Web3 Startup Case Studies: Success Stories & Lessons

Case 1: HyperLiquid - The Anti-VC Success Story

Founder: Jeff Yan
Background: Gold medalist at International **Physics** Olympiad (2013), Harvard graduate, quantitative trader at Hudson River Trading
Founded: Post-FTX collapse (2022)

The Problem They Anchored

After FTX collapsed in November 2022, there was a massive gap in the derivatives exchange market. Users lost trust in centralized platforms but existing decentralized alternatives were slow and expensive.

The Pivot

Jeff Yan pivoted from a successful quantitative trading career to building HyperLiquid - a fully decentralized perpetuals exchange that could compete with centralized platforms on performance.

Initial Funding & Unique Path

- **Bootstrap Only**: Self-funded using profits from his trading company
- **Zero VC Money**: Deliberately rejected venture capital to maintain independence
- **Lean Team**: Kept team at just 10 people
- **Philosophy**: "True progress comes from building products people actually use, not from inflated valuations"

First Success

- Built custom Layer 1 blockchain optimized for trading
- Achieved over $10 billion in daily trading volume
- Launched HYPE token in November 2024 with 31% allocated to users based on trading activity

Facing Competition

- Competed against Binance, Bybit, and other giants
- Differentiation: 0% fees, full decentralization, superior performance
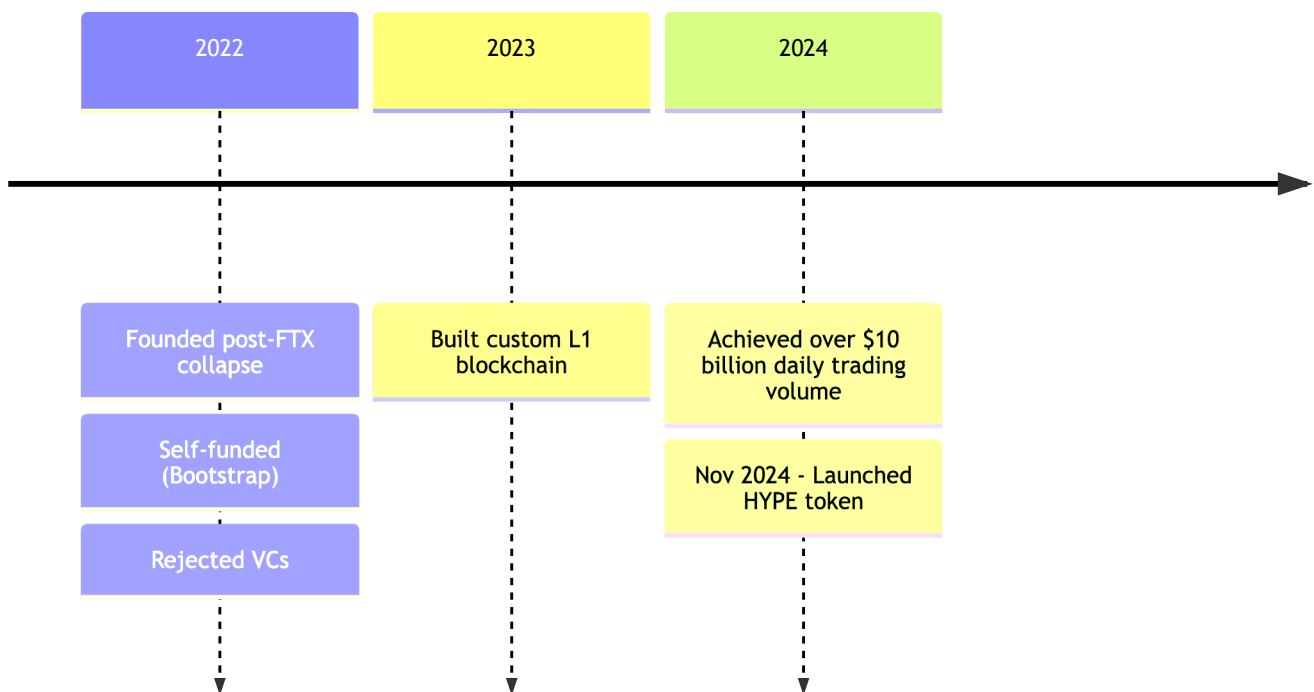- **Key Strategy**: Outperformed Binance's 10-year growth in just 2 years

Team Building

- Started solo with former Harvard classmate Iliensinc as co-founder
- Kept team extremely lean (10 people total)
- Focus on technical excellence over rapid scaling

Key Characteristics:

- Anti-VC mindset
- Community-first token distribution
- Technical perfectionism
- Bootstrap sustainability

HyperLiquid's Journey

2022	2023	2024

- **2022**: Founded post-FTX collapse / Self-funded (Bootstrap) / Rejected VCs
- **2023**: Built custom L1 blockchain
- **2024**: Achieved over $10 billion daily trading volume / Nov 2024 - Launched HYPE token

Sources:

- https://www.panewslab.com/en/articles/24vs7xe6

- https://www.blocmates.com/news-posts/founder-jeff-yan-explains-why-hyperliquid-said-no-to-vcs-and-still-won-big
- https://hyperfnd.medium.com/2024-in-review-28c472091320

Case 2: Animoca Brands - The Web3 Berkshire Hathaway

Founder: Yat Siu

Background: Started at Atari Germany (1990), founded Hong Kong Cybercity (first free web/email provider in Asia), founded Outblaze (sold unit to IBM)

Founded: Initially as mobile gaming company, pivoted to Web3 in 2017

The Problem They Anchored

Traditional gaming companies own all user assets. Players spend money but never truly own anything. Digital property rights don't exist in Web2 gaming.

