## Merchant

Demo date: Aug 14, 2024  
Scoping start date: n/a

MSA Signature Date: Apr 7, 2025  
Onboarding Kick Off Date: Apr 10, 2025

[If Exists] Opt Out Date: none  
Go Live Date: N/A

GTM POC: Jarrett  
Implementation POC: Jeff

ERP: QBO

Tax Integration: Avalara

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### Key people at Merchant

### Controller: Anita Medel

* AR Accountant: Erin

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| Notes Sections [Ops International Team to Ignore] *(AE/ Implementation to fill)*   * Info on how merchant bills   + Each Dr. Seuss contract has a minimum sales requirement that each merchandiser must meet annually. If the merchandiser does not reach the minimum sales target in a year, they are invoiced in Q4 to "true up" the difference between the actual royalty amount and the minimum required.     1. Typically, there are a few categories of minimums within a single contract. For example, there might be a $100K minimum for Grinch items and a $50K minimum for non-Grinch items.   + Throughout the year, Dr. Seuss receives quarterly royalty reports, but only at the end of the year will an invoice be sent for any shortfall. Still we would need to be able to report on the updated figures quarterly.   + Occasionally, Dr. Seuss also assists with marketing, charging a 1.5% fee based on the sales GMV. I don't think this should be an issue since the Total GMV is in their contract. Data examples are attached.   + Royalties are tracked in a platform called MMB * Is there any important merchant relationship information?  1) What is the merchant temperament? * Very Very nice, but also need to be kept on track.   2) Is there a key POC: (i.e.: who is the buyer/decision maker?)  Anita Medel  3) What are the Tabs features that the key POC cares about?   * Reporting against their minimum * Revrec * Usage tracking |
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### Company summary *(AE to fill)*

Dr. Seuss sells the rights to produce and sell branded merchandise worldwide in exchange for a percentage of royalties from the sales made by the merchandisers.

Goals (North star)  
*(AE/ Implementation to fill)*

What is the merchant's goal? What pain are we solving? Why are they buying Tabs?

* Dr. Seuss manually sets up customer records, including minimum guarantees (MGs), advance payments, and billing schedules in QBO
* Erin spends ~80% of her time quarterly reviewing reports, correcting errors, and manually invoicing MGs.
* As multiple MGs roll under licensees, manual processes can't scale with contract complexity, increasing risk of under-billing and noncompliance.
* There's no system to track royalties by IP, channel, or territory, limiting visibility into IP performance, territory strategy, and contract compliance.
* MMB and QuickBooks aren’t integrated, preventing automated revenue reconciliation and storage of shortfalls, CMFs, and credits—raising error risk.
* AR aging lacks visibility and automated follow-up due to limited tooling.

Is there an opt out clause? If so, what is the merchant looking for so they do not exercise it?

none

### Billing model *(AE/ Implementation to fill)*

* Are there unique things about the customer creation process for this merchant?
  + Customers will be created manually in their royalty tracking software, and then manually created in QBO
* How contract is broken up
  + Royalty %, minimum amount, geography

### Contract Processing Steps *(Implementation/Success to fill)*

* General
  + Most contracts will only have 2 BTs
  + ALL contracts need to have the below BT (no matter what the contract says)
    - Name: “Royalties”
    - Price: $1
    - Months of service: 36
    - Start date: Jan 1, 2025
    - # of periods: 12
    - Frequency: 3 months
    - Net terms: 30
    - Billing timing: bill LAST of period
    - Event to track: Royalties
  + The second BT is only for contracts that have a “Central Marketing Fund Contribution” or “CMF Contribution for short
    - This is most commonly in section 5.5 in the contract
    - If you see it, create the below BT
      * Name: “CMF - [Enter % in the contract] % of Net Sales”
      * Price: whatever % is in the contract
        + “one and one-half percent (11½%) of the Net Sales”
      * Months of service: 36
      * Start date: Jan 1, 2025
      * # of periods: 12
      * Frequency: 3 months
      * Net terms: 30
      * Billing timing: bill LAST of period
      * Event to track: Net Sales
  + Double check that there are no Flat BTs in the contract
    - If there are, please flag
  + Ignore
    - Guaranteed minimum royalties
    - Insurance
    - Arbitration

