17-May-2023

Global Payments, Inc. (GPN)

Barclays Emerging Payments & Fintech Forum

CORPORATE PARTICIPANTS

Cameron M. Bready
President & Chief Operating Officer, Global Payments, Inc.

Jeffrey S. Sloan
Chief Executive Officer & Director, Global Payments, Inc.

OTHER PARTICIPANTS

Ramsey El-Assal
Analyst, Barclays Capital, Inc.

MANAGEMENT DISCUSSION SECTION

Ramsey El-Assal
Analyst, Barclays Capital, Inc.

Hello, everybody. I'm presiding, you can hear me. Welcome to the Barclays Emerging Payments and Fintech Forum. Mercifully, it's back in person this year. It's been three years virtual, feels good to be back in the real world, as it were. Couple of very quick housekeeping items. The sessions will just roll. There's about a five minute break between them. We put our lunch midday. If you have any issues, you know where the registration room is. It's the room straight down there to the right. And otherwise I can think of no better way to kick off the conference with our first fireside chat with Jeff Sloan, Cameron Bready from Global Payments. I feel like this is a CEO [indiscernible] (00:00:51) almost. It's a rarity. So I do appreciate it. Thanks so much for joining us, gentlemen.

Cameron M. Bready
President & Chief Operating Officer, Global Payments, Inc.

Yeah, thanks for having us.

QUESTION AND ANSWER SECTION

Ramsey El-Assal
Analyst, Barclays Capital, Inc.

Q

Terrific. Jeff, why don't we start with your recently announced decision to leave Global Payments after a lengthy, successful tenure? What was the rationale behind your leaving?

Jeffrey S. Sloan
Chief Executive Officer & Director, Global Payments, Inc.

A

Well, I want to start-off by thanking Cameron for putting up with me for nine years. I'm sorry, [ph] he's focused on having it be (00:01:19) sooner rather than later. But in all honesty, Ramsey, we just produced the best quarter that we've produced in the first quarter of 2023 since 2019 across our businesses. Our businesses are very healthy financially, operationally, and then strategically, we finally closed the three deals that we've been working on really starting in November of 2021, but announced publicly in February of 2022. So we've got 14 months – 13, 14 months to get to the finish line.

In the case of EVO, which we announced along with the others on August 1. I think we had to go through nine kind of foreign country approvals. In the case of Netspend, we actually had to get all 50 states to approve on that money transmitter license, transfer over to the buyer plus the federal government, possibly had to do one state twice, so it was actually 52 approvals and then of course we closed Gaming also on April 1. So a lot of these things have been in process for 18 months and certainly very much in process for the last 9 to 14 months.

I really didn't want to move on from the company while COVID was raging, while the businesses were in flux, from a strategy point of view and also with your help and Barclay's help raised a fair amount of fixed income capital in August of 2022, as well as in March of 2023. So the business is in a very healthy financial and operating position today, probably healthy has it's been since really pre-pandemic.

The strategies that Cameron and I've worked on for the last nine years are now being fully put into effect and the businesses we have today are really the businesses that we go forward with, right, for the foreseeable term. So I thought from that point of view, the company was in a good position and is very much ready. And as I kind of alluded to at the beginning, Cameron and I worked closely together for the last nine years and Cameron has held every important senior position in the company as our CFO and now our President and COO for the last 3.5 years. By the way, I was our President and COO for 3.5 years before I took over. So I think he has been ready for some time. I'm just glad that the company is in the right place financially, operationally and now strategically, for us to effect the transition. So it's sometime in the making and the timing happened to work out.

Ramsey El-Assal
Analyst, Barclays Capital, Inc.

Q

And [ph] I'm going to (00:03:29) obviously get to Cameron's, immediate priorities in just a second, but what about plans for the future? Do you have any immediate plans for the future? What do you see yourself doing in the next stretch?

Jeffrey S. Sloan
Chief Executive Officer & Director, Global Payments, Inc.

A

Yeah. So I remain a member of the boards. So FLEETCOR is one of the boards I'm on, I anticipate adding a couple more boards. I also think doing private equity venture capital investing is something I certainly would look at it and I have been doing that for a long time. But to be clear, it's been 13 years at Global and probably 30-plus years of running a P&L and having operational and P&L responsibility. So I don't see doing that any more, that I think we can truly rule out. So I'm really pleased with where we've taken the company, the position that it's in, and I'm not looking to do more of that going forward. So I think the private stuff is the most likely and I'm very much excited about doing it.

