XCards Inc. Secures Series A to Replace Hotel Keycards with Reusable NFC “Membership Infrastructure”

San Jose-based hardware and hospitality technology company, has launched a $15 million Series A financing round at a $75 million pre-money valuation.

SAN JOSE, CA, UNITED STATES, August 23, 2026 /EINPresswire.com/ -- XCards Inc. (https://xcardsai.com), a San Jose-based hardware and hospitality technology company, has launched a $15 million Series A financing round at a $75 million pre-money valuation. The round is anchored by the company’s exclusive commercial partnership with HTrip, China’s largest hotel distribution and digital media network, which covers over 40,000 signed hotels and 3 million rooms nationwide.

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>
> *Frank Zheng, Chairman and Chief Scientist of XCards Inc.*

XCards is replacing the single-use PVC keycard—a $2.5 billion annual global consumable—with a reusable, secure NFC card that doubles as a cross-brand hotel membership credential. The company is led by Chairman and Chief Scientist Frank Zheng, CEO Bo Tang and CTO Kevin Wang, Ph.D., whose prior experience spans Google, Meta, and large-scale hospitality digitization projects across Asia.

The Problem: A $2.5 Billion Industry Blind Spot

The global hotel industry issues an estimated 4.5 billion plastic keycards every year. These cards are almost universally discarded at checkout, representing a recurring operational cost of $0.50–$5.00 per room-night. Beyond the environmental waste, these cards represent a massive strategic failure: they are the only physical object every guest touches, yet they carry no persistent data, no loyalty value, and no post-stay utility.

“The hotel keycard is the most underutilized asset in hospitality,” said Frank Zheng. “It is currently treated as a disposable utility, when in fact it should be the primary physical anchor for a hotel’s membership and on-property commerce ecosystem.”

The Solution: Hardware-Anchored Membership

XCards’ core product is a reusable NFC smart card with a Target BOM (Bill of Materials) of under $3.00. The card utilizes an NXP MIFARE DESFire EV2/EV3 secure element, compliant with ISO 14443-A, the global standard for hotel door locks (including Assa Abloy/Vingcard and SALTO).

Unlike mobile-based digital keys, which require battery power, app downloads, and cloud connectivity, the XCards credential is stored locally on the chip. This allows for:

Offline Authentication: Guests can open doors and redeem benefits even if their phone is dead or the hotel Wi-Fi is down.
Zero-Cloud Privacy: All sensitive verification occurs locally. Biometric data and personally identifiable information (PII) remain on the hotel’s local servers or PMS, never on the card, and never on a centralized cloud controlled by XCards.

Perpetual Retention: Upon checkout, the guest keeps the card. It becomes a persistent, physical loyalty token that can be reused across the XCards partner network.

Business Model: The “Value Stay” Engine

XCards monetizes through a three-tier model that aligns incentives across the value chain:

Hardware Margin: Hotels pay a $15 refundable deposit or a $15 non-refundable activation fee per card. With a BOM of $1.20, this generates an immediate hardware gross margin of $13.80 per card.

Membership Package Distribution: XCards offers a "Value Stay" membership tier (priced at $67–$698). This package includes benefits such as one free night, annual streaming access, and deep booking discounts. XCards earns an 8% distribution commission on every package sold.

On-Property Commerce Share: The card tracks on-property spending (F&B, SPA, retail). XCards earns a 0.15% share of this transaction volume.
Financial Projections and Unit Economics

Based on a pilot deployment across 800 HTrip-affiliated hotels (average 50 rooms, 65% occupancy), the company projects the following unit economics:
Adoption Rate: 100% (mandatory issuance upon check-in).

Package Upgrade Rate: 20% (guests opting into the paid "Value Stay" tier).

Revenue per Guest (3-Year LTV): Approximately $15.95 ($13.80 hardware profit + $1.07 package commission + $0.54 on-property share).

Year 1 Financials: $130.9M in hardware profit, $13.7M in recurring commission revenue, and $0.86M in transaction share, totaling $145.5M in gross revenue.
The company forecasts reaching $426M in annual recurring revenue by Year 3, with gross margins expanding from 82% to 88% as the high-margin software and commission businesses scale beyond the initial hardware deployment.

Strategic Moat: The HTrip Channel

The most significant barrier to entry for XCards is its deep integration with HTrip. Unlike traditional SaaS vendors that must negotiate individually with thousands of independent hotel owners, XCards plugs directly into HTrip's existing network of 40,000 hotels.

HTrip provides three critical advantages:

Distribution: Instant access to a massive, pre-vetted hotel base.

Integration: HTrip's middleware already interfaces with major PMS providers, drastically reducing the technical integration time for XCards.

Trust: HTrip's brand equity in the Chinese hospitality market serves as a co-signing authority for XCards' technology.

Regulatory and Compliance Posture

XCards has engineered its architecture specifically to navigate complex international data privacy laws (GDPR, PIPL, CCPA).

No PII on Card: The NFC chip stores only encrypted door keys and membership entitlement flags. It does not store names, passport numbers, or biometric data.

Data Localization: All guest identity data remains within the hotel's local IT environment. XCards, as a U.S. entity, never has custody of this data.

Delaware C-Corp Structure: The parent company is incorporated in Delaware, providing a clean, familiar legal structure for U.S. and international investors. Revenue from the China market is realized via service fees and IP licensing through HTrip, mitigating direct regulatory exposure regarding cross-border data flows.

Use of Proceeds

The $15 million Series A capital will be allocated as follows:
45% ($6.75M): Engineering and R&D, focused on deepening PMS integrations, building the remote credential revocation engine, and developing SDKs for third-party hotel apps.

35% ($5.25M): Commercial deployment and channel management, specifically funding the rollout across the initial 800 HTrip properties and expanding to 1,500 properties by the end of 2027.
20% ($3.0M): Hardware manufacturing, supply chain optimization, and compliance certifications (EMVCo, NFC Forum).
Market Opportunity and Exit Strategy

The global hotel loyalty market is valued at over $15 billion annually, yet it remains fragmented and heavily reliant on mobile apps that suffer from low retention. XCards is positioning itself as the "physical layer" for Web3-inspired loyalty credentials (using W3C Verifiable Credential principles) without the volatility or complexity of blockchain.

The company's exit strategy is twofold:

Strategic Acquisition: Potential acquirers include major payment networks (Visa, Mastercard) looking to own the offline credential space, or large hospitality SaaS providers (Oracle Hospitality, Amadeus) seeking to close the loop on their loyalty offerings.

Public Listing: A long-term goal to list on Nasdaq once the company demonstrates consistent recurring revenue growth and a clear path to profitability, targeted for 2029.

About XCards Inc.

XCards Inc. is building the trust infrastructure for the physical world. By embedding secure, offline credentials into reusable NFC cards, XCards transforms disposable objects into persistent digital relationships. The company's first vertical is hospitality, where it is replacing the plastic keycard with a smart membership token. For more information, visit https://xcardsai.com.

Media Contact:

press@xcardsai.com

Investor Contact:

investors@xcardsai.com

Frank Zheng
World AI Organization
+1 778-902-8620
email us here