1. Anything to ignore in contracts?
2. Specifics processing things the merchant has requested that may differ by contract (e.g. always back-date invoice date to final day of the month)
3. Default Service Term
   1. If None Listed, Ops Default is 1 Year
4. Default Net Payment Terms
   1. If None, Ops Default is 0
5. Default Billing Frequency
   1. If None Listed, Ops Default is Monthly
6. How do we handle taxes as a line item?
   1. If None Listed, Ops Default is every tax line item becomes a BT

### Events Processing (if necessary) *(Implementation/Success to fill)*

* Any important information on events billing

Integration Items Processing (if necessary)  
*(Implementation/Success to fill)*

* What are the instructions for assigning integration items?
* Example: All Statsig integrations items should be labeled as “Sales”
* Example: All “Pinata” integration items should be labeled as “Software Subscription Bundle” unless otherwise noted by Merchant

Post Processing Communications (if necessary)  
*(Implementation/Success to fill)*

* Does the Ops Team need to notify anyone on the team re: completion of processing batches in Implementation or Active phase?
* Who needs to be notified and when?
  + Example:
    - Who: Customer Success [Azmat Aziz] needs to be notified
    - Where: Messari internal merchant channel
    - When: contracts are processed [Merchant Phase: Active]

### Customer Information *(Implementation/Success to fill)*

* Any important information on specifics customers of this merchant
  + Special memo’s certain invoices require
  + Invoice changes due to merchant/customer relationship

### Feature Requests *(AE/Implementation/Success to fill)*

### Rewatch Calls *(AE/Implementation/Success to fill)*

**Key Contacts**

**Anita Medel - Controller**

* Role: Primary point of contact, oversees finance operations, heavily involved in decision-making and implementation planning.
* Location: Altadena/Pasadena area (remote).
* Temperament: Detail-oriented, pragmatic, focused on reducing manual workload and ensuring accuracy. Open to collaboration but stretched thin due to team changes.
* Notable: Expressed relief at Tabs as a solution they’ve “long been looking for”

**Erin Lane - Finance Team Member**

* - Role: Handles royalty approvals, invoicing, and reconciliations; key user of MMB and QuickBooks Online (QBO).
* - Temperament: Overwhelmed by manual processes, eager for automation (e.g., “I don’t want to have to do that” re: customer ID tagging, Feb 18, 56:42). Practical and vocal about pain points.
* - Notable: Bears the brunt of Q4 complexity (80% of her time in Q1 on MMB tasks, Mar 5, 22:13).

**Jay Erickson (Jay) - Executive Assistant to CEO / Data Analyst**

* - Role: Supports CEO Susan, built initial Power BI reports, focused on data centralization.
* - Location: San Diego (core office).
* - Temperament: Analytical, process-oriented, curious about technical details (e.g., AI accuracy, Feb 18, 10:46). Less involved in daily finance but influential in exec alignment.
* - Notable: Advocates for a central database long-term (Feb 18, 25:55).

**Project Timeline & Milestones**

* - Initial Engagement: Began ~August 2024 (6 months prior to Feb 18, 2025 call).
* - Feb 5, 2025 (31m): Initial scoping call with Anita, identified pain points post-team changes (Tamsin and Melissa exits), discussed Tabs vs. NetSuite integration.
* - Feb 18, 2025 (52m): Solution alignment call with Anita, Jay, and Erin (Erin joined late due to IT issues); introduced Tabs capabilities, discussed two configuration options, set next steps for Susan’s approval.
* - Mar 5, 2025 (42m): Prep call with Anita and Erin for exec meeting with Susan, refined pain points and demo plan, addressed agency commission question.
* - Mar 7, 2025 (Planned): Exec meeting with Susan (tentative, post-board meeting on Mar 6; may shift to week after due to Nicole’s schedule).
* - Next Steps Post-Approval: Finalize MSA (with $2,000/year service add-on), sign contract, begin onboarding (target Q1 2025 completion, Feb 18, 54:42).

