

The Metaverse: Myths & Opportunities

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Speaker 1: Tech Reimagined, redefining the relationship between people and technology. Brought to you by Endava, this is Tech Reimagined.

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Bradley Howard: Hello and welcome back to Tech Reimagined. I'm Bradley Howard and I'm glad to welcome you to the latest episode of our show. Currently, in season three, Tech Reimagined explores how technology is influencing the fabric of our society, how we live, the way we work, and how we do business. Follow us on your favorite podcast platform to learn from our experienced guests.

Today, we're going to be discussing how the way in which we experience reality has evolved rapidly through technology and whether we've reached a good vantage point to explore what the metaverse promise is and what it can do for businesses. I'm going to be asking our guest what the metaverse is very early on. There's no one better to debate this with us than our very own VP of extended reality and metaverse fan, Thomas Bedenk. Welcome to the show, Thomas. Can you say a few words about yourself and please can you describe what the metaverse is?

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Thomas Bedenk: Hi, Bradley. Yeah, I'm Thomas. I work in digital media, I would say for over 25 years. So before the internet bubble burst, I was already creating websites and designing and programming them. I had a game studio in between, and now since 2015, work here to create VR, AR and metaverse applications, experiences for different clients and also network within in Endava on those topics.

The metaverse is a bit of a long story, but I'll try to make it short. The term metaverse has a bit of a history originating in a novel, then being picked up again around the time when second Life was a thing and now refacing with Meta's rebranding, but it has never reached a global audience like it has this year. When you talk about the metaverse, it is most likely a connected three-dimensional world that is perceived to through different kinds of devices, but it's real 3D, real-time rendered, and it is a social experience. You can also talk about it in context of augmented reality, and there is a debate if it involves decentralization or not, if it's the next generation of the internet or if it's based on the current version of the internet. So there are debates about the details, but in general it will connect us globally in a different form of medium.

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Bradley Howard: Thanks very much for that comprehensive description. So we did some research before this episode and the numbers are staggering. So there's 300 million people that use the metaverse like platforms. So that's applications like Fortnite, Roblox, and Minecraft, and they use that every month. That equals the total user base of the internet in 1999. So it's clear that there's an emerging interest and sea of opportunities waiting to expand.

So far Facebook who has now renamed themselves as Meta as you just said in the introduction, they've invested about 10 billion just in the last year, that's 2022. So the question for you, Thomas, to get us started is what do you think that influences the public's appetite for this experience?

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Thomas Bedenk: I think there's massive appetite, but it also shows that you have to distinct what you're talking about. The phenomenon of the games industry and gaming becoming really the lead medium of the next generations is apparent for a while now. It's not necessarily equal to the metaverse, but you can see a lot of the changes that will probably impact the broader society already in those game experiences. For example, it is often a social way of exchange playing these games and often they're not even played but rather used as a medium to meet friends and exchange about your week and not just solve a mission in a certain game. It also shows that virtual items have a real economy and virtual items are as real as physical items to the one who owns them and once use them in the metaverse and that will have a massive impact to how business models could involve, how we can address our customers and as an audience.

So the question that is mostly open is how fast will it impact which area? How transformational will it be for what parts of the business? So for me, it's not an if question. It's rather when question and a what question as well. Because while a lot of people talk about the metaverse as the next form of the internet, we don't have it as of today. We don't have that version. We just have different kinds of platforms and experiences who are building onto the premise and trying to extend on it bit by bit.

Roblox as an example, it started out a long time ago and build up this global audience over decades rather than years. So you have to really look into what you're talking about when you say metaverse and who is talking about the metaverse to really understand the messaging behind it.

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Bradley Howard: So if we look at the analogy of the original internet as we know at the moment, so when the internet first came out, we had email, which was quite cumbersome at that time, but then it was the advent of the web browser where everyone started clicking, "Right. So this is the thing that I can do." I would imagine the vast majority of end users still think that the internet is what happens. Insider two dimensional web browser. Then of course mobile phones took off and that was the killer app for the internet because we could start doing everything. So how are the headset companies going to become that killer app to encourage everyone to try and buy one of those headsets in order that we can start accessing metaverse's?

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Thomas Bedenk: Again, there's a bit of a debate is the metaverse only the metaverse if you experience it through VR and AR? I would argue this spatial component in the computing and in the interface makes a massive difference in how you perceive this. You're certainly immersed in the content, you're in the middle of the content and that for the first time. So it is essentially new quality of a mass medium. So it is a very important aspect of it. However, already the precursors of that meaning a 3D simulated environment where you can meet in almost spatial space, I say almost spatial because you're still perceiving it on a 2D screen. In that way when you look at it through the browser or the phone, that is definitely already giving you some of those advantages in a sense that humans are just made to be able to traverse a three-dimensional world, understand, be embodied in a spatial surrounding.

