DC7 ◆ SEA

What DeFi Founders Can Learn From Web2

ether.fi

My Background: Bought some Bitcoin back in 2011

PayPal logo

Apr 16, 2011 12:54:26 PDT
Transaction ID: 49414244EJ6373842

Hello vecheslav silagadze,

You sent a payment of $22.15 USD to Hendricks Solutions (service@ndrix.com)

It may take a few moments for this transaction to appear in your account.

**Merchant**
Hendricks Solutions
service@ndrix.com

Instructions to merchant
You haven't entered any instructions.

Shipping address - unconfirmed
vecheslav silagadze
Accelerator Centre, Miovision Technologies
295 Hagey Blvd.
Waterloo Ontario N2L6R5
Canada

Shipping details
The seller hasn't provided any shipping details yet.

Description	Unit price	Qty	Amount
20 BTC to 1GYL9nJvmEA41KBJeNdWisamPFmpExcHCZ Item# 6c48de565c53a7e9ccb6c66bf243e2e3	$22.15 USD	1	$22.15 USD
		Subtotal	$22.15 USD
		Total	$22.15 USD
		Payment	$22.15 USD

My Background: Founded Top Hat

TOP HAT
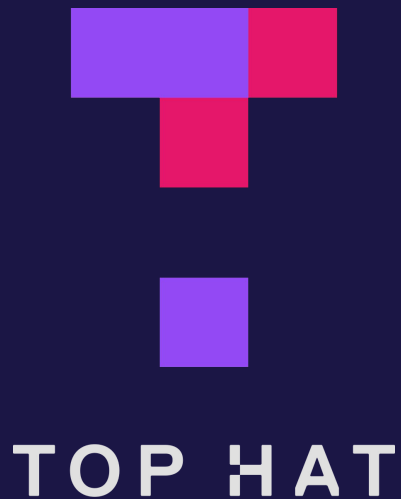
- 10 (hard) years

- $65M SaaS revenue

- 450 employees

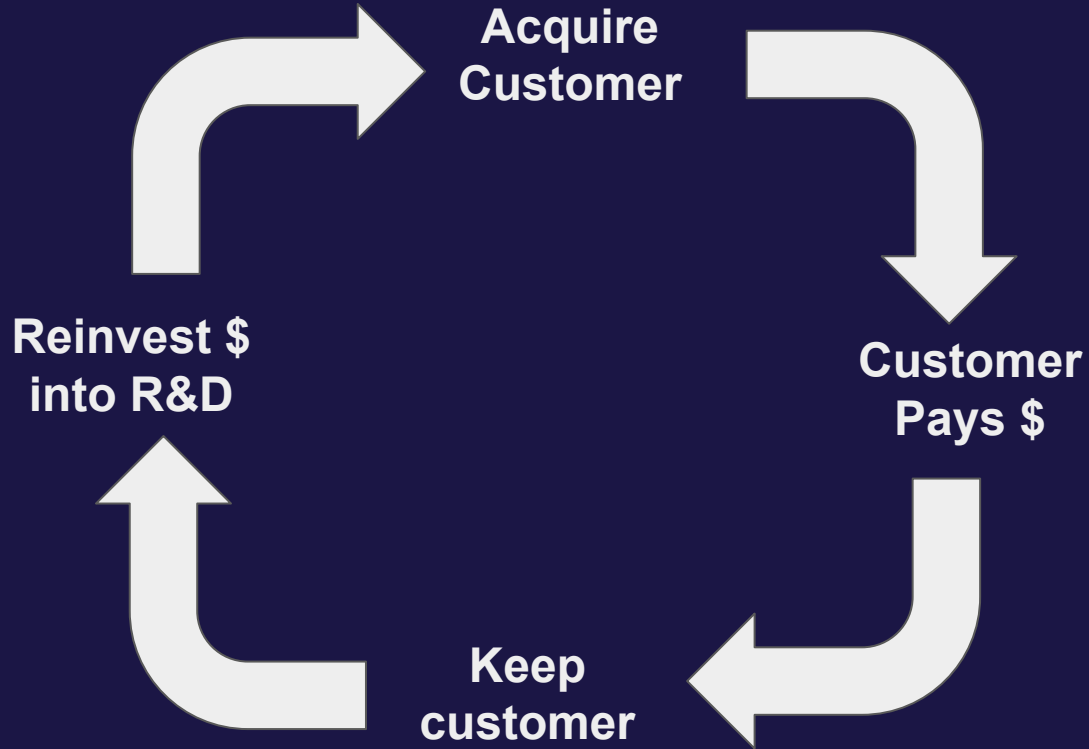- 2021 exit

My Background: Founded ether.fi

- Founded 2022

- >$8 billion TVL

- 4th largest DeFi project

- $30M revenue

Key to ether.fi success was taking discipline from web2 operations into DeFi
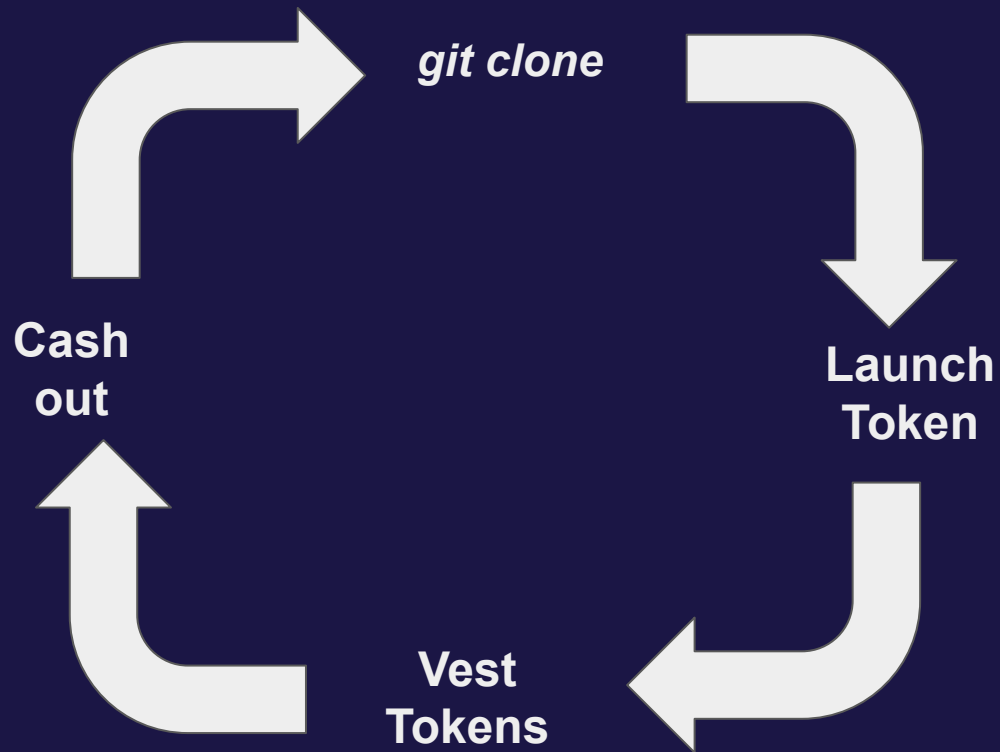
The Problem With Crypto

The **curse** of crypto is too much gambling $$$ in the space, crowding out real product development

Web2 SaaS Cycle

Web3 SaaS Cycle

The Problem With Crypto

The main business model in crypto is printing casino chips and taking a rake.

This is why we can't have nice things in crypto.
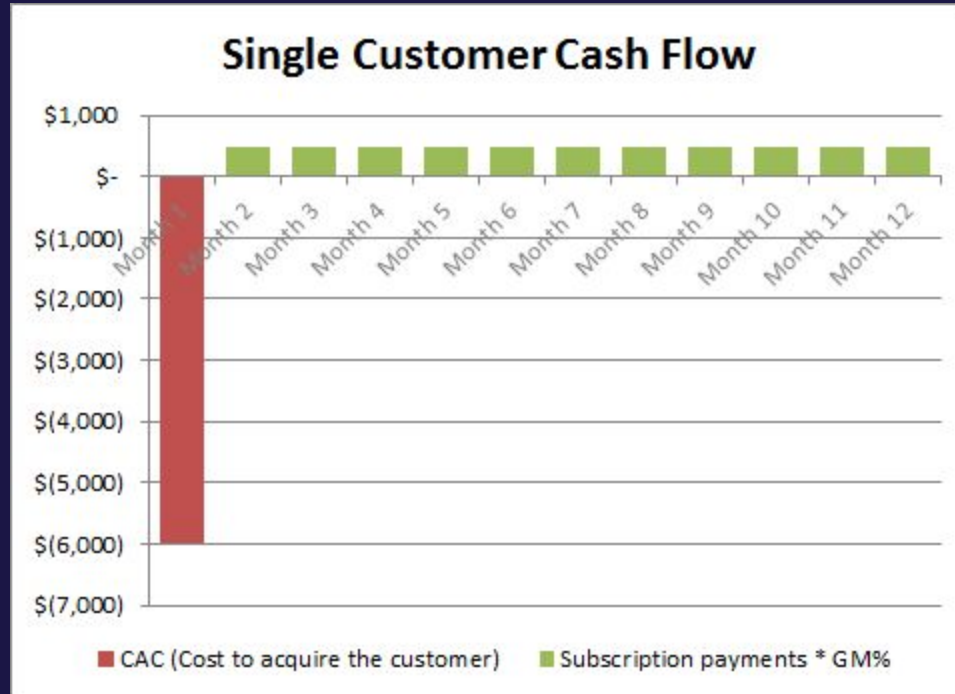
Two Minute Unit Economics Primer

