



September 25, 2006

VIA EMAIL

Mr. Milton Brown
Office of the Chief Counsel
National Telecommunications and Information Administration
U.S. Department of Commerce
1401 Constitution Avenue, Room 4713
Washington, DC 20230

**Re: Implementation and Administration of a Coupon Program for
Digital-to-Analog Converter Boxes
Notice of Proposed Rulemaking and Request for Comment**

Dear Mr. Brown:

Archway Marketing Services (Archway) is pleased to provide these comments on issues raised in NTIA's Notice of Proposed Rulemaking and Request for Comment ("*Notice*") in the above-captioned proceeding.¹ Based upon its lengthy experience administering programs similar in a number of respects to that proposed for digital-to-analog converter boxes, in its comments below Archway addresses eligibility, coupon distribution and consumer education with a focus on minimizing the potential for fraud and abuse.

BACKGROUND

Archway is an industry leader in coupon and rebate programs, with 50+ years of experience as an established North American outsource business partner and end-to-end service provider. Archway has managed large coupon/rebate programs for multiple Fortune 100

¹ *Implementation and Administration of a Coupon Program for Digital-to-Analog Converter Boxes*, Notice of Proposed Rulemaking and Request for Comment, 71 Fed. Reg. 42067 (publ. July 25, 2006).



companies in the consumer products, entertainment, automotive, beverage, and healthcare industries.

Archway is a quality-driven organization and uses industry standard and internal quality systems to guard against waste, fraud and abuse while ensuring the timely and accurate processing of coupons and rebates. We abide by International Organization for Standardization (ISO) requirements, which is the world's most widely respected benchmark of quality. Our facilities are compliant with Food and Drug Administration (FDA) requirements and registered under the Bio-terrorism Act of 2002. Archway is SAS 70 certified for consumer coupon, rebate and premium processing.²

In these comments, Archway brings its experience to bear on discrete issues raised in the *Notice*. We focus on providing information and options that NTIA may wish to consider in crafting the final regulations that will govern this program.³

DISCUSSION

As stated by the NTIA in its *Notice*, within the basic design of the program it is essential to minimize the potential for waste, fraud and abuse while educating over-the-air broadcast viewers about the program and efficiently distributing and redeeming the coupons. Below we highlight several key factors to be considered with regard to eligibility, applications, coupon distribution and redemption, and consumer education.

² "SAS 70" certification is an independent auditor's report finding that designed control objectives, such as those to reduce the potential for waste, fraud and abuse, were tested and found to be operating with sufficient effectiveness to provide reasonable assurance that the objectives are achieved.

³ Archway submitted separately a response to NTIA's Request for Information and expects to respond to the RFP when it is issued.



Eligibility Requirements Will Affect Cost of Guarding Against Waste, Fraud and Abuse

In the *Notice*, NTIA proposes to restrict household eligibility to those households that do not subscribe to a video program provider, such as cable and satellite. We do not express an opinion on whether the statute requires or supports such a restriction, but rather for your consideration direct attention to the practical implications of limiting eligibility in this manner. We note that at this time there is no definitive means of verifying that a household is exclusively reliant on free, over-the-air broadcasting. If the final rules include such a limitation and rely on self-certification as NTIA suggests, it would appear that there would need to be a system established to verify such certifications. Attempts to do so, even on a spot-check basis, may require that substantial funds be devoted to the effort if the potential for fraud is to be reduced. Moreover, reliance on lists that might be provided by cable or satellite operators might require additional procedures to safeguard consumers' privacy.

On the other hand, Archway has long experience in verifying household addresses and ensuring that duplicate requests for more than the maximum permissible number are quickly and efficiently denied. We have access to address databases that can be utilized efficiently to prevent issuance of more than two coupons to any household address in the United States. On the redemption end, our systems also are capable of tracking redemptions so that expired coupons can be cancelled and, if demand outstrips availability, additional coupons could be issued to new applicants on an as-available basis quickly and easily. In such an event, a first-come first-served policy as proposed by NTIA would be a fair one.

Accordingly, limiting eligibility to each household comports with our current industry practices and can be implemented readily to avoid fraud and abuse. By contrast, if eligibility is



limited to households that use only over-the-air broadcast reception, substantial resources will be required to design anti-fraud measures to ensure the program's integrity against the increased risk of abuse. Such measures may be achievable, but do not now exist and likely will entail substantial cost to develop.

Efficient Application, Distribution and Redemption Processes Will Maximize the Program's Success and Minimize Waste, Fraud and Abuse

Application, distribution and redemption costs must be kept as low as practicable while meeting the program's objectives to maximize the number of converter boxes placed in consumer hands. As noted above, Archway has long and deep experience administering similar programs on a national and even international scale. We use a variety of mechanisms every day in administering coupon and rebate programs.

However, unlike the eligibility issue discussed above, it is not clear whether NTIA intends to adopt rules governing application and coupon distribution or whether these issues will be resolved within the context of the procurement process. With this caveat, below we address issues raised in this proceeding.

Applications

Applications to obtain coupons for converter boxes should be made available to persons in eligible households in as many different ways as feasible. While availability for download over the Internet is the most efficient, the Internet will not be readily accessible or convenient for some applicants. Therefore it will be necessary to make applications available through the mail, by email, by facsimile, and by telephonic request including using special capabilities for hearing



or sight impaired persons. In addition, retail outlets should have applications prominently displayed for consumers.

