



Digital Internal Audit

The Upsides and Risks of Extended Reality and the Metaverse



Extended reality (XR). Distributed ledgers. Nonfungible tokens. Web3. The convergence of these emerging technology trends is fueling the rise of the metaverse—an immersive, interconnected 3D world poised to redefine how we live, work, and socialize. What could the metaverse mean for your business and what role can your internal audit function play?

Imagine applying for jobs, earning a living, meeting with friends, shopping, being at a music concert, holding business meetings, or even partaking in immersive training using the virtual capabilities of the metaverse. It may sound like science fiction, but it's fast becoming present-day reality. Indeed, experts have projected that by 2030, the estimated target addressable market for the metaverse could be worth as much as \$8 trillion–\$13 trillion.¹ And as we evolve from consumer-driven gaming and shopping to more enterprise uses of the technologies that can power the metaverse, we will begin to see new business models emerge.

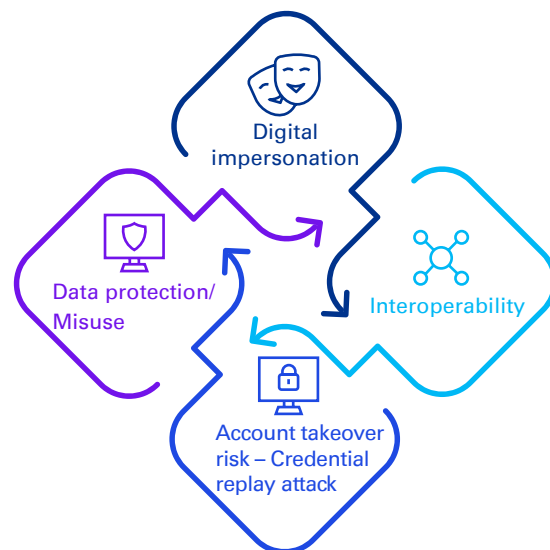
As businesses actively explore and evaluate immersive experience related technologies, internal audit (IA) leaders need a seat at the table from the start. Business and technology stakeholders may be focused on the potential upside of these innovations. IA teams need to help them in assessing relevant risks, whether current or speculative how to mitigate these risks, and how to create trust at every turn.

In our recently published point-of-view article, [Internal audit: Trusted and disrupted](#), we identified that IA leaders take a proactive, consultative role as a strategic risk adviser or problem-solving collaborator. Navigating immersive and technologies is a prime opportunity for IA to proactively engage with internal stakeholders on arising initiatives, offer relevant leading insights to further their risk discussions, and help harness the risks into opportunities.

Organizations will continue to explore the usage of these and other new emerging technologies to achieve strategic goals, and IA functions should innovate to create and maintain ways to evaluate and monitor new and emerging infrastructures and systems to support metaverse and web3 technologies—if an organization decides to adopt or experiment. The IA function can use these strategic shifts to serve as a trusted adviser, bringing the right insights to planning discussions and providing consultative support or real-time assurance.

Four cyber considerations for the metaverse

KPMG previously published a paper about four cyber risks in the metaverse:



[Read the full white paper for additional insights.](#)

¹ Citi GPS Report: 'Metaverse & Money'; Gartner Research; CB Insights; 'Go boldly, not blindly, into the Metaverse', KPMG US

Key considerations for IA

No one can accurately predict exactly how the metaverse will take shape and how it will transform business models or operations. Even so, this is not a time to “wait and see.” Organizations need to be exploring options, building strategies, and piloting initial innovations—with IA participating and contributing at every step.

What follows are some guidelines and guardrails to help IA teams in providing this support:

- **Remember the basics.** Even when using distributed ledger technology or interacting in immersive technologies, core risk management principles still apply. Start there and seize this as an opportunity to build or expand upon your model for managing tech innovations.
- **Be mindful of the ecosystem.** When assessing potential upside and risk, widen the aperture to include all the players that power your business. How might the metaverse and/or other extended reality technologies affect those relationships? How might suppliers and partners change their business models?
- **Start thinking about the art of the possible.** Get creative about how your teams can use immersive technologies to support your own IA function. Examples could include managing workgroups, training employees within IA, and using extended reality to train heavy equipment users or healthcare workers with less risk.

Stay nimble. Stay engaged.

Emerging technologies such as extended reality, metaverse and other Web3 technologies are fast moving and changing. No business should stand on the sidelines for long.

With IA fully engaged, your enterprise can take bold yet thoughtful action. Pilot new tech innovations alongside new models for managing risk. See what works well and what needs improvement. Continually iterate—so you can keep delivering greater value to your customers and to your business.



How we can help

As the confluence of disruptive technologies starts to change how people work, learn, and play on a global scale, there is also uncertainty, confusion, and the sheer speed of change that can make entry seem overwhelming. We believe the metaverse is the key to staying ahead—that’s why we’re leading the industry.

We have already started supporting early adopters in deploying metaverse capabilities, incubating innovative offerings, and providing strategic and technical support across the metaverse ecosystem.

[visit.kpmg.us/metaverse](https://www.kpmg.us/metaverse)

Contact us

Michael Smith
Solution Leader,
Internal Audit
KPMG LLP
T: 214-840-6019
E: michaelasmith@kpmg.com

Matt Tobey
Principal,
Technology Risk
KPMG LLP
T: 480-459-3601
E: mtobey@kpmg.com

Stephanie Kim
Senior Director,
Enterprise Innovation
KPMG LLP
T: 949-885-5510
E: jiseonkim@kpmg.com

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