Ramsey El-Assal
Analyst, Barclays Capital, Inc.

Q

Makes a ton of sense. Cameron, as Jeff mentioned, you know Global Payments about as well as anybody. What about your top priorities, kind of first hundred days? What do you think you focus the most on here?

Cameron M. Bready
President & Chief Operating Officer, Global Payments, Inc.

A

Yeah, it's obviously a good question. I would say, first and foremost, what investors shouldn't expect is any sort of radical deviation from what we've been doing. As Jeff highlighted, we've worked together side by side for nine years. We've architected together kind of the strategies that we're pursuing. I very much believe in those. I support those and they're the ones that we're going to continue to pursue going forward. So the four pillared strategy that we're executing against today is going to remain our focus as a business.

And the other thing that I think Jeff has brought to the company, certainly over his time there and in particular over the last decade as CEO, is this relentless focus on execution. And we're certainly not going to take our eye off of that either. I think that's a hallmark of Global Payments, and it's something that I hope to be able to continue at the current level that we do it today. And I do think it is one of the things that separates us from others in the marketplace.

I think there's a lot of good companies with good strategies, good people but I think our ability to execute consistently the way we have over very long periods of time is truly a testament to Jeff's leadership, but also a muscle that we built at Global Payments that I think it's important to continue to build on going forward. So, obviously over time, I'll put my own sort of fingerprints on things, but as it relates to the strategies we're pursuing, how we operate the business, the expectations we have around performance and the commitments we made around our growth trajectory over the next several years, nothing on that front is really going to change.

For the first hundred days, what's most important to me is ensuring that everything remains seamless from a transition perspective. I plan to spend a lot of time on the road visiting with our clients, our customers, investors, and spending time with team members in all the different major locations that we have around the world. In ensuring that, again, we deliver a very strong second quarter, which I think we're poised to do, and just ensuring, again, that the consistency of execution and the seamless transition that Jeff and I have really put in motion, continues to play out.

Ramsey El-Assal
Analyst, Barclays Capital, Inc.

Q

Okay. Obviously, there's a lot of headlines and a lot of noise in the marketplace. On macro volatility, there's always seems to be this recession that's like a mirage on the horizon. It's just always out of reach. You guys have a great view of this stuff. You see a lot of data, your own data. Give us your take on what's going on with the macro environment, what's happening with the consumer?

Jeffrey S. Sloan
Chief Executive Officer & Director, Global Payments, Inc.

A

Do you want to start Merchant and I'll handle issuer.

Cameron M. Bready
President & Chief Operating Officer, Global Payments, Inc.

A

Yeah, I'll start. I think, we said publicly on our Q1 call, we had a really good start to the year. January and February were very strong months for us and some of that I think was due to slightly easier comps. Some of it was due to, I think, just good momentum kind of coming off of 2022 from an overall consumer perspective. March moderated a little bit relative to that, and I think for us we saw April that was relatively consistent with kind of March, so not quite as constructive as it was in the early part of the year. But sitting here today, I think still a relatively healthy consumer overall I think when you look at it in perspective. And I think our outlook for the balance of the year suggested that consumers by and large going to hang in there.

Obviously, we, like everyone else, read headlines about this recession that's coming. It's been coming, I think, now for quite a while. So it's hard to know exactly when it's going to be here and if it's going to arrive at all. But I think as we look at the balance of the year, we look at the different markets we're serving, the businesses we have, and the momentum we built kind of coming off of Q1. We certainly feel good about the range of outcomes we provided in our guidance for the balance of the year.

And I think sitting here today, again, we have a lot of confidence in our ability to deliver against that. Obviously, we don't forecast the business merchant in particular, assuming everything's going to be perfect in every quarter. We allow for variation. I think from an overall macro environment perspective, we allow for things to go bump in the night. That's just the nature of running a business across 40 physical markets and over 170 virtually around the globe. So from our point of view, we don't expect everything to be perfect. And I think from an expectations standpoint, we can withstand in our guided range of outcomes around the macro. We can withstand some softening in the back half of the year if we actually see that. And knock on wood things improve, obviously, I think there's room in the upside of our guidance for things to improve as well. So that's generally our philosophy on managing the business. And I think our job is to continue to produce consistent, predictable results through various macro cycles.

