



How notional pooling makes managing cash easier for Ecolab

Ecolab's annual revenues of USD 14.7bn in 2018 came from providing water, hygiene and energy services at more than 3 million customer locations in 170 countries around the world.

For the company's corporate treasury team, making the most efficient use of the cash generated through those operations is a clear priority.

Ecolab's goals

In its search for a better approach to managing its cash across multiple subsidiaries in Europe, the company turned to Bank of America (BofA), its regional bank in EMEA. The aim was to establish a cash concentration structure that would allow Ecolab to get the maximum benefit from its cash in Europe, and have the flexibility to bring in cash from other regions, such as Asia Pacific. The result was a comprehensive pan European notional pooling solution covering 16 jurisdictions.

Achievements

The pooling structure is headed by two multi-currency notional pools based in London. In the second tier are two EUR-denominated single-currency pools in Amsterdam, as well as one GBP and one USD single-currency pool in London, which in turn concentrates into the MCNPs.

In total, the notional pool covers more than 280 accounts and 90 sweeps in 23 currencies.

A key part of the solution is that pooling isn't limited to BofA accounts; it includes one- and two-way sweeps from third-party banks across EMEA, as well as bringing in cash from the company's operations in Asia Pacific, which are handled by another bank. In effect, Ecolab and BofA have developed a truly global liquidity structure that is based in Europe.

Ecolab is reaping the benefits of this single-minded drive to concentrate cash from what is a large and complex business.

For the treasury team, the program delivers cost savings, especially on overdraft fees and foreign exchange (FX) charges, and improves visibility, with a clear overview of the company's cash position across multiple subsidiaries.

The total positions in all currencies in the pool are notionally converted into USD and is available to be drawn down in any of the pooled currencies to fund short-term operational needs.

The result has been a significant saving in the cost of borrowing for the subsidiaries in the pool, as all are now covered by a single umbrella credit facility.

This solution demonstrates how a large and complex business with operations around the world can have visibility of, and access to, cash generated in its subsidiaries, by working closely with its bank.

Ecolab's notional pool in 60s seconds

- Ecolab worked with BofA to set up a notional pooling structure in EMEA.
- Ecolab's four single-currency pools feed into two multi-currency notional pools, creating a multi-level pooling structure that maximises the currency composition.
- Funds enter the pool from underlying operational accounts with BofA and third parties with one- and two-way sweeps across 23 currencies. The total positions in all currencies are notionally converted into dollar positions for the company to draw down in any of the pooled currencies to fund short-term operational needs.
- This single platform allows a consistent and standard reporting process, combined with the automated sweeps and reporting from third-party banks. A single umbrella credit facility includes all the subsidiaries in the pool.
- The structure is supported by a BofA project manager and a dedicated implementation manager, technical and documentation specialists, and a dedicated account manager.

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