I'd like to thank you all for coming out today for our Series B financing round.

Aside from our Kickstarter campaign, this is our first-ever Pebble fundraising event, and it's amazing how many people have shown up today.
Usually our CEO and Founder, Eric Migicovsky, would be giving this presentation, but unfortunately, I am filling in today, as Eric has come down with a nasty case of the swine flu.
Luckily for all of you, I am very familiar with what we’re launching today.

So let me introduce myself. My name is Chris Davis I am a Product Manager here at Pebble.
We have some incredible things to share with you today.

We started the year with 11 employees when we began shipping our first Pebble units in January, and we’re now up to 40 employees.

To date, Pebble has delivered 85,000 smartwatch units to nearly 69,000 Kickstarter backers, with an additional 190,000 pre-orders coming in via our website by the end of our record campaign.

Through our Best Buy retail partnership, we have sold an additional 150,000 units, totaling over 425,000 Pebbles sold to date.
As experienced venture capitalists, I’m sure you very well know, traditional product life cycles dictate that, following development and initial launch, a product will grow, mature within the market, and eventually decline in sales over time, with that decline generally accelerated by a new iteration of the product.
We’ve decided that, before we introduce the upcoming Pebble [pause] Gem [pause] Smartwatch in the 1st quarter of 2015, we are going to do something slightly unconventional.
We are going to introduce an app store as a complement to the already existing Pebble smartwatch, which is still in its growth phase. While this store could, in some cases, be considered a new product on its own, we’re considering this a product extension to extend the utility of the existing Pebble.

Our reasoning is that Pebble users are currently forced to visit many websites to download apps... fragmented locations like the official Pebble Forums, and mypebbleapps.com.

By creating this single app store we will boost smartwatch sales, create a simpler-to-use smart watch product, and allow for a longer development time to really pack in a few new killer features in our upcoming Pebble Gem smartwatch.

Now... what are we going to call this app store?
The Pebble Gem Store.

This name will introduce consumers to the upcoming Pebble [emphasize] Gem smartwatch brand, which launches in 2015.

I’d now like to run you through a quick business case to demonstrate just how strong this new offering will be.
For those of you unfamiliar with Pebble and smartwatches in general, I’ll give a quick history:

“Pulsar,” was the first digital wristwatch debuted in early 1972 by Hamilton Watch Company. Seiko acquired Pulsar in 1978, as they continued to develop watches with computing abilities. Fast-forward to 2012, where Pebble CEO and Founder Eric Migicovsky recognized a unique business opportunity. Following a few failed smartwatch attempts, he decided to take advantage of the crowd-funding platform Kickstarter, with a campaign heralded as the most successful of all time.

Notable other entrants include tech giant Samsung, who has taken notice and introduced their Galaxy Gear smartwatch to complement their latest Galaxy Gear smartphone. Google and Apple are also rumored to be planning to enter the space, with analysts predicting Google to take Google Glass out of its invite-only phase soon.
Objectives

1. Develop Unified Pebble App Store

2. Increase # of Pebble Developers
   - Target developer signup total = 5,000 devs @ $49 each

3. Increase # of Available Pebble Apps + Downloads
   - Target = 100,000 free + 50,000 paid apps = 150,000 total
   - Target = 500,000 app downloads

Develop unified Pebble app store
- Target developer signups = 5,000+ paid developers for the $49/year developer program by Y1 following launch, resulting in $245,000 revenue.

Increase # of available Pebble apps
- Target apps = 100,000 free + 50,000 paid apps by Y1 following launch = 150,000 total apps.
- Target app downloads = 500,000 downloads by Y1 following launch.

At an estimated average app price of $0.99 per app, and with our 30% distribution fee, our revenue target is $148,500 by Y1 following launch.
In both unifying and controlling our app distribution platform, we’re taking a cue from Apple’s original iTunes playbook and are able to provide a simpler method for users to manage their Pebble accounts and devices. The store also makes it harder for users to leave our ecosystem for a competing smartwatch product.

