

Assess the risks and rewards of engaging with the metaverse

Whether your organization is creating space, inviting customers, enabling employees, or just testing the waters of a virtual environment, the <u>metaverse</u> presents a new world of opportunities and risks. These metaverse opportunities come with responsibilities that demand careful consideration. Your presence in a 3D virtual environment is an extension of your brand, and anyone who has a challenging or uncomfortable experience associated with

your brand will likely remember it for a long time. As adoption of social platforms continues, a single person's negative experience can influence friends, family members and followers far beyond what you might expect. More importantly, a thoughtful metaverse strategy that creates a safe and inclusive environment has the potential to delight people and bring positive outcomes that set up your organization for long-term success.

Risks of the metaverse: key concerns to address

While these virtual experiences are still nascent, we can anticipate the critical issues they are likely to introduce. To understand some of the biggest potential metaverse risks and challenges that might arise, we can look back through issues we've seen with related environments, such as social media, online gaming, and the web itself. Organizations may soon find their employees and customers looking to take their business elsewhere unless they can get these concerns under control:

Psychological manipulation

Online platform providers have been called out for manipulation and nudging, using a deep understanding of people's psychological tendencies to guide their behavior. For example, micro-segmentation efforts in social media have effectively placed people in political and social echo chambers, often amplifying the most divisive content. Meanwhile advancements in user experience have led some designers down a path of dark patterns, or a manipulation of perceived choices to bring about desired user response.

Personal attacks

Rampant emotional and sexual harassment, abuse, and predation have permeated social media and gaming environments as predators and bullies take advantage of generally weak oversight. Taking the biggest brunt of these attacks are women and minorities, and there's little reason to think the same trolls won't take their attacks into new metaverse environments.

Privacy and Cybersecurity Risks

Surveillance and invasions of privacy have been pervasive in every online environment, and the metaverse will open doors to an even wider range of possibilities for collecting, misusing, or stealing personal data. Certainly, hackers will find an entire new universe of potential targets to attack, but we can't ignore the platform providers, retailers, employers, financial service firms and others who consider personal data to be a cornerstone of their business model.

Digital theft

Behind attackers in search of data comes an army of criminals scheming to steal cryptocurrency, scam NFT collectors, and rip off legitimate content creators. They've been wildly successful so far without any kind of virtual environment, and now they'll have even more ways to commit fraud and trick unsuspecting visitors – who, for example, may not know how to spot phishing attacks in the metaverse – into giving up valuable digital assets.



3 key pillars for a responsible metaverse

Building and maintaining a responsible metaverse environment will require a comprehensive set of policies and controls, just as you'd expect from a complete security, privacy, or business continuity program. But it can be hard to know where to begin.

Avanade has a 20-point control framework to help guide clients through the layers of development, engagement, oversight, and accountability that should be in place to avoid critical risk related to metaverse environments and bring about ethically positive outcomes. Each implementation will be different, as each organization has to decide its intentions and priorities for itself. However, their controls should incorporate three key pillars.



1. Safety, inclusivity, and accessibility: Metaverse experiences should be accessible and welcoming to everyone as much as possible, which means people feel like they can represent themselves as they'd like and be treated with respect when they do. In addition, they should feel safe and able to engage as they see fit, without having to defend themselves against predators and harassers.

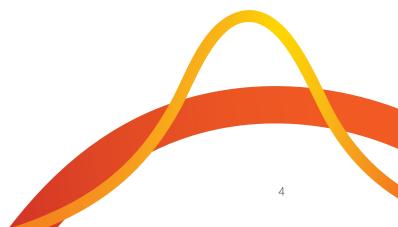


2. Security and privacy: Any metaverse environment will have mountains of personal data, some of which is already floating around people's social media and work profiles, and some of which will be unique to virtual spaces. Behavioral data, biometric data such as eye movements and tone of voice, and a new ecosystem of transactional data will need new, sophisticated schemes of protection.



3. Governance and accountability: On top of your control framework, you'll need a layer of monitoring and oversight to make sure the virtual environment is providing the desired experience, and that visitors leave feeling like they want to return, maybe with their friends. If something does go awry, clear lines of accountability will be essential inside the organization and out to employees and customers. Importantly, don't put all the onus on employees and customers to alert you about bad behavior or undesirable experiences. Two-way communication is essential, and proactive interventions will be necessary as well.

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Making it work: turning concern into real-world practice

clients, that is actively pursuing metaverse development, there are several early workstreams you can get started to set the right course. First, replicate your workplace code of conduct, metaverse environments, including respect for others, appropriate dress code, how to deal with harassment, and how to report concerns. Next, conduct a security risk assessment to identify any data, assets, or processes that could be subject to sabotage or attack (don't forget insider threats), then establish ownership for mitigating those risks. Finally, define a governance structure that includes hands-on monitoring of the environment, review of early user feedback, and frequent review and update of policies and procedures as participation increases.



Build and maintain trust in the metaverse to improve "real world" outcomes

Interacting with employees, customers and other stakeholders in a metaverse environment may be a difficult decision to make. You will need to consider factors such as opportunity costs, elevated risks for your organization and for metaverse participants, and a significant impact on the environment in terms of energy use and hardware requirements (e.g. headsets and controllers). It's also worth asking whether establishing a presence in the metaverse will help customers and employees see your organization as trustworthy, that is, as an organization with which they want to invest their valuable time and money.

If you do find yourself creating such experiences for employees and/or customers, pay close attention to the corporate values you've established in the real world, and think about ways to translate those into virtual policies and controls. Also consider what additional values could apply to the metaverse that might change the way your company operates.

For example, could your efforts to create virtual office environments for employees filter back into your company's sustainability goals and objectives? Or does a broad industry push to create metaverse experiences mean that more companies are now in the entertainment business, competing for visitors' time and attention without crossing the line into dark patterns and manipulation?

Finally, think about what indications you have for success, both in terms of performance of the metaverse efforts and for efforts to create a safe, secure, and inclusive environment. Remember, this is not just risk management. Creating ethically positive outcomes, such as fairer systems for loan application review or screening job candidates, can lead to higher levels of customer and employee satisfaction and loyalty.

Recommendations

As you plot your course and articulate your metrics for success, keep in mind:

- The metaverse isn't for every organization, and certainly not for every function of every organization. Return to your purpose and values frequently, especially when considering tradeoffs around fairness, inclusivity, privacy, sustainability. Err on the side of inclusivity and fairness, even if that means taking a short-term hit on performance and growth.
- Plan a comprehensive system of control and oversight.

 Any metaverse plans you have will require delving into new territory, and none of the ethical risks you uncover will be addressable by any single technology or process. Monitoring the environment and maintaining two-way communication with metaverse participants will be essential for long-term success.
- **Positive impressions beget positive outcomes.** This can be accomplished by looking to how you want to build your brand in the metaverse and considering how organizations have failed to do that with previous technologies.



Start preparing now

With over 22 years of experience as a leading digital innovator, Avanade can help you explore the opportunities and challenges of the rapidly-evolving metaverse - and take pragmatic steps to prepare.

Our blended teams include industry expertise and skills that span business strategy, ethics and psychology, data science, technology platforms, user experience design, and beyond. Our professionals have helped clients like KION Group, MV Transport and more use extended reality (XR) to improve business outcomes, and get a step ahead toward virtual worlds.

To register for a Responsible Metaverse workshop, contact us today.

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