

**Virtual Worlds @ Work (VWW)
SRI Consulting Business Intelligence (SRIC-BI)
<http://www.sric-bi.com>**

**Notes from panel session in Second Life—27 June 2008
Hosted by Serious Games Institute, Coventry University, UK**

**(Second Life session was part of one-day meeting of VWW meeting at SRI
International Headquarters in Menlo Park, California)**

Panel Members:

- Christian Renaud (CR), Chief Architect, Networked Virtual Environments, Cisco Systems
- Justin Bovington (JB), CEO, Rivers Run Red (RRR)
- David Wortley, Director (DW), The Serious Games Institute, Coventry University Enterprises Ltd, UK
- Nick Wilson, Managing Director (NW), Clever Zebra

Moderator: Rob Edmonds, SRIC-BI

Please note that these are UNEDITED notes from the session

1. What do you think were some of the most significant virtual worlds developments over the last year?

JB:

- We now see more bifurcation in the virtual worlds (VWs) market; there is now a definite split in the market between brands and enterprises.

CR:

- He agreed with JB on more bifurcation; more speciation in the market; as a result, education-focused environments are getting more tools into existing learning systems; contemporary social networking systems getting more interested in 3D; more diffusion of what has historically been a pretty silo'd environments become a

more common feature across other collaboration systems like online learning and social networking systems.

DW:

- The VWs conference in New York [in the spring] focused very much on Barbie world and similar pre-teen and teen VWs. The past year has seen a growing differentiation between those types of networks and social VWs; and there is today a greater awareness and greater recognition that VWs have serious benefits in enterprises.

NW:

- We have seen a significant [upward] shift in sheer volume of players and activity; a year ago we did not have that many VWs and we did not have the split referred to by JB and CR; social VW was the only game in town, and now there is a greater variety of VWs (many focused on preteen and teens, etc); a change in focus (in press) from breathless excitement and frenzy over Second Life (SL) and VWs in general, then followed by scorn and skepticism; and now replaced by more realistic expectations about VWs

2. What expectations did you have for virtual worlds developments that did NOT happen?

NW:

- Nick noted that his perspective reflects his focus on enterprise market and he feels vendors did not spend enough time and effort [over the last year] to make it simpler and easier to use VWs; it's all too complex still; too many bells and whistles; that is not what we need, we need simple; this is important lesson (we need it to be "falling off the log simple"). Nick thinks that VWs that many tend to dismiss as frivolous and not serious or as being significant VWs, like Meez.com and similar environments, have a thing or two to teach us about making things simple and easier to use.

JB:

- Justin expressed surprise that no new competitors have come into the market to rival the dominance of SL in terms of market share and to address enterprise solutions. But he expects that will change. He sees a groundswell (and daily reports) of companies coming into SL. He also noted that RRR has worked in SL for 5

years now (they brought BBC into SL back in 2006); they have experimented in SL and have shifted from being a brand-focused company to being 90% focused on enterprise solutions. He feels that one of the good things about this is that it is giving them time to gestate what they have done and to formulate strategies. He admits to be taken by surprise of how quickly the market split into brand vs enterprise immersion (brand has become 2D/3D while enterprise is focused on 3D persistent environments)

CR:

- Christian said he has blogged on some things (predictions) he had expected to take place [For example, see: <http://www.christianrenaud.com/weblog/2008/05/the-future-will.html>], and he had thought a major player would come in and integrate a VW platform with other collaboration tools. IBM has been making a lot of headway in this regards and this is the closest anyone has come so far, but he had expected **IBM** to either launch their own environment or private brand some other platform--or Google to come in--and then also to tie into their own Instant Messaging (IM) and chat infrastructure so [VW] would not be so much a separate and distinct tool. Once the novelty of VWs wears off you ask how this can be integrated with one's existing tools, infrastructure and marketing strategy. It is harder to justify and rationalize investing in VWs if it is a separate line item versus being in addition to [and complementary with] the webcasts and video conferencing products/services that the organization is already selling. Tie them together, and then this makes it easier to get the Return-On-Investment (ROI) you need and you can utilize existing staff and can integrate them together. That is one of the things that Christian had hoped we would get last year and he feels that we are on track to do this year; and feels that announcements made at the last VW conference in New York in the spring were in line with this and he says it would be nice if we could see some significant progress on this by end of the year.

DW:

- He went along with what Christian said; but we should think not just of corporate applications but also of ways of repurposing assets and applications that have been created in other environments. David thinks we need to create some standards that would have been of benefit to the VW industry generally; more progress in this area is needed and he implied he was a little disappointed we have not yet seen more progress on this front.

