

BusinessWeek

CEO GUIDE TO VIRTUAL WORLDS May 2, 2008, 2:20PM EST

The (Virtual) Global Office

Moving beyond Second Life marketing, many companies are infiltrating virtual worlds for employee meetings, mixers, and recruiting

by [Rachael King](#)

It's not always easy to get new employees to mix well with co-workers—especially when they're scattered across the globe or speak different languages. Few companies know this as well as IBM ([IBM](#)), the computer services provider that last year alone added 20,000 new staff members, many from Brazil, China, India, and Russia.

But IBM may have found a way to overcome new employees' geographic and cultural barriers. When the Armonk (N.Y.) company can't get recent hires to mingle in person, it has them interact virtually, using the same kind of 3D technology that runs virtual worlds such as [Linden Lab's](#) Second Life. "It makes you want to start relationships," says Chuck Hamilton, manager of new media and learning at IBM@Play, a division that uses social media to foster collaboration. "People who are farther away—this is especially true of people who are not American-centric—get the feeling that they're not isolated."

Using software from [Activeworlds](#), IBM builds virtual work spaces that let workers in far-flung regions use avatars, or graphic representations of themselves, to handle such tasks as rehearsing presentations or learning about employee benefits. The experimentation puts IBM in the vanguard of companies that, having tested the limits of marketing in such online environments as Second Life, are now infiltrating virtual worlds to tackle a range of other activities, from meetings to collaboration, from training to employee recruiting.

FIRST CAME VIRTUAL MARKETING

At companies like Sun Microsystems ([JAVA](#)), where upwards of 50% of employees may work outside traditional office spaces on any given day, virtual worlds can help scattered colleagues forge closer bonds. "It's difficult to maintain a global corporate culture with people so spread around," says Nicole Yankelovich, principal investigator at Sun Labs, who says the ethos can vary on Sun campuses from Menlo Park, Calif., to Burlington, Mass. "Virtual world technology is a way to bring the company together to build a global corporate culture where people are on equal footing," she says.

At least that's the hope. Most big companies, including IBM, Sun, Xerox ([XRX](#)), Cisco Systems ([CSCO](#)), Unilever ([UN](#)), are still in the early stages of using online 3D technology. Many companies embarked on virtual world exploration through Second Life marketing campaigns, but some were disappointed with the results. The chances of would-be customers seeing a company's Second Life branding, much less interacting with it, are often slim.

As of Apr. 30, there were more than 13.4 million residents of Second Life, but only 340,623 had logged on in the previous seven days. Those users in turn are spread out over 65,000 virtual acres, so foot traffic in any particular place—say, on a company's branded island—tends to be light. "It's fair to say we saw a bubble when companies began to market in Second Life, and now companies are entering less publicly but for internal enterprise use than for external marketing," says Dave Elchness, founder and CEO of VRWorkplace, a virtual world consulting firm. "There's not a large population for marketing in Second Life or other virtual worlds," he says.

A SECOND USE FOR SECOND LIFE

But corporations are finding plenty of other uses for Second Life and comparable virtual worlds. At Xerox, for instance, a group of employees from Europe and the U.S. meets in Second Life each week to hatch strategies for using virtual

world technology. In September, Xerox used Second Life to enable about 20 out-of-town employees to virtually attend its 2007 International Women's Conference in Rochester, N.Y. While some 570 people, mostly Xerox employees, attended the event live, a parallel track took place in Second Life. Virtual attendees watched streaming video of the conference and interacted through text chat.

Other companies are exploring Second Life to help employees collaborate on a day-to-day basis while reducing travel expenses. In mid-April, Unilever went live with its own private world within Second Life, mainly to foster collaboration among teams located across the globe. "It is impossible for everyone to get together physically, except at considerable expense and time," says Chris Turner, chief technology officer of Unilever IT. "They now have a private virtual world, built in Second Life, to live in and collaborate, both on work or a social basis."

