

M+E

JOURNAL

Charting the Metaverse

The metaverse will prove transformative for M&E. But only when the entire industry gets on board.

22.01

MANY METAVERSES

For guidance on navigating the metaverse concept, follow the lead of younger generations



ABSTRACT: In the past year, companies within the media and entertainment industry have been forced to evaluate their own aspirations and policies related to the concepts of the metaverse, spurred partially by tech giants like Meta (Facebook) and Microsoft making highly publicized metaverse investments. But more importantly, there are clear trends toward widespread metaverse adoption, especially among the young consumer communities with whom media companies wish to establish lifelong brand loyalty.

By Jeremy Tipton, Senior Product Strategist, Rightsline

On proto-metaverse gaming platforms like Fortnite and Roblox, members of Gen Z and Gen Alpha have proven their comfort with and excitement for the next generation of social media technologies. So M&E organizations need strategies in place to engage with these digital native consumers where they socialize, shop, learn, consume media, and even date. Ultimately, metaverse concepts could impact every facet of the media business, thanks to emerging Web3 technologies and potential shifts in how rights are interpreted and exploited.

While the collective understanding of the metaverse may still be nascent and its precise definitions highly disputed, the exploding public interest in the topic is undeniable. Immersive experiences making use of augmented reality and virtual reality are key to the dream for some innovators, but in practice many current iterations of the metaverse are designed to be accessed via basic browsers or mobile devices.

The common understanding of the metaverse involves people's digital avatars gathering in a virtual space at the same time from different physical locations to participate in shared experiences such as games, musical performances, and general socializing. Though commonly referred to as "the metaverse," there is no sign yet of how a single, unified metaverse could take shape. Instead, corporate sponsorship of the entire concept and the obvious value of exclusive control make a single, unified

metaverse even more difficult to imagine, like how the four or five dominant public cloud offerings today compete and are difficult to integrate with each other.

For the foreseeable future, we can count on many separate metaverses, each vying for dominant influence. Due to the inherent scarcity of each finite metaverse, speculators are fueling an intense land grab of virtual real estate, with CNET reporting millions of dollars changing hands this past year for properties in spaces like Worldwide Webb Land, Decentraland, and Sandbox. Celebrities from Snoop Dogg to Dolly Parton are making their meta presence known across these types of platforms, as well as a host of consumer brands like Coca-Cola, Lego, and Gucci. Enter, M&E players.

BUSINESS INNOVATIONS IN THE METAVERSE

The technologies underlying the metaverse encourage experimentation within financing, production, distribution, and exploitation of branded content. Starting with the construction of meta locations themselves, we can imagine a next generation of theme parks within the metaverse, leveraging existing IP in new ways — or even recreating entire amusement parks faithfully to invite global visitors who cannot or prefer not to travel to the geographic location of the original park (Baudrillard scholars take note in case we start visiting a simulation of Disneyland).

Yes, the metaverse will feature many analogs to the physical world but will also make innovative uses of virtual productions with talent avatars and will present an entirely novel medium for content. Paid talent can log in concurrently alongside their fellow avatars for live performances and events, following examples of high-profile musicians Travis Scott's and Ariana Grande's concerts within the Fortnite platform.

A compelling metaverse setting itself could also serve as the filming location for recorded productions, in lieu of shooting at physical locations or building green-screened worlds from scratch. Fortnite has even demonstrated meta-exhibition, with Warner Bros. showing several Christopher Nolan films from their catalog in virtual theaters there. Expect to see new film premiers at least enhanced by corresponding metaverse experiences, if not launched fully day-and-date alongside premiers in physical theaters.

On the marketing side of the business, the massive potential for immersive advertising experiences through-

THE TECHNOLOGIES UNDERLYING the metaverse encourage experimentation within financing, production, distribution, and exploitation of branded content.

out each world is baked into the current prices for virtual real estate, and media purchasing departments will need to consider how to allocate parts of their ad budgets across totally novel, immersive ad experiences. And don't forget that everyone's avatars need to be stylized and accessorized, presenting endless opportunities for consumer products departments to license out beloved characters, wardrobe, props, and moments as limited edition NFTs or as virtual previews of purchasable physical goods—all depending on the company's level of comfort ceding control of branding, once pieces of IP have been commoditized and inevitably recontextualized within the metaverse.

EMBRACING NEW FINTECH

The economy within the metaverse is built upon blockchain/Web3, an even hotter topic within the M&E space right now. Blockchain smart contracts powered by crypto payments promise to democratize access and streamline distribution inside and outside of the metaverse space, in several ways.

Crowd-sourced financing for production and distribution is a natural successor to the Kickstarter/GoFundMe model, this time with blockchain being used to reward contributors programmatically with some predetermined compensation such as advanced access to the content or exclusive bonus content, and even fractional ownership of an NFT to participate in some share of profits.

