



Implementing a metaverse strategy while balancing risk

How technology companies can navigate the metaverse with confidence

Emerging technology risk is high on the radar for tech companies



Technology company leaders frequently face risk, given their products often challenge conventional norms and create new paradigms. Yet it seems today's leaders are facing more numerous and critical risks than ever before spawned by the economy, geopolitics, global health crises, climate change, cybercrimes, regulatory evolution, and increasing digital demands on today's talent pool.

Another risk that has moved to the forefront for tech company leaders is the threat of new technologies disrupting their business models. Executives are constantly confronting the decision of which emerging technologies to invest in, and how much, to make their businesses more successful in the near term while avoiding obsolescence in the long term. These decisions are made with today's best available information, hoping that some new and unforeseen innovation won't usurp them. As a result, emerging technology risk has consistently ranked as one of the top threats to growth for technology companies in the [KPMG Technology Industry CEO Outlook](#) surveys.

Top threats to technology company growth over the next three years

2022 outlook		Change from 2021	2021 outlook	
Operational issues	14%	▲	Cybersecurity	31%
Emerging/disruptive tech	12%	▼	Emerging/disruptive tech	17%
Reputational risk	12%	▲	Tax	11%
Political uncertainty	11%	▲	Climate change	8%
Interest rates	9%	▲	Operational issues	8%
Cybersecurity	8%	▼	Regulatory concerns	8%
Climate change	8%		Reputational risk	7%
Regulatory concerns	8%		Talent	4%
Internal unethical culture	7%	▲	Return to territorialism	3%
Return to territorialism	6%	▲	Interest rates	3%
Talent	4%		Supply chain	3%
Supply chain	1%	▼	Internal unethical culture	0%
Tax	0%	▼		

