Ready Partner One: AR/VR Delivers Profits, Customer Benefits

By Kevin Casey

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About the Author

KEVIN CASEY writes about technology and business for a wide variety of publications and companies. He won an Azbee Award, given by the American Society of Business Publication Editors, for his InformationWeek.com story, "Are You Too Old for IT?" He's a former community choice honoree in the Small Business Influencer Awards.

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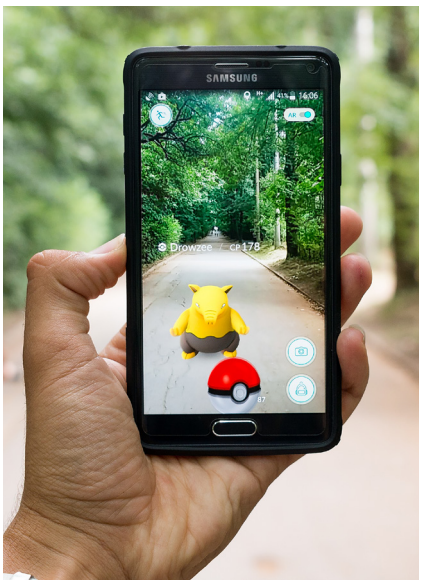
Ready Partner One: AR/VR Delivers Profits, Customer Benefits

HOW LONG HAVE WE BEEN IMAGINING — AND HYPING — AUGMENTED REALITY AND VIRTUAL REALITY?



If you guessed "years," you're right. This site's history of VR, for example, charts the "technology's" origins back to the panoramic paintings of the 19th century. You know, the 1800s. Even if you quibble with that particular starting point, we've been regularly imagining and popularizing potential VR applications for decades — think 1990s movies like "Total Recall" or "Strange Days."

Still too far back for your liking? The first Oculus Rift prototype was made in 2011. Our point: This isn't bleeding edge, the stuff of science fiction or garage trials. The technology is baked, and in 2018, AR and VR are poised for massive growth.

A quick acronym check: "VR" typically refers to immersive, wholly virtual experiences, whereas "AR" commonly refers to applications that overlay digital phenomena on real life, a la Pokemon Go. You'll see other terms like "mixed reality" in growing use, too. We'll use "AR/VR" in this report.

Money often does the loudest talking: Research firm IDC predicts global spending on AR/VR technologies will hit $17.8 billion by the end of 2018, nearly doubling the $9.1 IDC projected for 2017.

This is most definitely not just a consumer phenomenon, either. While IDC notes consumers will still comprise the single-largest sector this year, driving $6.8 billion of that $17.8 billion total, various commercial sectors combined will account for more than 60 percent of revenues and grow to 85 percent of global spending by 2021.

"We have been seeing some interesting use cases for AR/VR emerge in the business/enterprise space — applications that show this is a technology area worth watching for the channel," says Mike Brewer, vertical solutions marketing manager at Aruba. Brewer has a particular focus on retail, one of the industries we'll unpack later in this report — but hold that thought for a moment.

Indeed, there are plenty of compelling business use cases. But companies need help identifying them, finding the right technology providers, ensuring their broadband connections and networks are up to speed and so forth — all of which spells revenue opportunities for partners.

Still Unconvinced of the Business Market?

IDC's not alone in its optimism. Gartner estimates that head-worn AR/VR devices alone will generate $72 billion in hardware revenue over the next 10 years. Repeat: That's *just* for the devices.

It's not just a financial story, either. The Cisco Visual Networking Index projects AR/VR traffic will increase twentyfold between 2016 and 2021. That's good for an 82 percent compound annual growth rate.

In its corresponding trends and analysis report, The Zettabyte Era, Cisco notes its growth projections are based largely on expected downloads of large VR applications and content files. If VR streaming — which the report calls a "wild card" — takes off, Cisco says that already explosive growth projection would almost certainly increase.

