

# VALUE FOCUS

## FinTech Industry



### Segment Focus: Payments

2014

#### FinTech Industry Overview

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Q1: Technology

Q2: Solutions

**Q3: Payments**

Q4: Technology

## Public Market Indicators

The FinTech Industry has performed largely in-line with the S&P 500 in the trailing twelve months through 8/31/2014.

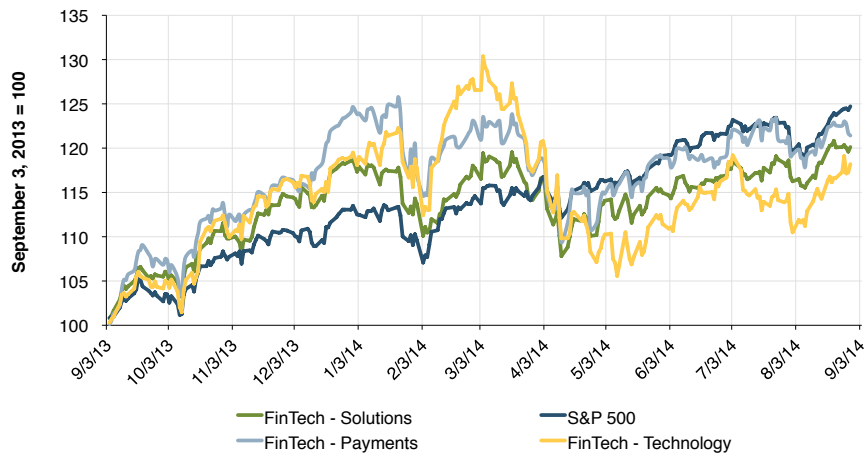
- FinTech sector outperformed broader markets in late 2013 but has underperformed both broader markets as well as technology sector year-to-date.
- Small- and mid-cap stocks, of which a number of FinTech companies would be classified, have generally underperformed both broader markets as well as large-caps year-to-date.

Market performance of FinTech companies has gyrated as investors weigh:

- Threats of new entrants
- Continued technological change
- Emerging risks including regulatory and business model

### Mercer Capital FinTech Indices vs. S&P 500

for LTM Period



Source: SNL Financial

### Median Total Return

as of September 3, 2014

Segment	Month-to-Date	Year-to-Date	Last 12 Months
FinTech - Payments	2.0%	-2.1%	21.4%
FinTech - Solutions	2.9%	1.3%	20.1%
FinTech - Technology	5.9%	-0.7%	18.2%
<b>S&amp;P 500</b>	<b>4.0%</b>	<b>10.3%</b>	<b>24.7%</b>

Source: SNL Financial

**Valuation Multiples**

as of September 3, 2014

Segment	Price/ LTM EPS	Price / 2014 (E) EPS	Price / 2015 (E) EPS	Ent'p Value / LTM EBITDA	Ent'p Value / FY14 (E) EBITDA	Ent'p Value / FY15 (E) EBITDA	Ent'p Value / LTM EBITDA	Ent'p Value / LTM Revenue	Dividend Yield
FinTech - Payments	26.2	23.5	20.4	11.5	11.7	9.4	16.6	2.6	0.0
FinTech - Solutions	26.1	26.1	22.8	14.1	11.3	10.3	17.4	3.2	0.0
FinTech - Technology	16.3	25.6	22.4	12.9	12.5	11.3	15.8	3.9	0.0

Source: SNL Financial

Consistent with recent historical growth patterns and outlook near-term, FinTech companies are generally priced at a premium to the broader markets.

**Industry Articles of Note****Banks Lure Fintech Startups with Venture Funds***Wall Street Journal:*

Anna Irrera

<http://mer.cr/1ro0j6j>**Banks spend more on IT: Hoping the Cloud is Silver-lined***Reuters:*

Tome Miles

<http://mer.cr/1rm0IKL>**MasterCard Helps Fuel Takeovers as Payment Tech Heats Up***Bloomberg Businessweek:*

Elizabeth Dexheimer and Matthew Monks

<http://mer.cr/1CnzpPK>**2H2014 Venture Valuations & Trends***PitchBook Blog:*

Cristin Carlton

<http://mer.cr/1BblKsk>**Fintech Reshapes Wall Street***Crain's New York Business:*

Eilene Zimmerman

<http://mer.cr/1oiYEdC>**Banks Experiment with Apps for the Underbanked***American Banker:*

Penny Crosman

<http://mer.cr/1vkD3FW>

## M&A Transaction Overview

### Payments Niche

M&A activity in the broader FinTech sector was up year-to-date (YTD through 8/14).

- 106 total deals, up 27% over prior Year-to-Date period
- Total deal value was also up at \$13BN as compared to \$10BN in prior YTD through 8/13 (for those whose deal value was reported)

Payment processing was the most active FinTech niche year-to-date and also increased year over year.

