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# Financial Technology Sector

M&A Review

Q1 2020

## Introduction

While the COVID-19 pandemic has had an impact on almost every part of the economy, not least the FinTech sector, it's difficult to assess whether the impact of the coronavirus will be positive or negative in the aggregate, particularly since each FinTech category is responding to some unique challenges.

As this crisis reframes how society behaves, making digital-only the new norm for financial services, COVID-19 could ultimately end up benefiting the industry by accelerating the rush to digitalisation. For example, as social distancing has taken hold worldwide, there has been tremendous growth in the use of digital financial services and e-commerce.

*2020 will be challenging for FinTech firms to navigate due to the COVID-19 crisis, but we expect surging demand for technologies helping financial services providers manage digital-only interactions*

The big winners will be consumer and corporate lending platforms who are best positioned to swiftly and efficiently deliver capital to key segments of the economy. Financial software that enables a better customer experience, that relies exclusively on digital channels, may also be able to attract more clients in the coming months.

FinTech enablers around AI and machine learning will also continue to be in high demand, particularly in areas such as account opening procedures and loan automation. Similarly, given the volume of digital business transacted and the robust KYC solutions required for protecting client assets, digital ID technology will also become increasingly important.

Flipping the coin, some parts of the FinTech ecosystem could struggle as a result of the pandemic. Wealth management could suffer from clients de-risking post-crisis, while payments and FX firms could experience decreased transaction activity affecting commission businesses.

As the FinTech sector struggles through the COVID-19 economic fallout, a report from VC Finch Capital suggests that the situation could be prolonged until Q4 2020 and then be followed by a recovery period of 12 to 18 months. Post-crisis, we believe the lasting impact on society creates conditions which favour increased momentum, growth and the unleashing of a virtuous cycle for FinTech companies.

## M&A Overview

This quarter saw 91 M&A transactions in the FinTech sector, of which we are highlighting 58 in this report. While the overall volume of deals has considerably decreased compared to the previous quarter and is 41% lower than Q1 2019, valuations remained strong with revenue multiples averaging at 3.4x and going up to nearly 10x revenue.

However, with the COVID-19 lockdown accelerating the trend for remote working, digital banking, digital wealth management and online payments, FinTech software firms offering (components of) solutions for digitalisation remain of interest to acquirers in the current market.

While there were a number of significant transactions this quarter – including the acquisition of Plaid by Visa for a total consideration of \$5.3bn – the number of large M&A deals is expected drop in the next few months (although trade-sales valued under \$250m could be less affected by this crisis).

In terms of deal types, 64% of the identified transactions were cross-border, the remaining 36% taking place domestically – the majority of which were in the US (nearly 60%).

The most active regions in terms of M&A in the FinTech space continue to be the US and Europe (predominantly the UK, the Netherlands and Germany), followed by Asia-Pacific.

## Public Companies Overview

Q1 saw a fall in average revenue multiples across our sample of quoted companies, which reflects the fall in confidence across the global economy. As of 31 March 2020, the average forward revenue multiple overall was 4.9x, going up to 6.3x for Large Cap companies.

Revenue growth continues to be one of the most important drivers for higher valuations. The companies exhibiting the highest expected revenue growth this year are Q2ebanking, FIS and ACI.

Now more than ever, a strong recurring revenue base is key for FinTech firms to survive the cashflow challenges of the current environment. Recurring revenue as a proportion of total revenues continues to average above 70%, with Large Cap companies averaging at 81%.

## FinTech Subsectors

### Asset and Wealth Management Software

Systems developed for institutional asset and private wealth managers

### Banking Software

Software that facilitates or enhances banking practices

### Data and Terminals

Companies providing data and specialised terminals to financial industry players

### Financial Services Consulting

Companies that provide consulting within financial services

### InsurTech

Innovations in the insurance industry through technology

### Life and Pensions Administration Software

Advancing and facilitating the administration of life insurance & pensions

### Payments

Innovative solutions to make faster and more efficient payments

### RegTech

The use of technology to facilitate the delivery of regulatory requirements

### Research Management Software

Tools to enhance and simplify financial research

### Retail Investment Technology

Technology aimed at furthering retail investing

### Trading and Risk Management Software

Software designed for trading and risk management activities

### Other

All other company types within the financial technology spectrum

# M&A HIGHLIGHTS Q1 2020

**\$20bn**

Aggregate Deal Value<sup>1</sup>

**\$98m**

Average Deal Size<sup>2</sup>

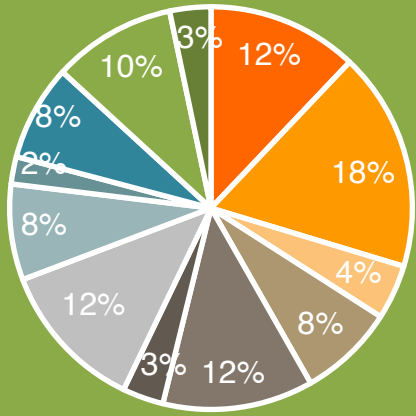
**3.4x**

Average Revenue Multiple

Deal Volume



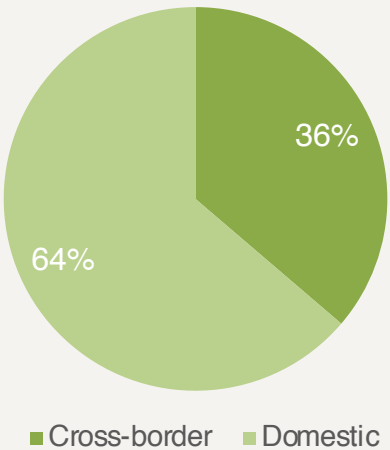
Deals by Subsector



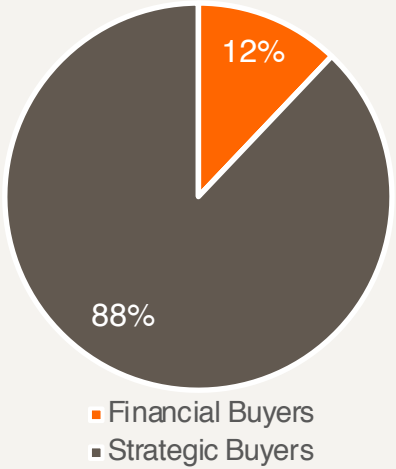
- Asset and Wealth Management Software
- Banking Software
- Data and Terminals
- Financial Services Consulting
- InsurTech
- Life and Pension Administration Software
- Payments
- RegTech
- Research Management Software
- Retail Investment Technology
- Trading and Risk Management Software
- Other



Deals by Type



Deals by Buyer Type



1. Including the acquisition of Plaid by Visa for a total consideration of \$5.3bn 2. Excluding the Visa/Plaid deal; WEX/eNett and Optal worth \$1.7bn; Worldline/ Ingenico worth \$8.6bn and Ally Financial/ CardWorks valued at \$2.6bn



# DEAL SNAPSHOTS



**\$5.3bn**

Transaction Value

**\$109m+**

Estimated Target  
Revenue

**\$3.1bn**

New Addressable  
Market

- Visa Inc. (NYSE: V) announced it has signed a definitive agreement to acquire Plaid, a network that makes it easy for people to securely connect their financial accounts to the apps they use to manage their financial lives, for a total purchase consideration of \$5.3bn. The transaction is subject to regulatory approvals and other customary closing conditions and was expected to close in the first half of the year.
- Plaid's products enable consumers to conveniently share their financial information with more than 11,000 financial services companies such as Acorns, Betterment, Chime, Transferwise and Venmo. With one in four people with a US bank account being linked to Plaid, the company is one of largest players developing back-end infrastructure to enable FinTechs to operate. In the absence of a platform such as Plaid's, FinTechs would have to overcome a rather monumental task of doing custom integrations with thousands of financial institutions.
- In 2018, Visa, alongside rival card network Mastercard, joined a \$250 million financing round in Plaid, that gave the company a \$2.65bn valuation. And while Visa's price has been viewed as a significant premium over Plaid's last valuation, this isn't entirely surprising considering that several of Plaid's peers have already been acquired – in 2015, wealth management technology developer Envestnet bought Plaid-like start-up Yodlee for \$660m and Plaid itself acquired peer Quovo for a reported \$200m in 2019
- Thus, existing industry momentum around firms like Plaid, combined with Plaid's wider reach compared to its peers, could help explain Visa's willingness to pay.