The science of SaaS businesses helps you answer:

Is your project/business viable or is it a ponzi?
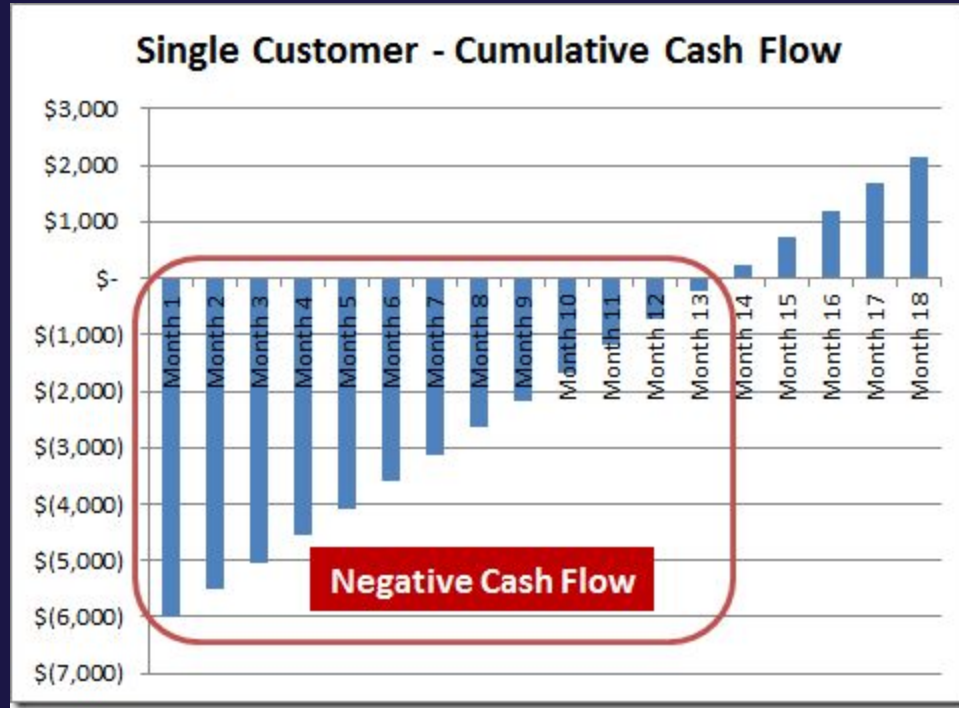
Two Minute Unit Economics Primer: Definitions

Term	Meaning
CAC	Customer acquisition cost
ARPU	Average revenue per user
Churn	Retention rate of customers
Net dollar retention	Retention rate of revenue cohort
LTV	Lifetime value

