

Metaverse Part 1 – The real reality?

What is the metaverse and why it might mean radical change for business?



► **Business Alert: Metaverse Part 1 – The real reality?**

What is the metaverse and why it might mean radical change for business? (Part 1 of a two part series)



The idea of the metaverse hit the global popular conscience in 2021 when Mark Zuckerberg announced that the name of the holding company for his various sub brands would change from Facebook to Meta.

The CEO outlined his vision to create the ‘metaverse’. Zuckerberg explained; “We believe the metaverse will be the successor of the mobile internet. We’ll be able to feel present – like we’re right there with people no matter how far apart we actually are.” Zuckerberg went on to explain that he was talking about a digital world created by using (in part) virtual reality headsets and augmented reality.

Old news or fake news?

But have we heard all this before? The expression “Virtual Reality” (VR) was first coined in 1987 by Jaron Larnier of the Visual Programming Lab. He intended virtual reality as a category name for other existing and developing technologies such as artificial reality, flight simulation, the forerunners to Google’s ‘street view’ and computer linked headsets and gloves – technologies all developed between 1969 and the mid 1980’s.

Many of us will recall the virtual world - Second Life - from 2003. An online multimedia platform that allowed people to create an avatar for themselves and have a ‘second life’ in an online virtual world. Not a game but a utopian online digital community that would evolve over time. It saw rapid growth for some years and even now has 200,000 daily active users, a \$600 million annual gross domestic product (GDP) and pays more than \$80 million to its creators annually.

And of course, right now video game producers commonly use a form of basic VR in game play – enabling huge numbers of individual game playing avatars to meet within their platforms.

But Zuckerberg claims the metaverse is not just VR – but something different, something fundamentally more. And there is a considerable amount of debate amongst “techies” as to the differences.



Metaverse vs. VR – what's the difference?

Since the Facebook announcement there has been a stampede by the likes of Microsoft, Google, Sony, and other giants diving into the metaverse with their own platforms. It wasn't a coincidence that Zuckerberg's announcement coincided with the milestone of selling 10 million Oculus VR headsets - Oculus is a Meta subsidiary company and the headsets are critical to VR.

But VR would serve only as one of the components for interacting with the metaverse. We are promised a stunningly realistic 3D digital world where you can (for example) purchase and sell goods and services, sign and enforce contracts, recruit and train talent, and interact with customers and communities.

The key difference with what's gone before is that this isn't a closed single proprietary world (like a video game). Users, businesses, markets and institutions will be able to set up "shop" and engage seamlessly with avatars of customers, collaborators and contacts from theoretically anywhere, without borders or edges. However, the "interoperability" promised in Zuckerberg's vision relies on a connectivity that will only be realised by a new internet architecture – often referred to as 'web 3.0'.

The last 20 years have seen many failed attempts at marketing expensive and limited VR headsets, sensory gloves and garments. But costs have plummeted and suppliers are racing to improve the virtual experience itself. We are now in a position where the cost of the tech is affordable and being marketed to the "digital natives" of Generation Z and Millennials, who have no qualms about engaging digitally – after all they've been gaming for some years using the VR headsets. They are already converted, unlike Baby Boomers or GenX.

A major change is coming – it's almost inevitable – but the pundits are predicting an evolution not a revolution and that's partly because a key component of Metaverse still doesn't exist. The "interoperability" promised in Zuckerberg's vision relies on a connectivity that will only be realised by 'web 3.0' – which is a new internet architecture that doesn't yet exist.

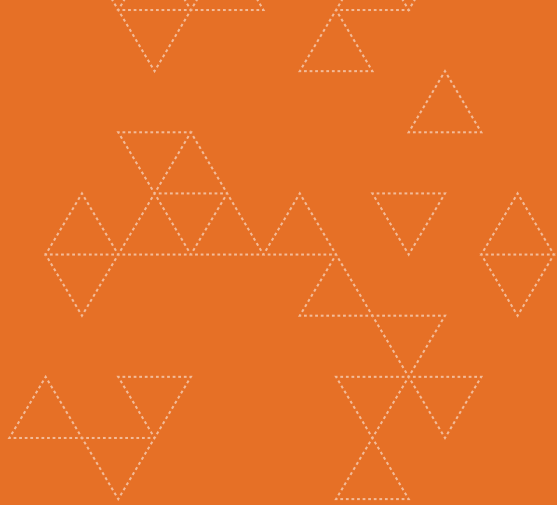
Right now, the metaverse is about as imminent as level 5 self-driving cars and trucks, the affordable hydrogen fuel cell and nuclear fission – the odds are all of these things will be achieved, it's just not clear when that is likely to be. Having said that, many of key elements of the metaverse's foundation are stable and in place and working. In our next GBV on this topic we examine how businesses are using these foundations to position themselves ahead of the game for when the metaverse becomes a reality.

[Look out for The Metaverse Part 2 where we delve deeper into the consequences of the metaverse for business and consider the practical implications]

Sources:

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