

Business Update (October 2012) - Ninja Blocks



Highlights

- All Kickstarter and pre-purchase orders have now shipped (>15,000 individual parts)
- Delivering the closed beta version of the Ninja Platform
- Creating a "real" product with 100% outsourced manufacturing
- Filling key positions

Market traction and growth

- Growth in the quarter was limited because Ninja Cloud was kept in private beta and limited sales of the original Kickstarter Ninja Block to a single batch (of 650). This was done for a variety of reasons including, (1) the first Ninja Block was not up to the quality standards of a retail product, (2) it was time consuming to manufacture and ship, and (3) it was not very profitable.
- Limiting access to the Ninja Cloud was a practical choice to give us time to scale infrastructure and also add more useful features.
- We have ordered 1000 units of the new hardware which are in production now. They will be available for pre-order soon and will ship in November. The retail price of the new offering will be \$200USD. This includes a Ninja Block and 4 wireless sensors in retail packaging. The total cost of goods sold per unit is still high at \$107 USD, however there is significant room for cost savings with minimal change.
- Interest in the hardware appears strong, we have 483 people on the wait list for the new Ninja Block, and anecdotal evidence suggests there is still strong interest. Early sales of the new unit will be telling.

Business Development and Distribution

- Distribution deals are pending. They have been delayed pending the retail ready Ninja Block. The primary reseller (who is also the assembler) has been selected. Please note that the low margin at this stage makes standard electronics distribution difficult. Industry standard margins for low volume electronic products are 40%, we can only go to 30% with the current price structure. The primary reseller has accepted 20%.
- A drive to acquire third-party hardware and application developers has begun.

Research and Development

- R&D has been focused on the mass production Ninja Block. Achievements in the quarter included:
 - An injection molded enclosure
 - Moving to a built in local wireless to improve utility and aesthetics out of the
 - Reverse engineering of off the shelf sensors for the bundle
 - Retail packaging.

Marketing and PR

- Ninja Blocks received exposure as part of theirr participation in:
 - TechCrunch Disrupt September (Sponsored the hackathon) Sep 8-12
 - Dreamforce (Presented session) Sep 18
- Ninja Blocks have presented or are scheduled to present at:
 - TwilioCon October 16-18
 - WebDirections October 16-18
 - NodeDublin October 18-19
 - RealtimeConf October 23-24
 - Tech23 October 23
 - CascadiaJS November 8-9

Sydney Angel Sidecar Fund Investment

- Cost of Investment \$73,255
- Book Value \$73,255