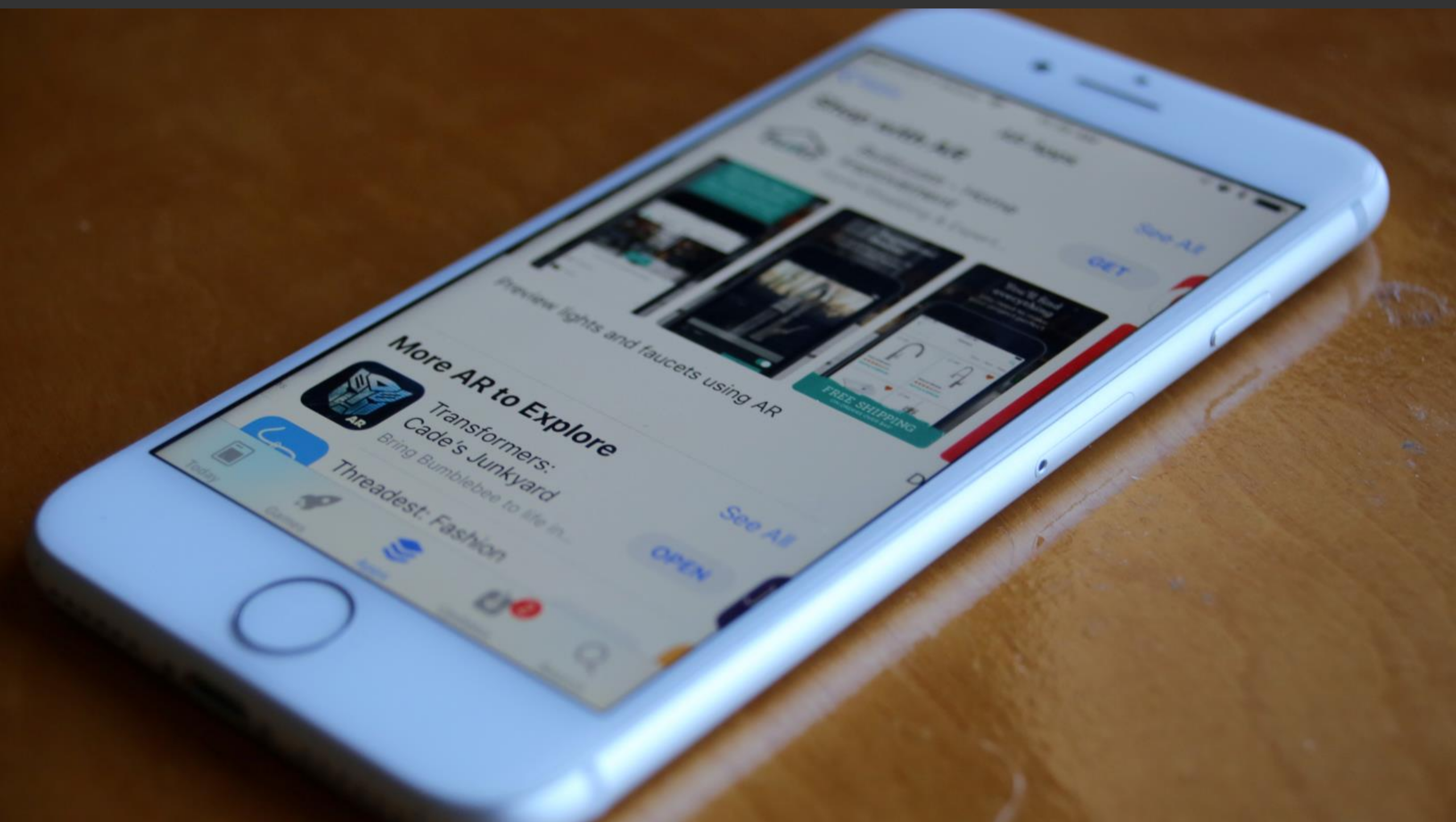


ARTILLRY DATA BRIEFS

WHAT ARE THE MOST UNDERSERVED VR MARKETS?