- 27 total payment processing deals in YTD through 8/14, up from 21 in same period in 2013
- 18 payment processing deals with disclosed financial terms and aggregate deal value of \$6.9 BN in YTD through 8/14, up from 10 with disclosed financial terms and aggregate deal value of \$1.8BN in YTD through 8/13

2014 included several larger payment processing deals including:

- FleetCor's acquisition of Comdata (\$3.5 billion) and Vantiv's acquisition of Mercury Payments (\$1.7 billion)
- The largest acquisition in the mobile payments sub-sector was Intuit's acquisition of Check (\$360 million)

Acquirer	Target	Announce Date	Deal Value (\$MM)	Description of Target's Business
FleetCor	Comdata	8/12/14	3,450	Provides transaction processing to the trucking industry
Heartland Payment Systems	Touchnet Information Systems	7/30/14	375	Provides campus commerce management solutions for higher education institutions
Optimal Payments	Meritus Payment Solutions	7/1/14	210	Provides payment and transaction processing solutions
Optimal Payments	Global Merchant Advisors	7/1/14	15	Provides payment and transaction processing solutions
WEX Inc.	Evolution1, Inc.	6/23/2014	533	Provides electronic payment, on-premise, and cloud computing solutions in the healthcare industry
CheckAlt Payment Solutions, Inc.	Diebold Eras, Inc.	6/10/2014	20	Provides software systems and solutions for financial institutions
Intuit	Check	5/27/14	360	Provide mobile applications that provide an efficient and secure way for consumers to access money and pay bills from smartphone
Vantiv	Mercury Payment Systems	5/12/14	1,650	Provides payments technology and processing products and services to merchants
Global Payments	Payment Processing Inc.	1/24/14	420	Provides integrating payment processing solutions to software companies and merchants

*A summary of selected merger and acquisition activity in the payments niche since January 1, 2014. Covers transactions larger than \$10MM.*

Source: SNL Financial

# Venture Capital Activity Overview

## Payments Niche

Company	Amount (\$M)	Company Description	Website
<b>Square</b>	100	Merchant service aggregator and mobile payment company	square.com
<b>Stripe, Inc.</b>	80	Provides services that enable users to accept payments online, including storing cards, subscriptions, and direct payouts to bank accounts	stripe.com
<b>2Checkout</b>	60	Online payment processing and e-commerce services	2checkout.com
<b>BitPay, Inc.</b>	30	Electronic payment processing solutions including tools to accept bitcoin online or in person and receive funds as a bank deposit	bitpay.com
<b>Taulia</b>	27	Provides cloud-based solutions including invoicing, payment, and discounting for large buying organizations globally	taulia.com
<b>Transferwise</b>	25	Peer-to-peer money transfer service allowing foreign students and businesses to transact money globally	transferwise.com
<b>Payteller</b>	25	Provides financial services kiosks that bring financial services to the underbanked	mypayteller.com
<b>Shopkeep</b>	25	ShopKeep POS® is a cloud-based iPad point of sale (POS) or checkout system for retailers.	shopkeep.com
<b>Swipely</b>	20	Online platform of payment networks for consumers and businesses; Connects social and payment networks facilitating consumer recommendations to friends	swipely.com
<b>Xapo</b>	20	Provides convenient and secure ways to store and use Bitcoins	xapo.com

*A summary of selected venture capital financing activity in the payments niche since June 30, 2014. Covers selected financing rounds larger than \$10MM.*

Source: Capital IQ and Mercer Capital analysis of articles on TechCrunch and Finovate.com

## Venture Capital Activity Overview *(continued)*

### Payments Niche

Company	Amount (\$M)	Company Description	Website
<b>Ondot Systems, Inc.</b>	18	Develops and operates value-added mobile card service platforms that bring user preferences and real-time communication to payment processing	ondotsystems.com
<b>One, Inc.</b>	17	Web/cloud based software for property and casualty insurers, including a payment processing solution	oneincsystems.com
<b>Circle Internet Financial Inc.</b>	17	Offers a suite of products enabling ease-of-use in online and in person payments	circle.com
<b>WePay</b>	15	Offers online payment collection solutions	wepay.com
<b>Traxpay</b>	15	Online payment platform for business-to-business segment	traxpay.com
<b>Itz Cash Card</b>	15	Offers prepaid cards in India	ltzcash.com
<b>SumUp</b>	13	Mobile point-of-sale technology, enabling debit and credit card payments through smart phones or tablets	sumup.com
<b>Zooz</b>	12	Develops smart payment technology that enables enterprise retailers to increase their e-commerce revenues and payments flexibility	zooz.com
<b>Transactis</b>	11	Software-as-a-Service company that provides digital bill presentation and payments solution to banks and corporations	transactis.com
<b>Motionsoft</b>	10	Provides management software and billing solutions to fitness clubs	motionsoft.net
<b>Plastiq</b>	10	Provides an online platform enabling consumers to use their credit cards for payments from any internet-enabled device	plastiq.com

