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Metatrend #11: Emergence of the Metaverse/Web3

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Today's blog is brought to you by Abundance360, my year-round leadership program designed for founders, executives, and investors who are ready to create meaningful impact and leave a legacy.

The boundaries between our digital and physical worlds are blurring. How and where we learn, work, and shop are transforming.

What was once static and boring is becoming dynamic and magical.

Precedence Research estimates the metaverse market will reach $1.3 trillion by 2030. Recently, Citibank provided an estimate 10x bigger, saying that the metaverse could be worth *$13 trillion* with up to *5 billion users* by 2030.

While Web2 allowed us to transfer data in the form of documents, photos and videos, Web3 will emerge as the internet of value, built on blockchain, NFTs, DAOs, and the metaverse allowing us to transmit ownership.

The metaverse is a social and ownership layer on the internet, providing self-sovereign identity, **connecting people, places, and things.**

It will guarantee authenticity and chain of title (ownership) across time and space via blockchain.

Metaverse/Web3 is powered by a convergence of AI, blockchain, VR, AR, and 5G networks. It will transform how we live our everyday lives, impacting every industry from retail and advertising, to education and entertainment.

This decade: "Artists and storytellers will be to Web3, what software engineers were to Web2."

In today's blog, I'll discuss how the web has evolved, what exactly the metaverse is, how it's structured, and what its impact will be.

Let's dive in!

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WEB1, WEB2... EVOLVING TO WEB3

To better understand what the metaverse is, it helps to put it in the context of the overall evolution of the web.

Web 1.0

Web 1.0 was the earliest version of the world wide web that lasted from roughly 1991 to 2004.

This early version of the web is often described as "read-only." Most of what people did on Web 1.0 was read static web pages that were manually coded with HTML. You can think of Web 1.0 as a giant, "slightly-interactive" brochure or digital encyclopedia.

Examples of Web 1.0 include initial versions of blogs, message boards, and portals like America on Line (AOL).

Web 2.0

Web 2.0, also known as the "read-write" or social web, is characterized by software applications like Gmail and Google Docs, and social media platforms such as Facebook and Twitter.

It emerged due to the lack of interactivity between creators and users of Web 1.0, and it's the version of the web that most people

experience today.

With Web 2.0, the focus is mass participation and interactivity, with people creating and posting their own content instead of passively reading. It also saw the advent of Software as a Service (SaaS) models and dynamic programming technologies.

However, one of the drawbacks of this version of the web is the centralization of user data and information by big tech companies. This has been a key driver in the development of the next iteration of the web…

Web 3.0

The defining aspect of Web 3.0, or Web3, is decentralization.

With Web3, also referred to as the "read-write-own" web, users own, monetize, and use their data for their own benefit. Web3's focus on decentralization means that users can interact in a secure way, exchanging everything from money to information, without the need for intermediaries such as banks and large tech companies.

As I mentioned above, artists and storytellers will be the key content creators of Web3.

From innovative ownership and monetization mechanisms, to new digital worlds and communities, not to mention the explosion of new technologies and apps, creatives will thrive in Web3.

3 core technologies power Web3:

- **Blockchain**, providing a public, permanent, and universal single source of truth

- **Digital Assets** that are issued on a blockchain, representing value portability and permanence

- **Smart Contracts** that contain conditional programming code that create utility by facilitating self-executing applications

One of the key decentralized technologies that Web3 enables is the metaverse.

And while many people use the terms Web3 and metaverse interchangeably, *they are different.* So before discussing everything that will be possible in the metaverse, let's define some terms.

2023 A360 SUMMIT SPEAKER SNAPSHOT

Here's a sneak peek of the A360 speaker lineup. This will be an exciting year!

Note: *At the time of this email, we have 34 remaining spots to attend the Summit live in March.*

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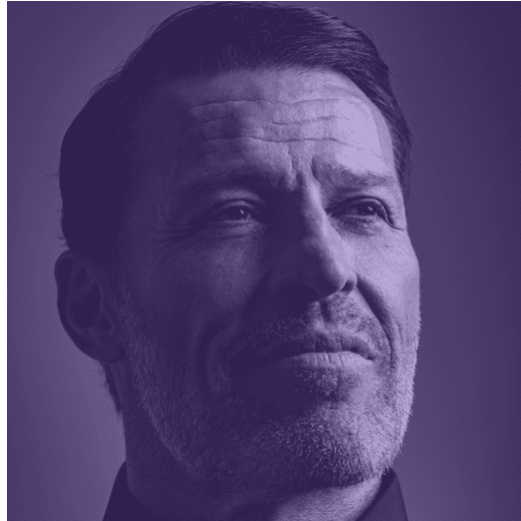
Tony Robbins

#1 *New York Times* bestselling author and life & business strategist. He is a leading philanthropist and through his 1 Billion Meals Challenge, he has provided over 945 million meals in the last 8 years and is ahead of schedule to provide 1 billion meals by 2025.