Jeffrey S. Sloan
Chief Executive Officer & Director, Global Payments, Inc.

A

I'd also say just this is more of an Issuer kind of comment. But on the Issuer side, we see continuing strength in that business and there's a variety of reasons for that. One is, Barclays, who is one of our larger in the US and UK customers in our Issuer business. As we said in our calls, Cameron mentioned a couple of weeks ago, Ramsey, our Issuer business is really money center and SIFI centric multi-nationally. So if you think about who our customers are there in addition to Barclays, Bank of America, JPMorgan, Citi, Cap One, four of the top five banks in Canada. Obviously, you all at Barclays, CIBC, HSBC, that kind of thing.

At the end of the day, I think it's a little bit of gallows humor. But at the end of the day, the migration of deposits and activity away from the regional and small banks and towards the money center SIFI's has been a tailwind for our business. We said that in our call a couple weeks ago.

I think in our first quarter relative to our fourth quarter 2022, we talked about 20 million accounts on file sequentially increasing, which is a really big deal, particularly for the first quarter. And I think those trends are really continuing. So we do have this tailwind of moving toward our core customer base on the Issuer side. And of course our Issuer business is about 25% of our revenue. So I think that's a trend that – I agree with everything that Cameron said, but that's a trend that I think is durable for the near to intermediate term. Once deposits move over to Barclays and Bank of America from small and midsized regional banks, they're not going to move back anytime soon. So I think that's one thing I'd look for, as we see, continuing share shifts in the economy.

Ramsey El-Assal
Analyst, Barclays Capital, Inc.
Q

I also wanted to ask another sort of high level question, one for which – about which I've been scratching my head for some time. It feels like in general, investors in the fintech space have maybe lost the thread a little bit. I look at the fundamentals of the business and they seem with some company specific issues to be somewhat unchanged than say 2018, 2019. But it seems like investor sentiment has just changed quite a bit with this sector. I guess the question is, what do you think is going on and what are the – maybe that's an opportunity [indiscernible] (00:11:02) the long-term sort of drivers of the business over many years?

Jeffrey S. Sloan
Chief Executive Officer & Director, Global Payments, Inc.
A

Well, I'll start and ask Cameron to provide more details. So I mean, let's be honest. I mean, we are consumer centric GDP derivative businesses. So when consumers are surging and very healthy, that's generally good news for all of us. But it's true in banking too. And there are fears, as you and Cameron were just describing, when there are continual fears of economic malaise, yeah, that's generally not good news. When the businesses that depend on consumer centricity, so I think a lot of what's going on, whether it's us or some of our peers and the like, I think a lot of what's going on, Ramsay, is concerns about the economy.

I think you saw the flip side of this, when COVID 1.0 was kind of receding in the first quarter of 2021. All this kind of zoomed ahead because everything thought small businesses and consumers, they kind of escaped unscathed. And now we're in environment [ph] where there's (00:11:55) little bit of the reverse where people are coming out with retail sales and Home Depot's said whatever it said yesterday and that kind of stuff. And I think all of us depend on a global kind of healthy consumer. So I would say as we've kind of looked at it, I think in my opinion, the macroeconomic environment we're in is by far the biggest determinant kind of multiples in this sector relative to the S&P 500 multiple in the immediate term. But if sentiment were to shift, as Cameron was alluding to, because the recession is mild or doesn't happen or it's delayed [ph] indeterminably (00:12:24), whatever, I think you would see a reversion back to the median. I think that's the most important thing to look at.

The second thing I would say is just the supply of new entrants into the business. So for all of you who are efficient market theorists, I know it's not everybody, but there is a decent chunk. In the buy side, look the market's spoken and those companies are all 80% to 90% below their IPO prices years later. So, I think the excess liquidity that came into the system immediately post COVID 1.0 in the form of quantitative easing. And of course, now we got the tightening, but quantitative easing resulted in a flood of companies that have been around for quite some time, but really never should have gone public in the first place, are really a series of use cases, belong on Shark Tank, not on New York Stock Exchange or the Nasdaq. And as a result, like I think a lot of capital has gone in there. There's been a lot of value disruption in the payments public market ecosystem. I don't think that's helpful to the overall kind of thing. But nonetheless, I go back to the first point, which is I think it really is a conversation about the health of the worldwide economy. At some point that perspective will turn and then I think you'll see a reflation of most of the stuff we've been describing. You want to talk more micro.

