



INTRODUCTION – RESILIENCY

Arguably, no industry underpins the “how” in how business gets done more than FinTech; it is a far-reaching tech industry comprised of numerous subsegments, each with distinctive business models and idiosyncratic COVID-19 risk. As this unprecedented situation has unfolded, the theme of resiliency has continued to reverberate around the market. The FinTech industry will be no different from many other industries, in that firms that do not provide an operationally critical service will struggle in the near term.

What is compelling about FinTech during this period is two-fold: first, there is inherent resilience in many of the companies in this sector, and second, FinTech companies help facilitate resilience for the businesses and consumers it serves. For many FinTech companies, contractual, recurring revenue business models provide steady, high-visibility revenue streams, and expenses follow revenues, providing two layers of insulation during downturns. The resilience FinTech firms provide their users differ for businesses and consumers. For businesses, FinTech provides support, helping one to get paid faster, stay on top of expenses, reduce friction when seeking capital, or manage financial infrastructure. FinTech can also give smaller businesses a benefit, such as fraud protection, which helps them be more resilient. For consumers, FinTech provides access to financial products and solutions from any location, so that consumers can connect to bank accounts, alternative payment plans, or investment accounts, and securely shop online, while sheltering in place.

At Meridian Capital, we cover the Technology industry in which FinTech will see continued adoption and growth in the near term. Investors are continuing to back FinTech companies, recognizing that this unprecedented situation will accelerate the use of and need for many FinTech services moving forward. We expect to see well-capitalized businesses taking advantage of their strength in this downturn to make solid acquisitions at more favorable prices.

WHAT WE’RE READING

[Google Has Reportedly Added A Smart Debit Card to Its Fintech Plans](#), *Techspot*

Takeaway: Major players in tech including Apple and Google have recognized the opportunity within FinTech and have large plans on the horizon

[PayPal, Intuit QuickBooks Approved to Hand Out Emergency Funds to Small Businesses in Coronavirus Program](#), *CNBC*

Takeaway: Fintech players including PayPal and Square are proactively working with the government to assist in aiding small businesses during the COVID-19 pandemic and argue their tech-enabled systems allow them to distribute funds more efficiently

[FIS Accelerates Innovation with \\$150 Million of New Capital for Venture Investments](#), *PitchBook*

Takeaway: Despite shaken markets, investors see vast potential in FinTech for the long-term and are actively seeking to deploy capital into FinTech startups

[Against All Odds, Fintech Companies Like Square and Stripe Are Thriving Right Now](#), *Marker*

Takeaway: Tech-enabled loan and payment services can ride broader consumer behavior as a result of COVID-19

[How Will The Coronavirus Impact The Banking Ecosystem?](#), *The Financial Brand*

Takeaway: The broader banking ecosystem will see greater collaboration of FinTech with traditional banks and rising importance of the role data and analytics play in FinTech



MARKET IMPACTS OF COVID-19 ON FINTECH SECTOR



Point-of-Sale (POS) and Most Payment Technologies Will Struggle

- Substantially decreased transaction volumes will hurt payment companies reliant on interchange fees in the near term but the longer-term demand for digital, cashless payment options has been expedited
- The capital intensity of point-of-sale hardware combined with significantly decreased restaurant and retail traffic will be difficult to overcome



eCommerce Enablers Will Thrive

- Traditionally brick and mortar businesses will need digital platforms that allow them to quickly shift to online retail operations
- Payment processors with more exposure to online sales will be better positioned



Accelerated Digital Transformation of Financial Services Companies

- Increased demand from consumers for remote/digital banking and investments will increase strain on infrastructure technology
- Legacy financial institutions will be forced to fast track digital transformation efforts to adapt and survive

MARCH 2020 GLOBAL FINTECH DEAL METRICS

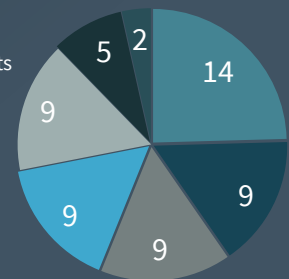
\$4.4B **57**
Financing Volume M&A Transactions

>\$36B
M&A Volume

Source: PitchBook Data, Inc

Transaction Activity by Subsector

- Banking / Lending Tech
- Payments / Cards
- Wealth & Capital Markets Tech
- InsurTech
- Healthcare FinTech
- Financial Management Solutions
- Financial BPO



FINTECH PUBLIC COMPS

Company	52 wk.		Enterprise Value	TTM		Enterprise Value / TTM	
	High	Low		Revenue	EBITDA	Revenue	EBITDA
Visa Inc.	\$214	\$134	\$376,600	\$23,525	\$16,406	16.0x	23.0x
PayPal Holdings, Inc.	\$124	\$82	\$132,780	\$17,772	\$3,828	7.5x	34.7x
Fidelity National Information Services, Inc.	\$158	\$92	\$94,492	\$10,333	\$3,194	9.1x	29.6x
Intuit, Inc.	\$307	\$188	\$66,335	\$7,127	NM	9.3x	NM
Square, Inc.	\$87	\$32	\$26,934	\$4,714	\$542	5.7x	49.7x
SS&C Technologies, Inc.	\$68	\$30	\$20,301	\$4,633	\$1,712	4.4x	11.9x
Q2 Holdings, Inc.	\$94	\$47	\$6,634	\$315	NM	10.5x	NM
Blackline, Inc.	\$74	\$38	\$3,590	\$289	NM	12.4x	NM
Bill.com, Inc.	\$64	\$24	\$3,062	\$109	NM	28.1x	NM
Blucora, Inc.	\$37	\$9	\$955	\$718	NM	1.3x	NM
FinVolution Group	\$6	\$1	\$288	\$747	NM	0.4x	NM

