

Is Hollywood ready for the 3D internet? Big questions with 'Metaverse' author

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Whether you like it or not, the metaverse is coming. Hollywood had better get ready.

That's one of the many takeaways from investor and author Matthew Ball's new book, "The Metaverse: And How It Will Revolutionize Everything," which attempts to provide a road map for the metaverse and explain what it means for the future of the internet.

There's been a lot of talk about the metaverse and how it will affect entertainment, even though there's still a lot of confusion about what it actually is. For the record, the easiest way to think about it is as a future version of the internet where users can move seamlessly through virtual worlds in 3D.

For the layperson, Ball's book may be just as helpful in the way it explains what the metaverse is not and disentangles some of the futuristic jargon. Is the metaverse the same thing as Web3? (No, though the two concepts are often conflated.) Are NFTs and cryptocurrencies going to be involved somehow? Are blockchains, or decentralized digital ledgers, required to build a metaverse? (Maybe; it's complicated.) Does everyone need one of those VR headsets to participate? (Not necessarily.)

Entertainment companies are making preparations and coming up with game plans. Walt Disney Co. Chief Executive Bob Chapek has spoken about the metaverse as part of the "canvas" for creatives. The Burbank entertainment company has already hired people to work toward this idea of "next-generation storytelling," where audiences might see, for example, ways for their Disney parks experiences to connect with what they're doing on streaming service Disney+.

Ball has been writing about the metaverse for years, starting well before Mark Zuckerberg decided to rename social media giant Facebook as Meta and pivot the company to focus on the next generation of the internet.

In "The Metaverse," which publishes next week, he traces the origins of the metaverse concept, which gets its name from Neal Stephenson's novel "Snow Crash" but actually has roots far wider. Its depictions in pop culture spanned William Gibson's conception of cyberspace in "Neuromancer," the Wachowskis' "Matrix" films and the novel and movie "Ready Player One."

I spoke with Ball about what it will mean to have a true metaverse and whether we should really believe in its promise. This interview was edited for length and clarity.

Why write a book about the metaverse now?

I started writing about the metaverse based on my experiences in 2018, playing a lot of "Fortnite" and building on the Roblox platform. I was familiar with the term, which dates back to 1992, but it was my experiences that led me to believe that this seemingly fantastical, long-considered idea was becoming a practical business opportunity. Over the subsequent three years, I continued to research the field, invest in it and produce some experiences related to that idea. And that affirmed my belief that it was imminent and that it was unfolding in front of us. And then, of course, the surge of the term, kicked off by Microsoft and Tencent and most notably by Facebook, reaffirmed that.

You describe games like Roblox and "Fortnite" as prototypes for the metaverse that have gotten certain people used to this idea of experiencing virtual worlds and buying virtual goods. How will a full-blown metaverse differ from these systems?

It's a bit like comparing Yahoo or AOL in the '90s to the internet today.

Those were primarily consumer experiences designed to catalog the internet as we knew it, but it was not very representative of the internet of 2022. And especially not the extent to which it tapped deep into our economy in enterprise and industrial applications. We can think of some use cases for the metaverse in extended-reality surgery, the applications of 3D simulation and virtual presence in education in how we use it to operate a building or design to the infrastructure. But often, we can't precisely predict how it changes society or consumer experiences.

There was nothing in the technical definition of the internet in the 1990s that clearly expressed how life would be in 2022. How TikTok would impact the Billboard charts. That a college hot-or-not would become the world's largest identity system in Facebook. That Snapchat, born of ephemeral sexting, would become another one of the world's largest communication platforms. And so I think that's the challenge, and for some it's a disappointing answer. Many want to hear, "What exactly is life in 2032 in the metaverse?" We can think of some of the enabling differences with 3D simulation, for example, potentially some applications in healthcare, architecture and education. But we've also learned that most of it is actually not that predictable.

What is the role of entertainment companies in the creation or application of the metaverse? How well is a company like Disney poised to succeed in this new space?

Disney is so fascinating, because their expertise, relevance and contributions to the budding metaverse are overlooked by most. Jensen Huang, the founder and CEO of Nvidia, one of the most valuable companies globally, has said that USD, a file format created by Pixar in 2015, is the HTML of the metaverse. Disney was not only the first studio to embrace virtual production with virtual reality headsets in "The Lion

King" at scale, but also to shift to pure virtual production for films or series like "The Mandalorian." The second season of "The Mandalorian" actually swapped out its real-time rendering engine Unreal for Helios, a proprietary rendering engine produced by Disney's Industrial Light & Magic. Their [theme parks](#) now deploy Unreal Engine in multiple different experiences. And so while Disney doesn't have gaming assets, it's actually very clear that they have many of the technical competencies.

