

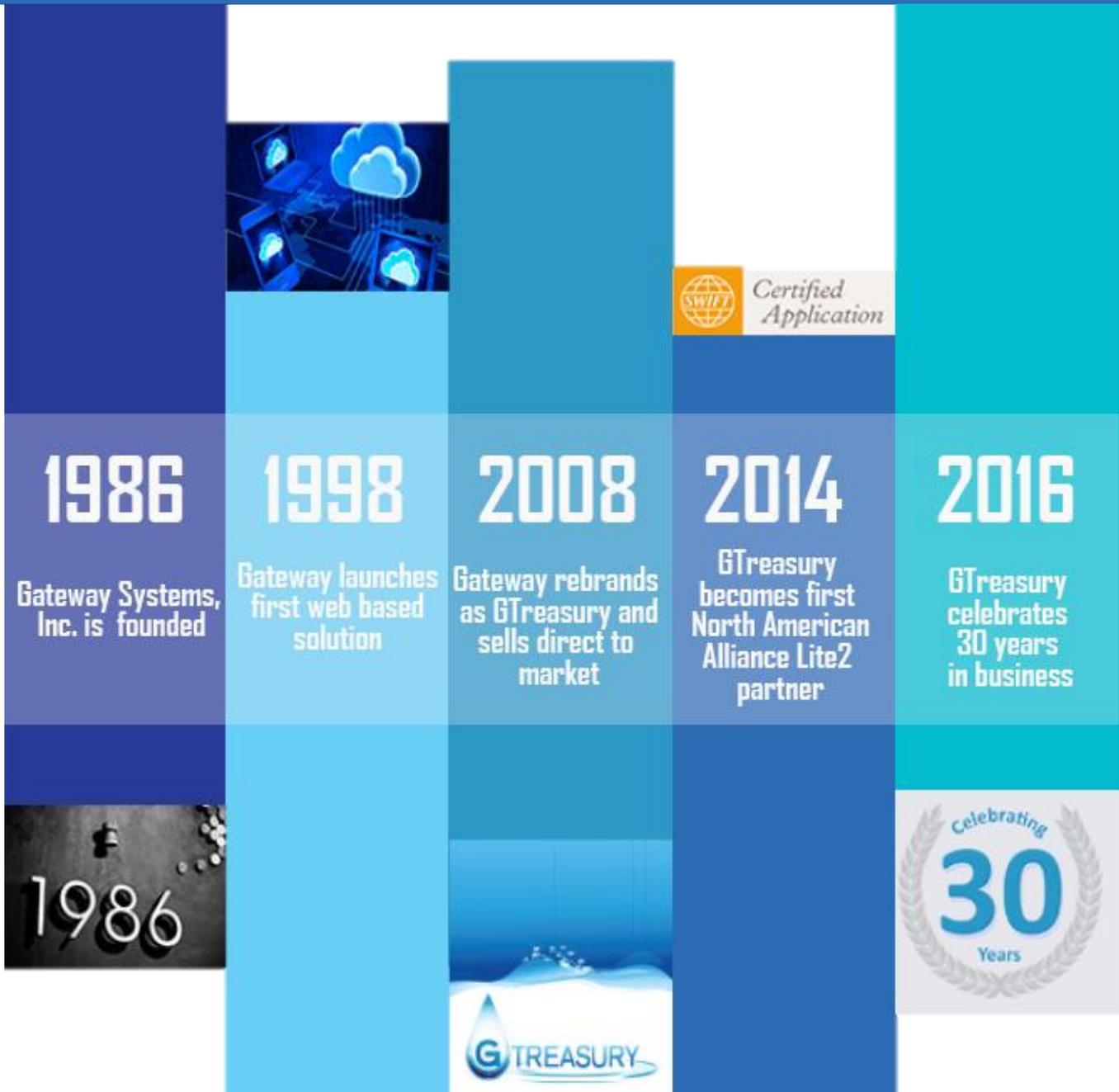
# Reflections on 30 Years in Treasury Management

## Industry White Paper

2016

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**1986**  
Gateway Systems, Inc. is founded

**1998**  
Gateway launches first web based solution

**2008**  
Gateway rebrands as GTreasury and sells direct to market

**2014**  
GTreasury becomes first North American Alliance Lite2 partner

**2016**  
GTreasury celebrates 30 years in business

*Certified Application*

**30**  
Years  
Celebrating



July 2016

It's been thirty years since my wife Peg and I founded our treasury management software company. It's almost fifty years – 47 to be precise – since I entered a new field of finance that became treasury management. I've had a great ride, and it's not over yet.

Someone asked me recently if there was any single reason for our longevity in a business – information technology –. Most small companies don't last longer than 20 years.