The Pivot

2017: Pivoted from traditional mobile game developer to blockchain/NFT gaming

- "We saw NFTs and the ability to own digital equity, and it just felt right" - Yat Siu
- **2018**: Became strong advocate for integrating blockchain and NFTs in gaming

2024 Pivot: Advisory overtook traditional Web3 business

- Advisory unit: $165M (116% YoY increase)
- Traditional Web3 business: ~40% YoY drop from $182M

Initial Funding

- Started as Outblaze incubation project
- Pivoted existing company rather than raising fresh capital
- Later became one of largest Web3 investors (540+ portfolio companies)

First Success

- Became "Berkshire of Web3" through aggressive investment strategy

- Built portfolio of major Web3 gaming companies
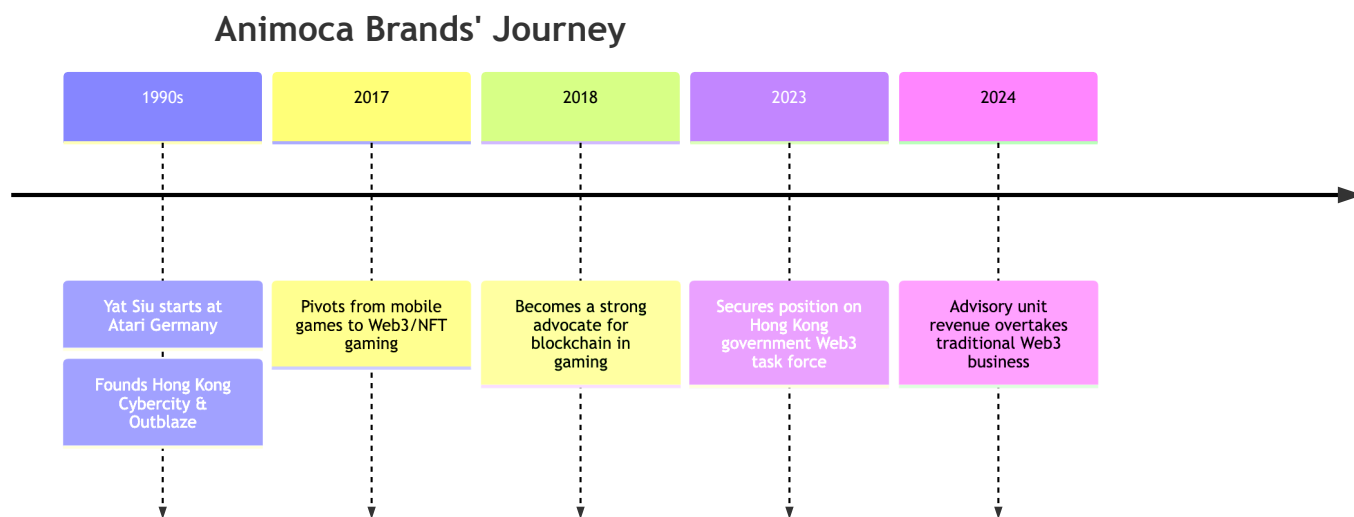- Secured position on Hong Kong government Web3 task force (2023)

Facing Competition

- Competed in crowded gaming space by focusing on digital property rights thesis
- Differentiation: Investment platform model rather than single product
- Built ecosystem of portfolio companies supporting each other

Team Building

- Evolved existing Outblaze team into Animoca
- Hired Art Malkov as CMO
- Focus on investment team rather than product development team

Key Characteristics:

- Vision-driven pivot
- Portfolio/investment approach
- Government partnerships
- Long-term digital property rights thesis

Animoca Brands' Journey

1990s	2017	2018	2023	2024
Yat Siu starts at Atari Germany	Pivots from mobile games to Web3/NFT gaming	Becomes a strong advocate for blockchain in gaming	Secures position on Hong Kong government Web3 task force	Advisory unit revenue overtakes traditional Web3 business
Founds Hong Kong Cybercity & Outblaze				

Sources:

- https://www.coindesk.com/web3/2025/03/05/animoca-brands-advisory-overtook-web3-businesses-in-2024-as-the-yat-siu-led-firm-pivots
- https://www.thestreet.com/crypto/markets/berkshire-of-web3-animoca-brands-founder-on-the-future-of-crypto-and-ipo-plans

- https://coingape.com/animoca-brands-yat-siu-on-web3-gaming-nfts-mocaverse/

Case 3: ZeroDev - The Account Abstraction Pioneer

Founder: Derek Chiang
Background: Started in Nethermind Internship Program learning EIP-4337
Founded: 2022, based in New York

The Problem They Anchored

Web3 user experience is terrible: users need to manage seed phrases, pay gas fees, approve transactions, and understand multiple chains. Mass adoption impossible with current UX.

