BLOCKCHAIN
BUILDING BASICS

You know the story.

In 2008, a mysterious hacker going by the name of Satoshi Nakamoto launched the first global blockchain project: a new kind of digital currency called bitcoin. Over the next decade, bitcoin grew into a $150 billion phenomenon.

Whether you're a blockchain entrepreneur or a blockchain executive, you probably have the same question.

How do I build my blockchain?

In other words, how do I tell the world about my blockchain project, then get people to join it?

Blockchain building is the practice of clearly articulating your message, getting that message out as widely as possible, then convincing new users to join your blockchain project—just like Satoshi. In this little book, we'll tell you how to do it, step by step.

This is Blockchain Building Basics.
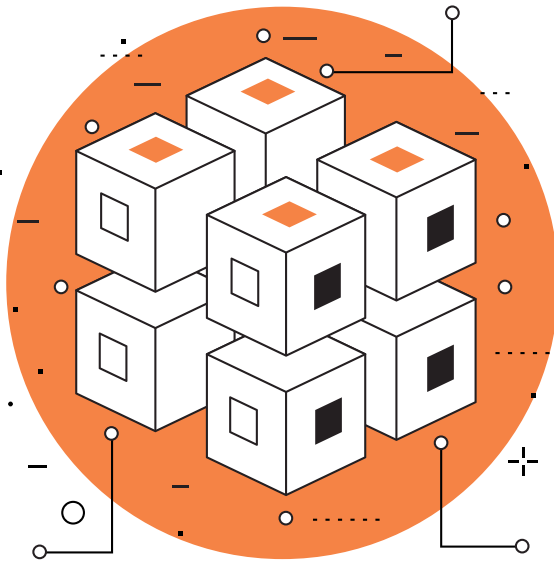
Why Blockchain Building is Important

<u>The more users you have, the more valuable your blockchain becomes.</u>
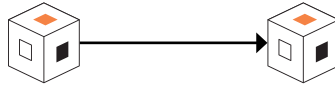
It's really that simple.

More users = more value. These users create the "network effects" that create value. That's why all the most valuable blockchain projects—like bitcoin and Ethereum—have the most users.

Technology networks like Facebook and Amazon are so valuable because they have so many users, and blockchain networks are no different. The more users you have, the more valuable your blockchain becomes.

Think of it this way: In a traditional business, you build value as you build customers. If you have a coffee shop with only a handful of customers, not very valuable. If you have a chain of coffee shops that are usually filled to the brim, pretty valuable.

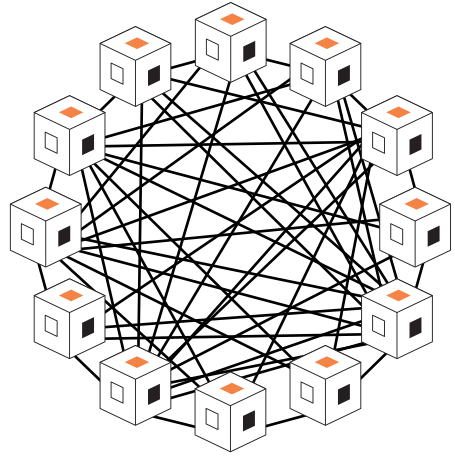In blockchain, the "customers" are the users.

Technology companies enjoy **network effects**, which simply means that every *new* customer adds more value to every *existing* customer. Take Twitter, for example: with just two users, not very valuable. As the number of users grows, Twitter becomes increasingly valuable: more users = more connections.

2 USERS = 1 CONNECTION
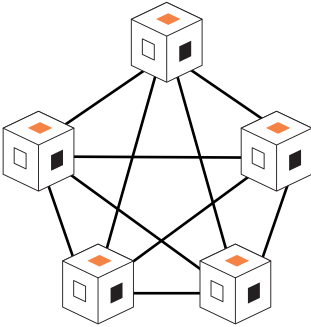
5 USERS = 10 CONNECTIONS   **12 USERS = 66 CONNECTIONS**

Blockchain also has network effects.
The more users, the more valuable.
More users = more value.
It's really that simple.

