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Global Payments, Inc. (GPN)

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MANAGEMENT DISCUSSION SECTION

Ashwin Vassant Shirvaikar

Analyst, Citi

Good morning, everyone, and welcome to Citi's 10th Annual FinTech Conference. I'm your host, Ashwin Shirvaikar, Citi's global co-head of FinTech research, and the payments processor, and IT services analyst for North America listed stocks.

The very first company we are hosting is one that has created remarkable value for investors over the past decade, and we think that trend should continue. Now, please join me in welcoming Global Payments to kick off our conference. And from Global Payments, we have Cameron Bready, who is President and COO. Cameron, thank you for doing this session, and good to see you again.

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

Hi, Ashwin.

QUESTION AND ANSWER SECTION

Ashwin Vassant Shirvaikar

Analyst, Citi

Q

The first question I had was I thought we should kick off with talking about deal integration. It's been a little more than a year past when the Global-TSYS deal closed. I know this year has brought us a lot of things to deal with. But since you're still known as a deal stock, it seems fair to begin by asking you to sort of grade yourselves on deal execution. What are the couple of things that went right? What are two things that maybe could have gone a little bit better?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

Yeah. It's a good question. Probably a good way to kick off our session this morning, Ashwin, and thanks again for having Global Payments and having me, in particular. So, I have to start by saying we're delighted obviously with our merger with TSYS and the progress we've made over the course of the last year. It probably wouldn't come as a surprise to you that I would grade us very highly on our execution and integration thus far. I have to give us an A or an A+. And I'll readily admit at the outset I'm probably grading on a bit of a curve given that we've been doing this in the midst of a global pandemic, which obviously no one anticipated we would find ourselves when we announced the merger with TSYS over a year ago now, almost a year-and-a-half ago.

So, I would say a couple of things as it relates to the merger itself. First of all, when we announced it back in May of 2019, we knew at the time, obviously, there was a very strong strategic fit. We knew there was a very strong cultural fit. And we clearly thought there was significant value creation opportunity in the merger.

The other element of the transaction that we didn't talk about a great deal was we knew it also made us a bit more defensive, a bit more resilient to ride through a variety of macroeconomic conditions. Now, of course, we didn't think at the time that [ph] with (00:02:32) that positioning would be to better insulate us from a global pandemic. But we certainly knew there were elements of the transaction to make the business a little more resilient, a little more defensive, and again a little better positioned to ride out a variety of macro environments given that we were in, obviously, the 10th year of an expansionary cycle. We knew that was going to last forever.

So, as we think about the merger, obviously, it has positioned our business I think extraordinarily well to ride out the difficult environment we've been in. And we've used this time, obviously, to make substantial progress on the integration itself. I think we've really done an excellent job in executing on the integration. We're very much on track with everything that we planned at the outset of the merger notwithstanding the environment we've been operating in.

I think a lot of that success stems from the fact that we aligned our management team pretty quickly. We aligned our go-to-market motion very quickly. We've increased our synergy targets on the expense side twice. We made very much on track to deliver on the revenue side as well. We've announced a number of significant strategic new wins during this period of time. We've also announced our new partnership with AWS on the issuance side, which is transformational for that aspect of our business. All of our operation and technological integration activities remain on track.

So, I would say, across the board, we've executed extraordinarily well on the integration. And I think that's positioned us obviously well to ride out the environment we're in. But perhaps more importantly, I think it's

positioned us to ensure that coming out of this pandemic, the business is in a really excellent place. We're operating very well, and we're very optimistic about what the future will bring for our company once we get to the other side of the pandemic.

On the what-could-have-gone-better side, honestly, there's nothing significant that I would call out. There's always going to be little things that we've learned through the process that we try to build into lessons learned that will allow us to do better the next time around. But there's certainly no surprises around this transaction that have been significant headwinds as it relates to our ability to execute on integration plans. There's been little things here and there that of course we've been able to manage through and work through. But I would say by and large the only thing that, frankly, we wish were different were the macro environment we've been operating in since the early spring, which is obviously out of our control to a large degree.

