

October 21<sup>st</sup> - October 27<sup>th</sup>

## PERSPECTIVES by Eric F. Risley

The most common query in conversations this past week has been “Why did Stripe pay so much for Bridge?” \$1.2B certainly appears “premium-value”, however, for Stripe specifically, we suspect time will prove this a bargain price. Why?

### Strategic Fit

Stripe disrupted online payments in the early 2010s by offering a very simple way to integrate payment capabilities (particularly credit card payments) into various types of online applications. These included Software-as-a-Service, e-commerce, mobile apps, marketplaces, and more. Stripe provided developers with a simple set of code that enabled these payment capabilities to be 'called' when needed via an Application Programming Interface (API), while Stripe handled all the complexity. This is exactly what Bridge does for stablecoin-based payments.

### Strategic Imperative









While Stripe experimented with Bitcoin-based payments starting eight years ago, they never gained significant traction. In retrospect, there are three major tensions when using Bitcoin as a payment medium. First, many consider Bitcoin an 'investment' with the expectation of appreciation - so why spend an investment? Second, Bitcoin's price relative to traditional currencies (Dollar, Pound, Euro, Yuan, etc.) can fluctuate significantly from day to day. This means the cost of 'stuff' you're buying changes daily in terms of your reference currency, which doesn't feel right. Third, the promise of free and fast payments with Bitcoin remains, as of yet, unfulfilled.

Everything has now changed. Stablecoins, initially created for crypto traders, are now frequently used by companies and individuals who desire inexpensive and fast payments, especially when those payments cross borders and involve banking institutions. Bridge alone indicated a \$5B annual run rate, and we have heard anecdotally that similar volumes are common daily with corporate payments alone. These payment flows amount to trillions annually in traditional currencies—that's the opportunity. Stripe has the relationships to become a major player in the sector, however, until now it didn't have the capabilities, while some of its competitors did.

### Acquiring What Can Be Tomorrow

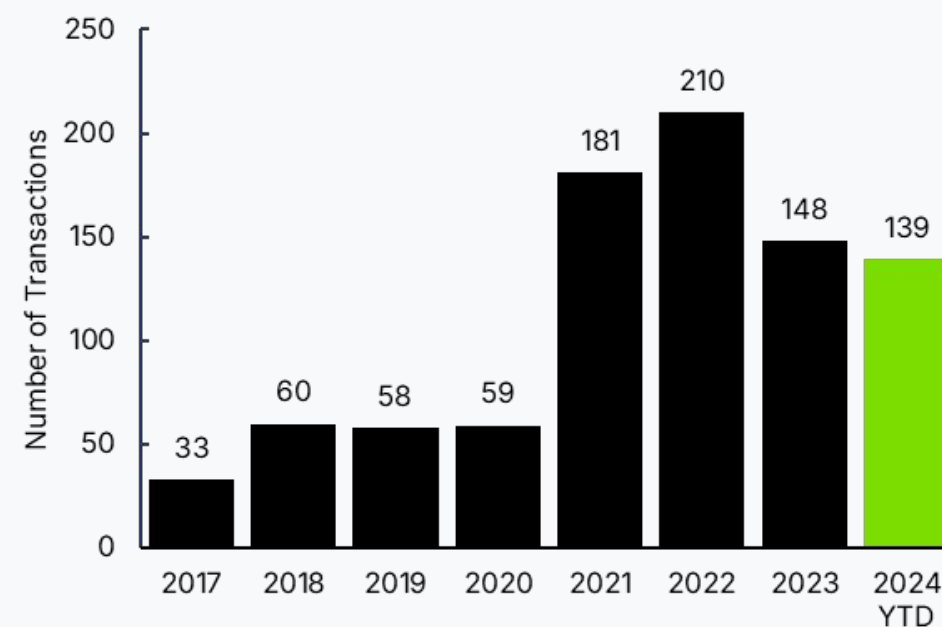
Emerging businesses with high growth potential are valued based on what 'can be' in the future, not on current or backward-looking metrics. Each acquirer has a different 'business case' and ability to build quickly using what an acquisition delivers. In this case, Stripe is perfectly positioned to create a market-leading business worth far more than \$1.2B.

## RECENT CRYPTO M&A TRANSACTIONS (click here for full AP M&A Tracker)

Target	Acquirer	Transaction Summary	AP M&A Alert
		<p><b>Transaction Value:</b> \$1.1B  <b>Rationale:</b> Entry into stablecoin payments  <b>Sector:</b> Payments Infrastructure  <b>Target Description:</b> Provides an Application Programming Interface offering the ability to easily integrate stablecoin-based payments</p>	<span style="color: green;">●</span>
		<p><b>Transaction Value:</b> ND  <b>Rationale:</b> Geographic expansion  <b>Sector:</b> Investing &amp; Trading Infrastructure  <b>Target Description:</b> Enterprise-grade custody, tokenization, trading &amp; DeFi solutions for digital assets and Fiat</p>	<span style="color: red;">○</span>
		<p><b>Transaction Value:</b> ND  <b>Rationale:</b> []  <b>Sector:</b> Brokers &amp; Exchanges  <b>Target Description:</b> Specializes in blockchain-based solutions and digital asset management, such as liquid yield funds, flagship digital asset funds, multi-strategy neutral funds, leveraging data enrichment and transparency for clients</p>	<span style="color: red;">○</span>
		<p><b>Transaction Value:</b> ND  <b>Rationale:</b> Media IP expansion  <b>Sector:</b> DApp: Consumer, Media  <b>Target Description:</b> Digital media platform focused on providing news and insights about NFTs, blockchain technology and digital art</p>	<span style="color: red;">○</span>

## OVERALL CRYPTO M&A ACTIVITY LEVELS

Past Eight Years



Past 52 Weeks

