



## Executive Summary Introducing IBM Smarter Rewards™

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**We know that a lot of money has evaporated in the current financial crisis — but what exactly is it that has been lost? ... Money has been reduced to zeros and ones. It's intangible, invisible. It's information. Which is central both to the problem we face and to its solution.**

*IBM's Smarter Money for a Smarter Planet*

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DualCurrency Systems (DCS) proposes Smarter Rewards™ to IBM as a source of new financial resources for the Smarter Planet initiative and to accelerate sustainable global economic development. DCS brings:

- a patented payments platform that enables transaction settlement in a combination of cash and Smarter Rewards, and
- a method for backing Smarter Rewards with currently underutilized business capacity found in almost every enterprise.

This business model, which we call Dual Currency Commerce, creates new wealth without resorting to either debt or taxes.

### Smarter Rewards

Smarter Rewards creates new wealth through:

- a suite of non-cash incentives ranging from merchant loyalty rewards to employee benefits to rewards for volunteer service, academic achievement, wellness milestones and green goals.
- rewards backed by the excess productive capacity of businesses and organizations (empty restaurant tables and empty college desks; off-hours at oil change shops and fitness clubs; unsold retail inventory, idle factory shifts and more).
- new purchasing power as consumers spend Smarter Rewards in combination with cash. For example, a \$20 restaurant meal might cost \$12 in cash and \$8 in Smarter Rewards, while a \$20 weekend pass to a health club might cost only \$4 in cash and \$16 in Smarter Rewards (based upon their different marginal costs of production).

With modest enhancements to existing credit card and ecommerce platforms, Dual Currency Commerce can improve efficiencies in any industry, in any community, for any culture and at any scale. The system is voluntary, business-led, market-based and profit-driven. It is self-funding from transaction fees and requires no government subsidies. The technical infrastructure is at hand... which brings us to this discussion with IBM.

## The Opportunity

Electronic money accounts for 95% of all commerce, according to the Federal Reserve Bank. It continues to evolve to include mobile payment platforms, online banking and other innovations. Each innovation creates opportunities for technology companies that build and manage the new infrastructure. Dual Currency Commerce is just such an opportunity. IBM can leverage its expertise and leadership to develop and manage a global Dual Currency infrastructure as the economic engine for a Smarter Planet.

Revenue opportunities include:

- design and management of the Dual Currency ecosystem
- transaction fees
- customer service, consulting and training
- new intellectual property



## Product Overview

The patented *Dual Currency Pricing, Accounting and Transaction Settlement System* manages the issuance and redemption of noncash rewards that spend like cash. As designed for IBM, the system has three core components:

- a new financial instrument — Smarter Rewards™ — which supplements traditional cash purchasing power;
- the Dual Currency Payments Platform that seamlessly integrates cash and Smarter Rewards within existing retail, banking, employer, credit card and ecommerce accounting and transaction settlement systems; and
- the IBM Virtual Community Warehouse that captures and monetizes excess business capacity as a source of new business and community wealth



### A Sample Smarter Rewards Transaction

**Earn:** Linda volunteers for Habitat for Humanity and earns 15 Community Service Dollars for each hour that she volunteers. She also donates blood to the Red Cross, earning 50 HealthBucks. As well, Linda has accumulated a variety of frequent flyer miles and other loyalty rewards that she has had difficulty redeeming.



**Convert:** Any type of reward can be converted to IBM Smarter Rewards (SR\$). SR\$ 1.00 equals \$1.00 in cash purchasing power in a Dual Currency transaction through the *IBM Virtual Community Warehouse™*.



**Spend:** Linda makes purchases using Smarter Rewards either online or at brick-and-mortar establishments. She goes to Best Buy where a \$2,000 appliance suite is available for \$1,700 in cash and \$300 in Smarter Rewards. She goes online to SmarterRewards.com to find other participating merchants and to check her account earning, spending and balance.

