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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:

May 18th – May 22nd

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Deal Activity Summary

May 18th – May 22nd



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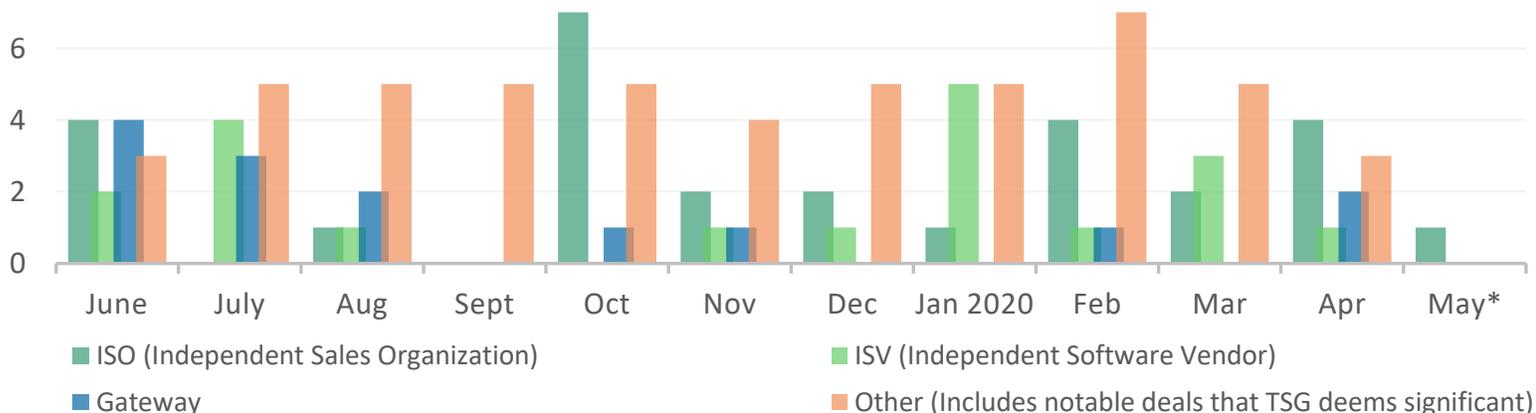
This Week's M&A Overview

As the coronavirus continues to reshape most major industries, one industry in particular is gaining a lot of attention. Healthcare is becoming more vital in markets across the world and providers of healthcare technologies are seeing increased opportunities. This week Ontario Systems announced their acquisition of SwervePay, a payment provider with a large focus in the healthcare market. With this acquisition, Ontario Systems expects to enhance their consumer payment engagement across their software suite and drive additional revenue. The company handles nearly \$35 billion in payment volume across thousands of clients each year.

M&A activity for the past several weeks has dipped across most industries due to the current economic environment. However, businesses are beginning to reopen across the nation and payment volumes are seeing an uptick. Because of this, firms may start to shift towards more opportunistic outlooks in the market. This may further fuel M&A discussions, especially among those put on delay due to uncertainties at the time.

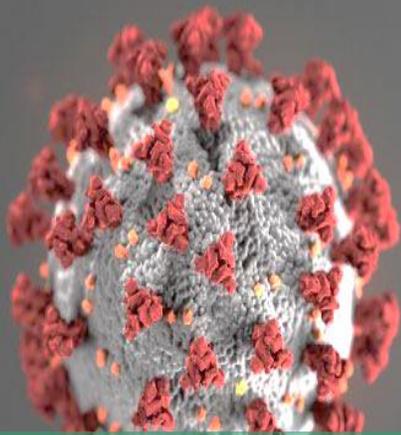
2020/2019 M&A Activity – Year to Date

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

May 18th – May 22nd

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.

Payment Behaviors Shift as US and UK Consumers Adjust to COVID-19 Fallout

[PRNewswire](#) | [May 20th, 2020](#)

COVID-19 has significantly impacted most aspects of consumer's lives, including how they shop and make payments. People are concerned for their finances, their health, and are uncertain about the future. Auremma Group conducted studies in the US and the UK to understand how payment activity and expectations are changing, and what issuers can do to meet this unprecedented moment in our history.

