

TSG Round-Up: Heard at Transact 15

EMV

- EMV was the biggest topic discussed at Transact by all parts of the ecosystem
- The question is: Why isn't EMV being proactively "owned" by the industry – specifically ISOs?
 - Heard these reasons from some ISOs
 - Lack of capital to acquire and then push out the terminals
 - POS strategic confusion – fear that this year it's EMV – next year new Mobile POS is needed – so wait and see attitude prevalent
 - Fear of contacting merchant about spending more and increasing attrition
- Lots of waiting and watching – on both the issuing and acquiring sides of the transaction
- Feeling is that the card networks cannot delay the date – despite calls to do so

M&A & Outside Investment

- *"There is a 10-20% enhancement of the value of a merchant acquiring business with deep data"* said Jim Zipursky from CFA (a TSG Partner company) in M&A Forum speech
- Many PE firms and other outside investors attended TRANSACT
- Comments included:
 - Payments are "sexy" to investors – four years ago this was not the case. The high multiples of Mercury, TransFirst, etc. as well as technology companies playing in the space have changed the conversation
 - The recurring revenue model and growth rates continue to make the space extremely attractive to investors

Location in San Francisco and Technology Companies

- While the location of the event might have deterred typical payments companies and those from the east coast, many local technology companies came to the show due to its location in San Francisco
 - For example, Intel had an extremely large booth focused on "the Internet of Things", after not participating in the past
 - Other technology companies included Panasonic and ANX, as well as a proliferation of POS manufacturers (i.e. tablet-based providers)
- The media present included Forbes, the AP, Wall Street Journal, CNBC, and other major financial media while in the past, the media attendees included mostly just payments media
- Separate convention center and hotel facilities made networking difficult

Miscellaneous

- The payments industry will process more than \$5 trillion in 2015 in the U.S.
- Mobile commerce growing 3-4x more than eCommerce
 - Of course this is determined by definition of mobile – is someone making a purchase on a smartphone's web browser a mobile purchase? In this metric, it probably is
- 50B devices to be connected to the Internet by 2020=1 zebabyte of data = 1x10E21 bytes

- This is compared to just over 16B in 2014
- Low risk of getting caught and high reward for hackers – global threat comes from 30+ countries
 - A stolen card number can typically be purchase on the black market for [around \\$10 a record](#)
- Comment was heard that “Less than 12 people in the world could have done the Target breach and EMV would not have prevented it”.

TSG

- New tagline: Payments Experts. Powerful Data
 - [Read the full release on new branding](#)
- Infographic – How Ready are U.S. Merchants for Oct. '15?
 - Based on TSG's sample, only 34% of merchants will be compliant by Oct. 2015
 - [See the infographic](#)
- TSG/ETA Infographic – The Comeback of Consumer Spending
 - The U.S. economy is on the rise – major indicators revealed continued recovery and spending growth
 - [See the infographic](#)