## VISA

- This acquisition represents a more aggressive move for Visa to access new markets, provide better services for developer partners, tighten relationships with FinTechs and diversify its own business.
- Plaid's biggest strength lays in obtaining explicit permission from consumers to use their data. With Plaid, Visa is a consent network – where consumers, data owners and data subscribers can manage consent on every data attribute that flows through.
- Plaid's FinTech-centric business opens new market opportunities for Visa by expanding its addressable market in banking, lending, payments, PFM and business services – worth roughly \$3.1bn.
- Though Visa's growth is strong and consistent, alternative payment types are quickly gaining share of its networks' revenues. This deal represents another major step on Visa's part to build out its non-card offerings, as Plaid's reach could help the company introduce new products such as a P2P product (where cards have historically lacked visibility) or push into B2B payments, which represent another target area.



- Plaid has already achieved significant traction in the US, but Visa's backing could boost that further, especially outside the US.
- Visa's brand reputation and tight relationships with FIs in Europe and the UK might make banks more willing to allow Plaid's data-sharing particularly amid security and privacy concerns. In turn, this will create a flywheel that would help Plaid proliferate in the region and become a larger player in the open banking space.

# DEAL SNAPSHOTS



**Broadridge®**



**Funds Library**

**\$69m**

Transaction Value

**700+**

Customers

**10th**

Acquisition in the last 12 months

- Broadridge (NYSE: BR) has acquired FundsLibrary for a total consideration of \$69m, representing the company's next step in creating a leading pan-European digital data platform, supporting the lifecycle of fund data, documents and regulatory reporting for the investment industry.
- FundsLibrary's solutions enable fund managers to increase distribution opportunities and help them comply with regulations such as Solvency II and MiFID II.
- The combination of FundsLibrary's data platform and technology with Broadridge's existing regulatory communications offerings, fund calculation, document creation and translation capabilities would create an end-to-end solution for fund managers and distributors, enabling them to increase distribution opportunities and meet their regulatory requirements across multiple jurisdictions.
- Broadridge currently manages and distributes data for over 700 global funds groups and provides fund data for over 200 million requests.
- Broadridge is one of the industry's most active consolidators. The firm recently purchased Fi360 – a fiduciary software provider for financial advisers and intermediaries – and ClearStructure Financial Technology – a provider of portfolio management solutions for private debt markets. Broadridge also snapped up Financial Database Services, Northern Trust's blockchain-based private equity asset servicing platform, RPM Technologies, Rockall, as well as certain technology solutions from PivotData, and its partner Sol Hedge.

**REFINITIV**



**scivantage**

**40,000+**

Customers

**190+**

Countries

**3x**

Exit Return

- Refinitiv is one of the world's largest providers of financial markets data and infrastructure, providing leading data and insights, trading platforms, open data and technology platforms. The acquisition of Scivantage represents the next step in Refinitiv's journey to create next-generation digital wealth management solutions, as it will help to more securely establish its presence in the advisory and tax management space.
- Although the terms of the transactions were not disclosed, Edison Partners announced that the exit generated a nearly 3x return.
- Scivantage's primary solutions include digital wealth management offering Wealthscope, a digital client experience, and Maxit E2E, an end-to-end tax information reporting solution. Core functionality includes account management, personal portfolio management, money movement, market and investments data, advisor focused features, trading, cost basis and tax information reporting.
- Until now, Refinitiv's users have been made up largely of banks and large financial institutions, and with the addition of Wealthscope and Maxit E2E, the company is expected to bolster its relationship with prime brokerage, broker-dealers, clearing firms and bank-brokerage firms.
- It is worth noting that Refinitiv is in the process of being acquired by The London Stock Exchange Group (LSEG) for \$27bn, with the deal expected to be completed during the second half of this year, subject to closing conditions and approvals.

# SELECTED ASSET AND WEALTH MANAGEMENT TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Jan-20	Astreya Partners (US)	RelayiQ (US)	Develops AlertIQ, a platform that enables data-driven decision making to ensure value is realised from all analytics investments.	n/a	n/a	n/a	The acquisition expands Astreya's technology-enabled services to include RelayiQ's powerful portfolio of machine learning-driven solutions for business intelligence automation.
Jan-20	Broadridge Financial Solutions (US)	FundsLibrary (UK)	Provider of a digital platform supporting the life cycle of fund data, documents and regulatory reporting.	69	n/a	n/a	Combining FundsLibrary's capabilities with Broadridge's existing regulatory communications offerings will enable Broadridge to significantly reduce complexity and cost for global fund managers, helping them increase distribution opportunities and meet their regulatory requirements across multiple jurisdictions.
Feb-20	Grab (Singapore)	Bento (Singapore)	B2B2C Wealth Tech provider, bringing institutional grade portfolio construction in a digital user journey to financial institutions.	n/a	n/a	n/a	The acquisition of Bento enables Grab to bring retail wealth management and investment solutions to its ecosystem of users, driver-partners and merchant-partners. Bento will be rebranded as GrabInvest; with products to be rolled out in South-East Asia, with Singapore as the first market.
Feb-20	Credit Suisse Asset Management (US)	NorthPoint Technology (US)	Develops investment management software solutions.	n/a	n/a	n/a	NorthPoint's comprehensive product suite – spanning over order management software to portfolio management – provides a differentiated offering to a growing client base that includes hedge funds, allocators and asset managers. Credit Suisse welcomes the opportunity for growth in this vertical, as financial institutions continue to embrace new technology and tools to solve their operational and client needs.
Feb-20	Ava Labs (US)	Investery (US)	Develops a private capital markets platform that assist investors in managing alternative investments.	n/a	n/a	n/a	Acquisition will boost AVA Lab's global business outreach and explore new growth markets.
Mar-20	Refinitiv (US)	Scivantage (US)	Provider of web-based front and middle-office technology solutions for the financial services industry.	n/a	n/a	n/a	The acquisition of Scivantage represents the next step in Refinitiv's journey to create next-generation digital wealth management solutions, providing clients with the data, technology and insight needed to empower better decisions and user engagement.
Mar-20	Nasdaq (US)	Solovis (US)	Provider of investment management portfolio analysis and reporting software.	n/a	n/a	n/a	Combined, the new company will bring tremendous decision-making power to their investor clients, pre- and post-investment, across public and private markets.