Cameron M. Bready
President & Chief Operating Officer, Global Payments, Inc.
A

Yeah. I mean, I don't have a ton to add to that other than to say in building on Jeff's second point, all of those entities that kind of came public were all telling a very similar story, right. Telling a story about disruption, telling a story about market share gains. Everybody was kind of the same, leading with technology and I think it created a narrative where everybody looked at everyone and basically said they are all kind of the same. And so, to some degree, I don't think that's been healthy for multiples as well. And it's created sort of at least a narrative going back in time around, you had fintech disruptors and legacy players and all of that nonsense, which I think is largely proven to be basically that, nonsense.

And I think over time, as obviously companies like us that have a tremendously strong track record of value creation over a long period of time, has a durable, sustainable business model operating at scale. And as many markets as we are around the globe, I think we'll continue to separate ourselves just as a performance matter from the pack. And I think that rerating will come back over time and the market will rationalize some of these other players and the winners. And I don't want to say winners and losers, but certainly companies that have I think good track records of profitability, durability, cash flow generation, et cetera, I think will rise to the top yet again.

Ramsey El-Assal
Analyst, Barclays Capital, Inc.

Q

And so, I agree with you for what it's worth.

Cameron M. Bready
President & Chief Operating Officer, Global Payments, Inc.

A

Well, that's good to hear.

Ramsey El-Assal
Analyst, Barclays Capital, Inc.

Q

Yeah. I think that there's a trajectory where a lot of the folks whose fundamentals remain intact just through sheer execution, well, gradually basically grind back up into a better ZIP code in terms of multiples. But one follow-up question there, to put a finer point on it, the environment, the competitive environment, the technology, there's nothing that's fundamentally shifted from before the pandemic to today. It's not like you're looking at a different competitive environment where you can say, this is fundamentally changing.

Cameron M. Bready
President & Chief Operating Officer, Global Payments, Inc.

A

I'll talk on the Merchant and maybe you can talk more on Issuer. But I would say on the Merchant side, I actually view it a little bit differently. I think the competitive environment is more constructive now than it has been in a while. This has always been a competitive space. Let's be honest. It's been competitive for time in memoriam.

So from my point of view, the degree of competitive tension sort of ebbs and flows over periods of time. And I think we're actually entering a period where the competitive landscape is more constructive for us. Now that capital is not free, and there is an expectation that a lot of our competitors now have to produce returns and they have to produce earnings and EBITDA and growth in those metrics over a period of time. I think we are seeing a few things.

One is, obviously, less capital chasing these shiny new objects, point number one. And point number two, we're seeing more rational behavior in the marketplace around pricing, around just how some of our competitors are going to market and the things that they're doing. Now that they're having to focus their businesses on different outcomes than they were before. It's not growth at all cost.

So I think from that point of view, we view the competitive landscape probably as more constructive than it has been in a long period of time. We know how to compete. We know how to win. I think we're very good at that. We know where we want to play. We know where we think we have a right to win. And I think we're very good at executing on that day-after-day. And just going back to the earlier comment, I think over time you'll see that play out more and more, which is consistency of performance and results and we'll get rewarded for that.

But I'm actually more sanguine about the competitive landscape than I've been in some time. Jeff tells a funny story. He is used to get asked, well, how can you compete with these guys that have no expectation for ever producing earnings? And, quite frankly, it's a fair question. But that's not a perpetuity business model. No one runs a business in perpetuity expecting never to make a profit. So I think we're now seeing more rationalization as a result of that. Again, I think the competitive landscape is going to come back more in our favor.

Jeffrey S. Sloan
Chief Executive Officer & Director, Global Payments, Inc.
A

So I think on the Issuer business it's actually also true in, Cameron, our omni-channel business, I can't think of an RFP, Ramsey, and of course, these are large kind of Issuer customers and large multinational customers in the case of our e-com omni-channel business. Large customers tend to run RFPs, whether they're existing or new customers, but just focused on new customers for a second. They're going to go out to all the usual suspects, Adyen and Stripe, in case of Issuer, us, obviously, Fiserv, Marqeta, go to list of folks including the newer vintage kind of fintech disruptors.

