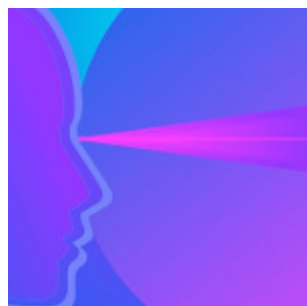


Perkins Coie Augmented and Virtual Reality Survey: Hopes for Immersive Technology



In just six years, immersive technologies of XR, including augmented reality, virtual reality and mixed reality, will be as ubiquitous as mobile devices. That's the opinion of nearly nine in 10 respondents to a new survey of startup founders, technology company executives, investors, and consultants by global law firm **Perkins Coie LLP** and the **XR Association**.

Perkins Coie provided a summary of the survey results:

Strong Confidence About Future of Immersive Technologies, Despite Concerns About User Adoption

The broad feeling of optimism when it comes to the technologies listed above (more commonly referred to as AR, VR, and MR) shows the enormous potential of immersive technology as we enter the third decade of the 21st century.

Investment in the space is still somewhat unpredictable, but it surged in late 2018. The fourth quarter saw a spike in global venture capital deal value to \$1.7 billion USD in AR and VR, more than the amount of the previous three quarters combined, according to PitchBook. Investment also rose year-over-year, from more than \$2.5 billion USD in 2017 to \$3.8 billion USD in 2018. There were slightly fewer total deals in 2018 and many of them were in later financing rounds – perhaps signs that investors are eager to jump in but want surer bets from more mature players. It could also be a sign that companies are staying around longer, maturing, and moving through the start-up realm to become more established. As one investor explained, “It is an exciting time to be living with

this type of technology.”

But, similar to findings from past surveys, concerns remain about the quality of user experience and available content offerings, along with the pace of adoption. Respondents found user experience, such as bulky hardware or technical glitches, to be the biggest obstacle for mass adoption of AR (26 percent) and VR (27 percent), but that’s down from last year when user experience was at 39 percent for AR and 41 percent for VR. In 2019, content offerings were also a concern for mass adoption for both AR (24 percent) and VR (19 percent), staying similar to 2018’s survey for both for AR (25 percent) and VR (17 percent).

Despite these concerns, industry and investor sentiment remains positive. “The idea of VR and AR as a means of connecting people to the digital world in a much more natural and human way is profound,” said Tipatat Chennavasin, general partner at Venture Reality Fund. “It will help everyone benefit from the power of the digital economy. It allows us to redefine computer literacy—we can adapt the computer to the way we think and want to work.”

North America Top Region for Investment with Promise Elsewhere

As the potential of these technologies is realized, some geographies and sectors appear more promising than others. North America, perhaps not surprisingly, was considered the top region for investment by 62 percent of respondents and was expected to witness the fastest growth in the next five years (57 percent). Still, the survey found promise for the technologies around the globe. Only 13 percent of respondents identified the Asia-Pacific region as most promising for investment, but significantly, 18 percent said it will witness the fastest growth in the industry in the next five years, which represents a 38 percent spread in the tech-hungry Asian market.

As was the case in previous surveys, gaming again led the pack when it comes to how the technology could be applied. Fifty-four percent of respondents said gaming is where they expect to see the most investing in the development of immersive technology or content in the next 12 months. Not far behind, 43 percent of respondents chose healthcare and medical devices. There was a strong diversity of answers to the question – education, military and defense, and manufacturing and automotive were all chosen by at least 20 percent of respondents – an indication of how the space is maturing.

Workforce development also showed promise. When shown the statement, “XR is highly applicable to workforce development at this time,” 78 percent of respondents agreed. When then asked about the top workforce uses for XR, there was a connection between providing access to all information in real time and facilitating training and mirroring real-life experiences.

Industry Bolsters Privacy and Security Measures

When respondents were asked about legal risks while developing immersive technology, consumer privacy and data security (61 percent) came out on top. This was up significantly from Perkins Coie’s 2018 survey, in which only 44 percent of respondents listed consumer privacy and data security as a concern, most likely as a result of new regulations in the EU and California. Other top issues for 2019 included product liability/health and safety issues (49 percent), difficulty in licensing technology and IP (32 percent), potential infringement of third-party owned IP (30 percent) and compliance with platform requirements in publishing content (30 percent).

Companies have responded to these new regulations and privacy concerns by updating privacy policies and disclosures regarding consumer data (47 percent) the top identified way to address concerns. But other approaches didn’t fall far behind.

Companies are also strengthening data security measures (42 percent), limiting the amount of personal information that is shared (40 percent) and training employees about risks (26 percent).

“Privacy and data security are prevalent topics across the board in technology companies, so it is not surprising that those involved with AR, VR, and MR are focused on these issues as well,” said Kirk Soderquist, Co-Chair of Perkins Coie’s Interactive Entertainment Practice. “But maybe more interesting is how companies are working to protect their consumers’ data and themselves in the process of complying with the GDPR and the CCPA. As companies work toward compliance as even more regulations are passed, I expect this to be a continued discussion in coming years.”

The survey was completed by 200 respondents from a variety of industries, more than half of whom held C-level or VP titles. To view the complete Perkins Coie Augmented and Virtual Reality Survey report, as well as an infographic summarizing the results, please **click here**.

In addition to Firmwide Interactive Entertainment Co-Chair Kirk Soderquist, the Perkins Coie attorneys who developed the survey report and analysis included Donald Karl, Jason Schneiderman, Andrew Grant, and Ronald Koo. For more information on Perkins Coie’s areas of focus in the AR/VR industry, please **click here**.