ChatGPT

TCB Economics

Fee Structure Overview

Earlyshh's integration as a TCB Access Partner will involve several cost components. **Table 1** summarizes the expected fee structure for issuing and redeeming 8112 digital coupons, based on TCB documentation and industry partner reports:

Fee Category	Description & Terms	Est. Cost Structure
Certification / Setup	One-time onboarding cost to become a certified **Authorized Provider** on TCB's network. While TCB does not publish a set certification fee publicly, solution providers often incorporate an initial setup or licensing charge [1]. This covers integration support and testing. Some deals also involve an annual platform license [1]. Earlyshh should expect **either a modest one-time certification fee or an annual membership**, potentially negotiable (see Negotiation Tips).	*Varies*. In one partnership, an upfront setup + annual license was included [1]. Startups may negotiate waivers for pilot phases.
Per-Serial Issuance	**Usage-based fee** for each unique 8112 coupon code generated (serialized "AI 8112" offers). TCB bills manufacturers based on account usage [2], implying a micro-fee per coupon created or distributed. The underlying infrastructure (Hedera Consensus Service) executes ~3 transactions per coupon (issue, validate, burn) at extremely low cost [3]. **TCB's API is described as "fast, low-cost"** [4], so per-coupon fees are on the order of fractions of a cent, primarily to cover network and platform overhead. Volume can further reduce the effective per-coupon cost (see Volume Discounts).	*Minimal (fractions of a cent)* per coupon. (Example: **<$0.005** per coupon issuance, potentially decreasing with high volume.)

Fee Category	Description & Terms	Est. Cost Structure
Redemption & Settlement	**No extra retailer fee:** Retailers do *not* pay to accept 8112 coupons – the model mirrors traditional manufacturer coupons [5]. When a coupon is redeemed, the manufacturer bears the face value plus a handling fee (historically around $0.08 per coupon) payable to the retailer [6]. TCB's system will transmit real-time redemption data to all stakeholders [7], but financial settlement still occurs through clearinghouses/invoicing as with paper coupons. An Access Partner like Earlyshh might also levy a small **per-redemption fee** or analytics charge to the brand as part of its service (for example, some platforms earn revenue "per coupon redemption" in such partnerships [8]). These would be negotiated in Earlyshh's client pricing, not fees paid to TCB.	*Standard coupon reimbursement:* Face value + **$0.08** handling per redeem, paid by brand to retailer (via clearinghouse). **$0** TCB surcharge on redemption (cost covered by issuance fees). Provider may add ~$0.01–$0.03 per redemption for analytics/ service (negotiable).

Volume Discounts: TCB and its integrators encourage scale – pricing is often **tiered based on volume.** Early pilot programs may be offered at steep discounts or free to build momentum [9], after which per-coupon fees can be adjusted downward at higher issuance thresholds. In practice, this means **the effective cost per coupon drops with larger campaigns**. Earlyshh should leverage this in negotiations, ensuring that as they ramp from a small pilot to higher volumes, any platform fees per coupon **shrink** accordingly (see Appendix on negotiation). Many providers structure deals so that large campaigns benefit from lower unit costs, locking in better economics for the client as coupon redemption scales.

Onboarding & Certification Timeline

Becoming an **Authorized 8112 Coupon Provider** involves a multi-step onboarding process. Earlyshh will progress from initial sandbox development to full production certification, roughly as follows:

- **Sandbox Access:** Earlyshh first registers on TCB's developer portal to gain sandbox (try server) credentials [10]. This environment (the "try" server) is where all integration work begins. TCB typically grants sandbox access after an introductory onboarding call or form submission (no fee for sandbox usage).

- **Integration & Testing:** Using TCB's API documentation and sandbox, Earlyshh will build and test coupon issuance workflows. This includes creating **Master Offer Files** (the coupon definitions) and simulating issuance/redemption. TCB requires that *all* testing be completed in the sandbox environment before moving forward [10]. This phase is self-paced but typically takes a few weeks as developers ensure compliance with TCB's specs (e.g. proper barcode generation, GTIN validation, etc.).

- **Certification Review:** Once Earlyshh's integration is functioning in sandbox, TCB will initiate a formal **certification process**. A TCB representative provides a certification test plan or form to validate that Earlyshh's system meets all requirements [11]. Earlyshh will likely need to conduct supervised test transactions (coupon issuance, redemption, handling of error cases) and submit logs or results to

TCB. After successfully completing the provider certification checklist, TCB approves Earlyshh as a certified provider and **production access** can be provisioned [12].

- **Production Onboarding:** With certification passed, TCB creates Earlyshh's production account and API keys [12]. Earlyshh can then deposit live offers into the Universal Positive Offer File and issue real coupons to consumers in a controlled launch. TCB may monitor initial transactions closely. Earlyshh will also coordinate with any pilot retailers at this stage to ensure coupons scan properly at POS (retailers must have their POS updated to recognize 8112 format).

