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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:*

*April 13<sup>th</sup> – April 17<sup>th</sup>*

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# Deal Activity Summary

April 13<sup>th</sup> – April 17<sup>th</sup>

## This Week's M&A Overview

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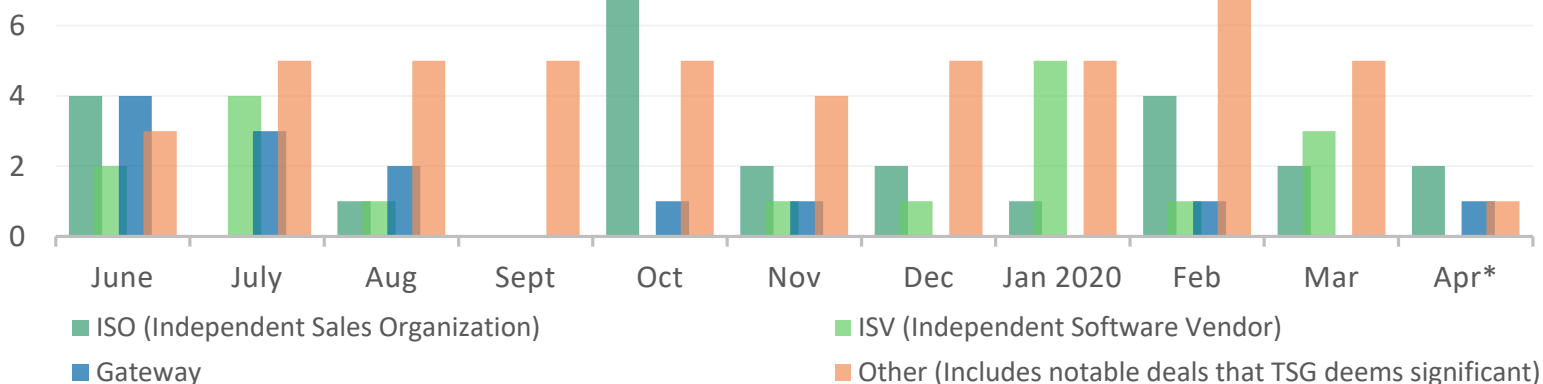
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The ongoing extent of the COVID-19 crisis continues to hit the merchant acquiring industry this week as a slowdown in new deals have been apparent. Many PE firms and acquirers are taking a step back in making acquisitions for the time being as it may prove to be too high of a risk. As a large portion of the country's retail and restaurant establishments remain close, many payment processing providers are taking a hit to their revenue which is hindering their movement towards pursuing acquisition targets.

While many PE firms and acquirers are making necessary shifts in their operations and investments during this time, some are seeking additional capital to pursue future growth targets. This week Stripe announced an extension to their Series G funding round and pulled in an additional \$600 million from investors. The eCommerce market is proving to be a more important area for payment processors as the shift from in-store transactions to online continues to ramp up, however, consumers are becoming more wary of their financials during this current economic environment which is impacting their spending habits.

### 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

April 13<sup>th</sup> – April 17<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.**

## **Paypal, Intuit & Square Approved To Offer Loans To Small Businesses Through Coronavirus Relief Program**

[TechCrunch](#) | April 13<sup>th</sup>, 2020

*Fintech companies have been lobbying for weeks to be able to participate in the U.S. government's emergency lending program for small businesses. Now those efforts have paid off, as PayPal, Intuit and Square have all been approved to participate in the U.S. Small Business Administration's (SBA) Paycheck Protection Program, which provides aid in the form of forgivable loans for small businesses that keep all employees on their payroll for at least eight weeks.*

## **Wells Fargo Debit/Credit Purchases Down as COVID-19 Hits**

[PYMNTS](#) | April 15<sup>th</sup>, 2020

*Wells Fargo's first-quarter results showed the impact of reduced customer spending amid the continued impact of the coronavirus, and reserves taken in anticipation of loan losses. Earnings per share were a penny, where the Street had expected 38 cents. The bank's net income came in at \$563 million in the quarter, where it had been \$5.9 billion in the same period a year ago. Consolidated revenues slipped 18 percent year over year to \$21.6 billion and consensus expectations had been \$19.4 billion.*

## **Temenos Helps US Banks And Credit Unions To Respond To Surging Demand For Emergency Loans**

[Finextra](#) | April 16<sup>th</sup>, 2020

*Temenos, the banking software company, announced today (April 16<sup>th</sup>) that its Temenos Infinity digital omnichannel product is enabling US banks and credit unions to accelerate loan applications to small businesses under the U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP).*

