

## TERVIS<sup>®</sup> CAN “SIP BACK AND RELAX” ON ITS NEXT LICENSOR AUDIT

### Gaining Efficiencies and a Sharper Competitive Edge with FADEL<sup>®</sup>

*Interview with Joe Thompson, Director of Accounting*

#### Situation

Tervis was founded in 1946 and has grown to become the premier insulated drinkware manufacturer by producing durable, trendy tumblers that generate an emotional connection and positive memory with every use. To that end, Tervis often uses licensed brands to make their beverage holders stand out as favorites among their clientele.

“Last year, royalty-generating sales accounted for 43% of Tervis’ revenue, so almost half of our revenue relates to a licensor, and that seems to grow every year. It is a very important part of our business.”

#### Challenge

Tervis’ accounting team faces several challenges that impact the business.

**Sales Creativity. Royalty Accounting Complexities.** “Tervis works with about 100 different licensors that own thousands of properties—and many of those have multiple tumbler designs within that property. We have as many as 30 different designs for one such property. We sometimes mix and match these properties to give our customers better variety, however that kind of customized packaging creates complexities. For example, royalty payments for a single product sale may need to be split among licensors. We have been using manual spreadsheets to calculate royalties due and we completely customized our Oracle module, but it just wasn’t built to handle these kinds of royalty complexities.”

**Licensor-Specific Reports** “Many licensors are very specific about how they want their data presented. We end up generating about 40-50 different reports for different licensors.”

**Data Accuracy and Audits** “We have been audited by several of our large licensors, and all of them had very demanding expectations about the data export from the system and how it was required to tie to our financial statements. The requirements are steep and the impact to our workload significant, given the timing is licensor-dependent and often random. As an example a single audit, which looked at the line level of every invoice over a 4 year period, amounted to more than 150 hours of work over a one year duration.”

**Overpayment** “Right now we pre-pay royalties as soon as our products ship to our retail stores. Then, when there are warranty returns at the store, we have already paid royalties on the cup they are returning and they may exchange it

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for a cup that we again have already paid royalties on. In most cases you'd be able to deduct that return from your royalties due, but we're not able to do that right now."

### Solution

Tervis was looking for a partner that could provide a solid royalty accounting engine that would tightly integrate with their Oracle Financial and Order Management systems.

"FADEL's contract, rights and royalty management capabilities combined with its seamless integration with Oracle were huge selling points, not just for accounting but for legal, sales and licensing as well. We will have all of our sales information right here in our system – not just licensing-related revenue, and instead of manually generating multiple licensor-specific reports, we can just hit a button and move on. FADEL will also arm our licensing team with better negotiation power and help our sales team forecast ahead, gain insight into analytics, and track guarantees and minimums in order to maximize revenue and not leave money on the table.

"I can see FADEL giving Tervis the competitive edge with licensors. With FADEL, our operations will be completely transparent and our payments will map perfectly to our financials."

"It is clear to us that FADEL will be a partner in this process, working hard to ensure our success. They bring significant thought leadership and experience in the world of licensing, including deep expertise with some of the largest licensors in the world."

At Tervis the mission is to create that emotional connection with the product and to do that often demands creativity and innovation. "A sophisticated software like FADEL gives me peace of mind that our royalty calculations are accurate and documented. It will allow us to continue creatively bundling products without running the risk of damaging our partner relationships, paying costly penalties for misuse, or undergoing time-consuming audit tasks."

### About Us

FADEL, innovator of rights and royalty management software, has worked with some of the biggest names in media, entertainment, publishing, high-tech and advertising. By automating talent and content rights management across videos, photos, ads, music, products and brands, and streamlining the processing of licensing royalties, FADEL's cloud-based solutions have empowered businesses to significantly maximize revenues and increase process efficiencies. Founded in 2003, FADEL is headquartered in New York City and also operates offices in Los Angeles, London, and Lebanon. For more information, visit [fadel.com](https://www.fadel.com).

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