Ashwin Vassant Shirvaikar

Analyst, Citi

Q

Got it. Okay. And broadly speaking about revenue and cost synergies, what should investors expect now? As you mentioned, you've increased cost synergies. What are examples where it's more either timing or pull forward versus the size of the pie increase, if you will? And can you give us an example of maybe a major item that was not initially contemplated in this size that you're currently getting it in? But it's been a good surprise in terms of synergy on the cost side. And then, a similar question for revenue.

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

Yeah. I would say on the expense side, it's important to be clear that the increases in expense synergy targets that we've provided are all due to incremental synergies. They're not due to pulling forward synergies from outer years, they're not due to timing in any way whatsoever. They're really due to incremental opportunities that we've been able to identify from an expense synergy standpoint, that we will execute against over the next year or so that you will yield a better outcome from an expense standpoint.

So, the couple things I would highlight there are really going to be around the merchant operations and technology environments. One of the things that we did find with TSYS, it's probably a little different than we anticipated going into the merger was, their merchant business, which was an amalgamation of different acquisitions that they had executed over a period of time, it was probably less integrated as an operating matter, as a technology matter than we anticipated. So, on the one hand, there'll be more work to do I think to integrate TSYS as a merchant business into Global Payments operationally and technologically.

But the flipside of that is there's more expense opportunity, more take out opportunity around that, which is a big portion of what's driving the increases and expense synergy targets that we've been able to identify. So, we feel good about obviously the progress we've made on that front. We feel good about being able to identify additional expense synergies as a result of that. But there is, in fairness, a little more work that needs to be done as a result of the environment that we found in the transaction.

I would say on the revenue side, we very much remain on track to execute against \$125 million annual run rate synergy target that we have reaffirmed most recently as of our third quarter call. There's a variety of initiatives, I think, as you know, Ashwin that make up our expectations around revenue synergies for the transaction on the tactical front. We've already made substantial progress I think in launching the tactical initiatives that will drive a significant portion of the revenue synergies we anticipate from the transaction.

We've launched the TSYS Vital project into our Heartland channel. As we've talked about it, we've begun cross-selling Payroll into the legacy TSYS space. We've launched our analytics and customer engagement platform into the legacy TSYS space. We've recently launched a omni-channel version of Vital into both the legacy TSYS and the legacy Global base of business. We've also signed several new partnerships on our integrated side due to the strength of the combined capabilities we have, particularly leveraging Genius and ProPay in that business. So, we've made substantial progress on the tactical opportunities that we think will drive significant revenue synergies from the transaction.

At the same time, we continue to make very good progress on the larger, more strategic opportunities that we think will come from the merger on the revenue side, really relating to our ability to cross-sell, issuing capabilities into our existing base of FI partners, largely outside of the US on the Global side and vice versa, selling and acquiring into some of the legacy FI partners that TSYS has on the issuing side outside of the US as well.

And then, lastly, I would say the ability to bring together the issuing and acquiring capabilities that we now have under one roof and our ability to drive new innovative solutions around that, particularly as it relates to our ability to optimize transaction flows and value for customers. We're very excited about the progress we've made on both of those fronts and expect to have more to announce on that in the not too distant future.

Ashwin Vassant Shirvaikar

Analyst, Citi

Q

Okay. Okay. So, is that – that's a lot of stuff that you're doing. Is that what sort of gives you confidence in the – is it roughly \$8 of EPS that you said is doable in 2021? That would imply almost 25% year-over-year growth. It's notable considering we're still in the middle of a pandemic. There's a lot of economic uncertainty. So, if you could help break down that EPS goal for investors, economic assumptions, would you have to continue to increase synergy expectations to hit that? How should people think of easy comps? I say that – they're never easy, but easy comps versus the \$400 million of incremental expense synergies, things like that.