## **IRS Has Sent First Round Of COVID-19 Stimulus Payments**

[PYMNTS](#) | April 13<sup>th</sup>, 2020

*Coronavirus stimulus payments to individuals are on their way. The Internal Revenue Service (IRS) said via Twitter on Saturday (April 11) that it has issued the first stimulus checks to bank accounts and more money will be coming soon, Newsy reported on Monday (April 13<sup>th</sup>).*



# 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      |
|----------------------|-----------------|--------------------------------|------------------------------|-----------|
| 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  |
| 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  |





# Historical M&A Tracker

*Transaction History: December 2019 – March 2020*

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



# Historical M&A Tracker

Transaction History: December 2019 – March 2020

| Transaction Category | Buyer                          | Seller                                  | Purchase Amount (\$ million) | Date       |
|----------------------|--------------------------------|---|------------------------------|------------|
| 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   |
| 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<br>(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 |



## Headline News

April 13<sup>th</sup> – April 17<sup>th</sup>



### **Stripe Extends Series G Funding Round**

[Stripe Newsroom](#) | April 16<sup>th</sup>, 2020

Stripe, which builds economic infrastructure for the internet, announced today (April 16<sup>th</sup>) an extension of its Series G round, raising an additional \$600 million from investors including Andreessen Horowitz, General Catalyst, GV, and Sequoia. The financing takes place on the same terms and valuation as the Series G. With more than \$2 billion on its balance sheet, a capital-efficient business model, and a highly-diversified, growing, global user base, Stripe is in a position to both provide uninterrupted service to its users in a time of stress and invest in long-term improvements.



### **Chase's Merchant Volume Rose 5% Despite a 'Tale of Two Cities' First Quarter**

[Digital Transactions](#) | April 14<sup>th</sup>, 2020

JPMorgan Chase & Co., parent company of the nation's biggest bank-owned merchant acquirer, managed to pull off a 5% increase in processing volume in the first quarter despite the restrictions on economic activity that took force in many states in the second half of March to control the Covid-19 pandemic. The New York City-based banking firm on Tuesday (April 14<sup>th</sup>) reported merchant-processing volume of \$374.8 billion versus \$356.5 billion a year earlier. And sales volume on the bank's credit cards—Chase is the nation's largest general-purpose card issuer—plus its debit cards rose 4% to \$266 billion.



### **Pandemic Hits U.S. Bancorp's Merchant Revenues and Raises T&E-Related Expenses**

[Digital Transactions](#) | April 15<sup>th</sup>, 2020

U.S. Bancorp's big payments operation that includes merchant acquirer Elavon Inc. is usually a reliable revenue generator, but the bank-holding company's exposure to the big downturn in travel-and-entertainment and business spending because of the Covid-19 pandemic became evident in the first quarter. Merchant payment volume declined 4.8% to \$104.7 billion from \$110.1 billion a year earlier, Minneapolis-based U.S. Bancorp reported Wednesday (April 15<sup>th</sup>).





## Partnership Activity

April 13<sup>th</sup> – April 17<sup>th</sup>

### globalpayments

Global Payments and CaixaBank announced this week their expanded joint venture in the European Economic Area. Through this joint venture, Global Payments and CaixaBank are partnering on launching a European prepaid card, called MoneyToPay. Under this joint venture, Global Payments will own 51% of the new brand, while CaixaBank Payments & Consumer will retain the remaining 49%. This new joint venture initiative is not the first between the two firms. Back in 2010 the two payment companies collaborated on creating Comercia Global Payments.

### KyckGlobal

KyckGlobal and Visa announced a collaboration on expanding the availability of push payments across the United States. Through this relationship, push payment will become more widely accessible primarily within the commercial sector. Visa's already existing real-time push payments solution, Visa Direct, will be leveraged and designed specifically for SMBs and consumers. This partnership will ultimately help grow the use of push payments beyond person-to-person transactions and more into the commercial space.

#### **Other Notable Partnerships:**

- **Worldline** partners with **Meniga** on increasing digital customer engagement through personalized online banking features.
- **Hi-Pay** partners with **ACI Worldwide** on creating Mongolia's first payments gateway service.
- **Mastercard's Ethoca** unit is partnering with **Microsoft** on digital receipts when consumers make purchases at Microsoft using their banks' mobile app.