# SELECTED BANKING SOFTWARE TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Jan-20	Visa (US)	Plaid (US)	Provider of tools and access companies need for the development of a digitally-enabled financial system.	53,000	109	n/a	Visa's acquisition of Plaid represents both an entry into new businesses and complementary enhancements to Visa's existing business. First, Plaid's FinTech-centric business opens new market opportunities for Visa both in the U.S. and internationally. Second, the combination of Visa and Plaid provides the opportunity to deliver enhanced payment capabilities and related value-added services to FinTech developers. Finally, the acquisition will enable Visa to work more closely with FinTech's through all stages of their development and drive growth in Visa's core business.
Jan-20	Raisin (Germany)	CHOICE (US)	Develops, implements and supports software for financial institutions.	n/a	n/a	n/a	The acquisition will create the first real innovation to the US deposits market in generations broadly accessible to banks across the country.
Jan-20	Opera Limited (Norway)	Pocosys (Estonia)	Develops online banking service software.	n/a	n/a	n/a	With this acquisition, Opera seeks to add further capabilities and skillsets to allow for future synergies between its browser and FinTech businesses. In addition, Tallinn will become Opera's second European hub for FinTech services, following Gothenburg, Sweden.
Feb-20	Computershare (Australia)	VisEq (Germany)	Provider of systems for the automation of disclosure processes to clients in European financial markets.	n/a	n/a	n/a	Computershare (ASX:CPU) acquired remaining 34% stake in VisEq. Post the acquisition, VisEq will be a wholly owned subsidiary of Computershare.
Mar-20	Consortium of buyers	Finzsoft Solutions (New Zealand)	Provider of core and vertical specific solutions supporting leading banks, building societies, credit unions and finance companies.	8	7	1	Under the terms of the offer, the buying consortium, including Police and Families Credit Union, CRX Investments and First Credit Union, will acquire all the shares of Finzsoft Solutions.
Mar-20	LoanClear (Netherlands)	Brismo (UK)	Provider of lending performance data.	n/a	n/a	n/a	The combined company has the infrastructure and expertise required to process and interpret millions of lines of loan tape data, bringing efficiency and insight to a market that has traditionally relied on non-scalable interactions.
Mar-20	Equiniti (UK)	Monidee (Netherlands)	Provider of B2B FinTech software solution.	n/a	n/a	n/a	The acquisition enables Equiniti to provide employee share purchase plans globally, extending its services to meet demand from new and existing clients across the world.



# SELECTED BANKING SOFTWARE TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Mar-20	Banco Santander (Spain)	Mercury Trade Finance Solutions (Spain)	Provider of software solutions that automate the end-to-end management of trade finance transactions for corporate customers.	22	n/a	n/a	The acquisition will fuel Banco Santander's international trade offering and strengthen its position in the market.
Mar-20	Valens Holding (Germany)	Valenspay (UK)	Develops a banking application that offers access to standard banking products to companies and individuals.	n/a	n/a	n/a	ValensPay has its own banking service platform with Apps available in Apple's AppStore and GooglePlay as well as web-banking. The acquisition will support the company's strategy to grow by offering its banking system through a white label solution. This has many competitive advantages, in particular, a significantly less expensive route to client acquisition.
Mar-20	CRIF (India)	Strands (US)	Develops big data, machine learning and digital money management software for the banking industry worldwide.	n/a	n/a	n/a	The combination between Strands and CRIF will create a strong worldwide digital solutions provider in access to account, account aggregation and AI-powered BFM and PFM solutions, with new synergies in terms of expertise, solutions and offerings.

# SELECTED DATA AND TERMINALS TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Feb-20	ESource Companies (US)	TROVE Predictive Data Science (US)	Provider of AI-based predictive data science software solutions that help clients make data-driven decisions.	n/a	n/a	n/a	The acquisition of TROVE will allow ESource Companies to apply sophisticated predictive analytics and data science to their best-practice utility research and consulting practices.
Feb-20	Envestnet (US)	FinBit (India)	Provider of financial and bank data aggregation and analytics services.	n/a	n/a	n/a	This acquisition better positions Envestnet (Yodlee) to strengthen its leadership stance with solutions built to conform to India's account aggregator guidelines and requirements.
Mar-20	Seersite (US)	StreetReader (US)	Develops and provides a platform for senior executives at public companies to understand and manage institutional investors.	n/a	n/a	n/a	StreetReader will help accelerate Seersite's strategy of building a unique community which offers a better way to deliver insight and expertise to corporate professionals, investment managers, consultants and analysts.

# SELECTED FINANCIAL SERVICES CONSULTING TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Jan-20	Baidu (China)	Yusys Technologies (China)	Provider of IT solutions to banking-based financial institutions in China.	86	381	4	Baidu's strategic investment in Yusys will be for the purpose of expediting cooperation of the financial cloud, big data, artificial intelligence and blockchain technology, along with driving the large scale deployment of Cloud + AI solutions in the Chinese financial sector.
Jan-20	ABRY Partners (US)	Options Technology (UK)	Provider of financial technology managed services and IT infrastructure products.	n/a	n/a	n/a	The transaction will enable Options' executive team to significantly accelerate its growth strategy, pursue strategic M&A targets, invest further in the firm's technology platform and expand Options' reach in key financial centres globally.
Feb-20	Accenture (Ireland)	Mudano (UK)	Provider of data solutions and consulting services to financial services firms.	n/a	n/a	n/a	Accenture has agreed to acquire Mudano to further enhance its analytics, data and artificial intelligence transformation capabilities.
Feb-20	TRG Screen (US)	Market Data Insights (US)	Provider expert-based market data management solutions to financial services firms.	n/a	n/a	n/a	The acquisition of MDI will further solidify TRG Screen's position as a global market leader of market data management solutions.

# SELECTED INSURTECH TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Jan-20	Sapiens (Germany)	sum.cumo (Germany)	Develops online platforms and offers software solutions for insurance and lottery sector companies.	31	19	2	The acquisition will enable Sapiens to expand its footprint by offering Sapiens' complete product and services portfolio in the DACH region, alongside sum.cumo's offerings. Sapiens will continue to invest in and support sum.cumo's offerings and enhance Sapiens' digital offerings worldwide via sum.cumo's solutions and expertise.
Jan-20	Insurity (US)	SpatialKey (US)	Develops geospatial insurance technology that simplifies how insurers view risk by bundling catastrophe data, mapping, and analytics.	n/a	n/a	n/a	The acquisition will broaden Insurity's data and analytics offerings.
Jan-20	Consortium of buyers	Dias Software (Netherlands)	Develops software for financial intermediaries and insurance brokers.	n/a	n/a	n/a	A consortium of investors completed the acquisition of Dias Software B.V. ("Dias") from UNIT4. Dias is one of the leading Dutch providers of software for financial intermediaries and insurance brokers. Under the new shareholders, Dias is able to further boost its product development and install a leadership team dedicated on growing the business going forward.
Jan-20	Utilant (US)	International Management Technologies (US)	Develops customised engineering, loss control and inspection software solutions for insurance companies and other large organisations.	n/a	n/a	n/a	The acquisition will help further Utilant's market leadership and respond to the growing global demand for a scalable solution through a unified technology platform that manages underwriter and policyholder customer interactions.
Jan-20	CoreLogic (US)	Location (US)	Provider of location-based data and SaaS tools for risk analysis for corporate users in the United States.	n/a	n/a	n/a	Location's unique risk analytic products enhance CoreLogic's offering for property and casualty insurance by expanding their capabilities in predictive, location-based analytics.
Jan-20	Management buyout	Recipero (UK)	Develops software solutions to collect, analyse and deliver device-led data solutions for carriers, insurers, recyclers, retailers, consumers and police.	n/a	n/a	n/a	TransUnion has sold its Recipero business – which operates in both the UK and US – to its current management team. Recipero provides a range of solutions for both businesses and consumers for fraud prevention, crime investigation, device due diligence and more, with the management team committed to maintaining and enhancing their products and services.

# SELECTED INSURTECH TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Jan-20	Majesco (US)	InsPro Technologies Corporation (US)	Develops, sells and supports web-based insurance administration software application for insurance carriers and third party administrators in the US.	14	15	n/a	The acquisition of InsPro brings years of experience and amazing talent to the global Majesco team. Together, the combined company will focus focus on bridging customers to the new world with continuous software innovation that help them take advantage of the market growth opportunities in today's insurance experience with cloud and digital transformation.
Feb-20	Insurance Technologies Corporation (US)	Agency Matrix (US)	Develops agency management system software solutions for insurance industry and small business owners.	n/a	n/a	n/a	Through this acquisition Agency Matrix clients will get access to ITC's marketing products and services and TurboRater, ITC's personal lines comparative rater. ITC's clients will also be able to use the features available in the Agency Matrix agency management system.
Feb-20	Great Hill Partners (Germany)	One (US)	Provider of an integrated suite of digital payments and SaaS products in the insurance industry.	n/a	n/a	n/a	One Inc, a digital payments solutions vendor focused exclusively on the insurance industry has completed a recapitalisation led by Great Hill Partners, a Boston-based growth-oriented private equity firm. The recapitalisation represents a change of ownership and a focus on One Inc's payment solutions after a period of venturing into a broader insurance platform offering.
Feb-20	SIX Group (Switzerland)	Omniex Services (US)	Provider of crypto currency trading platform for institutional investors.	n/a	n/a	n/a	Swiss exchange operator SIX is buying a stake in Omniex as part of a wider partnership with the digital asset trading platform. Financial terms of the deal were not disclosed. The partnership will give SIX's clients a gateway to cryptocurrency exchanges and OTC market makers worldwide, providing them with new business opportunities.
Mar-20	Allianz X (Switzerland)	ControlExpert (US)	Provider of software and data analytics services used to streamline elements of the claims management process.	n/a	n/a	n/a	Together with ControlExpert, Allianz expects to significantly improve claims handling through AI and automation.



