

# FT PARTNERS FINTECH INDUSTRY RESEARCH

September 27, 2018



## Forter Raises \$50 million in Series D Financing Led by March Capital Partners



## Overview of FT Partners

- Financial Technology Partners ("FT Partners") was founded in 2001 and is the only investment banking firm focused exclusively on FinTech
- FT Partners regularly publishes research highlighting the most important transactions, trends and insights impacting the global Financial Technology landscape. Our unique insight into FinTech is a direct result of executing hundreds of transactions in the sector combined with over 15 years of exclusive focus on Financial Technology

### FT Partners' Advisory Capabilities



### FT Partners' FinTech Industry Research

**FINTECH RESEARCH & INSIGHTS**

- In-Depth Industry Research Reports
- Proprietary FinTech Infographics
- Monthly FinTech Market Analysis
- FinTech M&A / Financing Transaction Profiles



**The Information**

**Named Silicon Valley's #1 FinTech Banker (2016) and ranked #2 Overall by The Information**



**Ranked #1 Most Influential Person in all of FinTech in Institutional Investors "FinTech Finance 40"**



**THE M&A ADVISOR**

**Numerous Awards for Transaction Excellence including "Deal of the Decade"**

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# Forter Raises \$50 million in Series D Financing

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## Transaction Summary

### Transaction Summary

- On September 26, 2018, Forter announced it has raised \$50 million in Series D funding led by March Capital Partners
  - New investor Salesforce Ventures and existing investors Sequoia Capital, New Enterprise Associates and Scale Venture Partners also participated in the round
- Forter helps merchants fight fraud while improving the customer experience with an expanding identity database covering over 180 million shoppers throughout the United States
  - Over the last year, Forter has tripled its customer base and continued to offer new and broader solutions for its merchants
- This round brings the Company's total financing to \$100 million since its inception in 2013

### Participating Investors



### Transaction Commentary

*"Fraud is an ever shifting problem. To get ahead of the curve and support our retail customers in whichever new experiences they want to offer consumers, we plan to double our already massive investment in research and development, expand our global coverage and facilitate further collaboration in the e-commerce and payments ecosystem."*



Michael Reitblat  
Co-Founder, CEO



*"We've been seeing a major trend of offline commerce shifting online and the Forter team has built a solution to detect and prevent fraud across the payments ecosystem with the advantage of next-generation technology that leverages machine learning. We're excited to be involved with a company on the forefront of their industry and to watch Forter evolve as the fraud landscape grows more complex."*



Jamie Montgomery  
Managing Director



# Forter Raises \$50 million in Series D Financing



## Forter Overview

### Company Overview



|                   |                   |
|-------------------|-------------------|
| CEO & Co-founder: | Michael Reitblat  |
| Headquarters:     | San Francisco, CA |
| Founded:          | 2013              |

- Forter is a leading provider of **fraud prevention** for **eCommerce** businesses
  - The Company's leading solutions use machine learning, identity-based solutions to detect fraud and make accurate decisions in real time
- The Company processes more than **\$50 billion** transactions per year and helps businesses **increase approval rates**, **reduce chargebacks** and in turn **increase top-line revenue**

### Selected Clients

NORDSTROM



MM.LAFLEUR



### Solutions Overview



#### Account Takeover

- Detects account takeovers through behavioral analytics and cyber intelligence
- Multiple touch points for prevention



#### Loyalty Programs

- Machine learning and expert insights help detect fraudulent accounts and distinguish typical behavior



#### Promo Abuse

- Proprietary soft-linking technology uncovers connections between accounts to prevent promo abuse



#### Account Abuse

- Soft-linking technology finds fraudulent accounts connected to users to prevent coupon and referral fraud



#### Return Abuse












- Identifies abusive behavior and blocks users with fraudulent returns

# Forter Raises \$50 million in Series D Financing

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## Forter Financing History

| Date     | Size (\$ mm) | Type     | Selected Investor(s)   |
|----------|--------------|----------|--|
| 09/26/18 | \$50         | Series D |  <br>   |
| 04/21/16 | 32           | Series C |     |
| 11/04/14 | 15           | Series B |    |
| 03/25/14 | 3            | Series A |   |

## FT Partners' Research – Transaction Security & Fraud Prevention Report

### Transaction Security: At the Nexus of E-Commerce, Payment Market Structure Complexity and Fraud



**FT Partners' 160 page report** provides an in-depth look at Transaction Security, which has emerged as one of the fastest growing sub-segments of FinTech

