



# ◆ IDATE DigiWorld Executive Club ◆

Virtual Economy

**THURSDAY 3 JUNE 2021 – TEAMS MEETING**





## Introduction

- François BARRAULT, Chairman, IDATE DigiWorld



## DigiWorld Yearbook 2020: presentation

- Didier POUILLOT, Director of Studies, IDATE DigiWorld

## Q&As



## The Virtual Economy

- John EGAN, CEO, L'Atelier BNP Paribas

## Q&As



## Conclusion

- François BARRAULT, Chairman, IDATE DigiWorld



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# DigiWorld markets and the Covid-2019 pandemic

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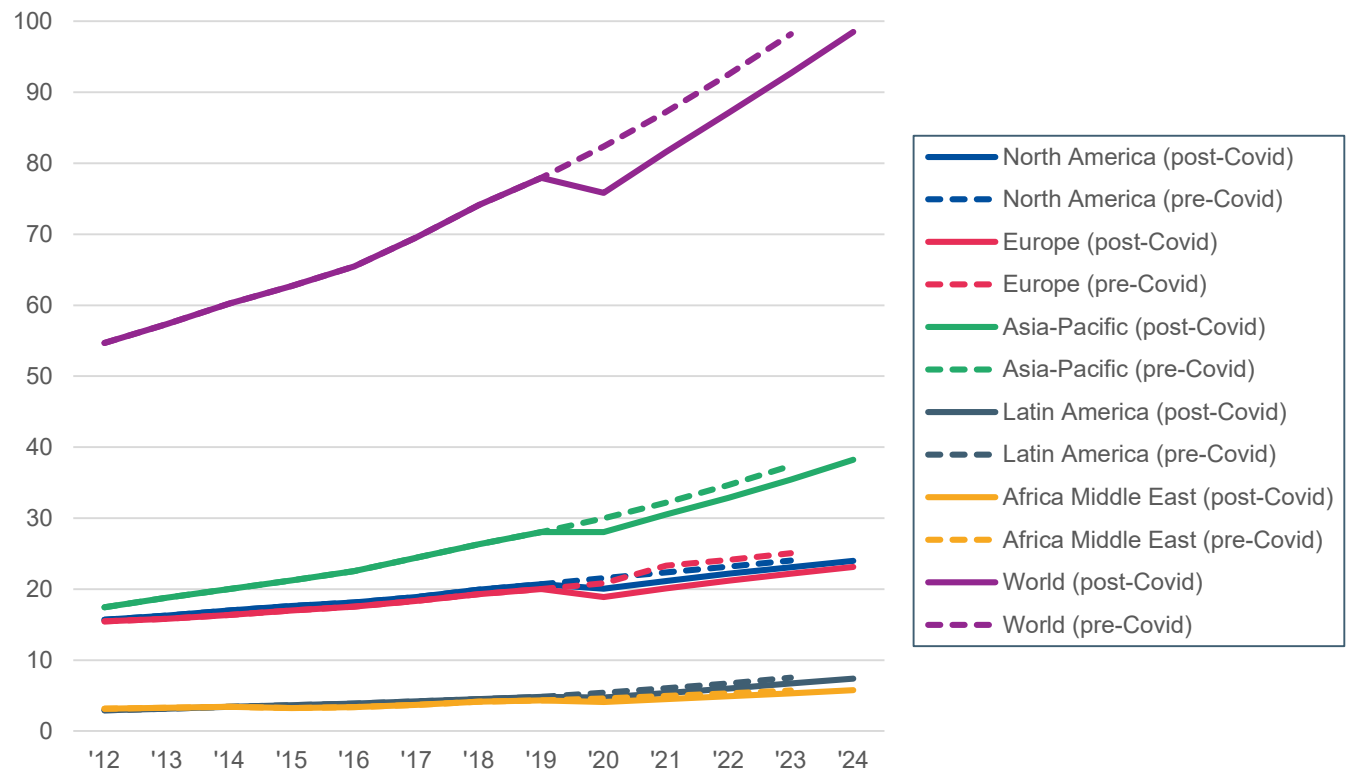
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# The global economy strongly impacted by the effects of the Covid-19 pandemic

- According to the IMF, an 8.3 pp decline in global economic growth in 2020 compared to pre-Covid forecasts...
- ... leading to a one-year shift in medium-term GDP forecasts in current value!

