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Making a living in virtual world

Big firms and startups seek profit in simulated businesses

By June Arney

sun reporter

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Brad Reiss quit his day job as marketing and entertainment director for a restaurant group in Baltimore to make his living in a virtual world called Second Life.

"It was a good job I was giving up," Reiss said. "As I was working there, I started to get into Second Life, and I realized the amazing potential. At the point I quit, I wasn't even close to making enough to survive on. Once I was able to devote a good 40 hours a week, the possibilities opened up."

Reiss, 28, along with some of the world's most successful companies - including Toyota and International Business Machines - see vast potential in Second Life.

In this simulated land, more than 9 million computer users from around the world take on digital personas - cartoon-like characters called avatars - that allow them to live out their dreams, however unlikely or impossible. People get married, start businesses, build homes, travel and hold down jobs just as they do in their "first life." They buy and sell and start businesses. There's even an official currency, Linden dollars, that can be cashed in for real dollars, at the rate of about 270 Lindens to the dollar.

Companies still are trying to figure out the best ways to handle this new virtual world, said Lee Richardson, professor of marketing at the University of Baltimore Merrick School of Business.

"I expect at first they thought it was some loony bunch of nerds," he said. "A lot of companies go in there and are still not sure how to attract these avatars. It's kind of like landing on Mars and finding it civilized."

There have been examples of companies that tested the waters and got out quickly, but many more are experimenting.

American Apparel opened its Second Life store on a private island - a virtual island that both companies and individuals can buy, with real dollars - in June 2006, at a time when there were fewer than 200,000 registered users of Second Life, and later pulled out, according to the retailer.

"We tested an idea, played with a concept and hopefully learned a few things about what online shopping might look like in the years to come," said Raz Schionning of American Apparel.

Washington intellectual property boutique Greenberg & Lieberman credits its virtual office in Second Life with making contacts that resulted in about \$20,000 in real-life legal business this past year, according to partner Stevan Lieberman.

"To most larger firms, \$20,000 is meaningless, so you're not going to see the big firms going in here right away," said Lieberman, who specializes in computer patents. "To a little guy, a little bit of money makes a big

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difference. Any new way I can advertise on the Internet is great."

Lieberman believes the 3-D medium will grow quickly.

"When people meet in Second Life and there's an avatar, it's like meeting a person," he said. "There's a level of trust, and that will translate into more Internet sales."

Companies also can use Second Life to enhance business in ways other than buying or selling, said Edward M. Roche, director of scientific intelligence for Barraclough Ltd., a research company.

"You might have a new product line and want to see what the cyber generation thought of it," he said. "So you get people to look at new products that wouldn't be economically feasible to do in the real world. Simply trying to build an exact copy of a brick-and-mortar store and running it the same way is not the answer."

Reiss, known as Doubledown Tandino in Second Life, runs a virtual shop and sells products for clubs and music venues there. He also works as a DJ and recently - from his home computer - orchestrated an online book-release party for a real-life book called *Second Life: A Guide to your Virtual World*.

"Second Life, or at least some 3-D virtual platform, will take over the Internet in five years," said Reiss, who said he doesn't yet make as much money as he did at his day job. "The majority of people think it's just some kind of cult video game, but that's what they said about the Web. I'm in there so I can experience it from the get-go."

Started in 2003 by Linden Labs of San Francisco, Second Life constantly evolves because it is created by its registered users. A basic membership is free, with upgrades, payments for virtual land and in-game currency - all billable to a real-life credit card.

Each day, conversions of Linden dollars to U.S. dollars and vice versa amount to the equivalent of \$250,000, according to a Linden Labs spokesperson. In September, 855 people made \$1,000 or more in real money - and 138 of those more than \$5,000, according to Linden Labs, which issues monthly reports on transactions.

Damian Hart, an adjunct professor at the University of Baltimore who teaches a class in Second Life, said retailers are waking up to this parallel universe, just as they gradually caught on to the potential of the Internet in the mid-1990s.

"They've finally heard of it," he said. "They're trying to figure out how to get involved. I think we're going to see an explosion as soon as businesses can see a way to turn this game/not game into a way to make real money."

IBM owns more than 30 islands in Second Life where it holds meetings and training, does real-time collaboration and operates a 24-hour business center staffed by avatars, a spokesman said.

Often companies that come into Second Life are trying to create an aura around their brand rather than trying to sell products.

"We're just getting brand awareness out there and having Second Life residents have a good experience with Scion," said Allison Takahashi, a Toyota spokeswoman for the sporty economy car.

Plenty of individuals, too, are experimenting in Second Life.

Circe Ragan, known as Circe Broom in Second Life, owns a club, a concert hall, an Egyptian-style stage and a park venue overlooking the ocean in the virtual world. The former jazz singer, who now uses a wheelchair, hires real people who play on real stages separately from, or sometimes simultaneously with, their Second Life gigs.

She pays artists the equivalent in Lindens of roughly \$13 an hour. The artists sell CDs and single-track MP3s at her stores. Each gig may not bring in big money, but the artists also make tips. One made \$125 in tips in addition to the \$13 she paid him. And many play 25 shows a week, she said.

Ragan earns income from an "in-world" job for the real-life company RatePoint.com, which has a cafe in Second Life for which she arranges music artists. RatePoint.com rates Web sites based on people's comments.

But she also spends about \$1,400 to pay for real artists, and currently is reimbursed for only about half of that, she said.

"Someday I hope to break even," she said. "I love it. It's my hobby. But it is eating into my resources. I'm not Carnegie. I'm not Rockefeller."

Neither is Reiss, and his "first life" and Second Life have merged in a way that most people aren't daring enough to try. But he doesn't seem worried.

"With the growth I've had, I'd be doing good by January or February," he said. "The possibilities are so unlimited - even more so than in real life."

june.arney@baltsun.com

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