

# The Game of Inches

## How Payments Are Really Won at Scale

Payments isn't a "big move" industry. It's an industry of basis points. A game of inches.

Companies that win don't rely on one dramatic innovation or a single strategic bet. They stack small advantages: a few basis points of margin, faster onboarding, higher authorization rates, cleaner reporting, and better decisions. Individually, those gains can feel incremental. At scale, they are decisive.

Across TSG's dataset, representing more than half of all card-accepting merchants in the U.S., we continue to see how small improvements compound. In the U.S., the average merchant takes 21 days to be "activated" from signature to processing. Some industries, like Public Administration, take much longer, at 65 days. For merchant portfolios processing billions or trillions of dollars, improving a metric like this by one day can materially change outcomes. Payments industry success is measured in small units. Value is created in aggregate.

**That reality defines modern payments.  
It also defines how we work at TSG.**

# From Insight to Action: How We're Applying AI

AI is changing payments, but not in the way headlines suggest.

For TSG, AI is not about replacing judgment or generating commentary. It's about removing friction between data and decisions. Across our product set (AIM, GEM, eReports), we are embedding an AI assistant to help users surface anomalies faster, prioritize opportunities, and focus attention where it matters most (think of a payments-only ChatGPT, with TSG's products as the brain). The objective is simple: spend less time searching for insight and more time acting on it.

### 🌟 TSG AI Assistant

Ask me anything about TSG's eReport library.

**What is agentic commerce, and how is it different from...**

How it differs from e-commerce, embedded payments, and digital wallets.

**What are the risks of delaying engagement with agentic AI and...**

Why waiting on agentic AI and agentic commerce is risky.

**What is surcharging, and how is it different from cash discounting and...**

Surcharging vs cash discounting and convenience fees.

**In which verticals does surcharging tend to work best versus create...**

Where it works well vs creates friction.

➤

Earlier this year, we launched the [AIM Executive Dashboard](#), a meaningful step forward in providing our partners with the data they need quickly, paired with the solutions to act.

AIM Executive Dashboard - Highlights





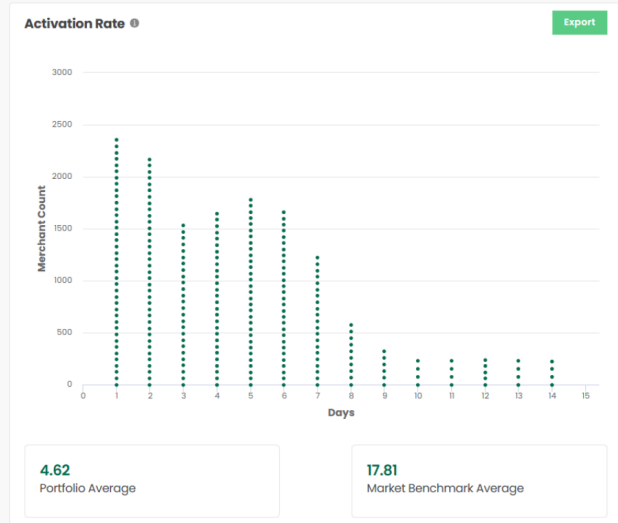
The dashboard consolidates AIM's most critical KPIs (portfolio composition, pricing performance, activation efficiency, and attrition) into a single executive view. Leaders can quickly see what's performing, what's drifting, and where intervention is warranted. In many cases, that clarity surfaces basis-point-level opportunities that would otherwise be missed. Small improvements. Large outcomes.



### AIM Executive Dashboard Walkthrough

[Watch Now](#)

### AIM Executive Dashboard - Highlights



## Staying Ahead of the Market - On Purpose

One reason TSG continues to lead is that we are deliberate about who helps shape our thinking.

Over the past year, we have expanded our Strategic Advisor group, adding operators who have built, scaled, and run some of the most important companies in payments:

- **Tom Bell:** former CEO of Maast, Bank of America Merchant Services, MerchantE, and Transaction Services Group
- **Royal Cole:** former President, Worldpay North America
- **Bob Leonard:** former Founder & CEO of iMobile3
- **Howard Sysler:** former EVP at Global Payments
- **Holli Targan:** former Partner at Taft Law (formerly Jaffe Raitt Heuer & Weiss, P.C.)

The Advisors' experience keeps us aligned with what the market needs, not what sounds good on paper.

