Chapter XXX
Knowledge Transfer and Marketing in Second Life

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ABSTRACT

This chapter considers the virtual world Second Life as a workplace. It argues that despite its apparent novelty, Second Life is descended from a 2000-year-old tradition of immersive art that informs its popular attraction and its two big business drivers, knowledge management and marketing. To illustrate this, I describe a project by the international advertising agency Saatchi & Saatchi, which shows how knowledge management and marketing can come together in a virtual workplace. The chapter further contends that it is insufficient to simply attain virtual presence in order to achieve knowledge management goals. Instead, intellectual property rights and their management must also be addressed. Because avatars in Second Life own the items they create and can explicitly set permission rights, Second Life users can share virtual goods and knowledge easily, and in the tradition of hacker culture and open source coding. Despite general opposition to Digital Rights Management from some in the open source community, I argue that it is necessary to ensure that the metadata, such as the original creator information, is protected to encourage the sharing and transfer of knowledge in a virtual workplace. The creator of Second Life, Linden Lab, opened up the source code of the client software, thus allowing organizations to further benefit from this virtual workplace.

INTRODUCTION

According to Thomas Friedman's book, *The World is Flat*, the Internet has caused a major shift away from the traditional centers of power and knowledge to a flatter, more decentralized model (Friedman, 2006). Internet convergence has also made online virtual worlds such as Second Life (SL) possible. Operating within these virtual worlds are workplaces that have created equal opportunities for citizens in far-flung zones to contribute to corporate decision-making and idea generation on an equal footing with their colleagues in other parts of the world.

In this chapter, I will examine the historical context of Second Life and the primary drivers for its "residents," or avatars (virtual representations of the real user, see the key terms), as well as the businesses that use it as a workplace. I look at the deep psychological urge that drives virtual presence and a practical requirement of business to use SL for knowledge management (KM) and

marketing. I argue that for KM and marketing messages to be effective they must contain emotional data and extend sensory stimulation beyond sight by itself. However, KM will not simply succeed by addressing these needs alone, it must also take into account intellectual property (IP) rights and digital rights management (DRM) in order to support open sharing and protected knowledge transfer. Despite general opposition to DRM from the likes of the Free Software Foundation, it can ensure the protection of important meta-data, such as creation information, contained in virtual goods and knowledge that is transferred. I argue that this is essential in order to build a successful virtual workplace, as it not only has the flexibility to protect sensitive IP and copyright license variations, but also respects the originator and their reputation. This is important because it recognizes a significant motivation behind why individuals share and collaborate, that is, for recognition, and for reputation building. The ability to convey emotional data using sensory stimulation will not only underwrite the necessary trust to ensure creative collaboration, but also be the carrier for tacit knowledge transfer which is notoriously hard to achieve in both real life (RL) and SL. Effective marketing and advertising are also heavily supported by emotional data and sensory stimulation. I later explore how neuroscience suggests some reasons why avatars can engender empathy in SL participants and how that can contribute to trust and sharing (Clippinger & Bollier, 2005).

Second Life is a Massively Multiplayer virtual online world. However, the company that started it, Linden Lab, does not consider it to be a game. Instead, it is closer to a real society, in which resident avatars buy and sell land, houses, and objects that are created. In the parlance of the residents, this "in-world" economy turns over more than $1 million a day, and there is almost every service that you can find in the real world in Second Life. Some of the most successful businesses in SL are real-estate and fashion (Tiffany, 2007).

In 1999, I established a virtual reality (VR) consultancy and reseller business, LaunchSite. The company's expertise builds on my experience in the film and advertising industry and applies it to VR theatres and network enabled virtual workspaces. In this chapter I explore the lessons learned prior to Second Life from my company's experience with the international advertising agency, Saatchi & Saatchi, and argue that there are two main business drivers propelling corporate interest in SL, knowledge management and marketing. The virtual workplace solutions that we explored for Saatchi & Saatchi must be seen in the historical context of the technology available at the time, and as a precursor to virtual worlds such as Second Life. Saatchi & Saatchi Worldwide is an advertising agency that originated in England and is now headquartered in New York. It lists amongst its clients the powerhouse Procter and Gamble, the biggest advertiser in the U.S., and America's number one car company, Toyota. It has approximately 7000 employees and 53 offices in 83 countries. In 2007 it was named "Agency Network of the Year," at the 48th International Clio Advertising Awards (Saatchi, 2007).

In 2000 my company, based in New Zealand, proposed a network of virtual workplaces to Saatchi & Saatchi Worldwide using SGI Reality Theatres. The concept of it was similar to that offered by Linden Lab, the creators of Second Life; however, Second Life goes far beyond our original scope and has the ability to bring together large numbers of dispersed people in a creative and collaborative virtual workplace, and for very little cost. The Saatchi & Saatchi example provides some important points to consider when contemplating virtual workplaces for innovation and creativity. Emotion and sensory stimulation play a central role in marketing to the consumer and in terms of communicating tacit knowledge to coworkers.

Knowledge management has become a popular obsession amongst some of the leading business thinkers (Davenport, Prusak, & Wilson, 2003; Dixon, 2000). Tacit knowledge is that which

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