

# PRODUCED BY



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# WORLDS WITHOUT END

By W. Vito Montone

Virtual  
Worlds as  
the Ultimate  
Producing  
Medium





Five years ago, I had the opportunity to publish an article titled “Across the Virtual Threshold” in the pages of this magazine. In the interim, I hope you’ve been busy, happy and having fun... I certainly have. At the same time, I’ve been readying (translation: “waiting for the right moment”) the project of a lifetime.

The amount of change in the virtual landscape is astounding ... perhaps not as much as experienced by “International Man of Mystery” Austin Powers upon his first defrosting, but radical nonetheless. This was brought home to me as I looked back on the view from five years ago, and recognized just how far we’ve come. Here’s where “Virtual Threshold” ended:

*3-D virtual immersive social experiences are a more ‘effective’ and ‘excellent’ way for individuals of the world to celebrate our similarities and share the same interests in a more intimate, safe and convenient way than travel affords us. We can make these experiences thrill, entertain and move. Is it real? Absolutely. When did we decide that speaking on the phone was real and not virtual? Only a producer would understand.*

I hope you do.

Virtualness continues to prove that it is just as real as reality itself. Maybe even more so, given that our “reality” programming is becoming scripted (or at very least steered). The good news about the growth of virtual experiences is that it means big money for producers if we can find the right way to embrace it. (We don’t want stories to go the way of music.) If you’re not convinced that “new media” has simply become “media,” you might find yourself sitting on the sidelines watching as 3-D virtual immersive social experiences — video games, social networking and virtual worlds — overtake our industry.

Virtual worlds have the power to blur the lines between social networking and games, co-existing in the same environment to deliver deeper levels of engagement. And they need producers. They need us.

Speaking of virtual worlds, let’s take a quick look back.

When “Virtual Threshold” was written in 2003, a Google search of “virtual worlds” showed 513,000 sites and “virtual reality” showed 1.7 million pages. What’s the tally today?

Approximately 3.41 million and 14.7 million sites respectively, while “virtual worlds” was added to Wikipedia in 2007 (certainly a Zeitgeist indicator). That’s a 7–8 fold increase, in just five years.

The technical landscape continues to advance at fever pace as well. Here’s where we sit today:

- Computers have not one but two processors exceeding 2 GHZ each

- Graphic accelerators typically come with 128 MB of dedicated RAM or more delivering rich on-screen cinematics and streaming HD video
- USA broadband penetration alone has exceeded 50% topping over 60M households; and in the world over 315M
- Social networking sites (SNS) easily exceed 500M accounts worldwide

This is not to mention that a terabyte of hard drive storage is well under \$300, iTunes is the number music retailer, there are nearly 4 billion cell phone users worldwide and computers continue to evolve as the center of the home entertainment universe.

We all know that the digital age has changed every aspect of our industry — from conceptualization to creation to execution to distribution. And that’s well and good ... more content, easier access, more efficient production and richer experiences. But there’s more to the virtual landscape than simply being digital.

Web 2.0 began bringing “reality” to “virtual” with the massive adoption of social networking sites by the public, in the same fashion that eBay brought the “swap meet” into the Internet age in the face of the naysayers. Now to the tune of 250M confirmed registered accounts worldwide, I’m pretty sure eBay and its elegantly simple business model will always be a part of our lives.

So went the basic human act of connecting on the Internet. Sites emerged to allow people simply to communicate, stay in contact and express themselves — another novel concept. It’s no wonder that with more than 500M accounts worldwide and an uptake of new registrations difficult to estimate (MySpace alone reports more than 200,000 new signups a day), it’s not hard to see why studios and private equity firms have or are trying to snap them up. The difference between eBay and the SNS is that this growth is happening regardless of whether the revenue

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**Films are to books as virtual worlds are to films. It's time to understand the players, the tools and build a strategy of success.**

model is proven while the 500M is fragmented to a half a dozen sites or so.

So SNS have their challenges. They weren't born with an elegantly simple business model intact. And introducing a business model, especially an old standby model like advertising, is guaranteed to generate a backlash, especially if it uses rich private-user data to achieve its highly-targeted promises. Users and watchdog groups will have their say about that, and it won't be pretty.

In fact, data mining has become so much the focus that it alone is being touted as Web 3.0. To me, this is like saying broadband access is Web 2.0. Each phase of the Internet will have a number of attributes that accompany its development. Computing power, connection speed, storage cost, device development, and customer penetration will always have milestones that parallel the Internet's overall development. Those attributes don't define the phase, even as they may support or even enable it.

As we continue to enter the Experience Age — products, radio, films, television, amusement, and certainly the Internet are getting richer. This makes sense, for we humans have but one goal ... more life, more experience. Why else are we here?

