

Name & ID:

Please provide comprehensive answers to each question.

INFO5992 Understanding IT Innovations

Tutorial 10 Worksheet

Deaths by J-Curve

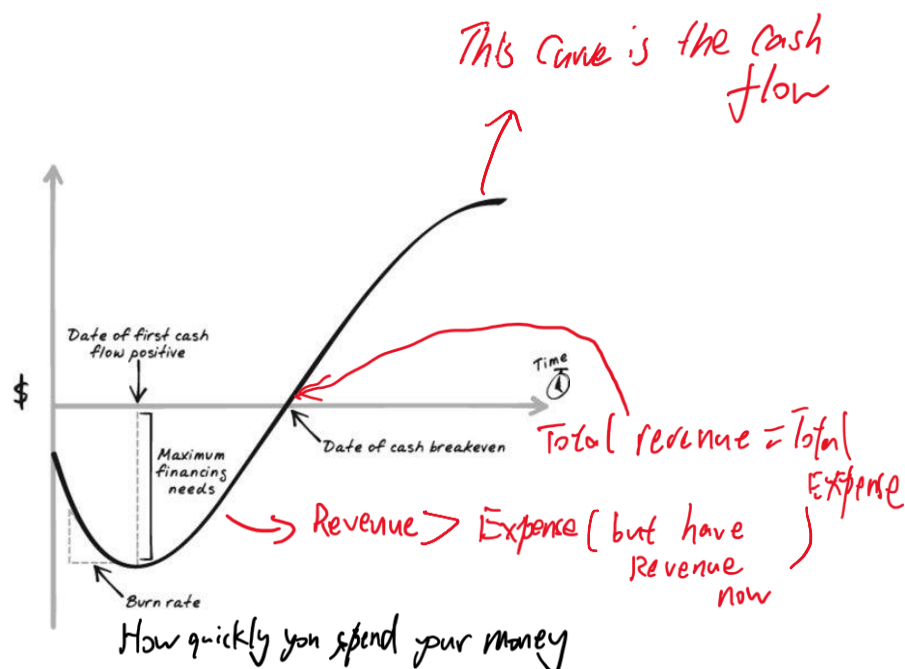
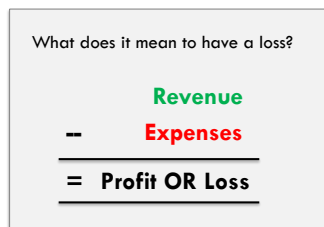
Reference information:

1. 'Australian neobank Xinja throws in the towel'
2. 'False promises and the story of Xinja's decision to exit banking'
3. 'Google parent kills off project loon'
4. 'Quant Trading Platform Quantopian Closes Down – Bloomberg'
5. 'Seattle cybersecurity startup Rubica shuts down after running out of cash'

How did these start-ups fail?

The Valley of Death – “The J Curve”

Massive losses in early-stage startups



Recall this figure from the lecture. Every start-up goes through the valley of death in the J Curve. Most start-ups fail in the valley of death. Today, we will examine 4 such examples and try to unravel why they failed in the Valley of Death.

Question 1: For each company, try to figure out why they failed to raise more funding to keep them going.

Answer: Xinja: CEO leave; loss customer's confidence; Quantopian: Revenue is not enough, did not attract users; Project loon: cost is very high, no profit; Rubica: covid-19; founder does not provide funding due to covid-19; human source is limited

Question 2: Based on the failed cases of the 4 companies, what do you think is the most common reason for a start-up to fail?

Answer:

- No sustainability
- does not understand customer
- Uncertainty: Covid-19