I can't think of a time, particularly in the last five years, but I've been here 13 years, in the last five years, where I can't think of a time where TSYS or Global Payments, in Issuer, Merchant didn't make the final round and wasn't the last like one, two or three. Now, there are times you don't win. There are times we do nothing, don't make a change. There are times when that can be overpricing, that can be over some product in some market that you just happen not to offer. And it's not worth kind of building. But when you think about where the universe is, the smartest, largest, most capable, most sophisticated customers and potential customers, I can't think of an instance where we weren't one of one, one of two, one of three after multiple rounds of things.

And I think more than anything, in addition to our results and our bookings and all the other things, more than anything, I think that speaks to how competitive. I think our technologies, our people, our products and services, our operating environments are that these smart big guys, running these multi-period RFPs and here we are at the finish line, and that kind of thing. And I think we're very proud of that and I think it speaks to what's really going on as it relates to the competitive landscape.

Ramsey El-Assal
Analyst, Barclays Capital, Inc.
Q

Q1 is still somewhat fresh, so maybe a couple of questions about the quarter. Merchant volumes and revenues came in well, came in very nicely. Remind us which parts of that business are firing maybe above expectations. What's driving the growth? Are there any areas of concern? Just a little bit of an overview on Merchant business, maybe as it pertains to performance recently?

Cameron M. Bready
President & Chief Operating Officer, Global Payments, Inc.
A

Sure. Maybe I'll start and Jeff can add some color as well. But the way I like to think about it, Ramsey is, we used to talk about our technology-enabled strategy, this board being the tip of the spear for growth. Now effectively, they are the spear. I mean, when we think about how we transform the business, accelerated our investment in more technology enablement across our business and we'll look at where the performance is coming from today. Clearly, it's our technology-enabled channels that continue to drive outside portion of the growth in our business and that's going to just continue to grow over a longer period of time.

So, when I step back and look at the business, Jeff highlights a lot our e-com and omni business, that grew in the high teens in the first quarter, which was an acceleration off of where we were in Q4 2022. So, we continue to be delighted with the progress we made in that business. Our UCP platform continues to resonate with our customers, our ability to blend virtual and physical worlds in more markets around the globe than our competitors I think really is a competitive differentiation for us.

And then to couple that with a level of service, a distinctive level of service that I don't think most of our competitors can match because they don't have the same physical footprint and scale that we operate in, in these markets around the globe that really does sell. And the predominant trend in the business continues to be sort of the morphing of the virtuals and physical worlds. I think that plays to our advantage over a long period of time.

We continue to lead with software, whether it's our own software or our partnered software solutions, and we continue to see those businesses perform extraordinarily well as integrated payments and more embedded financial technology becomes a growing theme in the marketplace, like we continue to be a leader in that space.

Our integrated channel grew mid-teens this quarter, a long series of continued quarters growing in that same sort of trajectory. And we actually had our best sales performance quarter ever in that business since the 10 plus years we've been in it. So, that's a very strong sign for things to come in that business going forward as well. In our vertical markets businesses, our collection of software assets grew in the double-digits as well.

So as I think about what's really driving growth in the business, it really comes down to the technology-enabled strategies we've been pursuing some time, those continuing to mature and continue to be a bigger part of the business. And I think that gives us a lot of confidence that we've got good momentum going forward as well. As I step outside of that and look at the rest of the world, it was nice to see some recovery in Asia, that was a good tailwind for growth, albeit small. It's rather have that growing than relatively flat, which it's been because of COVID restrictions for a period of time.

And then, obviously, we saw good strength on the continent in Europe, and we continue to gain significant share across the Central European markets in which we're operating, as well as Spain, which continues to be just a tremendous success story. I don't think there's a better investment that we made as a company in the history of Global Payments in our investment in Spain.

Obviously the UK macro is soft, I don't have to tell you working for a British bank, you probably see that and feel that to some degree every day. But the UK macro is not as constructive as we would like it to be certainly and that is a little bit of a headwind, but certainly I think as it relates to Q1, a lot more tailwinds and headwinds as it relates to performance in the business. And we do think as I said earlier that sets us up well for the balance of the year.