Object Theory Brings Augmented Reality to the Enterprise

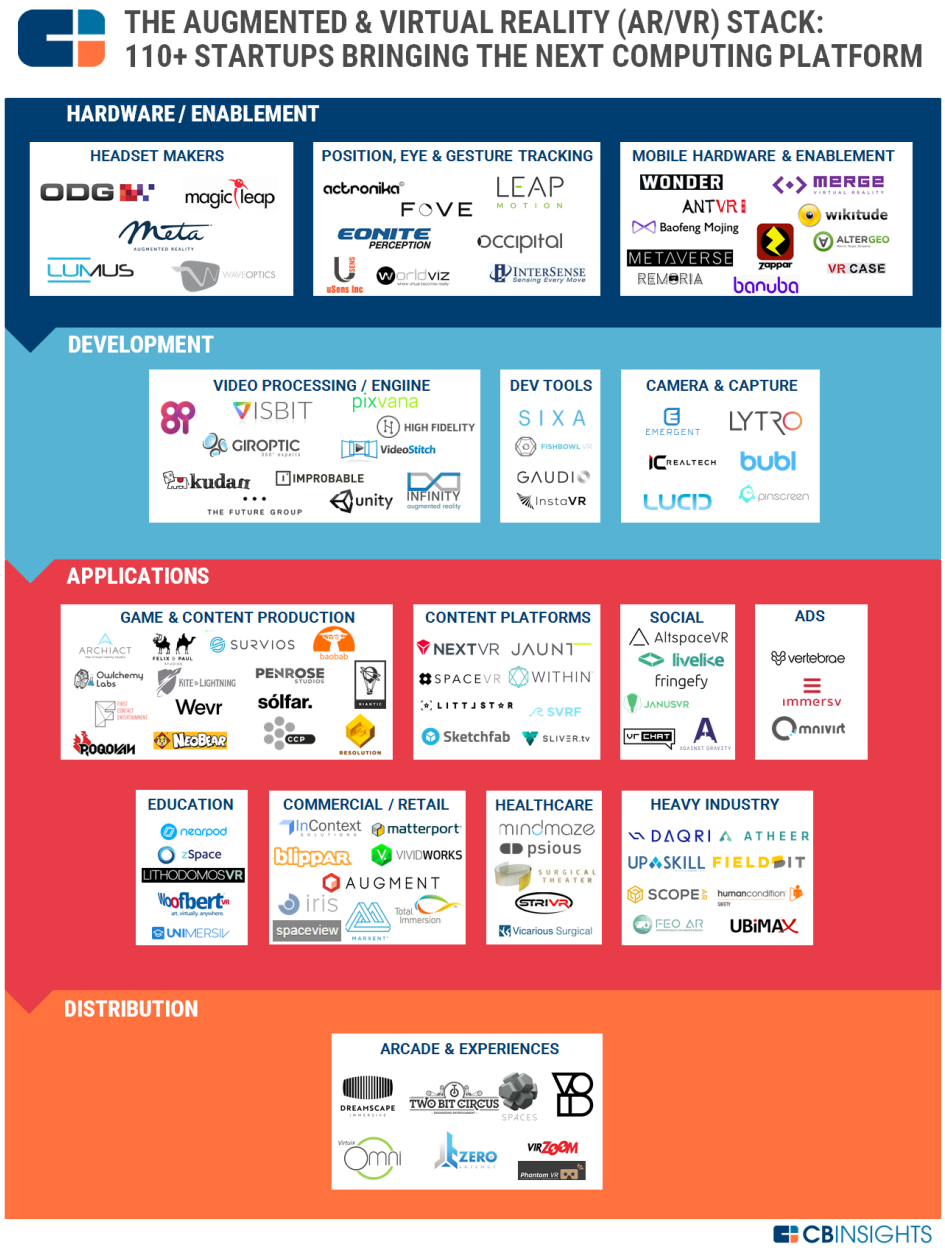
Microsoft Mixed Reality partner Object Theory is a company on a mission and is a rarity in today's AR market — it's strictly focused on the enterprise customer. Ready for advanced technologies such as augmented reality, Object Theory is working with Fortune 1000 companies to deploy HoloLens and Windows mixed-reality solutions in the enterprise in a variety of use cases; for example, internal workforce utilization, customer or marketing initiatives to showcase company innovation, or it might be in certain verticals within these companies. By contrast, other partner-program members might focus on marketing, consumer brand, or media and entertainment.

Find out how it's done >>>

For partners and their customers, of course, what really matters is: How do we capitalize? How can we make this work for *our* business?

Here's some good news: Many business use cases for AR/VR are (or will likely become) industry-specific, so there's a particularly ample opportunity here for partners that have or are willing to develop vertical expertise. That doesn't mean you're working a series of one-offs, either. Just like in other vertical channel strategies, you can develop repeatable frameworks, especially if you get a success story under your belt.

Let's examine some emerging use cases in specific industries and/or sectors of broader industries to get a more … reality-based sense of the opportunities.



Retail

According to Aruba's Brewer, forward-thinking retailers are already connecting the dots between the colossal consumer popularity of AR apps such as Pokemon Go or filters on sites like Instagram and Snapchat to their own businesses. Retail, after all, is a largely consumer business.

Brewer explains that retailers "are now offering apps that allow consumers to visualize the placement of furniture and other home décor items in their own homes or see how different colors of paint would look on their walls."