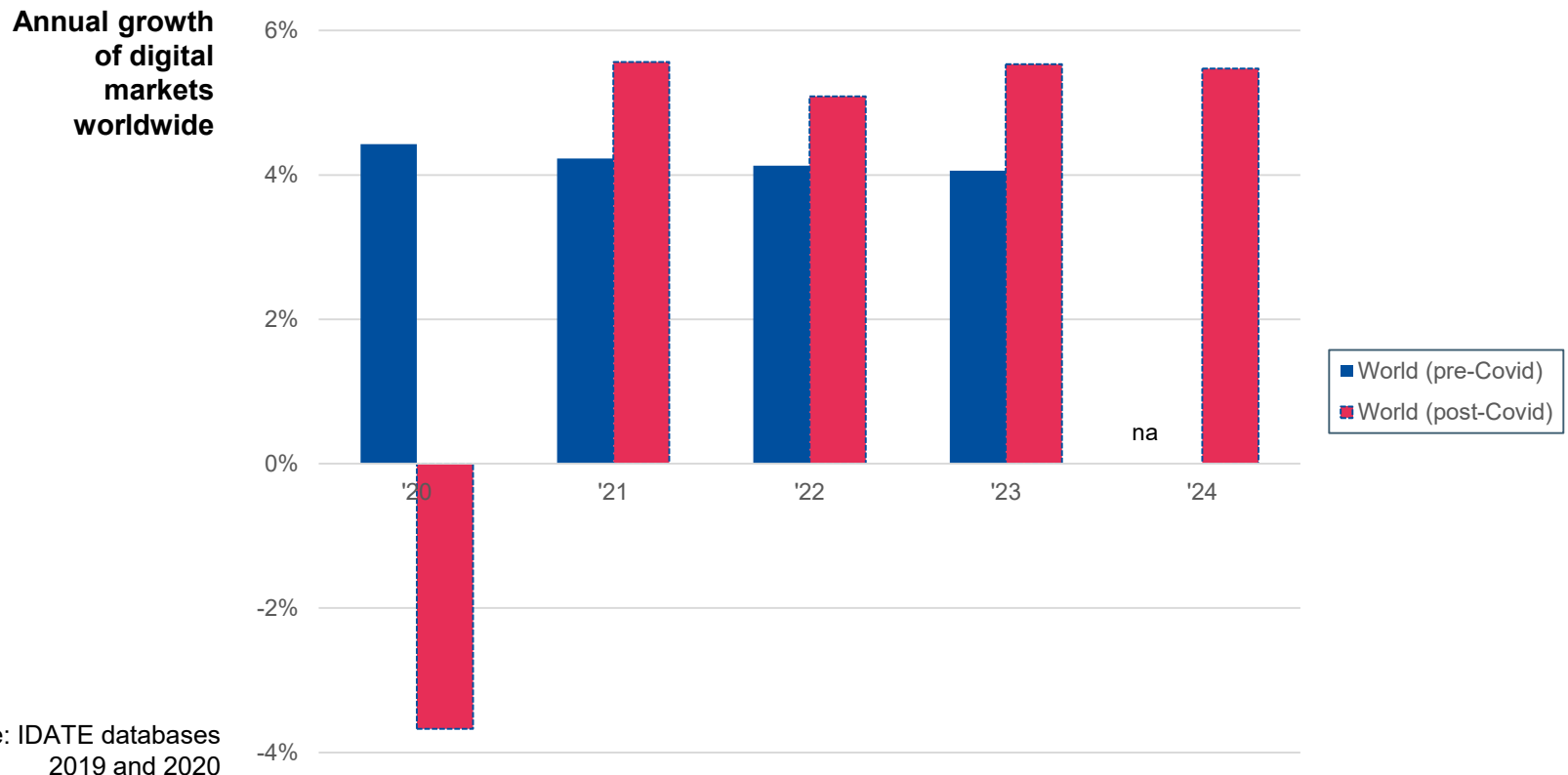
**Current GDP of the world's major regions (EUR trillion)**



Source: historical data and IMF forecasts (Oct 2019 for pre-Covid series, Oct 2020 for post-Covid series)