# SELECTED LIFE AND PENSIONS ADMINISTRATION SOFTWARE TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Jan-20	ESOP	Andesa Services (US)	Provider of a comprehensive suite of integrated policy administration, plan administration and illustration solutions for life insurance and annuity carriers and brokers.	n/a	n/a	n/a	Andesa becomes employee owned, with 165 employees acquiring 100% of the company through ESOP (Employee stock option programme).
Mar-20	IRESS (Australia)	O&M Life & Pensions (UK)	Develops an application software for advisers involved in the pension and investment planning areas to analyse pensions, bonds, and other products. Solution also includes capabilities for fund research and portfolio management and risk profiling.	n/a	n/a	n/a	O&M's software will further strengthen Iress' already comprehensive advice offering in the UK. The solution will integrate directly into Iress' Xplan software and will be immediately available to Iress' clients, while continuing as a standalone research service.

# SELECTED PAYMENTS TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Jan-20	WEX (US)	eNett and Optal (UK)	eNett is a leading provider of B2B payments solutions to the travel industry; Optal, a company that specialises in optimising B2B transactions.	1,720	n/a	n/a	Transaction aligns with WEX's global growth strategy by extending the company's leadership position in the attractive travel market. The acquisition also provides significant global geographic diversification, while reducing WEX's exposure to macroeconomic fluctuations.
Feb-20	Worldline (France)	Ingenico Group (France)	Provider of smart payment solutions to empower commerce across all channels, in-store, online and mobile.	8,629	n/a	n/a	The combined company will provide payment services to one million merchants and 1,200 financial institutions worldwide. The firm would have pro forma revenue of \$5.85 billion and 20,000 employees in a total of 50 countries.
Feb-20	Flywire (US)	Simplee (US)	Provider of payment software intended for the healthcare industry.	n/a	n/a	n/a	The acquisition builds on Flywire's growing healthcare payments business and accelerates the company's market share.
Mar-20	JMU (China)	Beijing Kuali Yitong Technology (China)	Develops a blockchain-based payments platform.	541	n/a	n/a	JMU entered into a share purchase agreement with Beijing Kuali Yitong Technology and its affiliated offshore holding company, Nbpay Group. JMU has a natural synergy with Nbpay and will integrate the company as a part of continuing efforts to build up the infrastructure for open finance through asset digitalisation. Nbpay Group develops a borderless remittance platform based on block-chain technologies, which JMU will leverage to strengthen existing capabilities and provide more cryptocurrency solutions for its customers.

# SELECTED REGTECH TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Jan-20	LexisNexis Risk Solutions (US)	ID Analytics (US)	Provider of credit and identity risk management solutions for real-time information services.	375	n/a	n/a	The LexisNexis Risk Solutions strategic acquisition of data and analytics pioneer ID Analytics highlights the company's commitment to expanding its innovation and expertise in verifying and authenticating consumer identities.
Jan-20	Mitrtech Holdings (US)	ClusterSeven (UK)	Provider of enterprise-wide spreadsheet and data management software for financial institutions and reporting divisions.	n/a	n/a	n/a	By offering their products alongside ClusterSeven's existing governance, risk and compliance solutions, the acquisition will enable Mitrtech to provide the first-ever end-to-end solution suite specifically aimed at elevating companies' data privacy and information governance efforts.
Feb-20	LexisNexis Risk Solutions (US)	Emailage (US)	Provider of transactional risk assessment by assessing and scoring email data for organisations around the world.	n/a	n/a	n/a	The LexisNexis Risk Solutions acquisition of Emailage further demonstrates the company's commitment to augmenting organic growth with strategic acquisitions.
Mar-20	Accuity (US)	Apply Financial (UK)	Provider of cloud software solutions for transaction management, mobile banking and mobile financial services.	n/a	n/a	n/a	The acquisition supports Accuity's strategy of providing banks, corporates, non-banking financial institutions (NBFIs) and FinTech's with global and domestic payment and account validation solutions that reduce payment processing costs while increasing the speed of transactions.
Mar-20	Riskconnect (US)	Xactium (UK)	Provider of an innovative cloud-based software Transforming the value of risk, audit and compliance	n/a	n/a	n/a	The acquisition will accelerate Riskconnect's global growth, strengthen its financial services and project risk management capabilities and equip its customer base with innovative, market-leading AI and analytics technology for GRC.
Mar-20	Thomson Reuters (US)	Pondera Solutions (US)	Provider of a comprehensive cloud solution to help clients detect, investigate and enforce fraud, waste and abuse.	n/a	n/a	n/a	The acquisition of Pondera Solutions will enhance the offerings in the risk, fraud and compliance space and will allow Thomson Reuters to expand on its strategic approach to deliver insight through advanced analytics, AI and human expertise.
Mar-20	Acuant (US)	IdentityMind Global (US)	Provider of an on-demand platform, offering next generation risk management and anti-fraud services for the e-commerce ecosystem.	n/a	n/a	n/a	The transaction creates a best-in-class identity platform for building, proofing, verifying and maintaining digital identities.

# SELECTED RESEARCH MANAGEMENT SOFTWARE TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Mar-20	EPAM Systems (US)	Deltix (US)	Provider of software and services for quantitative research to the financial sector.	30	n/a	n/a	Deltix will continue to develop its current business of providing software and services for systematic and algorithmic trading clients, while EPAM will leverage Deltix's technology and expertise across its various practices that span multiple industries.

# SELECTED RETAIL INVESTMENT TECHNOLOGY TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Jan-20	Payward (US)	BIT Trade (Australia)	Provider of cryptocurrency investment and digital currency exchange platform that helps traders to trade bitcoin and other cryptocurrencies.	n/a	n/a	n/a	The Bit Trade team is being retained to staff the new Kraken outpost in Australia, with Jonathon Miller, CEO of Bit Trade joining as Managing Director for Kraken in Australia.
Mar-20	Morningstar (US)	PlanPlus Global (Canada)	Develops software tools for personal financial and investment planning needs. It offers a financial planning software solution for financial institutions, professional advisors, educational professionals and the general public.	n/a	n/a	n/a	The main significance of this acquisition, in a UK context, is that Finametrica (merged with PlanPlus in 2017) has long been one of the most popular risk profiling tools in the adviser market. Combining the respected academic rigour of the Finametrica risk profiling system with Morningstar's outstanding research capabilities will inevitably produce a compelling proposition for adviser firms.