Treasury is Delivering Millions of Economic Impact Payments by Prepaid Debit Card

[U.S. Department of Treasury Newsroom](#) | [May 18th, 2020](#)

This week, Treasury and the IRS are starting to send nearly 4 million Economic Impact Payments (EIPs) by prepaid debit card, instead of by paper check. EIP Card recipients can make purchases, get cash from in-network ATMs, and transfer funds to their personal bank account without incurring any fees. They can also check their card balance online, by mobile app, or by phone without incurring fees. The EIP Card can be used online, at ATMs, or at any retail location where Visa is accepted.

PayPal Debuts QR Codes To Help SMBs Go Contactless

[PYMNTS](#) | [May 19th, 2020](#)

Although the country is starting to reopen following mandatory shutdowns amid the coronavirus pandemic, social distancing is still a must for face-to-face interactions. To help people maintain distance while venturing out for in-person transactions, PayPal has introduced contactless QR codes for payments.

UK Retail Payments Industry Helps Govt Deliver Covid-19 Support

[Finextra](#) | [May 19th, 2020](#)

The UK's retail payments industry has set up a taskforce to help the government in delivering the millions of extra payments it is making during the Covid-19 pandemic. Pay.UK says it is working to ensure the additional payments needed as a consequence of Covid-19 from Universal Credit accounts, the Coronavirus Job Retention Scheme and the Self-Employment Income Support Scheme are delivered safely, at scale and to the right people.



Custom Curated Target Lists

Need Help Finding The Right Deal?

Different circumstances bring different opportunities for buyers and sellers alike. As the investment landscape changes, so does the analysis needed to understand where opportunities lie. To help support and ensure smart, profitable deals are being made, The Strawhecker Group can assist your firm’s strategic growth plans by developing custom curated target lists of high-growth companies.

TSG has the capability to develop custom and timely targeted lists and provide market intelligence on high-growth companies across the payments industry. These custom curated target lists will provide further insight into the payments market and present key company targets that match your firm’s criteria, whether it is for acquisitions, investments, or partnerships. Understanding and identifying attractive investments or buyers can provide the needed intuition for a successful purchase or engagement.



Acquisition

Identification of acquisition targets based on your criteria.



Investment

Intelligence on which payments companies are high or low performing.



Partnership

Discover which companies can boost your payment capabilities.

TSG is well positioned to support your firm’s strategic development and augment your deal making process. TSG’s custom curated target lists are flexible and can comprise of a wide range of market entities including eCommerce providers, acquirers/ISOs, gateways, and ISVs. Based on your firm’s needs, TSG can provide market intelligence on actionable high-growth targets.

For more information, please contact tsgmetrics@thestrwegroup.com



Historical M&A Tracker

Transaction History: January 2020 – April 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
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



Historical M&A Tracker

Transaction History: January 2020 – April 2020

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 ePlatnosci (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
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



Historical M&A Tracker

Transaction History: January 2020 – April 2020

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



Headline News

May 18th – May 22nd



Payments Tech Startup Shift4 Payments Files IPO Plans

[PYMNTS](#) | [May 17th, 2020](#)

Payments technology firm Shift4 Payments, headquartered in Allentown, Pennsylvania, filed for an initial public offering (IPO), according to a Securities and Exchanges Commission filing. Shift4 Payments first filed paperwork for an IPO in December 2019. The company, founded in 1994, is hoping to raise up to \$100 million. Renaissance Capital said this could be “placeholder” so the firm can raise up to \$300 million.

FACEBOOK

Facebook Makes eCommerce Play With Shops

[Finextra](#) | [May 19th, 2020](#)

Mark Zuckerberg is diving into e-commerce, launching a service that lets small businesses set up storefronts on Facebook and Instagram - although buyers will often have to leave the apps to complete purchases. Facebook Shops lets firms set up online stores that can be accessed by customers on their Facebook pages and Instagram profiles. Firms upload their inventory, pick products they want to feature and customize the look and feel of their shop with a cover image and accent colors. Customers will be able to communicate with sellers via WhatsApp, Messenger, and Instagram Direct.



