Rocket DAO startup evaluation

Caer Sidi

Service for uniting physical and digital game content.

December 2019

Caer Sidi

Startup

Service for uniting physical and digital game content.

caersidi.net

Round	Founding year	Business type
Seed	**2018**	**B2B, B2C**

Equity	Capital seeking
15%	**$ 1 500 000**

Team location	Country of incorporation
Ukraine	**Estonia**

Geographic focus:

Western Europe, Eastern Europe & Russia, Northern America

Industries:

Gaming, Internet & IoT

Project card on the platform — Rocket DAO

Product

Caer Sidi is a service that provides game developers with a toolkit for boosting monetization of their projects and increasing the level of player engagement. Our technology gives an opportunity to create phygital (physical + digital) products. Figurines of game characters, collectible cars, weapon models, and just awesome accessories open unique content and give daily bonuses for players. Phygital products are always near the players, ready to involve them into the game. Nintendo, Blizzard, Lego, and Disney already sell such interactive souvenirs from their games.

Founders

Team size: 20

Sergey Ivancheglo
Co-Founder
DLT Architect

Pavel Shlapak
Co-Founder, CEO

Valentin Trizno
Co-Founder, CFO

Dmytro Kolesnik
PMO

Alex Petukh
Product Manager

Problem

Every year the number of PC and mobile game developers increases by 15%. Entering this overcrowded market becomes immensely hard. High index of Customer Acquisition Cost and low of Lifetime Value are results of market oversaturation. Big companies in the game industry have already proven the potential of game merch (over 604M figurines sold in 2018). Still, these developers sell assets only inside their game franchises.

Business model

Caer Sidi has a SaaS model in its base - this is possible thanks to great interest of different companies in our product. The service receives profit through revenue sharing from selling games and phygital assets, such as furines of game heroes.

Solution

Our Phygital Gate is the solution. We create a service for uniting physical and digital game content. Interactive physical figurines and merch with in-built NFC chips are connected to digital twins and unlock game content. Backed by a range of services and DLT, they give new methods of game monetization.
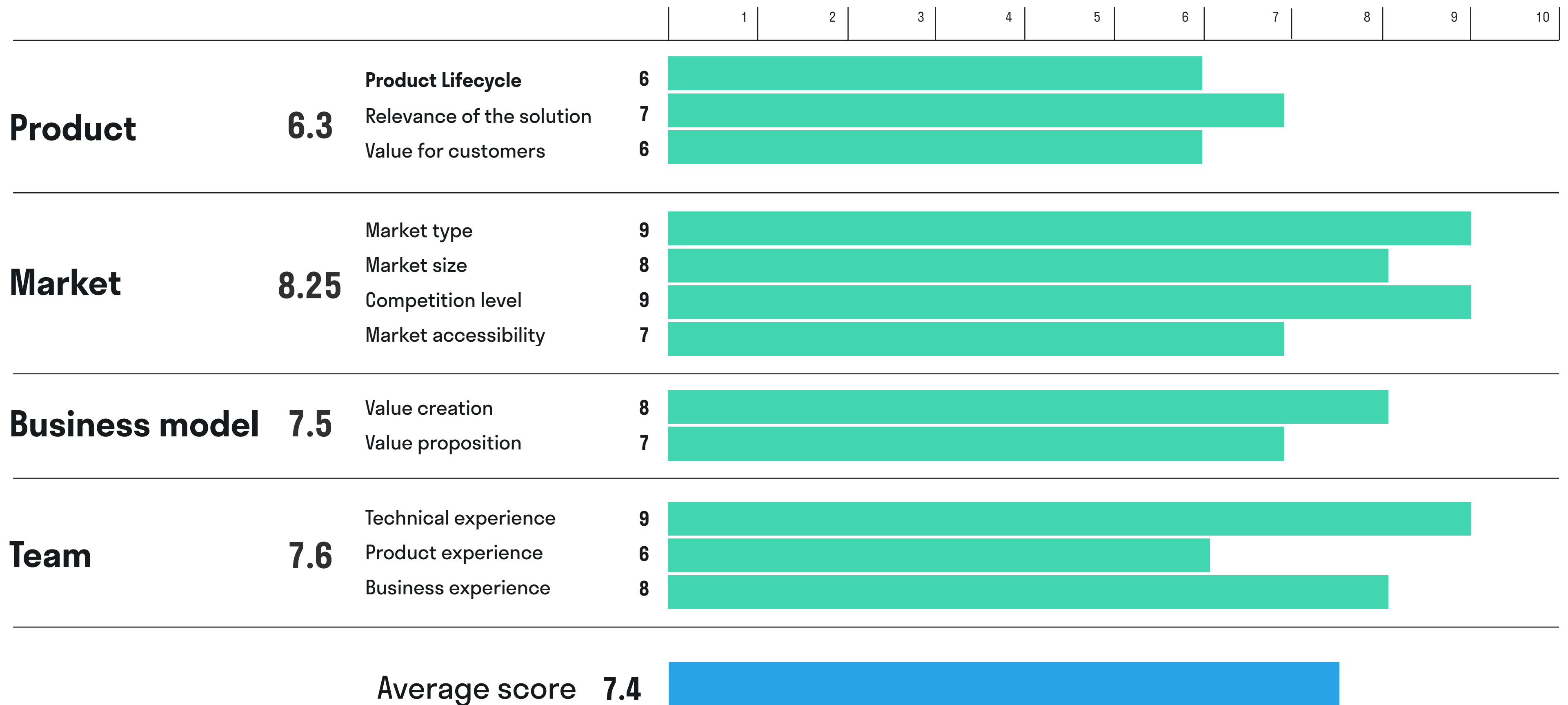
Market

Our typical clients are game developers with an active community of over 100.000 players. There are over 2.2Bn players all over the world and around 9.000 game developers, which release at least one game per year. According to Steam, more than 400 new developers register on the platform each quarter. Over 604M figurines were sold in 2018, and the market is growing by 8-13% annually (AppAnnie info).

