Metaverse, Web 3.0 and more

Unpacking the Future

August 2022

Introduction

Section 1

1. Introduction

Metaverse is a network of 3D virtual worlds that is focused on social connection. It is the integration of virtual and physical spaces and virtual economies that allows to create a significantly more immersive user interface, and thereby a more interactive experience. It has helped accelerate the progress of various technologies and projects.

Meta allows a person to not only interact with an image but engage with it. The internet takes data and transforms it into a 2-D image but meta takes it one step ahead and puts it into a 3-D image that heightens and connects to people's emotions and senses making it more immersive than ever.

Metaverse is a portmanteau of "meta" and "universe" that first appeared in the 1992 science fiction novel Snow Crash.   The development of virtual world platforms like Second Life has led to the development of different metaverses for popular use.

One of the reasons for metaverse's popularity is its decentralised nature, i.e. it removes the need for intermediaries and allows for peer to peer transactions. In doing this it addresses the main issues of data ownership and control, and provides for more seamless engagement between different players.

This directly corresponds to a huge portion of today's urban population that relies on big technology companies for all their internet services, who can potentially dictate, or impose restrictions on what a user can or cannot do.

Metaverse is a new dimension that includes health, games, films, concerts, entertainment, social platforms, education, virtual training techniques, etc that employs Web 3.0 technological advances to achieve the target of providing a high quality and immersive experience to all its users.

It is important to reiterate that metaverse encompasses many components and would continually change as more and more people adopt it in all spheres of their daily lives.

Elements of Metaverse

Section 2

1. Digital Currency

Metaverse is a digital version of the real world. There has been an increase in the application of metaverse in daily life activities such as art exhibitions, product launches, and even weddings. As of now, the only currency accepted in the metaverse is cryptocurrency.

Cryptocurrency is a digital token which represents time and effort because it requires time and effort for each coin to be created through a blockchain. The value of each coin solely depends on the value that investors are willing to pay for it. Traders usually buy and sell coins as opposed to keeping them for very long. This incentivises these traders to buy the coins at any listed value as long as they are able to earn some profit off them

The global cryptocurrency market size was valued at $1.49 billion in 2020, and is projected to reach $4.94 billion by 2030, growing at a CAGR of 12.8% from 2021 to 2030.

It is a form of currency that exists digitally only and has no central issuing or regulating authority above. It uses blockchain technology to authenticate the transactions. Blockchain is a decentralised technology spread across many computers that manages and records transactions. Furthermore, it does not rely on banks to verify the transactions but is used as a peer-to-peer system that enables users to send and receive payments from anywhere in the world.

2. Blockchain

Blockchain is a public digital ledger that records transaction data. This kind of tender eliminates the need for intermediaries (such as banks or tech companies) for any transactions between two users, i.e. it encourages peer-to-peer transactions thus reducing cost and increasing speed.

3. Non Fungible Tokens

NFTs are 100% unique tokens that exist on blockchain. They are created when a digital file (commonly an image, video or GIF) is minted. A certificate of ownership is generated through cryptocurrency and then granted to the owner. NFTs can be attached to digital pictures, memes, videos or anything as abstract as a code for a webpage. It is a mutually exchangeable commodity that allows for misuse against digital goods.

NFT's dominate the gaming world. A very common video game is Fortnight, if for example a player unlocks a certain feature for the first time in a game and takes ownership of it then this ownership can be used as a token and resold to the highest bidder.

Fun Facts about NFTs:
1. The NFT Market was wroth $41 billion in 2021.
2. "The Merge" is the most expensive NFT ever sold worth $91.8 million.
3. There are $10=$20 million worth NFT sold in blockchain every week.
4. More than 50% NFT sales are less than $200.

4. Digital Humans

Metaverse leads to better representation of the human form in the virtual world. It helps blur the difference between the physical world and virtual world by including avatars. These avatars have haptic feedback that increases the user's immersion.

Digital assets also include any and every virtual asset like land and paintings that may be replicated from the real world to the virtual one.

Global Companies Developing Metaverse

Section 3

Meta is the main company developing Metaverse for users and players who wish to be in this vast network of real-time 3D virtual worlds.

Nvidia is the world's first simulation and collaboration platform that is delivering the foundation of metaverse through integrations with Blender and Adobe. Omniverse, that is the metaverse developed by the company, has one of the fastest growing customer base amongst its competitors.

Epic Games is at the forefront of big companies developing Metaverse with a significant wave of development and innovation. It recently partnered with Lego to make the metaverse a family friendly platform to engage with.

Microsoft is focusing on developing metaverse applications on the top of the Mesh platform, which is a collaborative and immersive work space. Microsoft, the Xbox owner, has been involved in the gaming space for a long time and is constantly developing its gaming platforms by way of superior technology. In addition to this, Microsoft has developed an impressive AR platform called Hololens. **Apple** in itself is not developing its own metaverse but is a well-known company for creating Head-Mounted System (HMD) virtual meetings apps.