The Pivot

Focused exclusively on ERC-4337 account abstraction after Vitalik promoted it in 2022. Built "wallets as a service" infrastructure.

Initial Funding

- **Seed Round (Oct 2023)**: $500K from Y Combinator
- **Total Raised**: $1M from a16z, YC, 6th Man Ventures, Orange DAO, Press Start Capital
- Joined Y Combinator batch

First Success

- Managed over 5 million smart accounts across EVM chains
- Secured major clients: Infinex, DeFi.app, DIMO, Crossmint, Yellow, Rodeo
- Built reputation as leading AA infrastructure provider

Facing Competition

- Competed against Pimlico, Biconomy, Alchemy
- Differentiation: Developer-first SDK, comprehensive documentation, modular approach

Major Exit

August 2025: Acquired by Offchain Labs (Arbitrum)

- Financial terms undisclosed
- "Our goal has always been to bring more people on-chain... Now we can tackle UX at all layers" - Derek Chiang
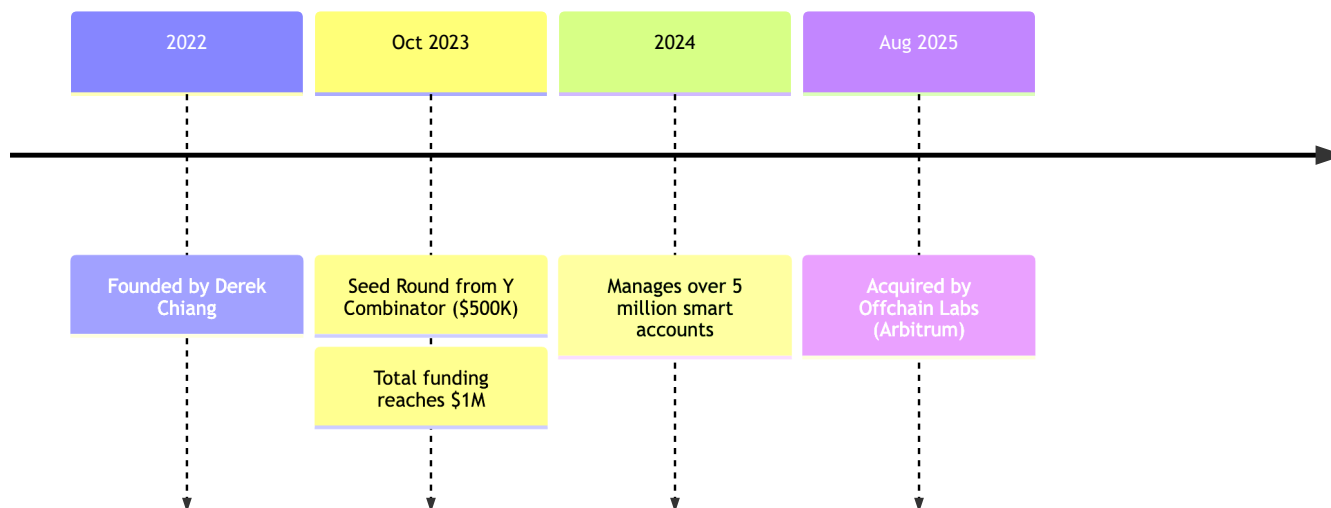
Team Building

- Started through Nethermind internship with Lukasz Rozmej
- Built lean developer-focused team
- Integrated into Arbitrum ecosystem post-acquisition

Key Characteristics:

- Early mover on ERC-4337
- Developer-first approach
- YC validation
- Strategic acquisition exit

ZeroDev's Journey

2022	Oct 2023	2024	Aug 2025
Founded by Derek Chiang	Seed Round from Y Combinator ($500K)	Manages over 5 million smart accounts	Acquired by Offchain Labs (Arbitrum)
	Total funding reaches $1M		

Sources:

- https://www.ycombinator.com/companies/zerodev
- https://www.prnewswire.com/news-releases/offchain-labs-makes-strategic-acquisition-of-zerodev-to-advance-efficient-development-and-use-of-onchain-consumer-applications-302528571.html
- https://blockworks.co/news/arbitrums-zerodev-bet

Case 4: Pimlico - ERC-4337 Co-Author's Journey

Founder: Kristof Gazso (Co-author of ERC-4337 with Vitalik Buterin)
Background: Nethermind Internship Program, worked with Lukasz Rozmej on EIP-4337
Founded: 2023

The Problem They Anchored

ERC-4337 existed as a standard but needed robust infrastructure for developers to actually implement account abstraction at scale.