When you think about various retail categories, it seems like there are nearly limitless applications in consumer-facing businesses.

Fashion/Beauty

Speaking of various sectors or subcategories of a broader industry, Brewer offers one from retail.

"In the fashion and beauty world, we have seen use cases such as AR-enabled apps that allow users to try out makeup virtually, before purchasing," he says. Similarly, they're beginning to deploy "apps that allow customers to see what an item of clothing would look like on, without actually having to change into it, as well as how it would appear in other colors or paired with other items in an outfit."

Now, imagine what that could mean for sales not just in physical stories, but online.

Microsoft Mixed Reality Partner Program

Manufacturing Design

Gregory Morawietz, chief information officer at managed services provider Single Point of Contact, notes increasing potential for AR/VR applications in design, especially in manufacturing and industrial contexts.

"We are seeing trends of VR and AR in design situations and companies that design equipment and vehicles," Morawietz says. This can be an especially useful as a means of designing through the supply chain, so to speak — in other words, giving various designers a better way of imagining their products as part of a larger, finished product.

"Car, motorcycle and part manufacturers are able to use VR/AR to visualize what their products will look like on or in other products," Morawietz says.

Construction

IT in general has steadily been revolutionizing the construction industry; mobile devices and applications alone have been a game-changer. VR, in particular, is poised to be a key part of a continued tech transformation in this multi-billion dollar space, according to Luca Jacobellis, president and chief customer officer at MSP Cal Net Technology Group.

"For construction companies, the implementation and widespread adoption of advanced technology like building information modeling [BIM], VR, drones and 3-D models continues to transform the way projects are being designed and brought to market," Jacobellis says.

BIM provides an interesting example of something we might not call AR/VR, per se, but is AR-like, in that it is a sort of living digital representation of a physical site and its functional characteristics, one that can be interacted with by a wide range of real stakeholders. This bears mentioning because it's a related opportunity for the channel, and an existing tool likely to see AR/VR integration potential.

It also speaks to AR/VR as part of the much larger IT universe.

"These new applications are resulting in a tremendous amount of data that builders need to analyze and protect," Jacobellis says. "That's where the cloud [and analytics] comes in — because it's not enough to have the data, you need to know what to do with it."

Ditto for the manufacturing industry: Jacobellis notes that emerging technologies like AR/VR have a downstream impact on the overall IT portfolio, another area where partners can play a significant role.

"Interconnected IT and new technology like AR/VR pose some major challenges to manufacturers," Jacobellis explains. "The trend towards organizing data with a multi-cloud infrastructure combined with the increasing sophistication of cyberattacks means manufacturers need a security architecture that goes beyond traditional perimeter-centric models. Unfortunately, most have been slow to adopt cloud technology and therefore risk playing catch-up for the foreseeable future."

Education

Jacobellis also sees AR/VR fueling the tide of digital transformation in schools. Gone are the days of the bank of Apple IIcs and Basic; heck, even the iPad and other tablets are now mundane sights in many schools.

"Digital learning is the new normal in our school day," Jacobellis says. "Cutting-edge solutions and technology like virtual/augmented reality, digital whiteboards, distance learning, personalized learning and AI are creating new demands on schools' IT infrastructure and in-house staff."

That last part is where partners should take particular note. Most schools don't have the IT staff necessary to keep up with the pace of change; in particular, school systems need help getting out of the server closet business and into a modern data center. That's not a pipe dream, either, thanks to the vast choices various cloud platforms offer.

"One of the biggest myths surrounding this shift is that a data center for a mid-sized or large school system costs too much money and takes years to complete," Jacobellis says. "It doesn't! The cloud is changing the game for schools."

Games

But, wait! Games are for consumers!

That's get-off-my-lawn talk, to be honest. Remember what Brewer said about retailers perking up at Pokemon Go's runaway success? That's widely applicable across a bunch of intersecting consumer-fueled sectors: Think entertainment, travel, leisure or anything dubbed an "experience."

Morawietz notes that AR/VR is being widely explored in entertainment contexts, whether in actual games or other contexts.

Augmented Reality, Virtual Reality Is More than Fun and Games

AR/VR is the next big thing for business and real-world enterprise applications are here today, making it an opportunity partners don't want to miss out on. The 2018 AR/VR forecast is projected at $17.8 billion, representing an almost 95 percent increase over last year's figure of $9.1 billion, according to IDC. The commercial sectors will represent more than 60 percent of AR/VR spending in 2018 and grow more than 85 percent of the worldwide total in 2021. Five commercial sectors are forecast to see triple-digit spending growth throughout the forecast period. Tom Mainelli, vice president devices and AR/VR at IDC says over the next 18-24 months, IT folks are going to need a crash course and good partnerships to ensure they aren't running to play catch up.

