

## Virtual Business Exercise – full description

**All this material (and more) can be found in the virtual business exercise home page: <http://www.vincoproject.net/virtualbusiness/index.htm>**

Thank you for your interest in this exercise. The aim of the exercise is to develop a successful business idea for virtual world and to implement it within the timeframe of the collaborating (business) course and the resources given for each team. The exercise is organized by a research project "[Vinco—Innovative Business and Collaboration in Virtual Environments](#)". This paper describes the timeframe, the resources given for each team, and the research project in more detail.

During this exercise, the researchers of this research project act as a venture capitalist with some differences: the researchers won't participate in the development of your business idea (only short feedback is given), you don't need to invest your own money, and the venture capital invested in your business won't be collected back. Thus, you have an opportunity to **try out your business idea in a virtual world without any risks**: during the exercise money is given to you for different expenses according to exercise plan, and you'll also retain all the rights for your work.

The exercise setting is designed to honor your anonymity in Second Life and your rights for your intellectual work. For practical reasons, one of the team members has to give a valid e-mail address during the enrolment, and later in the game provide means for organizers to refund monthly premium account fee to him / her (researchers cannot pay the account fee for the participants and thus it has to be refunded). **Your real name (or your avatar names for that matter) won't be used in any context during the exercise or the research – only pseudonyms or team names will be used in public material.** Also your business ideas are handled in confidential manner and you retain all the rights for your work - after the exercise you can continue the business activity you have started.

Teams are not allowed to use their own money during the exercise. Naturally this means that the timeframe and the resources given to teams should be taken into account when designing business idea for this exercise. Teams are given money for their expenses according to the exercise schedule:

week															
	-2	-1	1	2	3	4	5	6	7	8	9	10	11	12	
Stage	Enrollment	Orientation	Search	Prototyping	Implementation							Total L\$	Total \$		
Limit		500	1000		1500		4400		9200					16600	
Account							10 \$			10 \$					20 \$
Stipend							300	300	300	300	300	300	300	2400	
Signup												1000		1000	
														<b>20 000 L\$</b>	<b>20 \$</b>

- Limit — the amount of Linden Dollars (L\$) that the group is given in different stages of the exercise. All the money that is saved can be used later in the exercise.
- Account — the amount of Dollars (\$) (+ VAT) that the group leaders have to pay to Linden Lab during the exercise. This money is refunded to the group leader upon receiving certification / receipt of the payment
- Stipend / Signup — the amount of Linden Dollars (L\$) that the group leader receives from Linden Lab after upgrading to premium account. This money is counted for the group budget.

### **The exercise is divided into different stages:**

**Enrollment.** After the groups are formed, the group leader needs to get permissions for “the research account” and all the group members should wear the script designed for the research. For these purposes, researchers will be available in VinCo Island (<http://slurl.com/secondlife/Vinco/66/117/25>) at designated time. If this time is not suitable for the group, the group leader can arrange another time with the researchers (see the end of this paper). A small amount of money is given to the group leader for learning purposes.

**Orientation.** This stage is meant for learning the ropes in the virtual world and also searching for possible market opportunities. A small amount of money is given to the group account for orientation purposes.

**Search.** Time for idea generation and the formulation of an initial business idea. The participating groups are given small amount of money for information seeking purposes (identifying possible partners, objects, scripts, market places) and time to form their initial business idea. Before this money is given though, groups are asked to fill in Market Potential Description form. Link to the form will be in the home page under “Exercise” section. Also during this phase groups should fill in Financial Projections spreadsheet for the first time.

**Prototyping.** The groups are given more money for prototyping their product or service and time for planning the implementation of their business idea. Before any venture capital is given to the groups, a short description of their initial business idea should be formulated. Link to the appropriate form will be in the home page under “Exercise” section. A short feedback based on the business idea will be given by the researchers at this stage. Also during this phase groups should fill in Financial Projections spreadsheet for the second time.

The group leader is required to upgrade his / her account to premium account and to handle possible incomes from this point forward. Premium account fee is refunded to group leader upon receiving certification / receipt for the payment – means for refunding this money will be asked from the group leader at this stage.

**Implementation.** Participating groups are given more money for land rental, outsourcing, marketing and other implementation costs. In the beginning of this stage, groups are required to shortly describe the implementation plan of their business idea – again, a link to short form is provided for the teams in the exercise home page. This period is the actual revenue phase, where the quality of the business idea is truly tested in virtual economy. During this phase groups should fill in Financial Projections spreadsheet for the last time, but also continue reporting expenditures and revenues to the researchers.

**Exercise rules:**

- Groups have to follow the normal TOS (Terms of Service) and Community Standards of Second Life.
- Second Life has banned in-world gambling, banking and ad-farms. This means that these means of making money are also banned in this exercise.
- Groups or individuals in the exercise are not allowed to use their own money during the exercise (their virtual companies can use the revenues generated during the exercise).
- From the research point of view, groups can have 1 to 4 members in them. Collaborating courses may have additional guidelines.
- Group members can participate only in one group during the research.
- Business plans have to be original (in Second Life) – they can't be based on any of the group member's existing business in Second Life.
- Group members have to wear the provided tracking script all the time and report revenues and the use of money (by taking out money from the exercise ATM only for a specific / identifiable need or by reporting the use of money to researchers).

**The research project:**

VinCo is a multidisciplinary research project studying how collaboration and communication in global distributed teams and in fully virtual environments can enhance business and innovation. The project is funded by [Multidisciplinary Institute of Digital Engineering \(MIDE\) research program](#) at [Aalto University](#).

**The purpose of this part of the research is to gain insight and experience in the topic of value creation in virtual worlds.**

The methods to be used to collect information for this research are shortly explained below:

Your avatars will be given an automatic script that records your movements and transactions in the selected virtual world. Combining the recorded information from the duration of exercise we will create a network picture containing your social contacts, and traded objects – whether they are information or virtual products and services. This network picture is used to analyze the value creation logic of the different parties you interact with. Periodically the group members need also to fill out an excel form about their financial projections and expenditures.

During and after the research we guarantee that the following conditions will be met:

- 1) Your real name (or your avatar name for that matter) will not be used at any point of information collection, or in the final network picture – instead, you and any other person and place names involved in the data collected will be given pseudonyms that will be used in all verbal and written records and reports.
- 2) Your participation in this research and exercise is voluntary – you have the right to withdraw at any point of the exercise, for any reason, and without any prejudice. However, should that happen, we reserve the right to use the information collected until the withdrawal for research purposes.
- 3) You will receive a copy of the final network picture before it is analyzed, so that you have the opportunity to suggest changes to the researcher, if necessary.

If somebody asks you about the research during the exercise, you can give our contact information for further inquiries. Also the participating students can contact us at any time concerning the research or the exercise.

**Additional information:**

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In-world: Sam Neutron

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Exercise home page: <http://www.vincoproject.net/virtualbusiness/index.htm>

In-world communication center: <http://slurl.com/secondlife/Vinco/66/117/25>

Second Life portal: <http://secondlife.com/>

Video tutorial for making an account: <http://vodpod.com/watch/2213741-second-life-tutorial-beginner-guide-create-account-get-started-in-second-life>

Pdf tutorial for making an account (through the Independent State of Caledon's Community Gateway): <http://www.little-apple.org/NewAvatarCreationforuseinSL-HowTo.pdf>