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Real Commerce in Virtual Worlds

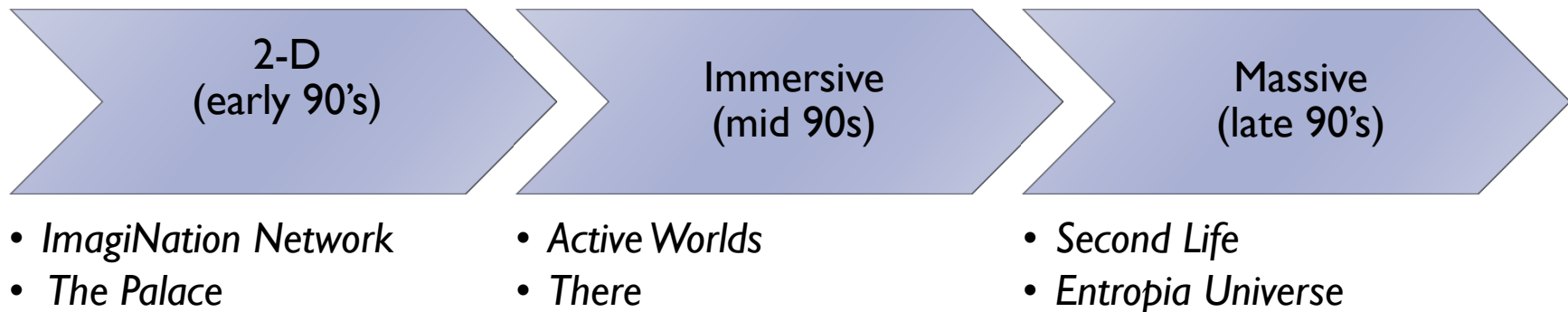
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Introduction

- ▶ Directions in commerce practice in Virtual World (VW) environments?
- ▶ Similarities & differences in commerce RL and SL?
- ▶ Are key success factors different in VW environments?