So it is definitely the first step into that. If you look at the impact this can potentially have, like imagine a world where we do walk around with augmented reality headsets 24/7 because they've become so light, it changes a lot of questions about privacy, about how you can track data. Imagine you walk through a city like Berlin and you can turn on different filters of how you see the reality. It could be a filter that makes you not see the physical advertisement. It could be a really nice walkthrough Berlin if I only saw the green trees minus all the traffic, minus all the traffic signs and that could be nice.

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Bradley Howard: Well, until you get hit by a car but yeah, I know what you mean.

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Thomas Bedenk: There will be a warning for sure. But yeah, you might not need traffic signs anymore if everyone was wearing this because then you only display it on a per use or necessity case. But it could also mean that you decide not to see homeless people while walking through Berlin, who is to say that is allowed or not. If you go this far into the future, you see how much impact it could have on our daily lives and on a more practical basis if you compare different device sectors and how they're scaling and how they're saturated and mobile phones don't really grow really much anymore. Desktop computers don't grow wearables to a certain extent, but virtual reality globally probably grows at like 30% or something like that.

So it's obvious that these big companies want to establish themselves as the go-to platform in this emerging category because then they can control the market, they can control the revenue flow and take their share similar to what Apple is now doing on the app store for every single purchase and influence opinion as well as have a massive pool of data. So of course this is going on, it's just a bit of a gamble for everyone involved on how fast it will move forward.

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Bradley Howard: So we've covered a couple of different things. I want to come back to the business and we'll talk about the ethics a little bit later. I'm really looking forward to that. So on the business opportunities, when you talk to Endava customers about whether they should be moving into the metaverse or how they can move in, do you have any core principles or do you see any core principles in the metaverse emerging across them?

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Thomas Bedenk: It is still something that is evolving, so it doesn't make too much sense to make massive plans based on theories of how it could be. So you should approach this iteratively similar to which to us generally saying you need an approach to digital acceleration rather than transformation. Because transformation sounds like, "Okay, I'm done tomorrow," but no, you won't be done tomorrow. So you have to find your angle into this on an individual level as well as an organizational level. Which could mean, and then for a lot of organization that's already true that they have already done virtual reality proof of concepts, MVPs or use it in certain sectors. But the metaverse moment means that a lot more people around the world, rather than... Let me rephrase that. It's not as much of this year was not as much of a technological change. It was a change of attention perception.

So every big organization suddenly started think about, so what does metaverse VR and AR mean for me? How do I have to prepare my data? What really work across my different organizational parts to make sense of this and implement it in a Korean way, work towards a future where this might be part of my business model. But you have to get started somewhere and it's still the step by step of understanding what's coming and then being flexible enough to adjust to what is really as a valid opportunity, very short term, and what is evolving a bit slower.

Because usually, and I like to turn this exercise around and rather than looking forward, look back five years, two years, 10 years, and while it seems to move slowly when we look forward, looking back the same time horizontal, we see how massively the length has changed from digital distribution in a purchases, data, cloud. There's so many things

that massively changed in the last years and we will see a similar change into the future, which I still know exactly which of those things will change at what pace. And that's why it's very important to just start exploring it and learning to understand it yourself rather than just go by hearsay or watch someone else do it.

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Bradley Howard: Other than computer games that we talked about in the introduction, so which industries do you think are going to benefit the most from the rise of metaverse style experiences?

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Thomas Bedenk: I actually think for in 2023, there will be quite a bit of focus again on the industrial metaverse. And I mean that in a way that a lot of the efforts will be reevaluated that have been done in the past, like digitizing digital twins, individual POCs across the different areas of your business and then try to combine it in a similar way that it brings you closer to a really foundational change of how you operate with this data in your business. And I think we'll definitely see a lot of investments of taking digital twins and things like that to the next step, but of course you have to look at the individual industries to understand it a bit better.

Of course, retail and brands are a whole different story than mobility and manufacturing, so different aspects of those businesses will be influenced differently. So designing new products is already digitally a lot, but really making that value go through your organization in a coordinated way of having that data really carried from the inception to the market as a digital element is something that will be looked into a lot as well in the next year's.

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Bradley Howard: For those listeners that don't know what a digital twin is, can you just explain a little bit about that?

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Thomas Bedenk: There are different levels of what you could call a digital twin. I'll try to make it short. So it's a digital representation of a product or a factory or something you have in reality and have a version of that as a digital model, which is usually also on a visual level. So it's a 3D representation, often. On a data level, it does have sensors and data input that's collected in combined with the spatial relation to that digital twin, and it could have elements of predictive analysis or AI as part of that as well. But it usually makes it easier to understand, approach or evaluate certain states data of the physical item in a virtual version. I don't know if that was short or precise enough, but I tried it.