In addition, the new developer program creates an entirely new, recurring revenue stream, and the Pebble SDK version 3.0 makes it easier for developers to both create and monetize their apps.

Additionally, we’re able to take a percentage cut of all apps sold.
With the pebble gem **STORE** we're initially considering the US market only, and will be aggressively targeting all current pebble owners.

With the pebble gem **SMARTWATCH** we're targeting the late-adopters, or "leapfroggers," who will skip the 1st pebble and purchase the 2nd-gen the pebble gem smartwatch.

For the market size, we took a top-down approach using Facebook's demographics for users in the US interested in the term “smartwatch.” We compared that to FB’s 166MM users in the USA, and compared that ratio to the 314MM US population. Therefore, we estimate the market size to be 1.5MM consumers, though we think may be erring on the low side.
With a $1.26 billion global wearable market in 2012, and 2.52 billion in 2014, we estimated the US smartwatch market to be approx. $775 million.
Target penetration: We estimate to have secured 38% of the global wearable device market by EOY1.

Competition: as mentioned before, Samsung, as well as Apple and Google.

Demographics: with Quantcast returning little information in our search, we turned to a report on Apple & Google demographics to determine that our user base is overwhelmingly aged 25-34, leaning slightly male, and over 50% have no children.
**Key Assumptions:**
- Pebble users want more apps
- Pebble users want a unified app store

**Key Alternatives:**
- Create free developer program
- Do not develop our own app store

**Key Risks:**
- Low developer interest
- Users may not want to pay for an additional app extending their usage of a smartphone app they already bought
Our additional costs will primarily come from developer salaries and infrastructure and hosting costs.

The main goal of the new BizDev role will be negotiating app partnerships, a few of which we are excited to announce later in the presentation.

**COSTS**

(12) x $35,000/mo – Amazon Web Services Hosting
(3) x $100,000/yr – Developers
(1) x $75,000/yr – UX/UI Designer
(1) x $90,000/yr – Salesperson
(1) x $80,000/yr – Business Development
(1) x $80,000/yr – Assistant Marketing Director

• $150,000 marketing budget

Total Y1 additional cost = ~$1.2MM
As demonstrated by Apple’s iTunes store, it is widely held that app or content distribution stores like these are at best self-sustaining from a revenue perspective, and often operate at margin or even at a loss.

**BENEFITS**

**Developer Program**
- 5,000 x $49/ea = $249,000

**Increased App Sales**
- 500,000 downloads @ ~$0.99/avg = $495,000 x 30% cut = $148,500

**150,000 Pebble smartwatches sold**
- $150 x 150,000 = $22.5MM
While the early revenue from the Pebble Gem Store will be small, the greater effect will be an estimated additional 150,000 sales of the CURRENT Pebble smartwatch driven by the NEW pebble GEM store, totaling $22.5 million dollars. And that’s only in the first year!
Now, let's pause from the slides again to describe this product in detail as an internal product page:

Elevator pitch: To provide Pebble users with a centralized location to manage and purchase all their Pebble apps.

Core objectives: Provide synchronized Pebble experience across all platforms, and to expand revenue opportunities beyond physical device sales.

Strategic insights: Centralized discovery of Pebble apps is key to long term device sales.

Competition: Apple, Samsung, Google.

Challenges/Risks: Developer blowback from those who've currently established Pebble app distribution channels, difficulty merging disparate platforms into one store.
Here we have our implementation timeline, which includes both the App Store and the new Pebble Gem Smartwatch.
IMPLEMENTATION TIMELINE

Q2 2014:
Continued development
Seed early builds of updated Pebble SDK 3.0 to developers.
  • 1,000 developers onboard by start of Q3 2014

Q3 2014:
Beta test both new products
Prepare marketing campaigns
1,500 developers signed up for Pebble Developer Program by end of quarter
IMPLEMENTATION
TIMELINE

**Q4 2014:**
Launch in late Q4 *(just before the holiday season)*
Kick off marketing campaigns
100,000 paid apps downloaded by end of quarter
2,000 developers signed up for Pebble Developer Program by end of quarter

