



Charting a Path to the Metaverse

UNDERSTAND THE METAVERSE AND HOW IT
MAY IMPACT YOUR BUSINESS



EXPERTS WITH IMPACT™

Understanding the metaverse

What is the metaverse?

The metaverse is the next phase in the evolution of the world wide web: While the 1990's saw public adoption of the Internet, the 2020's stand at the beginning of the Web 3.0 and the metaverse. The vision of this new era will feature interactions with fewer technological barriers and gatekeepers, and will foster democratization of content creation and value sharing.

While no one 'owns' the Internet today, a handful of mega-firms control access and get most of the value from it's use. In contrast, in the metaverse, individuals will be able to interact not just as consumers of content being served-up to them but as participants in the value creation and economics. The metaverse is, or provides, a futuristic internet experience where people interact via digital avatars to play, work, transact and entertain.



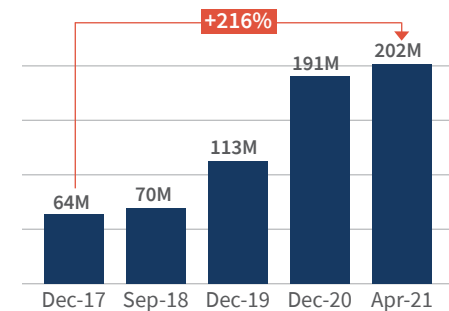
Mark Zuckerberg, Meta, believes that "...the metaverse [is] as an embodied internet, where instead of just viewing content — you are in it..."

Satya Nardella, Microsoft, thinks it "will bridge the digital and physical worlds. Going forward, every business process will be collaborative, powered by data and AI."

The metaverse is still evolving but it is already a reality that TMT organizations must contend with¹

Consumer Engagement is increasing dramatically...

Roblox monthly active users (Millions)

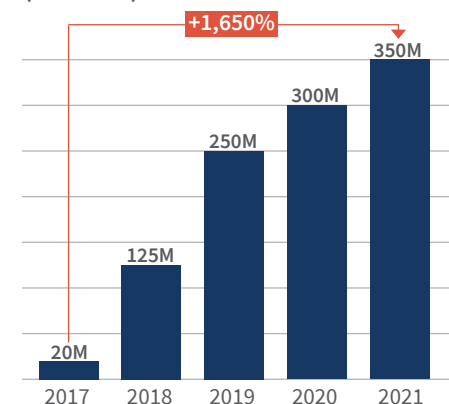


Brands are developing Web 3.0 strategies...

Gaming companies are advancing their vision for building a metaverse

Epic Games received a \$2 billion investment from **Sony** and **KIRKBI** (owners of **The LEGO Group**) as of April 2022

Fortnite registered users (Millions)

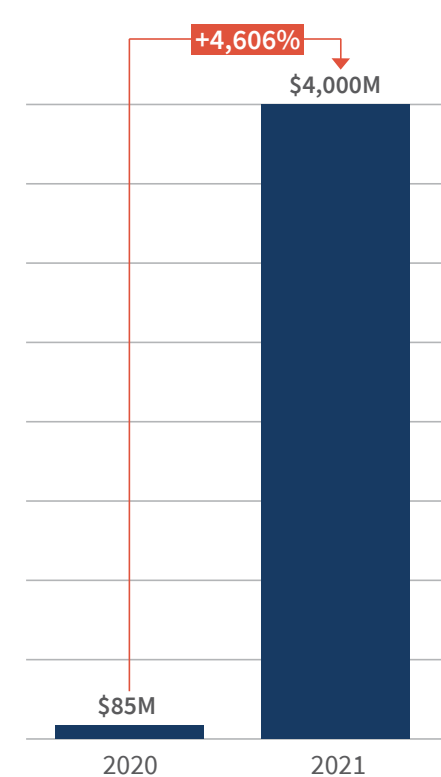


Major companies are investing in digital real estate to participate in the metaverse

Brands such as **Adidas**, **Samsung** and **Gucci** have invested in the Sandbox

Investment has increased 4,600% YoY...

Investments in blockchain gaming (USD millions)



And what will we do in the metaverse?

David Baszucki, Roblox, believes that "We think of the metaverse as a human co-experience category that supports people coming together to socialize, to learn, to play, to work, to experience entertainment and amazing brands."

Sundar Pichai of Microsoft believes "People want more conversational experiences. They may speak to search. Being able to adapt and evolve search is the biggest opportunity."