#### *Included in this report...*

- Discussion of key industry trends driving card-not-present transactions and the subsequent increase in demand for smarter transaction security solutions
- Highlighted transaction security technologies and various solutions available for merchants and issuers
- Exclusive CEO interviews including CardinalCommerce, Forter, ThreatMetrix, Feedzai and more
- Broad landscape of transaction security including sector sub-segments
- Profiles of 40+ companies involved in transaction security
- Comprehensive list of private equity financing and M&A transactions in the space

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## Selected FT Partners' Research – *Click to View*



Global Money Transfer



Transaction Security



Klarna: An Online Payments and POS Lending Leader



Adyen's €947 million IPO



Cayan's \$1.05 billion Sale to TSYS



PPRO Raises \$50 million in Financing Led by PayPal



GPS Raises £44 million in minority financing



YapStone's \$71 million Series C Financing



Flywire Raises \$100 million in Series D Financing



Paytm Raises Approximately \$300 million in Financing from Berkshire Hathaway



Airwallex Raises \$80 million in Serie B Financing



Ant Financial Raises \$14 billion in Financing

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***FT Partners has a history of  
executing on some of the  
most ground-breaking  
Payments transactions in the  
last decade+***





## Ground-Breaking Payments Transactions Pioneered by FT Partners



## FT Partners Advises CardinalCommerce in its Strategic Sale to Visa

### Overview of Transaction

- On December 1, 2016, CardinalCommerce announced its strategic sale to Visa in one of the largest payments deals of the year
- Headquartered in Cleveland, Ohio, CardinalCommerce is a pioneer and global leader in enabling authenticated payment transactions in the card-not-present payments industry and is the largest authentication network in the world
- Founded in 1999, CardinalCommerce's products are used globally: across 6 continents (Africa, Asia, Australia, Europe, North America and South America), in more than 200 countries and used with more than 180 different currencies

### Significance of Transaction

- The acquisition will help accelerate the growth of Visa's digital commerce by enabling more secure, seamless payments, through browsers, mobile apps and connected devices
- As Visa plans to integrate tokenization into Visa Checkout over the next 18 months, the addition of CardinalCommerce will allow a more seamless integration of 3-D Secure and delivery of these new fraud mitigation capabilities to merchants

### FT Partners' Role

- FT Partners served as exclusive strategic and financial advisor to CardinalCommerce and its Board of Directors
- This transaction demonstrates FT Partners' continued leadership position as the "advisor of choice" to the highest quality FinTech companies

### Financial Technology Partners LP FTP Securities LLC

*is pleased to announce its exclusive role as  
sole strategic and financial advisor to*



*in its sale to*



*for total consideration of approximately*

**\$ 300,000,000**



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Focused Exclusively on Financial Technology*

## FT Partners Advises Feedzai on its Series C Financing

### Overview of Transaction

- On October 17, 2017 Feedzai announced it has raised \$50 million in its Series C financing round from an undisclosed investor with participation from existing investor Sapphire Ventures
- This new funding brings the total venture capital raised to \$82 million from nine major investors including Oak HC/FT, Capital One Growth Ventures, Citi Ventures and more.
- Founded in 2009 and headquartered in San Mateo, CA, Feedzai is a leader in using artificial intelligence to empower enterprises to manage risk and fight fraud in real-time
  - Feedzai's machine learning technology and its omnichannel fraud prevention solutions serve customers that transact in virtually every country in the world, across numerous use cases for leading banks and merchants

### Significance of Transaction

- Feedzai will use the capital to continue its rapid growth trajectory
- The Company is on track to more than double its headcount this year from where it was at the end of 2016, planning to reach 300 employees by the end of 2017
- Additionally, Feedzai has added key sales leaders worldwide, including hiring former Box SVP Jim Priestley as Chief Revenue Officer

### FT Partners' Role

- FT Partners served as exclusive strategic and financial advisor to Feedzai and its Board of Directors
- FT Partners also represented Feedzai on its [\\$17.5 million Series B financing](#) from Oak HC/FT, Sapphire Ventures and Espirito Ventures
- This transaction demonstrates FT Partners' continued leadership role advising world-class FinTech companies

### Financial Technology Partners LP FTP Securities LLC

*is pleased to announce its exclusive role as  
sole strategic and financial advisor to*



*in its Series C financing  
for a total consideration of*

**\$ 50,000,000**



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## PPRO's \$50 million Minority Financing