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

Yeah. No, it's a good question. And certainly, nothing's been easy about this environment. So it's hard to call them easy comps. But, anyway, putting that aside, just to be clear, what we said on the call was assuming the recovery continues at the pace that we're on or have been on, leading up to our third quarter call and when we see a more normal environment in 2021, and I think we're all obviously encouraged by the vaccine news we've seen the last few Mondays, we are targeting \$8 for next year. But obviously, at a macro level, that presupposes that, again, recovery is going to continue kind of on this very gradual pace that we've seen in the most recent few months leading up to our third quarter call. We're not assuming a heroic recovery. We don't assume, January 1, the world is entirely back to normal and we see transaction volume levels back to total normality.

And the flip side is we're also not assuming significant new restrictions, significant new lockdowns persist into 2021 as well. So I would say the macro assumption that underlies that target that we're establishing for ourselves of \$8 or roughly \$8, I would say, really reflects an environment like we've seen over the last couple of months. Gradual recovery, certainly not expecting things to be back to normal in early 2021, but we're also not expecting to see the environment we saw in April, May, June of 2020 either. So that's sort of the macro environment that we would anticipate.

On the expense and revenue synergy side, there's really nothing incremental to get to that target. What that target really reflects is all the things I just talked about, from an expense standpoint, the most recently revised target that

we've provided, as well as the incremental flow-through of revenue synergies as we flow into 2021 as well. But certainly, the target doesn't envision anything incremental to those in our minds.

And then, lastly, as it relates to the incremental \$400 million of expense that we [ph] actioned (00:12:08) in response to the pandemic, what we've generally said about that is we expect roughly half of those to be more permanent in nature and the other half to come back into the expense base over time. And the pace at which that other half comes into the expense base is largely going to be driven by the environment we find ourselves in from a macro standpoint and the revenue trends of the business.

As you recall, from Q3, we took an accrual for bonuses for 2021 for our non-executive team members really based on revenue and the revenue flow through to operating income, it was better than we anticipated. So, if revenue comes in better than we anticipate, that expense will start to come back. If it doesn't, then we have the ability to obviously continue to dial it back to some degree as well.

Ashwin Vasant Shirvaikar

Analyst, Citi

Q

Okay. Okay. Okay. Thank you for those details. One clarification, so, you also announced a good size buyback. Does your roughly the targeted \$8 include the execution of that buyback or perhaps ongoing share repurchase?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

Yeah. Basically, what I would say, and we haven't announced anything specific as relates to buyback. We did say we were returning to our normal capital allocation priorities. And based on the environment that we saw around the time of our third quarter call, we thought the best use of capital in our capital allocation strategy would be investing in ourselves, buying back our stock just given where the market was at that time.

Ashwin Vasant Shirvaikar

Analyst, Citi

Q

Yeah.

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

And we continue to think that buying into Global Payments is very good value given where we are and what we expect the future to bring for our business.

So, I would say as it relates to the target of \$8, we always assume some level of capital allocation in the expectations we set for the business. As you know, Ashwin, the model very much, driving top line organic revenue growth in the business, expanding margins, and driving EBIT and EBITDA growth at a higher level than revenue growth. And then, our overall targeted growth in earnings per share, the balance of that's going to be driven by our ability to deploy capital to create value for shareholders, whether it's investing in ourselves or investing in new growth and expansion opportunities organically and inorganically in the business.

Ashwin Vasant Shirvaikar

Analyst, Citi

Q

Okay. Got it. Now, thank you for that clarification. Just to bring it to what the revenue growth expectation should be. And then, at a segment level, is it fair to say that merchant could try to do double-digit growth, issuers close at mid-single, and the B&C business is low-single, is that fair?

Cameron M. Bready

*President & Chief
Operating Officer, Global
Payments, Inc.*

Well, I think at a macro level, the long-term targets we have for our business, what we've always referred to as our cycle guidance. From an organic revenue growth standpoint, it remains in that high-single to low double-digit range. That's the target we continue to have for the business. Frankly, that's where the business was performing leading up to the pandemic. We still feel good in a normal macro environment about our ability to generate that level of organic growth in the business and that very much remains our target today.

On the merchant business, which is 65% of the total company, obviously that's going to drive a lion's share of the growth in the business. We continue to target our merchant business at that probably the higher end of that high-single to low-double-digit range. If you recall back in the early part of the year, that's where our merchant business was performing, kind of in that [ph] low (00:15:37) double-digit growth range. And we feel good about given the assets we have, the distribution we have, the product, the innovation in that space. Obviously, we feel good about the ability to continue to drive our merchant business at that level going forward.