Jensen Huang of Nvidia, speaking to how the metaverse will work, sees it "Running simulations in the metaverse could save companies billions of dollars in the real world."

How will the metaverse work?

Tim Cook, Apple, said "**We've always said that AR is a core technology.** I think it's profound what you can do with it and the enhancement to people's lives ... but **humanity has to be at the center of it.**"

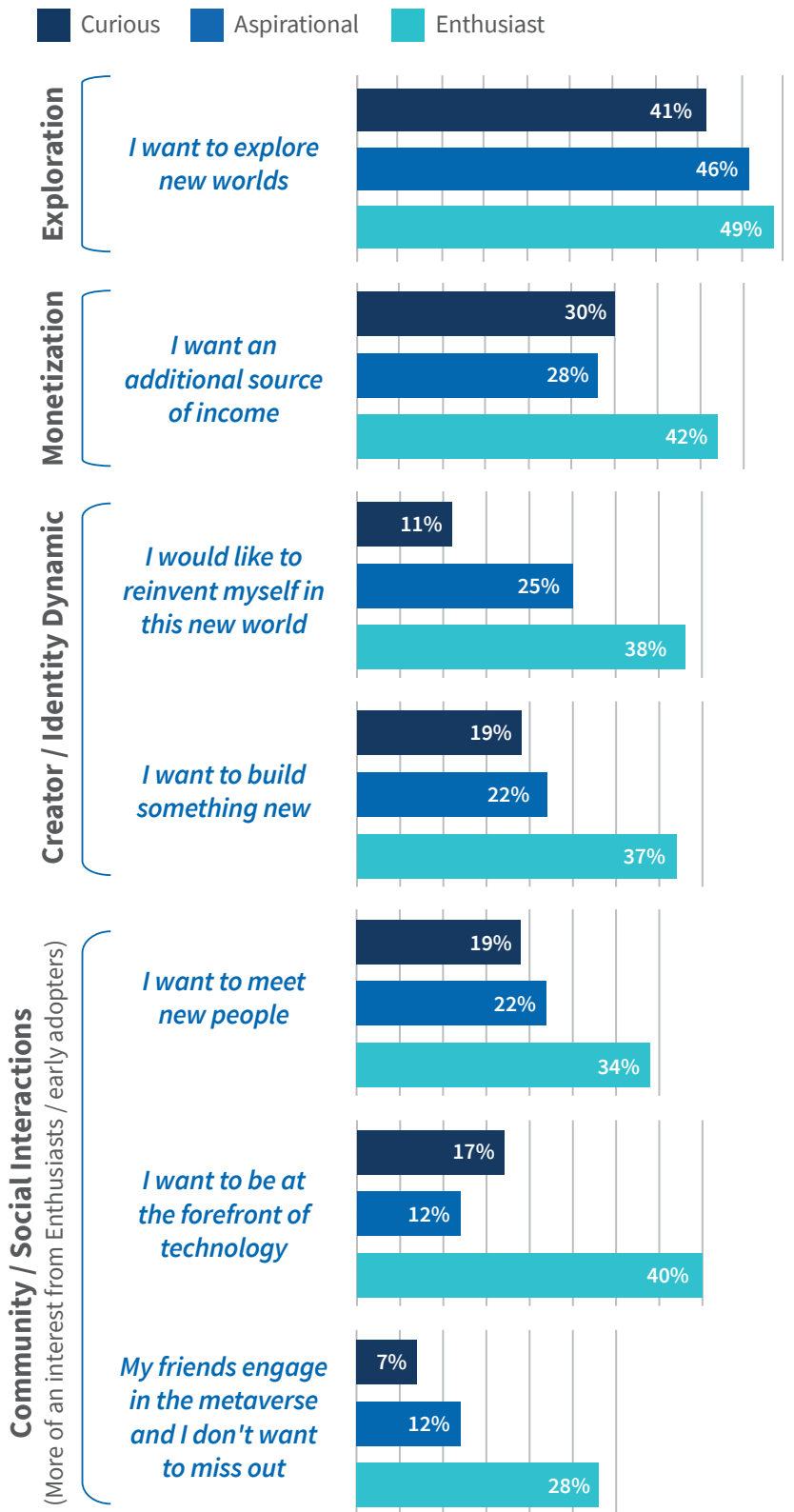
"**AR will drive all things like chat, social networking, photos, videos, data, modeling, motion capture, and visual programming.** Every form of computing will be combined together and unified in a single platform" said Tim Sweeney, Epic Games.