*A summary of selected venture capital financing activity in the payments niche since June 30, 2014. Covers selected financing rounds larger than \$10MM.*

Source: Capital IQ and Mercer Capital analysis of articles on TechCrunch and Finovate.com

# Venture Capital Case Study



“As a part of First Data’s suite of innovation-powered products, Gyft will be added to a portfolio of technology-driven gift solutions that link advanced consumer-engagement technology with point-of-sale business solutions,”

“Gyft, with its mobile gifting platform, and First Data, with its global scale and distribution network, together will accelerate the growth of virtual prepaid with powerful new tools for merchants of all sizes to deepen their relationships with their customers”

**“This means that the same robust toolset deployed by big box retailers will be coming soon to small- to mid-sized businesses, perfectly synched with our mission to offer innovative solutions to help our clients grow.”**

*Quotes from Vinny Lingham, CEO of Gyft, Inc., and  
Guy Chiarello, President of First Data, Inc.  
Press Releases preceding and following acquisition of Gyft*

# Venture Capital Case Study

## Gyft, Inc.

Gyft offers mobile gift card app that allows customers to buy, store, send and redeem gift cards conveniently from their mobile device.

Mobile application allows users to:

- Upload and check mobile gift card balances
- Earn rewards points for using gift card, purchasing with Bitcoin, or PayPal
- Purchase and send gift cards and send electronically to friends or family

Timeline	Significant Corporate Events
<b>2012</b>	<ul style="list-style-type: none"> <li>• Company founded in January and originally focused on developing an Iphone app that allowed users to buy, give, and share gift cards</li> <li>• Received first round of seed funding of \$1.3 M from South African investor in June</li> <li>• Announced integration with Apple's Passbook, including over 200 different retail gift cards</li> <li>• Received second round of seed funding of \$1.3M in September following being a finalist at TechCrunch Disrupt SF</li> </ul>
<b>2013</b>	<ul style="list-style-type: none"> <li>• Expanded application to web and Android</li> <li>• Reported to have around 200,000 plus gift cards with \$10M uploaded to platform and offering over 300 retail cards</li> <li>• Received \$5M of Series A funding (September)</li> <li>• Introduced features like re-gifting, Bitcoin support, and a registry option</li> </ul>
<b>2014</b>	<ul style="list-style-type: none"> <li>• Tried to expand internationally and introduced a card-swapping option</li> <li>• Announced its new mobile gift card solution for small to mid-sized businesses, named Gyft Cloud</li> <li>• Gyft partnered with Clover, a First Data subsidiary company that offers an innovative all-in-one POS payment and business solution for small to mid-sized businesses</li> </ul>
<b>July 30, 2014</b>	<ul style="list-style-type: none"> <li>• First Data, a global leader in payment technology and solutions, announces deal to acquire Gyft</li> <li>• Exact details on the transaction have not been disclosed</li> </ul>

Sources: Techcrunch.com; Check company website; Numerous articles including:

- "First Data Acquires Mobile Gift Card Platform Gift" TechCrunch
- "Payments giant First Data acquires Gyft in an effort to bring digital gift cards to the masses" Pando.com
- "Gyft Announces Launch of First Cloud-based Mobile Gift Card Solution for Small to Mid-Sized Businesses" Reuters
- "Digital gift card platform Gyft raises \$5M" Vato.com
- "Digital Gift Card Platform Gyft Raises \$5 Million Series A" TechCrunch
- "Gyft Brings Gift Cards Over 200 Retailers to Apple's Passbook" TechCrunch



# Venture Capital Case Study

## Gyft, Inc.

### Key Takeaways

#### 1. Have clear validated idea that adds value to both end user and partner/provider (in this case retailers)

- Targeted a large sector of payments segment, gift card industry which totaled approximately \$100 billion, that could be disrupted technologically
- **Value to User** - Offered a solution to consumers who often forgot or lost cards with dollars going unused
- **Value to Retailer** - Offered a solution to retailers who often have unused legacy gift cards and no idea where the cards reside, which is a problem because a 2010 law prevented retailers from booking gift card sales as revenue until the cards are redeemed
- **Value to Both** - Took concept of managing mobile payments for gift cards for individual companies and developed a multi-channel space for users and businesses
  - Retailers can target messaging to users regarding incentives or promotions and also send reminders to use a forgotten/unused card

#### 2. In a competitive niche like payments, attempt to differentiate your strategy from competitors

- Gyft launched in a very competitive space in 2010 and there were a number of other competitors attempting to disrupt the gift card industry, most notably a few who were attempting to promote social gifting experiences
- However, Gyft differentiated itself from those competitors by working with the existing retailers and users and focusing on digitizing the existing gift card network/experience on mobile rather than changing user behavior more significantly

#### 3. Focus on mobile and digital appeared successful in this segment of payments Industry

- Gyft was able to grow both user and retailer adoption related to digitizing offline gift cards to mobile
- Will this avenue work in other areas of payments or was the gift card industry unique?