I can't say that there has been any secret sauce or magic bullet for us. But several of the attributes of long-tenured companies, factors that were pointed out in a Harvard Business Review piece back in 1997, have all been a part of our history.

That article was titled "The Living Company." Some of our company's personality traits that it cites include the following: Sensitivity to the World Around Us; Tolerance of New Ideas; Organizing for Learning; Awareness of the Company's Identity; and Conservatism in Financing.



Orazio Pater (Founder and COO of G Treasury) during his career as a General Manager at NDC.

## Our Corporate Identity and Financial Approach

### Corporate Identity

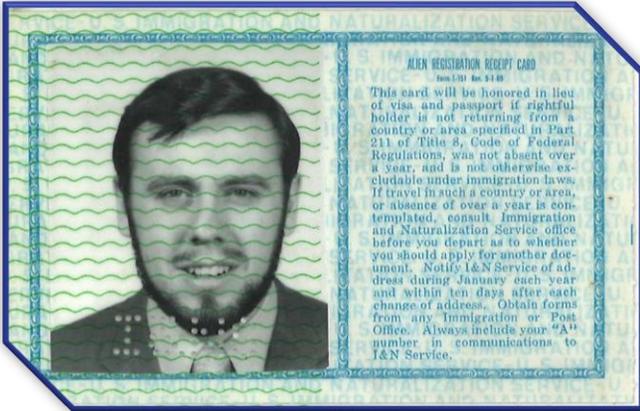
First, our company identity. We're only in the business of treasury management. All of our development and resources have been devoted to one TMS application. That application sheds light onto our clients' cash and liquidity, enables them to manage exposures and risk, and automates and streamlines their repetitive treasury processes.

But focusing on just one thing is not to say we've stopped looking for ways to do it better. For example, lately we've been partnering with Bloomberg. We're designing ways to take advantage of their applications and apply them to the information that flows through our systems. We think we can massage the data in different ways, add value to it, and perform even more research and management analysis.

### Financial Approach

As for our finances, we've always been privately held and bootstrapped. At times, that's kept us back from taking advantage of some market shifts. I'm thinking here of when the big banks realized that they needed some very large systems and decided to do the work in-house. Some of the bank market went away from us then, but it's been coming back. But overall, being conservative in our finances and growing slowly over many years enabled us to maintain control of things and stay profitable.

## Career Turning Points



**Willingness to Learn, Openness to New Ideas, & Sensitivity to the World Around Us**

These *three* attributes are so closely related that it also makes sense to group them when talking about turning points in my career and in the history of our business. I'll add another ingredient here as well: collaborating with having great customers that, in effect, become your business partners.

I didn't quite realize how much the world was set to change when I got my job at Honeywell in Minneapolis, back in 1969. I was going to school full time and working part time for Lou Navin. His job was treasurer, which was a new title in corporate America. Before that, treasury was not separate from accounting.

One day I asked my boss, "How much money do you think we have in the banks?" He thought a moment and said, "I'd guess about \$21 million."

So I went back to my cubicle and began calling the

86 or so banks we used at the time. It turned out we had over 85 million dollars in cash on deposit at all those banks.

We took out about 60 or 70 million of those dollars and invested it. Back then, you could get a return of about 15 percent on investments. That year we accounted for more than 10 percent of all Honeywell's profits.

I believe that Honeywell became one of the first companies that managed cash based on the banks' books rather than on the check books. In effect, we sucked all float out of the banks for our own investment. Every quarter end, we'd leave a little more cash in the banks so we didn't show negative cash on our statements.

In my department, we had to keep up with our tracking of cash. I didn't look forward to making all those calls every day. I knew that Honeywell then had a time-sharing system on its mainframe computers. So I had one of our systems guys write a few programs for me. Then I went out and found National Data Corporation (NDC), a credit card authorization company in Atlanta. I'd have our banks call National Data's 800 number and given them the balances. NDC would then send the information to the Honeywell time-sharing system.

That became one of the first treasury management systems in the world. If a particular bank's balance was over the target we set, we'd draw money out. If it was below target, we'd deposit more.

## Selling Our First TMS

Some of our bank customers thought our system was neat and that we ought to go out and sell it. Honeywell wasn't interested in doing that, so in 1974 I put together a business plan, moved down to Atlanta, and we created the cash management division of NDC.

Within a few years we had \$45 million in sales. Our customers included 20 or so of the top banks in the word and a lot of major corporations. They were using a similar time-sharing system that we'd developed for Honeywell.

Products like ChemLink at Chemical Bank in New York were developed from the one we originally built for them. There were others – J.P. Morgan, Chase, Bankers Trust, Manufacturers Hanover and more – who adapted and adopted the product as their own, and sold it under private labels.



