

Establishing treasury after spin-off: new, simpler solutions make it 100% fit for purpose

After the spin-off of base chemicals business Nobian, the complex treasury instruments that had worked before, were redundant. Within just four months, the company had created a new banking infrastructure with simpler solutions that still met their needs. So just how did they do that?

Nobian's smaller geographic footprint, fewer number of entities and accounts, and using a limited number of currencies, all defined the need for simpler solutions.

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Nobian is a market leader in industrial salt, essential chemistry and energy applications. Our products – salt, chlorine, caustic soda, hydrogen and energy – are necessary building blocks for lightweight materials, wind turbine blades, coatings for solar panels and insulation materials, but also for products we use every day, such as medicines, paper or the batteries for our electric car. We are also involved in the energy transition, for example with our salt caverns for the storage of hydrogen and also through our partnership with Vulcan Energy to extract lithium from European soil. The history of Nobian begins in 1918 with the foundation of N.V. Koninklijke Nederlandse Zoutindustrie, later part of AkzoNobel and Nouryon. Since July 1, 2021, Nobian has been an independent company with seven production locations in the Netherlands, Germany and Denmark with approximately 1600 employees.

Vincent van Acken, Director Treasury, Insurance and Investor Relations at Nobian, says they wanted to create a treasury that would reflect the smaller size of the new company and still meet their needs. “We already used ING’s banking services and expertise, so it was a logical choice to turn to them for support. ING, together with our own treasury management team, Accounting and IT departments, ensured a smooth transition. Not only do we now have a fit-for-purpose banking infrastructure, but we completed it all within the short given time frame of four months.”



Vincent van Acken
Director Treasury
Nobian Industrial
Chemicals

Simpler solutions

After the spin-off, Nobian still needed timely access to its liquidity at the central level, and to keep standardised payment processes across the organisation. These needs helped define the new treasury’s strategy and solutions. Nobian was spun off from Nouryon, which had used custom treasury instruments like multi-currency overlay cash pool, payment factory and SwiftNet connectivity. But Nobian’s smaller geographic footprint, fewer number of entities and accounts, and using a limited number of currencies, all defined the need for simpler solutions. However, simple is not always straightforward, especially when the starting point is relatively complex. ING’s experience with similar trajectories, together with their tailored support, helped Nobian establish these targeted solutions in just four months.

Maintaining access to liquidity at central treasury

Zsuzsanna Rozsa, ING Transaction Services Sales: “Together with Nobian, we reviewed the previous cash management set-up and solutions, looking at both their benefits and the incurred costs. We soon saw that the sophisticated treasury instruments that had made sense previously, such as the multi-currency overlay cash pool and the SwiftNet connectivity for the payment factory were not necessarily the right choice going forward.



Zsuzsanna Rozsa
Transaction Services Sales
ING Wholesale Banking

Nobian’s smaller scope made ING’s cross-border cash balancing solution and host-to-host connection InsideBusiness Connect File Transfer much better choices; they also met Nobian’s treasury goal of maintaining access to its liquidity at the central treasury in the Netherlands.”

Central cash visibility and control of cash

When still part of the previous set-up, the Nobian entities were included in the overlay cash pool with ING’s fully owned and specialised subsidiary, Bank Mendes Gans. Given Nobian’s geographical and currency scope, which were both smaller, with Nobian operating in the Netherlands, Germany and Denmark, a multi-currency overlay would have been too costly and complex. Recognising first, Nobian’s agility with the notional pool, second, their need for cash visibility and control at the central treasury in the Netherlands, and third, the need for intra-day liquidity across the local entities, ING advised setting up cross-border cash balancing combined with a notional pool in the Netherlands. “Combining these two cash management solutions ensured the cash visibility and control the treasury needs for its strategic decision-making; it also met the intra-day liquidity needs of the individual entities. With these new solutions, Nobian optimises its liquidity and interest at the end of day as well as ensuring the necessary liquidity for all subsidiaries during the day,” Rozsa clarifies.

Streamlined automated SAP payment process continued

Before the changes, payments for the Nobian entities were executed through a payment factory that connected to the bank via SwiftNet, and Nobian wanted to maintain the benefits of a host-to-host connectivity channel after the spin-off. Because SwiftNet was unnecessarily complicated, and too expensive, for the new situation, and that there was no need for a bank agnostic solution, ING advised implementing its own host-to-host connectivity solution InsideBusiness Connect File Transfer. Nobian now uses this for the majority of payments and reporting, while keeping the online InsideBusiness Payments channel as a back-up, and for specific payment types such as salaries.

‘On-time execution without any big issues’

Vincent van Acken: “By implementing a Nobian fit-for-purpose treasury rather than creating a clone of the previous one, we were able to simplify our IT structure, building treasury in our existing business SAP. We also facilitated a more effective and efficient treasury, finance and IT organisation, while retaining access to all our liquidity with one push on the button in SAP. The key to success was the support from ING in Know Your Customer, contract, cash management solution design and implementation. We could leverage their experience, work with a dedicated implementation manager and had full ‘aftercare’ support. Within Nobian, the key success drivers were support from our Regional Accounting Centre and IT. I am proud to have delivered this, together with ING and our Nobian teams within timelines and budget and without any big issues.”