Timeline: While exact timing varies, a **typical end-to-end onboarding might span ~4 to 8 weeks** from sandbox to go-live. Initial sandbox setup is quick (a few days to a week), integration development might take 2–4 weeks depending on complexity, and the certification review is often a 1–2 week process (scheduling a test window, iterative fixes, final sign-off). *For example, TCB notes that after testing in the try server and completing certification, their team will "help you migrate to production"* [10]. Earlyshh should plan for about a month of technical work and certification tasks, plus any buffer for iterations.

Figure 1: Typical onboarding timeline, from sandbox integration to production readiness. Earlyshh will begin in TCB's sandbox ("try" environment), then undergo certification testing with TCB before receiving production credentials [10]. The entire process often takes on the order of several weeks (roughly 4–8 weeks, including development and review).

Redemption Workflow & Settlement Terms

Once live, Earlyshh-issued 8112 coupons will follow the standard industry settlement process, with some improvements in data visibility. The **redemption workflow** is as follows:

- A consumer presents or scans the 8112 digital coupon (e.g. on their phone) at a retailer's point-of-sale. The POS system recognizes the 8112 barcode and sends a lookup to TCB's online database.
- **Real-time Validation:** The Coupon Bureau's **Universal Positive Offer File (UPOF)** is queried to verify the coupon's validity (active offer, not already redeemed, valid products, etc.). Upon scan, TCB marks the coupon as used ("kill at the till" one-time use) and returns an authorization to the retailer in real time [13]. This happens almost instantly during checkout, just like a card authorization.
- If valid, the POS applies the discount to the transaction. The coupon is now effectively "redeemed" and cannot be reused elsewhere.

- **Data Transmission:** The TCB system simultaneously logs the redemption and shares this data with relevant parties (manufacturer, clearinghouse, etc.) via its APIs [14]. *For example, a manufacturer can see when and where each coupon was redeemed in real time* [7]. This is a major advantage of the 8112 system, as it provides immediate insight versus waiting weeks for paper coupon clearing.

- **Traditional Settlement:** Financial settlement for the coupon still follows the **existing clearinghouse process** [15]. The retailer's POS will include the coupon in its end-of-day transaction log, and the retailer (or its clearing agent) will compile an invoice file for all coupons redeemed. The invoice is sent to the manufacturer (or its settlement agent) requesting reimbursement for the coupon face value plus the handling fee. TCB's involvement at this stage is simply providing trustworthy data; the actual payment is handled outside of TCB, between the manufacturer's clearinghouse and the retailer's clearinghouse.

- **Manufacturer Reimbursement:** The manufacturer pays the invoice amount, typically through its coupon clearinghouse, which then remits payment to the retailer's clearinghouse. The retailer in turn is credited the coupon funds (often net of any clearing fees). This cycle usually occurs on standard **net payment terms** — for instance, a manufacturer might settle coupon invoices on **Net 30** or **Net 45** days terms, similar to traditional coupon programs (the exact timing can vary by retailer agreement [16]).

- **Reconciliation and Reporting:** Since each coupon is uniquely serialized and tracked, reconciliation is more straightforward. TCB's system ensures that a coupon redeemed at retailer X cannot be redeemed again elsewhere, eliminating duplicates. Brands receive detailed redemption reports via the TCB portal or API in real time, and they can cross-reference these with clearinghouse invoices for accuracy. Any discrepancies (e.g., retailer claims vs. TCB data) can be quickly investigated. TCB essentially provides an authoritative data log, which should reduce disputes and improve trust in the numbers. The **settlement process remains "exactly the same for 8112 offers as it is for current coupons,"** per TCB's official FAQ [15], with the key difference being faster data and reduced fraud.

Figure 2: Redemption and settlement flow for 8112 coupons. Earlyshh issues a coupon offer which is stored in TCB's Universal Offer File. When a consumer redeems it at a retailer, the POS system validates the coupon via TCB in real time and marks it used. Redemption data is then passed along to clearinghouses and the manufacturer for invoicing and reimbursement, following standard coupon settlement cycles [15] [16]. This preserves existing payment workflows (manufacturer reimburses retailer) while providing immediate visibility into each redemption.