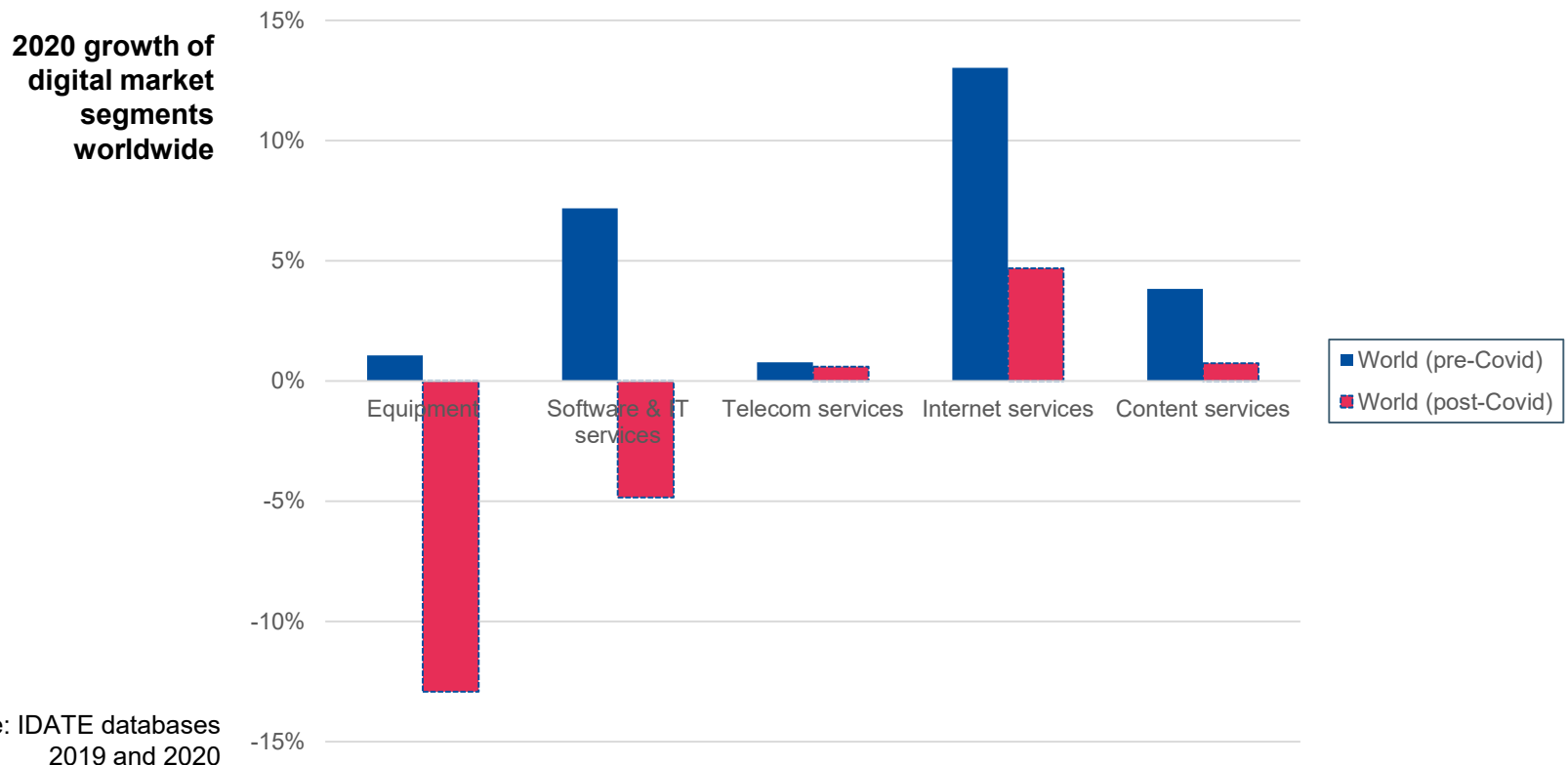
# Digital markets impacted globally at the same level as the general economy

- According to our estimates, global growth in digital markets in 2020 was 8.1 pp lower than forecast at the end of 2019...
- ... and the "shortfall" in value persists in the medium term despite growth catching up over the years