08/27/18

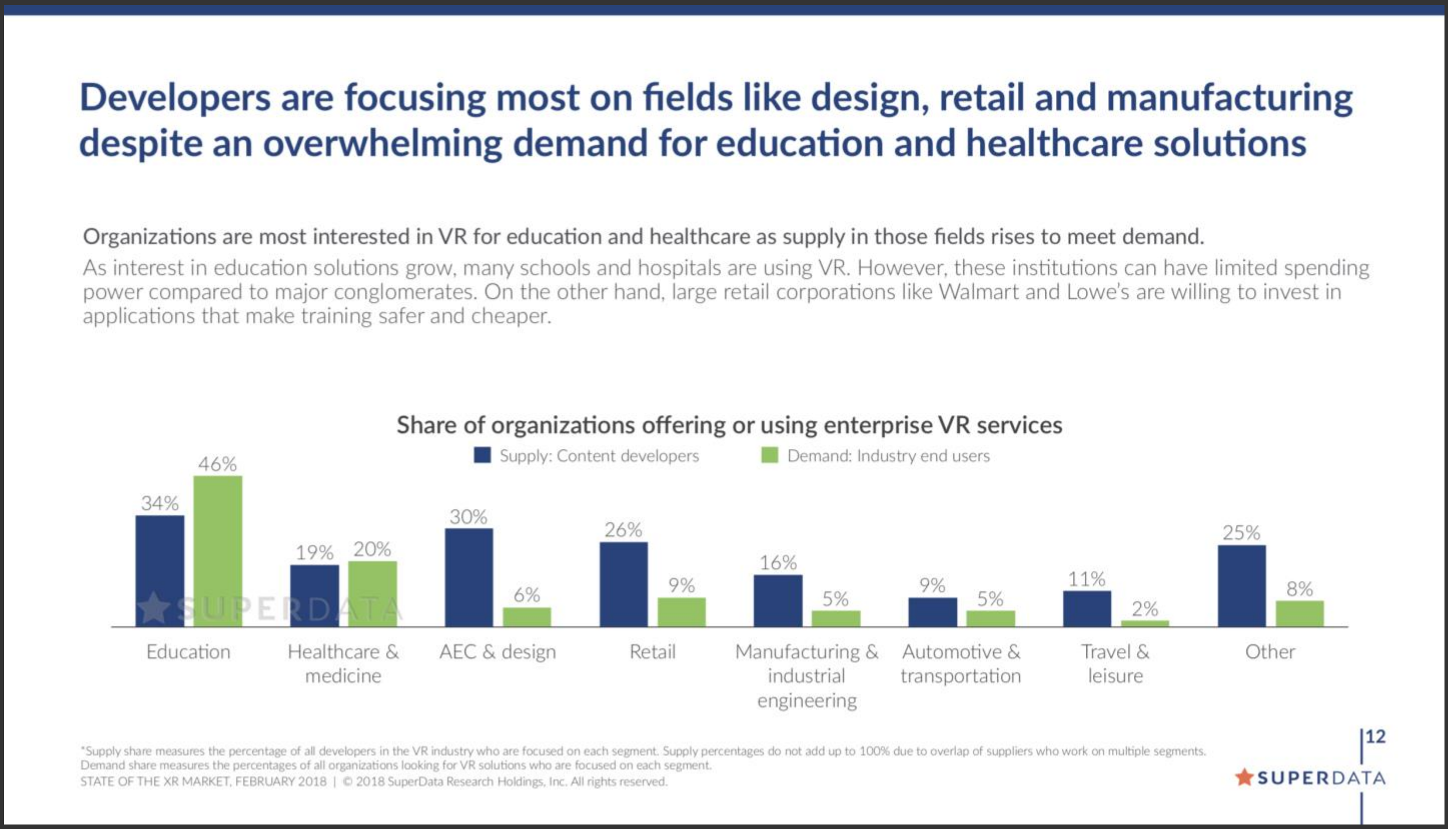
When vetting XR opportunities, it’s always important to do diligence on target markets. And that’s an exercise in prioritizing revenue opportunities and addressable markets in different industry segments — everything from corporate/finance to retail to industrial/manufacturing.

