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European point of sale provider SumUp acquires customer loyalty startup Fivestars for \$317M

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10:00 PM PDT · October 13, 2021

[SumUp](#), a European-based competitor to Square, PayPal/iZettle and others that provide mobile-powered card readers and other sales



in the U.S. to dig deeper into that market and to expand the kinds of services that it provides to customers globally.

The company has acquired [Fivestars](#), which provides loyalty, marketing, payments and other services to small merchants, used by some 70 million consumers and 12,000 businesses in the U.S. London-based SumUp said it will be paying \$317 million in a combination of cash and stock for the San Francisco startup.



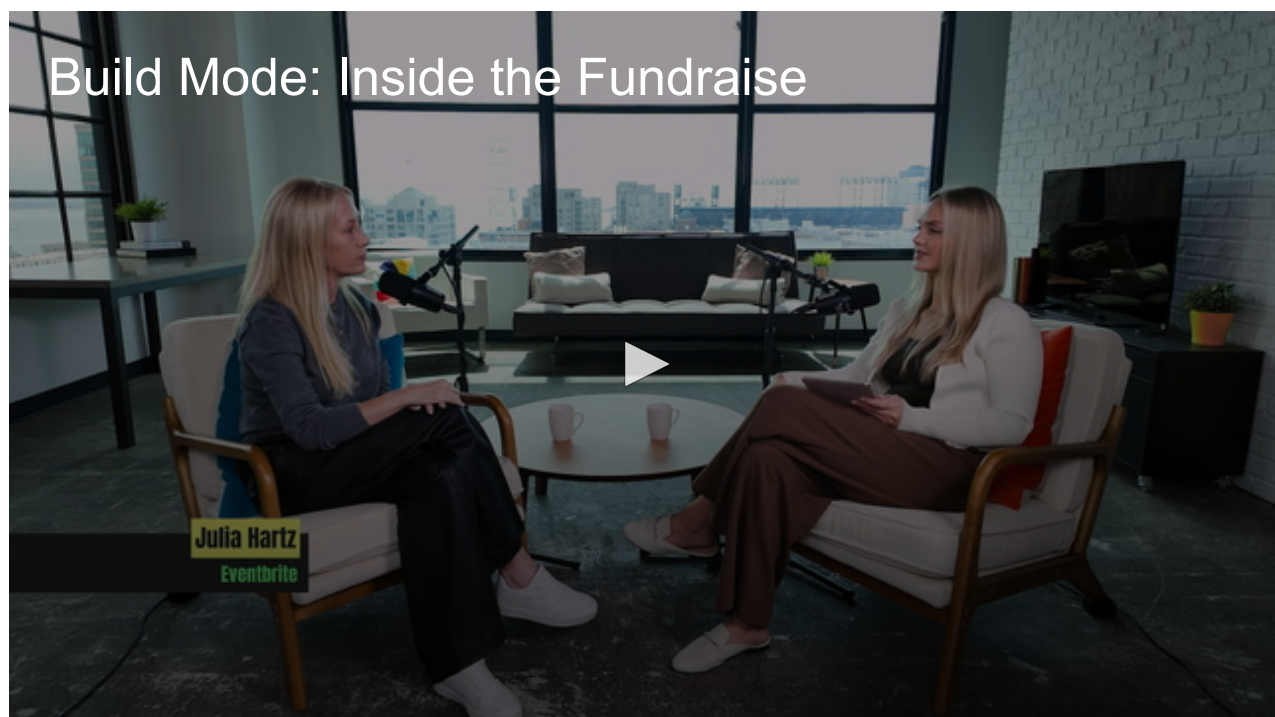
That is a bump up on the startup's valuation as a private company. According to [PitchBook](#), Fivestars — which was originally incubated in Y Combinator and later backed by VCs that included Salt Partners, Lightspeed, DCM Ventures, Menlo Ventures and HarbourVest Partners — was last valued at \$285 million post-money when it raised a [Series D of \\$52.5 million a year ago](#), in October 2020.

It's not clear why Fivestars sold up, nor whether it was proactively approached or looking for a buyer, but you can't help but wonder what kind of an impact the last year and a half, where a lot of people turned away from shopping in person due to the pandemic, had on the company's business — which is largely predicated on in-person transactions.

On a more positive note, SumUp buying Fivestars now represents how it will be doubling down on the opportunity ahead now that people and

SumUp got its start in [2012](#) as one of the many Square clones emerging out of Europe at a time when the U.S. company had yet to expand outside of its home market. Since then it has diversified into online payments, invoicing and other services needed by merchants and other small businesses. And it has grown. Today the company has more than 3 million merchant users in 34 markets, scale that [helped it raise nearly \\$900 million in debt](#) earlier this year to fuel further expansion.

That funding has been used both to continue building out SumUp's platform and footprint in existing markets, as well as to move into new territories.



Although SumUp has in theory been active in the U.S. for a couple of years, its presence there is modest, admitted Andrew Helms, SumUp's managing director in the country. So this acquisition — SumUp's first in the country — will be used to get a deeper foothold in that market.

Fivestars is a popular product, and SumUp hopes to leverage that existing business, which Fivestars says drives more than \$3 billion in sales and 100 million transactions per year, to grow its own relationships with merchants, specifically signing them up to SumUp's own card readers

Fivestars' branding for now and to work on integrating its product more closely into SumUp's platform.

Victor Ho, Fivestars' co-founder and CEO, will also be staying on, along with the rest of the company's SF-based team.

“We founded Fivestars to give small businesses the opportunity to thrive in the digital economy and over the years, we’ve achieved just that,” Ho said in a statement. “Understanding that SumUp shares this mission, it was an easy decision to partner, and together, we look forward to supporting a retail market that champions small business success.”

Acquiring Fivestars also makes a lot of sense in the context of how SumUp has grown. Part of its strategy has always been to pursue inorganic expansion, and over the years that has included [merging with Payleven](#), another Square clone originally incubated by Berlin's Rocket Internet; and buying [and integrating Shoplo](#) to give its merchants the ability to sell across multiple marketplaces online.

Notably, SumUp didn't have a loyalty product before this, so there will likely be opportunities to bring Fivestars' technology for the first time into other markets outside of the U.S., such as in Europe and Latin America, where SumUp is already active.

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