

Forecasting In Today's Licensing Industry

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Introductions

- Who are Beanstalk & Vistex?
- Forecasting in today's licensing arena
- Forecasting for licensors, agents and licensees
- Benefits & pitfalls
- Best practices
- Forecasting for the future
- Questions





- Leading global brand extension licensing agency with offices in New York, Miami, Cincinnati & London
- **In-house legal and finance teams**
- Currently managing over 650 licensees
- Generated nearly \$6.5 billion in retail sales on behalf of clients in 2017
- Member of Omnicom Group (NYSE:OMC)

Company



Global provider of enterprise solutions and services

- 1,300+ associates
- 21 offices globally

Solutions



Industry-specific capabilities and insight
(Rights and Royalties)

- Global, scalable solutions

Clients

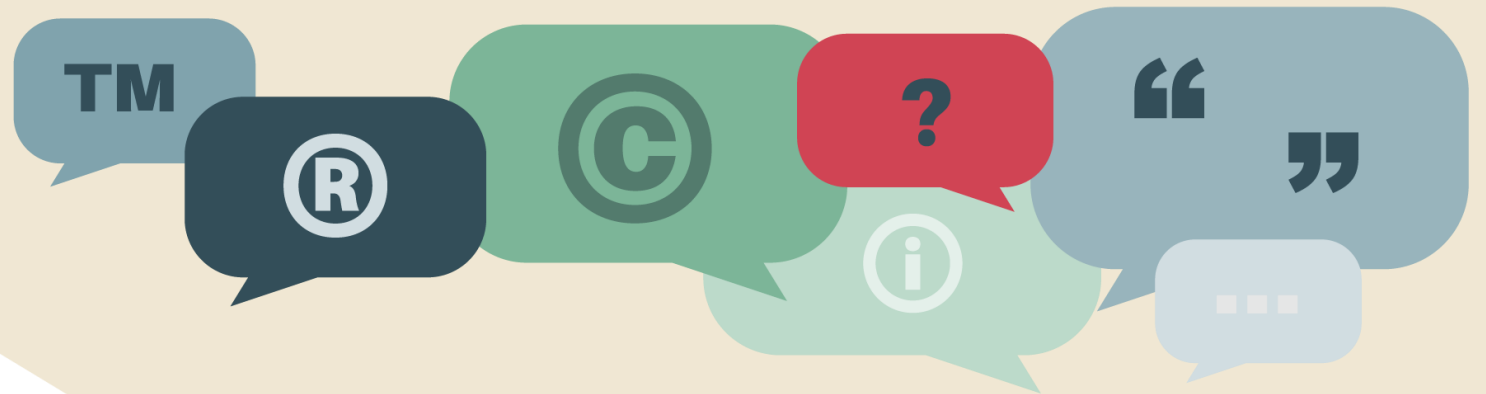


Focus on client success

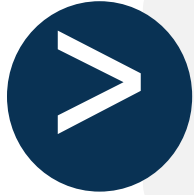
- 1,100+ Clients
- Leading Licensors, Agents, and Licensees



Forecasting In Today's Licensing Arena



Forecasting In Today's Licensing Arena



Global retail sales of licensed merchandise grew to \$262.9B in 2016, a 4.4% increase over 2015