Usually the answer is inherent in a given XR product’s inception and original mission. For example: Non-XR folks within a given industry who step back to launch startups to bring more immersive tech to those markets (these types of XR startups have a knowledge edge).

But in other cases, there are widely applicable or “horizontal” XR technologies like training or visualization. And for them, it’s all about due diligence to determine the probability of success across different verticals, weighing everything from demand levels to spending power.

For example, demand is high and price resistance is low when selling technologies into sales organizations or departments. As a revenue center, they have lots of political capital and budget for things that make them more effective. There’s a similar dynamic in high finance.

“In financial markets people are literally competing based on who has the best information… giving them an edge is an extremely high value proposition,” said Virtual Cove CEO Bob Levy at January’s ARiA conference. “So you can envision a rank-ordered list of segments to go after based on the value of the problem that you’re solving.”



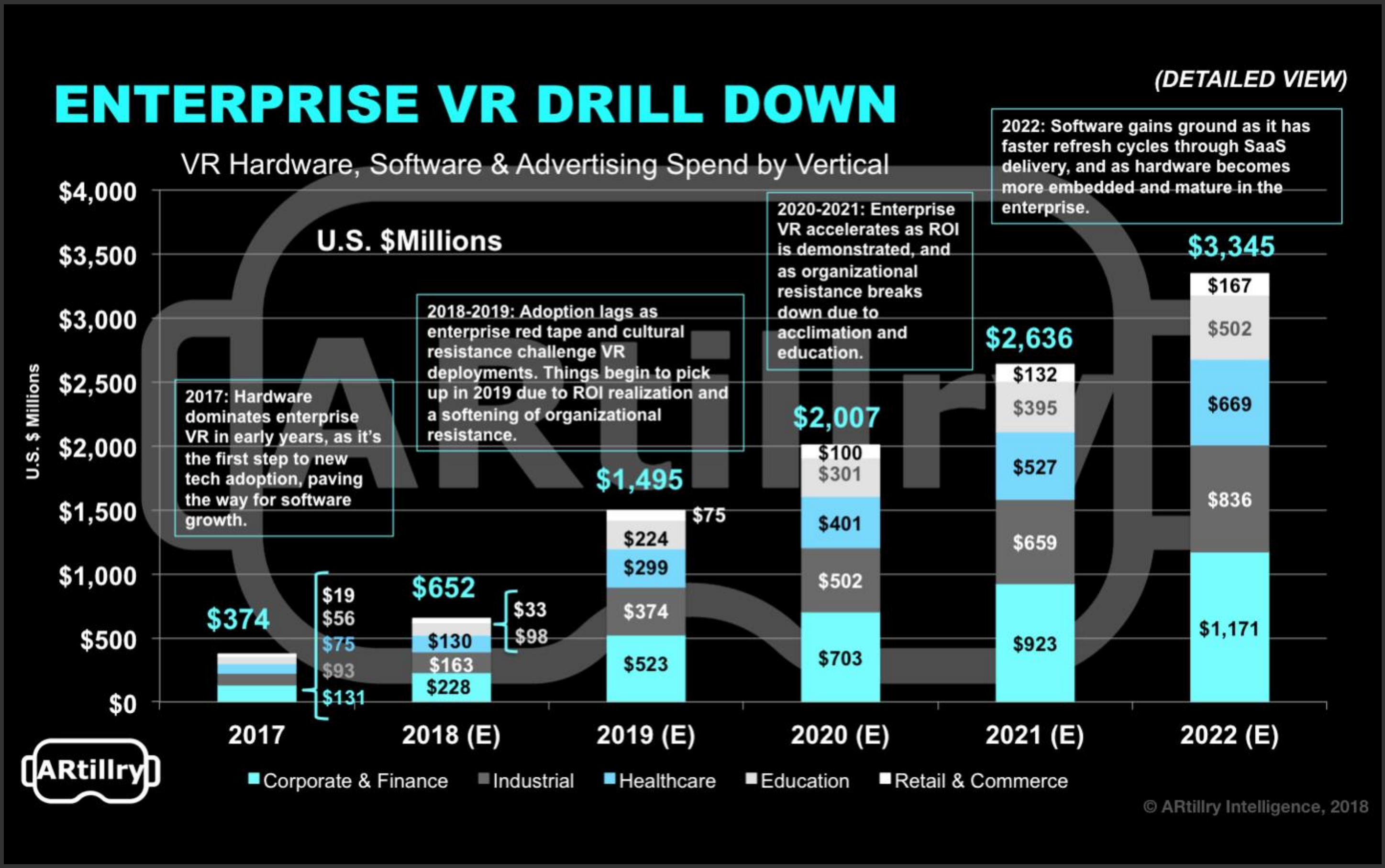
There’s also industry size. The classic example there is Strivr. It started as a VR training tool in sports, spun out of work done at Stanford with its football team. But after discovering that there are only so many football teams, it pivoted to retail and works with companies like Walmart.