But more broadly, when we think about the virtual plane of existence where the impossible is possible, it's likely that many of us are going to want to use that to enrich our connection to the stories and characters we love most. The most successful seasons of "Fortnite" are the "Star Wars" and Marvel seasons. And as more technologies have come available that support more interaction, higher volumes, greater intimacy, we've seen the strongest and most beloved franchises become stronger and more beloved. The metaverse, as another medium for expression, exploration, creation and storytelling, will strengthen companies like Disney, even if it also enables new stories and intellectual property that thrive.

Who will be the winners in this space?

Epic Games is such a compelling company because they aggregate hundreds of millions of users, operating services, the underlying game engines, the content experiences, serving as a platform for brands while enabling many other content companies to produce new interactive experiences of their own. That's a really compelling opportunity.

I think one of the most challenging aspects here, however, is every time we shift into a new computing era, it's essentially impossible to imagine anyone but the current players thriving. They have thousands of engineers, tens of billions of dollars of cash and operating platforms. The idea that they would be displaced by a company that is overlooked,

small or may not even exist yet is hard to imagine, partly because there's no specific thing to imagine. And yet time shows that often it's the new leaders that win.

The leaders in the arcade era—your Atari, your Bandai Namco—did not lead in console, and the leaders in console platforms and publishing weren't the leaders in PC gaming. Neither were leaders in mobile, and none of those players built the Robloxes and Minecrafts that are now the most popular games on Earth. So as we look at this new medium, there will be many that endure and some that partially adapt. But time tells us that often it's a brand-new entertainment company, at least in gaming.

You write about the difference between Metaverse and Web3, terms that are often used interchangeably. What's the difference?

Web3 and the metaverse are often conflated for good and bad reasons. Web3, by definition, succeeds web 2.0, the era we're in now. The metaverse is described as a successor to the internet. Two things which follow the same thing are doubtlessly going to be intermixed in the minds of many. In addition, some people imagine that the blockchain is essential to building the metaverse technically. Others refer to the principles of Web3 as being essential to building a successful thriving healthy metaverse. I distinguish them by talking about the metaverse as a predominantly real-time, 3D experience. Web3 and blockchains are primarily describing distributed databases, servers and computation.

The metaverse sometimes gets lumped in with NFTs and cryptocurrency—all stuff that's been both interesting and overhyped. Why should we believe in the future of the metaverse?

First and foremost, many of the longest advocates and leading executives in the space don't believe in blockchains and have often overtly criticized them. Epic Games CEO Tim Sweeney, for example, has been building towards the metaverse and had more of an impact on it than almost anyone else, and has said that the whole field is full of an intractable mix of scams. He does not seem to believe it's necessary. And so to claim that not believing in one means that you can't believe in the other is disagreeing with those who are actively building and investing in it.

The second thing is to recognize that NFT's might have been primarily speculative, they might have limited utility, they might have been argued to do what they actually can't do. That's separate from whether or not it reflects a growing cultural acceptance of virtual-only goods, virtual-only currency, which existed for decades. "Fortnite" has, for several years, generated more revenue annually than any other game in history, and almost all of that revenue was for cosmetics. That cosmetic revenue exceeded that of many of the largest fashion brands in the world, such as Prada and Gucci. You don't have to believe that NFTs or blockchain or cryptocurrencies matter to recognize the more than \$25 billion that has been spent over the past five years on virtual clothes in a single game.

The companies working hardest on this, like Facebook, are some of the most powerful in the world. I worry about the increasing corporatization of the internet, where a few companies control not just the content but the infrastructure, which would be the opposite of the ideal of a decentralized Web3.

Yes, and I think if there's one thing that we've really come to appreciate is that the internet was not a corporate product. It was not designed to sell a widget, present an ad, collect a byte of data, but to facilitate

collaboration between researchers, and that openness and that spirit is why the internet has been such a positive force for society. The protocols upon which the internet is based are effectively a [public good](#), not a for-profit. And yet, it does seem unlikely that the metaverse develops in a comparable way It will instead or is likely to be built for commerce.

It's one of the reasons why I thought to write this book. I absolutely believe that the [metaverse](#) is coming. We may use a different term. It may take longer than we expect. It's probably going to be different than we expect. But I absolutely believe it's coming. And the best way to positively shape its outcome is to best understand what it's likely to be. What technologies it depends on when they'll arrive and then to be active, cognizant contributors to its development. So by encapsulating everything that I had learned that I had seen tried, articulating the challenges and advances we require, so that we can do that better.

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