3. What were some of the most serious challenges or obstacles to widespread virtual worlds' adoption in the last year?

NW:

- One obvious one: Public perception of VWs. This is still a problem and will likely persist for some time to come; Most/many see VWs as involving “fun and games”; and sex and flying penises, and general hype still exists. He does not see this changing in a big way; but the other thing that he sees is how dreadfully hard and difficult it is to experiment in most VW environments and the big barrier to adoption is that there is no turn-key solution as such. You can't just roll out VWs quickly, easily and smoothly; it is all “a big, bloody deal.” Therefore, the “sky is the limit” when and if we can get to the point of making it a lot easier to implement and roll out these projects
- Nick then asked Justin, since they are working closely with Linden Lab (LL), how seriously he thinks LL is taking enterprise market, as he had had some experience apparently that raised a question in his mind about this. Nick then noted that he had seen references in some blogs about how much money LL was earning from their consumer business (and thought the figure was something like \$8 million/month).

JB:

- In response to Nick's question and points Nick made, Justin noted that brand projects are normally internal projects so there is no incentive for these companies to talk about them (publicly), so we don't see much of the activity [implying there is likely much more enterprise use of VWs than what we see publicly]. As for Nick's question about the seriousness of LL about enterprise market, Justin referred to some announcements that will come out in August—between them, LL and apparently others—and he thinks these announcements will prove and show how seriously LL is taking the enterprise market. Justin also referred to OpenSim versus Second Life—so they have to take it seriously, he said [implying that if they don't, OpenSim will gain ground quickly. It should be noted that during the session in Menlo Park, Joe Miller, VP and Head of Platform and Technology Development at LL noted that LL is supportive of OpenSim].
- Justin noted that he did not want to wait for IBM or others to come in and provide what business need now, so they went out and created the tools and solutions themselves, so users can now

integrate Powerpoint, Excel and other tools into their VW platform [this is now part of RRR's "Immersive Workplace" offering]. Justin also feels that LL should drop the "Second Life" from the Second Life Grid name and thus help make the distinction [between consumer and enterprise solutions] more clear to enterprises that these are very different and distinct markets; and he feels LL is indeed very serious about enterprise market place. He said he thinks LL has increased its turnover from the enterprise sector significantly.

NW:

- Nick added comment to what Justin said and made it clear he does not share Justin's confidence in the (future) role of SL in the enterprise market; he thinks SL will continue to chase the creative developer types (Nick said UI is a "creative developer's interface, and thus reflects LL's focus) and that these creative developers in the consumer sector are making them most of the money. Nick also noted that he thinks he saw CR writing somewhere that he felt LL/SL would be "riding off into the sunset in the next couple of years."
- Nick said that SL does "have it all" [in terms of functionality or bells and whistles] but he does not have confidence they "will chase the enterprise business".
- Nick noted that he sees at least five players in enterprise sector (Forterra; Qwaq; ProtonSphere, and Sun's Wonderland in addition to SL).

CR:

- CR reacted to Nick's reference to Christian's blog comment: "I said the walled garden idea of these environments as stand-alone VWs would not be viable"; he sees these VWs sitting on top of other environments, and integrating with social networking environments. According to CR it still "smells a little too much like World of Warcraft and not enough like e-mail".
- In response to Rob Edmonds following up on this issue of whether there is a credible alternative to SL--and asked the panel to comment on this--CR responded: It depends on the application; they (Cisco) were doing some training stuff with ProtonMedia [After the panel session the Menlo Park meeting heard a presentation Johnson & Johnson Pharmaceutical's deployment of this platform], they were also playing around with Transmutable Ogoglio, and have used Forterra extensively; but the choice of platform depends a lot on the application you need/want; in the public world of social

metaverse, SL is the de facto standard or market leader; and benefits from the network effect.

- We're defining future tools against the yardstick of SL, Christian noted, but if we look beyond platforms that require fat clients then it opens up to other players; Apparently Transmutable was recently closed down, but Ogoglio is still here; put in browser and put on your website; these are extensions and go beyond the ones that are mostly talked about so far [that require downloadable, "fat clients"].

