Why it's important to make the metaverse an enabler of sustainability

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In brief

‣ At the metaverse's development stage, there's an opportunity to build it on a social justice foundation, including accessibility, inclusiveness and equality.

‣ Business leaders must be more than spectators: they must actively engage to help the metaverse develop in a sustainable way.

‣ A call-to-action is needed to rally leaders and organizations to work together to shape the future of work in the metaverse to serve humanity.

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"The metaverse includes any digital experience on the internet that is persistent, immersive, three-dimensional and virtual, as in, not happening in the physical world.

Janet Balis
EY Americas Marketing Practice Leader

Once relegated to the world of science fiction, the metaverse has emerged as an increasingly viable platform in which humans can connect and interact with each other. Definitions vary of what the metaverse is, but here is how Janet Balis, EY Americas Marketing Practice Leader, explains it:

"Put simply, the metaverse includes any digital experience on the internet that is persistent, immersive, three-dimensional and virtual, as in, not happening in the physical world. Metaverse experiences offer us the opportunity to play, work, connect or buy (and just to make things extra fun, the things we buy can be real or virtual). It is also perhaps a misnomer to say 'the metaverse' as if it were a monolithic, connected or even interoperable universe, because it is not.

Each entity that creates a virtual world does so with its own access, membership, monetization rights and formats of creative expression, so the business and technical specifications vary widely. The metaverse refers more to the concept across these individual worlds and experiences and the acknowledgment that we are entering into a more substantive, immersive landscape than ever before."

The continued development and adoption of the metaverse will reshape the way we work in a far more disruptive way than digital transformation or the introduction of the internet and social media has been.

While much of the business world is consumed with thinking about how to adapt to hybrid work, it's critical not to overlook how the metaverse is poised to become the new workplace of the future. Thanks to the growing ranks of younger generations in the workplace, all of whom have been raised as digital natives, the shift to working in an enhanced reality environment will come fast. For example, a research report from Microsoft, *Work Trend Index 2022 Great Expectations: Making Hybrid Work Work*, found that 52% of employees are open to using digital immersive spaces in the metaverse for meetings or team activities in the next year[1] while a 2022 report by the Analysis Group, *The Potential Global Impact of the Metaverse*, predicts the metaverse economy could represent 2.8% of global GDP — some $3 trillion — by 2031.[2]

But the metaverse today remains largely a blank canvas, especially as it relates to the workplaces and organizational cultures of the future. Rather than simply re-creating existing paradigms, today's leaders have a once-in-a-generation opportunity to reimagine and transform the collaborative work experience in a way that serves humans first by creating a more inclusive, diverse and equitable world for everyone. Now is the time to build sustainability into the front end of virtual worlds rather than try to retrofit them after exponential growth occurs.

[1] "Great Expectations: Making Hybrid Work Work," *Microsoft.com*, www.microsoft.com/en-us/worklab/work-trend-index/great-expectations-making-hybrid-work-work
[2] "The Potential Global Impact of the Metaverse," *Analysis Group*, www.analysisgroup.com/globalassets/insights/publishing/2022-the-potential-global-economic-impact-of-the-metaverse.pdf

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Steve Varley
EY Global Vice Chair – Sustainability

Rethinking sustainability in the metaverse

In these early days of the metaverse, much focus has been given to the environmental challenges it poses to global climate objectives, especially as more and more organizations embrace environmental, social and governance (ESG) sustainability practices. In particular, concerns about spiking energy consumption and carbon emissions have come to the fore as computer-intensive transactions skyrocket. One need only consider the enormous carbon and energy costs driven by cryptocurrencies that are leveraged by a fraction of the world's population.

While finding a path to achieve environmental sustainability in the metaverse will be vital, so, too, will be embracing social prosperity – the "S" component in ESG. Business leaders cannot lose sight of the need to build a metaverse that puts humans at its center and helps them thrive.

"We need to address issues of accessibility, diversity, inclusion and equity in the metaverse before they become ingrained," said Steve Varley, EY Global Vice Chair – Sustainability.

For example, a key question to address is: What does identity look like in the metaverse? With social media, people can hide behind their avatars and online personas. The metaverse offers the opportunity for people to define their true selves. But what role do avatars play in expressing identities? What unintended consequences should be considered? How do we provide access for people with disabilities, for instance, without erasing that part of their identity or at least giving someone that option? Or what does it mean when your "identity" in the metaverse is tied to your digital wallet?

