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Lean Start-up management

Two start-up failures

INDIAN

Company: ZEPAY INDIA

Launched:2014

Headquarters: Singapore,Ahemdabad

Founders: Saurabh Agrawal,Sandeep Goenka and Mahin Gupta

Category: Fintech

Fundig: \$1Mn

Shutdown Reason: RBI banning banks from extending solutions to crypto exchange

Overview

Undoubtedly India's largest crypto exchange, Zebpay (till its closure) enabled users to buy and sell Bitcoin and other cryptocurrencies such as Bitcoin Cash, Ripple, Ethereum, and Litecoin, or to purchase airline and gift cards. According to its website, it had over 3 Mn users.

Why it failed

Zebpay decided to down its shutters in the aftermath of the circular issued by the Reserve Bank of India (RBI) on 6 April 2018, restricting banks and regulated payments companies from extending any services to crypto exchanges and wallets.

Many Indian cryptocurrency exchanges as well as crypto groups, soon knocked the doors of the Supreme Court which, after multiple hearings has listed the matter for further hearing in January next year.

However, amid the lack of crypto rules and regulations in India, Zebpay, on September 28, 2018 announced its closure. In a statement, it said, “At this point, we are unable to find a reasonable way to conduct the cryptocurrency exchange business.” The crypto exchange, however, continues to allow users to deposit and withdraw coins/tokens into their wallet.

Since then, the situation has only worsened — the founders of Unocoin, another leading crypto exchange, were arrested on October 23 by Bengaluru Police over a Bitcoin ATM installation.

Not only Zebpay, a slew of exchanges including Coinsecure, BTCXIndia, MoneyTrade, Bitconnect and more shut down for various reasons this past year.

GLOBAL

COMPANY : Next Step Living

Select VC investors: Black Coral Capital, Braemar Energy Ventures, VantagePoint Capital Partners

Total disclosed funding: \$100.8M

The firm intended to provide a missing channel for residential energy services leveraging its core energy-audit business. At one point Next Step Living had more than 800 employees and was generating more than \$100 million in annual revenue.

In order to spur revenue, the company moved into downstream energy services such as solar installation and insulation installation and found itself in a low-margin business with a high rate of cash burn. The company also found itself confronted by conflicting energy program mandates and regulations.

By the time NSL tried to return to its core home energy audit skills and jettison its downstream installation businesses, many of the VC investors had chosen to stop investing in NSL, despite their earlier entreaties for growth at all costs.