# The Spreadsheet Era Is Over. Does Your Royalty Operation Know That?

How royalty management software is reshaping IP audits and what it means to your licensing revenue control and bottom line

## Your spreadsheet is a liability

A 5% miscalculation on **$10M** in royalty-bearing revenue doesn't round down; it disappears to the tune of **$500,000**.

## The stakes

Global retail sales of licensed products reached **$369.6 billion** in 2024, up **3.7%** year over year despite economic headwinds. As licensing programs grow more complex, so does the risk of getting royalty calculations wrong.

## What auditors are finding

**86%** of audited licensees underreport royalties

**75%** of audits uncover discrepancies

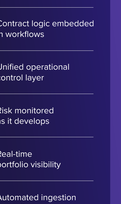
**60%** reveal underreported sales

**30%** involve misread rate structures

Financial adjustments often reach **six or seven figures**, with **reputational consequences** that outlast the financial correction.

Most audit findings originate in the gap between **contractual intent** and **operational execution**.

## Why contracts have outgrown spreadsheets



Today's licensing agreements are computational systems with dozens of interdependent variables across markets, products, and channels:

- Multi-tiered, time-phased royalty rates
- Discount caps and return thresholds
- Territory- and channel-specific net sales definitions
- Performance-based escalators tied to sales targets
- Non-cross-collateralized minimum guarantees

**Example:**

A contract pays **13%** on the first **200,000** units, **15%** thereafter. On **250,000** units generating **$400,000** in revenue, manual workflows routinely average the rate or apply a single percentage, producing a wrong number every time. Scaled across millions in annual royalty-bearing sales, these are audit findings, not rounding errors.

## Manual royalty operations vs. royalty intelligence

| Manual/Spreadsheet Era | | Royalty Intelligence |
|---|---|---|
| Periodic reconciliation | | Continuous transaction validation |
| Human interpretation of contract terms | | Contract logic embedded in workflows |
| Fragile Excel shadow systems | VS | Unified operational control layer |
| Risk discovered at audit | | Risk monitored as it develops |
| Reactive reporting | | Real-time portfolio visibility |
| Siloed data across ERP, CRM, e-commerce | | Automated ingestion from all sources |

**Royalty management** software automates calculations. **Royalty intelligence** turns them into continuous visibility, audit readiness, and strategic insight.

## One platform. Every stakeholder.

**LEGAL**
sees how contract language performs operationally

**FINANCE**
monitors risk as it develops

**SALES**
operates within transparent financial guardrails

**EXECUTIVES**
maintain continuous audit readiness across the portfolio

Your **contracts** are airtight, but your **royalty workflows** may not be. There's **only one way to know**, and it shouldn't be an audit. For more insights on why manual royalty operations have become strategically risky, read our eBook, *Managing IP Audits in the Age of Royalty Intelligence*.

**Read Our eBook**

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