# Shaping the Industry Conversation: Our Work with ETA

Leadership in payments isn't just about building tools or advising clients. It's about helping shape how the industry thinks, learns, and evolves.

Since 2006, TSG has had a deep partnership with the Electronic Transactions Association (ETA) by contributing data-driven research and educational content grounded in real market behavior.

Our engagement with ETA is not episodic. TSG team members actively participate across committees spanning AI, Stablecoin, ISVs, B2B payments, compliance, and emerging technologies. That sustained involvement has been recognized repeatedly, including multiple ETA Forty Under 40 honorees earned for TSG leadership, as well as the induction of [Kurt Strawhecker into the ETA Hall of Fame](#), reflecting decades of contribution to the payments ecosystem.

This partnership matters because the industry benefits when decisions are guided by data, experience, and execution - not hype.

AI-First Experiences are **Reshaping the Payments Industry**

Architecture • Partners • Policy

tsg | eta

[Read Now](#)

tsg | eta

Stablecoins Are Quietly Reshaping the Future of Payments

**Is Your Business Ready?**

[Read Now](#)

2025

tsg | eta

**Holiday Consumer Spending Study**

Revealing Holiday Payment Trends

[Read Now](#)

## End-to-End, Finally

In late 2025, we took a significant step forward by [partnering with Payforge](#), making TSG the market's only true end-to-end technology enablement provider for payments companies.

### Strategy. Analytics. Architecture.

And now hands-on engineering execution, under one roof.

Execution risk remains one of the most underestimated challenges in payments. Roadmaps stall. Integrations drag. Accountability fragments. By integrating Payforge's payments-focused engineering capabilities into TSG, clients can move from vision to production faster, with fewer seams and better outcomes.

A CTO at a large payments platform put it simply:

//

*For the first time, we weren't translating strategy to a third party. We were building with the same people who helped define it.*

//



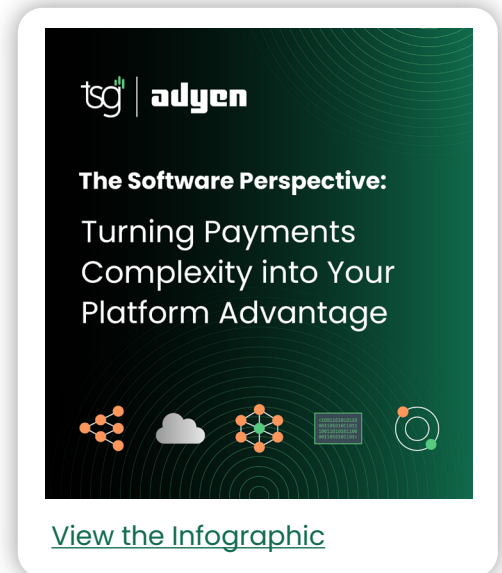
## Why We Partnered with Adyen

[Our partnership with Adyen](#) follows the same philosophy.

Adyen has built one of the most sophisticated global commerce platforms in the world. But capability alone does not guarantee success.

TSG and Adyen have partnered to help merchants, platforms, and investors move from platform readiness to real-world activation, monetization, and scale.

Payments is not a zero-sum game. We partner with leading payments companies across the ecosystem where our expertise can create shared value.



## SaaS Acceleration: Turning Payments into a Growth Engine



This philosophy matters everywhere, but nowhere is it more visible, or more consequential, than in SaaS.

Payments adoption across SaaS platforms continues to rise, yet the gap between top-quartile and median performers keeps widening. The difference is rarely technology. It is strategy, execution, and focus.

Through our recent partnership with **Stripe** and informed by our broader work across the market, we can help our key partners accelerate their SaaS partner performance through treating payments as a disciplined growth lever – not an afterthought.

We work directly with ISVs, their investors (often Private Equity), and alongside ISVs' processors like Stripe to clarify monetization models, remove compliance and activation friction, improve attachment rates and margins, and accelerate time-to-value.