I was at NDC for ten years, until 1984. But I saw a big shift coming. Personal computers had come along in the early 1980s. I thought that time sharing was an obsolescing technology that would be supplanted by desktop PCs and servers. NDC didn't want to cannibalize its timesharing business.

Something else was working against the time-sharing technology. It was getting too expensive. The cost curve was linear; with every transaction and every added customer, there is another bit of time used, another computer cycle. Some banks were paying us upwards of \$5 million a year. It became economically sound for them to buy some mini-computers, hire some programmers, and bring the operation in-house.

## From Mainframes to Personal Computers

In 1986, Peg and I purchased a portion of a PC-based business and called it Gateway Systems. We felt strongly that we could develop the same concepts and technology by using desktop computers and servers.

It wasn't long before we connected up with the first of our important development partner-clients, American Express. Working with them enabled us to break through into the international scene. In order to support them, we set up shop in Frankfurt, Germany. Germany had a lot of migrant workers from Turkey, who wanted to use American Express to send money home to their families.

We designed a system in 1986 whereby the workers would bring their cash to an AmEx office in Germany. The office manager would key the information into a personal computer and send it to the Gateway server in Frankfurt. At night, we'd send the information to each of 19 banks in

Turkey, and the next morning the funds were available to the workers' families.

That venture was quite successful. It lasted a few years, before SWIFT or any of the other transfer methods took hold. American Express then expanded our work with them, to balance reporting, funds transfer, and letters of credit to all of their corresponding banks. That expansion is really what got Gateway launched.

We also did some work for Banca Commerciale Italiana and Credito Italiano in Italy. I had grown up in Milan and had some contacts there. Within a couple of years about 4,000 companies in Italy were using our system through those banks.

In the mid-90s, we decided to refocus on the US market. Once again, working with top-notch clients enabled us to learn about where the markets and the technology were headed.



Employees of the early Gateway Systems with founders Orazio Pater (middle left) and Peg Pater (middle right)



Not that there weren't a few glitches. We made our first web-based system so feature-rich that it timed out frequently. Not a surprise, given that modems were the required form of communication before the advent of the Internet. That made us reconfigure and optimize the system. It's one of the reasons that our footprint at the client site is so light and efficient today.

## Our Enterprise-Level TMS

We collaborated with Prudential Insurance to develop an enterprise-level treasury workstation. That helped us to develop quite a few features of our system. Then we worked with General Electric on a treasury management system to serve all GE facilities. That product, GE WebCash, is still in operation; more than 5,000 GE workstations around the world access it every day.

We had started with a DOS-based system and migrated to Windows. But then, thanks mostly to GE, we went to a web-based system so that they could access it from any country in the world. And another important aspect - GE had so many people, in its businesses and worldwide locations, who needed training on the system. We had to keep it simple and easy to use. So now, all of our customers have very little in the way of support costs. That's because we met GE's requirements; GE was instrumental in making us what we are today.



**Top:** Original Gateway Systems office  
**Middle:** Gateway Systems tradeshow booth  
**Bottom:** Orazio Pater in the original office

## From Gateway to GTreasury, and Looking Ahead

For our first two decades in business as Gateway Systems, we didn't need to do much marketing. Referrals and word-of-mouth were all we needed to keep busy. But we decided that we were a little too much of a well-kept secret, so we renamed ourselves GTreasury.

The new name has helped with our branding. It also put an end to some marketplace confusion. People occasionally thought that we were the Gateway that made desktops.

Peg and I once thought of our original Gateway Systems as a retirement plan, where we'd do two or three million a year in revenue. Not anymore. We've seen about 40% annual growth over the last five years, and there's no stopping. The market needs what we have to offer.

I don't see any major changes in technology for the near future. In some ways the cloud seems like a return to centralization, but it's not like using the mainframes. The cost curve is very different; it's not linear, as I explained earlier about mainframes.

There will always be a need for us to react and readjust. Our product is mature, but we will find ways to tweak it.

We mentioned before, that our work with Bloomberg should open up more avenues for us in the way of management reporting and analysis of the data we're already using. But that will be an expansion of our basic mission, not a new venture. It will be like adding a couple of new blades to a Swiss Army Knife. The tool will be the same; it will just be able to do more. ■



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## About GTreasury

Originated in 1986, GTreasury has grown into the global leader of treasury management solutions for organizations spanning the globe. GTreasury's solution focuses on illuminating a treasury's liquidity by centralizing all incoming and outgoing banking activities along with tracking all financial instrument activities thereby granting GTreasury practitioners real-time insight and access into their global liquidity. Our modular platform and infrastructure allow any size treasury operation the ability to customize a solution that is best suited to their needs.