But how do you get these users?
How do you build your blockchain?

Step 1: Building a SMART Message

Reading about most blockchain projects is like reading user manuals for Russian spacecraft.

Explaining things clearly and simply is not something blockchain pioneers do well. (Instead of "crypto," they should call it "cryptic.") How do you appeal to the masses, instead of conceal from the masses?

The first step is to clearly define your blockchain in a simple, memorable way. This means your project needs to be understandable by laypeople—by ordinary users—in a way they'll remember and repeat.

We call this messaging SMART.

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Successful blockchain projects have S M A R T messaging:

Simple

Memorable

And

Repeatable

Technology

What does your blockchain project actually *do*? Can someone easily remember it, then explain it to their friends?

In the blockchain world, a SMART message usually revolves around either the opportunity to *make money*, or the opportunity to *save money.*

Think of any successful blockchain project—bitcoin, altcoins, tokens—and you will find that they have been built on the SMART idea of either *making money* (speculating, investing) or *saving money* (more efficiency, less paperwork).

NOT SMART: "We are building an industry-leading supply chain protocol for blockchain."

SMART: "Our token pays suppliers for on-time deliveries." (Making money)

NOT SMART: "A blockchain-based marketplace for managing energy distributors and suppliers."

SMART: "We reward users for generating solar power." (Making money)

NOT SMART: "Peer-to-peer rental marketplace with a decentralized structure."

SMART: "We're Airbnb, without the service fees." (Saving money)

Obviously, we leave a lot out. We simplify. But if the message is simple and memorable enough, then people can tell other people about it. "Yeah, it's like Airbnb, without the service fees." That's SMART.

How does it work? Who cares? All users care about is that this service will make them more money (for renters) or save them more money (for guests) than Airbnb.

In fact, ignore blockchain. Hide it. Why even go down that rabbit hole? Just explain the benefit to your user. They'll make money, or they'll save money. That's SMART. If you explain the technology in a simple, memorable, and repeatable way, that's enough to get a user's attention (just as we have yours here). And once we have their attention, we can move onto...

Step 2: Building the List

Everything you know about PR is wrong. Most blockchain pioneers think they can send out a press release, or get a paid writeup in *Forbes*, and the users will start flooding in. It literally does not work that way.

Press releases and one-hit wonders are like a quick burst of morning traffic. By lunchtime, you're old news. For a blockchain beginner, it can be devastating. "I paid $10,000 and got *two new users*?"

Even worse, you're delegating the work to a PR agency, which owns the list. That's a terrible business model, because when you fire them, you lose the list. *You have to build your own list.*

Your list can take many forms:

- An opt-in email list
- A Telegram group
- A Facebook following
- A Twitter account
- A LinkedIn company page
- A YouTube subscriber base
- An opt-in "beta release" list
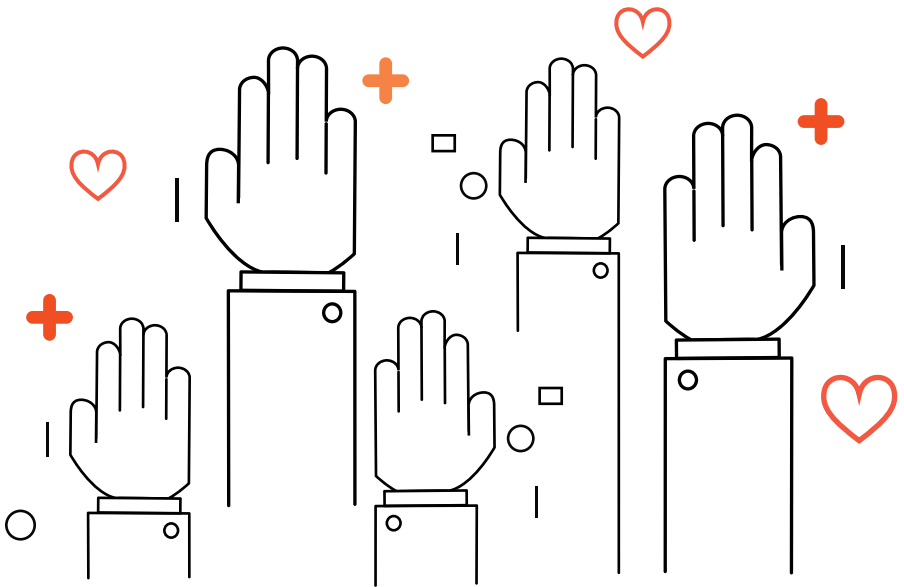
These are hand-raisers, people who said, "I want to hear more about your project." The golden prize is an email address, because then you can send them newsletters and project updates directly. No one reads press releases; but everyone checks their email.