Answering these questions and others that build on them can collectively help business leaders as they engage in shaping the workplace of the future in ways that not only support social justice and diversity, equity, and inclusion (DEI) efforts, but that also allow individuals to create identities that can transverse and bounce between the physical and virtual workplace. The leading organizations of the future will find ways to allow their employees to seek the highest levels of their "humanity" regardless of where their work takes place.

"What's most important is that we are able to bring our humanity with us and choose how we want to experience this world and who we want to interact with … human presence is the ultimate connection," said Satya Nadella, Chairman and CEO of Microsoft, in a November 9, 2021, *Beyond Games* article.3

In essence, every stakeholder, especially business leaders, must embrace their agency in building the metaverse we want and need – and not just remain spectators as it develops. As businesses invest, develop new customer strategies and transform to pursue the potential of the metaverse, better social outcomes will be integral to planning the future vision.

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3 "Microsoft's vision for the metaverse, according to CEO Satya Nadella," *BeyondGames.biz*, www.beyondgames.biz/17161/microsofts-vision-for-the-metaverse-according-to-ceo-satya-nadella/

Shaping the future of work

Leading companies will need to commit to creating high-performing, high-belonging and high wellbeing organizations – which is why it's time for leaders to get ahead of the curve and begin proactively taking a role in shaping the metaverse workplace of the future.

The most constructive way to tackle change is by starting a conversation around what the metaverse workplace should look like – and why – especially when it comes to addressing the shortfalls of the workplaces of the present and past.

Business leaders can start by exploring the categories and questions below. These are not the only questions that should be asked, but they can inspire others to bring many perspectives to this complex topic. With any new technological trend, there will be a learning curve around how to develop practical business applications. If business leaders want to assess and develop those opportunities, and potential threads, they'll need a multitude of perspectives and thoughts to these questions and beyond.

Humanity over technology

What are the opportunities and challenges for creating the metaverse?

Technology can improve human flourishing if it is used correctly and intentionally. Transitioning to a new medium has the power to transform the way we work. We propose establishing guiding design principles for a just and human metaverse. These principles will provide the guides and guardrails for a metaverse that helps people live and work at their best.
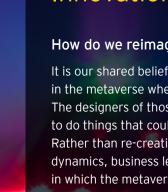
How will we verify that the development of the metaverse is "human first"?

The development of the internet was driven by a business model of attention. All stakeholders should have an opportunity to shape the metaverse in a way that delivers the most benefits to humanity, rather than just companies who had early-mover advantage. Many companies have already taken this step within the context of artificial intelligence and algorithm technologies, committing to AI principles to ensure fairness and non-discrimination.

What can we learn from those who have already imagined this?

The metaverse has existed in fiction for years. Business leaders can learn from those who dreamed of a future filled with virtual and augmented reality. What are the big opportunities – and the pitfalls – they should consider?

Innovation over imitation

How do we reimagine collaboration?

It is our shared belief that whoever designs "places" in the metaverse where people thrive is going to win. The designers of those places have the opportunity to do things that couldn't happen in a physical space. Rather than re-creating existing structures and power dynamics, business leaders should explore the ways in which the metaverse can spur collaboration and partnerships that weren't possible before.

What is the role of the office?

In a virtual world, what role does the office play? The shift to hybrid work offers lessons in what people want out of the office – and what they'd like to see changed. How can business leaders rethink the "office" in ways that both deliver productivity and spur collaboration?

How do we leverage AI?

As we lean into the technology that will power the metaverse, business leaders will also need to consider how AI can play a role in enhancing, or impeding, a human experience, being mindful of algorithms that could cause bias and inequality.

Belonging over transactions

How do we create belonging and inclusion in the metaverse?

The metaverse represents an opportunity to bridge the digital divide. Business leaders can dramatically accelerate DEI efforts if they're intentional about celebrating identity and creating belonging. This will require emphasizing empathy, a critical workplace skill, in the design and operation of the metaverse.

How do we develop trust?

Privacy and issues of fraud and safety remain paramount in our current online world. Fears of being spied on or how anonymity can be abused abound. Business leaders need to develop systems to address these concerns and protect employees and consumers alike.

What does leadership look like in the metaverse?

Research already shows us that leaders who embrace a clear purpose, are authentic, and who see themselves as servants to their people outperform on every metric from employee engagement to bottom line revenue. New research is needed to understand how these practices translate to the metaverse and how leaders need to evolve to continue bringing out the best in their people.

A call to action

The opportunities and the challenges ahead are enormous and require a collective effort to arrive at viable solutions. It's clear that the only way to rethink how we work by putting humanity first is by coming together and exploring questions like those presented here. We must take a long view about how we as humans will work in the future and how we can take steps now to ensure that the metaverse delivers on an ambition to create a sustainable workplace for all.