- ▶ Can principles of SL commerce be transferred (“unvirtualized”) to RL?

Virtual World Environments

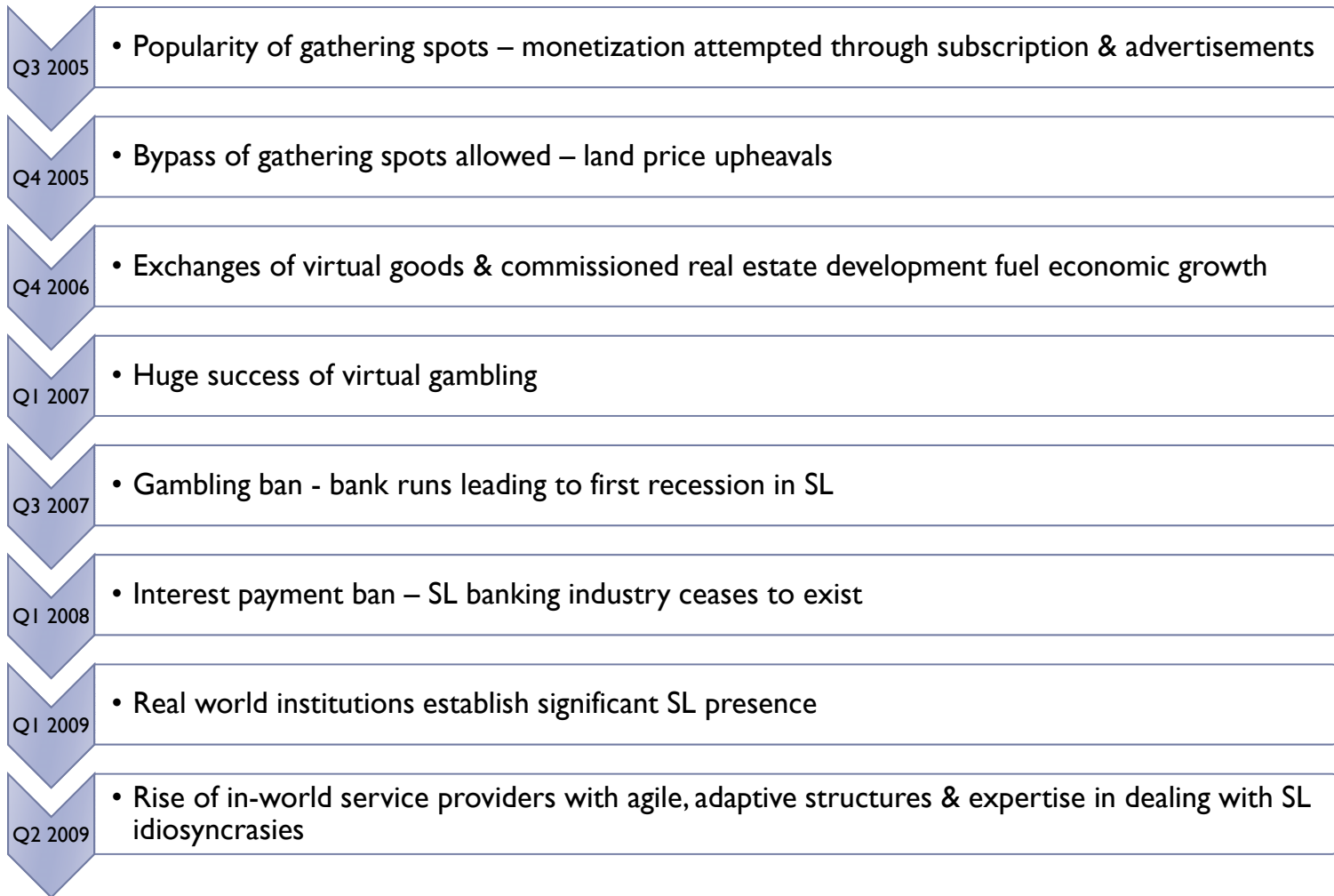
- ▶ Immersive, interactive, persistent online environments
- ▶ Provide game-like, role-playing, concurrent experience
- ▶ Consist of online personas, creations of online personas, spaces and their interactions