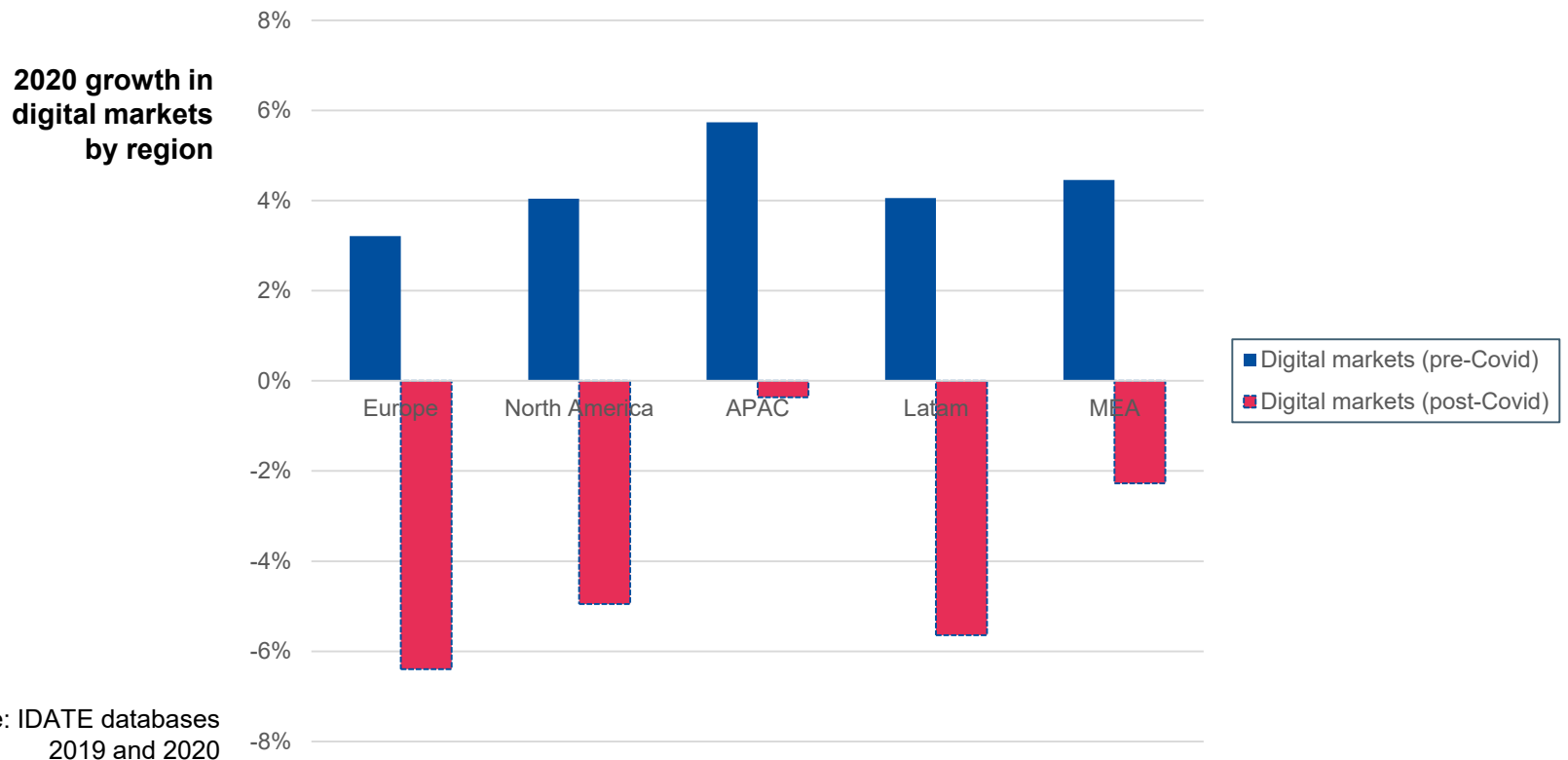
# However, the markets are affected differently depending on the segment...

- Equipment markets, already forecast to grow slowly, are the most heavily impacted (-14 pp between pre-Covid and post-Covid estimates for 2020 growth)
- In contrast, the impact on telecom services markets is almost minimal
- For other service segments, the impact is more balanced (contraction of corporate budgets squeezing IT sales and slowdown or even decline in advertising spending squeezing Internet and digital content services revenues more broadly)



