

Founder's story

# Ripple builds a global business through capital and partnerships



Serial fintech entrepreneur, Chris Larsen shares the key lessons he has learned building E-Loan, Prosper, and now, Ripple.

## Corporate profile

Ripple provides global financial settlement solutions to ultimately enable the world to exchange value like it already exchanges information – giving rise to an Internet of Value (IoV). Ripple solutions aim to lower the total cost of settlement by enabling banks to transact directly, and with real-time certainty of settlement.

Website  
[ripple.com](http://ripple.com)

Twitter  
[@Ripple](https://twitter.com/Ripple)

## Record of success

Every investor is reassured by a founder with a track record of success and Chris Larsen brings a stronger CV than most to the Chief Executive role at Ripple. Larsen founded E-Loan, the online mortgage processor that was amongst the first to offer financial products over the internet. That success was followed by another with Prosper, the pioneering peer-to-peer lending business.

Larsen's first businesses, E-Loan and Prosper, each took a consumer's perspective. Each exposed different inefficiencies in the financial landscape that resulted in high costs and poor experiences for certain segments of consumers. In his latest venture Larsen has turned his eye to improving the core infrastructure of the financial services industry itself.

"My first businesses were at the top of the financial services stack whereas Ripple operates at the very bottom," explained

Larsen. "Ripple operates down in the plumbing of financial transactions. It's an area that consumers would never consider, but improving it has the potential to change the cost and quality of the financial services they purchase."

Today Ripple enables banks to settle cross border currency transactions instantly with complete visibility and certainty. This results in lower transaction settlement costs to the banks and their customers.

This approach means Ripple is essentially an enterprise business-2-business (B2B) company serving the financial services industry, not another business-2-consumer (B2C) operation like E-Loan and Prosper. As Ripple's products have matured it increasingly partners with banks and other financial institutions in order to build its technology into the core processes of the industry.

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There’s another significant difference. Providing B2C financial products to consumers meant E-Loan and Prosper were confined by their local markets, products and regulations, but as a technology provider Ripple is able to leap straight to becoming a truly global player. Global growth is the next phase in Ripple’s commercial strategy, one which requires both capital and the right partnerships in order to succeed.

#### **Raising capital for growth**

Larsen’s first business, E-Loan, was a child of the dotcom era. As a first generation internet entrepreneur he brings an informed perspective to the buzz that surrounds financial technology today.

During the lifespan of these businesses he has also raised numerous rounds of venture capital. “With that first business we were very focused upon simply raising cash. Now I better understand the value of partnership. Strategic investors – those with more than a simple financial contribution to make – can really add value to a startup, accelerating growth and quickly multiplying the value of the business.”

#### **Advice for fintech startups**

In a word of advice for fellow startups and entrepreneurs, Larsen emphasizes, “Don’t underestimate how closely you will be working with your venture capital partners. Remember, you are going to be sitting alongside these people for the next five years. Personal chemistry and a shared vision are the factors that should hold you together, not simply financial obligation.”

In Ripple’s most recent funding round, Santander InnoVentures, the corporate venture capital fund of Santander Group, invested in the business.

“It was fantastic to have Santander participating,” says Larsen. “They have a great reputation for innovating to serve their customers, a vision that clearly comes from the very top of the business, and is passed right down into the Group’s many businesses around the world.”

#### **Transformational change**

The conversation between Ripple and Santander started at a time when many banks were sceptical, if not indifferent, toward distributed ledger technology. Many misconceptions surrounded the topic. Santander however proved more open to innovation.

“We quickly found many common reference points,” says Larsen. “We shared a desire to dig down deep into the operations and processes of the financial markets to find ways of removing friction that has been built into processes over many years. Like us they have an appetite to effect change, not just talk about it.”

The arrival of the internet didn’t fundamentally change finance like it did in other industries, music and retail being the most obvious examples. However Larsen believes distributed ledger technologies will cause that type of transformational shift: “That’s why we want to work with banks – like Santander – that really understand the implications and see the potential.”



Banks have an essential role to play in creating what Larsen describes as an Internet of Value, acting as custodians of value for their customers, in the same way that they have protected their customers' physical assets for centuries. "Being able to discuss, test and evolve these sorts of ideas with a global bank such as Santander has helped us refine our approach to the market," says Larsen.

While details of the funding round were being wrapped up, Santander's innovation team were already beginning to experiment with business applications and use cases for the technology. Similarly, introductions were made into the group's local banks and their technology teams to help advance Ripple's prospects for international growth.

### Advice for fintech startups

As Larsen steers his third successful 'fintech' business on its global growth strategy, he has advice for would be fintech entrepreneurs. "Take the plunge. Don't hold back. The consequences of failure are usually much smaller than you think. But don't be afraid to iterate your ideas as you search for that compelling mission for your business."

Whether attracting talented personnel - or potential investors - a sense of belief and passion in the mission of the business is essential. "That's the most important thing: belief in your idea. Whether you are pitching it to investors, hiring talent or selling to prospects, if you are not authentic they'll see it."

Momentum is also important to potential investors and employees, "No-one enjoys being part of a science experiment that just fizzles out slowly. If it's not working, change. Keeping up the pace of change is vital and sustains a sense of excitement around the business opportunity. That energy is especially important to attract and retain engineering talent. The best engineers want to work on projects that make a difference."

That's a lot for any entrepreneur to sustain, even one with a great track record. Not surprisingly Larsen also advises that knowing when to broaden the skills of the core team and bring in missing talent or new experience is key. "That might mean hiring a practically minded operations director to complement the founders' skills, or bringing on board investors who can add value above and beyond their investment."

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## About Santander InnoVentures

Santander InnoVentures is a fintech venture capital fund fully-owned by Grupo Santander. The fund is stage-agnostic and invests both capital and resources in companies globally.

It focuses on start-ups that can increase the value proposition to Santander customers across the Group's ten major geographies, while creating value for the companies it invests in.

 [www.santanderinnoventures.com](http://www.santanderinnoventures.com)

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