Preliminary evaluation rating

Average score **7.4**/10

Defined round: **SEED**

			1	2	3	4	5	6	7	8	9	10

Product — 6.3

Product Lifecycle	6
Relevance of the solution	7
Value for customers	6

Market — 8.25

Market type	9
Market size	8
Competition level	9
Market accessibility	7

Business model — 7.5

Value creation	8
Value proposition	7

Team — 7.6

Technical experience	9
Product experience	6
Business experience	8

Average score 7.4

Product

Relevance of the solution | Value for customers | Product Lifecycle

Product | Relevance of project's solution to the customer problem

Startup **Caer Sidi**

Description of the problem of potential customers, that Caer Sidi's product solves.

Introduction
Caer Sidi is a service that helps to increase the value of video/tabletop games and gaming miniatures for the end-users. It also improves KPI and expands the possibilities of gaming projects, both digital and physical. For video gaming, Caer Sidi creates physical merch, connected to digital content - Merch 2.0. For tabletop games and miniatures, the service creates digital content, connected to their products through the IoT technology.

Problems
The main problem of the digital products at the moment is insufficient effectiveness of monetization or ROMI (Return of marketing investments). This index is gradually decreasing due to the market saturation and gradual decline in the value of digital products for the end-users.

The problem of physical products (tabletop games and miniatures) is the lack of a specialized platform for efficient interaction of the developers and end-users that offers analytics and the possibility to ship additional game content to the players.

Solution
Our product is a cross-real service that helps to increase the end-user involvement in a particular project. So, it helps to increase the indexes of customer retention and LTV with following boost of ROMI.

For the developers, it's an additional monetization method through phygital products (cross-sales).

From the point of analytics, the service will be most useful for physical gaming products, such as tabletop games and miniatures. The integration of phygital features into a physical product allows collecting valuable for business information from the end-users and interact with them directly.

Phygital products give a great method to boost monetization of gaming projects and engage new and existing users. Companies need significant resources to implement this feature on their own. As a result, many companies do not even consider this option. The market has no full-fledged service for integrating phygital features into 3rd-party projects. Only some proprietary solutions exist, such as amiibo **from Nintendo.**

Product | Relevance of project's solution to the customer problem

Startup Caer Sidi

Competitors' products that solve the same customer problem. How startup's solution differs from the existing ones.

The biggest players of the phygital market

Figurines and cards amiibo from Nintendo, interactive figurines Skylanders from Activision, miniatures Disney Infinity, and figurines Lego Dimensions - these are phygital products, released by huge corporations. For 4-5 years already, they help to increase sales, engage users and strengthen brands.

These products have been made especially for the ecosystems of their brands. The companies do not plan to scale this technology to other projects. Caer Sidi provides a cross-real ecosystem as a service. It focuses on medium and large gaming products (both physical and digital). The service offers various types of phygital integration: from the easiest one that asks for minimum efforts to the most difficult one that needs lots of developers involved.

Similar services

Tabletop.id - this service has a very similar market offer to one of Caer Sidi. This project focuses on cooperation with developers and publishers of tabletop games. Its features are practically the same, but the service is still in its very early stage and doesn't have even MVP. Still, they actively work on customer development by participating in events, such as UKGE .

EPIK – this company creates unique digital content and merch for games. The company collaborates with famous brands. Also, EPIK produces digital content and collections of limited editions, using blockchain for proving uniqueness and transparency of transactions. According to the information on their site, they already have:
- 200+ business partners, which own 1,000+ famous brands;
- 120+ game companies with 150M+ MAU;
- the team of professionals from Nintendo, Tetris, Sony, IBM, and Pokémon.
The company works only in the digital segment and doesn't offer the integration of phygital products.

Product | Relevance of project's solution to the customer problem

Startup Caer Sidi

Competitors' products that solve the same customer problem. How startup's solution differs from the existing ones.

Substitute products

Immutable – this is a platform to distribute and trade digital game assets. It offers proven ownership for the users on the base of Ethereum. The company tests and develops its ecosystem through the internal project Gods Unchained. This game has entered the open beta testing. The project is supported by big venture funds: Continue Capital, Nirvana Ventures, Sora Ventures, and also the exchange Coinbase. At the moment, the platform is going to work only with digital assets, without any features of cross-reality.

Quidd – it's an application that allows collecting digital content from famous franchises in a gamified format. It also offers the possibility to trade assets. For now, it has 1.5M+ installments from Google Play and AppStore.
The company works with more than 100 brands, such as Disney, Marvel, Game of Thrones, Hello Kitty, God of War, Fallout, Transformers, Skyrim, Quake, etc. Quidd provides only digital content with no real value - due to its centralized and opaque architecture of distribution and storing digital assets of the users.