# SELECTED TRADING AND RISK MANAGEMENT SOFTWARE TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Jan-20	Wolters Kluwer Legal & Regulatory (US)	CGE Risk Management Solutions (Netherlands)	Provider of risk management software, including the industry-standard BowTieXP solution.	n/a	n/a	n/a	The acquisition will extend Wolters Kluwer's presence in the growing operational risk management software market.
Jan-20	Omnes Capital (France)	Opportunity SAS (France)	Provider of debt recovery and risk management.	n/a	n/a	n/a	Omnes Capital closed the primary management buyout of Opportunity, a software-as-a-service platform for customer interaction management. The transaction represents a spinoff of Opportunity from parent Vocalcom Group, in which Apax Partners holds a majority stake.
Feb-20	Komgo (Switzerland)	eGTSA (Switzerland)	Develops an online platform that allows traders and banks to harmonise, secure and automate the exchange of commodity trade related financial instruments.	n/a	n/a	n/a	The komgo blockchain platform for commodity trade finance has acquired Trafec, a multi-bank trade finance application, to further grow its network. The Trade Finance Exchange Console, Trafec, was developed by eGTSA in collaboration with banks including BCP, BNP Paribas, Crédit Agricole, ING and Société Générale. It has been live since 2011 and has nine banks and just under 100 corporates in production as of December 2019.
Feb-20	HgCapital (UK)	smartTrade Technologies (France)	Provider of a liquidity management system (LMS) for financial institutions in France and internationally.	23	n/a	n/a	Hg's support will help continue innovation and R&D, strengthening smartTrade's position as one of the most technologically advanced players in the industry
Feb-20	ION Investment Group (US)	Broadway Technology (US)	Provider of FinTech and infrastructure solutions to global, regional and national bank brokers worldwide.	n/a	n/a	n/a	The partnership is transformational for Broadway, allowing them to take a much longer-term approach to how they innovate.
Apr-20	Beeks Financial Cloud (US)	Velocimetrix (US)	Provider of real-time business insight to the global financial community.	1	n/a	1	The acquisition will expand Beeks' product offering into network automation and trading analytics. Moreover, it will increase their security and monitoring capabilities further by allowing customers to instantly detect emerging performance, operational risk or regulatory concerns.

## SELECTED OTHER TRANSACTIONS

DATE	BUYER	TARGET	DESCRIPTION	DEAL SIZE (\$'m)	TARGET REVENUE (\$'m)	REVENUE MULTIPLE (x)	TRANSACTION RATIONALE
Feb-20	BitGo (US)	Harbor Platform (US)	Provider of a blockchain platform for trading of digital securities.	n/a	n/a	n/a	The acquisition enables BitGo to recreate all parts of the traditional financial system and marks the first time a single entity in the cryptocurrency space holds broker-dealer, transfer agent and a qualified custodian licenses.