Consumer engagement, brand presence & investment

As shown to the left, consumer engagement, brand presence and investment are increasing dramatically. From the point of view of adoption, the most relevant questions to ask are not IF the metaverse will take-off, but WHEN consumer and brands will engage and HOW MUCH investment will be made?²

In first quarter 2022, FTI Consulting conducted survey research with 577 respondents to understand the different reasons consumers participate in the metaverse. The results of that survey are shown to the right.

Why consumers participate in the metaverse (% of respondents, n=577)³



Two types of metaverse experiences

Let's look at two examples of virtual world experiences offered by a Roblox Corporation, an online game platform and game creation system, where users can interact with one another: Virtual Retail Stores and Concerts



Virtual Retail Stores

Users Spend in-game currency on Gucci avatar merchandise, with a virtual bag selling for more than its real-world counterpart. With more to do than just gaming, users socialize, show off avatar items, and attend events.

Though still in its infancy, virtual retail is evolving into a new kind of social platform, with daily average users (DAUs) averaging 2.5+ hours per day.



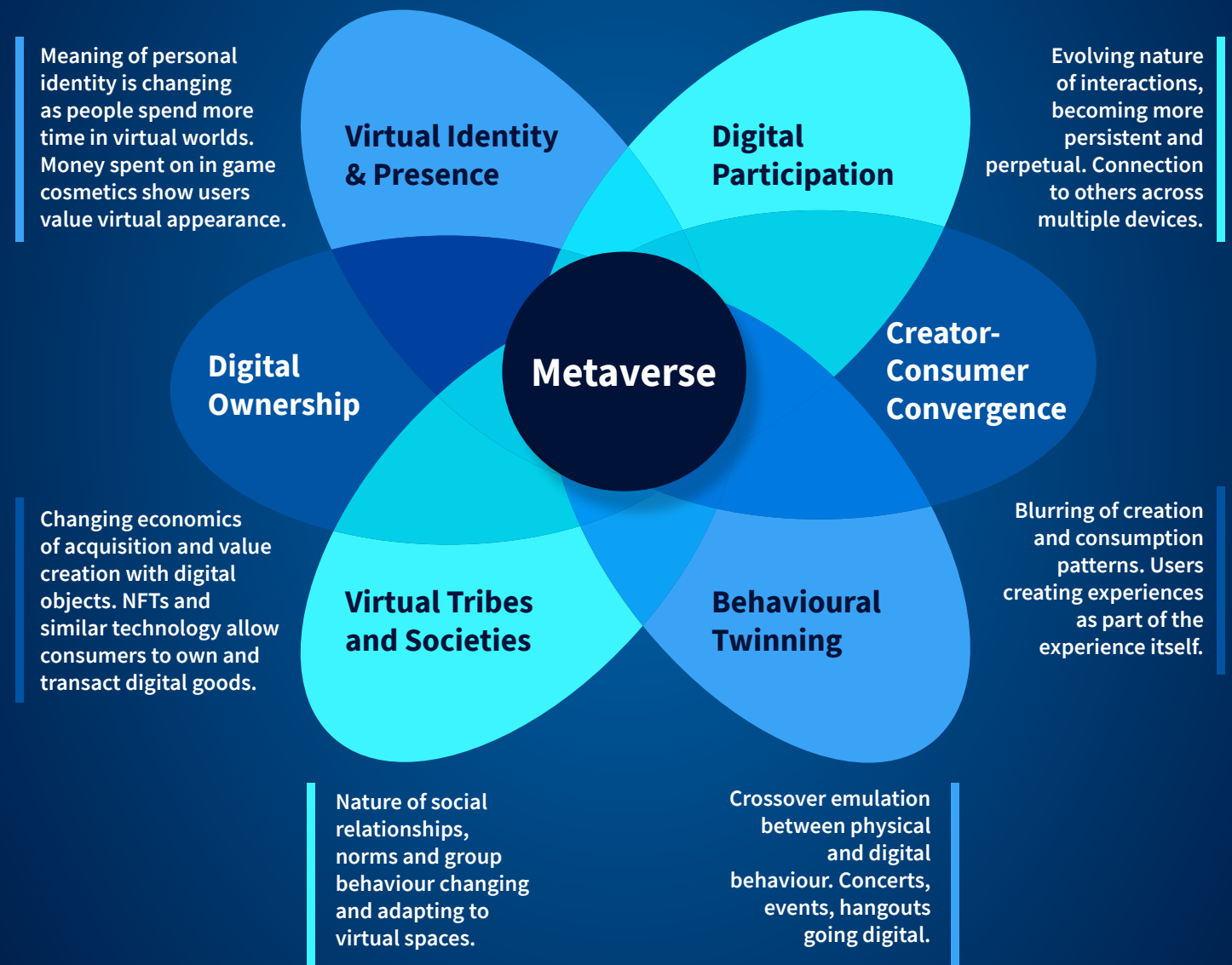
Concerts

Users attend live events such as the 2 day virtual concert hosted by Lil Nas X that garnered 33 million total views. Merch sales from the concert neared 8 figures.