A high-quality list is an accelerant. It's rocket fuel for your blockchain. It reminds people that you're active and growing. And some of those people will end up joining your blockchain.

So take the typical blockchain strategy and turn it on its head. Instead of renting out a PR company's list, build your own. Then you own it.

You've started with a clear, repeatable message (Step 1). Now you have a list of emails and social media followers where you can clearly repeat that message (Step 2). That paves the way for...

Step 3: Building Users

What is it you want users to *do*?

You'd be surprised how many blockchain projects can't answer this simple question.

Do you want them to invest in your token? Sign up for your email list? Join your Telegram group? Download your app?

Another way of asking the question is, "What's the on-ramp?" Like cars entering a freeway, you need a clear on-ramp for people to get involved with your blockchain. Then you focus crazy amounts of energy on that on-ramp.
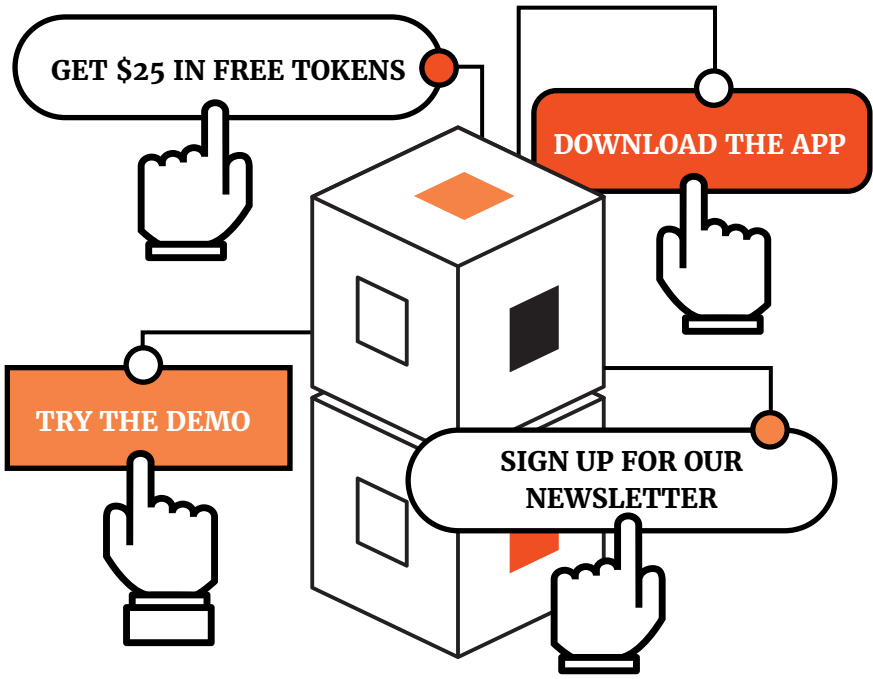
A good Call To Action is an "on-ramp" to your blockchain.

The classic "Call To Action" is a page or button on your site that lets users take action. Maybe it's a form to sign up for your newsletter. Or a link to the exchange where they can buy your token. Or an email reminder to download the app. Every time they click it, you track the click.

Visitors	*100*	*(100 people visit website)*
Clicks on CTA	*5*	*(5 new blockchain users)*
Conversion Rate	*5%*	*(so 1 out of every 20 "convert")*
Google Cost Per Visitor	*$5*	*(what you might pay Google per click)*
Cost Per User	*$100*	*(the cost of "converting" new users)*

Blockchain building can be quantified. It's math! At a 5% conversion rate, that means 1 out of every 20 visitors will click on our Call To Action and become "converts." Now we can really build our blockchain.