### Overview of Transaction

- On July 16, 2018, PPRO Group ("PPRO") announced it has raised \$50 million in financing led by PayPal (Nasdaq:PYPL) with participation from Citi Ventures and return investor HPE Growth Capital
- Headquartered in London, UK, with several offices across Europe and the US, PPRO is leading the under-served alternative payments (acquiring) market
- As alternative payment methods (APMs) such as bank transfers, e-wallets and cash-based e-payments continue to become more popular, merchants are increasingly choosing payment partners based on the ever-expanding range of locally relevant payment methods available
- PPRO, through partnerships with leading payment service providers and financial institutions, provides a single platform and relationship for online merchants to accept more than 250 alternative payment options<sup>1</sup> globally
- PPRO also has a leading consumer digital account issuing business in Europe

### Significance of Transaction

- Through this investment, PPRO plans to accelerate the expansion of its payments platform and international presence of its alternative payments acquiring business
- PPRO will also offer a suite of alternative payment methods to PayPal's merchants through the new PayPal Smart Payment Buttons™ product

### FT Partners' Role

- FT Partners served as exclusive strategic and financial advisor to PPRO and its Board of Directors
- This transaction underscores FT Partners' deep Payments domain expertise and its successful track record generating highly favorable outcomes for high growth FinTech companies globally

### Financial Technology Partners LP FTP Securities LLC

*is pleased to announce its exclusive role as  
strategic and financial advisor to*



*in its financing led by*



*with participation from*



*for total consideration of*

**\$ 50,000,000**



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1. The number of alternative payments methods (APMs) calculated by breaking down by scheme, connecting bank and country

## FT Partners Advises Cayan on its Sale to TSYS

### Overview of Transaction

- On December 18, 2017, TSYS announced it has entered into an agreement to acquire Cayan in an all cash transaction valued at approximately \$1.05 billion
  - The transaction is expected to close in Q1 2018
- Cayan, a portfolio company of Parthenon Capital Partners, provides technology led acquiring services to more than 70,000 merchants and 100+ integrated partners in the U.S.
  - The Company's flagship Genius platform delivers a seamless and scalable unified commerce experience across channels
- TSYS (NYSE: TSS) is a leading global payments provider, offering innovative and secure solutions across the payments spectrum — from issuer processing and merchant acquiring to prepaid program management

### Significance of Transaction

- The acquisition strategically complements TSYS' merchant goals to become a leading payment provider to small and medium size businesses in the U.S.
- The addition of Cayan's unified commerce solutions elevates TSYS' competitive position to jointly offer a broader set of value-add products and services to partners and merchants

### FT Partners' Role

- FT Partners served as exclusive strategic and financial advisor to Cayan and its Board of Directors
- FT Partners also advised Cayan on its [recapitalization by Parthenon Capital Partners](#) along with numerous acquisitions made by the Company
- This transaction highlights FT Partners' continued success advising prominent companies in the Payments and Merchant Acquiring space and its leadership position as the "advisor of choice" to the highest quality FinTech Companies

### Financial Technology Partners LP FTP Securities LLC

*is pleased to announce its role as exclusive  
strategic and financial advisor to*

**CAYAN**<sup>TM</sup>

*in its 100% cash sale to*

**TSYS**<sup>®</sup>

*for total consideration of approximately*

**\$ 1,050,000,000**

FINANCIAL  
TECHNOLOGY  
PARTNERS

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## Award-Winning Investment Banking Franchise Focused on Superior Client Results



2018

- 2018 Top Investment Bank in FinTech



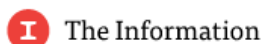
Institutional Investor  
Annual Ranking

2017

2015 - 2016

2006 - 2008

- Ranked #1 Most Influential Executive on Institutional Investor's FinTech 35 List
- Steve McLaughlin Ranked Top 5 on Institutional Investor's FinTech 35 List
- Consecutively Ranked (2006, 2007 and 2008) among the Top Bankers on Institutional Investor's "Online Finance 40"



2016

- Ranked #2 Top Technology Investment Banker on The Information's "Silicon Valley's Most Popular Dealmakers"



M&A Advisor  
Awards

2015 - 2017

2010 - 2014

2004 - 2007

- Investment Banker of the Year – 2017
- Investment Banking Firm of the Year – 2016
- Cross Border Deal of the Year - 2016
- Dealmaker of the Year – 2015
- Technology Deal of the Year – 2015
- Equity Financing Deal of the Year - 2014
- Professional Services Deal of the Year, Above \$100 mm – 2014
- Dealmaker of the Year – 2012
- Professional Services Deal of the Year, Above \$100 mm – 2012
- Boutique Investment Bank of the Year – 2011
- Deal of the Decade – 2011
- Upper Middle Market Deal of the Year, Above \$500 mm – 2010
- IT Services Deal of the Year, Below \$500 mm – 2010
- Cross-Border Deal of the Year, Below \$500 mm – 2010
- Dealmaker of the Year – Steve McLaughlin – 2007
- Business to Business Services Deal of the Year - 2007
- Computer and Information Technology Deal of the Year, Above \$100 mm – 2007
- Financial Services Deal of the Year, Above \$100 mm – 2007
- Investment Bank of the Year – 2004