#### 4. Disruptive FinTech startups continue to be acquired by existing players

- Gyft joins the list of recent start-ups (Check, Simple, Banno, etc.) who were ultimately acquired by those existing companies that they initially sought to disrupt
- Given the significant amount of capital and resources required to grow the user base of FinTech start-ups where heavily regulated markets and institutions are common, growing the user/activity base to a level to achieve enough scale to either attract significantly more capital or profits that can propel future growth may be more difficult than other sectors
- Additionally, the importance of partnership in the FinTech sector seems to lend itself to transactions similar to Gyft, where a larger, more established partner acquires the start-up as it gains traction
- Consider the following quote from the Founder, Vinny Lingham:
  - "We have been building this relationship for a while... We started the company with a mission to digitize and transform the plastic gift card space... But as we were going through the process it was a lot more complicated than it seemed. Onboarding merchants was a real grind... We don't see this as an exit. We see this as a continuation of what we're already doing but with a lot more resources." (Source: "Payments giant First Data acquires Gyft in an effort to bring digital gift cards to the masses" by Michael Carney in *PandoDaily*)

## Publicly Traded Technology Companies

Ticker	Name	9/2/14 Price	1 Yr. Tot Ret (%)	Market Cap (\$MM)	Ent'p Val (\$MM)	Price / Earnings			Ent'p Value / EBITDA			Ent'p Value/LTM			LTM				2014 EBITDA
						LTM	FY14E	FY15E	LTM	FY14E	FY15E	EBIT	Rev.	Yield	Revenue	EBITDA	Margin	Net Inc.	
<b>Banking Technology</b>																			
TRAK	Dealertrack Technologies, Inc.	44.22	11.69	2,383	2,984	(218.08)	(221.10)	201.00	30.06	15.89	12.97	2,114.95	4.70	0.0%	634,268	99,289	15.7%	(10,928)	187,800
ELLI	Ellie Mae, Inc.	34.78	19.77	985	NA	97.38	108.69	70.26	NM	NM	NM	NM	NM	0.0%	135,518	22,706	16.8%	10,116	41,350
EPIQ	Epiq Systems, Inc.	14.79	23.78	532	814	(372.34)	77.84	19.99	12.37	7.75	6.84	51.33	1.65	2.4%	493,448	65,821	13.3%	(1,430)	105,045
JKHY	Jack Henry & Associates, Inc.	58.13	18.27	4,795	4,733	23.84	24.74	22.36	11.28	11.29	10.68	15.17	3.91	1.4%	1,210,053	419,770	34.7%	201,136	419,100
PFMT	Performant Financial Corp.	9.47	(12.56)	461	497	12.97	33.82	21.04	6.07	9.89	8.29	7.06	1.96	0.0%	252,827	81,833	32.4%	35,581	50,221
<b>Median</b>			<b>18.27</b>	<b>985</b>	<b>1,899</b>	<b>12.97</b>	<b>33.82</b>	<b>22.36</b>	<b>11.82</b>	<b>10.59</b>	<b>9.48</b>	<b>33.25</b>	<b>2.94</b>	<b>0.00</b>	<b>493,448</b>	<b>81,833</b>	<b>0.17</b>	<b>10,116</b>	<b>105,045</b>
<b>Insurance/Healthcare Technology</b>																			
ATHN	athenahealth, Inc.	145.15	37.60	5,511	5,671	1,344.69	(853.82)	1,612.78	62.94	41.71	33.96	618.78	8.44	\$0.00	672,063	90,092	13.4%	4,098	135,951
CRVL	CorVel Corporation	40.96	24.35	854	807	25.06	NM	NM	11.14	NM	NM	14.43	1.66	0.0%	485,067	72,442	14.9%	34,082	NA
CRD.B	Crawford & Company	9.30	24.84	479	629	11.58	11.63	8.86	5.72	5.46	4.71	8.50	0.52	\$0.02	1,216,587	110,028	9.0%	41,347	115,232
EBIX	Ebix, Inc.	15.30	36.53	580	589	10.11	10.27	9.94	7.30	7.03	6.86	8.34	2.89	1.0%	204,020	80,723	39.6%	57,384	83,810
GWRE	Guidewire Software, Inc.	45.82	(0.30)	3,141	2,993	213.39	(916.40)	(610.93)	118.09	47.84	43.04	160.96	NM	\$0.00	350,246	25,347	7.2%	14,721	62,564
HMSY	HMS Holdings Corp.	22.61	(9.52)	1,984	2,085	62.00	88.67	39.67	17.76	18.49	13.46	33.69	4.47	0.0%	466,614	117,395	25.2%	31,992	112,800
MGLN	Magellan Health Services, Inc.	54.95	(2.24)	1,571	1,419	16.29	25.56	19.73	6.74	6.05	5.18	11.01	0.38	\$0.00	3,736,297	210,397	5.6%	96,429	234,320
SLH	Solera Holdings, Inc.	62.01	21.46	4,254	5,677	(472.77)	885.86	67.04	21.46	13.61	11.88	39.90	5.75	1.1%	987,259	264,535	26.8%	(8,999)	417,000
SR	Standard Register Co.	6.05	(42.11)	56	344	(2.06)	NM	NM	15.72	NM	NM	(25.25)	0.38	\$0.00	895,134	21,874	2.4%	(27,076)	NA
<b>Median</b>			<b>21.46</b>	<b>1,571</b>	<b>1,419</b>	<b>16.29</b>	<b>11.63</b>	<b>19.73</b>	<b>15.72</b>	<b>13.61</b>	<b>11.88</b>	<b>14.43</b>	<b>2.28</b>	<b>0.0%</b>	<b>672,063</b>	<b>90,092</b>	<b>7.2%</b>	<b>31,992</b>	<b>173,560</b>
<b>Investment Technology</b>																			
ADVS	Advent Software, Inc.	32.76	21.88	1,689	1,928	38.10	36.60	33.26	19.40	14.24	13.11	25.09	4.92	0.4%	391,520	99,368	25.4%	44,337	135,370
DST	DST Systems, Inc.	92.46	31.27	3,674	3,932	8.77	17.65	15.65	4.99	8.68	8.18	6.08	1.47	1.3%	2,682,400	787,900	29.4%	419,100	452,750
ENV	Envestnet, Inc.	46.42	68.01	1,632	1,569	187.34	132.63	69.28	49.96	29.40	20.81	118.57	5.10	0.0%	307,646	31,396	10.2%	8,714	53,350
LIQD	Liquid Holdings Group, Inc.	1.73	(76.93)	104	68	(3.03)	(2.66)	(5.09)	NM	(3.41)	(4.44)	NM	15.21	0.0%	4,465	NA	NM	(34,282)	(19,945)
MSCI	MSCI Inc.	46.58	24.18	5,428	5,543	18.71	26.43	23.77	12.91	13.61	12.72	15.80	5.44	0.0%	1,019,774	429,321	42.1%	290,182	407,300
<b>Median</b>			<b>24.18</b>	<b>1,689</b>	<b>1,928</b>	<b>18.71</b>	<b>26.43</b>	<b>23.77</b>	<b>16.16</b>	<b>13.61</b>	<b>12.72</b>	<b>20.45</b>	<b>5.10</b>	<b>0.0%</b>	<b>391,520</b>	<b>264,345</b>	<b>27.4%</b>	<b>44,337</b>	<b>135,370</b>

