Building on the Blockchain? Here's What You Need to Know

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In the last few weeks, Bitcoin has hit incredible lows. At the time of writing this, crypto analysts, who are strangely usually wrong about crypto, say it has broken resistance and will go lower.

Some say it may even hit the 20,000 mark. So it's fair to say that the interest in cryptocurrencies, alongside trust in moon hype, has subsided. However, what hasn't subsided is the interest in the blockchain.

People might be less interested in buying crypto today than they were a year ago, but most people interested in the blockchain 12 years ago are still interested in it.

If you are one of those people and think that the internet of the future will be built on the blockchain, congratulations. You're probably right. All the signs of Web3's capacity to eat Web2 are already there, and it's probably smart to start working on that assumption.

To plan for that future, you might be interested in building something on the blockchain. It may be a Dapp, it may be a protocol — it could be something entirely novel. But since Web3 is still a pretty nebulous concept, as many people still don't know what they mean when they refer to it, it's difficult to find sources on what people need to know if they are building in it.

That's why we'll be going through some of the things you should know if you think building on the blockchain is

something worth your while.

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Do you need a blockchain?

This is probably the first question you need to answer. Before you dive head first into the very complicated business of building a Dapp or a protocol, you need to know whether it's vital to your business.

If your business requires a central authority, speed over security, and doesn't require a database, auditable history or a trustless environment, you might be better served sticking to traditional systems.

Of course, this means that the blockchain is definitely for you if you're looking to build businesses that are designed to be trustless, secure, decentralized and data-intensive.

Personally, the main reason you should be building on the blockchain is that you're looking at building a decentralized and secure business. Those are the main comparative advantages of the blockchain, and if those aren't a cornerstone of your business philosophy, you should probably just stay out of the blockchain and Web3. Of course, there are other places where the blockchain excels, like privacy and cost efficiency, but they aren't nearly as important as decentralization and security.

While the blockchain is a breakthrough in computer programming, it's not an answer to every problem. Make sure that using blockchain tech is actually the best approach for your business by weighing the alternatives carefully and don't attempt to apply it within its bounds and not as a "solution in search of a problem."

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Know your industry and its problems

A vital part of building on the blockchain is understanding what solutions already exist. While you may think you're building something brand new, it's important to understand if it's already been built.

This is essential, especially if you are building a Dapp. Right now, there are over 3,000 Dapps on different blockchains. Ethereum alone has over 2,500 Dapps.

If you're building in DeFi, for example, you need to understand that it's probably the most populated industry on the blockchain. This means that there are many players on it trying to solve its most important problems. Today, the biggest solutions DeFi needs are over-collateralization and liquidity.

While there has been a lot of progress in solving these problems, they are rather persistent and are in sore need of disruption. If you're building a DeFi Dapp and aren't looking to address this problem, you have to get ready for an extraordinary grind. Because you will simply be one of the multitudes of Dapps solving secondary problems, and you'll still be fighting for their share of the market instead of building solutions that will increase the market size.

Of course, this doesn't mean that multiple businesses can't solve the same problem. It just means that a business solving a problem that has already been roughly solved by another may have to take comfort with being a disadvantaged competitor. While another business solving a novel problem will be in entirely new territory and will have access to an entirely new market.

The core question you need to ask yourself is whether you're up for that or whether you'd prefer to go back to the drawing board to solve the most important problems.

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You can’t do it alone

You are not building a blockchain, you are building on the blockchain. This means you’d need two vital partners to go with you on your journey.

The first is a blockchain. There are dozens of viable blockchains you can build on, with different cons and pros. Once you’ve decided on which blockchain to build on, you also need to find a tech partner such as Ankr to give you the tech toolkits you need to access blockchain infrastructure.

If you know whether your business needs to be on the blockchain, understand the core problems of the industry you are building in, and have the right tech partners, you’re probably halfway there already.

Okay, maybe you’re one-third done. You still need to build a team, raise money and miss a gazillion nights of sleep. But at least you’re on the right path.

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