**Q1 2015:**
100,000 Pebble Gem smartwatches purchased by end of quarter
200,000 paid apps downloaded by end of quarter
3,000 developers signed up for Pebble Developer Program by end of quarter
IMPLEMENTATION TIMELINE

Q2 2015:
150,000 Pebble Gem smartwatches purchased by end of quarter
350,000 paid apps downloaded by end of quarter
4,000 developers signed up for Pebble Developer Program by end of quarter

Q3 2015:
200,000 Pebble Gem smartwatches purchased by end of quarter
425,000 paid apps downloaded by end of quarter
4,500 developers signed up for Pebble Developer Program
Here at Pebble we like to imagine our analytics in a funnel with several stages. Starting at the top of the funnel:

1st stage is acquisition: measured primarily by unique visits
Engagement: is measured by account registrations
Retention: we track the average # visits to the pebble gem store per week
Organic growth: is represented by the percentage of users inviting people x the average # invited x invitees that register. If it's > 1 our tell-a-friend share buttons are organic
Revenue: we calculate the very bottom revenue stage of the funnel based on app purchases and developer subscriptions

### KEY METRICS

<table>
<thead>
<tr>
<th>Stage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquire</td>
<td>Unique Visits</td>
</tr>
<tr>
<td>Engage</td>
<td>Account Registrations</td>
</tr>
<tr>
<td>Retain</td>
<td>Average # of Weekly Visits</td>
</tr>
<tr>
<td>Grow</td>
<td>% of Users Inviting Friends</td>
</tr>
<tr>
<td>Revenue</td>
<td>App Purchases + Dev Subs</td>
</tr>
</tbody>
</table>
Here we have a roadmap comprised of OKRs that encompass both marketing, development and sales. Typically, you will not find all of these in a roadmap, but I have combined them for the purposes of this pitch.

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Objective(s)</th>
<th>Key Result(s)</th>
<th>Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 2013</td>
<td>Centralize user management of Pebble apps</td>
<td>Hire 3 new developers by end of the 2nd mo.</td>
<td>To build the new Pebble Gem Store, we will need a larger team of developers. The MVP is expected by the end of this quarter, so all hires must be trained by the end of the 2nd month so they can begin working.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Finish developer onboarding by EOQ</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Upgrade Pebble smartwatch to surpass competitor smartwatch feature sets</td>
<td>Hire 2 new developers by end of the 2nd mo.</td>
<td>To build the new Pebble Gem smartwatch, we will need a larger team of developers. The MVP is expected by the end of this quarter, so all hires must be trained by the end of the 2nd month so they can begin working.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Finish developer onboarding by EOQ</td>
<td></td>
</tr>
<tr>
<td>Q1 2014</td>
<td>Improve Pebble voice control technology</td>
<td>Establish 3 optimal microphone options</td>
<td>In order for Pebble to remain competitive in the burgeoning smartwatch marketplace, we must add new features that are fully-fledged and cutting-edge. We will not release “half-baked” features.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Integrate voice control software with an 80% comprehension success rate</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Improve Pebble fingerprint scanner technology</td>
<td>Establish 3 optimal fingerprint scanner component options</td>
<td>We need to choose the optimal components to integrate based on many factors, so we are narrowing them down to 3 choices per feature. Cost and availability will be key deciding factors.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Choose &amp; integrate fingerprint scanner with scan success rate of 75%</td>
<td></td>
</tr>
<tr>
<td>Q2 2014</td>
<td>Encourage development of third-party Pebble apps</td>
<td>Seed early builds of Pebble SDK 3.0 to 1,000 developers</td>
<td>The forthcoming Pebble Gem Store will be useless to users if there are not apps for them to download. We are seeding the early SDK to all</td>
</tr>
</tbody>
</table>
## ROADMAP - OKRS

