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Virtual World Gold Rush?

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COOL FEATURES ARE A DRAW

Some faster-growing sites are also easier to learn and use than Second Life or Linden's version of Second Life for teens, analysts say. "The whole experience of Second Life is less user-friendly," says Piers Harding-Rolls, an analyst with Screen Digest. "It's an undertaking to download the game, and there's no tutorial. It's not as mainstream as Club Penguin. The potential user base is not as big."

Rich patent portfolios and tech knowhow could prove an inducement for potential buyers as well. In a new version, due to be released in June, virtual world Playdo.com will offer users new cool features, such as the ability to control a game using movements registered on a Webcam. [Worlds.com](#), which has built virtual worlds for musicians such as David Bowie, holds a patent, issued in 2001, on some 3-D technology, and is currently in the process of assessing whether rivals are infringing on it, says Thom Kidrin, the company's CEO. "I am constantly getting phone calls from people interested in where we are going," he says. "We are not interested in a sale right now, but everything has the right price."

Media giants may be willing to pay just that. To gain a toehold in this emerging market, giant Viacom ([VIA](#)) acquired Neopets, a virtual world for kids, for \$150 million in 2005. Several months ago, Viacom's music network MTV launched Virtual MTV, which lets users outfit and race virtual cars, watch celebrity interviews, and hang out with other fans. Virtual MTV's traffic has already jumped more than threefold since January, according to Hitwise. And Disney's ([DIS](#)) Virtual Magic Kingdom for kids is already a top 10 virtual world in traffic, according to Hitwise. Both companies' efforts drive viewers to the companies' TV shows and increase advertising revenues online and off.

For its part, Sony is building PlayStation Home, a virtual world for people using PlayStation 3 gaming consoles that's expected to debut later this year. PlayStation Home users will be able to play online games, shop, and create their own spaces, and it's expected to be filled with an array of advertising.

EXPANDING THE USER EXPERIENCE

These and other companies could supplement their virtual world efforts with new purchases. A telco or a cable company might wish to acquire a virtual world to encourage more subscribers to watch TV programs online or to bolster a show's following. Peter Levinsohn, the new chief of News Corp.'s Fox Interactive division, has publicly stated that he'll look for acquisitions that improve user experience on sites like MySpace.com. A 3-D virtual world could be incorporated into MySpace, allowing users to create avatars and virtual houses instead of standard profiles.

Google may look to combine a virtual world with properties such as Google Earth, building a virtual world around a real one, as startup Weblo has done, analysts speculate. Weblo opened in December and has 27,000 users, with its membership doubling every month. The site lets users buy their own house, street, city, state, or country in its virtual world. California went for \$53,000. The buyers act as mayors and governors, for instance, collecting taxes from other users. "We had an offer already which we didn't take," says Rocky Mirza, CEO of Weblo, funded by powerful venture capital firm [Oak Investment](#). He didn't elaborate.

Other potential acquirers, analysts say, include Yahoo and Microsoft, which have been expanding through acquisitions (see BusinessWeek.com, 5/18/07, "[Microsoft's Big Online Ad Buy](#)"). Representatives of Microsoft, Yahoo, and Google declined to comment.

As one might expect, many virtual world owners are coy on the idea of takeovers. Says Michael Wilson, founder of Makena Technologies, the owner of There.com: "My goal is to build a great product." And as any tech watcher well knows, the money often chases great products.

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