A Rogue First Data ISO Will Cost Fiserv \$40 Million in a Proposed Settlement With the FTC

[Digital Transactions](#) | [May 19th, 2020](#)

Fiserv Inc. and the former head of an independent sales organization will pay \$40.2 million to settle charges brought by the Federal Trade Commission stemming from alleged illegal actions committed by the ISO from 2012 to 2014 while it obtained processing services from First Data Merchant Services, whose parent company Fiserv acquired last year.



Partnership Activity

May 18th – May 22nd



Shopify has extended their partnership with Facebook to help support Facebook's recently launched Facebook Shops, a new tool that enables merchants to create a customized online storefront on the social media platform. Shopify and Facebook first established a partnership in 2015 and have continued to build upon it. Through this recent partnership engagement, Shopify has enabled its merchant base to connect to Facebook Shop, as well as the company's other family of apps. This integration helps provide merchants an expanded omnichannel approach by enabling them to sell across a variety of platforms.

MERCHANT **e-SOLUTIONS**

Merchant eSolutions has announced a strategic partnership with Payouts Network, a provider of real-time payment solutions. This partnership will ultimately provide Merchant eSolution's clients quick access to secure funding opportunities to enable them to grow faster. Merchant eSolutions notes this partnership with Payouts Network is the first of several that the company has planned for 2020.

Other Notable Partnerships:

- **JCB** has announced a partnership with **TECHFUND** on developing a possible blockchain payment systems.
- **ACI Worldwide** partners with **Wundr** for instant settlement on cross-border transactions for mid-tier retailers globally.
- **Wirecard** partners with **websms** on payment processing through SMS and mobile marketing.



Management Changes

May 18th – May 22nd



Monzo's CEO, Tom Blomfield, To Step Down And Become The Company's New President

Monzo co-founder and CEO, Tom Blomfield, has announced that he will be stepping down from the role of CEO to transfer into the newly created position of President. He will be handing the role of CEO to TS Anil, who has been at the company since late last year.

Date Announced	Company	Personnel	New Position	Previous Position
5/19/2020	FlexTrade Systems	Paul Beatty	<i>Director of Business Development</i>	Managing Director at Spotex
5/19/2020	NatWest Group	David Lindberg	<i>CEO, Retail Banking</i>	Chief Executive of Westpac's Consumer division
5/20/2020	Money Dashboard	Renier Lemmens	<i>Chairman</i>	
5/20/2020	PayPoint	Nick Wiles	<i>CEO</i>	Chairman at PayPoint
5/20/2020	Monzo	Tom Blomfield	<i>President</i>	CEO at Monzo
5/21/2020	Green Dot Corp.	Philip Lerma	<i>Senior VP and Chief Risk Officer</i>	VP of Risk at EML Payments



