

Value Creation and Opportunities for CPAs on the Metaverse

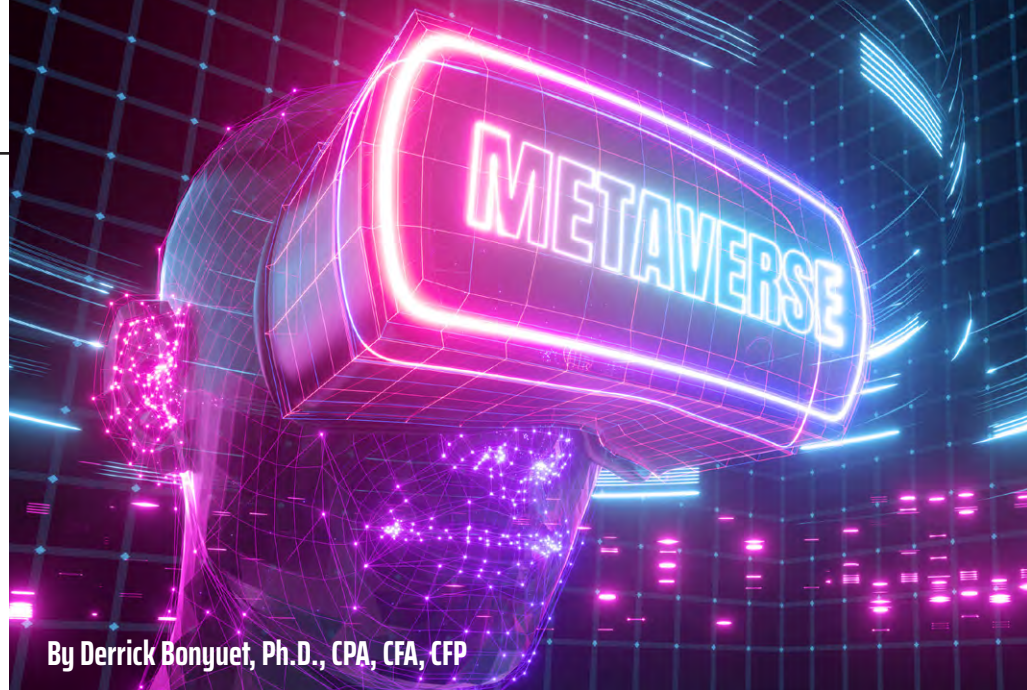
In the last couple of years, there has been a lot of buzz surrounding the metaverse. Metaverse can be seen as the next evolution of the Internet, where users will enjoy a new and different level of experience as they meet people virtually and interact and conduct business in this environment.

As CPAs, we are often seen as advisors by our clients for business-related matters. This is why we need to familiarize ourselves with this term, how this virtual environment can add value to our clients and how CPAs should leverage this technology.

The Next Level

Metaverse is considered the next paradigm in social media. In the same way many people access social media, the metaverse will take these interactions to the next level by incorporating not only shopping but also events, concerts and conferences in a persistent three-dimensional virtual environment that runs continuously. People will be accessing these immersive virtual worlds through different technologies, including VR headsets, AR or even PCs, game consoles and phones.

The metaverse will include elements such as virtual reality, streaming video, mobile gaming, avatars and artificial intelligence to offer users an all-inclusive digital experience. In this digital economy, money will be represented by cryptocurrencies and the metaverse will be



By Derrick Bonyuet, Ph.D., CPA, CFA, CFP

supported by the blockchain, which is a digitally distributed public ledger that functions without the need of any intermediaries.

Transactions may include art, music or even real estate, which will be reflected in the form of non-fungible tokens or NFTs. These NFTs are blockchain-based representations of real-world items and serve as proof of ownership.

A McKinsey study found the transition to metaverse is taking place as more than 20% of the population asserts their intention to spend more time online exercising, working, reading and shopping in the future. In fact, study participants confirmed their desire for greater convenience, connectivity and entertainment, which will result in spending about four hours a day in the metaverse. Generation Z and millennials are expected to spend close to five hours a day. The study also found more popular interests include immersive shopping, booking, learning, traveling and socializing (Aiello, C., Bai, J., Schmidt, J. and Vilchynskiy, Y., 2022).

Consumer Uses

Consumer uses will include most daily activities across five categories:

- Entertainment;
- Socializing;
- Fitness;
- Commerce; and
- Remote learning.

Enterprise Solutions

The metaverse will enable improvement in business operations across the following categories.

- Remote collaboration will be enhanced as online meetings are conducted in a three-dimensional space. By using avatar technology, people will be able to interact with each other in an immersive, meaningful and realistic way from anywhere in the world with information being streamed in real time to enable a more efficient and productive work environment.
- Reimagined learning and development as simulations of real-life settings and situations will be leveraged for a more impactful learning experience. Employees can safely learn how to do tasks virtually in a setting that mirrors the actual environment in which they'll be working.
- Digital twins will enable innovating efficiencies as physical settings and objects are replicated virtually, generating rich data in real time to improve decision making. New revenue streams will emerge. Examples include virtual real estate and setting virtual markets where customers can buy products.

