Metaverse Part 2 - The business implications

What are the practical implications of the metaverse for business owners?

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Business Alert:
Metaverse Part 2 – The Business Implications

What are the practical implications of the metaverse for business owners? (Part 2 of a two part series)

In part 1 of this series we focused on explaining what the metaverse is, the fact that it's much more than simple VR, that it's a combination of a whole range of technologies including blockchain and augmented reality, and importantly that it requires the development of web 3.0 to become a working reality.

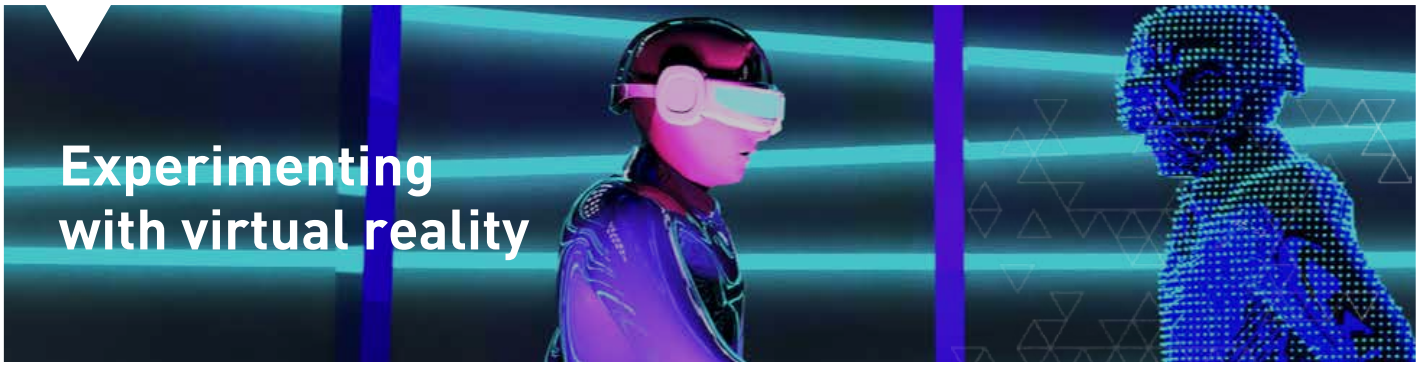
Humans have been searching some years now for the next big improvement in how we can intuitively interact with software – the metaverse could be that moment. But in a recent McKinsey 'At the Edge' podcast, Mina Alaghband of their 'Technology Council', asserted that the metaverse was in fact a ten-year aspiration.

The development of the metaverse hinges on the introduction of web 3.0. (web three point zero). Rather unsurprisingly we are currently at web 2.0, e.g. centralised database enabled websites with only some interactivity. Web 3.0 is quite a different beast using websites based on decentralised blockchain technology, machine learning and artificial intelligence. Amongst other technologies, web 3.0 will also include the semantic web e.g. websites that are able to understand words put in search queries the same way a human would, enabling it to generate more sharply focused search results.

But web 3.0 may not be around the corner. In a recent Entrepreneur.com article, Robert Parker the CEO of SAAS Partners stated; "In my opinion, while web 3.0 is a certainty, it's going to take us at least 5-10 years to really get there. There are numerous limitations to blockchain technology, namely its cost-efficiency, scalability, accessibility, and user experience, all of which make achieving mass adoption a medium to long-term scenario".

Robert continues ..." Intel (is) saying that from a computational perspective, even though we'll be at 5-10 times our current computing power over the next five years, we need to be at 1000 times to make web 3.0, and eventually the metaverse, a reality"

While developments in VR (virtual reality) and AR (augmented reality) are not the same as developments in the metaverse per se, they are critical components of a process of evolution leading to the full metaverse experience. While business leaders await the introduction of web 3.0, companies are keen to do something to ready themselves for the game changing impact of the metaverse – many have been turning to VR and AR as an entry point to the new world.



Experimenting with virtual reality

Does your business model lend itself to using VR technology? Retail, technology, manufacturing and entertainment are the obvious candidate sectors. Examples of early adoption include:

- Manufacturing: The automotive design and testing organisation based in the UK that was commissioned by a leading Italian motorcycle manufacturer to conceptualise its new model. Designers in the UK and Italy were simultaneously able to interact with a full-scale VR 3-dimensional model of the bike using headsets and gloves – altering designs, colours and concepts in real time while interacting (sitting astride!) the bike.