Another important metric was recently uncovered by Superdata: the supply/demand gap. Through its survey data, it uncovered supply and demand levels across VR’s target verticals. The verdict: healthcare has the biggest deficiency in supply, followed by education.

In fact, these are the only two verticals uncovered by this survey to have demand exceed supply (see above). This can be telling for companies looking where to place their chips and fill opportunity gaps. But as stated above, there are other factors to consider.

For example, there could be a supply shortage in these verticals for a reason. There could be challenges that have erstwhile deterred would-be entrants. Those include capital intensiveness, technological complexity, or relatively small addressable markets (think: heart surgeons).

Some challenges we’ve observed in these two verticals specifically include the fact that the barriers to entry are high. In healthcare for example, it’s a highly regulated environment where the potential buyers (doctors and health group administrators) aren’t always “tech-forward.”



In education, the demand is high as we’ve examined, but the opportunity is gated to some degree by spending power, especially in elementary and lower education environments. The story is different in higher education contexts with well-funded research or endowments.

Either way, there are several variables to examine when spotting opportunities in XR target markets. The supply/demand gap is certainly an important one. But also remember classic factors like product/market fit, vertical knowledge, spending power and total addressable market.

We’ll keep uncovering various signals to aid in the various parts of that complex formula.

About ARtillry Intelligence

ARtillry is a publication and intelligence firm that examines augmented reality and virtual reality, collectively known as XR. Through writings, data and multimedia, it provides deep and analytical views into the industry's biggest players and opportunities. It's about insights, not cheerleading.

Run by career analyst and journalist Mike Boland, coverage is grounded in a disciplined and journalistic approach. It also maintains a business angle: Though fun and games permeate VR and AR (especially the former) long-term cultural, technological and financial implications are primary.

Learn more at **https://artillry.co/about**

About the Author

Mike Boland was one of Silicon Valley's first tech reporters of the Internet age, as a staff reporter for *Forbes* (print) starting in 2000. He has been an industry analyst covering mobile and social media since 2005, and is now Chief Analyst of *ARtillry Intelligence*, covering emerging tech.

Mike is a frequent speaker at industry conferences such as VRLA, ad:tech and LeadsCon. He has authored in-depth reports and market-sizing forecasts on the changing tech & media landscape. He contributes regularly to highly read online news sources such as *TechCrunch*, *Business Insider* and the *Huffington Post*.

A trusted source for tech journalists, his comments have appeared in A-list publications, including *The New Yorker*, *The Wall Street Journal* and *The New York Times*.

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