Source: KPMO CEO Outlook 2022, n=110

Source: KPMO CEO Outlook 2021, n=120



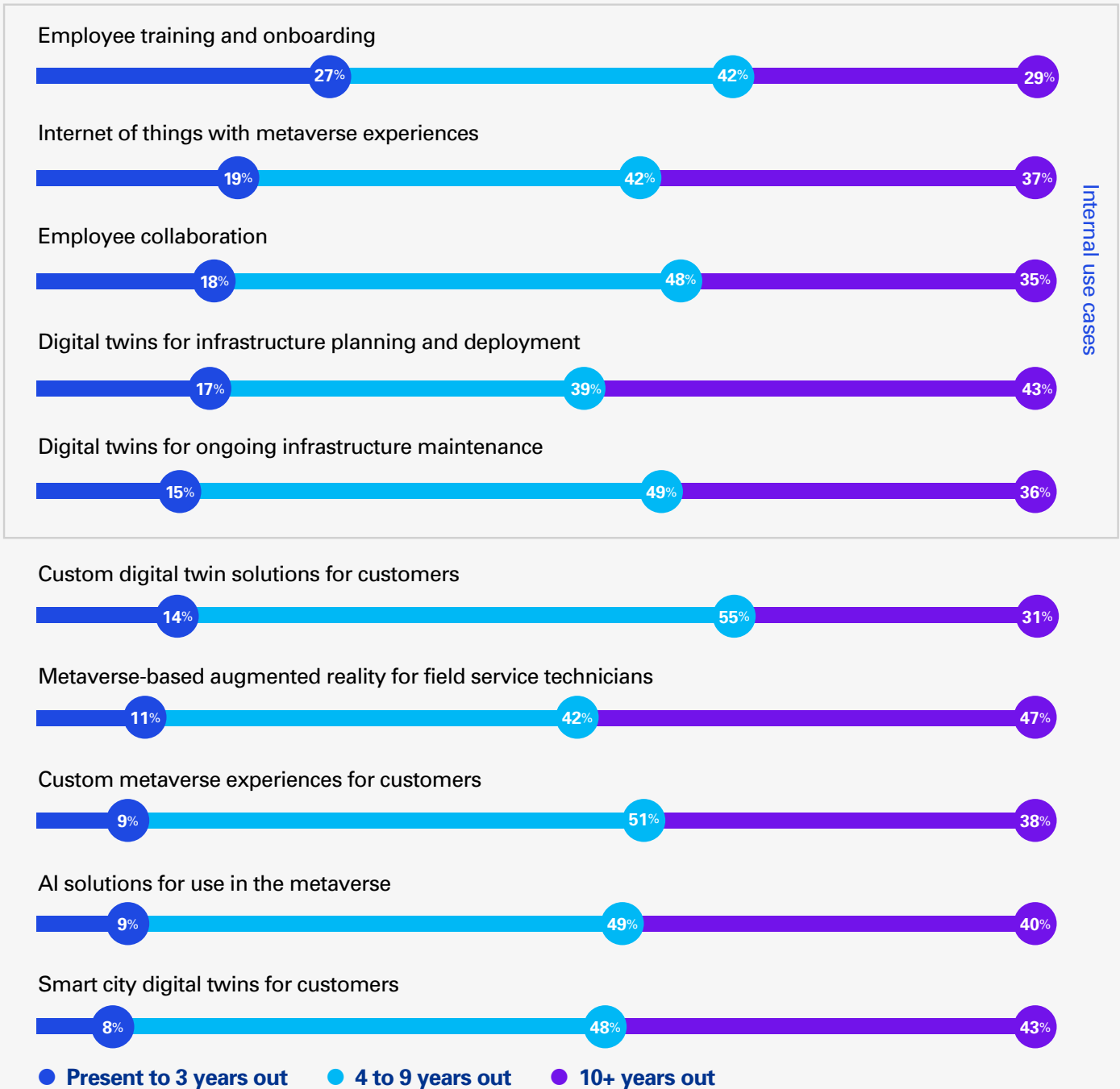
Metaverse rising

The metaverse is the latest emerging technology to challenge tech company leaders, especially since it has varying definitions and different opinions on when the technology will reach maturity and mass adoption.

Use cases are also developing, but for technology companies, the top near-term ones (present to 3 years out) center around employee training and collaboration, Internet of Things with metaverse experiences, and digital twins.

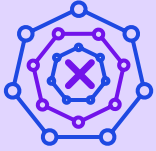
Tech leaders view internal metaverse use cases as being the closest to reality.

Of the metaverse use cases identified, how long do you think it will reasonably take to enable them for your company? (Only technology company respondents' answers shown.)*



Base: Variable Global strategy decision-makers at companies with \$250M+ in annual revenue * Variable for each row

Source: A commissioned study conducted by Forrester Consulting on behalf of KPMG, December 2022



In a recent study of 767 technology, media, and telecommunications (TMT) executives conducted by Forrester Consulting on behalf of KPMG International, many respondents appear reluctant to invest heavily in the metaverse in the near term:

72%

are spending less than 5 percent of their tech budgets on the metaverse

34%

Only a third are building a business case to enable a metaverse strategy, and one quarter (25 percent) are not planning to pursue metaverse opportunities at this time

Source: A commissioned study conducted by Forrester Consulting on behalf of KPMG, December 2022



However, the surveyed TMT leaders are more bullish about the metaverse's longer-term potential:

6 out of 10

believe the metaverse will have a huge impact on consumers and businesses. Three out of ten go so far as to believe it's the future of human interaction.

92%

plan to increase or maintain metaverse investments two to four years from now

In the five-to-ten year outlook,

84%

plan to increase or maintain metaverse investments

Source: A commissioned study conducted by Forrester Consulting on behalf of KPMG, December 2022

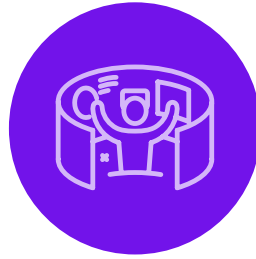
A path forward for tech companies

There is risk with investing heavily in new technologies. There is also risk in doing nothing. How can technology companies leverage the metaverse while mitigating risk?



Consider being an early adopter

While hype and excitement are not a basis for investment, don't rule out being an early adopter. With many companies holding back on investment until customer demand increases, a near-term investment plan can bring first-mover advantage and avoid the need to play catch-up.



Be a realist

Establish a solid business case and identify expected impacts. Be clear about what you hope to achieve by moving into the metaverse. Set realistic key performance indicators.



Weigh action versus inaction

Quantify the upside for your specific organization and compare it with the risk of not moving fast enough—because wait-and-see is conversely a high-risk strategy.

Contact



Mark Gibson

Global Sector Head of Technology,
Media & Telecommunications
KPMG International
Email: mgibson@kpmg.com

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2023 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. MGT 9010

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

kpmg.com/socialmedia