## ... and by region

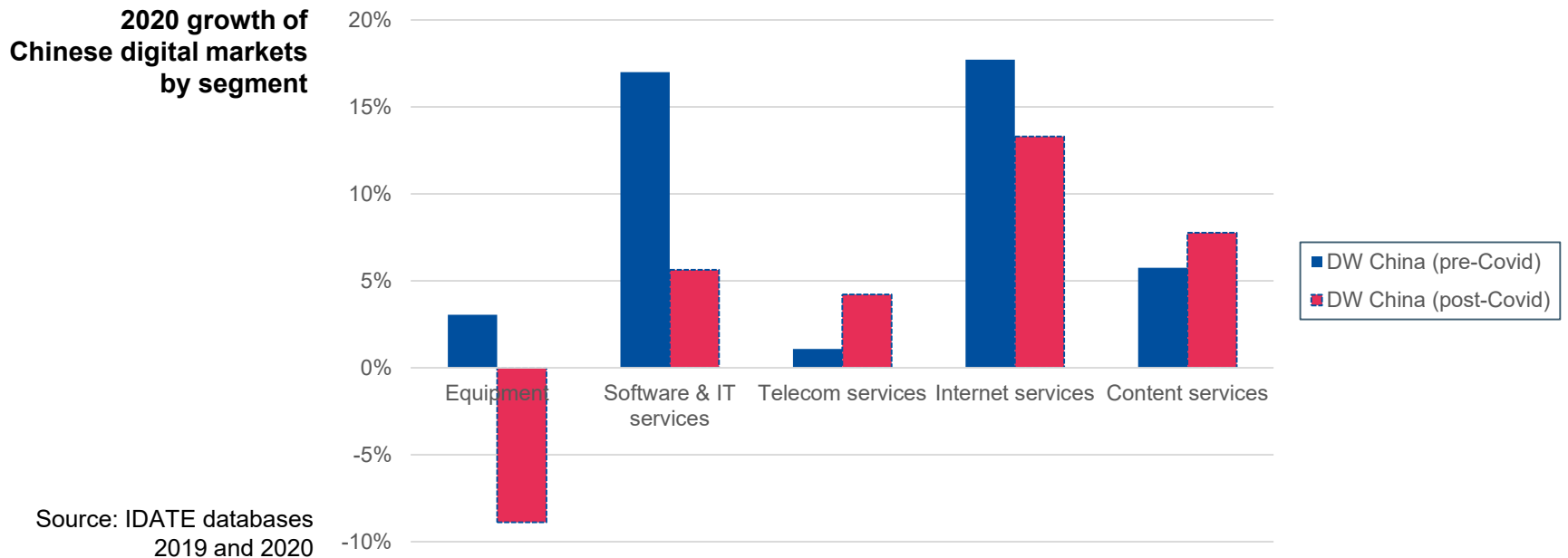
- The most significant "drop-offs" are observed in Europe (-9.6 pp between pre-Covid and post-Covid 2020 growth forecasts) and in Latin America (-9.7 pp)
- North American markets are also strongly impacted (-9 pp)
- Although significant, the effects on the Asia-Pacific (-6.1 pp) and Africa-Middle East (-6.7 pp) markets remain less marked than in the rest of the world





# The Chinese paradox

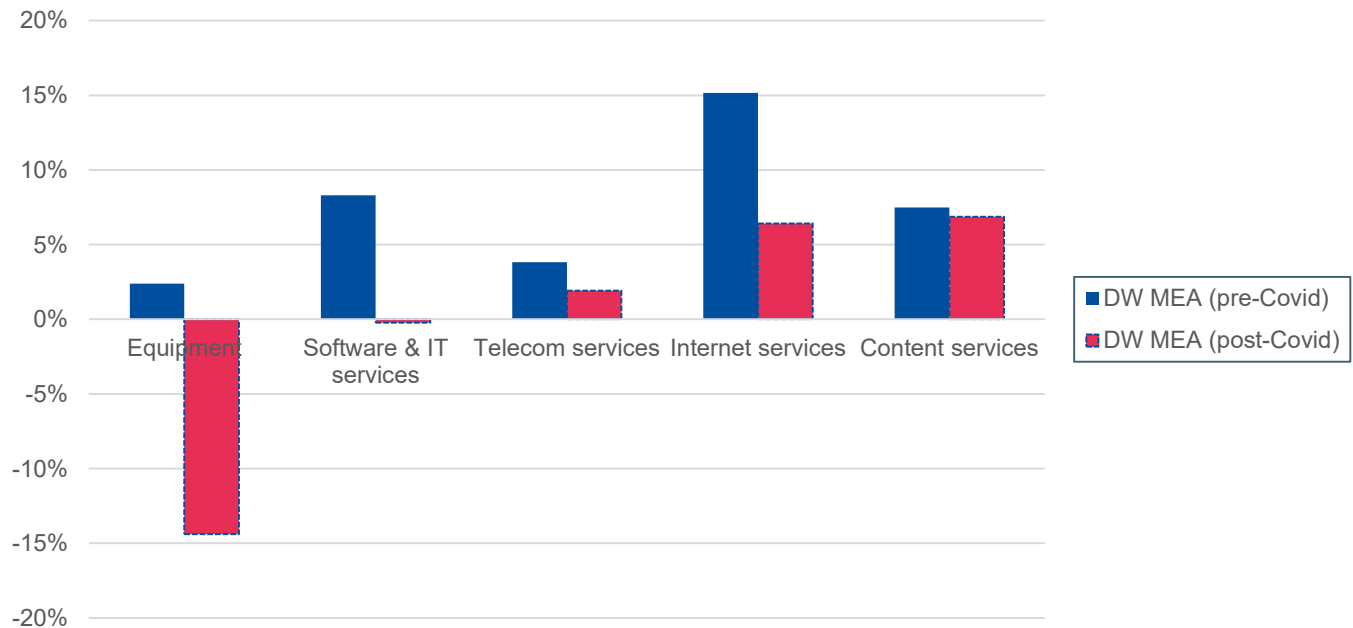
- China was the first country to be affected by the Covid-19 pandemic, but it also seems to have recovered the fastest and the most
- China is the only major country in the world to show a positive GDP growth outlook in value terms in 2020 (+2.8%, down "only" 4.8 pp from the pre-Covid forecast)
- The digital markets are also showing growth, with an estimate of +2.1% for 2020, driven by all segments with the notable exception of equipment...
- ... and even better than expected performance in telecom and content services!