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Bradley Howard: That's fine. So from all the Endava customers and different industries that you talk to about virtual reality and metaverse, where do you see the most resources being invested?

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Thomas Bedenk: There's definitely a lot going on in mobility and also the automotive industry because you see it already affect almost across the whole product cycle. It's from this sign, to how it's marketed, to how it's produced, how you're... You're creating a first version prototype, you're comparing the CAT Data with an augment reality view, where is a mismatch. You're carrying your construction data into marketing cases. You are representing your brand in the virtual world. You're connecting more directly to your

customer than you used to be. So there's a lot of that already happening in the automotive industry, for example.

But you can also look at manufacturing more broadly. You can look at health where, for example, digital twins of organs are displayed for search during surgery to be able to better perform a surgery. You can see it in retail where brands really find even new revenue models for making money with virtual items. It's really across the board, it's just different areas of the business that are affected.

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Bradley Howard: Yeah. I've always thought that the E-commerce side of the internet could be massively improved by a 3D style environment. If you go into a real bricks- and- mortar supermarket, for example, and you see all the different varieties of a, I don't know, tomato sauce or a pasture or something on the shelf. Then you look at the traditional two-dimensional web browser of you. It's terrible. That product discovery is so bad in a 2D environment, but 3D I'm sure could really open it up and I'm quite surprised none of the big retailers have jumped on board with that. Are there any really good E-commerce implementations that you've seen that you'd recommend people in that industry to check out in the metaverse?

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Thomas Bedenk: Again, there are so many levels. Look at what Walmart does in Roblox. Why is Walmart in Roblox, you might think, but check it out. And there is IKEA and how you display virtual furniture in your own room. IKEA is, by the way, is a great example. You can find a lot of talks online about this, how they really have improved their digital and 3D asset value chain over a long time. They have products that live for 10 years and it's absolutely worth investing, recreating a digital version and then processing it for different use cases in their organization. And they've done that historically already. Digitizing how they created their catalogs, like a lot of the pictures in the catalogs weren't actually photos anymore. They were rendered pictures, but now they are in the inception points in the last two years, I would say, where they used more of this data in a real time environment than on a fixed outlet like a video or a photo. And this will happen in the same way in other industries and in other verticals.

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Bradley Howard: That's so true, actually. In fact, I've used it so many times. The IKEA app and also the Dulux, the paint company apps. I've used them so many times that I don't even think of them as particularly special anymore. But anyone who's going to redecorate a room, especially put some furniture in, even dare I say, even if you're not going to use the IKEA furniture, it gives you a really good idea of if you've got a wardrobe there and a desk there and a bed there, this is how it's going to look with the Dulux app as well. You get a completely redecorated room without any cost.

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Thomas Bedenk: So you mentioned digital 2D experiences sometimes being lacking shopping online, but I think the real potential is combining those two experiences, the more visceral and continuous way of walking through a department store or retail environment and the efficiency of finding something quickly in the digital world on a website like Amazon. If you combine those two perspective, make it much more of a custom experience, have an individual layout of your store, with products that actually interests you laid out in front of you. But still have a bit of exploratory porch where you might see something that interested you last week, sitting right next to the stuff that you want to buy all the time in this virtual shelf, that might open up a whole new revenue

stream. So just thinking about these things will help you explore these new options with doing something three dimensionally.

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Bradley Howard: So my final question is, if you've really wet the appetite of a listener who's thinking, "I'll tell you what? I want to go out and do something in a metaverse. I've got some ideas." What's their first step? What do you think they should do?

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Thomas Bedenk: In terms of the metaverse, I'm sorry to say, but you have to do a bit of homework in understanding what is the difference between a game, a 3D environment, some marketing experience, crypto, and there's so many things thrown together under one umbrella term that yeah, navigating this, understanding a bit is definitely very helpful. But then again, as always, my advice is the feeling is believing. You have to try these new things to better understand them.

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Bradley Howard: Yeah. If anyone has got any other questions for you, Thomas, what's the best way of contacting you?

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Thomas Bedenk: LinkedIn. Just sent me a message on LinkedIn.

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Bradley Howard: Okay. Well, that's Thomas Bedenk on LinkedIn. Well, on that amazing finale, thank you very much for those practical insights. It was a pleasure to have you on the show, Thomas. And to all of our audience, if you want to hear more on these exciting technologies straight from Thomas, then please do contact him on LinkedIn.

If you found this episode enjoyable, please spread the love and share it with your network, or just follow us on any of the other major podcast platforms. We're always interested in your feedback. Please either go to endava.com and click on the contact button, or you can contact us on all of the major social platforms. Our handle or username is almost always @ Endava. Until next Thursday, I'm Bradley Howard and this has been Tech Reimagined.