Similarly, provision should be made for applications to be submitted in every possible manner. Using the Internet for electronic submission is the most efficient means, and should be encouraged. However, means should be available to handle applications submitted by mail, email, facsimile, telephonic operator or computer, and text and audio services for the hearing or sight impaired. In addition, retail outlets might be permitted to submit applications on behalf of consumers as an intermediary for the purpose of having them properly filled out and submitted.⁴

Every application submitted to the administrator can be checked against a database containing every household address, allowing virtually instant verification of both the household's existence and the eligibility of its occupants for one or more coupons.

Coupon Distribution and Redemption

Archway has managed hundreds of national coupon and rebate programs. Based on our experience we propose the following options for the NTIA's consideration, all of which we believe would fully comply with the provisions of the governing statute. The coupons could take one of three common forms: paper coupon, debit card, or retailer check.

Paper coupons entail the consumer using the coupon for an eligible product at a retail store and the retailer in turn periodically submitting the redeemed coupons for reimbursement. This method requires retailers to submit proofs of authorized product purchases, reducing risk

⁴ In such instances the application would still go through the normal verification process and, as required by the statute, the coupon would be mailed directly to the consumer.



that the coupon might be used for an unauthorized purchase. Instructions that can be printed on the coupon would help eliminate retailer confusion, and specific product codes (SKUs) can be printed and encoded directly on the coupon itself. A list of stores where the coupon may be redeemed can be printed on the coupon to further eliminate any potential for consumer confusion. Security features that can prevent forgery include serialization, expiration dates, watermarks, and personalization to the eligible applicant. However, the retailer's reimbursement is delayed by this process and additional administrative costs are entailed in processing redeemed coupons in order to reimburse retailers. In sum, this option presents higher cost than some other options, but offers a more secure solution.

A plastic, electronically-encoded debit card useable at authorized retailers is increasingly used in similar programs because it is the lowest cost and most efficient solution. The card is swiped at check-out and the retailer immediately receives reimbursement rather than having to accumulate redeemed coupons for later submission. Additional savings are realized because the program administrator is not required to maintain a fulfillment center to process redeemed coupons and issue payments to retailers. Debit card redemptions can be limited to specific retailers, and in addition to the serialization, expiration dates and personalization features available with the paper coupon option, a hologram can be placed on the card to provide added protection against fraud. However, unlike a paper coupon, a debit card cannot be encoded to limit its use to a specific product or list of products, so the retail employee/cashier would have to ensure that the card is redeemed only for an eligible decoder box. While this option is lower in cost, it is somewhat less secure in application and would require monitoring, such as through a random audit program and requiring certifications.



Finally, use of a retailer check submitted by the consumer at the time of purchase is an option. The check would be processed through normal banking channels and result in the retailer immediately receiving reimbursement, thereby eliminating the costs associated with maintaining a reimbursement “back office.” Like the debit card approach, retailer checks present a lower cost but are less secure than coupons and would have to be monitored through a random audit program and requiring certifications.

Widespread Consumer Education Reaching All Affected Sectors is Absolutely Necessary

Key to successful implementation of the converter box program will be the widespread distribution of information about the program to eligible consumers. We urge NTIA to ensure that all possible means are used in an effective manner. The challenge presented by the \$5 million limitation designated for this purpose should not be underestimated because reaching the eligible audience is critical to the program’s success. Some of the means that might be employed efficiently to reach eligible consumers may depend on the eligibility requirements that NTIA adopts in this proceeding. Some means, however, will be helpful under any scenario.

First and foremost, broadcast television viewers are the intended recipients of the information, whether all or some are eligible under the rules to be adopted. Therefore, all broadcasters, non-commercial and commercial, will find it in their best interest to widely disseminate information by means of public service announcements (“PSAs”) during their broadcasts, on their websites, in conjunction with live appearances, by mail and email, and by any other available means.

We view public broadcasters as particularly well positioned to play a central role in the education efforts due to their deep experience running contribution campaigns and community

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outreach. We also urge that a website be constructed where complete, authoritative information is accessible. Ideally, such a site would include, if permitted, a means by which eligible consumers could apply electronically for coupons. Properly constructed, would be a central website to which broadcasters, retailers, consumer organizations, community organizations, other government agencies and all interested parties could link.

Finally, retailers are at the hub of any converter box distribution scheme. Any plans must include retailers in plans to authorize distribution of eligible converter boxes and redeeming coupons. Retailers also can play a central role in educating the public about the program and conveying accurate information on eligibility and means to participate.

CONCLUSION

Archway Marketing Services (Archway) respectfully provides the above comments based on its lengthy experience administering programs similar in a number of respects to that proposed for digital-to-analog converter boxes. We hope that this is helpful as NTIA considers rules to govern the converter box program. Please contact me should you wish more information or to discuss these or related issues.

Thank you for your consideration.

Sincerely,

Jonathan Ashe
Director, Client Services and New Markets
Archway Marketing Services, Inc
28220 Industry Drive
Valencia, CA 91355
Phone: 661.294.5180
Fax: 661.294.5980
Email: jonathan_ashe@archway.com