

G2 FinTech Tackles Thorny Tax Issues



IN THE SPOTLIGHT:

GEORGE MICHAELS,
CEO and founder
of G2 FinTech,
based in New York

How long has your company been in business?

G2 FinTech, originally the software division of G2 Systems, a consulting and software firm, has existed since October 2011. We became singularly focused on software at that time. However, G2's flagship product, TaxGopher, has been helping investment management firms like hedge funds and fund administrators with tax analysis of securities transactions for nearly six years. TaxGopher is a tax analysis engine for cost-basis adjustments that provides accurate information on taxable gains and losses.

What big idea drove the creation of your company?

While I was a chief technology officer (CTO) at Carlson Capital, a large Dallas-based hedge fund, I saw the need for talented, think-on-your-feet programmers to help investment firms integrate software. It seemed all too common for firms to buy great products but then struggle with integration issues and thus lose valuable time actually reaping the benefits of the software they had just bought. We set out to do both.

What sets your company apart from the competition now?

We approach problem solving from an end-user perspective. Yes, firms have difficult business problems to solve. But they don't want to sacrifice things like flexibility, control, speed or savings. TaxGopher is a deployed solution that enables firms to make use of and extend the current IT infrastructure because it uses existing tax lot level data; keeps client/investor data onsite and protected; decides when *and* how often they want to run applications; and runs analyses on specified datasets at an unparalleled speed.

What is your experience and track record?

Prior to founding G2 FinTech, I served as CEO of G2 Systems, the software and consulting firm I created in 2005. While head of G2 Systems, I was responsible for business strategy, profitability and growth. Before forming G2 Systems, I held management positions at leading hedge funds and investment banks, such as the CTO post at Carlson Capital.

At Goldman Sachs, I was vice president responsible for energy risk management. While at Tudor Investments, I was responsible for fixed income risk management. At Morgan Stanley, I worked as an analyst in equity derivatives and managed the equity decision support group.

How do you define success?

TaxGopher has seen great success with certain early adopters in each of the verticals where the application is relevant. Our client base includes two broker-dealers, three fund administrators, two prime brokers, one accounting firm and a half-dozen hedge funds.

Although our product is unique in its capabilities we have yet to "cross the chasm" to become a generally accepted solution by the "early majority." Achieving this result will be a matter of hard work and continuing innovation. When it occurs, we will declare success.

Where do you want the company to be in five years?

Within five years' time, G2 FinTech's TaxGopher will become the industry standard for performing tax analyses on securities transactions. To achieve this, we wish to be perceived as the go-to solution for tax analysis inside portfolio management and accounting software platforms.

The makers of portfolio management and portfolio accounting software platforms each want to achieve the success of Apple. In order to do so they need to invite third-party software providers to build and maintain software that enhances their offerings. They simply do not have time or resources to build everything themselves. In particular, no vendor wants anything to do with tax software. So, as "Angry Birds" is a necessary application for any smartphone manufacturer, TaxGopher will become the must-have add-on system for any vendor in the portfolio software space.

What advice can you give other companies that are just starting out?

Go with your gut. G2 started out as a part-time venture with just two employees. And, pay attention to market need. What do firms really need to efficiently and cost-effectively solve their business problems? Keep listening to your clients. Finally, create a work environment that fosters personal growth. *ff*

“So, as “Angry Birds” is a necessary application for any smartphone manufacturer, TaxGopher will become the must-have add-on system for any vendor in the portfolio software space.”