Let's say that we're now able to buy Google Ads at a $5.00 Cost Per Click. Dividing the $5.00 by our 5% conversion rate, we get a $100 Cost Per User.

Think of blockchain building like a little machine that will bring in new users to your blockchain. Once you've built this machine, you can start measuring your Cost Per User, or CPU, that powers your machine. Then you can start building at scale.

You see how *radically different* this approach is than "get our blockchain project listed in *Forbes*." This gives you the fundamental metrics of acquiring new users to your blockchain. Now you know how much money you need to get your first 100, 1000, or 1,000,000 users. Now you know how much it will cost to build your blockchain.

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Desired users	*10,000*	*(how many users you want)*
Network value	*100,000,000*	*(applying Metcalfe Ratio [n^2])*
Cost to get there	*1,000,000*	*(your blockchain building budget)*

Now That You've Learned the Basics...

There is so much more we want to share with you. We have so many real-world lessons that we've learned from talking with hundreds of blockchain entrepreneurs and investors. We want to help you avoid their mistakes, and learn from their successes.

Download our Blockchain Building series:
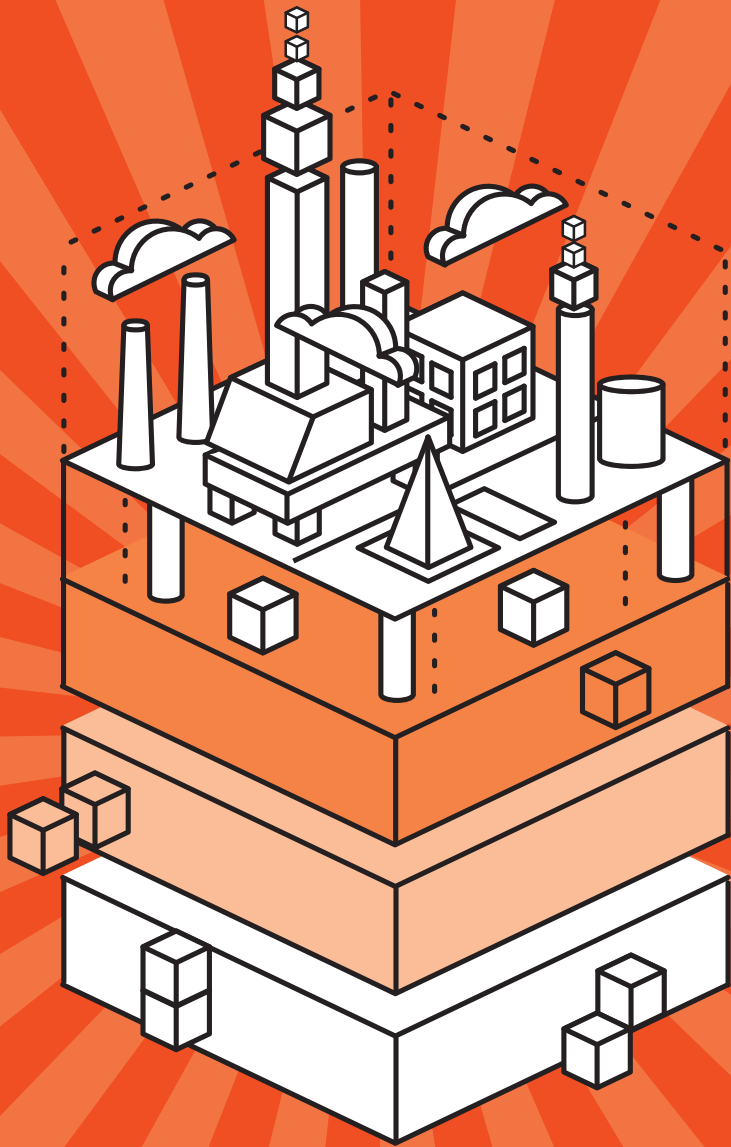
The Blockchain Investor's Manifesto

How to Build a Blockchain Ecosystem

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