# The relative strength of African markets

- Although the markets of Africa-Middle East have not been spared the effects of the Covid-19 pandemic, the drop-off is rather limited compared to the rest of the world
- It is not, however, the region least affected by the crisis in general (-11.4 pp between the region's GDP growth forecasts for 2020 and the latest IMF estimates)
- But African digital markets in particular have been able to rely on the resilience of the telecom services segment, which still accounts for more than half of the total
- Content services markets have also held up well, albeit with limited knock-on effects

**2020 growth of digital markets in Africa-Middle East by segment**



Source: IDATE databases  
2019 and 2020

# The Virtual Economy 2020

IDATE  
London Club  
Jun. 03, 2021

# The Virtual Economy is already big business

New Consumers



2.5B

users

New Jobs



\$66.2B

GVA

New Investors



+\$120B

raised in last 10yrs

# Taxonomy of the Virtual Economy Marketplaces

## CENTRALISED

## DECENTRALISED

OPEN

### EXAMPLES



Owned by a single publisher

Third-party ledger

Single administrator issues the platform's currency, maintains payments ledger and has the authority to withdraw it from circulation

The platform's virtual currency can be exchanged for fiat (under T&C)

Assets can be legitimately transacted outside the platform (under T&C)

### EXAMPLES



No central administrator, monitoring or oversight

No trusted third-party ledger

The platform's virtual currency can be exchanged for fiat or another virtual currency exchangeable for fiat

Virtual currency & transactions are distributed, (often) open-source, math-based, peer to peer

Protected by cryptography

CLOSED

### EXAMPLES



Owned by a single publisher

Third-party ledger

Single administrator issues the platform's currency, maintains payments ledger, and has the authority to withdraw it from circulation

The platform's virtual currency cannot be exchanged for fiat (under T&C)

Assets cannot be legitimately transferred and transacted outside the platform

N/A

# Spending inside the Virtual Economy

Centralised VE  
Microtransactions  
Value (2020)

\$120B

NFT Market  
Transactions  
Value (2021  
YTD)