<table>
<thead>
<tr>
<th>Q2 2014 (cont.)</th>
<th>current developers, as well as aggressively recruiting more developers with a limited $25 signup for the 1st year (normal Pebble Developer Program fees are $50).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finalize beta versions of Pebble Gem &amp; Gem Store</td>
<td>➢ Manufacture 3,000 test Pebble Gem units ➢ Complete 80% of Pebble Gem Store</td>
</tr>
<tr>
<td>Q3 2014</td>
<td>In order to beta test the Pebble Gem and Gem Store in Q3 2014, we need to produce a sufficient number of working physical units and a nearly completed Pebble Gem Store with all relevant components up-to-date.</td>
</tr>
<tr>
<td>Beta test new versions of the Pebble Gem smartwatch</td>
<td>➢ Add all bugs and new feature requests to product backlog ➢ Ensure a maximum 3% failure rate across all product feature sets</td>
</tr>
<tr>
<td>Q4 2014</td>
<td>In order to launch the Pebble Gem and Gem Store in Q4 2014, we need to have thoroughly beta tested these new, complementary products.</td>
</tr>
<tr>
<td>Prepare Pebble Gem &amp; Gem Store marketing campaigns</td>
<td>➢ Spend 65% of marketing budget on Pebble Gem and 35% on Pebble Gem Store</td>
</tr>
<tr>
<td>Q4 2014</td>
<td>We believe that the focus needs to be on the new Pebble Gem watch. The new store will make things easier for users, but is less likely to convert them.</td>
</tr>
<tr>
<td>Sell 100,000 paid apps by the end of Q4</td>
<td>➢ Offer app discounts through partnerships with major brands ➢ Establish a minimum of 5 partnerships by EOQ</td>
</tr>
<tr>
<td>Q4 2014</td>
<td>Promoting the Gem Store through respected brands/vendors will cement our brand’s clout as well as broadcast it to a large audience. Initial partnerships include inclusion in Delta Sky Mall, Starbucks’ “Pebble Gem of the Day,” and a feature on RunKeeper’s website.</td>
</tr>
<tr>
<td>Have 5,000 developers signed up by EOQ</td>
<td>➢ Offer to waive the developer program fee for developers that release 3 or more paid apps in a calendar year</td>
</tr>
<tr>
<td>Q1 2015</td>
<td>We need to aggressively pursue developers, and offering monetary incentives will increase both our developer and app base.</td>
</tr>
<tr>
<td>Sell 100,000 Pebble Gem smartwatches by EOQ</td>
<td>➢ Offer 10-40% discounted prices for The holiday season is coming up, and getting the new Pebble into the hands of families is key.</td>
</tr>
<tr>
<td>Q1 2015</td>
<td></td>
</tr>
</tbody>
</table>
We’re going to give you a quick rundown of how and when we expect our stakeholders to be involved. The working team will be myself as PM, the new developers, and our new UX designer.

I normally wouldn’t put this in an investor pitch, but I’ll let you in on a little secret: Here at pebble we use a four quadrant grid to determine how we keep stakeholders in the loop.

Q1 – is those who need to be managed closely, like a founder who’s out sick for the day...
Q2 – represents stakeholders with high power, but low interest, someone like a board member
Q3 – represents stakeholders with low power AND low interest, so they might just need email updates
Q4 – represents a stakeholder with high interest, but low power, like our marketing team
You can see where everyone will be involved throughout the process, though, as we're still a small company, some stakeholders may be in unconventional placements.
User persona: Obviously have to step up app offerings based on gear app side-loading hack.