Two Minute Unit Economics Primer: CAC

*Credit to David Skok, Matrix Partners
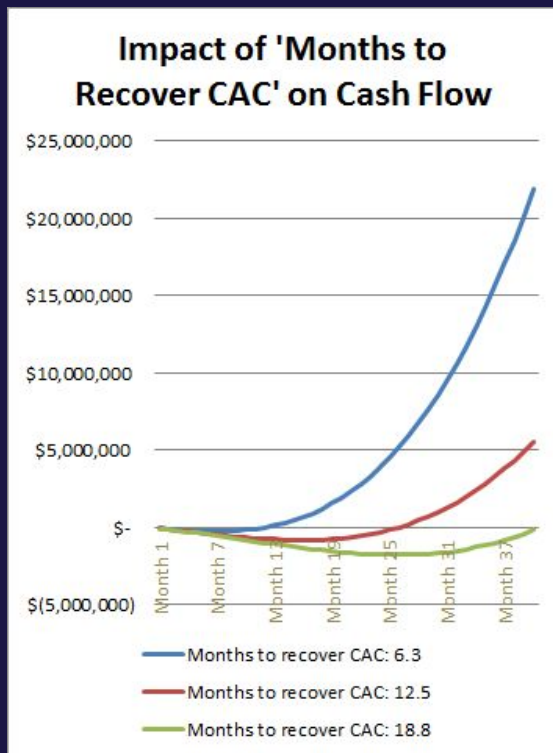
Two Minute Unit Economics Primer: Cash flows

*Credit to David Skok, Matrix Partners

Two Minute Unit Economics Primer: Key metrics

Metrics	Benchmark
LTV/CAV	Needs to be >3
Payback period	Needs to be <12 months

Two Minute Unit Economics Primer: Key metrics

Impact of LTV/CAC and Payback period on growth is massive!
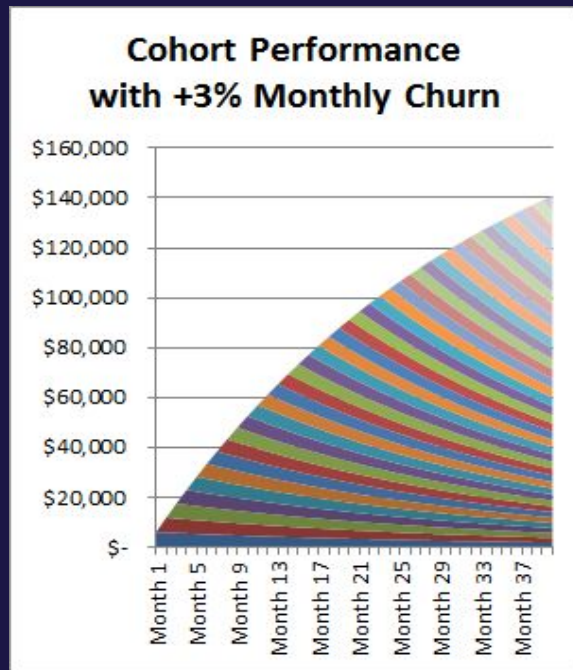
*Credit to David Skok, Matrix Partners

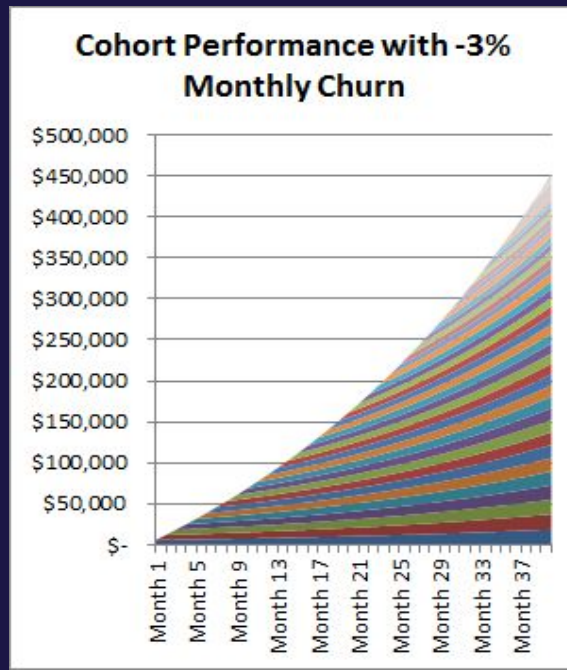**Two Minute Unit Economics Primer:** Customer churn

Growth **within customer base** must be higher than revenue lost due to customer churn

Two Minute Unit Economics Primer: Customer churn

Growth with high churn

Growth with negative churn

Cohort Performance with +3% Monthly Churn

Cohort Performance with -3% Monthly Churn

*Credit to David Skok, Matrix Partners

Summary

You need to **measure your key metrics**, or else you have no idea if you're building a viable project

There is a **real science** to building businesses/projects that are sustainable

Thank you