Epics – it's a DLT-based platform where users can collect and trade esports cards.

Enjincoin – this is also a substitute product, but it uses cryptocurrency and works mostly with blockchain games. Thus the market and the whole potential of the product are significantly reduced. The Enjincoin's capitalization is more than $52M (as for the 4th November 2019). POI since ICO is 174%.

Product | Relevance of project's solution to the customer problem

Startup   Caer Sidi

Competitors' products that solve the same customer problem. How startup's solution differs from the existing ones.

Conclusion

The mentioned here services work exclusively in the digital field. Such an attitude will not allow fulfilling the user needs and therefore it won't be able to significantly increase KPI of the gaming products.

Working phygital cases

Luckyduck games – this project has developed a tabletop game Chronicles of Crime, and its gameplay is tightly connected to the mobile application and the system of QR codes, which open new game content through the app.

Parabellum – it's a developer of tabletop games with QR codes.

Mist wall – they develop a tabletop game and miniatures for it, which have QR codes.

Advantages of Caer Sidi

In general, Caer Sidi offers integration of phygital products or Merch 2.0 (interactive merchandise) as a turnkey solution. The key advantages are:

1. The SaaS model for B2B segment;
2. Open API for the integration;
3. Cross-platform - the integration with video/tabletop games and collectible miniatures;
4. Inventory to store assets and work with them (transfers, trades, activation, and unpacking);
5. Activation of phygital products without using any special devices - a modern smartphone is enough;
6. System of activating phygital products, which are distributed through offline trading networks;
7. Merch 2.0 - interactive merchandise, connected to specific data (achievements in a particular game, statistics of a hero or esports player);
8. Online platform for distribution phygital products with the possibility to accept Fiat and crypto payments;
9. Integration of the service with the distributed registry that increases the value of assets and improves transparency of transactions and security of storing.

Product | Product value for potential customers

Startup **Caer Sidi**

Potential number of customers among whom the product will be in demand.

Developers
The number of game development companies grows by 26% per year. According to Steam, this platform had 7.043 developers in 2017 and 8.923 in 2018.

Players
The number of players grows by 5.6% per year. There are more than 2Bn of players around the globe, and annually 112M more people start playing actively.

Product | Product value for potential customers

Startup Caer Sidi

What value project's product carries to potential users and how high this value is.

The integration of cross-real features brings many advantages to our B2B and B2C clients:

1. The product value increases for the end-users thanks to interactive collectible items of a proven limited edition and personalization of gaming products (Merch 2.0).

2. Game developers get absolutely new tools to attract, retain, and return users. Phygital content allows them to stand out among competitors in the market and increase the involvement of users in their games. Also, it creates an additional viral effect - it's much easier and more pleasant to show off phygital assets in real life and on social networks.

3. Developers of tabletop games and miniatures get the possibility to contact their audience directly, analyze gaming preferences of the customers, and offer them some related products during activation of the phygital assets. Players get convenient access to their digitized collection of tabletop games, the possibility to have digital passports of physical figurines, check out digital versions of game rules with the search option, and receive various updates from the developer, including new rules.

4. The service also opens for developers and manufacturers new possibilities in payments proceeding. It's possible now to purchase a tabletop game or figurine for cryptocurrency - this is a way to boost sales.

Product | Product value for potential customers

Startup Caer Sidi

Competition for the startup on the market.

The market of video games is huge. It contains more than 2Bn players, which spend around $160Bn per year. The market of tabletop games grows by around 10% annually, and according to this forecast, it will reach $12Bn by 2023.

There are almost no services on the market for integration of cross-reality features into gaming products. The closest offer is made by tabletop.id, but it hasn't entered the market yet. Other competitors work only in the digital segment.

At the same time, the competition in the market for video and tabletop games is huge. The developers are in constant search for opportunities to monetize their products. They often have to use grey schemes, which leads to deep crisis in the area of digital content.

Caer Sidi offers **Phygital Gate** that allows developers to find transparent ways to monetize their products and get possibilities to further growth. One successful case of integrating phygital assets will create a chain reaction in such a highly competitive market and will motivate all the other participants to use the cross-real integration.

Product | Product value for potential customers

The existing barriers on the market for launching a startup product (legal, technological, etc.) and how does the startup plan to overcome them.

Some barriers prevent entering the market.
The product is still adapting to the market needs and demands of the current customers. We are finalizing the onboarding process for developers and improving our offer.
The goal is to make the onboarding as simple as possible for both the content creators and players.

Technological barriers:
1. Adaptation of the platform to the simplified connection of video and tabletop games, as well as collectible miniatures.
2. Compilation of flow for getting traction from games - which information to take and how to do this correctly.

Legal barriers: EU introduces new laws that complicate the work of marketplaces (GDPR, PSD2). This is a significant barrier for our company because we work in Europe and plan to enter other markets. We have to adapt our business model to demands of regulators.

Key client: The current task is to start working with a big client from the game industry. It's a difficult task and significant barrier because not all the processes are settled properly.

Production: At the moment, we work with two contractors. Still, we are negotiating with manufacturers from China, which could take care of this part.

