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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:

July 6th – July 10th

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Deal Activity Summary

July 6th – July 10th

This Week's M&A Overview

This week continued to see steady M&A activity, especially within the international merchant acquiring space, with the announcement of two new deals. Paytm, a major payments gateway based in India, and its Co-founder and CEO announced their acquisition of Raheja QBE, a provider of general insurance services in India. This acquisition was valued at \$76 million and looks to take advantage of the growing insurance market in the country by integrating Paytm's payment gateway into the digital insurance solution. In addition, this week also saw the announcement of Heidepay's acquisition of Paysafe Pay Later, a deferred payments arm of the Paysafe Group. Expected to close in Q3 of this year, this acquisition enables Heidepay to grow its European presence and capitalize on the growing adoption of buy now, pay later solutions in the region.

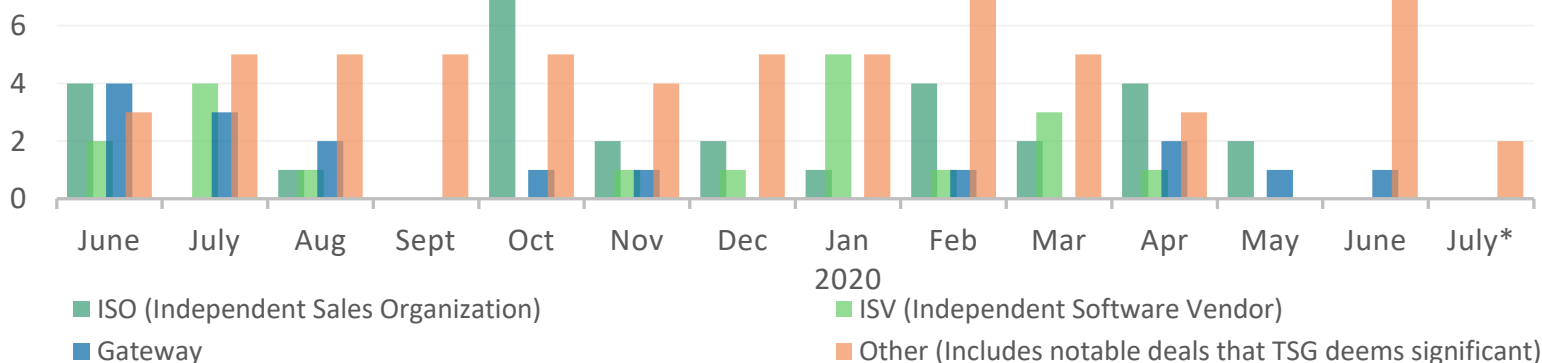
In other M&A news, the ongoing investigation into Wirecard has stirred a lot of interest into the company's assets and international operations from potential buyers. According to Wirecard's administrator this week, the company has more than 100 investors that have expressed interest in the company, with sales processes already being initiated for some international holdings.

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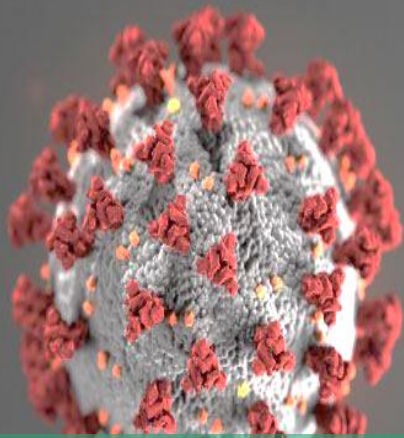
2020/2019 M&A Activity – Year to Date

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

July 6th – July 10th

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.

New Data Show a Rebound for Restaurants And Hotels As States Wrestle With Covid-19

[Digital Transactions](#) | July 6th, 2020

Though Covid-19 still casts a long shadow over a number of U.S. states where early reopening's have led to a resurgence in coronavirus cases, data released Monday (July 6th) indicate merchant volume is climbing rapidly across industries. The positive trend includes the hard-hit hospitality sector, according to the latest numbers.

Discover Commits \$5 Million to Support Black-owned Restaurants

[BusinessWire](#) | July 6th, 2020

In an effort to support the restaurant industry as it rebounds from the impact of COVID-19, Discover announced today (July 6th) that it will be giving \$5 million to Black-owned restaurants. From now through Oct. 31, 2020, consumers can go to Discover's Facebook, Twitter and Instagram pages to nominate their favorite Black-owned restaurant, and 200 nominees will be randomly selected to receive \$25,000.