On the issuer side, I think you're exactly right, mid-single-digit growth is our target. Frankly, if you strip away commercial card that's where that business has been performing, particularly as it relates to traditional accounts on file and growth in that part of the business through the pandemic. So, we still feel very good about the long-term trends for growth in our issuer business and even better given the new partnership we have with AWS and the opportunity that we see to further drive growth in that business by expanding the overall TAM through that partnership. So, I think issuer certainly squarely in that mid-single digit feels right to us.

And then lastly on the business and consumer side, we've said more recently that the overall market for traditional prepaid is probably in the mid-single digit level. We have a good history I think of being able to grow above that level, okay, in that business, TSYS certainly did prior to the merger. And I think since the closing of the merger, we've executed on a variety of initiatives that we think are going to help continue to drive tailwinds for growth in that business. That should allow us to grow above the rate of market growth in that traditional sort of prepaid space of mid-single-digit rate of growth. So, we feel good about what we've done with that business strategically and feel good about the long-term growth prospects to be able to grow above the rate of market growth.

Ashwin Vasant Shirvaikar

Analyst, Citi

Q

Okay. Okay. Got it. And one of the rationales for doing the deal was you could sell things together like merchant and issuer and so on. Where does that fall? Were you going to put that under that merchant, put that under issuer? How do you determine who gets rewarded and who gets to do the work?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

Yeah. It's interesting question. I think it will naturally fall out based on the mix of products that we're ultimately delivering to our customers. I think there'll be elements of the revenue streams that will flow into the issuer channel and then the elements of the revenue stream that flow into the acquiring channel. So, clearly, we're less concerned about the geography of where that revenue materializes versus having that revenue materialize in the business that's a [ph] high grade (00:17:53) problem when it does.

So, as I mentioned earlier, we've made a lot of good progress on that front. We're excited about a number of initiatives that we're in dialogue with partners on right now and hope to have something more tangible to say about that in the not too distant future.

Ashwin Vassant Shirvaikar

Analyst, Citi

Q

Okay. Okay. Great. I want to get into a couple of what I thought were really good announcements you've had recently, one is AWS, the other is the MoneyToPay JV. Let's start with AWS. What led to that? What does each party bring to the table? And I was surprised how quickly you signed some of your first deals. Could you explain that process? I mean, is it a joint client pitch? Is there already a product portfolio you're deploying? Can you explain sort of parameters of the economics? And any ideas on any of those range of questions?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

Yeah. Well, let me start at the outset with the first part of your question, which is how it really came together. I would say, this is something TSYS has been looking at for some time, as it relates to modernizing the technology environment for their issuing business. I think upon closing of the transaction, it's initiative that we really accelerated inside of Global Payments in recognition of that. This is the where the world is going. When we talk to all of our FI partners, they're all on their own cloud journey. We've been a cloud-first company, Global Payments for many years now. A number of our merchant acquiring applications are delivered through the cloud today, and we continue to move more and more to that direction each and every day in our business. As I said, our customers are moving in that direction. So they're the clear recognition that we needed to accelerate this modernization of the issuer platform and move to a cloud native environment as soon as feasible in that business.

So we think we bring outstanding issuer technology service capability to the partnership, and AWS also brings outstanding cloud service provisioning as well as strong relationship with FI partners around the globe. So from our standpoint, it's a match made in heaven as it relates to how we think about delivering our issuing capabilities and our technology longer term through AWS. And I would say the early win we were able to announce just a few months after announcing the overall partnership with AWS is – I think adds fuel to that fire and is a good proof point around what we think we can do together as go-to-market matter moving forward partnering with AWS.

So, that is a customer we've been in dialogue with for some time. As soon as we announced our partnership with AWS, they joined us in that conversation. They helped to design some of the solutioning for their customer. That customer will move immediately to a cloud environment when they board on to us, and it will be in the AWS cloud environments. It will be our first customer, I believe, to be live in that environment when it is up and available in the not too distant future. So we're very excited about that first opportunity.