TSG Payments Index

Q1 2011 – Q1 2020

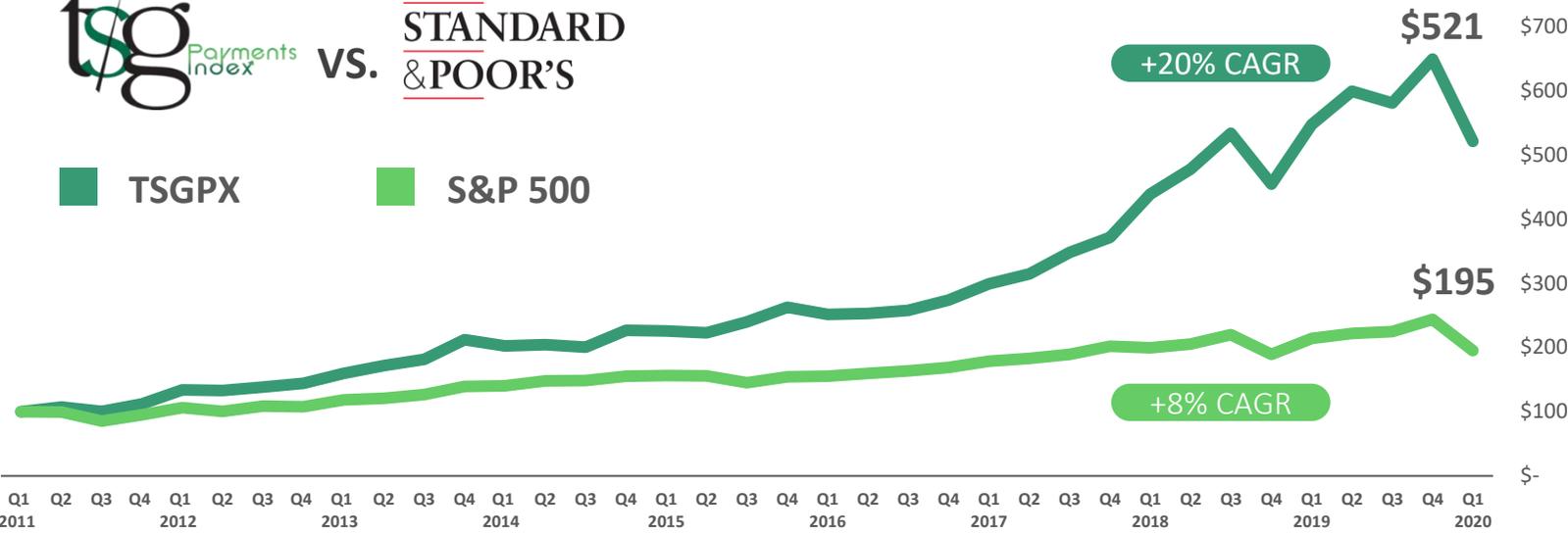
*Drop in value from Q4 2019 to Q1 2020 is attributed to the volatility and uncertainty caused by the ongoing COVID-19 pandemic



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 \$521 in Q1 2020, as compared to \$195, 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


Shift4
 PAYMENTS

In its sale to

 **LIGHTHOUSE**
 NETWORK


 STABILITY IN
 PAYMENTS

In the acquisition of

 **Integrity**


 CLARUS
 MERCHANT SERVICES

In the acquisition of

 **NAMS**


 PARTHENON
 CAPITAL PARTNERS

In the acquisition of

 **NXGEN**
 &  **payScape**


 APPLIED MERCHANT*

In its Merger with

 **BLUE SQUARE**
 RESOLUTIONS


 Terrapin
 Financial Services, LLC

In its sale to

 **BluePay**


 Goldman Sachs

On their funding event with

 **Newtek**
 "The Small Business Authority"


 Goldman Sachs

On their funding event with

 **Bluefin**
 Payment Systems


 PIVOTAL
 PAYMENTS

In the acquisition of

 **CAPITAL**
 PROCESSING NETWORK

 **BregalSagemount**

In due diligence support of its investment into

 **YAPSTONE**
 POWERING PAYMENTS


 THE BEEKMAN GROUP LLC

In its recapitalization of

 **Direct Connect**


 sage

In a merchant portfolio purchase from

 **Heartland**
 PAYMENT SYSTEMS*


 PRIORITY
 PAYMENT SYSTEMS

In its merger with

 **cynergydata**


 Mutual of Omaha Bank

On the organization of its joint venture with

 **First Data.**


 SIG
 SUSQUEHANNA
 GROWTH EQUITY, LLC

On their investment in

 **PaySimple**


 CAYAN

In the acquisition of

 **CPS**
 CARD PAYMENT SERVICES


 STABILITY IN
 PAYMENTS

In the acquisition of

 **iTransact**


 talus
 pay

In acquisition of the operation assets of

 **PROLIFIC**
 BUSINESS SOLUTIONS


 BluePay

In the acquisition of

 **Primax**
 Defining Card Processing


 KeyBank

On their joint venture with

 **Elavon**



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.