# PUBLIC COMPS HIGHLIGHTS

4.9x

Avg. EV/Revenue CY2020E

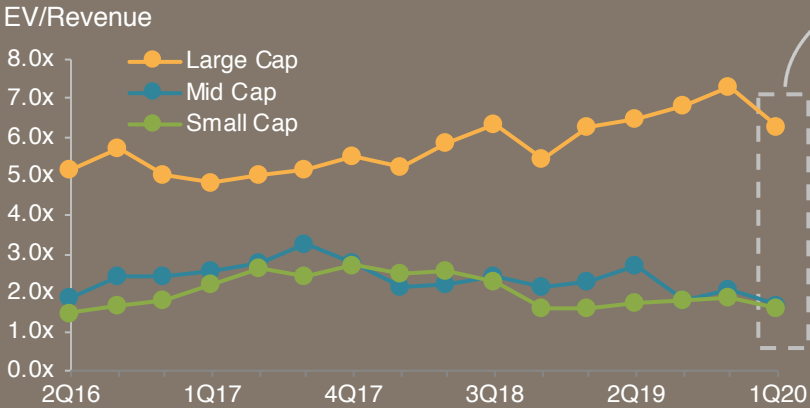
18%

Avg. Revenue Growth CY2019

77%

% Recurring Revenue

Historic Revenue Multiples



## Large Cap

6.3x

Avg. EV/Revenue

16%

Avg. Revenue Growth

81%

% Recurring Revenue

## Mid Cap

1.7x

Avg. EV/Revenue

9%

Avg. Revenue Growth

76%

% Recurring Revenue

## Small Cap

1.6x

Avg. EV/Revenue

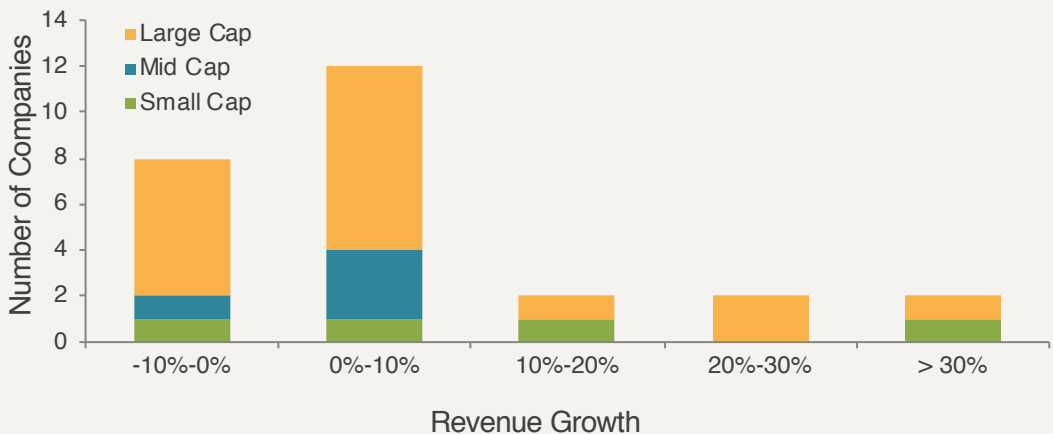
28%

Avg. Revenue Growth

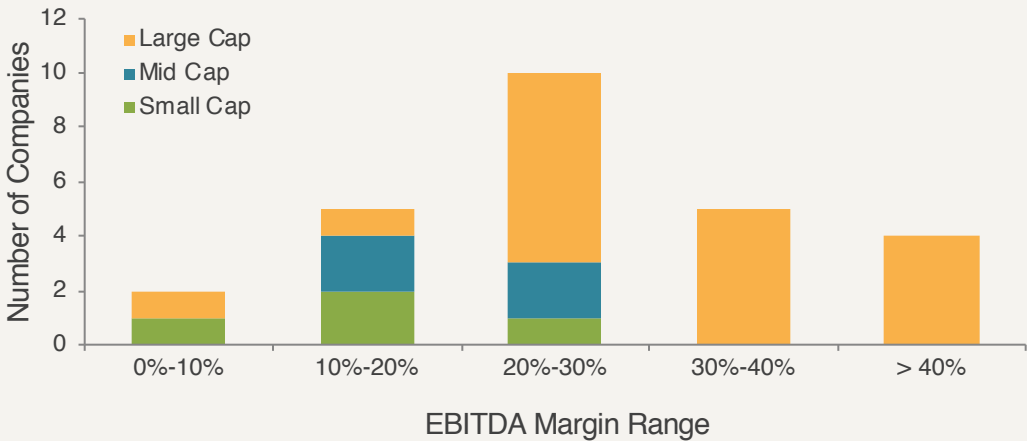
69%

% Recurring Revenue

Revenue Growth Distribution

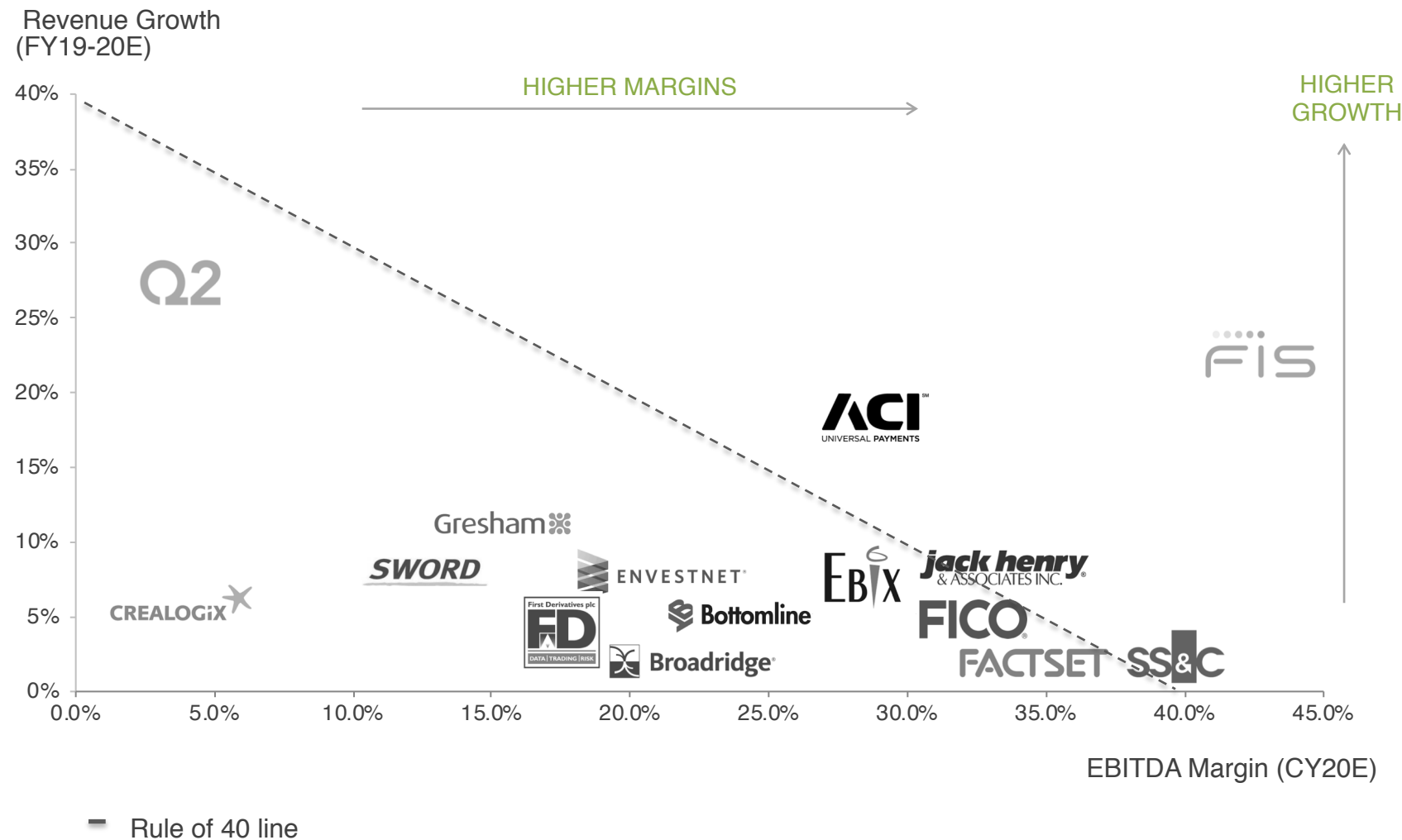


EBITDA Margin Distribution



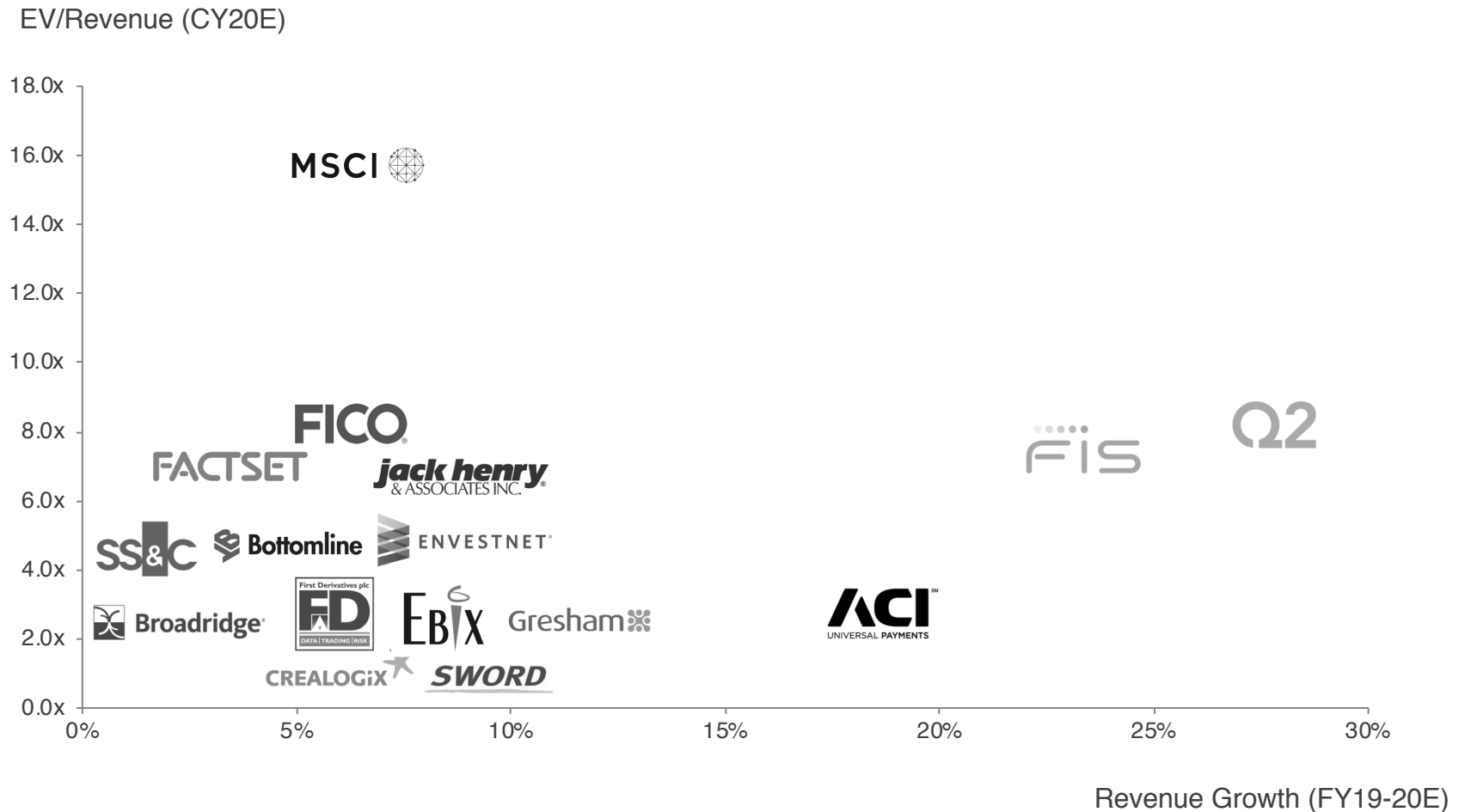
# PERFORMANCE QUADRANTS

The Rule of 40 is a recognised measure of health for SaaS companies, which states that Revenue Growth % and EBITDA Margin (profitability) should ideally add up to roughly 40%.