Logistics barrier: The same as with the previous item, the goal is to form the ecosystem and transfer these tasks to third-party contractors.

Access to clients: To reach B2B clients, we use mostly ABM approach, networking, and participation in professional events. We use mass-marketing for reaching B2C clients + influencers in different game genres.

Product | Lifecycle

Startup Caer Sidi

The product/service got all the certificates and licenses, necessary for starting production and sales.

The beta version of **caersidi.net** is already available. The platform sells products of 3rd-party developers. We have the phygital integration with the cross-real game **Altar: The War of Gods**. The activation system for phygital products has been implemented. The platform supports payments with bank cards and cryptocurrencies. Our site has working customer care. All the necessary legal entities and the Caer Sidi trademark have been registered.

Expert review
Product

Yury Shlahanau
VC Associate
Professional experience

7 — Relevance of the solution
6 — Value for customers
6 — Product Lifecycle

Total **6.3** /10

Recommendations:

The problem is existing and relevant

Gamedev companies are in constant search of additional monetization sources. Phygital assets is one of the most promising directions.

But only big game publishers (like Activision, Sony, Nintendo) have an opportunity to create phygital assets (produce physical and connect them with virtual ones). The others can't afford it and thus lose potential revenue and opportunity to increase gamers' loyalty.

The product is solving the problem

Caer Sidi ecosystem is allowing gamedev companies to connect digital games to the ecosystem. Caer Sidi takes care of manufacturing real-world souvenirs with in-built NFC chips that open unique virtual content. Caer Sidi team helps to connect the product to the distributed registry (based on IOTA) to ensure authenticity and collectability of the figurines.

Questions/risks

1. The entry barrier is not so high, there's no technology gap, the product is not so hard to copy, thus, success on this market depends mainly on the iteration speed;
2. There're already direct competitors including gamedev giants (Nintendo, Activision, Disney).

Market

Market type | Market size | Competition level | Market accessibility

Startup **Caer Sidi**

The geography and sector of startup market.

1. **Germany** is the primary market for Caer Sidi because most of the people from our community are in this country. Also Germany leads in sales of gaming merchandise. According to Steam and Statista, this country is the leader for the number of purchased games (more than 40% of people buy games 2-3 times per year). In Germany, we have 10 ambassadors and 120.000 active community members. The biggest percent of money income during Pre-Sale was from Germany. One of our partners lives here and plans to open our office and work on B2B networking.

2. The next market for us is **CIS** because we need good developers and this region has plenty of qualified development companies. Also, the networking of our top-managers is strong in CIS and the onboarding process becomes simpler - and this is our primary task for the upcoming year to scale the project.

3. We also plan to expand our business to **China**. It's a totally different market, but according to AliExpress, Amazon, and eBay, customers in China purchase twice as more Toys-to-Life than in Amazon and eBay together. More than half of active players ((1.000.000.000+) and views of esports events (500 000.000+) are from Asia. The ecosystem of the game industry has bigger mass adoption than in any other part of the world. China is a starting country for entering the Asian market because the company has partners there.

4. We plan to enter the **USA** market in 2021. For this time, the offer will be checked and adapted as much as possible.

Key players on the startup market.

Figurines and cards Amiibo from Nintendo, interactive figurines Skylanders from Activision, miniatures Disney Infinity, and figurines Lego Dimensions - these are phygital products, released by huge corporations. For 4-5 years already, they help to increase sales, engage users and strengthen brands.

Market growth.

The market is growing

1. According to Steam, the number of game developers grew at 26% in 2018 (7,043 developers in 2017 and 8,923 in 2018).
2. The number of gamers grows rapidly all over the world: +5.6% of active players annually.
3. Sales volume of the toys-to-life products grows annually by 15% ($6.02Bn in 2017 and $6.97Bn in 2018).

Market | Market type

Market rules and ecosystem; how high the risk of scam is.

The market has quite a settled situation, formed by huge game corporations. On the one hand, they set high quality standards for digital and physical gaming products. On the other hand, they have monopolized the gaming market.

According to Newzoo, the top 25 companies get 77.3% of the total market profit ($94.1Bn out of $121.7Bn). Their control over the game market becomes stronger annually. The remaining 22.7% of the revenue is divided between more than 80.000 developers.

This situation is felt in the gaming community as "stagnation". Players definitely look for new impressions, so game developers need new tools to add value to their products in the eyes of end-users.

So, we can say that in this situation the risk of scam is rather low. The need for such a service / ecosystem is already obvious and proven by our customer-development.

Target market structure. Market niches.

Are the market segments formed?
At the moment, this segment is filled only with big development companies, which sell mostly figurines with digital features. Also, we can see here companies like quidd, which sell digital collectibles. Caer Sidi significantly expands the functional possibilities and the whole market segment by building the ecosystem in all realities, not only in physical or mobile.

Is the market infrastructure formed?
Yes, the market infrastructure is formed.

The target audience

Our company has a few portraits of the target audience. Let's describe our clients in general, without details. They are:

- Developers of online games that entered the market and have an active audience of about 100k users (MAU).
- Developers of tabletop games, authors of the DnD-like products where a hero figurine plays a crucial role and has specific characteristics.
- The main buyers are in the B2C audience. According to the current statistics, we have here gamers 22-38 years old, mostly men (80/20). Their location depends on the products connected to the platform. At the moment, we have users mostly from Germany and Britain. In the near future, we plan to expand our coverage into China.