- Retail: Nike has opened a virtual pop-up store which accompanied the launch of the Air Max 720. The microsite generates "Air Credits", which are put into a virtual wallet, and allows users to purchase the items that they can see on their screens. All merchandise in the store has been digitized, hovering in the space while allowing for 360° views either via desktop or phones.

- The US military use VR for helicopter maintenance. They hand a new recruit a pair of VR goggles which they use to explore a detailed 3D rendering of a helicopter. Several weeks are spent conducting intensive quizzes and simulations, all of which has shortened training time from eighteen weeks down to ten.

- NFTs e.g. non-fungible (non-replicable) tokens formed using blockchain technology have become an asset class increasingly recognised by parts of the financial services industry. There are already reports of institutions issuing mortgages in NFTs for virtual property transactions, and loans granted where NFTs have been used as security. NFTs, and cryptocurrencies are now regularly traded around the world – in the metaverse all transactions will be based on these technologies.

Commercial use of augmented reality

- AR is increasingly leveraged by retailers to present products in a semi 3D environment, often referred to as 2.5D. By turning on a phone's camera we've moved from the 3D rendered image of an IKEA couch on a website, to being able to position the item in a setting such as your own living room – checking out whether its design, colour and size will work.

- Similar technology is being used by large distribution and warehousing companies to help workers navigate to specific stock items. The phone is used to overlay directions and distances onto the camera's image of a warehouse corridor and racking system – staff simply follow the coloured arrows around the image on their phone.

- Engineering companies have reduced machine downtime by using VR headsets to overlay 3D schematics or 'X-ray' images onto machines to instruct technicians with step by step remedies for common fault finding or repairs.

- These sorts of real working examples of AR and VR demonstrate the practical use of the technology and how organisations can begin to experiment or transition part of their business to the foothills of a future metaverse landscape.

Other things to monitor as the metaverse develops

Commercial opportunities in the metaverse are really only limited by imagination and innovation. The possibilities appear to be endless and so businesses priority must be to focus on what is going to change first? Businesses need to carefully monitor developments in the following areas:

1. Web 3.0 and Blockchain – Long hailed 'interoperability' (See Metaverse Part 1) will come via web 3.0 – which in itself is likely to challenge existing trusted brands and business models. For example, financial transactions in the metaverse, through NFTs (non-fungible (non-replicable) tokens) and cryptocurrencies, will not be reliant on the conventional banking system. Therefore, brand trust will need to shift to those offering access to the metaverse – Meta? Google? ...and perhaps indirectly your own brand?

   Action: Ensure your existing digital footprint and any near-term web developments will be compliant and engineered to leverage capabilities of web 3.0. Organise a cryptocurrency 'wallet' and try some limited trading in a cryptocurrency, simply to gain familiarity with the processes and protocols. Keep monitoring the media for developments in blockchain associated with your sector.

2. Security & Regulation - With so many operators with multiple access points and in a metaverse system that will encompass revenue transactions on an unprecedented scale, regulation is likely to become a very big deal. Brands and whole industries will need to focus on security, trust and self-regulation on a scale hitherto unseen.

   Action: Ramp up short-term strategies around corporate security and data security. Ensure that client information is valued and protected and that your clients know this is one of your core operating principles/competencies. Build trust.

3. Competitor Involvement – While the full metaverse appears a longer-term prospect, the sorts of seismic change that technology punters predict has a habit of creeping up - stealth like. Actual 'switch points' are difficult to predict. Incremental developments in technology happen faster and at lower price points than one might think.

   Action: As discussed above having some (any!) experience in this space might provide a competitive advantage. Using a combination of AR, VR and NFTs, things like virtual showrooms, facility tours, product demonstrations and crypto transactions are all currently possible. You must keep a very keen eye on the competition and stay ahead with 'marginal gains' through an agile trial and error process.

In conclusion

Like many revolutionary technologies in infancy the road ahead is not clear. It's difficult to predict how and when they will evolve and at what speed. However, business needs to be prepared with a strategy, experimentation or at least a direction of travel that anticipates where the major changes will occur.

Ask yourself how your business would be affected if given the right hardware, your customers could be effectively triggered in a virtual online environment, and if their personal data, banking, and credit scores all resided securely in the same environment, and if your competitors were also omnipresent with little or no barriers for clients to change. How fundamentally would this effect your business model? Also consider what aspect of your customer proposition, product or service might in itself have some virtual value in a virtual world?

Most sectors have probably got five years to plan and begin executing a digital strategy for web 3.0. As for the metaverse, the odds are that what appears to be a virtual reality could become a hard reality in as little as five to ten years. In simple terms this is an area that warrants close monitoring, constant scrutiny and some experimentation.

Sources:

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