Ramsey El-Assal
Analyst, Barclays Capital, Inc.

Q

And what about margins in the segment? I know you've got EVO coming in and having a bit of a near term impact. I mean, what do you think about the longer term trajectory of their margins in Merchant?

Cameron M. Bready
President & Chief Operating Officer, Global Payments, Inc.
A

Yeah, I think it's a fair question. We are rebasing them slightly lower with EVO coming in. It did have a lower margin profile. As we realize synergies over time, obviously we'll improve upon that and get back to where we were and begin expanding from where we were on top of that. But I think if you look at the overall company, it's relatively simple. Merchant is now 75% of Global Payments post the divestitures and the acquisition of EVO, and we're targeting 50 to 75 basis points in margin expansion over the cycle.

So you're not going to get that unless 75% of the business is contributing to it. So I think that overall range of outcomes that we're anticipating for the overall business is a good proxy for what we anticipate for the Merchant segment more broadly.

I would say obviously our margins are fairly rich relative to competitors. I think we've done a fantastic job scaling our business over a long period of time, making investments in higher margin businesses that have better growth trajectories. All of that obviously lends itself to better margin profiles over time.

So I think we are obviously continually balancing reinvestment back in the business, wanting to sustain these rates of growth while at the same time allowing margins to continue to drift higher over a period of time. But, I think the overall target that we've established throughout the business is a good proxy for what we expect to see out of Merchant.

Ramsey El-Assal
Analyst, Barclays Capital, Inc.
Q

And you mentioned synergies. What's the lowest hanging fruit there? What do you think about the timing in terms of extracting those synergies from EVO?

Cameron M. Bready
President & Chief Operating Officer, Global Payments, Inc.
A

Yeah, clearly, like any merger or acquisition of this nature, the lowest hanging fruit is going to be across just merging duplicative corporate functions that we have in Global Payments today and that EVO had as well. So as we think about the realization of expense synergies over a period of time and I'll focus on revenue in a second, but on the expense side, it clearly starts with those immediate overlaps from a corporate functional standpoint.

Then we move into how do we better align our go-to-market strategies. Obviously, there's opportunities to rationalize cost associated with go-to-market activities in the business, and then we step into the heavier lift, which is really bringing technology environments together, creating harmonized platforms across the two businesses, which allows us to then realize some of the revenue synergies that are obviously in the pipeline as well.

So from an expense standpoint, it's generally going to fall into a third of corporate kind of overhead, duplicative cost, a third of aligning go-to-market and businesses in a way that yields expense benefits for the company. And a third is going to come from that technology alignment of the two businesses over a period of time, which then also, as I said before, kind of paves the way for a lot more revenue opportunity from the combined business.

Ramsey El-Assal
Analyst, Barclays Capital, Inc.
Q

That makes sense. I wanted to ask, maybe, Jeff, you can kick this one off on B2B and the sort of longer term B2B strategy. Obviously, that's something where you guys had a couple of assets, you bought some assets. You are kind of seems like creating some momentum, building a little bit of a new path on B2B. How do you see that playing out over time?

Jeffrey S. Sloan
Chief Executive Officer & Director, Global Payments, Inc.

A

Yeah. So I'm sticking Cameron with this responsibility. So, I lay out the goalpost and we can kick the ball down the field, so to speak. So, look, I think it's, Ramsey, we are in early innings in B2B and I would say, in my opinion, B2B today in payments is where e-com omni was in the late 1990s. So I think we're at the very beginning of an incipient secular logarithmic growth cycle.

And I think here is, unlike in merchant where you don't have to displace somebody to pick up share, in the case of B2B, you are really competing against cash, check, ACH and clerks. That's really where we're selling. So in MineralTree, we're selling cloud SaaS payable software, what we're seeing is, somebody pay us $20,000 a year or whatever the pricing is for a mid-sized business. And you can think about the savings relative to a handful of clerks, as an automation matter.

So I think it's a pretty easy sale. The other thing I would say is that we bring unique assets as part TSYS in Global Payments to the B2B story in addition to MineralTree, which we bought 1.5 years ago and it's growing nicely. I think we said normalized growth of 20% in the first quarter, target for this year is 30%.