# Management Changes

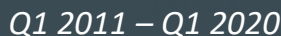
April 13<sup>th</sup> – April 17<sup>th</sup>



## Jamie Iannone Becomes eBay Inc.'s New Chief Executive Officer

eBay named Jamie Iannone as the company's new CEO, effective April 17<sup>th</sup>, 2020. Mr. Iannone comes to eBay after previously serving as COO of Walmart's eCommerce division. In addition, he has also been appointed to the company's Board of Directors.

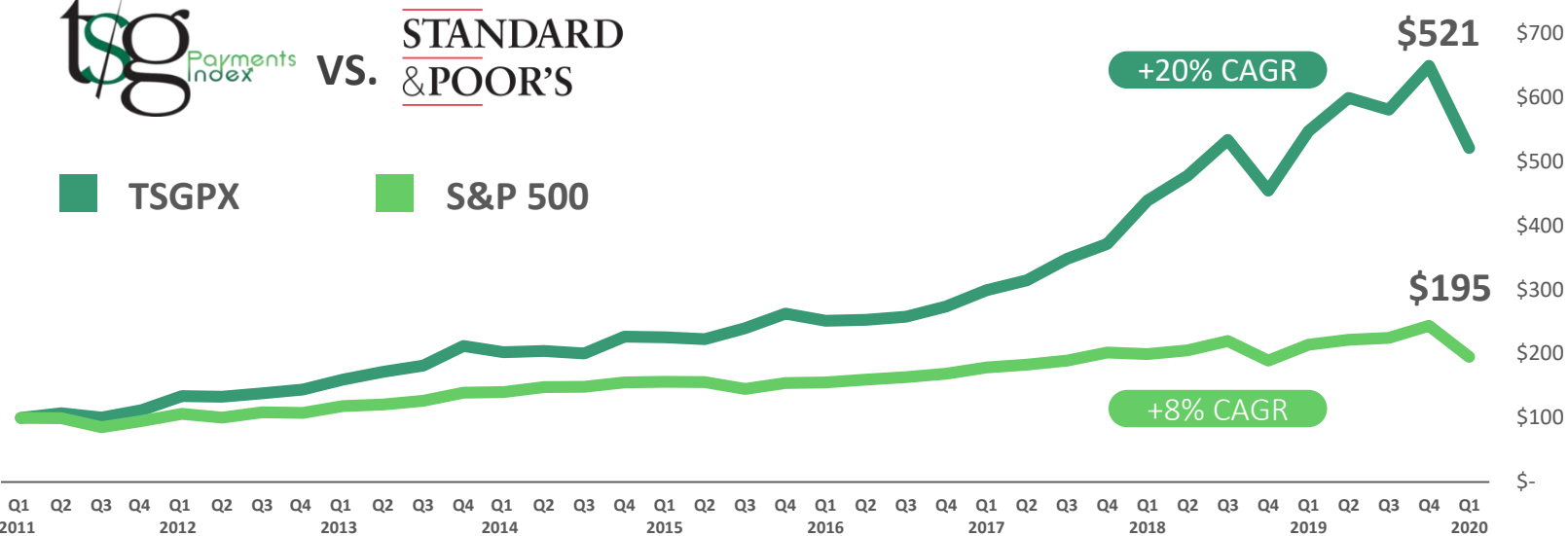
| Date Announced | Company             | Personnel                | New Position   | Previous Position   |
|----------------|---------------------|--------------------------|--|---|
| 4/10/2020      | Priority Technology | <b>Anthony Bonventre</b> | <i>Executive VP of Operations</i>                        | EVP Strategic Initiatives at Priority Technology                    |
| 4/10/2020      | Priority Technology | <b>Ranjana Ram</b>       | <i>Head of M&amp;A and Strategic Initiatives</i>         | Managing Director at Priority Technology                            |
| 4/10/2020      | Priority Technology | <b>Pamela Tefft</b>      | <i>Corporate Controller and Chief Accounting Officer</i> |   |
| 4/13/2020      | eBay                | <b>Jamie Iannone</b>     | <i>CEO</i>   | COO, Walmart eCommerce  |
| 4/14/2020      | Wells Fargo         | <b>Julia Bates</b>       | <i>Technology Control Executive</i>                      | Managing Director and Chief Control Manager at JPMorgan Chase & Co. |



**VS.**

STANDARD  
& POOR'S

 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.  
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## 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.