Settlement Terms: In practical terms, Earlyshh's brand clients should expect to reimburse retailers on a normal schedule – often on a monthly billing cycle. Many clearinghouses operate on Net 30 terms (meaning the manufacturer pays within 30 days of invoice), though some retailer-manufacturer arrangements could extend to Net 45 [16]. The key point is that 8112 coupons do **not** accelerate the transfer of funds (manufacturers aren't charged in real time at each scan), but they do accelerate the information flow. The faster data from TCB can, however, shorten the overall window for settlement reconciliation. Some early pilots have noted that having verified digital records allows for quicker validation of invoices, potentially reducing any lag or uncertainty before payment. Still, from a cash flow perspective, brands should budget for coupon redemptions just as they would for traditional campaigns, paying out face value + fees to retailers a few weeks after redemption. Earlyshh should ensure its clients (the brands) are aware of these terms and coordinate with their accounts payable accordingly. Additionally, Earlyshh can leverage TCB's reporting to provide its clients with **daily or weekly redemption updates**, so that there are "no surprises" when the monthly invoice arrives – this real-time insight is a value-add of the new system.

Volume-Based Pricing & Scalability

The economics of 8112 coupons improve significantly with scale. **Volume-based pricing** is typically available both from TCB (as a non-profit utility) and from platform providers like Earlyshh or Qples as commercial partners. Key points regarding scaling and discounts:

- **TCB Platform Costs:** The marginal cost to generate and validate coupons on TCB's infrastructure is extremely low (fractions of a cent), meaning TCB's usage fees per coupon can be scaled down for large volumes. There is no formal public rate card, but any nominal fees are likely to **decline on a per-unit basis** as a manufacturer's coupon volume grows (since fixed overhead per account can be spread out). TCB's mission is to support industry-wide use of universal coupons, so their goal is to

not let cost be a barrier for volume. In practice, TCB might charge a tiny fee per 1,000 coupons or similar, with large manufacturers potentially negotiating caps or bulk rates. (For example, early pilot programs have even been offered free of charge to encourage adoption [9].)

- **Earlyshh's Pricing to Brands:** As an Access Partner, Earlyshh can set a pricing model that might include a **base platform fee plus a per-coupon or per-redemption charge**. Here, volume discounts are a common practice. Earlyshh could offer tiered pricing such as: $X per coupon for the first 100k coupons, then a lower $Y per coupon beyond that, etc. This ensures that brands launching nationwide campaigns (millions of coupons) get a better rate than a small regional pilot. From the brand's perspective, this aligns with the fact that the more coupons they distribute, the more efficient each coupon's cost should become. It's important that Earlyshh's pricing to clients reflects any savings it gets from TCB at higher volumes.

- **Pilot vs Scale Costs:** Early-stage pilots (say a few hundred to a few thousand coupons) may have a high effective cost per coupon when accounting for fixed setup efforts. However, as volume increases, the **fixed costs (development, certification, etc.) are amortized**. The **per-coupon issuance fee** itself is tiny, so the main cost difference is spreading one-time or monthly charges over a larger base. Thus, the *average cost per coupon* drops dramatically at scale. For instance, if Earlyshh spent \$5,000 on integration/certification, a pilot of 500 coupons effectively carries \$10 cost each from that overhead, whereas a full rollout of 50,000 coupons brings that overhead down to $0.10 per coupon – a two-orders-of-magnitude improvement.

Figure 3: Illustrative cost-per-coupon curve as coupon volume increases. Earlyshh's fixed onboarding costs get amortized over more coupons, and usage fees may also taper at high volumes. For small pilots (left side), the effective cost per coupon is high, but by the time Earlyshh scales to hundreds of thousands of coupons, the cost per coupon drops to mere cents or fractions of a cent. This underscores the importance of volume-based discounts and why negotiating tiers is beneficial as adoption grows.

- **Volume Tier Examples:** While exact numbers will depend on negotiations, Earlyshh should seek arrangements such as: *e.g.*, *"First 100k coupons at \$0.005 each, next 900k at \$0.004, and >1M at \$0.003 each"* (hypothetical). Some providers might also waive certain fees once a volume threshold is met (for example, *waiving the annual fee if more than 500k coupons are issued per year*). Earlyshh can cite the precedent of free or reduced-cost pilot campaigns [9] to justify expecting better rates as they ramp up.

- **Ensuring Cost Transparency:** It will be important for Earlyshh to get a clear schedule of fees from TCB or any intermediary platform. This includes understanding if TCB's nonprofit usage fee has any tiered structure formally (they might, for instance, have a nominal charge per coupon that effectively decreases if a manufacturer is contributing a lot of volume to the network). Given that TCB billing is "based on account usage" at the manufacturer level [2], Earlyshh should work with its brand clients to monitor those charges. Volume discounts ultimately benefit the manufacturer (the one paying TCB's bills), but Earlyshh, as the facilitator, should pass through those savings (and/or reflect them in its own service fees).

Appendix: Negotiation Tips

For Earlyshh's founders approaching TCB and structuring deals with brand clients, here are key **negotiation levers** to optimize economics:

- **Pilot Fee Waivers:** Leverage the fact that pilots have been subsidized elsewhere – request **waived or reduced TCB fees for initial pilot campaigns**. TCB and integrators like Qples have offered free pilot programs in the past [9], so ask to join such initiatives or get a promotional discount for Earlyshh's first few months.

