Ecosystem Expansion Approach for Metaverse

The Overarching Challenge

For insurers the overarching challenge is how to create prevention and protection products in Metaverse where the ecosystem and the players in the ecosystem are different, and what constitutes *insurable risks* is different because of the nature of the digital and virtual assets and the risks in the virtual world.

As mentioned in an earlier article in this series on *Insurance in Metaverse*, one approach that insurers could take to creating products and services in Metaverse is by entering into strategic partnerships with companies that are active in the virtual reality world. This is commonly known as *Ecosystem Expansion.*

Ecosystem Expansion Into Metaverse

The players that are active in Metaverse include very notable, brand name companies. Figure 1 below provides a sample list of these prominent companies.

Figure 1: Notable Companies/Brands in Metaverse

The first column (on the left) shows some of the Big Tech companies, followed by major retail companies and brands. The last two columns are banks,financial services, & Insurance companies, and the venture capital firms that have made significant investments in Metaverse.

Most of these companies are clients of insurance companies today. One way for insurance companies to gain entry into Metaverse is to have a strategic partnership with one or two of these Metaverse-active companies.

Metaverse Ecosystem

The Metaverse ecosystem has already been depicted in so many ways. Each Metaverse ecosystem diagram in the Internet today differs one from another. This is not unusual because Metaverse is still evolving; and it'll be a while before business strategists, technology experts, academics, and businesses will come to a common agreement on how the Metaverse ecosystem should be drawn.

There are Metaverse ecosystem diagrams that include all the gaming companies only. Some include Metaverse commerce and markets. Others include predominantly technology companies directly involved in creating the Metaverse. There are also several drawings that depict the Metaverse in terms of architectural layers. All of these diagrams are valid, and all are point-in-time diagrams.

How then can an insurance business strategist utilize an ecosystem expansion approach to entering Metaverse?

Figure 2 provides an approach utilized by the SoundStep Consulting Services strategists and advisors. It shows the Metaverse ecosystem by function. It's not intended to be a business value chain, and neither is the diagram intended to be a layered business or technology Metaverse architecture. It is simply a practical grouping which will help insurers develop their ecosystem expansion strategy for Metaverse.

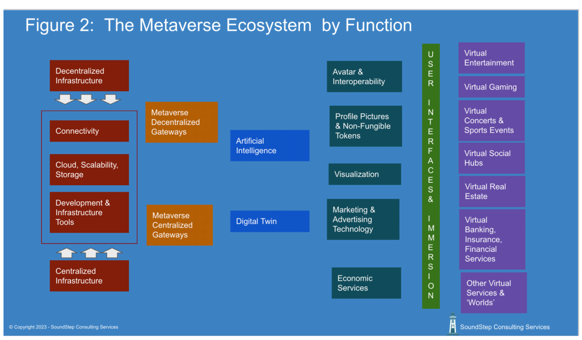


Figure 2: The Metaverse Ecosystem by Function

In Figure 2, the virtual reality experiences are depicted in purple boxes (shown in the left-most column). This is where the virtual worlds can be experienced by individuals, groups, businesses, associations, and any other entity(ies) that enters Metaverse. The brand name fashion companies, retailers, entertainment companies, banks, and insurance companies listed in Figure 1 are providing these virtual experiences to their customers whether they are window-shopping or actually making Metaverse purchases. Gaming companies will continue to leverage their experience in developing virtual reality games that appeal to people of all ages, therefore, their presence in Metaverse will continue to expand.

There will be more concerts, sporting events, fashion shows, grand openings, tours, and other social and business activities in Metaverse as the technology that supports the virtual reality worlds continues to advance, and as companies become more comfortable in operating in Metaverse. And insurers have the opportunity to partner with the companies who are active in these virtual worlds.

Insurers also have the opportunity to partner with companies that create services and technologies that make the virtual worlds and experience happen. In Figure 2, these supporting companies are grouped by function and depicted to the left of the purple virtual worlds.

Avatar and Interoperability companies include Didimo, Crypto Avatar, Crucible, Avatar SDK, Tafi, and several others.

Profile Pictures & Non-fungible Tokens are critical assets in Metaverse and the companies that are active in this functional area include Veefriends, Doodles, CryptoPunks, Azuki, CloneX, Bored Ape Yacht Club, Cool Cats, and several others.

Companies that focus on Visualization services and technologies include Niantic, Blender, Anam XR, Matterverse, SparkAR Engage, and several others. Expivi, Ventana, Occipital, Threekit and many others focus on 3D (three dimensional) modeling.

Economic Services include payment companies such as Visa, MasterCard, PayPal, ApplePay, Google Pay, etc.; and include crypto exchanges companies such as Coinbase, Blockchain, Gemini, Kraken, crypto.com; crypto wallets (e.g. Bitski, Metamask), and NFT Marketplaces (e.g. Dapper, Rarible, NFT Trade, Flowty, OpenSea, SoRare, Parcel).

Digital Twin companies include well-known technology names such as Oracle, IBM, Microsoft, Cisco, Ansys, Siemens, General Electric, and several others.