Users can create their own experiences to share with friends. Roblox has developed a message service which can be sent to a concert goer's mobile device enabling constant contact between users.⁴

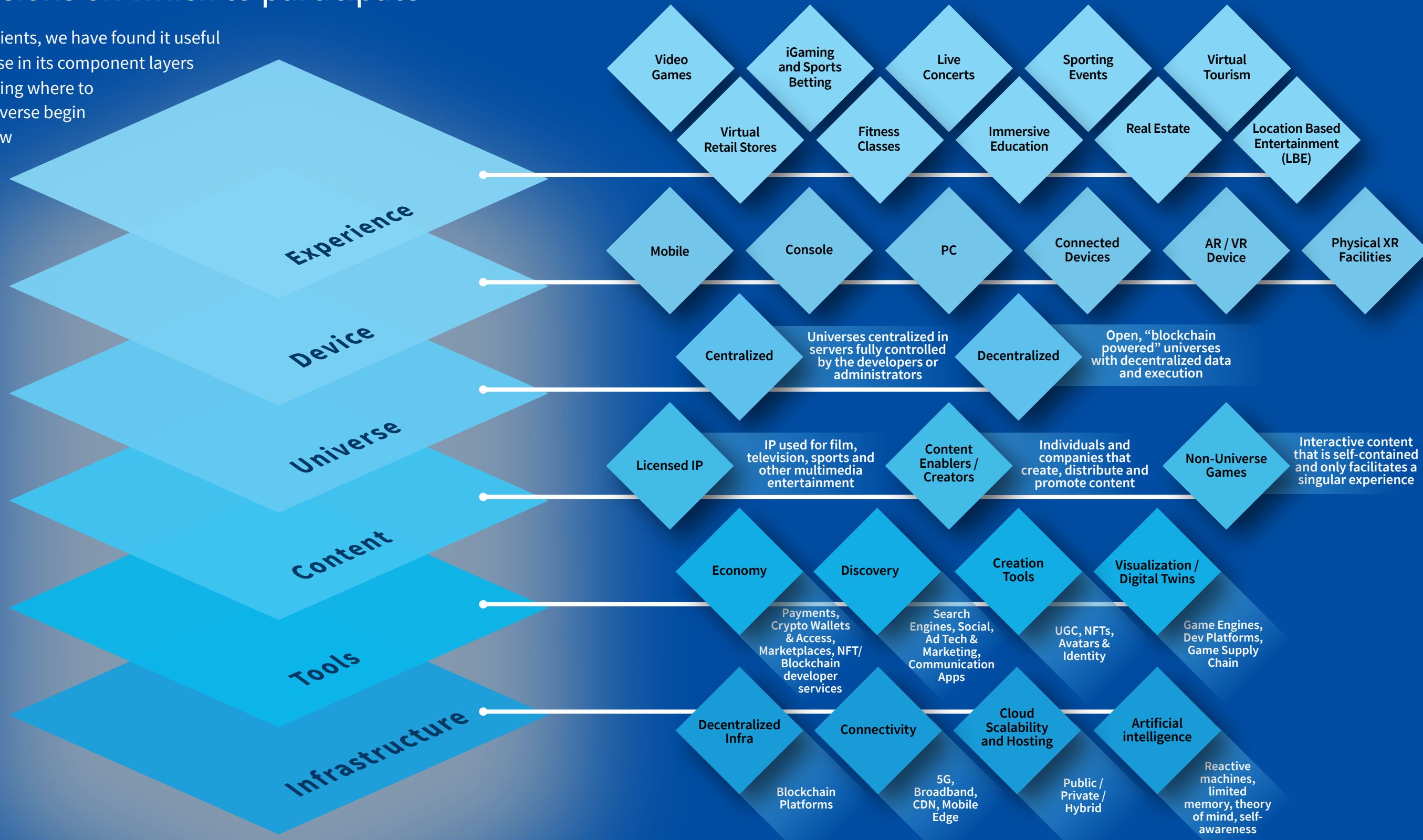
Emerging digital consumer paradigms

New consumer use cases and paradigms are some of the fundamental shifts that are taking place as a result of the metaverse:



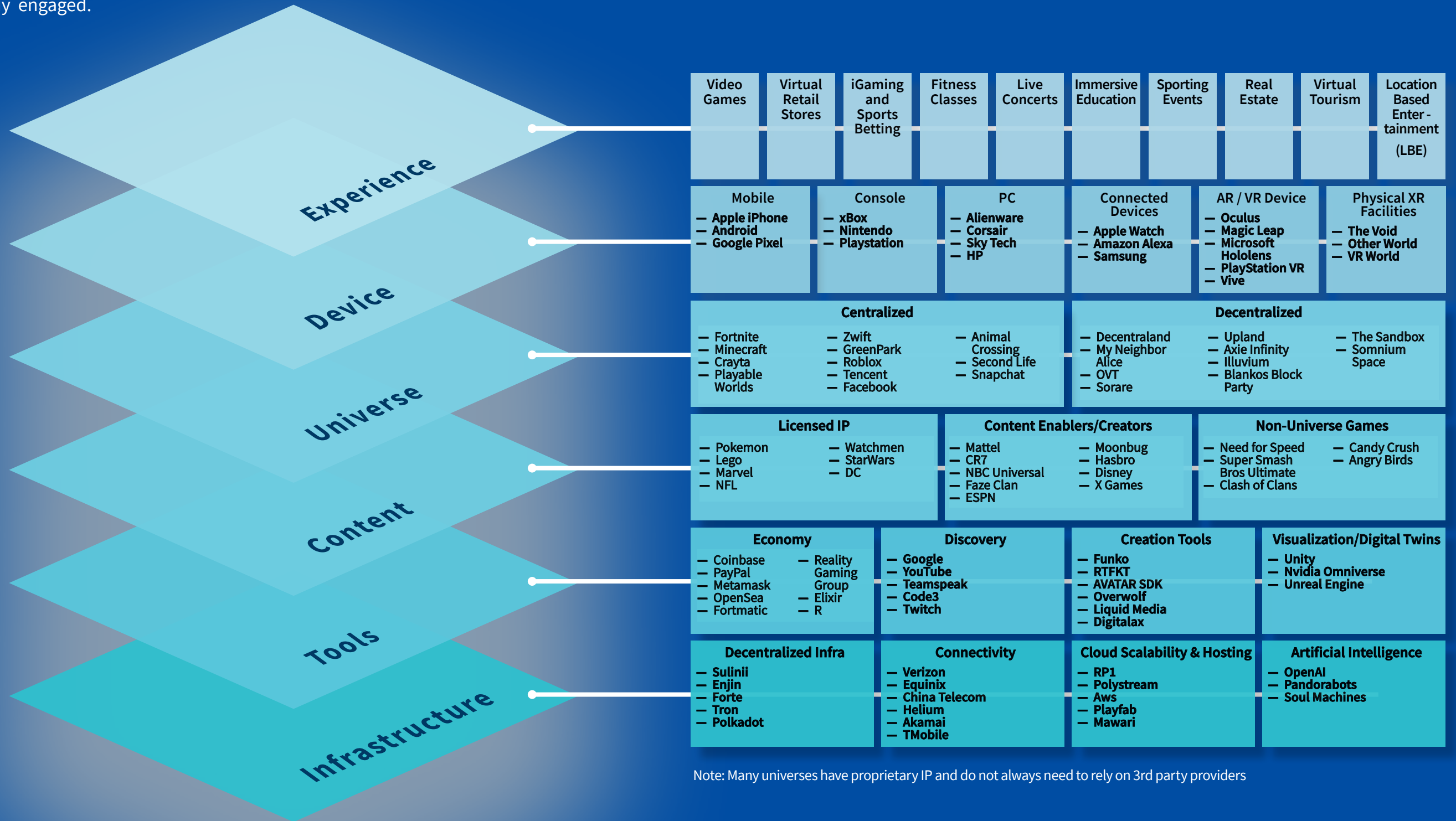
Charting the metaverse: Various dimensions on which to participate

In our conversations with clients, we have found it useful to deconstruct the metaverse in its component layers as a first step in understanding where to play. The layers of the metaverse begin with a consumer centric view of **experience**, then the **device** the consumer will use. Next, the **universe** and the **content** are chosen, which are created and maintained with a set of **tools**, resting on foundational **infrastructure**.