The Pivot

From being ERC-4337 co-author to building the infrastructure company that powers it. Transitioned from research to product.

Initial Funding

- **Pre-Seed (Sep 2023)**: $1.6M led by 1confirmation
  - Backers: Safe, Consensys, 10+ angel investors
- **Seed (Nov 2023)**: $4.2M led by a16z crypto
  - Completed a16z Crypto Startup School 2023 accelerator first
- **Total**: $5.8M across 2 rounds

First Success

- Launched advanced infrastructure for ERC-4337
- Partnership with Safe to launch ERC-4337 module
- Became go-to infrastructure for smart contract wallets
- Enabled gasless transactions, multi-chain compatibility, modular features

Facing Competition

- Direct competitor with ZeroDev, Biconomy, Stackup
- Differentiation: Co-author credibility, a16z backing, Safe partnership
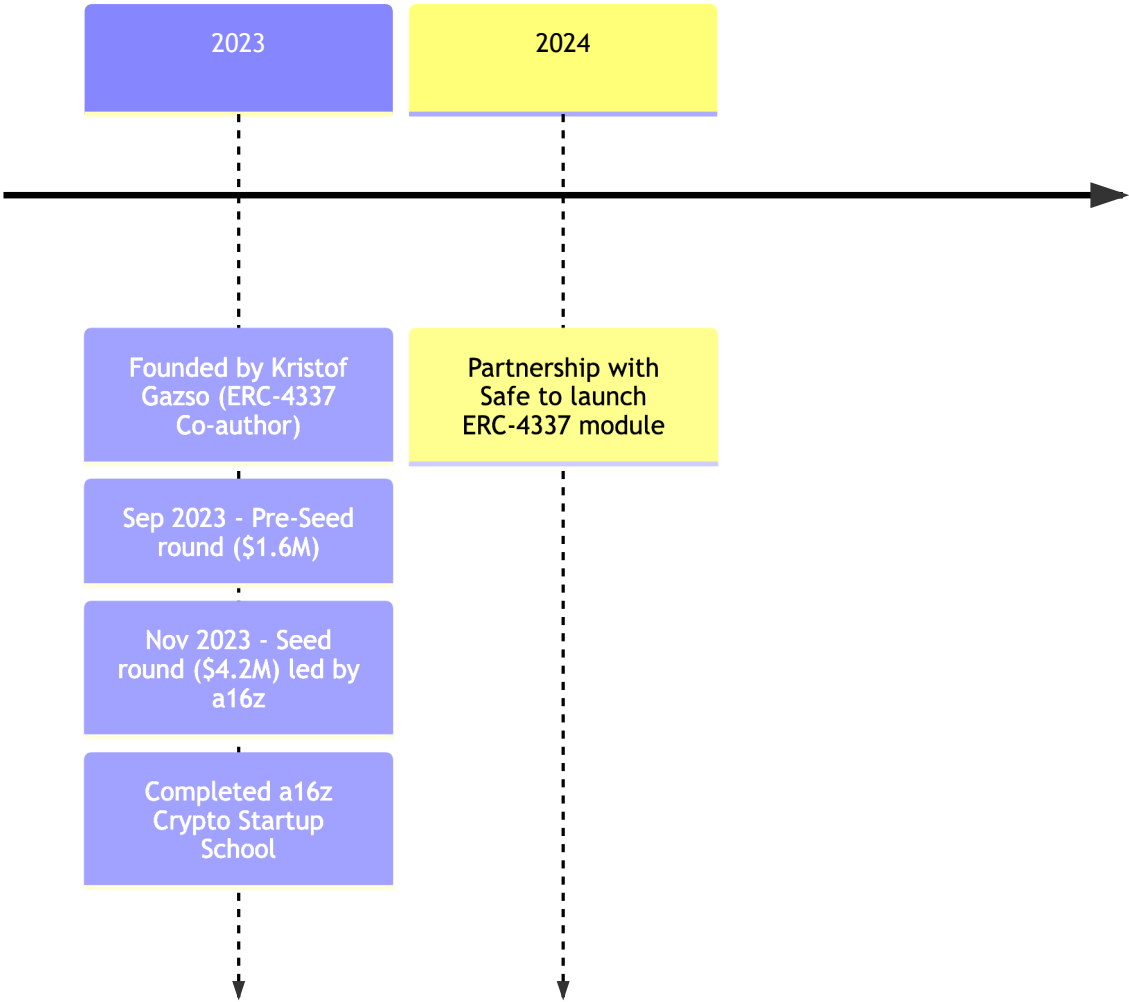- Focus on infrastructure robustness over SDK simplicity

Team Building

- Started from Nethermind ecosystem
- Leveraged ERC-4337 co-author status for hiring
- Built relationships through a16z accelerator

Key Characteristics:

- Technical authority (ERC-4337 co-author)
- Research-to-product journey
- Strategic accelerator participation
- Partnership-first GTM strategy