Adjacent Industry Ecosystem Expansion Strategy

One ecosystem expansion strategy is for insurers to expand its ecosystem by leveraging partnerships with adjacent industries. These include Banking, Financial Services and Payments (which are all part of the Financial Sector), the Healthcare industry, and Real Estate. The business of insurance and its relevance in Metaverse can be packaged as an experiential tour or showcase in Metaverse. Certainly an insurance lounge can be created in the virtual world just like JP Morgan Chase's Onyx Lounge.

Insurance transactions can be demonstrated utilizing avatars for agents and brokers, avatars for insurance underwriters and risk managers, and for customer service representatives.

Insurers should look into providing training in Metaverse on the importance of prevention and protection insurance policies for individuals and businesses that are involved in the creation and sale of virtual assets (NFTs), buying virtual real estate, hosting major virtual events, and transacting in crypto, CBDC, or in-game currencies. Equally important is setting up a virtual office that offers financial management advice to people who are investing in digital currencies and in NFTs.

Healthcare companies are pursuing new channels of treatment in Metaverse. Some are creating virtual mental health clinics, meditation and quiet spaces, places for on-demand patient counseling, health/wellness/fitness coaching, virtual therapy sessions, and access to doctors from any location.

There are healthcare companies who have partnered with virtual reality technology companies to determine how virtual reality headsets can be utilized for therapeutic purposes, pain management, and for dealing with stress and anxiety. Telehealth and telemedicine will continue to grow as the technology continues to advance and as the healthcare providers and the patients under their care become more comfortable with the technology and the quality of services that can be administered without having to leave one's residence.

Insurers can approach some of these healthcare companies to pursue joint ventures both in Metaverse and in the physical world. The healthcare companies that are active in Metaverse include brand name firms such as 8chilli, AccuVein, Augmedics, Brainlab AG, CableLabs, GE Healthcare, Global Healthcare Academy, Google, Immersive Touch, Intuitive Surgical, Meta Platforms, Microsoft, Nvidia, Novarad, Roblox, Siemens Healthineers, and several others.

Existing Partnerships with Big Tech Companies

Most major insurers have existing partnerships with Big Tech companies including Cloud Services providers such as Amazon AWS, Microsoft Azure, Google Cloud, and major telecommunications and networking companies (e.g. Cisco). Most of the insurers also have strategic partnerships with technology services providers, systems integrators, and digital processing platform providers to enable their digital transformation and modernization programs. These very same partners have organizations and teams that are active in Metaverse. Therefore, initiating conversations on how to jointly pursue opportunities in Metaverse should not be a major task for insurers.

Metaverse Forums

Insurers should also consider joining Metaverse forums to become familiar with the companies who are tackling the challenges in Metaverse, who are creating interoperability standards, and who are helping shape and evolve the virtual world.

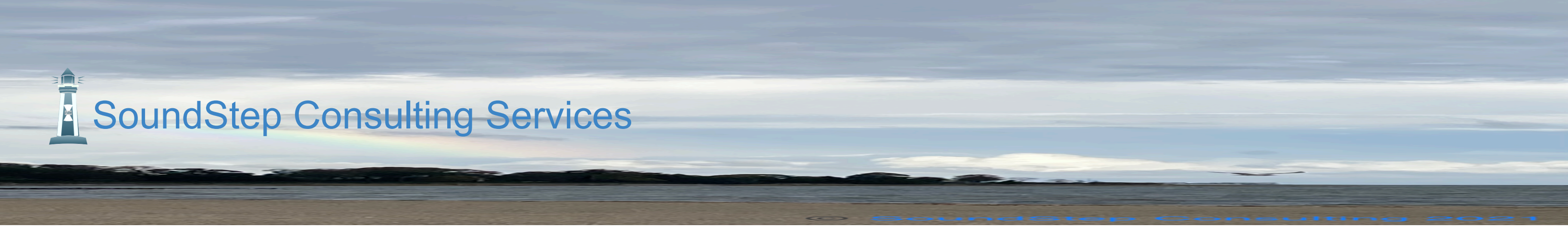
The Metaverse Standards Forum was created to ensure interoperability standards are defined which will help ensure that there is an open and inclusive approach to Metaverse. The forum has a pipeline of exploratory projects and specific domain working groups. The Forum has many of the aforementioned companies as Principal Members, as well as, Participant Members.

The World Economic Forum (WEF) has a Metaverse Initiative that focuses on the economical and societal value of Metaverse, and on Metaverse governance. There are also forums sponsored by governments and academia that insurers should leverage to extend their reach into the companies that are shaping the virtual world.

The next article is on Leveraging Metaverse Technologies to Achieve Goals in the Physical and Virtual Worlds.

A Sound Step…

that insurance leaders and insurance business strategists can take is to enter into strategic partnerships with companies that are actively shaping Metaverse, starting with those that are in industries adjacent to insurance. This includes brand name banks, payment companies, real estate, and healthcare firms, as well as with technology and gaming firms whose products and services make Metaverse possible.



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