Source: SNL Financial

## Publicly Traded Solutions Companies

Ticker	Name	9/2/14 Price	1 Yr. Tot Ret (%)	Market Cap (\$MM)	Ent'p Val (\$MM)	Price / Earnings			Ent'p Value / EBITDA			Ent'p Value / LTM			LTM				2014 EBITDA
						LTM	FY14E	FY15E	LTM	FY14E	FY15E	EBIT	Rev.	Yield	Revenue	EBITDA	Margin	Net Inc.	
<b>Outsourced</b>																			
ACXM	Acxiom Corporation	19.09	(23.27)	1,473	1,390	nm	27.47	238.63	nm	6.58	6.90	58.32	1.33	0.0%	1,047,315	NA	nm	(11,921)	211,228
CSC	Computer Sciences Corporation	60.23	21.82	8,737	9,203	13.16	13.97	13.47	4.43	4.47	4.21	8.82	0.71	1.4%	12,981,000	2,079,000	16.0%	664,000	2,061,000
CSGS	CSG Systems International, Inc.	27.67	20.25	960	1,139	22.08	23.06	18.32	8.68	7.16	6.99	14.33	1.51	2.2%	753,315	131,239	17.4%	43,475	159,132
EFX	Equifax Inc.	78.70	35.02	9,584	11,086	28.45	26.23	22.81	13.74	12.80	11.81	18.24	4.72	1.2%	2,348,900	806,800	34.3%	336,900	865,800
EXLS	ExiService Holdings, Inc.	27.42	1.14	898	740	18.72	21.85	17.46	8.82	9.54	7.43	12.59	1.52	0.0%	487,973	83,808	17.2%	48,008	77,546
FICO	Fair Isaac Corporation	59.41	18.80	1,910	2,347	22.00	23.39	20.35	12.20	10.02	9.69	14.66	3.10	0.1%	757,742	192,335	25.4%	86,833	234,300
FIS	Fidelity Nat'l Info. Services, Inc.	57.06	30.68	16,286	20,594	28.20	22.73	17.59	11.72	10.64	9.89	18.08	3.32	1.6%	6,199,600	1,757,200	28.3%	577,500	1,935,150
FISV	Fiserv, Inc.	64.65	34.31	16,112	19,631	22.57	23.47	20.14	11.93	11.90	11.14	15.79	3.97	0.0%	4,951,000	1,645,000	33.2%	714,000	1,649,500
IL	IntraLinks Holdings, Inc.	8.08	3.32	457	499	(26.23)	(23.09)	(33.67)	18.62	14.40	10.93	(24.78)	2.04	0.0%	244,531	26,776	10.9%	(17,417)	34,624
INTU	Intuit Inc.	82.88	31.80	23,529	23,179	26.23	26.54	47.23	15.19	13.11	17.77	17.44	nm	0.9%	4,506,000	1,526,000	33.9%	897,000	1,768,480
PRGX	PRGX Global, Inc.	6.29	3.62	174	138	(26.11)	419.33	22.87	18.33	6.65	4.76	(33.13)	0.77	0.0%	179,792	7,506	4.2%	(6,662)	20,680
SSNC	SS&C Technologies Holdings, Inc.	46.41	31.14	3,875	4,470	31.24	32.91	27.54	15.51	14.10	12.94	23.74	6.07	0.0%	736,559	288,201	39.1%	124,040	317,000
TW	Towers Watson & Co.	108.99	33.00	7,653	7,164	21.30	22.11	20.90	10.53	10.82	9.88	14.19	2.06	0.4%	3,481,912	680,272	19.5%	359,300	661,849
<b>Median</b>			<b>21.82</b>	<b>3,875</b>	<b>4,470</b>	<b>22.04</b>	<b>23.39</b>	<b>20.35</b>	<b>12.07</b>	<b>10.64</b>	<b>9.88</b>	<b>14.66</b>	<b>2.05</b>	<b>0.1%</b>	<b>1,047,315</b>	<b>484,237</b>	<b>22.5%</b>	<b>124,040</b>	<b>317,000</b>

Source: SNL Financial

Publicly Traded Solutions Companies

Ticker	Name	9/2/14 Price	1 Yr. Tot Ret (%)	Market Cap (\$MM)	Ent'p Val (\$MM)	Price / Earnings			Ent'p Value / EBITDA			Ent'p Value/ LTM			LTM				2014 EBITDA
