

4 Ideas for Starting a Blockchain Business

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Cryptocurrencies continue to gain traction and a wider acceptance across all demographics. Most importantly, Wall Street is constantly trying to expand its business into the realm of digital currencies and blockchain.

Goldman Sachs has announced it will offer Bitcoin-backed loans, while Fidelity launched a physical Bitcoin ETF in Canada last December. The investment firm is also eager to launch a Bitcoin fund in the U.S. but is waiting for legislative approval. The potential for starting a business in the blockchain space is virtually limitless. Digital currencies and the technology they run on have only been around for just over 12 years, and the industry is still in an early stage.

As the founder of a cryptocurrency IRA investing company, I've seen what it's like first-hand to be an entrepreneur in this exciting space. And I know that you can do it too. Don't believe me? Let's take a look at four basic ideas for starting a business in the cryptocurrency world.

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Crypto tax advisory

You may already own a tax advisory firm or work as a tax consultant. In which case, you would be branching out into the field of cryptocurrencies to capture a new business line.

However, you could also start a crypto tax advisory from scratch.

Buying and selling cryptocurrencies generates a reportable event for the IRS. Many traders and investors make hundreds or thousands of trades a month. Keeping track of how much each trade made or lost and filling out the necessary paperwork can be a real headache.

Automating the process would alleviate the trader and prove extremely cost-effective. An example is BearTax, which links to almost any crypto exchange and generates a file with all the necessary information. The document can then be sent to an accountant, or it can be imported into tax filing software.

Create your own digital coin

Creating your own digital coin is easier than it sounds. Many cryptocurrencies are, by nature, open source – and one of their greatest values is decentralization. Digital coins are built and run on a network of nodes that produce the coins and record all the transactions.

This technology, known as blockchain, is probably the hardest piece of the puzzle. For it to work securely, you would need a lot of nodes. Each node is a computer running independently, and you would then need to create the algorithm which supports the blockchain.

Creating your own blockchain would allow you to define all the parameters of your digital coin. You can set the initial volume, the final total maximum volume, and how hard it is to mine the coin, among others. However, you also have another option, and that is to use the blockchain of an existing digital currency. You can use an off-the-shelf creation service such as Cryptolife. This allows you to concentrate on the coins themselves and their characteristics.

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Cryptocurrency exchange

Those looking for a large-scale project may want to look at starting a crypto exchange. Exchanges allow people to buy and sell digital coins, often hundreds of different ones. The exchange earns a fee for each transaction, deposit, withdrawal and transfer.

Several types of exchanges already exist, so you would have to do some research to determine which option suits you best. Or, you may come up with a solution that is novel and addresses issues that have not been catered for yet. Examples of exchanges include:

- Decentralized exchanges
- Centralized exchanges
- Ads-based exchanges
- White label exchanges
- Order book exchanges
- Hybrid exchanges

The essential tools you will need to get this project running are an exchange software provider and a payment processor. This type of startup is also capital intensive, so you may need to raise some capital to get you through all the steps needed to end up with a finished product to launch.

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Cryptocurrency ecommerce

Although cryptocurrencies are beginning to gain more traction among retailers, we are still a long way from the general acceptance of digital coins to buy anything you want. A lot of crypto users want to use digital coins for everyday purchases.

You can start an ecommerce business that accepts cryptocurrencies and use dropshipping to avoid handling storage and delivery. You need to set up your ecommerce website or join the services of a firm like Shopify.

You then need an exchange to facilitate transactions. Coinbase Commerce already does this, making the process very easy for online merchants. Coinbase Commerce has already integrated Shopify, and you can also access dropshipping services through Shopify.

There are no merchant fees for accepting payments in digital coins. However, you will be charged a transaction fee for converting your cryptocurrency into fiat money. Unless you are a player in crypto, you may need to exchange digital currency for fiat regularly to avoid the risk of being long on digital coins.

Decentralized finance is still in its young days, and there is still a long road ahead for crypto coins to reach large-scale acceptance. But as in all pioneer moments, the fact that there is still a lot of unexplored ground makes for greater opportunity. I seized on this opportunity five years ago, and I hope you feel some inspiration to get involved as well as the market matures.

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