MercadoLibre Tops \$50 Billion in Value Amid E-Commerce Boost

[Bloomberg](#) | July 6th, 2020

Shares of Latin America's largest e-commerce marketplace MercadoLibre Inc. climbed above \$1,000 for the first time as online sales surge in the region amid the coronavirus pandemic. Up 78% this year, MercadoLibre has benefited from a growing number of consumers that are either buying online for the first time or increasing the frequency of their purchases because of virus-related lockdowns.

Americans Lost \$77 Million To Covid-19 Fraud — And That's Just The 'Tip Of The Iceberg'

[CNBC](#) | July 7th, 2020

Americans have lost more than \$77 million in fraud related to Covid-19, according to the Federal Trade Commission. But that tally is likely a severe undercount amid an "unprecedented" scope of scams connected to the coronavirus, according to John Breyault, vice president of public policy, telecommunications and fraud at the National Consumers League, a consumer advocacy group.



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



Historical M&A Tracker

Transaction History: February 2020 – June 2020

Transaction Categories:



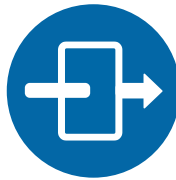
ISO

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	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	Fincity	\$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



Historical M&A Tracker

Transaction History: February 2020 – June 2020

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



Historical M&A Tracker

Transaction History: February 2020 – June 2020

Transaction Category	Buyer	Seller	Purchase Amount (\$ million)	Date
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
ISO	Santander	Elavon Mexico	\$85.7	2/24/2020
Other	Intuit	Credit Karma	\$7,100	2/24/2020
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



Headline News

July 6th – July 10th

wirecard

Wirecard Administrator Sees Strong Interest From Potential Buyers

[Reuters](#) | July 7th, 2020

Wirecard's administrator said on Tuesday (July 7th) that more than 100 investors have expressed interest in buying the collapsed German payments firm's core business and holdings. The firm filed for insolvency last month owing creditors 4 billion euros (\$4.5 billion) after disclosing a 1.9 billion euro hole in its accounts that its auditor EY said was the result of a sophisticated global fraud.



American Express, Discover, Mastercard and Visa to Power Global Expansion of Simple, Consistent Digital Checkout Experience

[BusinessWire](#) | July 8th, 2020

Today (July 8th), American Express, Discover, Mastercard and Visa announced they are each beginning technical preparations for global expansion of the Click to Pay online checkout – based on the EMV[®] Secure Remote Commerce industry standard – in additional geographies including Australia, Brazil, Canada, Hong Kong, Ireland, Kuwait, Malaysia, Mexico, New Zealand, Qatar, Saudi Arabia, Singapore, United Arab Emirates and the United Kingdom, with others to follow.

BillDesk

BillDesk Plans To Sell-off Business For \$2.5 Billion

[LiveMint](#) | July 5th, 2020

Domestic payment gateway BillDesk is once again in the market looking for buyers after its promoters attempted to sell it unsuccessfully two years ago. This time round, all the BillDesk promoters are trying to sell-off the entire business, in the wake of a rapidly growing competition in the digital payment services space and a thriving e-commerce industry in the country.



Partnership Activity

July 6th – July 10th



Barclaycard has extended its partnership with SAP, one of the largest software providers globally, on providing its Smartpay gateway solution to SAP customers across the European region. Businesses using SAP Commerce Cloud will have continued access to Barclaycard's Smartpay solution which enables them to seamlessly accept payments across online and offline channels. Barclaycard's partnership with SAP provides the company with access to a wide network of customers, in which SAP has amassed more than 12 million users worldwide.



Discover Financial has signed a strategic partnership agreement with Saudi Payments, a wholly owned subsidiary of the Saudi Arabian Monetary Authority. Under this agreement, Discover cardholders will be able to use their card on the mada network, which includes POS, eCommerce, and ATMs across the region. In addition, this agreement also allows Saudi banks to issue cards on the Discover Global Network for transactions outside of the Saudi Arabia region.

Other Notable Partnerships:

- **Judopay** teams up with **Thyngs** on offering touch-free cashless payment solutions for the hospitality sector.
- **Deutsche Bank** signed a multi-year partnership with **Google Cloud** for the development of cloud services.
- India-based **SBM Bank** has partnered with **Mastercard** on cross-border payment solutions through Mastercard Send.
- **Soldo** extends its partnership with **Mastercard** on becoming a principal member.
- **Mastercard** partners with **Mox Bank** on launching an all-in-one numberless bank card.
- **Accrualify** teams up with **Visa** on launching a new corporate card.