Decentraland is a popular platform for content producers and enterprises looking for a new artistic medium or any commercial opportunity and has grown in importance due to its virtual land dealings.

Roblox Corporation is focused on building a creator economy in metaverse. It offers an open gaming platform to let players create their own digital and interactive worlds.

Unity Software offers a real-time 3D software development platform with access through augmented reality or extended reality.

Snapchat is one of the fastest growing Metaverse companies that is focusing on avatar development. It is leveraging augmented reality by the use of avatars that can change clothes and faces as per the mood of the customer. This company is developing Metaverse through the launch of 3D Bitmojis.

Amazon is another popular tech company that is focusing on the delivery of cloud-based Metaverse services in the gaming tech division.

The Economic Side of Metaverse

Section 4

The global metaverse market size was estimated at **USD 38.85 billion in 2021**.

According to Precedence Research, the global metaverse market size is projected to be worth around USD 1,607.12 billion by 2030 and expanding at a compound annual growth rate **(CAGR) of 50.74%** from 2022 to 2030.

The metaverse is expected to infiltrate a multitude of industries in numerous ways in the coming years, with the potential market opportunity or the total addressable market estimated at more than USD 800 million.

The education industry substantiates the above statement. As educational institutions closed their doors due to the pandemic, the metaverse integrated technology came to rescue as students were able to actively engage in school like environment while sitting in the comforts of their homes.

Metaverse can be seen as an accelerator of growth for many industries including education, healthcare and entertainment. The speed at which the metaverse has integrated within the workings of these industries has increased due to the global pandemic when a lot of the functions shifted to the online platform and remote working and learning became the new normal.

Effects of the Pandemic

The impact of Covid-19 has resulted in staggering demand for the services offered by the Metaverse. This was due to the significant acceleration of online video game services and video conferencing. This can be established since the global market witnessed a growth rate of 3.3% in 2020.

Why is Metaverse the Next Big Thing?

Section 5

Indian Brands making their way

Indian Companies are venturing into the metaverse space and paving the road to the digital future. Mahindra & Mahindra experimented with Thar-themed NFTs costing Rs. 26 lakh.

These NFTs are mixed reality where winners get real time experience to drive Thar.
Indian Fashion Labels like Papa Don't Preach are showcasing collections through metaverse fashion shows that provide access to a wider audience. There have been metaverse weddings in India that saw the presence of Coca-Cola, Fabelle and Matrimony.com participate showing greater acceptance towards this new technology.

There are global brands like Qatar Airways who are exploring much deeper into metaverse like creating their own metaverse.

So as global players find their place in metaverse Indian brands are not far behind where they are trying to leverage opportunities offered by this new revolution in the most sustainable fashion that can make their businesses grow and flourish at a faster pace.

Conclusion

With the constant buzz around the metaverse, it is important to analyse how much of it is true. With the recent developments and changes it is clear that metaverse is going to transform the future. It is capable of taking the Internet to a whole new level. It is powered by futuristic technologies of cryptocurrency, blockchain, AR/VR that will be integrating themselves into various daily life activities.

The growing popularity can be seen as Facebook took drastic steps of renaming themselves as 'Meta' and companies like Apple, Google, Microsoft are reorganising themselves in order to enter and capture this completely new market.

It will help increase efficiency in various fields both within and outside the workspace.
However, even though metaverse's integration and growth is inevitable it does not come with its own set of challenges.

When any technological development takes place, the first and most obvious issue is its general accessibility and acceptability by the public. With metaverse, people need latest smartphones, VR/AR headsets in order to experience a good quality immersive experience that is promising enough to make people shift from Web 2.0 to Web 3.0

Moreover, there is privacy concerns with technology becoming more and more personal and big tech companies feeding on data to make their products and services more lucrative.

Stages of Growth of Metaverse

FIRST STAGE
- The metaverse excels for the things it's good at but never becomes a general-purpose platform
- Fragmented marketplace, with no dominant player and more consumer choice
- User interface works well for certain uses but is difficult to integrate into daily life
- Consumer adoption high in gaming, sports, entertainment, and some retail
- Enterprise adoption limited to some team collaboration, virtual conferences, augmented training/learning, and immersive digital twins
- Regulation inconsistent across nations and regions

SECOND STAGE
- There's not a single metaverse, but a handful of major players vying for share of a dynamic marketplace
Lack of interoperability requires users to commit to a "home" platform
- Abundant capital and active M&A leads to a highly concentrated market
- Competition drives accelerated technological innovation in hardware and software
- Ecosystems compete for user attention through exclusive content and partnerships
- Platforms enact strong and effective self-governance

THIRD STAGE
- An open, interoperable metaverse becomes the dominant interface through which we conduct most of our daily activities
- User interface enables relatively seamless merged reality between physical and digital worlds
- Identity in the metaverse is considered equivalent to that in the physical world
- No single provider, with many innovators and an open, interoperable system
- Pervasive adoption across consumer and enterprise use cases
- Strong governance, with strict and enforceable rules around digital ownership and privacy/security

If you are excited to know how metaverse can transform your business, write to us at
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