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Interchange-dependent Ramp still sees revenue from corporate spend management solutions accelerating

Article

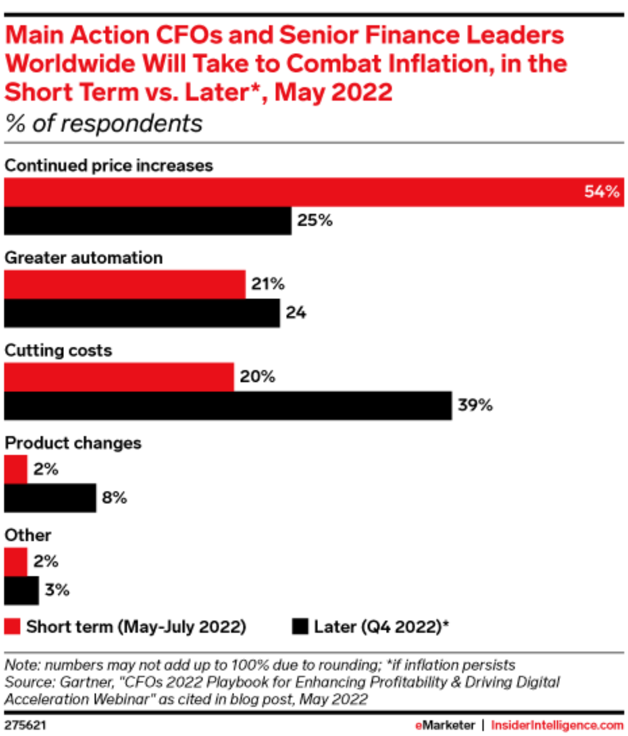
The news: Corporate finance management startup **Ramp** reportedly more than doubled its revenue run rate since the start of the year, per TechCrunch.

- Interchange fees are the firm's biggest driver of revenue, though it also licenses software.

By the numbers: Ramp CEO and co-founder Eric Glyman said that in June, Ramp **closed 38% more business than it did in May,** and saw the most growth in its enterprise segment—with more than a 300% surge in customers.

- **June's growth figure is more than double, or about 221% higher than, December 2021's figures,** Glyman said.
- He didn't share hard revenue figures, but claims that **Ramp crossed** [**$100 million in annualized revenue**] **before its third birthday in March**—while also keeping more than 80% of the equity capital it has raised on its balance sheet.

The market picture: Ramp operates within a competitive and growing space, dominated by **Brex**, and also including its **American-Express**-funded rival **Airbase,** as well as more recent entrants, **Visa**-backed **Airwallex**, **Emburse,** and **TripActions**. They're all targeting corporate finance teams still operating with outdated, manual entry programs and seeking to modernize back-office processes—particularly by adding automation.



Though their digital solutions are in demand, these startups all face worsening market conditions. And until recently, they were predominantly fee-based. But uncertain times test companies' business models. Of late, some **fintechs have been diversifying their revenue sources beyond interchange and fees from debit cards and ACH transfers**.

- The most prominent recent example is UK neobank **Starling**'s pivot toward banking as a service solutions.
- In the spend management space, **Airbase** has also prioritized SaaS offerings, and **Brex** announced in June that it was focusing on software as a service—and targeting large enterprises rather than small and medium-sized businesses.

While Ramp is still serving SMBs, it's now competing against Brex for enterprise customers and has remained heavily interchange-reliant.

Why it's worth watching: Trying economic conditions may yet settle the debate on whether fintechs whose profitability depends on interchange fees can continue their rapid growth. The rising financing trends of buy now, pay later (BNPL), merchants' mobile apps, and embedded banking within nonfinancial brands all stand to take a bite out of interchange.

But Ramp's solution solves a very specific back-office problem. In fintech, **infrastructure providers and point solutions that closely focus on improve processes seem to be faring far better** than fintechs and neobanks that started out with plans to change the world and disrupt incumbents.

Also in Ramp's favor is Glyman's claim that it's been "conservative in its use of funds" and has "aimed to be operationally efficient." Firms like **Andreessen Horowitz** have been counseling fintechs to **"control your burn"** to appeal to VCs looking for capital-efficient startups and applying tighter criteria to their funding prospects.

Coming soon: *Watch for tomorrow's release of Insider Intelligence analyst Tiffani Montez's report,* **"The Era of Uncertainty: Neobanks,"** *for a deeper dive into how uncertain economic conditions will push neobanks to rethink their strategies to survive.*