JB:

- Justin then made clear that he also recognizes there are issues here (around SL) and that there is a growing number of competing platforms but noted that currently there is no viable/credible competing platform that comes close to having what SL has; he wishes there were other, strong competitors; but SL is still the market leader.
- He picked up on what Nick said and noted that they are working closely with LL on some of these things; and he is going out to talk to companies and show them what RRR are doing with their "immersive workspaces" concept/offering. He noted that when he tells them that it is built on the architecture of SL that has been mostly used for consumer VWs they are surprised, because they have this perception of SL being full of sex and all the stuff they have read in the press. He noted that LL's communication policy could have done more to counter some of this perception and that they need to go out and address this and change the perception
- Justin noted that we talk about corporate adoption but we should be asking ourselves who from within these organizations we need to engage: People in change management, HR, brand teams (who want to connect to their community) and IT. Justin has seen that the people who often see the potential and value of VWs very often are not the people who typically deal with corporate systems and IT implementations and he thinks that is very interesting. The people showing interest in VWs are often in different places within enterprises that they normally did not deal with; so new constituency.

CR:

- Christian built on what Justin and Nick said; at the last conference that Justin and Christian were speaking at last time, people asked for proof points and ROI for use of VWs in enterprise—why should I do this when I have all these other collaboration tools? CR said he

feels that is where we are today: People are digesting what early adopters did and what this all means. A bunch of work is now going on around ROI; once we have a corpus of these things in our back pockets it will be easier for us to make the business case [to executives]. CR feels then it will be easier to make the business case to senior management which in turn will then tell IT what needs to be done for whatever platform will be used. We, as an industry, are still at a point of digesting implementations that have taken place; people are realizing value and learn from this (in last 2-3 years); we are headed in the right direction; User Interfaces (UIs) will still dissuade people from using VWs versus WebEx or other products [but this will also likely change and this UI issue was raised later in the session].

DW:

- His Institute is involved in publicly funded projects so they are facing this issue of people not taking VWs seriously. But this is not new as this has been an issue in any (new) tech industry (and was same with desktop computing, for example). Difference today is that VW empower creative people who are not coming from a technology background. This scares captains of industry and technology people; we need solid bedrock of technology and he is not convinced that SL will be the engine or platform that will bring this to fruition. This is because the nature of it lends itself to experimentation and creativity and risk to some extent, but he thinks there will be other platforms and engines that will ride on the back of SL and that they will have more credibility with corporate folks.
- DW referred to OpenSim and Sun's Wonderland (the latter had its first public grid event last week);

4. What positive developments do you expect next year that will bring significant benefits to the VW industry and what can you say about emerging best practices?

CR:

- He felt that he was set up for this question as he has just finished writing a 17-page paper on Best Practices (he noted that he will give us a pointer to the paper as soon as it is public). These practices run the gamut, he feels, because there are so many different constituencies in organizations that could benefit from

these environments: HR; training; Sales and Marketing; and each has a different hot buttons. Then there are governance issues and best practices for that; at some point he was going to write a book on this with a colleague, but never got around to it. We are all in the process of hashing out best practices. We all need to go into these environments, throw a bunch of stuff out there and see what sticks. He noted that he had spotted some people from IBM in audience and also realized that Dave Kamalsky was present in the Menlo Park conference room, and that these are some of the people experimenting and identifying best practices. We don't yet have an answer as to the best approach for naming one's avatar and there are different corporate approaches to this; but we will soon come up with a bunch of things about what works and does not work and he feels that Justin could probably write some of these on a bar napkin right now based on what he has seen with his customers.

NW:

- As far as next year is concerned, Nick is very bullish on Sun's Wonderland and feels it has potential to be a real game changer. He also feels that growing number of companies will be looking for, and vendors developing, turnkey solutions (RRR is one of the companies focusing on developing such solutions). He also feels there will be bigger demand for data and ROI. We are now at the point where "playtime is over" and will need better data and information. He also feels we will see more solutions that bring us VWs in web browsers. Forterra is working on this type of solution and Nick feels these kinds of solutions will help drive acceptance of VWs.
- Nick also sees various challenges ahead, including addressing the issue of game perception, and playing with dragons, and so on; We have seen mostly experimentation so far but now we need to focus on work, and this is what he is doing partly with offering vBus Expo that will take place in late July [see <http://www.cleverzebra.com> for more information]

JB:

- He agrees with Nick on the key point that experimentation is now over; we now need to focus on relevance to organizations and how they can get value; one thing that companies have learned from the dot com collapse and focus on value and that is what we should now expect to see in the virtual worlds industry.
- He also expects to see in the future greater focus on integration of 2D and 3D web; It is time for VWs to go to work!! Companies want

to reduce carbon footprint and reduce air travel, and gain clear and demonstrable benefits.