We also bring virtual card, TSYS is one of the largest virtual card issuers on the planet. I think they did 50 million virtual cards last year with like $30 billion of outstandings. We obviously bring MineralTree in the payables side and now with EVO, we bring accounts receivable on the invoicing side, which gives us one of the few platforms that's really a complete ecosystem meaning payables and receivables, and it's primarily a mid-sized enterprise level story.

There is applicability, particularly of invoicing to small merchants, but in general it's kind of the mid-market to large market. And you think about what we bring there, Ramsey. We've got 7000 ISV/VAR partners who can cross-sell our B2B businesses into. Importantly, we've got 1,500 financial institutions, Barclays being one. 1,500 financial institutions, we can cross-sell virtual card and our payables and receivables technologies into. We announced a quarter or two ago, US bank, Citizens as being two banks that we signed in our virtual card business through TSYS in the last number of quarters.

We also bring thousands of software partners, for examples, at enterprise quick service restaurants at the franchisor level, like a Burger King working kind of cross-sell payables and receivables into these larger corporates that I was referring to before. So I think we have distinct assets that we can cross-sell, monetize, we are doing that today. And I also think we have more or less a complete ecosystem. So I think this is a lot like where the business was 20 years ago. Unlike Amazon, I don't think there's going to be kind of one winner. I think there's going to be a lot of winners in this business, but you may know better than I. But even Visa, Mastercard, B2B is like 1% of revenue, it's like some de minimis.

So I think we're very early on and [indiscernible] (00:28:37) let's say we've got like 30 salaried commission salespeople in MineralTree et cetera, tasked with selling B2B assets. That needs to be like 300. Like when we got the company pre-Heartland, at Global Payments, Cameron and I probably had 125 people in the United States who were salaried commission salespeople, say in the US we have 1,500, in Global we have 3,500. That's the kind of investment I think you need to see in B2B. And we got to take something that's $125 million to $150 million of revenue compounding in double-digits. And that's got to be in the billions 5 or 10 years from now. And that will then transform permanently the growth trajectory of the business in the issuer B2B side, far beyond what it is today. And I think that's kind of where we are.

Ramsey El-Assal
Analyst, Barclays Capital, Inc.

Q

And Cameron, pursuing that strategy, executing on that strategy over the next stretch here, can you leverage M&A to accelerate the strategy? Is that something that we should be mindful of?

Cameron M. Bready
President & Chief Operating Officer, Global Payments, Inc.

A

Yeah, I certainly think M&A is a lever to continue to scale that business over a period of time. To Jeff's point, I feel like today we have the assets we need to bring a fully kind of comprehensive – not just comprehensive, but a fully integrated offering to the market which is something I want to touch on that Jeff highlighted. I think an area where we're unique right now is, we have the ability to create a fully integrated AR/AP money-in, money-out solution with integrations back into all the major ERPs that are running mid-sized businesses across the US market today.

And then ultimately, there is global applicability around this as well. But let's just focus on the US which is a massive market. So, I think we're uniquely positioned in that space from an asset and capability perspective. Now, the question is to Jeff's point earlier, how do you grow and scale, and how do you do that organically? Obviously, by investing in the business, investing in integrating to create that fully harmonized sort of integrated offering. How do you invest in distribution and how their assets in the marketplace are going to help you accelerate, what is it you're trying to do because from my standpoint, there's no better place right now to invest.

We want to continue investing in all aspects of the business. But when you say where is the most opportunity for us over a longer period of time to grow and scale a business from where it is today, it is something that's much more meaningful to Global Payments? It's B2B. It's a market that's at least 3 to 4 times size the consumer market. It's incredibly highly fragmented. There is no clear winner in the marketplace today for the capabilities that we can bring to bear. So, it's a market where we feel like we have the right assets, the right to win, we have the right scale already to be able to go and accelerate growth. And, we're going to use our balance sheet appropriately to continue to support that strategy over a long period of time.

Ramsey El-Assal
Analyst, Barclays Capital, Inc.

Fantastic. We're out of time, unfortunately. Great conversation. I appreciate you joining us gentlemen.

Cameron M. Bready
President & Chief Operating Officer, Global Payments, Inc.

Thanks for having us.

Jeffrey S. Sloan
Chief Executive Officer & Director, Global Payments, Inc.

Thank you.