I think as we step back and look at it more broadly, we think by partnering with AWS, we more than tripled the TAM for our issuing business. So it gives us substantial runway to grow and expand that business over time. We have a great history of growing market share in that business and expect to continue to do that. And by increasing the size of our total addressable market, we're obviously delighted with the opportunities we think the AWS partnership will bring.

We're off to a great start with AWS. We're having joint collaboration meetings with them almost daily. We're aligning go-to-market motion with them in the FI space today, and we're already in a number of joint conversations with potential customers on the issuing side with AWS given their strong footprint in that space already for cloud provisioning. So we couldn't be more excited about the journey that we're on with AWS and what we think it will mean for issuing business long term.

Ashwin Vasant Shirvaikar

Analyst, Citi

Q

Okay. Any thoughts on how the economics would look though? And is that a sort of pre-decided split like a referral fee or what's the model here?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

Yeah. So the model is we still provide the issuing services to the customer. So all the traditional economics associated with provisioning of the issuer services to us that are – those are economics that will accrue to us as they always have historically. When AWS works with us on the referral side, their sales profession was going to be commissioned on selling the solutions in. But remember, AWS is going to benefit by having more traffic on the cloud environment that they are providing. So, that is their motivation to work with us to help sell into those new FI relationships as they're going to benefit on the cloud side as well.

Ashwin Vasant Shirvaikar

Analyst, Citi

Q

Got it, got it. Okay. Okay. Let's shift to talking about the MoneyToPay JV and that's with Caixa, but to be clear, it's not on the merchant side, it's on the B&C side, the business and consumer side, right? Can you give us some insight into that opportunity? And then, I do want to, after that, expand a little bit broader into Europe. But if you could talk about MoneyToPay first.

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

Yeah. Sure. Well, MoneyToPay is an exciting opportunity for our business and consumer segment. It represents our first expansion of that business offshore into markets that we think had very strong secular trends where really the prepaid market and particularly digital prepaid solutions like we deliver through Netspend today are really in a very nascent stage. MoneyToPay is one of the leaders, is certainly in the European market. It is a broad-based prepaid and digital prepaid solution for consumers, corporations, governments and other institutions across the European marketplace.

We were delighted to be able to partner with Caixa extending our long history, our decade-long partnership with Caixa on the merchant side into this new area. And we think we bring, obviously, significant capabilities in the prepaid space. We have obviously a great presence here in the US through our Netspend business on the business and consumer side. We think we bring very strong technical, marketing and business development capabilities to that partnership. Obviously, Caixa brings strong relationships as well to that space and the ability to package prepaid solutions with other banking solutions for customers as well really to try to tap into a segment of the population that's either underbanked or unbanked in the European marketplace.

So as I talked about earlier, we think we're doing a number of things with our business and consumer segment to accelerate growth and drive long-term growth in that business, expansion to international markets with strong secular trends, which, as you know, is a core part of Global Payments' strategy more broadly. But now, we brought it to that business and consumer segment as well, and we're delighted about the opportunities to grow and expand in Europe, a new market for us and one that we think has a lot of long-term potential.

Ashwin Vasant Shirvaikar

Analyst, Citi

Q

So said another way, you're actually giving Caixa the technological basis, if you will, to distribute retail banking-type services into the rest of Europe outside of Spain. Am I simplifying it too much or is that a good understanding there?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

Yeah. Obviously, it's foundational with, I think, prepaid solutions for those customers for that unbanked and underbanked segment of the market, but that creates a foundation by which Caixa can also look to expand further banking solutions into that channel as well. So to some degree, maybe to say it a little bit differently, through our prepaid business, we can become basically a feeder to some degree for broader retail banking solutions for Caixa to be able to deliver to customers in Spain and Portugal where they operate today, but potentially other markets outside of Spain and Portugal as well.

