

## Why CardConnect acquisition will mean more jobs for King of Prussia

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Becoming part of the much larger First Data Corp. via Monday's [announced \\$750 million acquisition](#) is expected to benefit King of Prussia-based payment processor CardConnect, and according to CEO [Jeff Shanahan](#), it will also be significant for the region.

"First Data committing to Philadelphia is a big deal," Shanahan said. "It says a lot about what they think of this region. And it's going to mean a lot more jobs since we are part of a much bigger company now and will be working with more clients."

In late 2015, CardConnect spent \$3 million to upgrade its 28,000-square-foot headquarters that originally could accommodate up to 125 employees. It now houses 140 of the company's total staff of 240 there. The rest are scattered across Cleveland, Denver, Kansas City, Mo., and Hawaii, plus a number of employees work remotely.

Shanahan said CardConnect was already planning to add 40 more jobs in King of Prussia in 2017. It has begun creating a stairwell in its cafe that will lead to another floor of office space that will be able to accommodate 50 more employees.

"This [acquisition by First Data] will accelerate that growth," Shanahan said.

Many companies, especially those with a technology bent like CardConnect has, want to be located in the city of Philadelphia rather than the suburbs to take advantage of the fastest growing millennial population of any major U.S. city. But Shanahan and CardConnect are trying to implement a West Coast tech company feel with an open floor plan and perks to attract younger workers. It also has partnered with numerous local colleges and universities to take on 20 summer interns.

Shanahan said the King of Prussia Town Center mixed-use project, located on North Gulph Road across from the King of Prussia Mall, has brought a new energy to the neighborhood around the company's offices. But he added the lack of regional rail in King of Prussia has been a mitigating factor in recruitment and retention.

"We need rail service there," Shanahan said. "I used to work in Tyson's Corner and this reminds me of that situation [before it had rail service]."

The CardConnect brand will stay in tact and its management team will stick with First Data beyond a transition period. First Data is headquartered in Atlanta but its senior executive team, which joined the company in 2013 from JPMorgan Chase, is situated in New York, which makes meetings convenient.

CardConnect was founded in Cleveland in 2006 but moved to the Philadelphia region in 2012 because of its low cost of living and abundance of colleges. It was backed by a \$50 million investment from the San Francisco-based private equity firm FTV Capital in 2010.

CardConnect went public last year when it [agreed to merge with FinTech Acquisition Corp. for \\$350 million](#) of cash and common stock. FinTech was a blank check company run by banking veteran [Betsy Z. Cohen](#).

The Cohen family has been active in running companies in the financial services, real estate and energy spaces. But Shanahan said they had no strategic involvement in the company other than Betsy Cohen serving on its board until this month.

With the sale, First Data becomes majority owner while FTV will retain a minority stake.

Shanahan's Pittsburgh-based older brother, Brian, helped launch CardConnect and as its largest shareholder, is due to pocket \$34 million from the sale. He plans to invest some of those funds into a [new payment venture](#).

Shanahan said the First Data deal "came out of nowhere." The two sides had close business relations as CardConnect processes 90 percent of the payments on First Data's network.

"We think of them as our biggest supplier," Shanahan said.

CardConnect clients include locals such as Airgas, Amerigas and Honeygrow as well as Dow Chemical, General Electric, Social Security Administration, Jelly Belly, Zebra Technologies, Beachbody, and Bob's Discount Furniture.