

## Now & Next E06 – VR and AR: Coming Soon to a Theatre Near You

### Full interview transcript

**Leora Kornfeld:**

So VR and AR and all of these things that we're talking about, they're both new, and then they're also really kind of not new. Many of these technologies have been around for not only years but decades. So, to quote the kids that are always in the backseat of the car, "Are we there yet? Are we there yet?"

**Alexis Macklin:**

I would say we're still years away from any sort of significant consumer adoption, that's for sure. On the VR side, we're a little closer than maybe those smart glasses for AR especially once VR in this next year becomes more accessible with standalone HDs. So we're kind of just waiting for the significant content library and platform availability to come about for VR. We'll see that come more into play when there's honestly more things to do in VR. Right now, it's kind of more gaming and video watching right now, but as they go around, more social platforms will come about more productivity tools and, honestly, more variety of content. Right now it's kind of in for those first person shooters, but we're seeing more and more different types of games and video content come about. So we should expect to see a more positivity I would say within the next couple years.

For AR and smart glasses, we definitely have already hit mass adoption for mobile AR since that's already a pre existing technology. So everyone has mobile AR, the problem is no one really knows that they do have AR which is good and bad. It's a natural technology feature set that consumers don't realize that it's a whole new type of platform and technology, which is really great. It's very natural, it's a very natural next step for the camera, the smartphone. But when we come into smart glasses, there is no perfect device yet. There's... We're definitely far away from seeing that consumer smart glass that is just going to take the world by storm. A big part of this is form factor, definitely second is cost. When we look at something like Magic Leap, it's thousands. Look at HoloLens, it's thousands. So it's something that's a bit out of reach for consumers to add in, especially since they don't know why they would use it.

But we should expect to see 5, 10 years from now a more serious product launch for consumers in terms of consumer adoption, consumers understanding why they would need an AR headset, and better form factors.

**LK:** Right. Now you mentioned, you said everybody has mobile AR. Do I have mobile AR on my phone, 'cause if I do I don't know.

**AM:** Exactly. So Snapchat is AR. When you're putting those filters on your face, or putting that dancing hotdog in the environment, that's AR.

**LK:** I refuse to put the cat ears and whiskers on, but but if I did, I would be doing mobile AR?

**AM:** Yes exactly. Or even Pokemon Go, I mean, it's basic AR in terms of what we'll eventually get to, we'll be able to use it seamlessly and consistently across platforms eventually. But for right now, it's a bit more of a gimmick, it's a bit more of a—you know—a social aspect to it. So even the Google products now have AR 3D assets that you can take pictures of. Probably the most famous was when the Last Jedi was coming out for Star Wars. They had different 3D figures for Star Wars that you could pull up in your camera phone and take videos and pictures with. So it's definitely more social right now. There's some gaming, definitely a big ploy with marketing right now, very interesting marketing feature set right now that sets those mobile marketing experiences apart from the traditional ones. But we'll see this come more into play as more feature sets come out. Hum, especially with Apple and Google, this year, they both released different improvements on their software to enable multiplayer.

So we should in the next year to two years see a lot of multiplayer AR games that think—hum, you know—you're playing maybe something like table tennis in AR with your phone with a friend. Hum, it's something of a shared experience which will definitely put mobile AR on the next level. So we'll start to see more consumer awareness with things like that, those will definitely gain, gain some popularity depending on the use case.

**LK:** But, didn't it feel... I mean, I had to look this up, I wasn't sure if the Pokemon Go phenomenon happened last year or two summers ago, it was two summers ago, in 2016. And didn't it feel like, "Okay everything is changing now" because it did get a mass adoption. Didn't everything change at that Pokemon Go moment?

**AM:** Hum, I would say yes and no. So, it was a very exciting time because this huge game that enabled AR became massively virally popular, hum, and that was really great. But I would say it

also didn't change that much as well for the AR community since consumers didn't know that that was AR really, and they didn't really get the point of it. It actually made it a bit harder to play in AR mode than regular well I guess it's more of a 3D but the traditional smartphone way to play, to play it. So there was definitely a positive and a negative. It became this rush of developers thinking that "Wow Pokemon Go really worked, let me kind of reskin that. Let me do something like that and I'll be the next big hit", but it just doesn't work that way.

Hum, something that's very important with those VR and AR that is something to keep in mind is why Pokemon Go became so successful is because it's this very interesting place of wish fulfillment, hum, which is the best form of VR and AR of—you know—always wanting to travel to the depths of the ocean, but never actually wanting to go there, well now you can experience that in VR.

**LK:** Without getting wet, you can be a cat [Alexis: Exactly...] without being a cat. You can catch a Pokemon without having a Pokemon yeah I like that. Wish fulfillment... [Alexis: Exactly...] Is that the sort of industry term that's used for it?