Andrew Yang

2020 Democratic presidential candidate and 2021 New York City mayoral candidate. He is the Founder of Humanity Forward, and his *New York Times* bestselling book

The War on Normal People helped introduce the idea of universal basic income (UBI) into the political mainstream.

Jacqueline Novogratz

Founder and CEO of Acumen, whose mission is to change the way the world tackles poverty. She is a *New York Times* bestselling author and was named by *Insider* as a top 30 global leader working on climate solutions.

Mark Hyman, MD

Family physician and internationally recognized thought leader in the field of functional medicine. He is a fourteen-time *New York Times* bestselling author, and Board President for Clinical Affairs of The Institute for Functional Medicine.

SO, WHAT EXACTLY IS THE METAVERSE?

Here, I'll share definitions of the metaverse from 3 leaders in the space:

1. Mathew Ball, CEO & Founder of Epyllion

2. Cathy Hackl, Founder & Chief Metaverse Officer of Journey

3. Eric Pulier, CEO & Founder of Vatom

<u>Definition #1</u>: Mathew Ball (CEO, Epyllion)

According to Matthew Ball from an interview on McKinsey's *At the Edge* podcast, here's how he thinks about the Metaverse and Web3...

The Metaverse: "The Metaverse is a massively scaled and interoperable network of real-time rendered 3D virtual worlds and environments which can be experienced synchronously and persistently by an effectively unlimited number of users with an individual sense of presence, and with continuity of data, such as identity, history, entitlements, objects, communications, and payments."

"Well, Web3, by definition, succeeds Web 2.0. The metaverse, by definition, succeeds our current computing and networking paradigm. The fact that they both succeed what we experience as the internet today naturally intertwines the two."

Definition #2: Cathy Hackl (Founder, Journey)

Cathy Hackl, known as "The Godmother of the Metaverse," takes an expansive view of the metaverse.

The Metaverse: Hackl sees it as the convergence of our physical and digital lives. In a way, it's a matter of our digital lifestyles, which we've been experiencing through our phones and computers, catching up to our physical lives.

She acknowledges that most people tend to associate the metaverse with AR and VR, but those aren't the only entry points. Blockchain, 5G, edge computing, and many other technologies all contribute to a new kind of experience.

"To me, the metaverse is also about our identity and digital ownership. It's about a new extension of human creativity in some ways."

Definition #3: Eric Pulier (Founder, CEO, VAtom)

Pulier is a brilliant entrepreneur and visionary, having built the first NFT and founded over 15 companies. For Pulier, the next generation of the internet and the metaverse "will bring people, places, and things to the web—providing a new canvas for human imagination and vast business opportunities."

So, how does this differ from previous discussions of immersive environments and AR and VR?

Taking into account his notion that the metaverse will involve new ways of interacting with people, places, and things, Pulier likes to take each of those in turn.

Metaverse + People: Regarding people, in the metaverse you can assume your own avatar or persona, and you own your data so that you can move from one experience to another with your sense of self intact.

Metaverse + Your Stuff: As Pulier points out, in the past in games, you had the sense that if a given game dies, then your goods would go with it. But in the metaverse, you get to take all your stuff (digital assets, objects) from place to place.

Metaverse + Places: Finally, in the metaverse, place isn't limited to VR. Instead, Pulier envisions virtual spaces, the 3D web that is now

allowing us to create a different type of experience. Added to this new sense of place is the social element. Here's how Pulier explains it:

"… what I call true social, meaning that when you talk about Instagram and these other social platforms, you're interacting with information, which then interacts with other people, you don't really get the sense that you were there with somebody doing something and having that experience. So, this is different, you add these elements together, and there's a different sense of experience."

THE ROLE OF DAOS, IDENTITY & NFTS

DAOs, identity, and NFTs are components or experiences often discussed in relationship to the metaverse. Let's discuss each in turn...

Decentralized Autonomous Organizations (DAOs)

DAOs are a new organizational structure built with blockchain and formed for a common purpose, which can range from investing in startups to buying NFTs.

A DAO is "decentralized" because there isn't a Board of Directors or a CEO. Instead, *it's as if each shareholder of a company could vote on every one of the company's actions.* Once a DAO is formed, it's run by its members, typically using crypto tokens. These tokens come

with rights attached to them, such as the ability to vote on certain decisions or manage a common treasury.

It's "autonomous" because it is powered by smart contracts that automatically execute to move the organization toward the organization's goals.