# REVENUE GROWTH AS A VALUE DRIVER

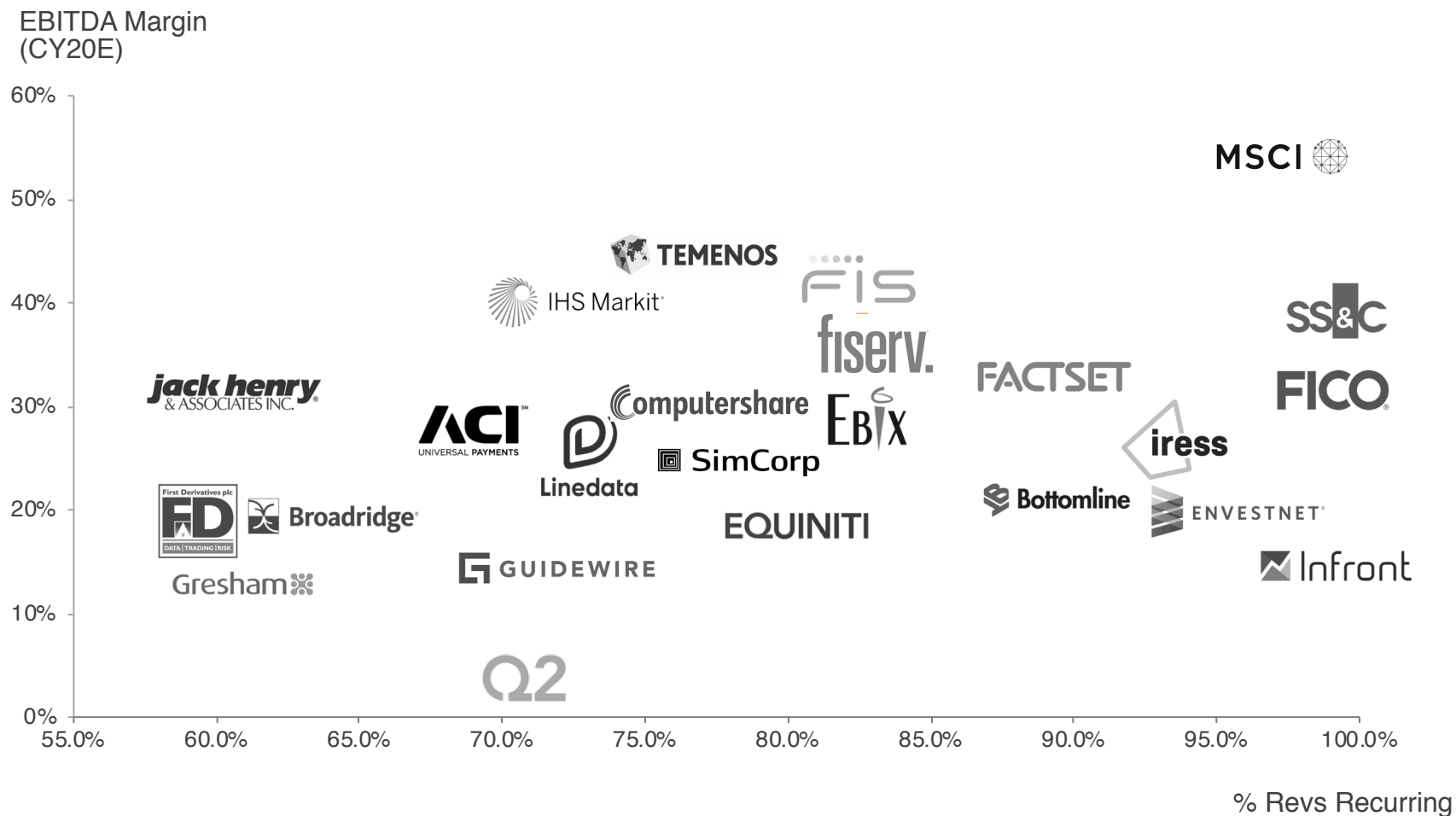
Revenue growth continues to be one of the most important drivers for higher valuations. The companies exhibiting the highest expected revenue growth this year are Q2ebanking, FIS and ACI.





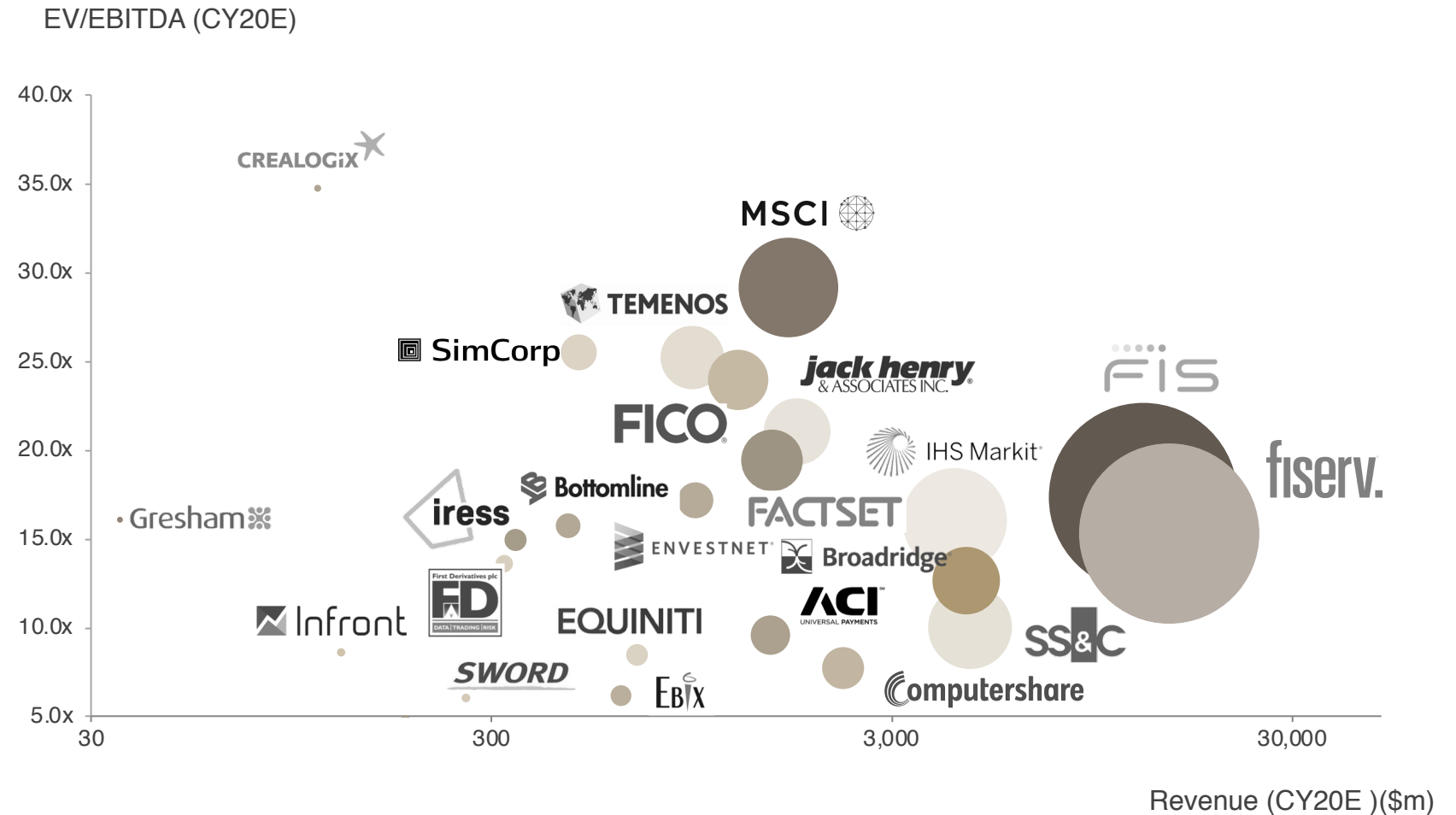
# RECURRING REVENUE AS A DRIVER OF OPERATING MARGINS

Recurring revenues as a percentage of total revenues is an increasingly popular metric driving valuations. Companies of the likes of SS&C, FICO, Infront and MSCI have more nearly 100% recurring revenues, while at the bottom of the range sit First Derivatives, Jack Henry & Associates and Gresham with recurring revenues of only little above 60% of total revenues.



# SCALE AS A VALUE DRIVER

The size of revenue is too an important driver of higher valuations. The companies exhibiting the highest expected enterprise value this year are FIS and Fiserv, while the highest expected EBITDA multiples this year are expected to be achieved by Crealogix and MSCI.