Pausing again on the visual content, I would like to speak about our minimum viable product answering the Question Will Pebble users use a centralized App Store? We created a landing page off our main site promising beta access to Pebble owners in order to gauge interest. Defined success/failure: success = collect email addresses of > 40% of current pebble owners

FEATURE PRIORITIZATION:
To reach a common understanding with stakeholders on the importance they place on the delivery if each requirement, we use the MoSCoW and Stack Rank methods. Moscow stands for Must Should Could Wont, and for examples for the Pebble Gem Store include single user account management for Must, initial support for all platforms as a Should, a responsive website for Could, and voice activated search for won't. Our example stack rank list would draw a line in between should and could, allowing us to cut out tasks like advanced search options or gift card support
USER story is a description of what goals a user wants and why. Imagine a 3x5 notecard containing an ID#, title, description. The Essence of a user story is really the role-action-context: As a blank I want to blank so that blank. For example: As a Pebble user who is poor, I want to be able to share my list of most-wanted apps, so that my friends can buy them for me on my birthday. The user acceptance criteria for a story like this would be that the list feature allows sharing by FB, TWT, email; fails if a user tries to gift an app with a bad credit card.

When we talk to our tech team at Pebble, we prefer using objective trees and inference ladders to bridge the gaps between our unique perspectives. While these are highly visual items, I’m going to try to explain them verbally:

An objective tree is a bit like a family tree with objectives as branches and key results as leaves. A branch of our objective tree might start top-down as expand pebble user base, expand developer adoption of the pebble Dev program, increase app partnerships, improve pebble SDK, ending in the new leaf of a GPS app call action.

The inference ladder climbs up the rungs, starting with observable data & experiences, data selected from beliefs, meanings added, assumptions based on those meanings, conclusions drawn, beliefs adopted, and action taken based on those beliefs.
Goal: To allow a user to sign up for a Pebble Gem Store account.

KEY ELEMENTS:
- Sign Up Button
- lightbox Iframe window
- User information fields
- Submit button
- Newsletter signup checkbox
- Image verification field + image
- TOS/Privacy Policy checkbox
- TOS/Privacy Policy hyperlinks

(1) Clicking "Sign Up!" or "Login" creates a shadow "fancybox" that appears in the center of the page and darkens the rest of the website.
(2) User fills out all areas of the form.
(3) Users must select the checkbox that indicates that they have read the Pebble Gem Store Terms of Service/Privacy Policy, or the form will not submit. The words "Terms of Service" and "Privacy Policy" are both hyperlinks that open a page in a new window. They both go to the same destination.
(4) If a user submits any data formatted incorrectly, uses non-supported characters, does not satisfy a field requirement, or skips an entry box, that box's text will become highlighted red, and the user will be prompted to re-enter that data. All other form data entered will be carried over—other than the Image Verification and the TOS/Privacy Policy checkbox.

(5) Clicking "Submit" causes the pop-up area and the shadow to fade away as well as we are redirected to the account management page.
And finally, the lightbox disappears as the user is taken back to the homepage which remained in the background. Notice that the signup and login buttons have disappeared.
I won’t go into detail here, but I wanted to give you a little teaser of the upcoming Pebble Gem and its NFC aided fingerprint scanner feature...
PARTNER APPS

We're also proud to announce several new partnerships that illustrate the capabilities of Pebble SDK 3.0. These apps will be available for download later this year.
GoPro by Pebble

“Having a controller on your wrist is very useful when you’re trying to record a sports activity!”

Record and take photos with GoPro for Pebble from your wrist! Easily change between modes and control your entire camera experience!

REMOTE CONTROL

COMING LATER THIS YEAR
Yelp on Pebble

“Now I know where the best spots are in my area!”

Find five-star restaurants in proximity of your location with a flick of the wrist! Read quick reviews of restaurants and also get suggestions of places that might fit your tastes.

TRAVEL

COMING LATER THIS YEAR
iControl Networks on Pebble

“It’s great that I can manage my home remotely!”

Control your home from anywhere in the world with iControl for Pebble! Arm your alarm, change the climate, even toggle your lights on and off!

REMOTE CONTROL

COMING SOON

iControl Networks
Foursquare on Pebble

"Keep up and meet up with Foursquare for Pebble."

Foursquare for Pebble helps you learn more about where you are, what your friends are up to and check in to your favorite places right from your wrist.

SOCIAL

COMING LATER THIS YEAR
In case your money is already burning a hole in your pocket, I have our bank account and routing information listed here ; )

Pause for questions. Then thank the audience.