Ashwin Vassant Shirvaikar

Analyst, Citi

Q

Okay. Okay. Got it. And this is sort of question I got from an investor here. But equally you have a pretty solid position in the UK, Spain, Central Europe based on stuff you've done in the past with JVs and such. There was sort of a thought process that you would kind of expand out to Northern Europe obviously. Nets was one of the speculated on assets that's gone in a different direction now. Do you feel that you need to scale up relative to a Worldline or a Nets for the European market?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

We are a scale business and scale is always useful to have in a business like we're in. I would say we're delighted with our position in Europe today. We have very strong market positions in the UK, as you highlighted Ireland, in Spain, Portugal, the overall Iberian Peninsula and in Central Europe. And on top of that, we have a very strong pan-European e-comm and omni business. So we think we have a very good market position to continue to compete effectively across the European market on a pan-European basis and have had great success with that over the past several years.

So we're always open-minded to more scale. As I've always said, you should assume that we look at everything. But finding those opportunities that obviously fit strategically, fit culturally, accelerate our rate of revenue growth, and create the value in our attractive uses of our capital to create value for our shareholders at a level that we think is appropriate given the risk, those transactions don't come along every day. But from our standpoint, we're very much open-minded to continue to grow and expand in the European market. We have a great footprint and foundation there today and we'll continue to look at opportunities to expand into faster growing markets and markets that give us a strong domestic presence and build upon our e-comm and omni strategy when those opportunities are available.

Ashwin Vassant Shirvaikar

Analyst, Citi

Q

Okay. Okay. Understood. Understood. Looking at the clock which is becoming my enemy here, I have a long list of questions and I'm going to have to pick. So let's go talking about your tech-enabled stack.

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

Sure.

Ashwin Vasant Shirvaikar

Analyst, Citi



And one of the things is sort of the how big is it now as a percent of the total? How big are the various pieces make ISV-owned software, e-commerce on the owned software side, and these are things we would talk about a lot more when it was the old Global, right? Is there a product cycle to expect in any of these pieces? Have you converted any of the payment streams, things like that?

Cameron M. Bready

*President & Chief
Operating Officer, Global
Payments, Inc.*



Yeah. So, maybe I'll start at the macro level because we were delighted to be able to announce on our third quarter call that we have reached that 60% technology-enabled target for the entire business that we established several years back and we made it ahead of schedule. So the overall business today, the Global Payments, is 60-ish percent technology-enabled and obviously that number continues to grow every day as the technology side of the business continues to grow at a faster pace than the non-technology-enabled aspects of the business, and as a result of that, we're going to continue that shift towards technology enablement over the course of time.

If you drill down a little bit further into the merchant business, it's also roughly 60% technology-enabled today. In the three components that you correctly called out, our integrated business, our own software vertical market business and our e-comm and omni business, each of them is roughly 20%, just rough math. And well, just that makes the math a little bit easier to get to the overall 60% target. So as we think about that business today, the three channels are roughly equally split across those three strategies. Each of them has attractive growth attributes associated with them, building upon again technology enablement and technology and software being at the heart of the solutions we're delivering to our customers, driving stickier relationships, more value-added relationships and longer term relationships with our customers.

So I go into each of them and spend a couple of minutes on where we are with each of those channels because I think it's informative. Just on the integrated side today, we have over 4,000 partners across 70-plus vertical markets. That business has been a hallmark of growth for us for years now. And I think we couldn't be more pleased with how we're positioned in the marketplace in the future. Growth opportunities still embedded in the integrated channel and our partnership channel. The combination of Global Payments and TSYS I think has brought together great complementary product and solutioning capabilities for that market that allow us to continue to win new partners, in a number of cases not offering the highest rev share. I think the level of integration we're able to achieve, the product and value we're able to wrap around the relationship, the ecosystem that we can deliver through our integrated business is really second to none and allows us again to continue to grow and expand that business and maintain revenue shares that we think are appropriate but also certainly not what some other players in the market are offering who don't have the same level of capability and breadth and depth of product that we're able to deliver.