Source: PitchBook Data, Inc



NOTABLE FINTECH ACQUISITIONS

intuit **credit karma**

Intuit agreed to acquire, Credit Karma Inc., a personal finance platform, on February 24, 2020

Deal Size EV/Rev
\$7,100M 7.1x

BMO **clearpool**

BMO Financial agreed to acquire Clearpool, an online trading platform on April 6, 2020

Deal Size EV/Rev
N/A N/A

VISA **PLAID**

Visa acquired Plaid Inc, a financial services connectivity platform, on January 17, 2020

Deal Size EV/Rev
\$5,300M 35.3x

REPAY **ventanex**

REPAY agreed to acquire Ventanex, an integrated payments solutions provider on February 10, 2020

Deal Size EV/Rev
\$50M 4.2x

SoFi **GALILEO**

SoFi agreed to acquire Galileo, a provider of an API for payment processors, on April 7, 2020

Deal Size EV/Rev
\$1,200M 12.0x

Nasdaq **solovis**

Nasdaq agreed to acquire Solovis, a provider of portfolio analytics, on March 9, 2020

Deal Size EV/Rev
\$50M 4.2x

RECENT FINTECH TRANSACTIONS

Date	Target	Buyer	Description	EV (\$ in M)	EV/Revenue
Apr-20	Galileo	SoFi	Provider of API enabling payment processors to customize their systems to fit customer needs.	\$1,200	12.0x
Apr-20	Clearpool Execution Services, LLC	BMO Financial Group	Provider of an electronic trading software designed to develop technologies for the modern market microstructure.		
Apr-20	Gold Coast Bancorp, Inc.	Investors Bancorp	Provider of personal and business banking products.	\$64	
Mar-20	CashBet Alderney Limited	Greentube	Provider of a blockchain-powered i-gaming platform intended to elevate the online gambling experience.		
Mar-20	Solovis, Inc.	NASDAQ	Provider of a multi-asset class portfolio management, analytics.		
Mar-20	Online Brokerage Services, Inc.	AssetMark	Provider of investment and operations outsourcing services.	\$20	
Feb-20	Credit Karma, Inc.	Intuit	Developer of financial education and recommendation platform intended to offer free credit scores and reports.	\$7,100	7.1x
Feb-20	CDT Technologies, Ltd.	Realtime Electronic Payments	Developer of a cloud-based transaction management platform.	\$50	4.2x
Jan-20	Plaid Inc.	Visa	Data network programming platform that connect fintech applications with traditional bank accounts.	\$5,300	35.3x
Jan-20	Procentia, Inc.	BT Pension Scheme	Developer of pension software based in Palatine, Illinois.		
Jan-20	Merkle Data Inc.	Anchorage	Developer of digital asset platform that provides accurate and actionable analytics for blockchain companies.		

Source: PitchBook Data, Inc

TECHNOLOGY PRACTICE



MERIDIAN CAPITAL INVESTMENT BANKERS

Meridian Capital has been helping middle market business owners achieve their M&A and corporate finance goals since 1995.

TECHNOLOGY INDUSTRY EXPERIENCE

Meridian's technology practice offers access to industry-wide strategic and financial partner relationships, deep sector expertise, and proven transaction experience to help maximize shareholder value.

TRANSACTION EXPERTISE

- Mergers & Acquisitions
- Growth Capital
- Strategic Advisory

TAILORED PROCESSES

- High-Touch Approach
- Multidisciplinary Deal Team
- End-to-End Services

MERIDIAN CAPITAL'S TECHNOLOGY TEAM



PATRICK RINGLAND
Principal & Managing Director
pringland@meridianllc.com



TONY RICHARDSON
Director – Business Services
trichardson@meridianllc.com



DANIELLE LOBO
Vice President
dlobo@meridianllc.com



SEAN MAIER
Analyst
smaier@meridianllc.com



JACOB ATKINSON
Analyst
jatkinson@meridianllc.com

About Meridian Capital

Meridian Capital (www.meridianllc.com), a Seattle-based M&A advisory firm, has served as a trusted advisor to business owners on complex corporate finance, M&A, and strategic challenges for over 20 years. The firm differentiates itself through its deep industry insights, highly customized service approach, and end-to-end commitment to execution.

Contact Us

1809 Seventh Avenue
Suite 1330
Seattle, WA 98101
t: (206) 623-4000
e: info@meridianllc.com
meridianllc.com