

Monetizing the Metaverse: Where's the money?

written by Stephen Lautens | June 28, 2022

Last week some of the major players in the Metaverse joined together to form the [Metaverse Standards Forum](#), which, as the name suggests, aims to set compatibility to make it easier for developers to build across platforms. Standards are important in the early days of tech development to prevent niches and dead-ends (think Betamax and Laserdisks), which is why Meta (Facebook), Microsoft, Epic Games, Adobe, Nvidia, Sony and others have joined together to create industry standards. Conspicuously absent is Apple, which may yet adhere to the Forum's standards, or may – as Apple does – choose to go its own way.

Nick Clegg, Meta's President of Global Affairs, wrote last month in [a blog post](#): "Like the internet, the metaverse will be an interconnected system that transcends national borders, so there will need to be a web of public and private standards, norms and rules to allow for it to operate across jurisdictions."

There are clearly big plans for the Metaverse, but how big is the Metaverse business? There are lots of estimates to choose from. A [recent study](#) projected the global Metaverse market to grow from US\$100.27 billion in 2022 to US\$1,527.55 billion by 2029. If you still think the Metaverse is just a gaming platform or just for kids, keep in mind that the Metaverse Standards Forum founding members Meta, Microsoft, Epic Games, Adobe, Nvidia, and Sony have a combined market cap of over \$3 trillion and have invested billions of dollars in Metaverse development and commercialization.

That is a lot of money going into the Metaverse, but how do you

get money out of it? Investors can always buy stock in companies that are themselves investing heavily in Metaverse development. At the moment the biggest name is unquestionably Meta Platforms, Inc. (NASDAQ: FB), previously known as Facebook. Another is 3D content creation leader – and Metaverse Standards Forum founder – NVIDIA Corporation (NASDAQ: NVDA) with its own Omniverse Enterprise. Another is Roblox Corporation (NYSE: RBLX), with a \$20 billion market cap and its own version of a metaverse platform that has already hosted virtual concerts that have attracted as many as 33 million viewers to Lil Nas X's show on their platform.

The Metaverse is essentially an event space, whether it is games or concert events. According to Forbes, concerts in the Metaverse are already making artists millions – as much as [\\$20 million for a single show](#). And for those who dismiss “games” as a serious source of revenue, the gaming industry generated almost [US\\$201 billion in revenue in 2021](#) and is anticipated to reach about \$435 billion by 2028. Metaverse Standards Forum founder Epic Games just completed a \$2 billion fundraising round for games development that included Sony Group and LEGO Group owner Kirkbi.

There are hundreds of companies now selling virtual “real estate”. Much like the millions a good [internet domain name](#) can cost, companies are staking out and building Metaverse destinations. In just the month of November 2021 alone, two of the leading digital real estate companies – Sandbox and Decentraland – earned [revenues of about \\$180 million](#) from virtual land sales in the Metaverse.

On a smaller scale, there is a new, growing service sector to support the Metaverse. There are world-builders and studios that create and trade in virtual assets, such as custom Metaverse locations, avatars, wearables, virtual real estate and the now

notorious NFTs. NFTs, or non-fungible tokens for unique digital art and assets, seem to have peaked last year and are now on the decline, however in 2020/21 investors reportedly [spent US\\$183 million on the top 10 NFTs](#), with the most expensive single NFT selling for over \$69 million. The era of NFT art as an investment seems to have passed, or at least suffered a sharp decline, leaving many owners wondering what were they thinking.

Notwithstanding the apparent faddishness of NFTs, the Metaverse will require an army of content creators and back-end e-commerce support, much like the early days of web commercialization. It will be an emerging platform for companies to showcase their products, engage shareholders, promote their brands and share news and corporate development. It can be a 24/7 interactive trade show. Like any other promotional asset, it will require updating, new content, and support to keep it fresh and meet changing corporate and stakeholder needs.

Like any new corporate tool, the Metaverse will initially be seen as an annoyance and cost center by many who will reluctantly be forced to adopt it, the way the telephone, fax, email, websites, and recently Zoom, were seen as necessary evils before they became staples of corporate existence.

Will early adopters profit from the Metaverse? Some certainly will, however, like the early days of the internet and e-commerce, it can be hard to pick winners this early in the race. Remember Amazon and Facebook were widely dismissed early on as having no business model and years of unprofitability. The adoption of Metaverse standards will help sharpen the focus for both investors and early adopter companies looking to the future.