**From data to decision to action.**

## Stablecoins, Blockchain, and the Next Evolution of Payment Rails

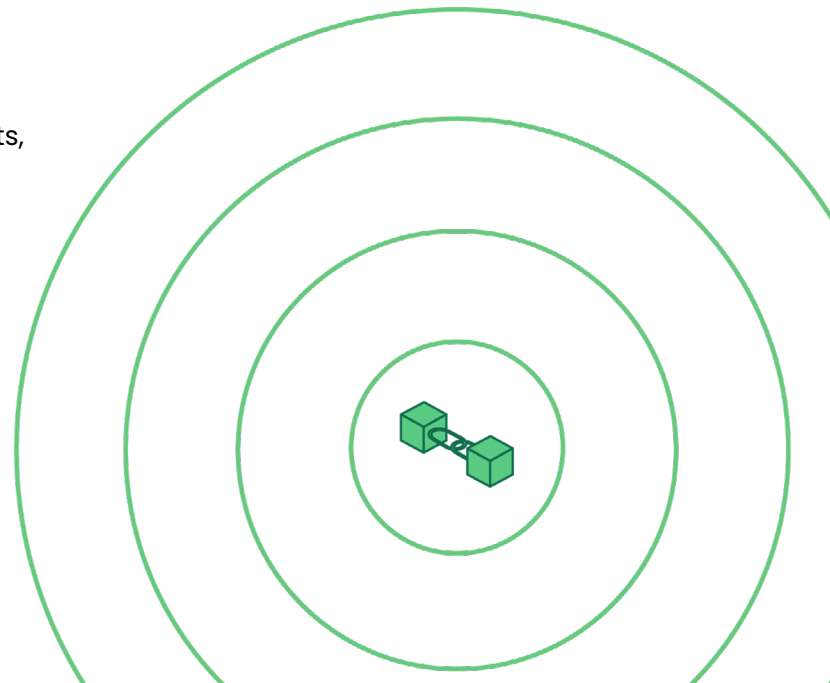
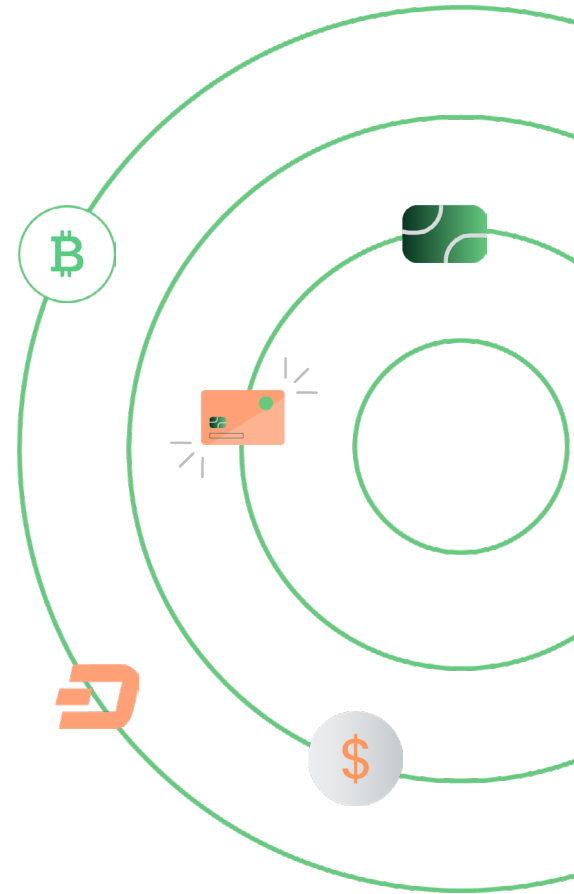
After years of experimentation, stablecoins and blockchain-based payment rails have moved from theory to execution.

While total stablecoin transfer activity is substantial, only a portion reflects real-economy payments. That said, payments for goods and services using stablecoins are growing rapidly, particularly in B2B, cross-border commerce, and marketplace payouts, areas where traditional rails remain slow, expensive, or operationally complex.

**Stablecoins are not replacing card networks or bank rails.** They are becoming a complementary optimization layer where speed, finality, and liquidity matter most.

TSG works with payments companies and fintechs to evaluate these use cases through a payments-first lens: settlement speed, cost, compliance, merchant experience/need, and operational impact.

Stablecoins are not a disruption strategy. They are an efficiency strategy. And, as with everything else in payments, their value is measured in basis points, milliseconds, and outcomes.

