

Metaverses have actually been around in some form for decades. Facebook and others will try to bring the technology into the world's everyday lives.

by: **Brad Moon**

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Just as we were getting accustomed to the idea of the multiverse (or at least Marvel's version of it), another blockbuster "verse" hit the headlines. Facebook changed its name to Meta Platforms (**FB**), and as part of the social media company's attempt to rebrand and reinvent itself, announced it would be focusing on the next "next big thing": the metaverse.

What *is* the metaverse? Meta CEO Mark Zuckerberg wrote **a lengthy post** about it, but one paragraph sums up his ambitions:

"The next platform will be even more immersive – an embodied internet where you're in the experience, not just looking at it. We call this the metaverse, and it will touch every product we build."

It's a grand vision, and a growing number of Wall Street executives have a similar vision or want to at least find a role for their companies in these new platforms. But where will the actual investing opportunities in the metaverse lie?

Let's dig into the technology itself, then talk about the potential players.

What Is the Metaverse?

At its highest level, the metaverse is a virtual, online world. A digital space. It mirrors real life, but it isn't restricted by the rules of the real world.

You would interface with the metaverse using hardware such as your PC or smartphone, along with accessories such as virtual reality (VR) headsets and controllers. As a person with a presence in the metaverse, you would have an avatar (some sort of animated character) that visually represents you. Expect to be able to pay to "upgrade" that avatar, with virtual clothing and other options. The real world doesn't apply here, so you may be able to shell out for working wings, or that impossible physique. There will be virtual neighborhoods with virtual homes and virtual cars.

You won't just be chatting up your social media friends in the metaverse. You'll be shopping, visiting global attractions, and attending concerts. It's also possible you could be attending classes and even interacting with co-workers, like Zoom (**ZM**) on steroids. At some point, you may actually make your living in the metaverse, selling digital services or products.

Still having trouble visualizing the metaverse? In terms of where this could ultimately go, think of movies like *Ready Player One* that envision a future where people primarily interact with each other online, in a virtual world.

The real world is still there, but many people prefer to spend as much time as possible in the metaverse.

When Will the Metaverse Arrive?

It's already here; Meta is merely trying to take the metaverse to the next level.

You might remember *Second Life*. This online world, where users can interact with each other and the world around them, launched in 2003 and still boasts hundreds of thousands of users. *Second Life* even was name-dropped by *The Office*, when it turned out that Dwight Schrute's *Second Life* alter ego was also a paper salesman named Dwight – but he could fly.

There have been many subsequent proto-metaverse offerings including *Fortnite*, *Minecraft*, *Roblox*, *World of Warcraft*, and *Animal Crossing: New Horizons*. Several of these are already hosting online concerts.

The list is heavy on video games but more recently we've seen expansion into other areas. For example, Nvidia (**NVDA**) created **Omniverse**, a shared virtual universe with virtual versions of real-life factories and buildings that's being used for design collaboration. Microsoft (**MSFT**) is preparing to roll out **Mesh for Microsoft Teams**, a combination of its mixed reality Mesh platform and Teams remote collaboration software. The company calls this "a gateway to the metaverse."

The metaverse as the platform envisioned by Mark Zuckerberg and others is not going to simply arrive one day. The foundations are already here and being built upon constantly. Instead of a launch, expect the metaverse to evolve from existing and future services.

A multiverse of metaverses, if you will.

As they become more capable and then begin to interconnect, the true metaverse will become reality.

How Can You Invest in the Metaverse?

These are early days, and that makes it difficult to divine which companies might strike gold with the metaverse.

We've created a list of **top early stock picks in the metaverse space**, but if you want to know broadly where to keep your eyes peeled, consider these possibilities.

- Retail, believe it or not, could find a place in the metaverse. "The next Amazon?" Maybe not. But a company selling virtual goods, or offering a killer virtual shopping experience for real-life products, could make hay. (And before you go thinking about that **viral Walmart VR shopping video**, know that it's actually from 2017!)
- Clothing and style brands are already staking out territory. Nike (**NKE**) has **filed a series of patents** aimed at making it the king of virtual sneakers and clothing in the metaverse.
- Tech companies will be working hard on accessories that take the metaverse experience to the next level. Think next-gen VR headsets, controllers and other equipment. Among current players with affordable, consumer-focused sets are Meta and its Oculus Quest, Sony (**SNE**) and its PlayStation VR, and HP (**HPQ**) and its Reverb.
- No matter who ends up driving development of the metaverse and what form it ultimately takes, we know that the No. 1 requirement is going to be unprecedented computing power – power that will largely have to come from the cloud. That means potential opportunities for Amazon.com's (**AMZN**) AWS and Microsoft's Azure, among others.
- You could go a level deeper and look at the companies producing the high-powered silicon needed to power those servers, such as Nvidia.
- The other given in the terms of the metaverse is that access will need high internet speeds with zero latency. Nothing will torpedo a metaverse experience more than low resolutions and lag. Broadband and 5G network providers are part of the equation; however, the critical piece of the puzzle is likely to be content delivery networks (CDNs). Companies such as Fastly (**FSLY**) and Akamai Technologies (**AKAM**) operate data centers across the globe that cache frequently accessed content. Local users are

able to access this content much faster than if they were connected directly to a service like Netflix (**NFLX**) or Amazon from halfway across the globe. CDNs saw their business explode during the pandemic as everyone went online; that might prove to be a blip compared to the demands of the metaverse.

Other opportunities might evolve over time, just as the metaverse itself does. The key to investing in this space will be to remain nimble, but also realistic.

Because the metaverse has become an instant buzzword, scores of companies are going to try to hop on board and connect their names with this emerging technology. But only some will actually execute and provide shareholders with tangible returns.