As we evolve, we look for more relationships, more connections, more experiences and a further reach. Globalization affects all of us. Our real life (RL) relationships are dwarfed by our "virtual" ones (as if those aren't real). And the dominant infrastructure in our 21st-century lives, the Internet, will — no, *must* keep pace. Web 2.0 was a massive step toward immersive social experiences wherein social networking ruled. Will the future just be more technology, social networking site consolidation, and highly-targeted marketing and advertising? Of course not. Did the first recording in 1877 by Edison end there? It seems like "recording" with technology has come quite a long way. Immersive social experiences will be what we know today and *much, much more*.

Web 3.0 will offer something no other pervasive Internet experiences can, something of which we personally already know the value. It's just time to embrace it with the creative genius we channel into the existing expressions in our tool chest — theatrical display, amusement parks, video games, and concerts to mention just a few: *Being present together in an experience. Being a part of the story.*

I have found whenever I face a challenge, sticking my head in the sand to avoid never works; that which I seek to avoid is thus attracted. But when I walk toward it, embrace it, amazing solutions and opportunities appear. It takes the same bravery it took to produce your first project ... don't tell me it wasn't a risk.



We all loved Robert Zemeckis' tag to *Back to the Future* with Doc Brown crashing in from the next story. We see Marvel hitting "buzz" home runs with Samuel L. Jackson's and Robert Downey Jr.'s cameos in *Iron Man* and *The Incredible Hulk*, respectively. I may be naive here, but I believe that this thinking offers more than the confidence of a multi-picture deal or good marketing. If we plan our story arcs as though they were TV show bibles, we can control the experience over longer periods of time to greater levels of economic success.

We need to imagine our story, our back stories, our characters and their arcs entering their own second lives in social, gaming and virtual world media. Now there are no limits. The characters live on, participants explore our story lessons in virtual life, they virtually inhabit our worlds — the ones that we created for them, and that they love. They have tasks to do, quests to undertake and groups to join. They get to "own" a piece of it, and we benefit. The sky is the limit for those of those of us who learn to think in the new language of immersive social experiences.

We cannot shy away from what the future holds. It's not a time for insecurity. It is a time for vision and strategy. We can't hold on to the notion that our stories will remain untouched, unaltered as the only single perfect expression of our characters and ideas. In each moment another perfect expression of our work can be created, but only if we don't attempt to control it with an iron fist. If we loosen the grip, we'll be loved for it ... and the money will flow.

As a demonstration consider that virtual worlds have grown exponentially since we conversed last. People crave to be a part of the story, and virtual worlds are another way they can.

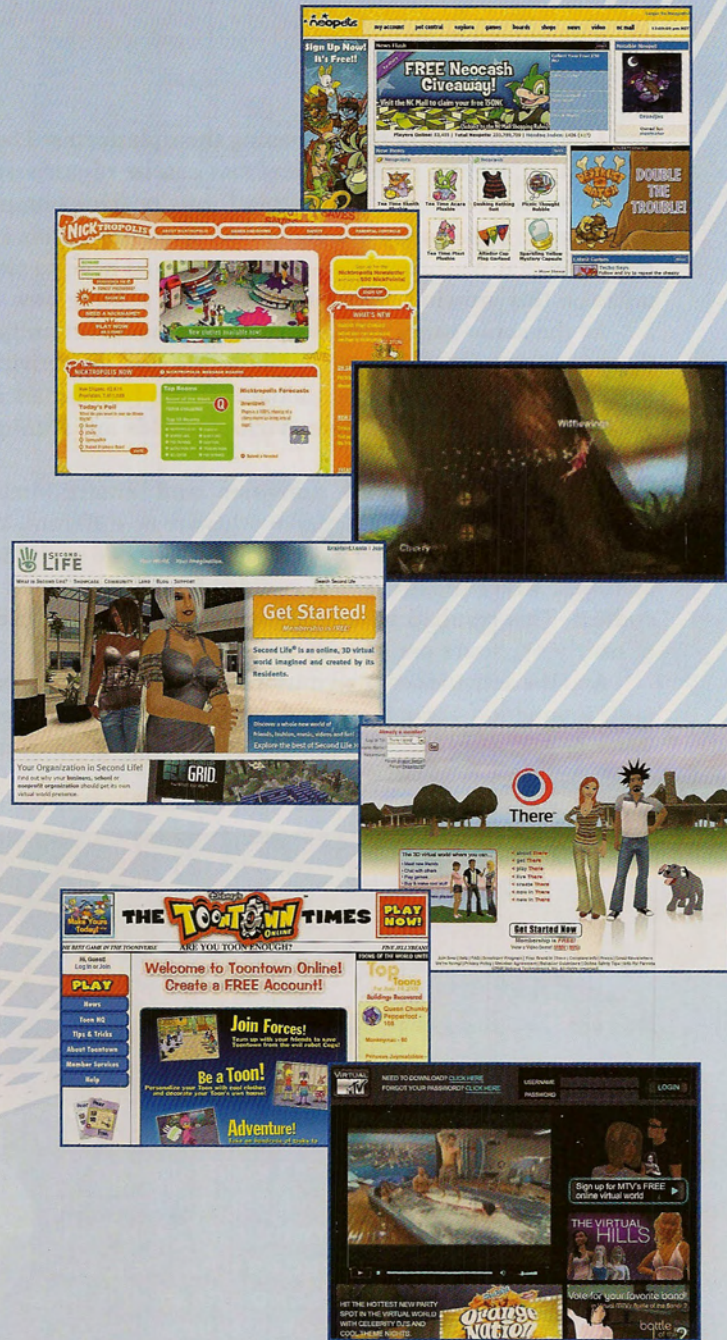
Strategy analytics' Barry Gilbert reports that virtual worlds have 137M registered users now, and predicts 1B by 2017. See the closing sidebar for a list of some of the current virtual worlds and their estimated number of registered users and status (where appropriate).