**AM:** Hum, I would say it's more, I'm not sure if it's used that often to describe it, but it's definitely VR and AR is within the industry definitely seen as this endless possibility, being seen as something that can really do the impossible, which is why for enterprise it's so promising as well, 'cause you can do things that maybe are dangerous, hum, as far as training, like learning to fly a fighter pilot in VR... so you can not fall out of the sky and save some equipment at the same time, right? Hum, so there's definitely this cool and possible scenario and wish fulfillment, and hum, even cost savings for, for enterprise. Hum, but that's kind of what VR and AR that promises of bringing you into a new reality.

Of course VR is more about the bringing you to a new world, and AR is about bringing the other world to you almost, bringing that, those 3D assets into the real world and eventually will kind of have a mix between the two where—you know—maybe you're at work and you decide, "You know, this office space is pretty boring. Let me overlay an AR in my smart glasses, a view of Hawaii out the window so I can pretend I'm someplace else." Hum, so that will become a bit more meld, but that's even further off in the future. So we're still pretty far away from that.

**LK:** So, until then, we have to just deal with the screensaver on the laptop that has the picture of Hawaii... I mean, that's what people are doing now, so that's a very, I guess, early version of that wish fulfillment that you talk about.

**AM:** Yeah exactly, yeah.

**LK:** Based on your work and what you see, and you've just been it, what was the event that you were at, VRS, is that what it was called?

**AM:** Yes, it was the VR Strategy Conference. So, I was in this conference that we held, hold every year in San Francisco to focus primarily on business strategy within VR and AR. So, for companies looking to get into VR and AR and wondering how to be profitable for them or why they should do it, and then those companies who are working in VR and AR how they can make their ventures better. Hum, so, a lot of networking, a lot of discussing about what works and what doesn't and where we're going.

**LK:** So, I'm, I'm curious to hear, 'cause this is exactly what I'm interested in, are there, are there specific white spaces, areas that are ripe for innovation and experimentation that people aren't in yet that are, that could be really big opportunities for producers?

**AM:** Yeah, that's a great, great question. Hum, I would say for media and entertainment, VR Esports is really coming into its own. It's still very early days, it's only been professionally around for about a couple years or so. But, hum, there's this community that can be built around VR that can't really be built around for traditional gaming. Hum, so this can be more of a sport gaming hybrid, if you will, so this is also active. Hum, of course, there needs to be some developments on that. Esports is very grassroot grown, very community orientated. Hum, so it's going to take a bit to grow that community before Esports, VR Esports can really take off. Hum, but that's some place that's pretty emerging within the VR media and entertainment industry. One of the, I'm going to call it the worst kept secret right now in VR, is location-based VR. Hum, so these are the VR arcades, VR in movie theaters. It's still an emerging, hum, sector, especially for North America, it's more developed in Asia, especially in China, Japan, Korea, hum, but this is more if you've heard of The VOID, hum [Leora: That's...] these type of...

**LK:** Right, well we have that here in Toronto.

**AM:**

Yeah, there's some in Toronto, I know that there's, hum, some in movie theaters, in Canada as well, I think both in Vancouver and Toronto, hum, some of those. Hum, but yeah, it's this whole idea of adding in VR experiences into entertainment, at home entertainment venues. So, whether they're their own standalone like The VOID or adding in, hum, some game experiences as well, I think the best example is the Dave & Buster's, they have this experience where it's I believe six people in a car, hum, and they're a motion simulator with VR headsets, they have VIBE headsets, and they're doing a Jurassic World experience. And so they're all in this buggy and they're exploring the world and some shenanigans begin. But they deployed this originally at 114 locations at launch, which is probably the biggest deployment of VR installations in the world yet. But it's been going smoothly for them. The Dave & Buster's CEO has already talked about expanding the experiences, adding more content, adding to all the locations, it's been very positive.

Hum, but this is completely different as well across the world since—you know—entertainment centres in North America are very different from the popular types of out-of-home entertainment venues that are in Asia or even western Europe based off of space alone. Real estate is really important for this factor.

**LK:**

What would the differences be between what you see in the Asian markets and in the west?

**AM:**

Yeah, I think the big, big one in—I mean wow there's so many differences—hum, even when you look at different countries, hum so, for the US, it's very much a focus on family entertainment centres, hum, especially with, I think, Dave & Buster's is probably the most famous example. But there's a lot of those where, hum, whether it's Topgolf or even something like Chuck E. Cheese, a place where families can go together and, hum, spend hours doing different activities. Hum, that's not something that's as widespread or popular in Asia. So, in China, it's probably a very famous pastime. Those in China and Japan is karaoke. So, a group of friends get together and decide to go out, and they—you know—pay for a room and do karaoke for hours, hum, they're trying to do that as well with VR. China has a, a very widespread amount of VR arcade locations. So locations that are specifically focused on VR, hum, they also have the free realm like The VOID. Hum, Japan has a very, both Japan and Korea have very interesting culture to where they are

kind of molding the two together of the VR arcades and entertainment centres.