Linden Lab's Second Life

- ▶ Extensive world, designed on real world template
- ▶ Avatars placed under almost realistic environmental constraints
- ▶ Residents retain intellectual property rights over in-world creations
- ▶ Commercial activities facilitated by Linden Dollars (L\$)
- ▶ Freemium model:
 - ▶ premium membership permits ownership of virtual land
 - ▶ transaction fees charged for currency exchange

In-world Economy & LL Governance

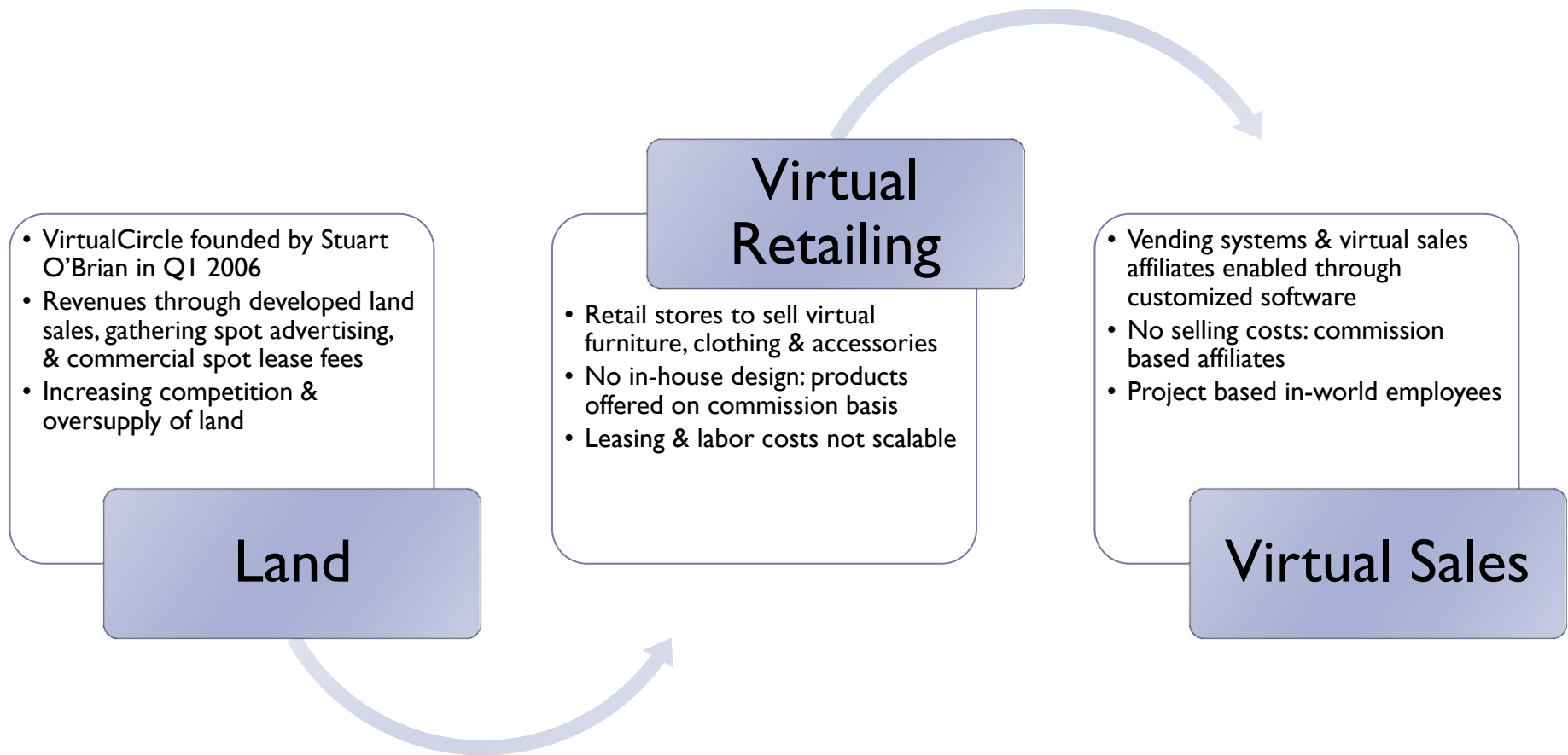


VirtualCircle

- ▶ After three years, VC has
 - ▶ 3 real employees
 - ▶ 3600 virtual employees & sales affiliates
 - ▶ 5000 customers each day
 - ▶ nearly \$200,000 in yearly profits
- ▶ Strategic Options
 - ▶ Expand into new SL business lines
 - ▶ Venture into other VVs
 - ▶ Commence RL operations



VC Evolution



Real to Virtual Commerce?



Teaching Strategy

Target Usage

Virtual Worlds

- Introduction
- Underlying technology
- Challenges associated with interfacing with new technological platform

Future Business Models

- Virtual Micro Economies foreshadow future of turbulent business environments
- Changes in work associations, leveraged by new ICT

Entrepreneurship

- Skills to manage new technology
- Agility & adaptability in dynamic environments
- Temporary work relationships
- Leverage of social networks for economic success

Teaching Schedule

| Section | Time |
|---|---------|
| Introduction to SL | 10 mins |
| Stakeholder Analysis (SL & VC) | 20 mins |
| Discussion of SL as technological & economic platform | 20 mins |
| Recommendations & predictions for VC | 10 mins |
| Key takeaways & theory | 10 mins |



Theoretical Underpinnings

- ▶ **The Dawn of the E-Lance Economy** (Malone, T.W., & Lautbacher, R.J. 1998, HBR)
 - ▶ How underlying VW technologies enable new organizational forms & work mechanisms
- ▶ **Shaping Strategy in a World of Constant Disruption** (Hagel, J., Brown, J.S., & Davison, L. 2008. HBR)
 - ▶ VC as a platform participant & its future strategic options
- ▶ **Additional complementary readings, videos & links available at case companion website at www.emory.edu/BUSINESS//VirtualWorldBiz/TN/**