Pimlico's Journey

2023	2024
Founded by Kristof Gazso (ERC-4337 Co-author)	Partnership with Safe to launch ERC-4337 module
Sep 2023 - Pre-Seed round ($1.6M)	
Nov 2023 - Seed round ($4.2M) led by a16z	
Completed a16z Crypto Startup School	

Sources:

- https://blog.pimlico.io/posts/seed
- https://blog.pimlico.io/posts/pre-seed
- https://safe.global/blog/pimlico-and-safe-launch-erc-4337-module
- https://web3galaxybrain.com/episode/Kristof-Gazso-Founder-of-Pimlico

Case 5: Polymarket - Bathroom to Billionaire

Founder: Shayne Coplan (born 1998)
Background: NYU dropout, bought Ethereum at $0.30 in 2014 ICO, built crypto staking platform (Union)
Founded: June 2020 during COVID

The Problem They Anchored

Information discovery is broken. People need better ways to understand what will actually happen in the world. Traditional polling and media are biased.

The Pivot

2019: Working on crypto staking platform Union (had VC funding)

- "Fed up with crypto grifts" - explored economist Robin Hanson's prediction market ideas
- Thought: "This is too good to just exist in whitepapers"

2020: COVID hit - perfect timing

- Pivoted to prediction markets for "stuck-at-home folks to bet on real-world outcomes"
- Built from bathroom as solo founder, age 21, running out of money

Initial Funding

- **Seed (2020)**: $4M soon after launch
- **Series A (undisclosed)**: $25M led by General Catalyst
  - Investors: Joe Gebbia (Airbnb), Polychain
- **Series B (May 2024)**: $45M led by Peter Thiel's Founders Fund
  - Investors: Vitalik Buterin, 1confirmation, ParaFi, Dragonfly
- **Additional (Sep 2024)**: Raised $50M more
- **Total**: $70M+ before major exit

- **October 2025**: $2B investment from Intercontinental Exchange (NYSE parent) at $8B valuation

First Success

- Launched June 2020 on Polygon (lower fees than competitors)
- 0% platform fees
- July 2024: $387M monthly trading volume (all-time high)
- Became world's largest prediction market

Facing Competition

Competitors: Augur, Gnosis, Omen, DuelNow, Vega

Why Polymarket Won:

1. **Better UX**: Simple, user-friendly vs complex competitors
2. **More markets**: Far more categories than any competitor
3. **Lower costs**: 0% fees on Polygon vs high Ethereum gas on Augur
4. **Better liquidity**: Easier onboarding = more users = better markets
5. **Timing**: Augur launched too early (high gas), Polymarket launched when Layer 2s were ready

Team Building

- Started as solo founder in bathroom
- Hired Nate Silver (polling superstar)
- Art Malkov as CMO
- Kept details of early team private

Facing Regulatory Challenges

- 2022: Paid $1.4M to CFTC, agreed to wind down unregistered markets
- Continued operating with restrictions
- November 2024: FBI raid on Coplan's apartment (politically motivated per supporters)
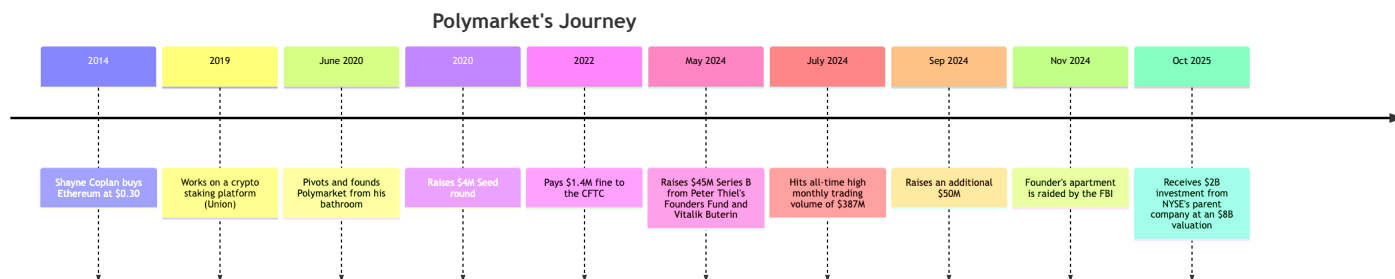- Persisted through regulatory pressure

Key Characteristics:

- Solo founder grit
- Perfect timing (COVID + Layer 2 maturity)

- 0% fees business model
- High-profile investor validation (Thiel, Vitalik)
- Regulatory risk tolerance
- Network effects/liquidity focus

Age milestones:

- Age 21: Solo founder, broke, bathroom office
- Age 26: Youngest self-made billionaire