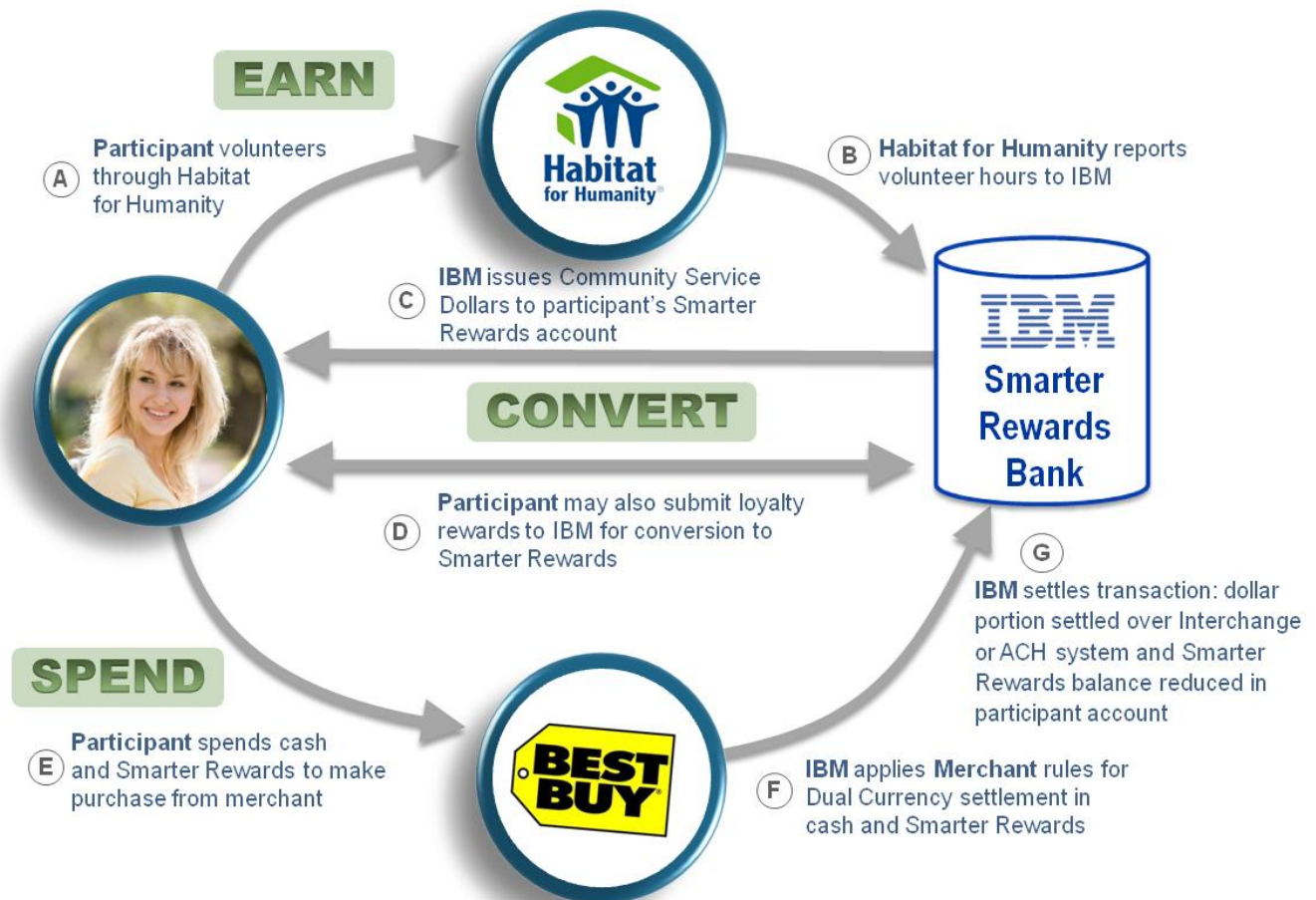
## Linda's Account in IBM Smarter Rewards Bank™

Source of Reward	x	Value	=	Smarter Rewards
25 hours of volunteering		15 Community Service Dollars per hour		SR\$ 375.00
Blood donation		50 HealthBucks per donation		SR\$ 50.00
40,000 Delta SkyMiles		.01 per mile		SR\$ 400.00
27,000 Hilton HHonors points		.012 per point		SR\$ 324.00
<b>Smarter Rewards available to spend</b>				<b>SR\$ 1,149.00</b>

### Everyone wins with *Smarter Rewards*

Merchants gain incremental sales and profits. Customers increase their purchasing power by spending Smarter Rewards like cash. Loyalty Program Operators restore customer loyalty and remove reward liabilities from their books. Community Organizations improve volunteer recruitment and retention. IBM and payment systems partners increase revenues, improve CRM data collection and provide merchants and consumers with new reward programs.

## Smarter Rewards Earn-Convert-Spend Cycle



## Invitation

We invite IBM to help lead in the development and roll-out of a worldwide Dual Currency economic development platform. Please go to

[http://www.theclarityquotient.com/DCS\\_Smarter\\_Rewards\\_nonproprietary.htm](http://www.theclarityquotient.com/DCS_Smarter_Rewards_nonproprietary.htm) to view our 23-minute Smarter Rewards proposal.

## About DualCurrency Systems

We are a social enterprise consultancy founded in 1993 to promote Money Innovation. Our focus has been the evaluation, design and application of new financial instruments. We have grappled with the strengths and weaknesses of loyalty rewards, barter dollars, community currencies, mutual credit and various other noncash forms of money. Out of this work emerged Dual Currency Commerce, a business model for sustainable commerce that is practical, scalable and self-funding. Our expertise lies in the emerging fields of money innovation and universal rewards. Our contributions include next generation rewards and incentives, monetizing excess business capacity and Dual Currency program designs for industries and communities.

DCS has designed a dozen products reflecting both commercial and social applications of our patent. Our strategy is to catalyze strategic alliances within diverse industries and economic sectors to bring a variety of Dual Currency applications to market. Examples include financial services and payment systems; employee benefits, health care and government services; alternative energy and community economic development. To see additional projects, white papers and videos on our work, please visit [www.DualCurrency.com](http://www.DualCurrency.com)

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