Management Changes

July 6th – July 10th



Payrailz Announced The Appointment Of Kavita Singh As Its New VP Of AI Product Management

Digital payments provider, Payrailz, has announced the appointed of Kavita Singh as the company's new VP of AI Product Management. Singh brings more than 15 years of experience in product management and develop and previously served as Chief Product Officer at Credit2B.

Date Announced	Company	Personnel	New Position	Previous Position
7/6/2020	Marex Spectron	Ram Vittal	<i>North America CEO</i>	Managing Director and Head of Treasury Services Franchise Client Management at JPMorgan Chase
7/6/2020	USA Technologies	Davina Furnish	<i>General Counsel</i>	Director, Associate General Counsel at E*Trade
7/6/2020	USA Technologies	Eugene Cavanaugh	<i>Interim CFO</i>	Consultant & Private Investor
7/7/2020	Payconiq International	Guido Vermeent	<i>CEO</i>	CEO at Payconiq Netherlands
7/7/2020	Payrailz	Kavita Singh	<i>VP of AI Product Management</i>	Chief Product Officer at Credit2B
7/7/2020	NMI	Kyle Pexton	<i>President</i>	CFO at NMI
7/8/2020	TransferGo	Edgardo Savoy	<i>Chief Technology Officer</i>	Group Chief Information Officer at The Restaurant Group
7/9/2020	Coinbase	Paul Grewal	<i>Chief Legal Officer</i>	VP and Deputy General Counsel at Facebook



TSG Payments Index

Q1 2011 – Q2 2020

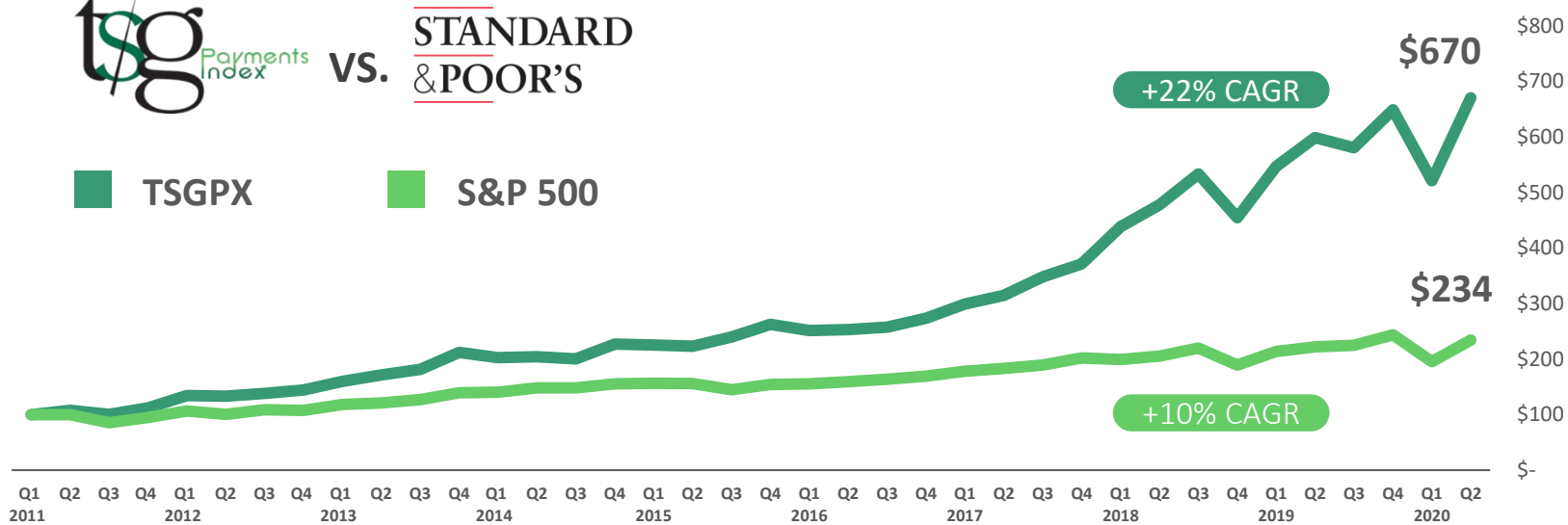
*Drop in value from Q4 2019 to Q1 2020 is attributed to the volatility and uncertainty caused by the ongoing COVID-19 pandemic



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


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.