- **Tiered Volume Discounts:** Secure a **sliding scale** for per-coupon fees. Ensure the contract stipulates lower fees at higher coupon volumes. For example, negotiate thresholds (100k, 500k, 1M coupons/year) where the price per coupon drops. This way Earlyshh's margins improve as you scale, and you can offer clients better rates for larger campaigns.

- **Deferred/Reduced Onboarding Costs:** If any certification or setup fee applies, negotiate to **defer it or spread it over time**. For instance, ask that the upfront fee be credited back after a certain volume is reached, or converted into account credits. Emphasize Earlyshh's startup status and exchange value (Earlyshh can showcase 8112's success to attract more TCB adoption).

- **Extended Settlement Terms:** When contracting with brands (CPG manufacturers), try to align **favorable net terms**. If the brand's standard is Net 30, see if Net 45 is possible to help Earlyshh manage cash flow between paying out rewards and receiving reimbursement. Internally with TCB/clearinghouse, ensure there are no faster payment requirements than the brand agreements. Essentially, negotiate for a cushion on any payables Earlyshh might be responsible for.

- **Bundled Service Discounts:** Earlyshh can position value-added services (analytics, social insights) as part of its offering. Negotiate with brands that these come as a package – for example, rather than a high per-coupon tech fee, offer a slightly higher flat campaign fee that includes analytics. This makes per-coupon costs look lower and can be a point of flexibility in negotiations (you can discount one component in exchange for volume on another).

- **Most-Favored Pricing Clause:** If dealing with TCB or a large intermediary, consider asking for a **most-favored-nation clause** on fees – i.e. Earlyshh gets at least as good a rate as any other comparable startup or program of similar size. This ensures that if volume-based pricing improves generally, Earlyshh benefits automatically.

(These tips aim to ensure Earlyshh minimizes upfront costs and benefits from economies of scale as an 8112 coupon provider.)

Appendix: Slide Deck Highlights (Earlyshh 8112 Integration)

Slide 1: Onboarding Process Timeline – *Visual walk-through of Earlyshh's journey to become a TCB certified provider.*

Onboarding flow from sandbox to production: Earlyshh engages with TCB's sandbox for development, completes certification testing with TCB, and then moves to production status [10]. Estimated timeline ~4–8 weeks for full onboarding.

Slide 2: Redemption & Settlement Flow – *Diagram of how 8112 coupon redemption works in stores and how the money flows.*

Redemption process for 8112 coupons: Consumer scans coupon -> Retailer POS validates via TCB in real time -> TCB marks coupon as used and logs data -> Clearinghouses handle financial settlement between retailer and manufacturer (typically monthly) [14] [16].

Slide 3: Cost Structure & Volume Impact – *Key cost components and how scaling up lowers the cost per coupon.*

- **Fees Breakdown:** One-time setup vs. per-coupon issuance vs. per-redemption handling (see Table in memo for details). Emphasize that **manufacturers pay face value + 8¢ on redemption** [6], and that TCB's per-coupon fees are minimal.
- **Volume Effects:** A chart illustrates that as coupon volume rises, the average cost per coupon falls sharply (fixed costs spread out, volume discounts applied). Earlyshh's goal is to drive high volume for efficiency.

Cost per coupon decreases with scale – an illustrative curve showing high cost at low volume (pilot) vs. low cost at large scale. Negotiating tiered fees is crucial so Earlyshh and its clients benefit from this volume leverage.

Slide 4: Key Cost Levers to Negotiate – *Summary of negotiation tips for Earlyshh's team.*

- *Ask for pilot fee waivers or credits (leverage any TCB programs promoting 8112 adoption)* [9].
- *Negotiate tiered pricing: ensure per-coupon fees drop at higher volumes.*
- *Minimize upfront costs: push back on any hefty certification fees – propose paying as you go.*
- *Align settlement terms with cash flow needs: e.g., aim for Net 45 payments to brands.*
- *Bundle value-adds: include reporting/analytics in base fees so clients see more value for cost.*

Each of these levers can improve Earlyshh's unit economics as it scales its coupon platform. The result: a sustainable model where 8112 coupon campaigns are cost-effective for Earlyshh's clients and profitable for Earlyshh, even at large volumes.

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Sources: Official TCB documentation and FAQs [15] [2], industry webinars/press (Mandlik & Rhodes [9], Qples [5], Fobi/Vericast deal reports [1]), and The Coupon Bureau developer guidance [10]. All data and quotes are drawn from these sources to ensure accuracy and up-to-date information on the 8112 coupon integration.

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