So, there's a couple of different centres that are just VR focused, but they're huge like a Dave & Buster's, so you can go try. Hum, there's like simulators to where you're going up in a hot air balloon, there's definitely the roller coasters, hum, there's definitely different games as well, there's a VR Mario Kart. But, all the IP are pretty unique, so all the different games are very unique to the culture in Korea and Japan. They have a lot of original content that isn't seen anywhere else. Hum, but also, when you look at India, they, there is a very interesting growth in theaters of especially with Bollywood films and different things like that, the theater industry is very interesting there. So they're adding in more, hum, places where customers can go see a VR movie in a motion chair. Those are pretty widespread as well in China as well for the motion chairs, something quick.

So, maybe instead of a theater room where it's a traditional theater setting with a digital projector, they have motion chairs in this room, and customers can come in and put on the headsets, so you can go with your friends into this room at the same time, with, maybe, as 50 other people and see a VR movie. Hum, so it's definitely very different in different areas, which is really cool to see, it's really coming into its own, it's very unique, there's a lot of opportunity there across the whole world, which is really exciting.

**LK:**

Right and with uniqueness, with a heterogeneity in markets instead of just a VR theater is one thing, that's why I'm interested to ask you about, we had a big announcement here, I'm sure you've heard about it, that Cineplex, in partnership with the Seattle company VRstudios, they're going to be doing several [Alexis: Yes...] dozen VR installation arcades over the next couple of years. So what do you see is the significance of that?

**AM:**

Yeah, actually that's a great question. So, hum, VRstudios actually was a major partner in the deal with Dave & Buster's. So they were building the basically the whole hardware of the experience, building it together. Hum, I would say something that's very significant about that is right now at movie theaters for VR especially in North America, it's something where it's a, a bit more a dollar per minute and they're longer experiences. So, if you're a family of four say, and you go and you watch a movie, maybe you're spending 40 to 50 dollars depending on when you

go and the type of movie you're seeing. Hum, and then when you get out or come before, they're trying to sell you—you know—30 more dollars per person to, to play a VR game. Hum, so that's something that adds up very quickly, especially when you think about it that way. That, you know, you could spend upwards of, hum, around 200 dollars just for the whole family to go play VR.

**LK:** You haven't even talked about popcorn yet either.

**AM:** Yeah exactly... Hum, yeah, so the VRstudios is a bit more of a their solutions are a bit more of a bite-sized way to do VR, so get a very quality experience at a shorter amount of time to where it's an incremental pay. Hum, so for example, the Dave & Buster's experience is 5 dollars for 5 minutes. Hum, of course, it's not saying 5 dollars for 5 minutes, it just says "5 dollars to go to Jurassic World and—you know—be transported there through this VR experience". But, you know, that brings the cost down tremendously for a family to where they're still doing a quality VR experience, hum, they're getting that opportunity without having a huge hurt on their wallet so that—you know—20 more dollars for the whole family instead of, you know, it could be 120 if everyone does the 30-dollar experience. So, it's definitely something that's more manageable, and, very profitable for a theater since that's something that doesn't take up as much room as setting up a whole VR experience, you can get people through pretty quickly, hum, and it's fun to see, it's fun to watch people do it. So it's something that almost feeds into itself.

**LK:** And, from the content producer's or the technology producer's point of view, and I'm sure this is something that came up at the conference you were at, because you, they were dealing with the enterprise level, how different are the skills required for this area than for digital media in general? And I ask this because I was on a block chain panel recently, and there was a panelist from a block chain company and he said, "You know, when we advertise for developers, we don't advertise for block chain developers 'cause it's too new, we advertise for really good software developers, and then we train them." So is it similar [Alexis: Yeah...] for VR and AR?

**AM:** You know, it's interesting. VR and AR very much borrows from a lot of different expertise. So, if you look at the, hum, some of the best studios right now that are doing VR and AR, they actually have a lot of people from a lot of different backgrounds. Hum, so if you're doing something that's more

free realm, more of a location-based experience, you may need theater, people with theater backgrounds to be able to think about setting up the set, then building props and thinking about how people would go about the space. Hum, you definitely need gaming background for those game engines, doing that quickly, but you would also need the cinematography background as well to know how to best bring up a shot, especially for those VR movies, but it's definitely this different area where you need a lot of different skill sets. Hum, so when we look to the future, we'll definitely need developers that are kind of more of a mix between, hum, the cinema Hollywood background and the gaming background, and even visual effects as well. So, you know, when you think about all the big visual effects hubs in the world, from Vancouver to Atlanta to LA, you'll definitely see... or even London as well, you'll see a really great meld and need for that in VR since a lot of it is really a visual effects type of experience. Hum, so there's a lot of need for a lot of different people. Hum, there's going to be a lot of opportunity with it, within it, hum, but yeah it's definitely coming together. You'll see a lot of different people for a specific company, from technology to cinema to gaming to theater, hum, even art background as well, hum, so you have a very diverse group working on one project.

**LK:** It's interesting, it's like, it's from STEM to STEAM right, what is it science tech engineering and math but then you've got to add the A in there for art. Very important.

**AM:** Yeah, exactly, very important.

**LK:** Alexis Macklin of Greenlight Insights, thank you very much.

**AM:** Yeah, thank you so much for having me, it was a pleasure talking to you today.

**LK:** You too.

**AM:** Thank you so much.