

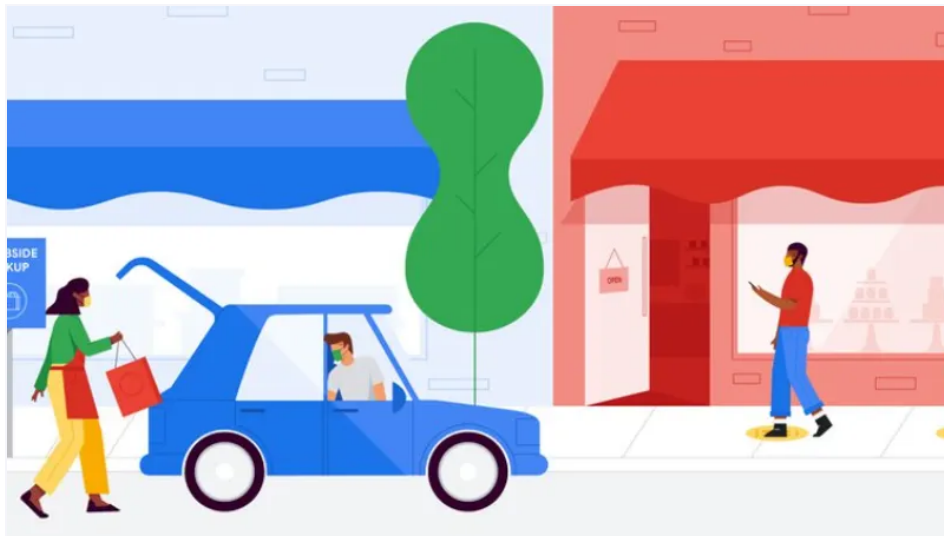
DIVE BRIEF

SumUp spearheads US growth with \$317M Fivestars acquisition

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Courtesy of Google

Dive Brief:

- British global payments company SumUp said in a [press release](#) today that it will pay \$317 million in cash and stock to purchase

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members and 12,000 mainly small- and mid-sized businesses in its network.

- “Now is the time to make sure our presence is as strong in the U.S. as it is in Europe and, by acquiring Fivestars, SumUp will deliver for U.S.-based merchants as it has in other international markets,” SumUp Co-founder Marc-Alexander Christ said in the release. As one company, SumUp and Fivestars will jointly offer their payments and marketing automation services to small businesses globally.

Dive Insight:

Fivestars, founded in 2011, followed in the footsteps of digital payment service providers like San Francisco-based peer Square, which pioneered an electronic payments industry catering to America’s small business owners. The Fivestars network is two-sided in that consumers use the company’s app to find local businesses and get rewards through purchases while the businesses use the service for payments, marketing and loyalty programs.

Fivestars CEO Victor Ho, a former Goldman Sachs investment banker and McKinsey consultant, co-founded the company with Fivestars chief technology officer Matt Doka. In its decade lifespan, the company has created a network that processes \$3 billion in annual sales.

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SumUp, founded a year after Fivestars in 2012, will use the foundation Fivestars has laid as a base for its expansion in the Americas. It currently has a U.S. presence, with an office in Boulder, Colorado, but now it plans to invest in Fivestars to scale its operations in the country “dramatically,” Kayla Abbassi, a spokesperson for the companies, said by email.

The British company earlier this year completed a major debt financing to fuel a widening of its “global ambitions,” including in the U.S. and South America, the press release said.

Ho and the “Fivestars’ San Francisco-based team” will remain in their roles, according to the release. Fivestars has about 200 employees and all of them will remain with the company after the transaction, Abbassi said.

“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 the release. “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.”

The transaction will provide a pay-off for Ho and his investors, including those at the venture firms Lightspeed, DCM, Menlo Ventures and HarbourVest as well as the accelerator Y-Combinator. As of October 2020, the investors had placed \$145.5

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