# SECTOR VALUATION METRICS

Company	Ticker	Share Price	Market Cap	Net Debt	Enterprise	Revenue	EV/Revenue		EV/Revs	EV/EBITDA		Revenue Growth		EBITDA Margin		% Revs
		Local				(\$m) <sup>(1)</sup>	(\$m) <sup>(2)</sup>	Value (\$m)	CY20E (\$m)	CY2019	CY2020E	Recurring	CY2019	CY2020E	CY2019	CY2020E
Selected Large Cap																
FIS	FIS US EQUITY	121.6	74,969	19,764	94,733	12,721	9.2x	7.4x	9.0x	26.6x	17.3x	22.7%	23.1%	34.4%	43.0%	82%
Fiserv	FISV US EQUITY	95.0	64,508	21,749	86,257	14,763	8.5x	5.8x	7.1x	25.3x	15.3x	74.9%	44.9%	33.5%	38.2%	83%
MSCI	MSCI US Equity	289.0	24,566	1,752	26,318	1,654	16.9x	15.9x	16.4x	30.2x	29.2x	8.6%	6.2%	55.9%	54.6%	97%
IHS Markit	INFO US Equity	60.0	23,935	5,014	28,949	4,301	6.6x	6.7x	9.0x	18.2x	16.0x	10.1%	-3.1%	36.2%	42.0%	74%
Jack Henry	JKHY US EQUITY	155.2	11,910	(94)	11,816	1,739	7.3x	6.8x	11.2x	22.6x	21.0x	5.6%	8.5%	32.3%	32.3%	61%
SS&C	SSNC US EQUITY	43.8	11,204	7,410	18,613	4,698	4.0x	4.0x	4.0x	10.5x	10.0x	35.4%	1.4%	38.2%	39.6%	100%
Broadridge	BR US Equity	94.8	10,887	1,197	12,084	4,596	2.7x	2.6x	4.2x	13.1x	12.6x	0.7%	2.5%	20.9%	20.8%	63%
FactSet	FDS US EQUITY	260.7	9,881	189	10,070	1,505	6.9x	6.7x	7.5x	20.0x	19.4x	6.3%	3.4%	34.6%	34.5%	89%
Temenos	TEMN SW EQUITY	126.9	9,664	1,022	10,685	951	11.0x	11.2x	14.6x	29.2x	25.2x	15.6%	-2.1%	37.7%	44.5%	77%
FICO	FICO US EQUITY	307.7	8,969	698	9,667	1,239	8.2x	7.8x	7.8x	31.0x	23.9x	16.0%	5.5%	26.5%	32.6%	100%
Guidewire	GWRE US EQUITY	79.3	6,574	(807)	5,767	729	8.1x	7.9x	10.9x	90.7x	49.1x	10.2%	-3.4%	9.0%	16.1%	73%
Morningstar	MORN US EQUITY	116.3	4,982	320	5,302	NA	4.5x	NA	NA	15.5x	NA	15.6%	NA	28.9%	NA	69%
SimCorp	SIM DC EQUITY	571.0	3,399	45	3,444	496	6.8x	6.9x	8.9x	21.6x	25.5x	12.6%	-2.6%	31.4%	27.3%	78%
Computershare	CPU AU EQUITY	9.7	3,205	1,469	4,673	2,264	2.0x	2.1x	2.6x	6.9x	7.7x	2.5%	-2.5%	29.4%	26.8%	78%
Q2 Holdings	QTWO US Equity	59.1	2,860	338	3,197	403	10.1x	7.9x	11.3x	NM	NM	30.9%	27.7%	-11.5%	4.1%	70%
Envestnet	ENV US EQUITY	53.8	2,845	585	3,430	969	3.8x	3.5x	3.7x	33.3x	17.2x	10.8%	7.6%	11.4%	20.6%	96%
ACI	ACIW US EQUITY	24.2	2,805	1,314	4,118	1,491	3.3x	2.8x	3.9x	15.6x	9.6x	24.6%	18.5%	21.0%	28.9%	70%
Bottomline	EPAY US EQUITY	36.7	1,613	5	1,618	466	3.7x	3.5x	3.9x	22.2x	15.7x	7.1%	6.0%	16.8%	22.1%	90%
IRESS	IRE AU EQUITY	10.4	1,119	176	1,294	344	3.7x	3.8x	4.0x	13.9x	14.9x	1.9%	-2.7%	26.3%	25.2%	94%
Average							6.7x	6.3x		24.8x	19.4x	16.4%	7.7%	27.0%	30.7%	81.3%
Total (Large Cap)			279,892	62,143	342,035											
Selected Mid Cap																
Equiniti	EQN LN Equity	1.8	800	448	1,248	693	1.8x	1.8x	2.3x	7.5x	8.5x	0.1%	-2.4%	23.5%	21.3%	80%
First Derivatives	FDP LN EQUITY	22.8	773	22	795	323	2.6x	2.5x	4.0x	14.6x	13.6x	17.5%	6.2%	18.0%	18.1%	61%
Ebix	EBIX US EQUITY	15.2	463	686	1,148	632	2.0x	1.8x	2.2x	5.5x	6.2x	16.6%	8.8%	35.8%	29.5%	83%
Sword	SWP FP EQUITY	24.9	260	(60)	200	259	0.8x	0.8x	NA	6.6x	6.0x	17.9%	8.5%	12.8%	12.8%	NA
Average							1.8x	1.7x		8.6x	8.6x	9.1%	5.3%	22.5%	20.4%	74.7%
Total (Mid Cap)			2,295	1,095	3,390											
Selected Small Cap																
Linedata	LIN FP EQUITY	19.6	142	89	232	183	1.2x	1.3x	1.7x	NA	4.8x	-7.2%	-3.6%	NA	26.4%	75%
Crealogix	CLXN SW Equity	87.0	126	2	128	110	1.2x	1.2x	2.5x	56.9x	34.7x	14.1%	5.3%	2.1%	3.3%	47%
Gresham	GHT LN Equity	1.2	98	(11)	87	35	2.7x	2.5x	4.0x	20.7x	16.1x	23.9%	11.2%	13.2%	15.3%	61%
MSG	MSGL GR EQUITY	1.8	85	(36)	50	NA	NA	NA	NA	NA	NA	16.0%	NA	NA	NA	21%
Infront	INFRNT NO Equity	15.0	62	120	182	126	2.2x	1.4x	1.4x	19.5x	8.6x	149.1%	49.4%	11.0%	16.8%	100%
63 Moons	63MOONS IN Equity	46.1	28	(188)	(160)	NA	NA	NA	NA	NA	NA	-25.3%	NA	NA	NA	99%
Dion	DION IN EQUITY	2.4	1	62	63	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	74%
Average							1.8x	1.6x		32.4x	16.1x	28.4%	15.6%	8.8%	15.5%	68.1%
Total (Small Cap)			543	39	582											
Sector Total			282,730	63,277	346,008		5.3x	4.9x	6.3x	23.1x	17.1x	18%	9%	24%	27%	77%

(1) Excludes treasury shares

(2) Net financial debt minus marketable securities and collaterals.

(3) Recurring revenues (renewing licences, maintenance, subscriptions, SaaS etc) where reported for last full year

(4) NM - Not meaningful and NA - Not available

## Quick Facts

- Partner-centric firm focused on providing advisory services to sellers and buyers in M&A projects across the globe
- Deep domain expertise across software, services and data intensive sectors, with a focus on FinTech, HRTech and Human Capital
- Our Partners have advised on 100+ transactions with values up to £130m; the majority (70%) of our engagements result in cross-border transactions
- International presence with offices in London, San Diego and Buenos Aires
- Proven track record of successful long-term advisory relationships positioning clients for premium transactions using current insights into the relevant strategic investors

## Selected Transactions

 FinTech	 FinTech	 FinTech	 FinTech	 FinTech
 Has been acquired by: 	 Has been acquired by: 	 Has acquired: 	 Has been acquired by: 	 Has been acquired by: 
Goldenhill International M&A Advisors	Goldenhill International M&A Advisors	Goldenhill International M&A Advisors	Goldenhill International M&A Advisors	Goldenhill International M&A Advisors

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