Charting the metaverse: Major corporations are already engaged

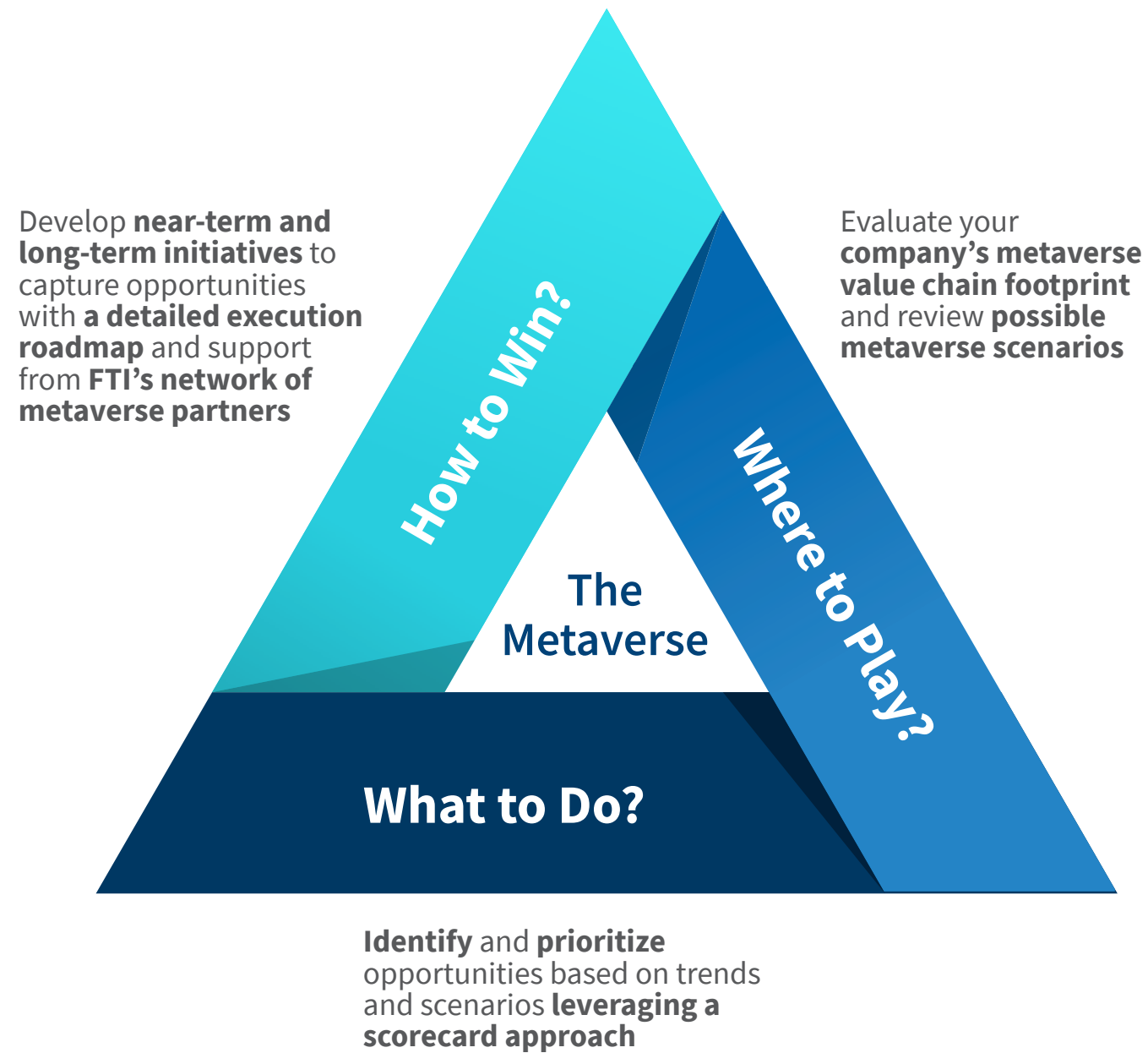
Looking at the same dimensions, note the major international players already engaged.



Note: Many universes have proprietary IP and do not always need to rely on 3rd party providers

Charting the metaverse: Assessing if you fit-in and how

FTI Consulting can support you by assessing your metaverse readiness through the exploration of near-term options and long-term strategies to identify paths to success.



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SOURCES

- 1) CMS.gov, TechCrunch, Business of Apps
- 2) Medium, Finbold
- 3) FTI Consulting Survey Research
- 4) Nme.com, The Verge, Musically.com, Roblox.com, Backlinko.com

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