Sales potential

For each game, we prepare a series of a few figurines. If users collect five of them, they get another one as a special gift. So, one game gets at least five purchases of assets from such a series because users are motivated to get the additional content.

According to AppAnnie and Statista, 7.7% of players purchase game-related souvenirs. With the minimal expectations of 100.000 active players, around 2.310 people will collect the whole series (we use a half-reduced coefficient in our calculations). So, 100.000 users in the audience, 30% of them purchase 4 games and 7.7% purchase merchandise. Thus we have 2.310 players that purchase 60 merchandise products from different games. The number of sales is around 138.000 for 100.000 active players per year. We always use a half-reduced coefficient in our calculations, so the final result of our calculations is 69.000 sales per year with the minimum audience.

Here we demonstrate monetization only through selling merch from the game. We don't mention other monetization methods but describe only our current focus, which allows scaling the project as soon as possible.

Market| Competition level

Main competitors.

Nintendo, Sony, Blizzard Activision, and Disney use the technology of cross-reality for quite a long time, earning with them hundreds of millions (more than 614M cross-real figurines were sold in 2018). Still, big companies use this technology only for their products.

Contractors and how much the startup depends on them.

At the moment, we work with two contractors that manufacture phygital products, one contractor that develops the front-end part of the service and our applications for iOS and Android. Our in-house specialists work on the server, product, marketing, business, and legal parts.

This dependence on external contractors is small and can easily be supplemented or replaced. We communicated with manufacturers from China, who presented their services at Spiel'19, the largest exhibition of board games and game miniatures (Essen, Germany), and Caer Sidi aroused great interest. They offered us excellent conditions for cooperation, the high quality for products, and almost unlimited possibilities for the production scaling.

Possibilities for clients to influence the project, for example, dictate the price and volume of production of the startup's product.

Such a situation is hardly possible. Quite the contrary - the clients will try to catch up with each other, integrating features of cross-reality into their projects. This will cause a chain reaction, and, as a result, the explosive growth of the phygital and cross-reality market.

Customers loyalty to substitute products and the share of substitute products on the market.

In the B2B segment, loyalty is minimal or even it is totally absent because, at the moment, we don't have working services. In the B2C segment, loyalty is determined by the game project that the end-users are passionate about. This loyalty will only play into the hands of our service because sales of phygital products will not take long.

Events, their frequency and content that project conducts to assess the level of competition.

To assess the level of competition we do permanent market monitoring, work with analytical agencies, business development, and customer development both online and offline. Also, we participate in startup conferences where get feedback from experts in various fields.

Market | Market accessibility

Access to customers.

We are developing the B2B service to make the onboarding process simple to the max with the possibility to complete it remotely.

How strong the market is protected by competitor patents.

The market is not protected by any patents. We use publicly available technology and our own software solutions.

How high the technological level of the startup is in comparison with the market.

The service is at the forefront of technological innovations. The team has internationally recognized experts, in particular, in building decentralized systems. Also. the team is highly competent in implementing IT solutions into offline business and creating enterprise products of the world-class, in particular, e-commerce sites and exchanges. Almost all the team members have extensive gaming experience, which helps to identify the demands of our customers and create a truly valuable product.

Market distribution system.

The distribution system is perfectly developed in the game industry. The creation of gaming products has always been associated with high technical competencies and inexhaustible requests from users. This leads to the development of various distribution and integration systems.
One of the startup's tasks is effective usage of those resources that already exist in the market.

Market rules of the «game». Startup compliance with these rules.

The current situation in the industry creates a high demand for our startup. For example, big fees of the game stores make developers use some dirty methods to monetize their products and allow the internal game economy to work properly. Such an attitude does not help to build a successful business from a long-term perspective. It leads to a crisis because this strategy does not develop the company and does not make it more valuable for the users.

Our service gives new possibilities for growth for most game companies. Also, Caer Sidi opens new experience and tangible value for their users - without any need to change the current situation in the industry.

Yury Shlahanau
VC Associate
Professional experience

9 — Market type
8 — Market size
9 — Competition level
7 — Market accessibility

Total **8.25** /10

Recommendations:

The market is big & growing

There're 2-2.4Bn active gamers in 2019, projected to grow up to 2.7-2.8Bn in 2021 (7-8% CAGR). Currently there're 5000+ gamedev studios.
Gaming industry is a $150Bn+ market with 8-13% CAGR. #1 market is the US ($36.9B), $2 is China ($36.5Bn).
As industry experts state, merchandise is the Next Big Game Monetization Strategy. More players are apt to show off their game fandom in real life (25% of gamers buy merchandise at least once, 7.7% do it regularly). Merchandise and collectables represent part of a $13 billion industry in the US.

Competition is not hard, there's a potential for blue ocean.

Big guys have their similar products but they are focusing on their titles only and are not about to make platforms open-source.
Small and mid-size studios can work with services like Happy Worker (13.2M est revenue), FanGamer (750K monthly unique visits), or iam8bit (150K monthly unique visits). They've work with game developers to create custom merch from figurines to plushies. Some of them also provide marketplaces for products. But it's all about only physical assets without phygital experience.