\$2B

The NFT market  
is growing  
exponentially



# NFT financial applications are emerging

NFT  
collateralised  
loans

Decentralised  
exchanges

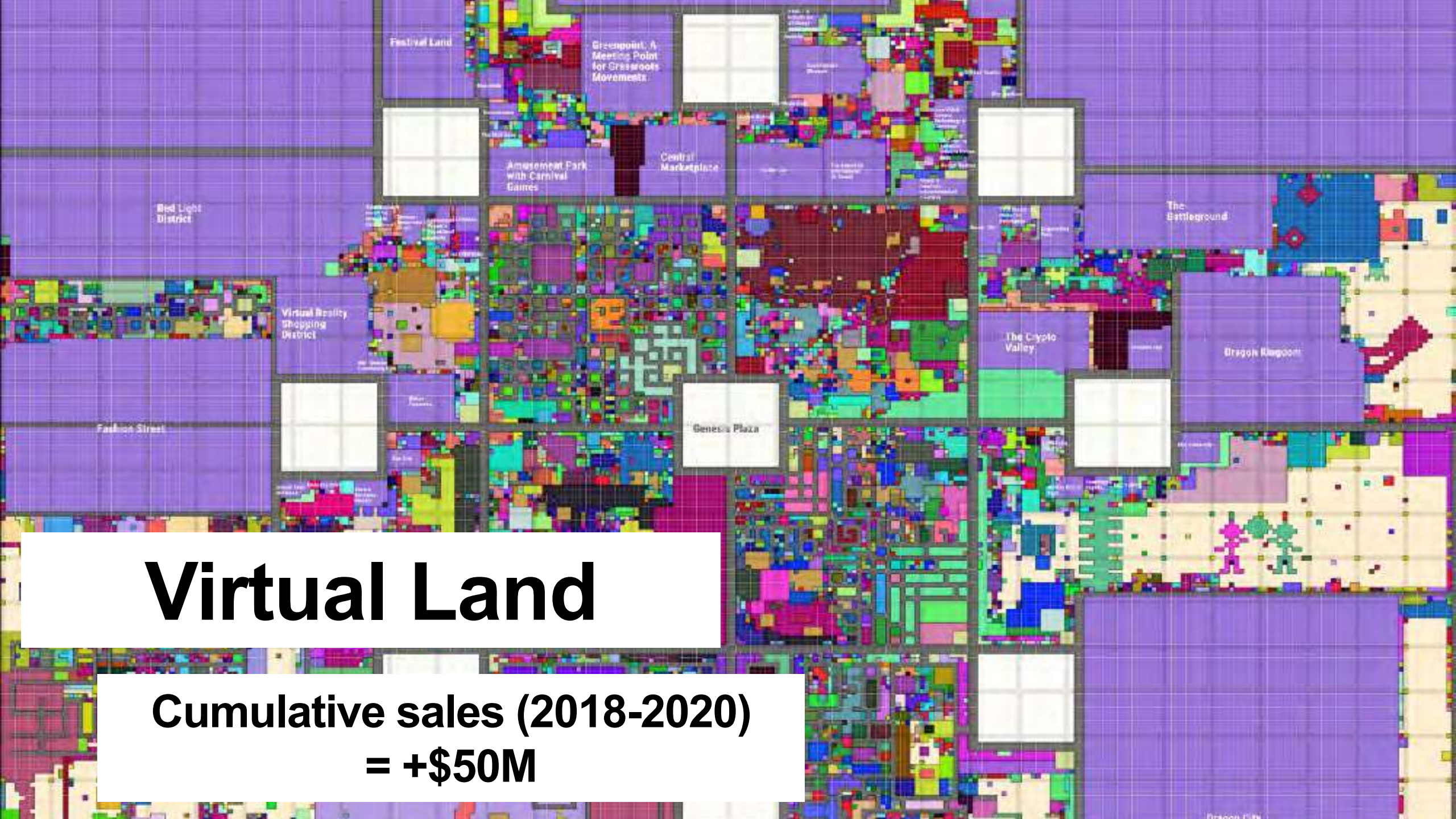
NFT  
insurance

Fractional  
ownership

NFT-backed  
currencies

NFT  
index funds





Festival Land

Greenpoint: A Meeting Point for Grassroots Movements

Amusement Park with Carnival Games

Central Marketplace

Red Light District

The Battleground

Virtual Reality Shopping District

The Crypto Valley

Dragon Kingdom

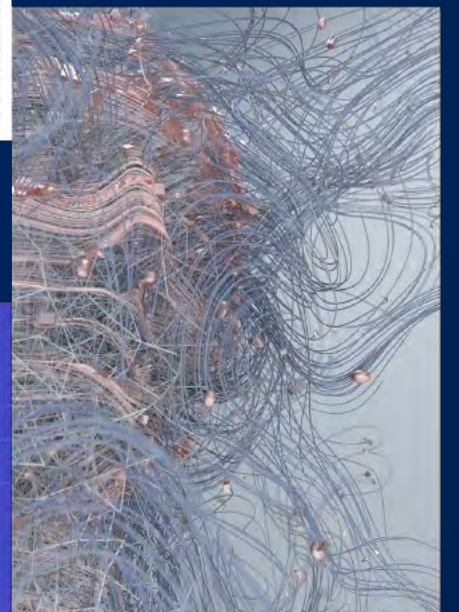
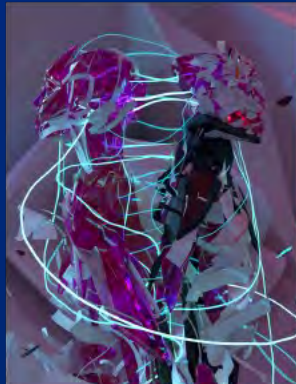
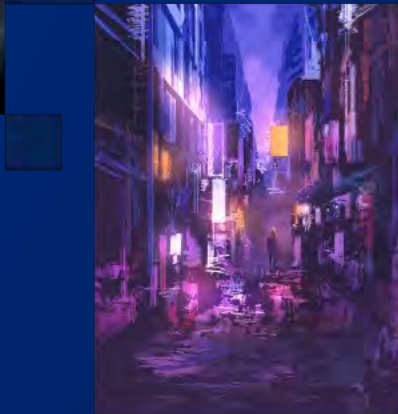
Fashion Street