Polymarket's Journey

2014	2019	June 2020	2020	2022	May 2024	July 2024	Sep 2024	Nov 2024	Oct 2025
Shayne Coplan buys Ethereum at $0.30	Works on a crypto staking platform (Union)	Pivots and founds Polymarket from his bathroom	Raises $4M Seed round	Pays $1.4M fine to the CFTC	Raises $45M Series B from Peter Thiel's Founders Fund and Vitalik Buterin	Hits all-time high monthly trading volume of $387M	Raises an additional $50M	Founder's apartment is raided by the FBI	Receives $2B investment from NYSE's parent company at an $8B valuation

Sources:

- https://fortune.com/2024/11/08/polymarket-ceo-shayne-coplan-founded-company-from-bathroom/
- https://www.coindesk.com/business/2024/05/14/peter-thiels-founders-fund-vitalik-buterin-back-45m-investment-in-polymarket
- https://medium.com/@griffycommunity/from-augur-to-polymarket-a-comparative-analysis-of-leading-prediction-market-platforms-48c2f75bab91
- https://cointelegraph.com/news/polymarket-founder-coplan-billionaires-nyse-investment

Case 6: Blast - The Controversial Speedrun

Founder: Pacman (Tieshun Roquerre)
Background: Dropped out at age 16, founded StrongIntro at 17 (YC-backed, raised $120K), MIT dropout, co-founded Blur (2022)
Founded: 2023

The Problem They Anchored

Layer 2s offer scalability but users' deposited assets sit idle earning nothing. DApps can't monetize without extracting value from users.

The Pivot

After Blur (NFT marketplace) unseated OpenSea as #1 by volume, Pacman pivoted to building Layer 2 infrastructure with native yield.

Initial Funding

- **Pre-launch**: Raised $20M led by Standard Crypto and Paradigm
- **Total raised**: $25M+ from Paradigm, eGirl Capital, Standard Crypto, and others
- **Unique approach**: Solicited $2B+ in deposits to multisig BEFORE L2 was built (highly controversial)

First Success

- Drew $2B+ in Total Value Locked before mainnet launch
- "Airdrop farming" narrative drove massive early adoption
- Built on success of Blur's token distribution model

Facing Competition

- Competed against Arbitrum, Optimism, Base, zkSync
- Differentiation: Native yield on ETH/stablecoins, aggressive airdrop marketing

Facing Criticism

- Accused of Ponzi scheme mechanics
- Pacman rejected criticism: "Paradigm suggested strategy change"
- Community split on whether it's innovative or exploitative
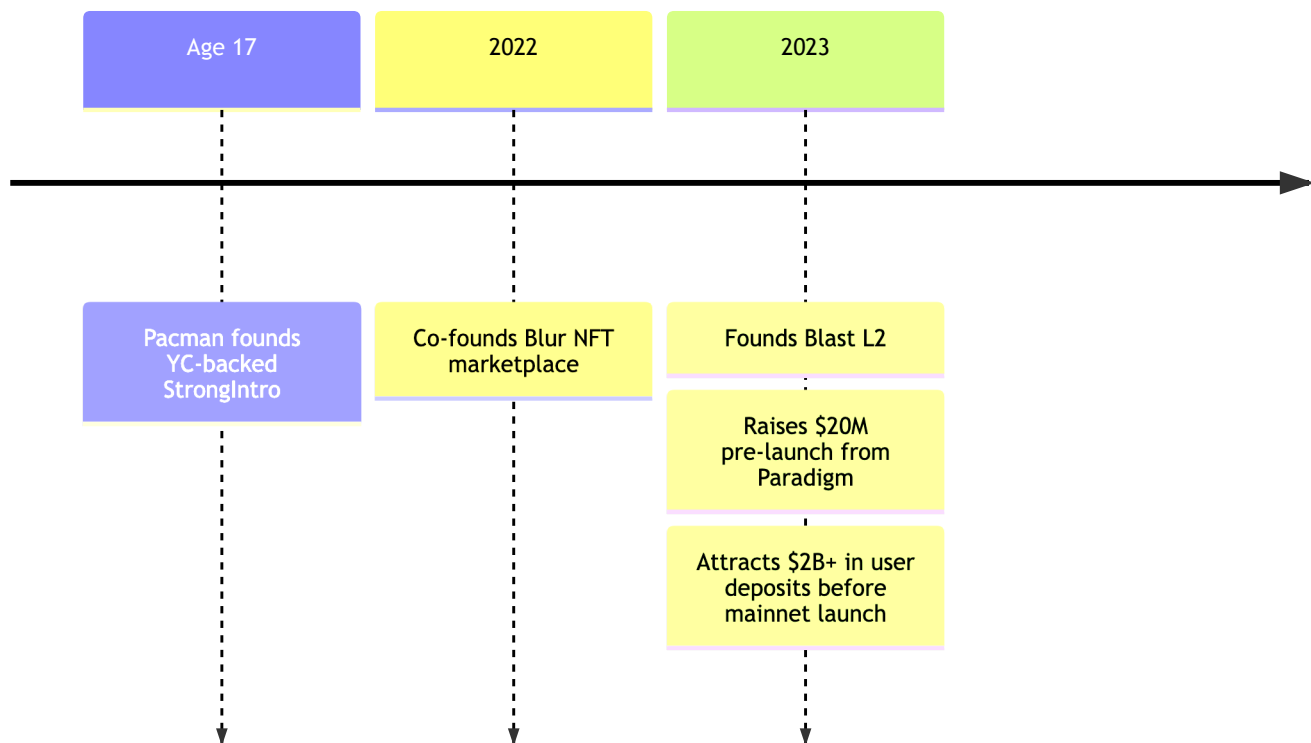- High-risk, high-reward reputation

