

Setting up Quebecor's European Cash Pool

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In brief

Quebecor World Europe S.A.S., a wholly owned subsidiary of Quebecor World Inc., the largest commercial printer worldwide, chose BNP Paribas for its European Cash Management. This service comprises a multi-currency pan-European cash pooling operation encompassing seven countries in the following currencies: EUR, USD and GBP. Quebecor also decided to use Geolink, the bank's remote international account management and consulting service. This article explains the steps involved in the implementation process and highlights the organisation and planning required by both parties to ensure a successful result.

QUEBECOR wanted to take advantage of the euro by implementing a European cash pool in order to optimise the cash management of its major currencies. This pan-European structure represents a first step towards rationalisation and centralisation and will be followed by the implementation of a European payment centre, leading to an eventual outsourcing of services. In October 2001, Quebecor mandated BNP Paribas, with whom the company had enjoyed a long-standing relationship, to operate our European cash pool.

Initially, Quebecor had two domestic cash pools – one in France, using mirror accounts (a service only available in this country) and one in Spain, running a Zero Balancing Account (ZBA) system offering daily sweeps by value date. Each cash pool was set in the country's respective currency.

To optimise our cash management (in addition to the existing local cash pools), Quebecor decided to set up a fully integrated structure in Europe. We implemented a European cash pooling in EUR with overlay bank accounts located in Austria, France, Germany, Luxembourg, Spain and Switzerland. Parallel to this development, two additional cash pools were established in GBP and USD. For these two currencies, the structure comprises overlay bank accounts located in France, Luxembourg, Spain, Switzerland and the UK. The master account for all three currencies is located in a BNP Paribas branch in France.

The bank's cash centralisation enables automatic transfers per currency of the cash balances from various entities (a total of 38) across several countries on a daily basis or at target intervals. In Austria, Dresdner Bank carries out an automatic sweeping, under an access agreement between both banks. Quebecor could thus maintain relationships with its local banks and simultaneously benefit from the cost efficiencies provided by a fully automated cash pooling solution.

Quebecor chose BNP Paribas' cash pooling solution to manage and monitor the cash pooling accounts' balances and to centralise them on a consolidated basis by value date. The system for tracking flows between secondary accounts and the master account, as well as the specific and detailed references for each BNP Paribas account, enable Quebecor to see the origin of transactions flows.

As all accounts are automatically swept to the master account, a lending/borrowing relationship is thus created between Quebecor's centralised business unit and each subsidiary. This required the establishment of an intra-group remuneration procedure. A European Cash Pooling agreement was signed by all of the group companies involved, detailing in particular the terms and conditions of the agreement and including the remuneration procedure to be agreed between each participant.

Electronic banking

Quebecor installed an electronic banking network using BNP Geolink in

Switzerland, where its European Treasury Operations are based. This solution comprises account reporting and transactions initiation and provides a secured access to bank accounts via a local phone call, enabling flexible management of both cash and payments. The software also has a user-friendly configuration set up under Windows NT.

For reporting needs, this system provides balance and transactions reporting from each account held either by BNP Paribas or by third party banks. It also enables the initiation of third-party or treasury transfers, including cross-border payments, by debiting accounts held with BNP Paribas or a third party bank. Quebecor Iberica, in Spain, had been using this system domestically for a long time. Quebecor could henceforth initiate payments by extending the system to the following countries: France, Luxembourg, Spain, Switzerland, Germany, UK and Austria with Dresdner Bank.

Implementation

A 'kick-off meeting' held in November 2001 set the wheels of the implementation process in motion. As the Quebecor project was a complex one, the bank assigned a specific team, comprising a Senior Project Manager and two Project Managers, to it. The overall co-ordination of the project for Quebecor fell under my responsibility, acting as a 'single point of entry' for all negotiations between the bank and Quebecor and within the Quebecor

organisation itself. Organising the project in this way allowed us to manage its complexities in a systematic manner and at the same time gave voice to the numerous people and locations involved in the implementation process.

An extremely organised approach was adopted from the very start of the implementation. This included a precise timetable and a structured planning system, assigning the responsibilities and functions of each person involved in the process. A Quebecor/BNP Paribas steering committee was also established, its main functions being to monitor the project and to analyse the risks involved (lateness, malfunction etc.). This method allowed Quebecor

to implement its cash management solutions in a professional, timely and accurate manner.

After a few weeks of operation, we sent an evaluation form to the bank expressing our satisfaction regarding its approach, the preparation procedure, the flexibility of the solution, the time management, the documentation provided and the service quality of the implementation team. This marked the end of the first phase and the start of the after-sales service period. Quebecor is confident that the after-sales relationship with BNP Paribas will be as strong and efficient as the one experienced during the implementation phase. ♦

Key dates

- ♦ BNP Paribas replies to Quebecor's RFP:
August 2001
- ♦ Quebecor chooses BNP Paribas:
October 2001
- ♦ Start of project, 'kick-off meeting':
November 2001
- ♦ Installation of BNP Geolink platform and pilot accounts:
mid-February 2002
- ♦ Start of the three cash pools (EUR, USD, GBP) and BNP Geolink final deployment:
beginning March 2002
- ♦ Return of satisfaction form:
mid-April 2002
- ♦ After-sales service, the CCS (Cash Customer Service) takes over the project at BNP Paribas:
end April 2002

Quebecor

Quebecor World Inc. (NYSE, TSE: IQW) is the largest commercial print media services company in the world. The company is a leader in most of its major product categories, which include magazines, inserts and circulars, books, catalogues, speciality printing and direct mail, directories, digital pre-media, logistics, mail list technologies and other value-added services. The company has approximately 40,000 employees working in more than 160 printing and related facilities in the United States, Canada, Belgium, France, the United Kingdom, Spain, Switzerland, Austria, Sweden, Finland, Brazil, Chile, Argentina, Peru, Colombia, Mexico and India.



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Julien Vignot joined the treasury department of IHC Caland Group in March 1996. He has worked for Quebecor World since March 1999 and is Deputy Director of European Treasury Operations. He was responsible for setting up the European treasury base in Fribourg (Switzerland) and has restructured the company's cash management in Europe by centralising all treasury functions. One of his major achievements has been the implementation of a

pan-European cash pooling and securitisation programme. Julien is a graduate of a leading French business school and holds a Masters in Finance.