						LTM	FY14E	FY15E	LTM	FY14E	FY15E	EBIT	Rev.	Yield	Revenue	EBITDA	Margin	Net Inc.	
<b>Payroll/Administration</b>																			
ADP	Automatic Data Processing	83.69	20.50	40,248	40,451	26.55	26.59	23.79	18.50	16.32	14.51	21.86	3.42	2.2%	11,832,800	2,187,000	18.5%	1,515,900	2,479,000
CVG	Convergys Corporation	19.44	11.61	1,965	2,208	38.31	18.08	13.22	8.72	6.25	5.61	16.89	0.92	1.3%	2,390,400	253,100	10.6%	51,300	353,500
NSP	Insperty, Inc.	29.50	(4.88)	752	583	28.86	31.05	21.85	8.94	8.85	7.28	13.25	NM	2.4%	2,298,622	65,190	2.8%	26,054	65,878
PAYX	Paychex, Inc.	41.90	12.09	15,214	15,061	24.25	24.50	22.96	14.38	13.93	13.01	15.98	6.08	3.3%	2,478,200	1,047,600	42.3%	627,500	1,081,000
WDAY	Workday, Inc.	89.95	24.02	16,713	16,935	(72.00)	(92.73)	(63.35)	(109.48)	(289.08)	(1,399.60)	(83.94)	27.48	0.0%	616,255	(154,686)	-25.1%	(232,120)	(58,584)
<b>Median</b>			<b>12.09</b>	<b>15,214</b>	<b>15,061</b>	<b>26.55</b>	<b>24.50</b>	<b>21.85</b>	<b>8.94</b>	<b>8.85</b>	<b>7.28</b>	<b>15.98</b>	<b>4.75</b>	<b>2.2%</b>	<b>2,390,400</b>	<b>253,100</b>	<b>10.6%</b>	<b>51,300</b>	<b>353,500</b>
<b>Content</b>																			
RATE	Bankrate, Inc.	14.03	(18.43)	1,465	1,587	168.28)	77.94	34.22	22.74	11.15	9.62	169.98	3.11	0.0%	510,575	69,763	13.7%	(8,707)	142,257
CLGX	CoreLogic, Inc.	28.44	10.66	2,592	3,935	59.17	42.77	23.22	13.74	11.32	9.81	24.25	2.81	0.0%	1,402,603	286,338	20.4%	43,806	347,600
CSGP	CoStar Group, Inc.	146.41	(1.41)	4,729	4,679	113.03	124.08	75.08	37.17	26.09	21.06	61.96	nm	0.0%	494,695	125,883	25.4%	41,840	179,373
DNB	Dun & Bradstreet Corporation	118.79	21.32	4,320	5,609	15.25	15.02	15.19	12.04	10.77	10.28	14.07	3.37	1.4%	1,662,700	465,800	28.0%	283,300	520,624
FDS	FactSet Research Systems Inc.	127.86	26.57	5,379	5,261	25.98	25.99	22.99	16.00	15.53	14.29	17.89	5.84	1.1%	901,002	328,819	36.5%	207,100	338,685
FORR	Forrester Research, Inc.	39.22	20.94	716	663	81.14	66.47	42.17	26.80	21.67	17.02	51.48	2.19	1.6%	303,354	24,736	8.2%	8,819	30,584
IT	Gartner, Inc.	75.32	29.93	6,696	6,753	35.17	36.39	29.31	20.83	17.47	15.45	23.43	3.56	0.0%	1,897,934	324,255	17.1%	190,388	386,460
MORN	Morningstar, Inc.	69.51	(6.64)	3,109	2,933	39.17	NM	NM	18.59	13.65	11.81	26.94	4.05	0.9%	724,532	157,765	21.8%	79,370	214,950
VRSK	Verisk Analytics, Inc.	64.47	3.68	10,733	11,589	27.71	27.20	25.89	15.03	14.32	12.94	18.32	6.86	0.0%	1,688,517	770,862	45.7%	387,321	809,500
<b>Median</b>			<b>10.66</b>	<b>4,320</b>	<b>4,679</b>	<b>35.17</b>	<b>39.58</b>	<b>27.60</b>	<b>18.59</b>	<b>14.32</b>	<b>12.94</b>	<b>24.25</b>	<b>3.47</b>	<b>0.0%</b>	<b>901,002</b>	<b>286,338</b>	<b>21.8%</b>	<b>79,370</b>	<b>338,685</b>