Team Building

- Co-founder Anthony Liu (found at MIT)
- Extended team from Blur success
- Young, aggressive team culture

Key Characteristics:

- Serial entrepreneur (3rd startup by mid-20s)
- YC pedigree

- Controversial growth tactics
- Airdrop-driven user acquisition
- Strong backing despite controversy (Paradigm)
- Blur's success as launchpad

Blast's Journey

Age 17	2022	2023

Pacman founds YC-backed StrongIntro	Co-founds Blur NFT marketplace	Founds Blast L2
		Raises $20M pre-launch from Paradigm
		Attracts $2B+ in user deposits before mainnet launch

Sources:

- https://www.binance.com/en/square/post/10060587946562
- https://www.theblock.co/post/264668/pacman-chews-over-blast-ponzi-scheme-criticisms-humorous-memes
- https://blockworks.co/news/blast-developers-layer-2-liquidity

Case 7: Friend.tech - The Viral SocialFi Experiment

Founders: Racer (@0xRacerAlt) and Shrimp (@shrimppepe) - pseudonymous
Background: Racer led The TweetDAO (viral April 2022), both created Stealcam (March 2023)
Founded: August 2023 (rebranded from Stealcam)

The Problem They Anchored

Social media platforms extract all value from creators and their relationships. Creators can't monetize their social capital directly. Fans can't invest in creators early.

The Pivot

TweetDAO → Stealcam → Friend.tech

- **TweetDAO**: Experimented with algorithmically increasing NFT prices
- **Stealcam (March 2023)**: On Arbitrum, 313 ETH volume $(500K) in 2 weeks$, $100K protocol revenue
- **Friend.tech (August 2023)**: Upgraded product, rebranded, secured Paradigm funding

Initial Funding

- **Seed Round**: Paradigm (undisclosed amount)
- Raised BEFORE public launch based on Stealcam traction

First Success

- **August 10, 2023**: Launched invite-only beta
- **Day 1**: Went viral immediately, hit server capacity
- **August 11-28**: Reached $6.4M TVL$, $1.5M+ daily fees
- **Peak**: 115,000+ unique users from 10,000 initial

Racer's reaction: "We initially shared the app to start load testing and didn't expect it to go viral"

Facing Competition

- Part of broader SocialFi wave
- Differentiation: Bonding curve mechanics, invite system, mobile-first
- Base chain selection (Coinbase L2) for credibility

The Challenges

- Revenue dropped ~90% from peak (DL News)
- Model criticized as unsustainable
- **May 2024**: Racer hinted at leaving Base, FRIEND token fell 30%
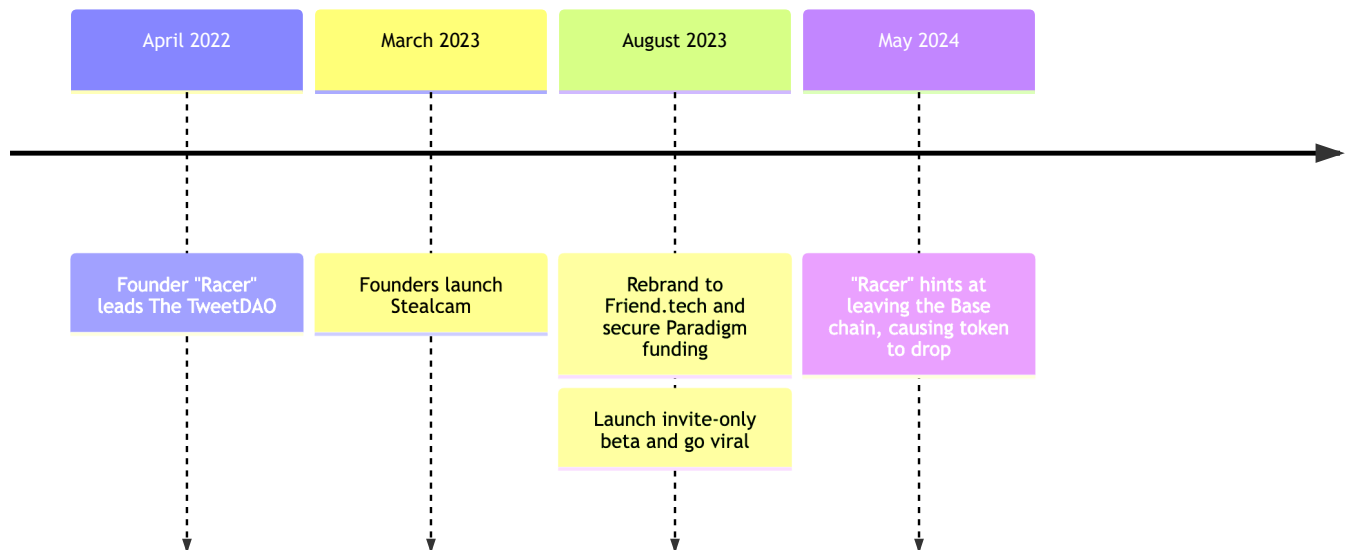- SocialFi narrative faded