Questions/risks

1. The main question is the team's geographical expansion plan. The guys are planning to start US expansion only in 2021 so they're providing their competitors with 1.5-year gap to develop their alternative products and sign most of the key US customers;
2. At the current stage the guys are highly dependent on their suppliers;
3. Videogames market distribution system is well-established but a third-party distribution system of phygital assets is another story - there're no analogues now and the company will have to build it. It's a risk and an opportunity at the same time.

Business model

Value creation | Value proposition

Business model | Value creation

Startup Caer Sidi

Process of designing, testing and prototyping the product.

We have our own process of creating services. It can be expressed is the following sequence:
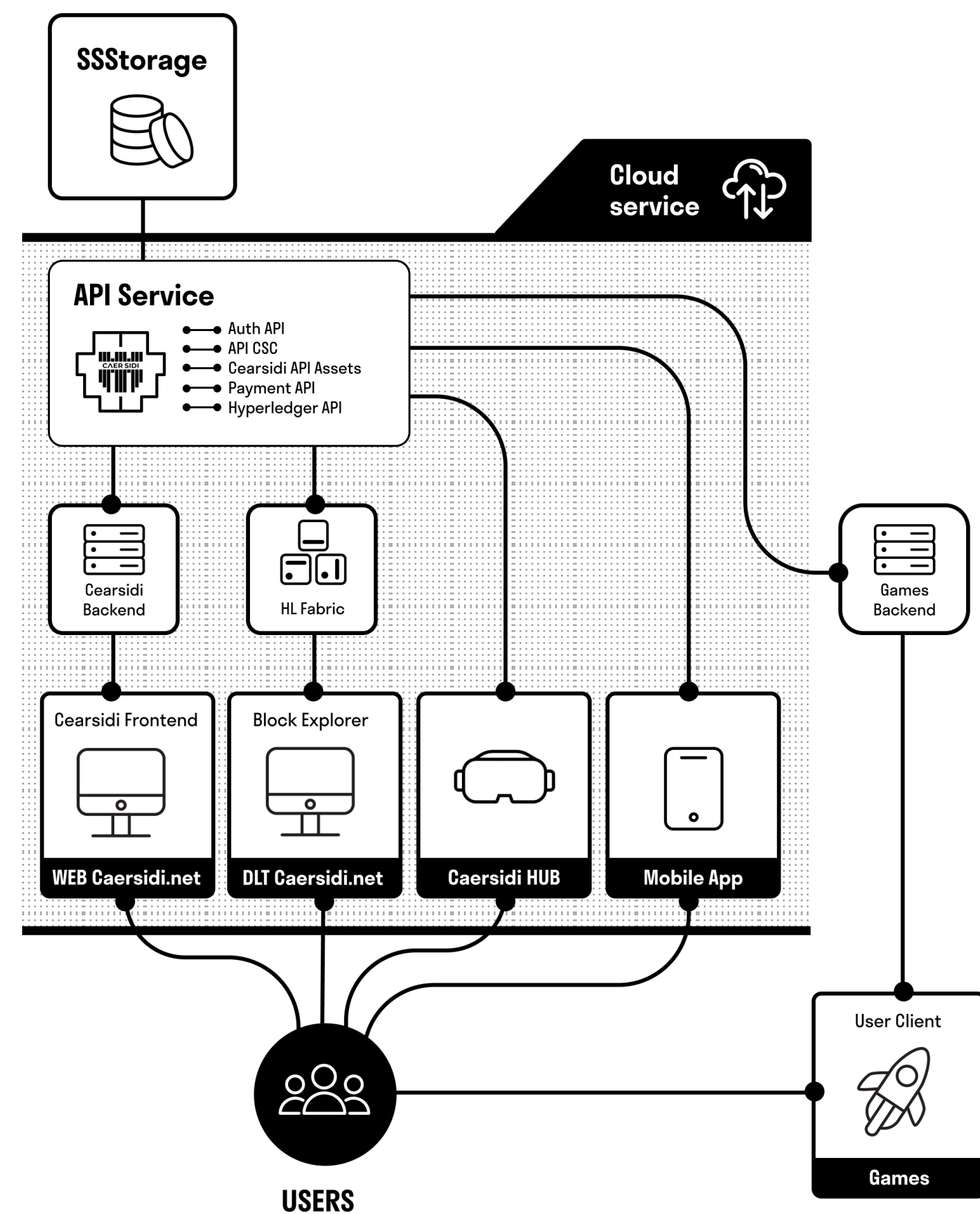1. Visionaries give ideas;
2. The marketing department validates them;
3. The team works on the marketing analysis and customer development with the help of our existing community;
4. Competitor analysis;
5. Business analysis;
6. Creation of top-level product documentation and user stories. Compilation of the roadmap;
7. Prioritization of features for MVP;
8. Evaluation and budgeting;
9. Creation of prototypes in Figma;
10. Making test cases and technical requirements;
11. Development of the back and front parts;
12. Testing;
13. Deploy;
14. Marketing release and publication of the roadmap.

Business model | Value creation

Components production \ External suppliers of components.

