

# THE NILSON REPORT

*For 35 Years, The Leading Publication Covering Consumer Payment Systems Worldwide*  
“FT Partners Investment Bank”  
*January 2006*

**One of the most sought after investment banks working the acquiring side of the payment card industry is Financial Technology Partners.** The company helped VeriFone execute its \$292-million restructuring in 2004 and its \$177-million IPO in 2005. In between those events, FT Partners made its reputation by representing Lynk Systems in its acquisition by Royal Bank of Scotland. Lynk had been valued by several larger investment banking firms in the \$175- to \$200-million range before FT Partners got \$550 million for it.

FT Partners is a small investment banking firm compared to Goldman Sachs, Merrill Lynch, Morgan Stanley, etc. **The company’s strategy is to represent only a few clients a year. It spends months on-site learning the client’s business so it can promote the client’s assets better than the principals of the company would. At top large investment banking firms, middle-market transactions valued at between \$100 million and \$2 billion are sometimes managed by the company’s B or C teams.**

**Contributing to FT Partners’ ability to get good prices for its clients has been its knack for finding buyers who are not already in the U.S. market.** U.K.-based Royal Bank of Scotland had no U.S. presence on the merchant side of the card business before acquiring Lynk Systems. Sage Group, a business management software company that is also based in the U.K., recently took over midsized acquirer Verus Financial, which was also represented by FT Partners.

## *Sage Acquires Verus*

Verus Financial Management is an independent sales organization that provides processing services to more than 100,000 U.S. merchants generating \$10 billion in transaction volume annually. Among acquirers it ranks 26<sup>th</sup> largest in the U.S. Its client base includes restaurants, auto dealers, and other small and medium sized businesses. This month Verus was acquired by Sage Group, a U.K.-based provider of software for accounting, payroll, retail, and other applications used by small and medium-sized businesses.

Sage reported worldwide revenues of \$1.4 billion in its fiscal year ended September 30, 2005. Verus merchant acquiring adds another financial services product to Sage’s North American business offerings. Sage also intends to integrate Verus processing services into its accounting software. This same strategy was followed by U.S.-based Intuit, also a seller of management software to small and midsized businesses, when it acquired Innovative Merchant Services in 2003.