Similarly, NFTs can be purchased as proof of membership in fan clubs and entrance to VIP events with celebrities. NFT add-ons could be engineered to coincide with traditional subscription services, enticing customers to keep paying for a streaming service to retain those



Jeremy Tipton is Rightsline's senior product strategist. For the past seven years he's contributed his background in media studies and his love of building impactful software toward Rightsline's mission to build the most comprehensive, intuitive, and technology-forward platform with the goal of maximizing the value of intellectual property. jtipton@rightsline.com @Rightsline

NFTs. Distribution strategies can be modified to allow individuals to purchase NFTs of a piece of media directly from the content producer instead of via the currently prevailing walled gardens, where the purchased NFT does not confer any copyright permissions to the underlying IP, but the NFT owner will be able to play back that media indefinitely until they transfer the NFT to someone else.

RIGHTS BEYOND THE KNOWN UNIVERSE

Of course, crypto adoption won't be an overnight transformation for the media industry. Shifting finances toward crypto currencies, which are notorious for fluctuating in value, is clearly risky for media companies. Also, the legal industry is not about to be disintermediated from the complex and psychological efforts of negotiating and interpreting media deals. While smart contracts coded atop a blockchain are highly useful for impartially executing universally accepted accounting rules in some industries, the intricacies of media contracts are far from the point of standardization needed to ensure that all systems agree on the meaning of the terms.

Even without a full-scale adoption of crypto or smart contracts,

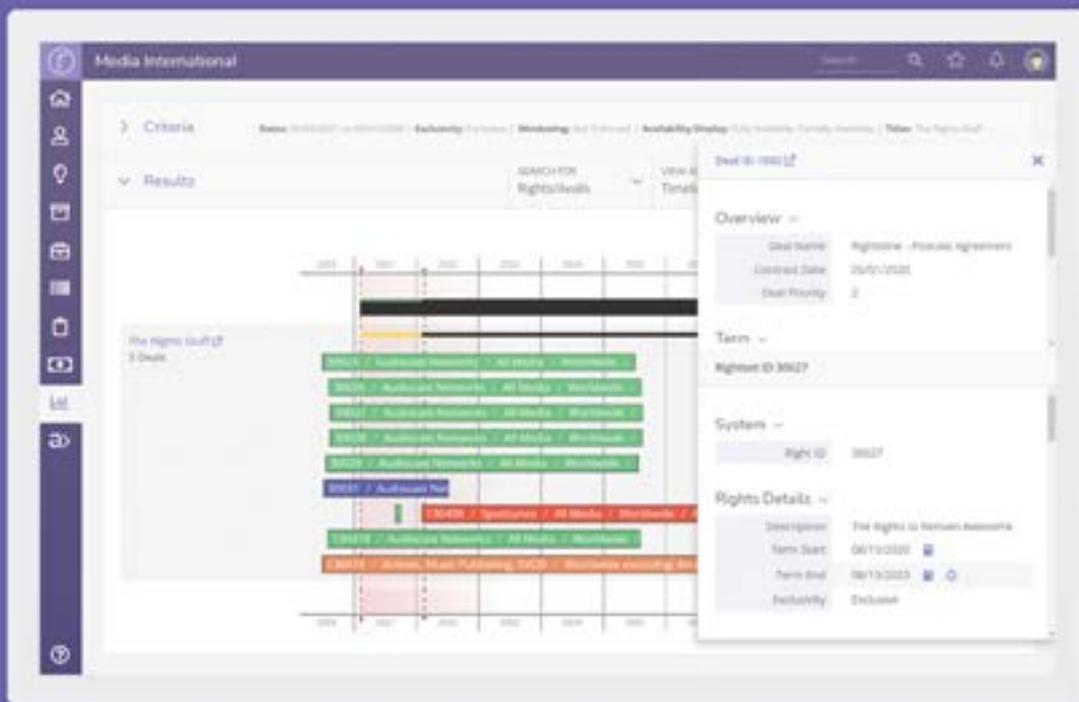
the evolution of the metaverse portends major interpretation disputes on the horizon between content creators, distributors, and audiences. Stars will likely argue that they need to be paid extra when their previous performances are somehow repurposed within the metaverse. Music clearances and royalties will need to be reevaluated as content is played across new virtual spaces.

The metaverse is not supposed to be tethered to physical geography — although some geo-fencing could certainly occur as a technology choice or due to government regulations—so going forward, newly produced content will need to be licensed for new “media” and/or new “territories” to cover this new meta space. Meanwhile, there will be a land grab over the existing, standard territorial rights that were heretofore rarely spelled out beyond “worldwide” or “the known universe.”

In the era of the metaverse, the media industry has wide-ranging opportunities to expand its reach and to augment all parts of the business, limited only by the capacity to implement relevant technologies effectively and the ability to reimagine rights. ☒

rightsline

The industry's choice for managing
rights, deals, and finance



March '22 - Rightsline Acquires REAL Software Systems
Expanding Finance and Royalty Efficiencies

www.rightsline.com