The IOTA Foundation is our official technological partner. They develop technologies for mass adoption of IoT and, in particular, the distributed registry technology Tangle. Caer Sidi will store all the history of phygital figurines in this type of DLT.

Hyperledger is an open distributed registry where Caer Sidi stores all the transactions of the service. This technology makes the service transparent for 3rd-party game developers and manufacturers of figurines.

Amazon Web Services (AWS) has been chosen for hosting our services. It's the most flexible and protected environment for cloud calculations.

API Microservice - we use this service to give access to our platform. It's responsible for all the tasks associated with receiving and processing API calls, including authorization, access control, and monitoring and synchronization of assets.

SS Storage is a service for storing and managing our internal currency, Caer Sidi Credits (CSC), the user inventories, asset transfers, along with unpacking, activating, and transferring data on the transactions to Hyperledger.

Fondy is a payment system that allows proceeding payments through bank cards. It works in the EU and CIS.

Nikonovich Studio is our production partner, known for celebrity figurines. The studio develops and manufactures figures with NFC and other phygital products.

Business model | Value creation

Logistics system.

For important communications, we use our corporate **G-suite**. For fast interactions between the team members, we use **Telegram**.

Caer Sidi uses **Confluence** for keeping documentation. It works in tandem with the task manager **Jira**.

The time tracker **Hubstaff** helps to monitor the work of employees. A grading system and monthly KPIs have been introduced to the team.

To control the budget and vacations, we use **CRM Odoo**.

Some external providers help us with logistics. Physical products are delivered to end-users through dropshipping.

Sales (distribution) system.

Access to clients
- To reach B2B clients, we use mostly ABM approach, networking, and participation in professional events.
- We use mass-marketing for reaching B2C clients + influencers in different game genres.

Sales systems
We already use our own system for selling digital and phygital products - **Caer Sidi Store**. Also, we work on the gamified involvement and sales system - **Caer Sidi Hub**.

The development of our sales systems is a long-term goal for the service. For the near future, we plan to use some existing services and gradually attract customers to our own.

Customer support, additional services and services to the customers (plans).

We already have our Customer Success service that works 8/5. We plan to strengthen it with the department of Account Management and Sales.

Business model | Value proposition

Difference between startup's value proposition and proposals of competitors.

USP of the product

For the developers:
- boost of the game monetization;
- a noticeable advantage over competitors;
- additional tools for analytics and access to the audience;
- no need to worry about payments, logistics, shipments, or customer support;

For players:
- unique game content;
- merch from favorite games has real value and exciting features, it's more than just souvenirs on the shelves;
- it's so convenient to share phygital collections with online friends (for example, in a trophy room of Caer Sidi Hub);
- figurines give quick access to in-game achievements, statistics, and history of the account;
- the collectible value of figurines is proven and supported by DLC.

Price of startup's products in comparison with the prices of competitors' products.

At the moment, similar products from the largest market players are significantly cheaper (2 times on average) due to their streamlined mass production. Still, we could get better quality and uniqueness from our   .

Most likely, we will offer our B2B clients various options of integration phygital products, depending on the audience of their projects. For both B2B and B2C clients, we will offer the most effective combinations of price, quality, and uniqueness. To implement such an attitude, we are negotiating with various manufacturers, which will be able to cover all the needs of our service in cheapness, production volume, and uniqueness of the products.

Business model | Value proposition

Startup **Caer Sidi**

Frequency of purchases and plans to increase it.

Increasing purchase frequency

1. The collectible aspect motivates making more purchases. We will release a series of figurines for one game, so players can get a special bonus after collecting all the series.

2. It's possible to produce series of merchandise for clans, factions, or coalitions - when all the objects are collected, the owner gets a particular skin, flag, or even a castle for the community.

3. The platform can get various gamified features, such as an achievement system or experience levels for the accounts.

4. Players will be able to demonstrate their collections to other Caer Sidi users in our communication space, Caer Sidi Hub. Competition is good moving power.

5. Collectors can be motivated by the internal ranking system.

6. We remove all the barriers in the payment process - Caer Sidi users make purchases in a few clicks through various methods, such as Visa/MasterCard and cryptocurrencies (we need only to add PayPal).

Potential audience and the number of potential customers.

The number of potential customers of the product:

- 2.2Bn players around the globe (B2C);
- around 400 game development companies register on Steam with at least one game each quarter, and for now, this is an impressive number of more than 9.000 developers (B2B);
- according to Statista, App Store offers 903,489 gaming apps, and GooglePlay has 349,563 games in 2019 (B2B).

Payment process (+ in comparison with competitors).

Even now, the payment on Caer Sidi is simple enough but we prepare a new flow that will reduce the process by at least two clicks. The users have the possibility to pay with cryptocurrency. We will provide our clients with API to integrate into their products the internal currency of the service - Caer Sidi Credits (CSC).
We can say that the service is already quite competitive from the point of payments.
In the future, we plan to increase the available number of payment methods.

Expert review
Business model

Yury Shlahanau
VC Associate

Professional experience

8 — Value creation

7 — Value proposition

Total **7.5** /10

Recommendations:

Current business model is a classical **revenue share**. It's not a bad choice for the beginning but in perspective it'll be great to transform the model into some hybrid one (rev.share + SaaS or marketplace) to achieve higher operating margin and scalability.