There is one problem with virtual worlds that can only be solved by us. A good portion of the existing virtual worlds — with the kids' worlds as the clear exceptions — have only 10%–15% active users. Why?

The answer is *story*. Without a context and story, engagement suffers. And if there's one thing we can deliver, it's story.

When I produced the first-ever 3-D Virtual Star Trek Convention in 2002, there were only two platform (technology) choices. Today, only one of those companies survived. But the good news is that this industry's growth is being fueled by \$1 billion invested in 35 virtual world companies in the past 12 months.

The options and infrastructure have never been better. Some of the bleeding-edge worlds like There.com and Sec-



**A good portion of the existing virtual worlds have only 10%–15% active users. Why? The answer is story.**



ond Life are in the process of opening their platforms. There are existing, proven game engines that can be re-purposed, and there are a number of new platforms nearing completion. In even better news, the ecosystem of services, tools and middleware is maturing as well. Whatever you need to capitalize on this growing segment is ready and waiting now.

At the same time, virtual worlds can have difficulty if there is no prevalent purpose for the world and the activities in it. The medium cannot be thought of simply as broadcast versus interactive engagement. Virtual worlds are a unique synthesis of experience.

Cruise ships without activities and entertainment quickly lose their appeal. Virtual worlds are no different. Vir-Con, the 3-D Virtual Star Trek Convention, had activities, contests, street theatre and live video broadcasts — all in context. This resulted in an unequaled average engagement of nearly 4½ hours per day per person.

And the activities created must be carefully crafted to promote interaction — not just usage driven by artificial rewards. When engagement becomes artificial, mere activity churning,

the original purpose of the world can be segued in its entirety and the ecosystem disrupted. In the same way, inserting an established brand must have a context and purpose that allows its natural inclusion. If not, more times than not, it is summarily rejected ... even violently. (Some virtual stores that ranted their online communities have been firebombed.)

Our stories, if told and executed well, provide vivid engagement for the participant regardless of the form. You can successfully extend this vivid engagement by embracing user-created content as a welcome extension of our stories. And in exchange, you create user investment, fostering their sense of ownership, fueling loyalty and involvement. The social networking sites are perfecting this now, so we should take our cue and get ready.

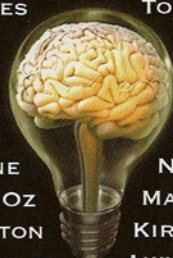
Here are some developments to watch as they unfold:

- Legal rights of in-world assets
- Shared traffic strategies — Single login to multiple worlds
- Open technical standards
- Government regulations regarding behavior and in-world ownership

# BRAINSTORM

DIGITAL

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We can leverage the virtual world developments to provide the engagement and business models necessary to further enrich the ROI from our intellectual property.

Entertainment is about touching people with our work. It's about stories, heart and emotion, whether it's film, television, games, events or virtual worlds.

Films are to books as virtual worlds are to films. It's time to understand the players, the tools and build a strategy of success. 

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## Virtual Worlds and Registered Users

- **BarbieGirls.com 5M** (fastest growing)
- **Club Penguin 12M** (bought by Disney)
- **Cybertown 0.1M** (oldest, was 1M until switch to subscription model)
- **Entropia Universe 0.7M**
- **Gaia Online 2.5M** (peaks of 100,000 concurrent users)
- **Habbo Hotel 80M** (7.5M unique players per month globally with 100,000 concurrent users)
- **Neopets 12M**
- **Nicktropolis 7.5M**
- **Pixie Hollow** (not yet released)
- **Second Life 2M** (10% active)
- **SIMS Online** (closed and becoming EA-Land)
- **There.com 0.8M**
- **Toon Town 1.2M**
- **Virtual Magic Kingdom 1.2M** (before closing)
- **virtualMTV 1.3M** (multiple properties)

*Please note: There is always a difference between registered users, unique accounts, and active users. The attempt here has been to relate unique registered users.*



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