Middle Market  
Financing Awards

2006 - 2008

- Equity Financing Dealmaker of the Year – Steve McLaughlin – 2008
- Information Technology Deal of the Year – 2008
- Financial Services Deal of the Year – 2008
- Financing Professional of the Year – Steve McLaughlin – 2006

## The FT Partners Senior Banker Team

| Name / Position   | Prior Background  | Experience / Education   | Years of Experience |
|---|---|--|---------------------|
| <b>Steve McLaughlin</b><br><i>Founder, CEO and Managing Partner</i> |    | <ul style="list-style-type: none"> <li>Formerly with Goldman Sachs in New York and San Francisco from 1995-2002</li> <li>Former Co-Head of Goldman Sachs' Financial Technology Group (#1 market share)</li> <li>Wharton M.B.A.</li> </ul>  | <b>23</b>           |
| <b>Larry Furlong</b><br><i>Managing Director</i>                    |    | <ul style="list-style-type: none"> <li>Formerly with Goldman Sachs in New York, London and Los Angeles from 1995-2004</li> <li>Wharton M.B.A.</li> </ul>   | <b>22</b>           |
| <b>Greg Smith</b><br><i>Managing Director</i>                       |    | <ul style="list-style-type: none"> <li>Formerly award winning Equity Research Analyst at Merrill Lynch, J.P. Morgan and Hambrecht &amp; Quist</li> <li>20+ years of experience covering FinTech as both an Analyst and Investment Banker</li> </ul>  | <b>22</b>           |
| <b>Osman Khan</b><br><i>Managing Director</i>                       |    | <ul style="list-style-type: none"> <li>Formerly Managing Director and Head of FIG M&amp;A at Alvarez &amp; Marsal</li> <li>15+ years FIG deal, consulting and assurance experience at PwC</li> <li>40 Under 40 M&amp;A Advisor Award Winner in 2013</li> <li>LSE (BSc w/Honors), MBS (MBA w/Distinction), ICAEW (FCA)</li> </ul> | <b>21</b>           |
| <b>Steve Stout</b><br><i>Managing Director</i>                      |    | <ul style="list-style-type: none"> <li>Formerly Global Head of Strategy at First Data</li> <li>Formerly Led J.P. Morgan Payments Investment Banking Practice</li> <li>Former Equity Research Analyst on #1 ranked team at UBS</li> <li>Former Economist at the Federal Reserve Bank</li> </ul>                                   | <b>20</b>           |
| <b>Mike Nelson</b><br><i>Managing Director</i>                      |    | <ul style="list-style-type: none"> <li>Formerly head of FinTech M&amp;A at SunTrust Robinson Humphrey, began investment banking career at Piper Jaffray</li> <li>Kellogg M.B.A.</li> </ul>   | <b>18</b>           |
| <b>Tim Wolfe</b><br><i>Managing Director</i>                        |   | <ul style="list-style-type: none"> <li>Formerly with Goldman Sachs from 2000-2002</li> <li>40 Under 40 M&amp;A Advisor Award Winner 2013</li> <li>Harvard M.B.A.</li> </ul>  | <b>16</b>           |
| <b>Kate Crespo</b><br><i>Managing Director</i>                      |  | <ul style="list-style-type: none"> <li>Formerly with Raymond James' Technology &amp; Services investment banking</li> <li>12+ years of FinTech transaction execution experience</li> <li>Dartmouth M.B.A.</li> </ul>   | <b>16</b>           |
| <b>Timm Schipporeit</b><br><i>Managing Director</i>                 |  | <ul style="list-style-type: none"> <li>Formerly with Morgan Stanley as Senior Executive Director of European Technology Investment Banking Team in London</li> <li>Formerly a Venture and Growth Investor focused on FinTech at Index Ventures</li> </ul>  | <b>15</b>           |
| <b>Andrew McLaughlin</b><br><i>Managing Director</i>                |  | <ul style="list-style-type: none"> <li>20+ years experience executing / implementing financial and operational strategy</li> <li>Formerly with Deloitte Consulting</li> </ul>  | <b>12</b>           |