Source: SNL Financial

Publicly Traded Payments Companies

Ticker	Name	9/2/14 Price	1 Yr. Tot Ret (%)	Market Cap (\$MM)	Ent'p Val (\$MM)	Price / Earnings			Ent'p Value / EBITDA			Ent'p Value/ LTM			LTM				2014 EBITDA
						LTM	FY14E	FY15E	LTM	FY14E	FY15E	EBIT	Rev.	Yield	Revenue	EBITDA	Margin	Net Inc.	
<b>Payment Processors</b>																			
ADS	Alliance Data Systems Corp.	264.31	35.06	14,677	21,662	27.92	27.30	21.99	25.39	13.71	12.27	36.41	NM	0.0%	NA	853,072	NM	525,590	1,580,300
HAWK	Blackhawk Network Holdings	27.72	13.10	1,459	1,340	27.37	31.32	24.32	11.01	9.65	7.99	16.31	1.08	0.0%	1,244,235	121,684	9.8%	53,310	138,900
CATM	Cardtronics, Inc.	36.16	4.24	1,608	2,018	72.15	28.47	19.13	10.37	8.16	7.33	22.91	2.07	0.0%	975,865	194,569	19.9%	22,288	247,250
DLX	Deluxe Corporation	60.02	55.84	2,987	3,486	15.78	14.93	14.07	8.94	8.42	8.11	10.73	2.14	1.7%	1,628,203	389,974	24.0%	189,221	414,200
EEFT	Euronet Worldwide, Inc.	53.78	56.56	2,822	2,827	29.89	29.23	23.69	14.47	12.16	10.19	21.62	1.90	0.0%	1,484,759	195,427	13.2%	94,393	232,400
EVTC	EVERTEC, Inc.	23.28	(0.77)	1,831	2,502	25.86	23.05	18.33	14.56	13.45	12.45	24.09	6.97	1.7%	359,057	171,831	47.9%	70,821	186,008
FLT	FleetCor Technologies, Inc.	144.18	39.83	12,003	13,176	38.67	34.74	27.52	24.00	20.79	17.73	28.41	13.07	0.0%	1,008,061	548,904	54.5%	310,398	633,821
GCA	Global Cash Access Holdings, Inc.	7.71	0.13	508	442	21.45	20.84	19.04	7.01	5.81	5.21	9.78	0.76	0.0%	582,074	63,090	10.8%	23,699	76,100
GPN	Global Payments Inc.	72.85	53.07	4,967	6,355	20.25	20.58	18.66	12.05	11.75	10.92	15.67	2.49	0.1%	2,554,236	527,568	20.7%	245,286	541,000
GDOT	Green Dot Corporation	19.30	(15.94)	774	94	24.51	17.71	15.32	1.13	0.73	0.67	1.75	0.16	0.0%	585,118	83,483	14.3%	31,588	129,155
HPY	Heartland Payment Systems, Inc.	48.00	30.89	1,727	1,774	23.80	24.74	20.08	8.43	11.53	9.43	14.49	0.81	0.6%	2,193,651	210,568	9.6%	72,578	153,900
ONE	Higher One Holdings, Inc.	3.91	(47.30)	186	262	27.75	11.17	8.69	8.22	4.59	5.05	17.51	1.21	0.0%	217,003	31,876	14.7%	6,706	57,100
MA	MasterCard Incorporated	75.58	25.35	87,519	86,183	26.50	25.19	20.99	16.90	15.64	13.66	17.91	9.69	0.5%	8,898,000	5,101,000	57.3%	3,303,000	5,511,500
MGI	MoneyGram International, Inc.	13.94	(31.19)	761	1,729	6.89	10.56	14.83	7.69	5.87	5.74	10.08	1.14	0.0%	1,516,100	225,000	14.8%	110,500	294,565
PLPM	Planet Payment, Inc.	2.56	4.92	142	145	(14,174.72)	NM	NM	44.42	12.54	7.57	464.90	3.16	0.0%	45,775	3,255	7.1%	(10)	11,532
TSS	Total System Services, Inc.	31.29	14.57	5,810	7,050	20.29	22.35	17.93	NM	10.36	9.14	NM	3.00	1.3%	2,348,538	NA	NM	286,330	680,580
JTPY	Universal Business Payment Solutions	1.84	(40.65)	22	48	(2.33)	NM	NM	(26.76)	NM	NM	(10.83)	1.51	0.0%	31,819	(1,792)	-5.6%	(9,358)	NA