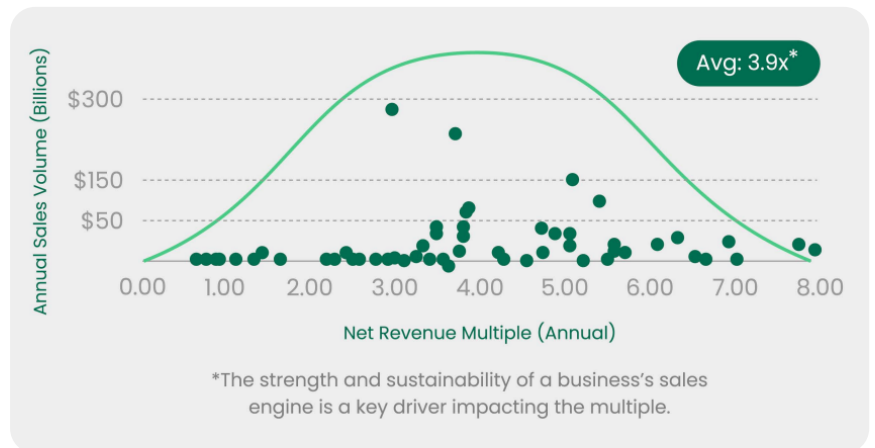


# M&A, Multiples, and Why ISOs Matter More Than Ever

Payments M&A, and merchant portfolio M&A in particular, have entered a more disciplined phase. Deal volume has normalized and diligence has tightened.

Merchant portfolios are more valuable than many realize because demand remains high, but supply is lower as ISVs sit on their portfolios (as opposed to ISOs, who have always had going-to-market as an endgame).

What separates top-quartile outcomes today is not size - it is structure and insight. Small operational improvements (pricing alignment, reduced churn, faster onboarding) can materially influence valuations. Basis points matter. And increasingly, buyers are willing to pay premiums for portfolios that demonstrate control over them, especially if they are low(er) risk, vertically centric ISOs.



As one private equity partner told us:



*The portfolios that stand out today aren't the biggest; they're the cleanest.*



# The Work Ahead

As TSG enters its 20th year, our focus on payments acceptance hasn't changed, but the market has evolved, and our solutions have evolved in kind.

We're continuing to invest where outcomes compound: analytics that surface what matters, advisory grounded in real market experience, and end-to-end enablement that turns plans into production.

**Payments is a game of inches.  
At scale, inches decide everything.**



Thank you for your continued trust in TSG,

**Kurt Strawhecker**

Board Chairman

**Mike Strawhecker**

President & CEO



PAYMENTS EXPERTS.  
POWERFUL DATA.

**TSG** is a fast-growing analytics and consulting firm. The company serves the entire payments ecosystem, from fintech startups to Fortune 500 companies. The firm provides its clients with advisory services, research and analytics to help them plan and execute their strategic initiatives. Based in Omaha, a recognized payments industry hub, TSG is an established leader in this highgrowth, ever-evolving space.

Contact us



**20+** YEARS AVERAGE ASSOCIATE EXPERIENCE IN PAYMENTS + MULTI-BILLION DOLLAR SOFTWARE PLATFORM CLIENTS



**1000+** CLIENTS ADVISED ACROSS THE GLOBAL PAYMENTS ECOSYSTEM



**~4M**

CARD-ACCEPTING MERCHANTS IN TSG'S AIM ANALYTICS PLATFORM, DRIVING MILLIONS OF DOLLARS IN ROI FOR ITS USERS



**250+** PAYMENTS COMPANY VALUATIONS & ASSESSMENTS



**40+** OF THE TOP 50 MERCHANT ACQUIRERS SERVED, INCLUDING 9 OF THE TOP 10



**400+** COMPLETED MARKET INTELLIGENCE ANALYSES ON THE GLOBAL PAYMENTS LANDSCAPE, UNCOVERING HUNDREDS OF THOUSANDS OF DATA POINTS.



For internal use only. Reproducing or allowing reproduction or dissemination of any portion of this report externally for any purpose, without expressed written consent of TSG, is strictly prohibited and may violate the intellectual property rights of The Strawhecker Group. © Copyright 2026 The Strawhecker Group. All Rights Reserved. DISCLAIMER: The Strawhecker Group (TSG) is not necessarily endorsed, sponsored by, or in any other way affiliated with any companies or their logos illustrated in this presentation. The trademarks shown are registered and their own. This document has not been prepared, approved, or licensed by any entity displayed. The following data includes TSG's most recently available information.