Examples of Use Cases

In its publication "Value creation in the metaverse" (2022), McKinsey iden-



tified several metaverse use cases. They include the following areas.

Product marketing.

Coca-Cola launched their brand's first NFT with a winning bid bringing over \$575K in an online auction. The auctioning of NFT collectibles supports several marketing campaigns, such as the International Friendship Day, and proceeds will benefit Special Olympics International.

A Market Projected to Grow Exponentially

This emerging virtual market is projected to grow into a fully functioning economy that will generate revenues of between \$1trn to \$30trn (see www.economist.com/business/2022/01/01/virtual-property-prices-are-going-through-the-roof.) To capitalize on this future trend, investment firms are investing millions in digital land across different metaverse platforms, such as Decentraland and The Sandbox.

Customer engagement. Gucci is building brand awareness by launching Gucci Garden, which is a set of multiple themed rooms aligned with their physical campaigns.

Next-generation commerce. By using game-engine technology, AnamXR has created cloud-based, virtual e-commerce platforms for 3-D immersive shopping experiences.

Brand loyalty. Adidas has made its first incursion into the metaverse by partnering with the Bored Ape Yacht Club, Punk Comics and digital artist Gmoney to release its first NFTs.

Customer service. Helpshift has launched Metashift, the world's first customer support system for the meta-

verse. It consists of a series of patented technologies designed to support experiences.

Education. The University of California at San Diego's Rady School of Management has partnered with Virbela to deploy a virtual campus for real-time lectures, breakout spaces and outdoor areas.

Recruiting. The Havas Group, a global marketing and communications conglomerate, has launched a village within the Sandbox. Consistent with its purpose, the virtual Havas Village will support recruitment services for improved candidate and onboarding experiences.

Digital twins. BMW has partnered with Nvidia to create the factory of the future, which will combine reality and virtual reality, robotics and AI to deliver digital twins for their entire factories.

Public services. The Seoul Metropolitan Government in Seoul, Korea, will become the first major city to enter the metaverse by launching the pilot of Metaverse Seoul, a virtual version of Seoul's mayor's office.

Virtual tourism. Ariva Digital has launched Ariva Wonderland, a VR and blockchain-based platform that allows users to travel to imagined or recreated destinations.

Opportunities for CPAs

While full adoption of the metaverse is still years away and experts are debating whether the metaverse will become a specialty or a mainstream market, there are elements already in place. More importantly, as listed above, numerous companies are making investments to create a presence in this virtual world.

As a result, CPAs must ensure they can provide the support that clients are expecting. A few areas where CPAs can benefit include:

- Improving client engagement;
- Providing new revenue-generation opportunities;
- Serving as a more efficient training platform;

- Enhancing employee interactions; and
- Transforming commercial operations.

The Next Evolution

It is hard to predict what the future holds, but most people would agree social media is here to stay and the metaverse could well be the next evolution. The reward could be huge, but the risk is high.

In addition, user experience must be improved to ensure mass adoption. CPAs must be ready to support their clients' operations in this virtual environment and the first and best step may be to set up their own presence in the metaverse.

About the Author: Derrick Bonyuet, Ph.D., CPA, CFA, CFP, is a Clinical Professor of Accounting at the University of Texas in Austin. He also teaches accounting at Huston-Tillotson University and Concordia University. Contact him at derrick.bonyuet@mcombs.utexas.edu.

Editor's Note: Read more on this topic on Today's CPA online at www.tx.cpa.

Sources:

1. "Virtual-property prices are going through the roof." *The Economist*, 1 Jan. 2022.
2. Kamin, D. "Investors Snap Up Metaverse Real Estate in a Virtual Land Boom." *The New York Times*, 30 Nov. 2021.
3. Bruce, T. "4 Enterprise areas for business leaders to explore in the metaverse." *Forbes*, 25 May 2022.
4. Pratt, M. "10 Examples of the metaverse for business and IT leaders." 22 Nov. 2022.
5. Aiello, C., Bai, J., Schmidt, J. and Vilchynskiy, Y. "Probing reality and myth in the metaverse." McKinsey & Company, 13 Jun. 2022.
6. "Value creation in the metaverse." McKinsey & Company, Jun 2022.
7. Blau, A., Enobakhare, A., Shiller, A., Lubetsky, L. and Walker, M. "A new world? Exploring the metaverse and what it could mean for you." Deloitte Consulting, Apr. 2022.
8. Pratt, M. "10 Examples of the metaverse for business and IT leaders." 22 Nov. 2022.
9. Aiello, C., Bai, J., Schmidt, J. and Vilchynskiy, Y. "Probing reality and myth in the metaverse." McKinsey & Company, 13 Jun. 2022.
10. "Value creation in the metaverse." McKinsey & Company, Jun 2022.