Team Building

- Small pseudonymous team
- "Spending days preoccupied with scaling infrastructure, fixing bugs, setting up guardrails" - Racer
- Kept team lean during viral growth

Key Characteristics:

- Pseudonymous founders
- Rapid iteration (3 products in 18 months)
- Paradigm validation despite anonymity
- Viral mechanics design expertise
- MVP → Funding → Scale model
- Mobile-first approach
- High-risk social experimentation

Friend.tech's Journey

April 2022	March 2023	August 2023	May 2024
Founder "Racer" leads The TweetDAO	Founders launch Stealcam	Rebrand to Friend.tech and secure Paradigm funding	"Racer" hints at leaving the Base chain, causing token to drop
		Launch invite-only beta and go viral	

Lessons:

- Viral launch ≠ sustainable business
- SocialFi mechanics are hard to sustain
- Paradigm backing doesn't guarantee success
- Fast rise can mean fast fall

Sources:

- https://decrypt.co/153270/friend-tech-founders-say-viral-crypto-app-is-surprising-them-too-we-want-to-catch-our-breath
- https://www.dlnews.com/articles/defi/socialfi-rose-in-popularity-last-year-before-falling/
- https://www.theblock.co/post/296790/friend-tech-price-drops-over-20-after-co-founder-racer-hints-at-leaving-base

Common Patterns Across Successful Web3 Startups

1. Timing is Everything

- HyperLiquid: Post-FTX gap
- Polymarket: COVID lockdowns
- ZeroDev/Pimlico: ERC-4337 standardization
- Blast: L2 summer + airdrop meta

2. Pivot from Previous Success

- Animoca: Mobile games → Web3 gaming
- Blast: Blur → L2
- Friend.tech: TweetDAO → Stealcam → Friend.tech
- Polymarket: Crypto staking → Prediction markets

3. Founder Credibility Matters

- Technical: Jeff Yan (trading), Kristof Gazso (ERC-4337 co-author)
- Serial: Pacman (3 startups by mid-20s), Yat Siu (multiple exits)
- Network: Paradigm, a16z, Vitalik backing signals quality

4. Bootstrap vs VC: Both Work

- Bootstrap: HyperLiquid (zero VC)
- VC-heavy: Polymarket $(70M+)$, $Blast$ (25M), Pimlico ($5.8M)
- Hybrid: ZeroDev (small seed → acquisition)

5. Community Token Distribution Wins

- HyperLiquid: 31% to users

- Polymarket: No token yet, but community-first
- Friend.tech: Points system
- Blast: Airdrop expectation drove $2B deposits

6. Team Size: Stay Lean

- HyperLiquid: 10 people
- Polymarket: Solo founder start
- Friend.tech: Small pseudonymous team
- ZeroDev/Pimlico: Developer-focused, minimal headcount

7. Regulatory Risk Tolerance

- Polymarket: $1.4M CFTC fine, FBI raid, kept building
- Blast: Ponzi accusations, kept building
- HyperLiquid: Decentralized to avoid regulatory capture

8. The Power of "No"

- HyperLiquid: Said no to VCs
- Polymarket: Said no to traditional finance route
- ZeroDev: Focused AA, said no to expanding too fast

9. Accelerators as Validation

- YC: ZeroDev, Pacman (StrongIntro)
- a16z CSX: Pimlico
- None: HyperLiquid, Polymarket (direct VC)

10. Exit Strategies Vary

- IPO path: Animoca Brands
- Strategic acquisition: ZeroDev → Offchain Labs
- Stay independent: HyperLiquid, Polymarket
- Token launch: Blast, Friend.tech

Key Takeaways for Aspiring Web3 Founders

1. **Start building during downturns** - Best projects launch in bear markets
2. **Solve real problems, not hype trends** - HyperLiquid (FTX gap), Polymarket (information discovery)
3. **Choose your funding strategy deliberately** - VC vs Bootstrap both viable
4. **Be willing to pivot quickly** - Most founders had 2-3 projects before success
5. **Time the market** - Technical readiness + market need + user psychology
6. **Distribution > Product** - Friend.tech had worse tech than competitors but better virality
7. **Regulation is a feature, not a bug** - Willing to operate in gray areas
8. **Community ownership** - Token distribution to users creates network effects
9. **Stay lean** - Small teams ship faster
10. **Credibility compounds** - Technical expertise, previous exits, or high-profile backers open doors