On a vertical market, our [ph] owned (31:16) software strategy, we continue to drive growth in the underlying organic businesses themselves, obviously selling more software into those vertical markets but also supporting that growth profile by being able to monetize the payment opportunities in each of those businesses. We've had great success in monetizing payments across our businesses, higher ed, lower ed, AdvancedMD (31:38), Xenial and Sicom. We're now beginning to monetize payments on the legacy Sicom business which, as you recall, really had no payments throughput and they provided no payment solutions in that legacy business prior to our acquisition. So, that pull through of payments as a driver of incremental growth in our vertical market businesses

continues to be an excellent strategy, and we continue to execute well against that obviously driving incremental growth opportunities in those businesses.

And our e-comm and omni business which, again, is now roughly 20% of our total merchant business continues to grow extraordinarily well even in the midst of the pandemic. Obviously, the world is moving to more of an e-comm and omni environment. Every vertical market regardless of whether it's been historically more face-to-face oriented needs an omni solution going forward. And our business continues to perform extraordinarily well. We've seen some of the highest growth rates in our e-comm and omni business for new sales over the course of 2020 that we've ever seen. It has allowed that business to grow up to roughly 20% of our total merchant business today. And we continue to think we have a very bright future in that business because the world is moving towards how we're positioned, which is really around the ability to provide seamless online, mobile and face-to-face solutions to our customer in a true omni-channel environment.

And with e-commerce representing only about 15%, 16% retail sales today, there's still a broad-based need for physical face-to-face solution and more importantly the ability to blend those worlds effectively for customers. And I think that's something that we at Global do particularly well given our history and legacy in the traditional face-to-face world and our ability to bring obviously market-leading e-comm capabilities to that. We have very high aspiration for continuing to grow our e-comm, omni business going forward.

Ashwin Vassant Shirvaikar

Analyst, Citi

Q

Got it. Got it. I'm going to try and squeeze in one quick question on the issuer business. And I recognize what you said about the commercial side versus the other. But given credit issuance trends and given the high level of penetration market share, why mid-single digits? I mean how can you grow mid-single digits? What are the building blocks there?

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

A

Yeah. I think it's a great question. Maybe without getting into specific underlying credit trends because those are going to differ very much by market that we're operating in today, if you just look at the business holistically, we're growing mid-single digits, Ashwin because we're gaining share. And it's really that simple as much as anything else. We have 11 letters of intent with financial institutions worldwide today, 7 of which are competitive takeaways, and we disclosed this obviously in our third quarter call. In the last 18 months, we have 33 competitive wins in the issuer segment across North America and the international markets in which we participate today. So, clearly, we're already gaining share with our business and with our strong execution today.

Then you graft on top of that the opportunities we see with AWS by, number one, tripling the total addressable market for that business globally as well as partnering with the leading FI cloud service provider in AWS, we clearly think there's more opportunities for, again, competitive wins, market share gains over the course of time. And that may come from obviously wins from existing competitors in the marketplace. It also may come from more and more FIs looking to outsource whether it's an insource solution for them today.

And the last thing I would say is we continue to work to partner and we put our bets on those large, sophisticated FIs, we're also winning in the market. So as our customers win, we win as well. So when we are very aggressive on price where we, obviously, bend over backwards for our customers, we do it across the board, but we pay particular attention to those FI customers naturally who are winning in the market, who are buying portfolios, growing their portfolios because that growth benefits us as well as them. And our strategy has always been to bet

on those larger FIs in the marketplace, again, who we think are winning and that obviously supports the underlying growth in that business.

Ashwin Vassant Shirvaikar

Analyst, Citi

Got it. Got it. Unfortunately, my time was showing that we're done with our allotted time. There is always so much to talk about. Cameron, I did want to thank you for your very insightful comments. Have a good day of meetings. And folks, next up is our banks analyst, Keith Horowitz, will host Manish Kohli of Citi TTS to discuss how transaction banks are crossing over to consumer payments. There's a spoiler alert. There's a brief Global Payments video in there.

So with that, thank you all. Have a great day. Thanks.

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

Thanks, Ashwin.

Ashwin Vassant Shirvaikar

Analyst, Citi

Bye.

Cameron M. Bready

President & Chief Operating Officer, Global Payments, Inc.

Bye-bye.

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