Cisco is among companies that recruit in Second Life. "My extended team uses Second Life primarily to recruit new talent," says Andrew Sage, a marketing vice-president at Cisco, adding that Second Life is good for finding workers under the age of 25. Yet even for an executive as tech-savvy as Sage, using an avatar in Second Life can be challenging. Early on, during a recruitment seminar for resellers, Sage accidentally caused his avatar to fly away while making a presentation. "Needless to say, it wasn't ideal," Sage says.

A VIRTUAL WORLD OF ONE'S OWN

Sage now holds events in a different virtual world, [Unisfair](#), an environment he considers more user-friendly. Other companies are looking beyond Second Life, too, often to ensure privacy and maintain control over their virtual environments. Linden Lab lets companies create private spaces in Second Life, but some want the extra control that comes from hosting their own virtual world. "Second Life is a public environment—outside the firewall, outside anything we control—and we can't depend on it being there when we want it," says IBM's Hamilton. On Apr. 3, IBM said it would host a private portion of Second Life that will reside on its own servers, the first time a portion of Second Life will be located behind a corporate firewall.

Sun Microsystems also wanted to be able to run a virtual world that could connect to its own databases and user-verification systems. "When we started experimenting with Second Life, we quickly realized it wasn't an appropriate environment for business collaboration," says Sun's Yankelovich. So Sun created Project Wonderland, freely available 3D software for creating a virtual world, as well as the avatars and animations within that world.

Other [companies that are creating virtual worlds for corporations](#) include [Forterra Systems](#), [Virtual Heroes](#), [Qwaq](#), and [Multiverse](#) (BusinessWeek.com, 4/16/07).

WHAT WILL IT LOOK LIKE?

Architect Jon Brouchoud has used Second Life for about two years to help clients of his small Madison (Wis.) firm, Crescendo Design, visualize what their homes might look like. Clients can use the virtual model to test paint colors, material types, furniture layouts, and landscaping options. Brouchoud has also met with builders inside the virtual model for real-time discussions and has collaborated with a British client to design a project he was developing in the U.S. "As the housing market declines, we have stayed very busy with commissions developing virtual architecture for several companies and universities," he says.

But is using virtual world technology cost-effective? Marketing can be expensive: According to a 2007 estimate by Parks Associates, companies spent \$15 million advertising in virtual worlds in the U.S. in 2006 and the figure is expected to rise tenfold by 2012. Other pursuits are less pricey. The costs of creating a virtual world mainly reflect the time to build and customize an environment, according to Forrester Research ([FORR](#)). "Our goal has been to say that for a whole pilot for a year they better be able to do it for \$10,000," says Greg Nuyens, CEO of Qwaq, which focuses on lower-end graphics to keep costs down. Companies that want something more elaborate can spend much more with other vendors, Nuyens says.

Many of the companies dabbling in these online worlds have yet to determine whether even inexpensive pursuits are

worth the cost and energy. Experts say Second Life and similarly artificial environments can't replicate real-world interaction or solve many of the collaboration problems that crop up in companies with geographically scattered employees. "Virtual worlds...can make it somewhat better for people who work together," says Karen Sobel Lojeski, author of *Uniting the Virtual Workforce*. Executives still need to play a key role in helping people bridge cultural, social, and relationship gaps, regardless of the technologies that connect employees, she says.

As unproven as these new digitized worlds may be, IBM is adopting virtual world technologies with gusto. The company has begun a mentoring program that encourages people who are retired or are about to retire to share knowledge with newer employees. Many in the program are using virtual worlds to meet, mentor, and make presentations. Globally, IBM is finding that virtual worlds are starting to help bridge culture and distance. IBM's Hamilton says virtual worlds actually make employees want to start working relationships with one another, adding, "Geography doesn't seem to be the barrier it once was."

King is a writer for BusinessWeek.com in San Francisco .

Xerox Color. It makes business sense.

Copyright 2000-2008 by The McGraw-Hill Companies Inc. All rights reserved.

The McGraw-Hill Companies