Read more >>>

Partner Play

The tech and its use cases may be new and evolving, but the fundamentals for channel partners should sound familiar.

"Partners can help their customers develop an AR/VR strategy by creating AR/VR practices and service offerings, as many have done with other emerging technologies," Brewer says. "By becoming a subject matter expert on the application of AR/VR in various market segments, they can further become a 'trusted adviser' to their customers, strengthening their relationships by helping customers identify the best uses of this technology for their particular businesses and walking them through the entire deployment process."

Brewer runs through some specific examples of where partners can help demystify AR/VR for customers:

- Vetting the effectiveness of AR/VR products for various use cases and identifying the full ecosystem of solutions necessary for a successful deployment.
- Ensuring their underlying network infrastructure is capable of delivering the QoS and security that these solutions require.
- Planning for growth: As the number of AR/VR devices coming into businesses increases over time, the ability to see and identify each device and application and put the proper policies in place and security steps around them will be critical.

Experts advise that providers first create their own AR/VR roadmaps.

Morawietz, the Single Point of Contact chief information officer, shares a framework for partners to consider *before* sitting down with customers to develop an AR/VR strategy. A good road map for an early stage AR/VR practice should consider the following:

- **Goals:** Identify both the short- and long-term objectives for what you can help other companies achieve, ideally connected to specific business goals or strategies.
- **Capabilities:** Identify what VR/AR can do for you and your customers. This is a great thing to do first as an internal exercise or discovery project that you can then reproduce with a pilot client, and *then* offer to a wider set of customers.
- **Release Plans:** To offer real subject-matter expertise, of the sort Brewer notes above, you have to invest in staff education. Know where the technology stands today and where it's going, especially in any industry or sector you intend to focus on. "Figure out what features and capabilities are going to be released and [what's] expected in future releases," Morawietz says.
- **Milestones:** Like any major technology implementation, chasing AR/VR without benchmarks or deadlines is a fool's errand. "Set real-world milestones and achieve them," Morawietz advises.
- **Resources:** Project ownership begets project success: "Identify who on your team you are going to designate your AR/VR master or lead," Morawietz says.
- **Training:** This is not a static technology category. As with the release plans item, bake training into your road map. "Keep your team on top of these products," Morawietz says.
- **Risk Factors:** As with any significant project or investment, Morawietz recommends you make sure it's worth it before diving in: "Understand what you may be risking by using fresh and bleeding-edge tech."
- **Report:** "Keep your team apprised of their progress," says Morawietz. His parting advice is not only a general best practice, but particularly important when entering a much-hyped arena like AR/VR. Regular reports help the team understand you're not just chasing a trend by reinforcing the *what-how-when-why* of your roadmap.

Of course, you can modify this framework to your own needs, but it's a useful foundation for any partner seeking to translate technology buzz into real-world business strategies and processes that create new revenue opportunities.

And that's the bottom line, isn't it?

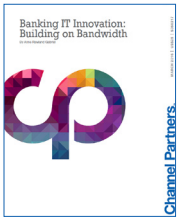
Related Reports

8 Bandwidth-Hungry Trends for 2018

Customers created exponentially more data in 2017 than ever before, and no one thinks the pace will slow. So it's no surprise that demand for fiber connectivity is skyrocketing. To capture that business, you need to know the primary drivers of bandwidth demand in 2018. We consulted a select group of forward thinkers to identify the eight trends that will shape your opportunities.

Professional Services IT Innovation: Building on Bandwidth

Growing competition and rising expectations from employees and customers are putting the squeeze on professional services firms. For many, modernizing IT and telephony systems to improve performance dramatically increases connectivity demands. This Report presents three case studies that illustrate how fiber is answering the call for more bandwidth — and how solution providers are taking advantage.



Banking IT Innovation: Building on Bandwidth

Banking accounts for the largest portion of all financial services IT spending — and the sector's appetite for adopting new technologies shows no signs of slowing. As banks strive to improve customer experiences with digital initiatives while also driving down costs, bandwidth is critical. This Report presents case studies on four banking institutions using fiber to unlock opportunities to stay competitive.

Hosted Contact Centers: Future of Customer Care

A botched customer service interaction can be broadcast instantly on social media, and presto — that failure is scrolling across millions of devices around the world. If delivering consistently excellent service isn't already a top priority for your customers, it had better become one, stat. And when it comes to customer relationships, no corner of the IT infrastructure is more important than the contact center. If this isn't a core competency, a hosted contact center may be the best sale you make this year.