

1-2008

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Repository Citation

Schiller, S. Z. (2008). Virtual Business with Real Money. *Technology First*, 6 (1), 3, 8-8.
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SECONDLIFE

Virtual Business with Real Money

By: Shu Schiller, Assistant Professor, Wright State University

Second Life is a virtual society environment on the Internet where individuals engage in various real-life activities, such as attending classes and shopping at stores, as avatars. Second Life was released as a commercial service by Linden Lab in June 2003. Since then, Second Life has rapidly gained a total of 11.5 million residents by December 2007.

Second Life is a 3D online digital world created by its residents. All avatars are loaded with the ability to build objects such as a house, a shop, a street, even a whole town or city. In this virtual world, pieces of islands are bought, designed, and constructed by their owners. Intellectual property rights belong to the creators and Linden Lab allows them to sell, exchange, and give away the content built in Second Life. Avatars teleport from one island to another, traveling through digitally built places, some of which are amazingly beautiful fantasy lands. Avatars communicate with each other through text chat and IM. The newly introduced voice function

has stimulated much faster and convenient synchronous communication.

Second Life has proven to be a promising place for some business. Linden Dollar is the currency used in Second Life and can be traded with real US dollars (1USD can buy about 270 Linden Dollars). Many virtual businesses such as fashion shops and holiday resorts are indeed making real dollars in Second Life by providing digital products or service. The first millionaire, Anshe Chung (Ailin Graef in real life) has made one million US Dollars by selling real estate in Second Life [1]. Thousands of companies and multinational organizations, such as Nissan and IBM, have built facilities and conduct business in this virtual world. The exchange of Linden Dollar (LS) has topped 59 Million US dollars the first three quarters of 2007. Gartner, Inc. predicted that by 2011, "80 percent of active Internet users (and Fortune 500 enterprises) will have a 'second life'."

Educators and researchers are among the first to examine the impacts of Second Life on education and to facilitate educational activities such as teaching classes in Second Life. So far, more than 200 universities, museums, and research centers have a presence in Second Life [2]. Lead by Jeff Hiles, the Instructional Web Designer of the Center for Teaching and Learning, Wright State University has rented a lot in Second Life since early 2007 as an experimental field for teaching and learning.

In the summer of 2007, for the first time at Wright State University, an MBA course, Information Technology & Business Transformation, used Second Life as a team project. The purpose of the Second Life project was to engage students in thinking and discussion of doing virtual business but earning real money through interactive multi-user environment on the Internet, a fast growing place beyond the traditional concept of electronic business taught in the field of Information Systems. Thirty-two MBA students were randomly grouped to eight teams. Each team had an avatar who was granted L\$350 (about US\$3) as their seed money to explore business-related activities in Second Life. The course ended with great success and excitement. Some teams even made money by participating in events or providing service in Second Life. In the last class, all teams' avatars met at the Wright State University lot in Second Life and presented their journey of adventure.

Despite the fast growth of the popularity of Second Life in business and education, its viability remains to be explored. Some recent virtual business failures such as Urban Outfitter's closing in Second Life bring more questions about the future of this virtual world. Will Second Life become the next generation of digital commerce? Will Second Life renovate distance learning? Will everybody be intrigued to have a second life in this digital world? We hope we will soon find out the answers.

[1] Rob Hof, *Second Life's First Millionaire*, *Business Week*, Nov 26, 2007
[2] Cynthia Calongne and Jeff Hiles, 2007, *Blended Realities: A Virtual Tour of Education in Second Life*, *Proceedings of Technology, Colleges and Community Annual Conference*, 2007

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