HOW TO CREATE YOUR OWN CRYPTOCURRENCY

AND NOT FAIL ON THE MARKET

Thousands of people are looking for ways to create their own crypto currency and repeat the success of Satoshi Nakamoto, the creator of bitcoin. If you're dreaming of the same thing, this is the article for you.

Planning Your Own Cryptocurrency: the Market Aspect

All the way back in 2009, the creators of the first digital currency bitcoin made sure that after reaching the emission threshold of 21 million coins, crypto-currencies didn't disappear forever. In particular, they made the bitcoin program code open, allowing other developers to create their own currency counterparts - altcoins.

Almost every day new currencies appear around the world. Many of them are created on the basis of the bitcoin's open code. As a result, coins have almost identical characteristics, mining schemes and source code (occasionally the production scheme or transaction speed changes).

- Such cryptocurrencies cannot adapt to market conditions and oppose stronger competitors - this can spell disaster.
- Cryptocurrencies with original code, like Etherium with its smart contracts and Ripple for banking operations, remain afloat.

In fact, Litecoin, whose code almost completely repeats the bitcoin code, has become the only successful altcoin. But Litecoin has two important differences - four times the number of emitted coins and an original mining scheme, based mainly on the use of CPU power.

Now that we've addressed the need for a unique advantage, here are some other factors that can have a decisive influence on the market success of a cryptocurrency.

- Supply and demand - As on any other market, the value of a product rises with increasing demand and vice versa.
- The cost of electricity - The production of cryptocurrency relies on the use of computer power, so the price largely depends on the amount of electricity used for mining. But, for example, the price of the "environmental" cryptocurrency Solarcoin depends on the generation of solar energy.
- Level of extraction complexity - Here everything is simple: the harder it is to get a digital coin, the higher its price.
- Application potential - The cost of cryptocurrency depends on the variety of ways it can be used. For example, if your coin can be used to buy goods and services, its price will automatically increase.

- Domino effect - Events that occur with one currency automatically affect others. In particular, a change in the value of any cryptocurrency or a scandal in the media can provoke outbursts of mistrust in cryptocurrencies in general.
- Government policy - Despite the decentralised character of cryptocurrencies, news about their regulation in different countries can significantly affect their price.

In addition, there are other external factors - both negative (e.g. fraud) and positive (major investments of professional market players).

Cryptocurrency Development: the Technical Aspect

From a technical point of view, there are various methods for creating a new cryptocurrency, starting with adapting bitcoin's source code and ending with the use of ERC20 (23) or Waves.

A detailed guide about all the methods is worth a separate article, so for now we'll consider just the most basic option of using the source code.

You probably won't be able to create a revolutionary cryptocurrency with it, but you'll at least get a general idea of what sort of tasks cryptocurrency developers have to deal with.

So, if you're interested in trying your luck at creating a cryptocurrency, follow the instructions below.

Step 1. Select the Source Code on the Github Platform

Go to the resource and select the code of the existing cryptocurrency which will form the basis of your future network. On github the source code of bitcoin-client version 0.9.0 is presented.

Alternatively, the source code can be downloaded from Sourceforge.net. Next, you need to install libraries for correct code work - a number of special routines for developing specific software. The list of subroutines varies depending on your operating system type.

Step 2. Edit the Code

When creating a cryptocurrency, rewrite the following data in the code.

- The name of your cryptocurrency (Latin).
- An abbreviation of 2-4 letters.
- An icon with a graphic image of the cryptocurrency.
- The algorithm of encryption (the most commonly used are SHA-256 (Bitcoin) and scrypt (Litecoin)).
- The maximum number of coins.
- Award for finding a block.

To simplify the editing process, you can use special software:

- HandyFile Find and Replace for Windows.
- Regexxer for Linux.
- TextWrangler for MacOS.

Step 3. Configure the Network Ports

To configure network ports, you need to have excellent programming skills. Without them you'll have problems with transactions, which will negatively affect the image of your currency.

Select four free ports: two for P2P and RPC and two test ports for P2P and RPC (testnet) connections. Check that the ports are free. After defining the ports, enter their names in the code received in the first step.

src/bitcoinrpc.cpp, src/init.cpp and src/protocol.h.

Step 4. Take Security Measures

Be sure to generate a custom key that will allow you to conduct transactions in safe mode. Each currency user has a private and public key. The first byte of the public key can be set in the code as a symbol and a digit. Write down your key in the *src/base58.h* file.

Creating the Cryptocurrency: the Strategic Aspect

When creating your own cryptocurrency, you should initially treat it as a commercial enterprise that can both take aim at the market and remain absolutely unnoticed.
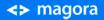
Correct prioritisation is essential for success on the market, so here are six tips to take into account:

1. If you lack programming skills, create a currency using Open-Transaction. The platform supports a large number of emission centers and, in addition to creating a cryptocurrency, helps tackle many other functions. This means you can optimise the launch time and not get bogged down for too long in the technical side of things.
2. Choosing between a primitive currency based on bitcoin or unique code, which is more difficult to create, choose a unique one - it has a higher chance of remaining on the market. Try to create a fundamental improvement, then interested investors will find you themselves.

3. Look for weaknesses. Imagine yourself at the site of a hacker who is trying to penetrate your system, look for vulnerabilities and fix them. This way you can avoid failures soon after launch that could earn you a bad reputation on the market.
4. When you come up with a cryptocurrency, build forecasts about what will be vital for users in two years' time. Only by doing so will you be able to create a solution that can stay on-trend for the foreseeable future rather than come to naught immediately after the appearance of more progressive solutions.
5. To make your cryptocurrency popular, you need to launch a fully-fledged marketing campaign with contests and bonus coin distribution. Today, the forum bitcointalk.org, where developers present their crypto-currencies to the general public, is popular, so make the most of this and all other available means.
6. If you plan to gain a permanent foothold in the crypto-currency market, allocate at least a year to launch the project and at least two to develop it.

These are all the useful tips for today - now you understand that the creation of your own cryptocurrency is no simple task, but with the right intentions you are quite capable of doing so, especially if you gain the support of experienced developers. Bitcoin itself was created by a confident enthusiast who decided to achieve something and did so - we're ready to help you become the next groundbreaker.