The whole business process is well-established and there're no parts (except figurines production) that are currently dependent on suppliers.

It's clear how the company can achieve recurring revenue, and it's a good sign.

Questions/risks

The main risk is the current pricing strategy. I'm not sure that it's possible to make a scalable story on elite high-quality figurines (especially taking into consideration that the main customers are not giant gamedevs but middle-sized ones). I think that the main potential can be reached by expanding into more "mass-market" segment.

Team

Technical experience| Product experience |
Business & marketing experience

Team | Technical experience & competencies

Startup **Caer Sidi**

Sergey Ivancheglo

Co-Founder, Architect

in

Sergey is a well-known software developer with more than 15 years of professional experience. He is a co-founder of NXT and IOTA, the most profitable crypto-projects in history - 120k% and 60k% ROI. Also, Sergey co-founded the company JINN Labs that develops innovative hardware solutions, such as the ternary processor JINN for decentralized calculations.

Dmytro Kolesnik

PMO

in

Dmytro is a manager of IT projects with 15+ years of experience. Including in bank and insurance. He has experience in selling web-solutions, integration of IT-solutions into large companies (BI, ERP), and creation from scratch a cryptocurrency exchange that reached top-30 positions and has a daily turnover of several million dollars.

Team | Product experience & competencies

Startup Caer Sidi

Alex Petukh

Product Manager

in

Alex has 5+ years of experience in the Internet and offline marketing and advertising. He is a producer of commercials for international and local brands (Lays, MTC, Lacalut, Karcher, Electropower, Bellact, Atlant, BSB Bank). Also, Alex has more than 5 years of professional experience in IT entrepreneurship. He is a co-founder, CEO, and game designer of the first role-playing poker game Lord of Poker. As a business analyst and PdM in the fintech startup SociumTrade, Alex worked on the development of a messenger and professional social network for traders and investors.

Vladimir Sedluho

Senior UI/UX Designer

in

Vladimir has more than 12 years of experience in design, including graphic design, 3D modeling, motion design, concept art and illustration, VFX, and game art. In the last 5 years, he works on UI/UX of websites and mobile applications as Senior Designer and Team Lead in the largest e-commerce projects and fintech startups of CIS. In Caer Sidi, Vladimir is responsible for developing the concept of design and product style, user experience design, and formation and support of the design system.

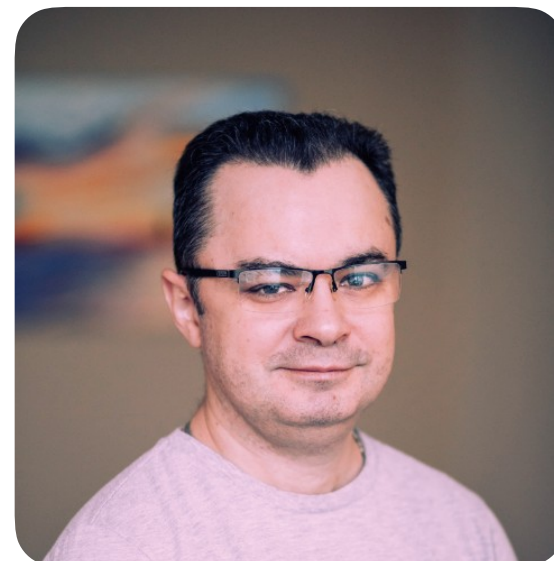# Team | Business and marketing experience & competencies

Pavel Shlapak

Co-Founder, CEO

in

Pavel has 15+ years of professional experience in team and company management, marketing, finance, and integration of innovative IT solutions into business projects. On the top-level positions, Pavel worked at such companies as Intercar Ukraine and Atlant-M Holding, and on such blockchain-based projects as Exrates, Epica, Bitrent, Poder, and Silença Tech. He owned the architecture studio BiArch. Pavel is enthusiastic about games and XR/AR/VR technologies.

Valentin Trizno

Co-founder, CFO

in

Valentin has 10+ years of experience in financial management for both startups and large companies: Atlant-M Holding, Orexim Group of Companies, Ukraine Media Group, etc. He was the owner of a mobile app development business.

Maxim Tiseyko

Business Developer

in

Maxim is a professional Business Developer and Marketing Specialist with more than 2 years of relevant experience in the development of new business opportunities and 5 more years in the marketing of gaming-oriented products on the international scale. He is responsible for the crowdfunding success of the Feelreal project (over $160k gathered). As a marketing specialist, Maxim successfully promoted and launched several games, and established personal contact base with Tier-1 worldwide IT journalists, and top YouTubers, resulting in successful publications in Forbes, Entrepreneur, VentireBeat, Engadget, etc.

Team

Yury Shlahanau
VC Associate

Professional experience

9 — Technical experience
6 — Product experience
8 — Business experience

Total **7.6** /10

Recommendations:

The founding team is really great - it consists of experienced entrepreneurs with track record and I think it's the main factor raising investment attractiveness of the company.

The only concern I have is lack of gamedev or near-gamedev experience in the founding team.

Rocket DAO

We evaluate startups & introduce
them to investors.

Rocket DAO startup evaluation

This report provides preliminary evaluation based
on the methodologies developed by a decentralized Rocket DAO expert
community. It also includes expert recommendations to the project.

December 2019

rocketdao.io