DW:

- Integration or augmentation of physical environments is something they are focusing on at his Institute and they have developed a concept of Smart Spaces. These involve sensors in the real world and enabling linkages between the virtual and physical world. David and his team are working with Implenia [a Swiss building management company] and Oliver Goh on these types of issues including visualization of data in VWs and he expects to see some significant developments on this front in next year.
- David also noted that what may be seen as best practice in one sector or market—like education—is not necessarily best practice in the corporate sector. But he expects we will see some exciting things during the next year, especially in building bridges between the real and VW.

Questions from audience:

Q1. One question was raised about government activity and what they are seeing in Europe on this front, as we (in the US) have seen significant interest in the US government front.

DW:

- He has seen a couple of areas that the government in the UK is showing interest in relative to VWs: Digital inclusion (of young people), and some of this is part of how to engage citizens in democratic processes [this has also been an area that has seen significant EU research funding in recent years].

NW:

- He also noted that the UK government is taking a growing interest in VWs and that policies and various issues around VWs are now being discussed.

Q2. Another question from the Menlo Park conference room concerned the use of VWs for language learning

JB:

- He noted that Language Lab apparently is one of the players exploring the use of VWs for language learning in Europe.

DW:

- David also noted that there are some experiments going on around Europe and that Edunation apparently is doing some work on this front with EU funding [Eilif Trondsen—from the Menlo Park conference room—also noted that he has met Swedish academics teaching English in SL].

Q3. Mobile interfaces—what is happening to access VWs via mobile devices?

JB:

- They (at RRR) have work with Vodafone to enable communication between SL residents and anyone outside SL. Justin noted that it is difficult to use mobile phones to participate fully in VW versus just using them to participate via voice or input information. Justin feels it is all about using the right technology for the right purpose. [Sun's Wonderland team has given considerable attention to the use of mobile phones to communicate with people who are in meetings in Wonderland, for instance]
- Justin expressed interest in what may happen in the future as mobile phones become more open platforms for applications—especially as Google's Android platform and to some extent iPhone and also others gain ground as mobile platforms.

CR:

- He also noted that Sun has been working on this and thought they refer to it as something like “modality appropriate” (for Wonderland); i.e. you may not want the full virtual worlds experience but you want to participate at some level via mobile phone; according to Christian, Motorola guys also talked about this at length at the VW Interoperability Forum. He has also seen work in this area at the Augmented Multiparty Interaction Forum Consortium (consisting of various leading universities in Europe out of Lausanne, he thinks, and they were also looking at what one could do with mobile phone in VWs).

Q4. Some questions from the audience in Second Life asked for comments about (1) Blue Mars project; and (2) New types of interfaces (in next 2-years)

JB:

- He met the people working on the Blue Mars project at the NY show, and thought they had a very impressive engine and graphics, but he warned that we see a lot of platforms but typically they are only 20% into production and it will be 2-3 years before we will see something from these platforms where users can control things in the environment [a presentation in June at the VW SIG of the SDForum in Silicon Valley made it clear that Blue Mars is pretty much like a massively multiplayer online game, with limited user generated content except for story line].
- Justin also noted that they are working on WiFi technology, interactive whiteboard systems, and proximity systems based on rooms. They also are working with Herman Miller and what the future office will be like; and working on ease-of-use; they have seen some things under NDA that has blown their socks off in terms of potential to allow multiple people to do things together but he could not say too much but recommends that we all keep very close eyes on this area. He also noted that people are talking about “augmented spaces” (and Philips and Ambiex are exploring taking experiences beyond the screen and into the room itself)—for more on this, see Phillips AmbiEx - CES 2007; <http://video.aol.com/video-detail/philips-ambiex-ces-2007/102338895>.
- Michael Gold of SRIC-BI asked about progress on technology to get a window with video into SL so people in SL could see us in the conference room (in Menlo Park). Nick thought that Wonderland might be working on that and Justin said that they have this capability as part of their immersive workplace platform.

DW:

- David noted various interesting things going on in the “advanced UI area” including Neurosky [see: <http://www.virtualworldsconnect.com/profiles/blog/show?id=1131819%3ABlogPost%3A32984>], or brainwave signals for controlling avatars and he sees significant potential and feels they are not that far from making an appearance in the market place.

NW:

- Nick asked about webcams that capture facial expressions.

CR:

- Christian noted that Mitch Kapor discussed 3D cameras at the Metaverse Roadmap workshop at Stanford University this spring. CR also noted that researchers are working on rooms with projectors and spatial capture and that various things have been done by researchers in Italy on this. CR talked about this and also the 3D mouse that apparently has been discussed on the SL.com site (and has gained SL “blessing”); but he also noted that there is a fine line that developers have to walk since if developers require some of these new UIs they may represent new barriers to adoption; so they need to make things as frictionless as possible; and introduce new things gradually.