For example, the Decentraland metaverse, a 3D world where all property and assets are represented by tradable NFTs, is organized as a DAO. Every constituent of Decentraland has voting power based on their holdings of MANA, LAND, and NAME in the metaverse, and all these assets have associated crypto tokens.

Decentraland's voting formula favors landholders. Each LAND parcel gives 2,000 units of voting power, where each MANA provides only 1 VP. And what the community can vote on ranges from organizing land auctions and sales fees to the addition of new wearables for users' avatars.

Identity

Because the "metaverse" encompasses multiple digital worlds (or many metaverses), an accurate and widely accepted system of identity authentication is critical to creating a unified user experience across all elements of the metaverse.

Verified and interoperable identities allow users to hop from one metaverse to another, bringing their avatars and digital assets or objects with them, just as a person's identity remains the same when traveling from one city to another in the physical world.

One of the main methods for doing this is called "self-sovereign identity" (SSI).

SSIs are digital identities that users create and manage using digital wallets, without having to rely on third-party providers. The identities are authenticated and verified using public-key cryptography that is anchored on the blockchain.

A key benefit of SSIs is that they remove the need to maintain personal information on a central database, thereby addressing data security and privacy issues.

Ultimately, SSIs bring a new level of decentralized, transparent, and verified trust that's key to creating an open and unified metaverse.

Non-fungible Tokens (NFTs)

While NFTs have been all the rage from CryptoPunk to Bored Apes, there is a more critical definition of NFTs and their use in the

metaverse.

An NFT represents a unique digital item that you own completely—it's immutable, original, secure, and verifiable via the blockchain.

For example, you can think of NFTs like the certificate of authenticity you might get if you bought an expensive price of art. The piece of art itself could be copied or even stolen, but your certificate of authenticity would still prove that you are the owner of the original.

My friend Eric Pulier has taken this concept of an NFT to a new level.

Pulier and his team at Vatom created the first Smart NFT back in 2015. It's programmable and dynamic, so it's network-aware and can respond to real-time events.

As he put it, "It's the difference between a watch and a smartwatch. While a regular watch only tells time, a smart watch interacts with you, gives you goals, communicates and reacts to applications in the cloud, and can reward you based on the actions you take."

Smart NFTs are innovating the relationships between businesses and customers, and are creating new approaches to community building and customer engagement.

For Pulier, the "Smart NFT Wallet will be the most powerful human communication tool since the invention of the internet itself."

In an interview earlier this year, Pulier laid out the 3 applications of Smart NFTs that he's most excited about:

1. Customer Relationship Management (CRM): Smart NFTs allow brands to develop direct channels to indivisible customers and deliver personalized, interactive content and benefits. This helps them activate and nurture long-term relationships more effectively.

For example, if a Los Angeles Lakers fan will be more likely to stick with the brand if they see that a Smart NFT … "can send them immediate rewards every time the Lakers win a game, exclusive access to meet a player, new forms of vibrant online communities, discounts on merchandise and the ability to create their own content and share it with others."

2. Direct Payments: Pulier sees Smart NFTs and Web3 revolutionizing the payments industry. For instance, an artist or creator can be paid directly for their work, so they can earn a living without third-party intermediaries taking a share of their compensation. Smart NFTs and universal Wallets will enable people to pay creators voluntarily.

But the benefits extend beyond business and the creative community. One-third of the world's population is "un-banked" or "under-banked," meaning they have limited or no access to financial services. Direct payments and access to a universal Wallet mean that these people

will now have an opportunity to get paid for their work—whether it's translating a sentence from one language to another or teaching a skill.

3. Communities: Web3 and the Metaverse will also revolutionize our idea of online communities. These technologies add an ownership and social layer onto what we currently experience as the internet. DAOs are one example of this.

As Pulier notes, companies, and organizations are realizing that their future depends on creating "participatory communities of interest that want to engage because of alignment with purpose and authentic personal interests."

Advertising, marketing, and loyalty will eventually roll into what he calls "value for time."

Pulier gives the example of the ComicCon Metaverse: "This is a global group of enthusiasts, creators, and fans who want to express creativity, engage in commerce, and explore new adventures together, as a community. By providing them with a platform to build, buy, and interact, the Comic Con Metaverse is a good example of what literally millions of other groups will be doing in the near future."

IMPLICATIONS & FINAL THOUGHTS

The metaverse could be worth up to $13 trillion by the end of this decade, but we can already see the impact it's having.

With a newly built stack and an interface built from numerous converging technologies, the metaverse will transform *every* facet of our everyday lives: from the way we organize and access our data, to our social and business interactions, to the way we train employees and educate our children.

We're about to start spending more time in the virtual world than ever before.

In our next blog in this Metatrend series (#12 of 20), we'll explore the notion that **High-Resolution VR will Reinvent Commerce & Collaboration**.

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