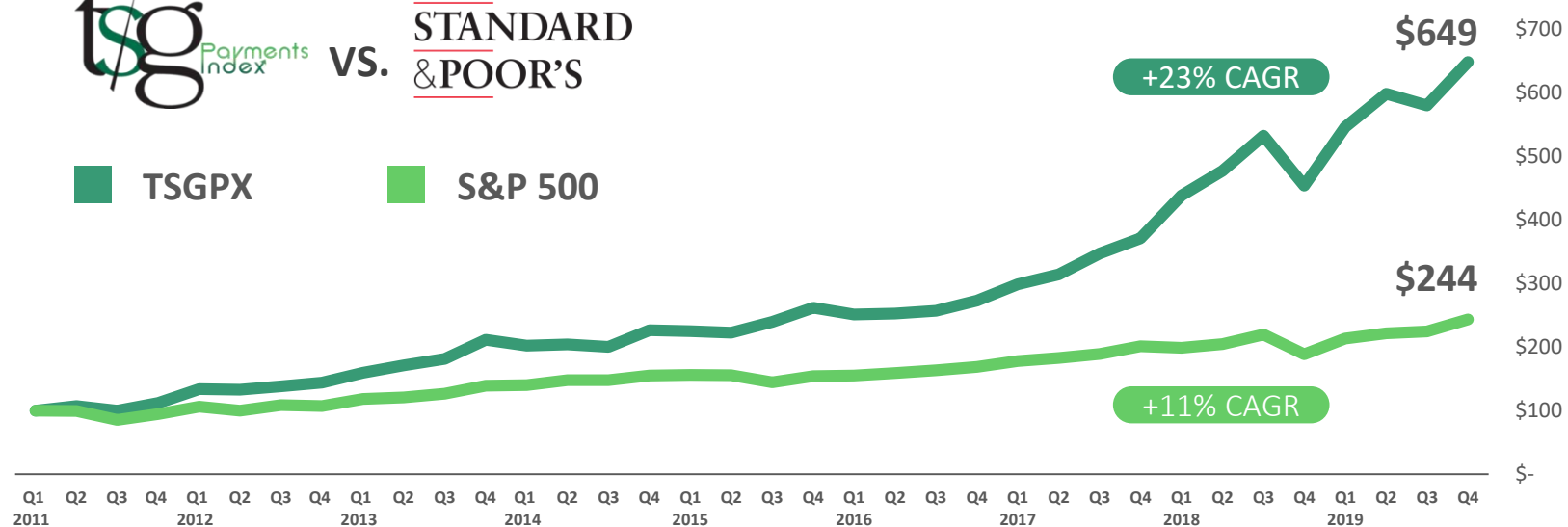
Q1 2011 – Q4 2019



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 \$649 in Q4 2019, as compared to \$244, 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.

