Architect Partners

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PERSPECTIVES by Eric F. Risley

This week Payward announced the acquisition of Architect Partners' client, Magic Labs ("Magic"). Magic is a wallet-as-a-service infrastructure provider that enables businesses to create non-custodial embedded wallets for their end users. The acquisition supports Payward's B2B services offering, Payward Services, giving partners a single access point for trading, custody, tokenized assets, on/off-ramps, and derivatives.

As highlighted in our detailed M&A Alert, the wallet is a crucial element of a B2B offering, acting as the user interface and account layer where consumers actually hold assets and interact. Payward Services had already integrated a competitive wallet solution via a partnership but found itself in a situation where a competitor acquired its wallet solution partner. This created a fundamental question: should Payward own and control a core element of its solution or continue to rely on a third party provider, assuming that third party would continue its support, which is not always a given?

This dynamic plays out daily in strategy discussions in what is often referred to as the buy, build, or partner question. Often partnering with a third party is a convenient strategy; however, dependency is the result. Over the past several years, we have seen a number of M&A transactions driven by partner relationships that became threatened when the partner was acquired. This sets off a need to replace the partner, often in the form of acquiring an alternative. This is exactly the dynamic in this case as well.

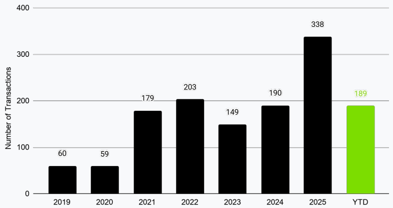
As the buy, build, or partner debate occurs within organizations, electing to partner can create future complications which necessitate a change in strategy, often triggering an urgent need for a replacement.

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

Target	Acquirer	Transaction Summary	M&A Alert
Magic	PAYWARD	**Transaction Value:** Not disclosed **Rationale:** To add an embedded-wallet infrastructure layer to Payward Services, its B2B on-chain service arm **Sector:** Developer Tools & Infrastructure **Target Description:** Wallet-as-a-service infrastructure with APIs and SDKs for onchain app developers	
UNDERDOG	IG Group	**Transaction Value:** $1.1B (up to $1.3B with earn-outs) **Rationale:** To enter U.S. prediction markets with Underdog's federally regulated 50-state venue **Sector:** Brokers & Exchanges **Target Description:** Daily fantasy sports operator running its own regulated prediction-market exchange	
IBM Blockchain Patent Portfolio	CIRCLE	**Transaction Value:** Not disclosed **Rationale:** To own foundational blockchain IP that shields its stablecoin and payments stack **Sector:** Enterprise Solutions **Target Description:** Nearly 1,000 issued patents on foundational blockchain, banking, and enterprise infrastructure	
Water Street Labs	Fanatics	**Transaction Value:** Not disclosed **Rationale:** To self-list Fanatics Markets' prediction contracts on an owned CFTC-regulated exchange **Sector:** Brokers & Exchanges **Target Description:** CFTC-registered designated contract market for listing event and prediction contracts	
CX Clearinghouse	Fanatics	**Transaction Value:** Not disclosed **Rationale:** To clear and settle Fanatics Markets' event-contract trades in-house **Sector:** Investing & Trading Infrastructure **Target Description:** CFTC-registered derivatives clearing organization for settling event contract trades	

OVERALL CRYPTO M&A ACTIVITY LEVELS

Past Eight Years



Past 52 Weeks