**Current Process & Pain Points**

**Tech Stack**

1. **MMB (Royalty System)**
   1. Purpose: Tracks royalties reported by licensees.
   2. Usage: Erin approves royalty reports quarterly; licensees upload data (e.g., Grinch vs. non-Grinch splits).
   3. Limitations:
      1. No invoicing capability (Erin generates invoices in QBO instead, Feb 18, 20:56).
      2. No shortfall calculation or billing (e.g., miscalculated shortfall, Feb 18, 19:21).
      3. No CMF (Cooperative Marketing Fund) calculation or tracking (Mar 5, 31:17)
      4. No integration with QBO, leading to manual reconciliation (Feb 18, 21:04)
      5. Poor reporting; “data dump” rather than actionable insights (Mar 5, 26:03)
      6. Sentiment: “MMB is failing us in so many ways” (Anita, Feb 18, 19:21).
2. **QuickBooks Online (QBO)**
   1. Purpose: General ledger, invoicing, revenue recognition
   2. Usage: Erin manually inputs royalty revenue, shortfalls, and CMF invoices; custom field for CS (customer) numbers (Mar 5, 39:18).
   3. Limitations:
      1. Manual entry for all invoices (e.g., shortfall invoices, Feb 18, 20:56)
      2. No automation for AR aging or follow-ups (Mar 5, 29:07)
      3. FX gain/loss tracked manually for international payments (Mar 5, 23:32
      4. Sentiment: Functional but labor-intensive; “so manual” (Erin, Mar 5, 26:30).
3. **Power BI**
   1. Purpose: Ad-hoc reporting, built by Jay.
   2. Usage: Extracts MMB data for basic reports; not fully integrated or automated.
   3. Limitations: Limited scope, not a full solution for finance team needs (Feb 18, 3:07). Sentiment: A step forward but insufficient (Erin, Mar 5, 26:03).
4. **Manual Spreadsheets**
   1. Usage: Used for licensee data, MG (minimum guarantee) tracking, and reconciliations.
   2. Limitations: Time-consuming, error-prone, no standardization (e.g., 800 MGs to track in Q4, Mar 5, 20:39).

**Current Process**

**1. Licensee Setup:**

- New contracts manually entered into MMB and QBO (customer data, MGs, advances; Mar 5, 21:05).

- CS numbers assigned in QBO custom field (Mar 5, 39:18).

**2. Royalty Reporting:**

- Licensees report quarterly (e.g., due Jan 30 for Q4, Mar 5, 22:13).

- Erin reviews/approves in MMB, often delayed (90 days for accurate Q4 data, Mar 5, 23:04).

**3. MG Tracking:**

- Erin manually compares royalties to MGs (e.g., 200 licensees, up to 800 MGs with Grinch/non-Grinch, US/Canada splits; Mar 5, 20:39).

- Increased complexity since 2024 due to strategic shift (Mar 5, 23:53).

**4. Invoicing:**

- Shortfalls manually calculated and invoiced in QBO (e.g., Feb 18, 20:56).

- CMF (0.5-1.5% of sales) calculated from sales data and invoiced in QBO (Mar 5, 32:15).

- Agencies deduct commissions (10-30%) before remitting net payments (Mar 5, 10:06).

**5. Revenue Recognition:**

- Gross royalties and commissions split in QBO (e.g., $1,000 royalty, $300 commission, $700 net; Mar 5, 12:11).

- Manual FX adjustments for international payments (Mar 5, 23:32).

**6. AR Aging:**

- No automated process; Erin manually tracks overdue invoices (Mar 5, 29:13).

- Communication gaps (e.g., on-hold status not visible, Mar 5, 28:08).

**Pain Points**

**Manual Workload:**

- 80% of Erin’s Q1 time on MMB tasks (Mar 5, 22:13).

- Setup, royalty input, MG tracking, and invoicing all manual (Mar 5, 17:13).

**Data Disconnection**

- MMB and QBO not integrated; no visibility into shortfalls, CMF, or payments in MMB (Mar 5, 27:09).

- No centralized data system (Mar 5, 26:03).

**Complexity**

- 2024 strategic shift increased MG complexity (e.g., 800 MGs across 200 licensees, Mar 5, 20:39).

- No ability to track performance by IP (Grinch/non-Grinch) or territory (Mar 5, 25:40).

**AR Delays:**

- No automated AR aging or follow-ups; team “chasing” payments (Mar 5, 29:57).

**Agency Commissions:**

- Manual split of gross revenue and commissions in QBO (Mar 5, 12:11).

**Reporting Gaps:**

- No real-time financial insights or strategic performance data (Mar 5, 25:11).

**Service Add-On**

- Cost: $2,000/year (added to $2,500/month base; Mar 5, 35:52).

- Scope: Tabs operational analyst transforms licensee data quarterly into Tabs format, linking to Tabs-generated customer IDs

- Includes potential commission calculations if not automated (Mar 5, 36:41).

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