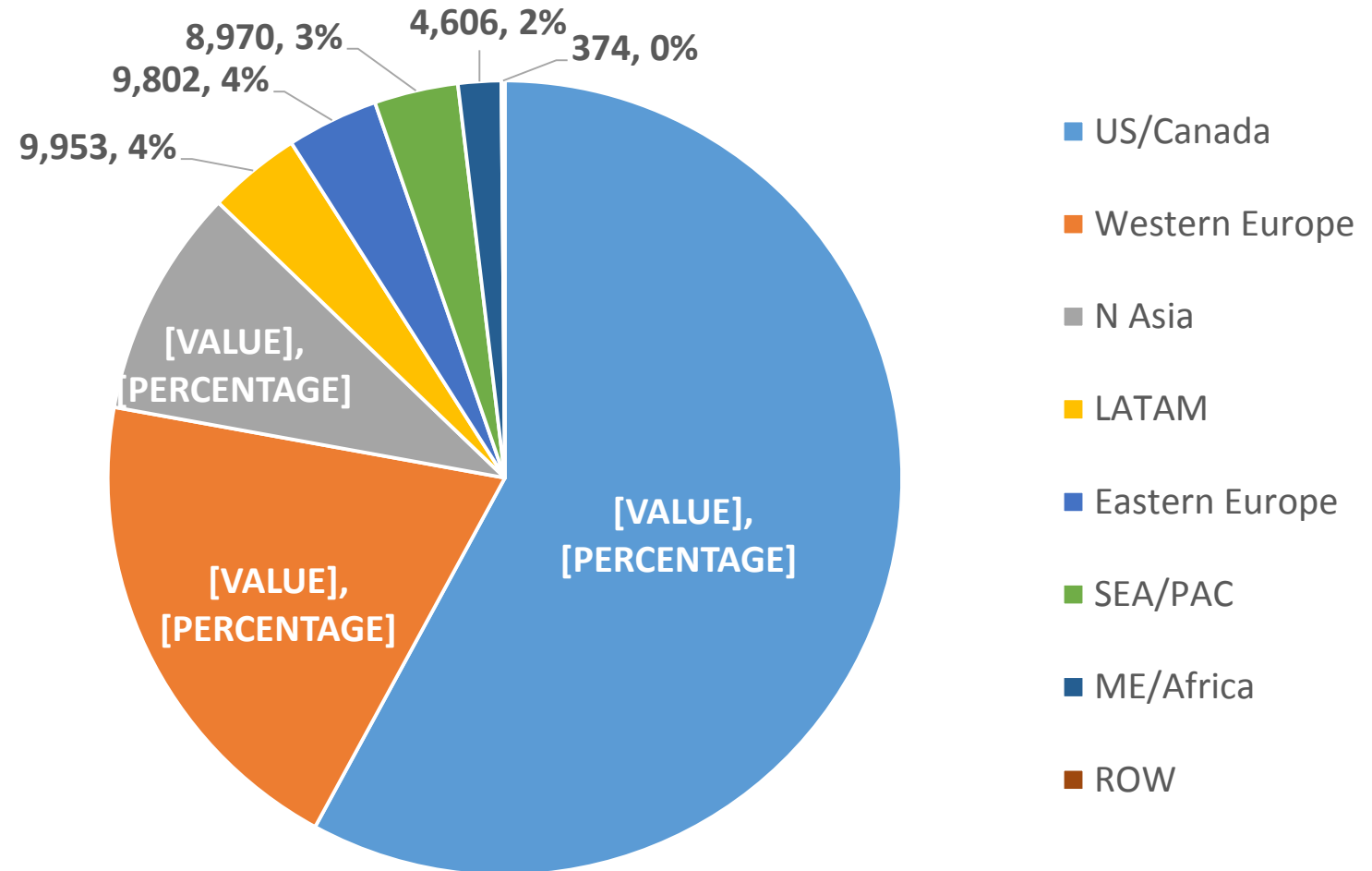
Licensing royalty revenue in 2016 reached \$14.1B



3.5% decrease in the weighted average industry royalty rate from 8.5% to 8.2%

Global Retail Sales of Licensed Merchandise by Region

Global Retail Sales of Licensed Merchandise, By Region 2016



Global retail sales of licensed merchandise grew to \$262.9B in 2016

Forecasting In Today's Licensing Arena

Why forecast?



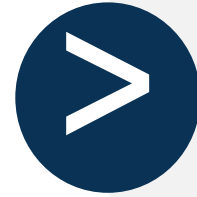
Informs strategy development and decision making



Establishes financial expectations



Allows for monitoring of key metrics



Identifies market opportunities



Improves resource management



Helps with Sarbanes-Oxley compliance

Forecasting for Licensors, Agents, and Licensees



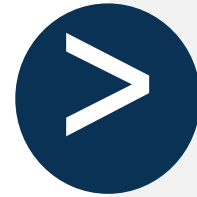
CTMX	0.45	▲	+0.45%
FTR	-0.23	▼	-2.34%
CSCO	-1.01	▼	-1.89%
CHK	0.02	▲	
AAPL	+2		
PRTO			



Forecasting for Licensors & Agents allows for:



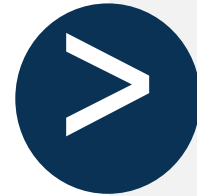
Analyzing the long-term viability of the licensing program



Identifies potential issues for corrective action



Proper allocation of resources



Helps predict variances versus minimum guarantees



Ensuring appropriate usage of rights granted



Improve negotiation of contract renewals

Forecasting allows Licensees:



Predictability of expenses

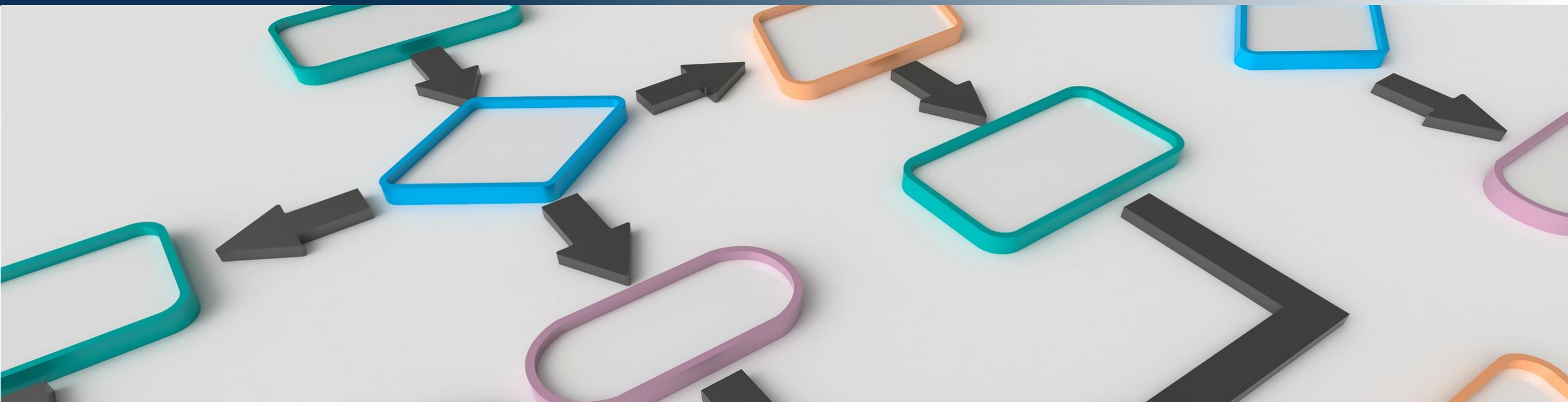


Analytics to help determine the success of a brand-based program



Insight to help with material requirements planning, production, and distribution of licensed products

Benefits & Pitfalls



Is it worth it?



Track performance goals



Better insight



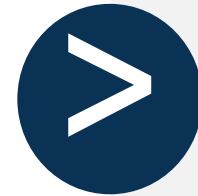
Increase sales

Pitfalls

The pitfalls of an ineffective forecast and targeted marketing plan to achieve that forecast include:



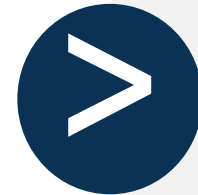
Brand integrity being compromised



Products being sold at greatly discounted prices



Difficulty getting precious shelf-space



License Agreements are terminated or are not renewed

Best Practices



Best Practices For Implementing A Forecasting Program



Establish a process and forecasting template
- Monthly vs quarterly forecasting



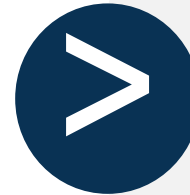
Identify important key metrics
for your business



Accuracy and Error Assessment



Evaluation of implemented
strategies



Continual refinement of
forecasting process



Use of technology solutions

Technology options

	EXCEL	SOFTWARE
PROS	Easy to use Cost-effective Universal	Rule Driven –single rule set Collaborative approach and centralized repository
CONS	Error prone Difficult to build reports Time consuming	Cost prohibitive Incongruent with Excel

Forecasting And The Future



Change in consumer behavior



Online distribution/e-commerce



Brand extension

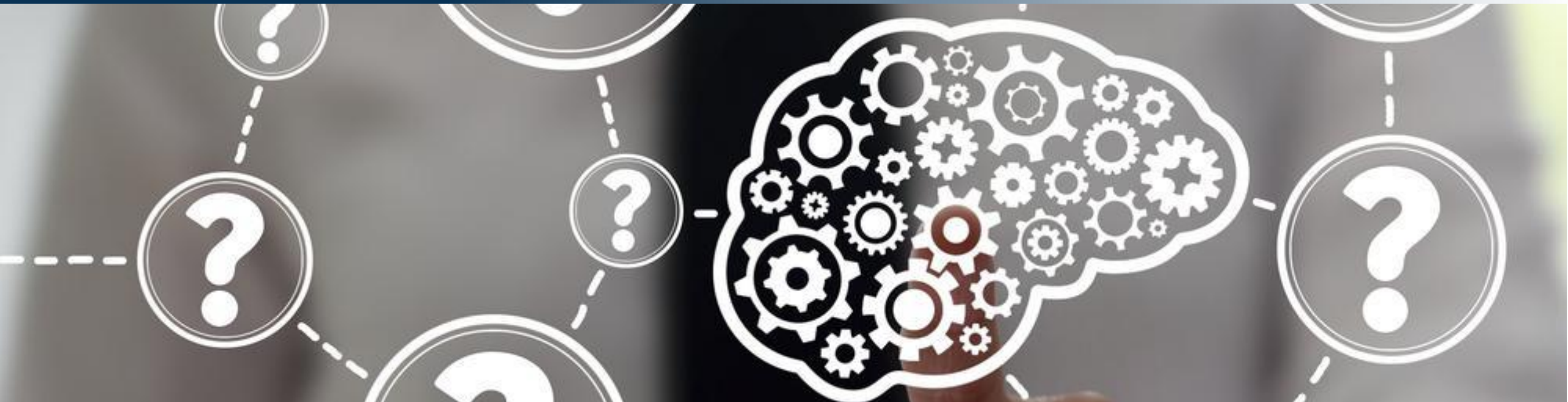


Shift from Time Series to Relational Forecasting



Artificial Intelligence

Questions?



Thank You!



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