Perkins Coie’s Fourth Augmented and Virtual Reality Survey Shows Optimism Increasing

Immersive technologies are moving beyond entertainment applications and are on track to gain mainstream acceptance in a range of areas including healthcare and remote workforce training, according to the Fourth Annual Augmented and Virtual Reality Survey conducted early this year by Perkins Coie, leading industry group, the XR Association, and industry venture capital firm, Boost VC.

Results of the survey signal an upward tick in market confidence, lower costs for consumers, expanded enterprise applications, and mainstream acceptance for immersive, XR technologies like virtual reality (VR) and augmented reality (AR). Furthermore, respondents are bullish about expanding avenues for monetization.

The survey of nearly 200 professionals representing startups, enterprise technology firms, and investors indicated boom times ahead for the industry. While immersive technology’s strength in gaming and entertainment will no doubt continue, survey respondents are excited about XR’s potential to spatially visualize data, prepare and practice for real-world scenarios, and conduct remote, real-time training and collaborations.

Expansion of smart city programs, led by cities in the United States. and Asia, and the rollout of 5G networks are also reasons for optimism in the eyes of respondents. Nearly 40% expect immersive technology to be mainstream in the next two years, and more than three in four say that will happen within

five years.

Though this vision is on track with results from the previous three surveys, respondents still acknowledge that obstacles remain before full adoption. Nearly half (46%) say lack of an established market is a barrier to funding. Making devices smaller, sleeker, more fashionable, and more comfortable are improvements that respondents said will most impact consumer adoption.

Confidence in Growing Monetization

In one of the survey's biggest findings, respondents will increasingly seek to diversify monetization strategies and expand revenue channels for immersive technology compared with 2019 levels. The fact that monetization channels across the board—including sales of subscriptions (48% to 61%), in-app purchases (41% to 51%), product placement (30% to 47%), and advertising (39% to 46%)—saw significant increases above 2019 levels signals growing industry strength.

Compared to previous years' surveys, 2020 respondents expect to increasingly pursue sales of products or subscriptions, in-app purchases, product placements, advertising, and events. Across each category, the percentage of respondents indicating they are currently monetizing or plan to do so in 2020 increased by an average of 13% over 2019 responses, with some revenue channels, like product placement and live events, jumping 17%. These increases in the span of a single year are dramatic and indicate a business sector coming into its own and a maturing, loyal consumer base that is more willing to accept such revenue models.

Spotlight on Healthcare and Workforce Development Sectors

Healthcare is the sector garnering the most attention, investment, and interest. When asked which sectors would be most disrupted outside of entertainment in the next 12 months, 38% ranked healthcare first, followed by education (28%),

workforce development (24%), and manufacturing (21%).

The global AR/VR market in the healthcare industry is expected to grow quickly in the next few years, partly driven by an increasingly large array of immersive technology applications, like simulated surgical training for doctors and nurses, palliative hospice care, pain management, and 3D visualization of diseases at the molecular level.

Across a range of industries, respondents expect immersive technology to increasingly improve day-to-day operations, enhance efficiency, and improve outcomes. Seven out of ten survey respondents said businesses will focus on workforce training and development when it comes to immersive technology implementation within the next 12 months. A possible reason for this is that the ROI of the upfront investment, payback period, and resulting impact to the bottom line are easily quantifiable.

Of note, the Fourth Annual AR/VR Survey was conducted at the outset of the coronavirus outbreak, before the pandemic gripped the global community. The use of immersive technologies to provide critical health care and remote work options may become even more important for companies in the weeks and months ahead.

US, Asia Lead in Smart City Development

Smart cities are generally defined as places where new technologies like cloud computing, advanced analytics, and blockchain are deployed to improve the delivery of services and quality of life. Immersive technologies are increasingly becoming a part of the urban landscape in many of these pioneering municipalities around the world.

When asked which were leading the way, survey respondents chose a cluster of U.S. cities and Asian regional hubs. Some were more obvious like New York City, which 29% of respondents selected. However, size wasn’t the only reason for a higher

ranking. While Austin, Texas, is only the 11th largest city in the country, it’s a burgeoning hub of technology, and therefore ranked second at 28%. Only one European city, Barcelona, cracked the top 10.

Remaining Questions on Legal Issues and Market Readiness

In the 2019 survey, 61% of respondents cited consumer privacy and data security as the top legal risks for developing immersive technology applications and content. This year, that percentage dropped to 49%, which likely stems from companies’ decisions to proactively address and update privacy policies and disclosures regarding consumer data. In fact, more than half (54%) said they were doing so this year, compared with 47% in 2019. This could be driven by new regulatory schemes around the world.

Historically in times of global crisis, technological progress tends to leap forward. In the midst of the coronavirus pandemic when social distancing is the priority of the day, immersive technologies are poised to accelerate development and mainstream adoption.