Genesis Plaza

# Virtual Land

**Cumulative sales (2018-2020)  
= +\$50M**

# Social Tokens



# First 10 years, next 10 years



Gaming



Virtual Marketplaces



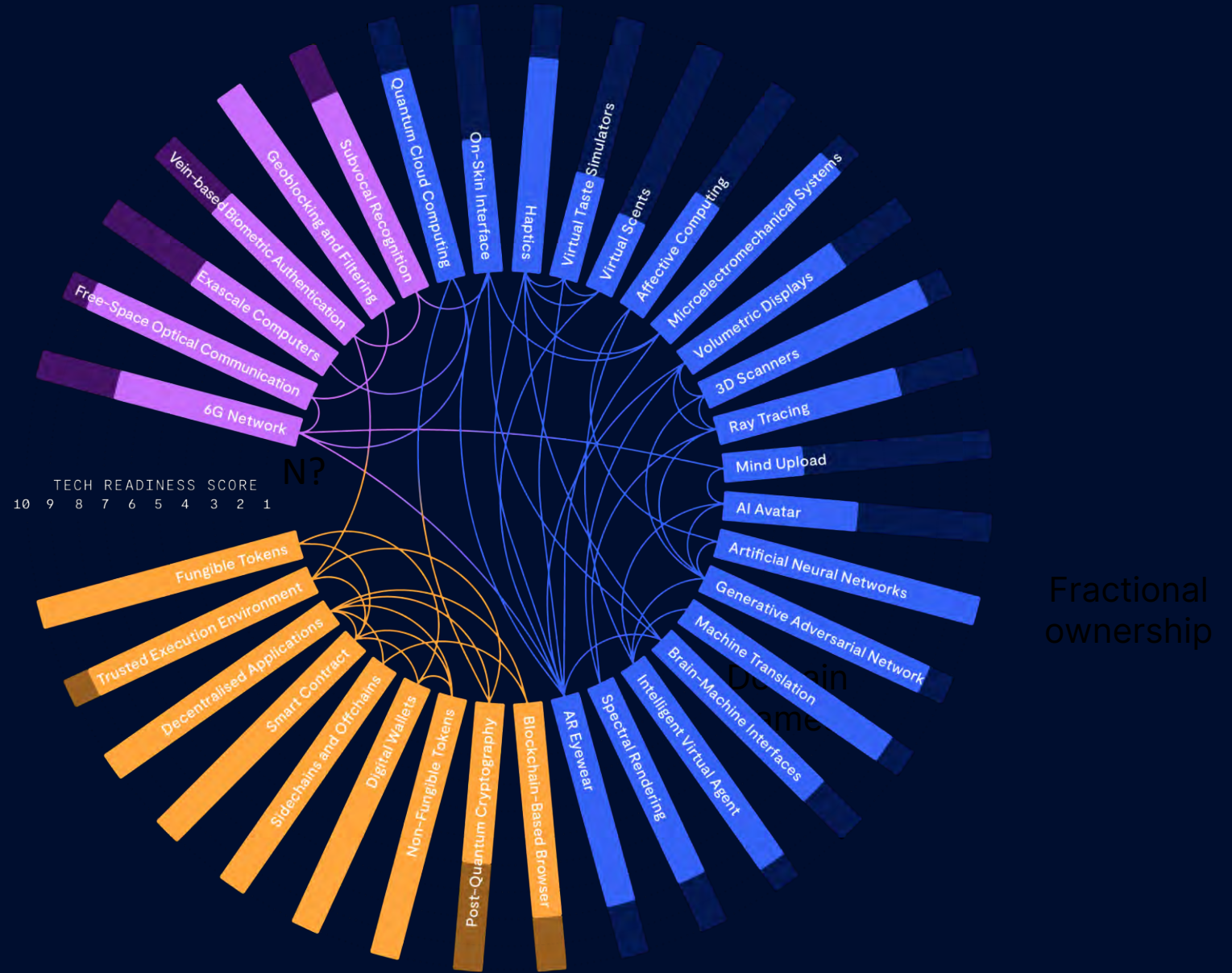
Semi-digital worlds as social spaces?

# The Virtual Economy Technology Radar

A map of the key technologies enabling and facilitating access, immersion and transaction within the virtual economy. Nodes indicate related technologies.

## Technology Category

- Access
- Immersion
- Transaction









3D  
Scanning

Smart  
Lens

How tall is the  
Eiffel Tower?



3D Scanning

Smart Lens

Virtual Agent

Welcome!

How tall is the Eiffel Tower?





3D Scanning

Smart Lens

Virtual Agent

On-skin Interface

How tall is the Eiffel Tower?

Welcome!