

Business Update (December 2012) - Ninja Blocks



Highlights

- Announced new Ninja Block Kit for US\$199 on Dec 6th at Le Web Paris.
- 184K Sales in 3 weeks (well exceeding our Kickstarter campaign & post Kickstarter sale combined).
- Production run of 1000 units completed.
- Substantial platform progress.
- ETA for shipping completion the Ninja Block is now January 15, 2013.
- Choice not to certify this version has increased risk with surprisingly high-proportion of sales to Europe.
- Majority of sales directly attributable to an article in Golem.de and a thread on Hacker News.
- 60K unique visitors in December.
- Kit margin only 30% with free shipping

Sales

- As hoped, early sales of the new kit were very promising. Customer feedback about the mini-site and count down was overwhelmingly positive.
- Primary drivers of sales were:
 1. the announcement at the Internet of Things themed Le Web conference in Paris
 2. our established mailing list (4K subscribers),
 3. a positive review in popular German website golem.de
 4. a thread on Hacker News
- We have sold out of our initial batch of 1000 new Ninja Blocks and we are preparing a second production run to ship in March after Chinese new year. We are taking pre-orders now.
- In January we plan to launch a new storefront to facilitate the direct sale of accessories.
- The low cost accessories (sensors and actuators) are relatively high-margin low touch products.
- Customers definitely wish to purchase accessories direct, anecdotally, even if it means paying a small premium.

Marketing

- The strong correlation between high-traffic articles and sales reaffirms the need to produce newsworthy content when inventory is available.
- We have several developer-oriented marketing initiatives we've been holding onto that we will be releasing over the coming months.

Product Development

- The December quarter, was a very busy one for the growing team. Two new engineers were integrated and the two hired in the September quarter came up to speed. Highlights include:
 1. The initial version of the core API was largely completed.
 2. Critical issues in the original block were identified and addressed in time for the new product.
 3. Tooling and production of all custom components was completed.
 4. A new user interface was commenced.
 5. The first “apps” were commenced.
 6. An IOS Ninja Block app prototype was completed.
 7. An Arduino library for Ninja Blocks was completed.
 8. A refactored cross platform Ninja Blocks client was largely completed.
 9. Basic metrics and monitoring were implemented.

Key personnel

- A senior engineer with extensive mobile experience was hired in late November. A postgraduate student was hired as a full-time contractor for the summer. Our previous hardware engineer converted from a full-time employee to a part-time contractor. Total headcount remains at 7 full time equivalents, 6 based in Sydney and 1 in Portland.

Other matters:

- We have put a pause on the Commercialization Australia grant process in favour of a Clean Technology Innovation Program grant application.
- The rationale behind this is:
 1. In a meeting with One Ventures, Anne-Marie Birkill (General Partner at OneVentures and also on the Innovation Australia Clean Technology Innovation Committee) encouraged us to apply for the grant as the current candidates were of poor quality.
 2. We have been advised by Hamish Hawthorn that the Clean Tech Grants are less competitive than CA grants.
 3. The Clean Tech Grants are means tested in such a way that we couldn't take both grants simultaneously.

Sydney Angel Sidecar Fund Investment

- Cost of Investment \$150,000
- Book Value \$150,000