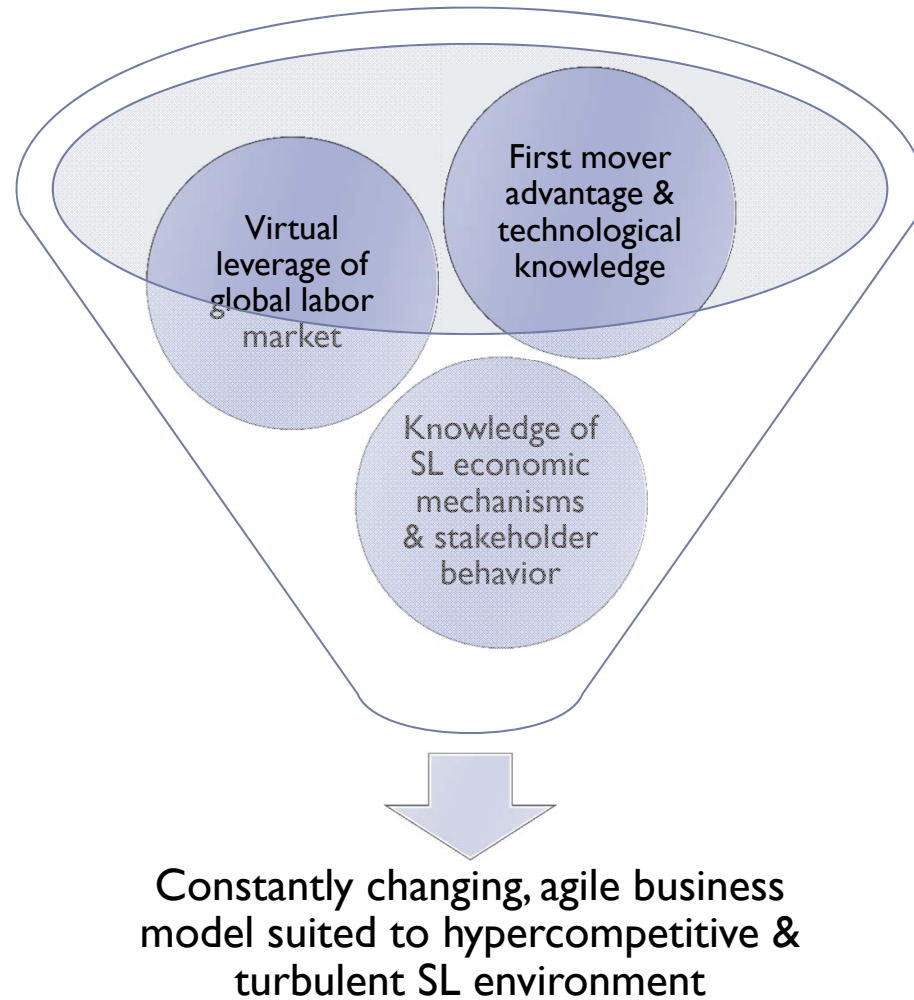
The Dawn of the E-Lance Economy

- ▶ Impacts of ICT enabled economy over 20 year horizon
- ▶ SL technology & market standards enable temporary companies
 - ▶ Project based assembly of skills
 - ▶ Managers sense environmental changes & assemble capabilities
 - ▶ Self managed teams
- ▶ VC an example the norm in the digitally enabled future

Shaping Strategy in a World of Constant Disruption

- ▶ Platform creation & shaping strategies for providers & participants: framework to analyze SL and VC
- ▶ Three participant roles: Influencer, Hedger, Disciple
- ▶ VC an Influencer, with SL specific capabilities & influence
- ▶ Interoperability will enable optimum Hedger strategy

Key Takeaways



Discussion

- ▶ Questions?
- ▶ Cases in Progress
 - ▶ Teleradiology in the Clouds
 - ▶ HyperCollaboration Tools (Wave, I2spirits, Mendeley)
 - ▶ Kaneva – Attracting developers to a platform
- ▶ Please contact us for supplemental materials!
- ▶ Reading supplements, videos & online activities available at www.emory.edu/BUSINESS/VirtualWorldBiz/TN/

Questions

- ▶ Assess the virtual economy of SL! What are the main economic, technology and policy characteristics?
- ▶ Assess VC's business! What are the key success drivers? How have the businesses lines evolved?
- ▶ What are your recommendations for Stuart? How can VirtualCircle expand business in the future?