VNTV	Vantiv, Inc.	31.04	17.53	5,868	9,506	55.74	46.33	27.23	18.76	13.97	11.73	35.19	4.25	0.0%	2,237,011	506,631	22.6%	105,272	680,500
PAY	VeriFone Systems, Inc.	35.00	76.59	3,910	4,657	(13.50)	(106.06)	43.75	28.17	15.33	12.00	(98.24)	2.66	0.0%	1,749,670	165,318	9.4%	(289,665)	303,793
V	Visa Inc.	214.73	24.05	133,807	131,749	30.40	23.91	20.78	NM	15.45	13.75	NM	10.59	0.7%	12,446,000	NA	NM	4,402,000	8,529,000
WU	Western Union Company	17.46	2.62	9,250	11,399	11.79	11.88	10.92	8.46	8.30	8.08	10.58	2.04	2.9%	5,587,100	1,346,900	24.1%	784,600	1,374,000
WEX	WEX Inc.	114.88	43.55	4,452	6,112	28.15	27.62	22.66	17.68	17.39	14.53	21.52	8.07	0.0%	757,457	345,670	45.6%	158,181	351,450
XOOM	Xoom Corporation	22.65	(15.77)	865	767	212.68	(1,132.50)	151.00	88.58	52.76	28.88	144.88	5.47	0.0%	140,180	8,657	6.2%	4,067	14,534
<b>Median</b>			<b>14.57</b>	<b>2,821.84</b>	<b>2,826.94</b>	<b>25.86</b>	<b>23.05</b>	<b>20.08</b>	<b>12.05</b>	<b>11.96</b>	<b>9.81</b>	<b>17.51</b>	<b>2.31</b>	<b>0.0%</b>	<b>1,364,497</b>	<b>195,427</b>	<b>14.8%</b>	<b>94,393</b>	<b>299,179</b>

Source: SNL Financial

## Publicly Traded Payments Companies

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Source: SNL Financial

# Mercer Capital

Financial Technology  
Industry Services

Mercer Capital provides the financial technology industry with corporate valuation, financial reporting, transaction advisory, and related services.

## Industry Segments

- **Payments** – Includes companies who facilitate and/or support the transfer of money, particularly non-cash transactions
  - Processors – Provide solutions related to the transfer and processing of money
  - Software/Hardware – Provide software/hardware that primarily supports the transfer and processing of money
- **Technology** – Typically provide software and services to one of three different financial services subsectors, including:
  - Banking
  - Investments
  - Healthcare
- **Solutions** – Providers of technological solutions to assist consumers, businesses, and financial institutions with financial services
  - Outsourced – Third party providers
  - Payroll/Administrative – Typically improve human resources function through technology
  - Content – Typically provide content/research that supports financial services and decision-making

## Services Provided

- Valuation of financial technology companies
- Transaction advisory for acquisitions and divestitures
- Valuations for purchase accounting and impairment testing
- Fairness and solvency opinions
- Litigation support for economic damages and valuation and shareholder disputes

Contact a Mercer Capital professional to discuss your needs in confidence.

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