

How One Startup Went From Almost Shutting Down to Raising More Than \$1 Million

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Raising capital is one of the most difficult stages in a startup's journey. Not only do entrepreneurs need to locate and pitch investors, they are often exposed to macro-market movements that can dry up capital when industries experience times of stagnant growth. Since 1929, there have been 28 boom-and-bust cycles in traditional markets, with countless others in more nascent markets. This volatility provides an equal amount of challenges as opportunities for dedicated entrepreneurs.

The blockchain industry is no exception, having veered from surpassing early stage VC funding in 2017 with \$4 billion raised to a complete collapse in 2018. The impact of this crash lasted over two years, with many entrepreneurs closing shop or giving up. For the lucky ones who could bootstrap their projects, things slowly started to improve as 2020 brought new momentum for the industry in the form of decentralized finance.

For companies like RAMP DEFI and CEO Lawrence Lim, launching a company in 2019 in the middle of a bear market was a challenge, especially when dealing with investors. After a rocky start in 2020, the team went on to raise in excess of \$1 million, with their round oversubscribed 15 times by investors wanting a piece. All of this happened in less than

nine months, and Lim was kind enough to share his company's story and his biggest takeaways for aspiring entrepreneurs facing difficult situations.

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1. Focus on building through adversity

Startups can't always control the market they are in, but they can control how much time and effort they dedicate to making things work. For RAMP, 2019's bear market provided a chance to refine their product market fit and learn how to build on a tight budget. They took their product to investors in early 2020 who showed limited interest, and the team did not succeed in its fundraising efforts. Then, Covid-19 happened and the world was flipped upside down.

Lim explains, "RAMP started prototyping financial derivatives products for digital assets in late 2019, sensing that beneath the struggling industry, there was a massive opportunity on the horizon. We bootstrapped and self-funded product development, which is not easy as the team does not hail from affluent backgrounds. We had many moments of doubt, but when you believe your vision and the market you are serving, it becomes easier to power through tough times. "

2. Try to solve your own pain points

As funds were passing on RAMP's initial pitch, the DeFi industry was starting to take shape, and early signs of a DeFi revival came in early Q2 2020. Lim and other key company executives fully immersed themselves in the industry, as it included many aspects of what RAMP looked like early on. The

team invested and discovered firsthand that the immature industry had significant opportunity costs attached, as capital was often restricted based on various interest-bearing programs, such as staking and fixed term loans, which gives investors bond-like returns over a period of time.

Lim says at this moment a “lightbulb went off” and the team realized their initial thesis was correct in relation to this new DeFi structure that was emerging, but needed a last tweak in design. “We finally had a chance to validate our thesis personally against real-time pain points,” he explains. “When in doubt, try to build from a place of a personal problem and be the one to offer a solution to that problem.”

3. Little actions can make a big difference

Sometimes the smallest actions can end up being catalysts for a startup’s growth. Think of all of the success stories that were born out of chance encounters, small actions or just taking a chance when nothing else seems to be working. For RAMP, this new realization led to some strategic business pivots to align with what the team experienced as active market participants.

The team renewed its prototyping efforts in this new direction and also shared this realization as a blog post on Medium. With no marketing done, that one Medium article was somehow discovered by several VCs and was spread rapidly within the VC community. Shortly after, influencers started inquiring publicly about the project. This one article changed the fate of the company as it was published at the perfect time and seen by the right people.

That’s why Lim advises, “When in doubt, just go for it. Don’t be afraid to stand behind your idea, and interact with your prospective market for immediate feedback. It is the fastest

way to rapidly iterate product market fit,” states Lim.

4. Create win-win scenarios with smart investors

One common fallacy in the startup industry is that all VCs are good, and if they want to invest, startups should take their money. But many times, VCs will chase projects that have hype, without taking a genuine interest in a company or overlapping strengths. The best investors tend to be strategic investors that are excited to add value beyond cutting a check.

Lim says, “Strategic investors helped us a lot during our private sale process, which ended up significantly oversubscribed. Beyond investing, our strategic investors have helped with valuable business connections, striking partnerships, marketing plans, product development and everything in between.”

For entrepreneurs hitting a wall, remember that having the right product market fit will eventually lead to a paying customer or interested investor. The key is to stay persistent, choose the right partners and find investors that share your long-term vision.

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