Situation

Palmer Luckey's Oculus Rift is *incandescent*—that is to say that it's a "glittering allure," a product *in potentia* that feeds our imaginations. Turning the dream of Virtual Reality into a successful consumer device is fraught with peril. At any moment, the promise of a new, exciting platform for gaming could be yanked away. Luckey must navigate the dangers of acquisition by Facebook, a brand new partnership with Samsung, and competition from Sony.

Marcus Persson, also known as Notch, the creator of Minecraft, sums up gamers' fears: "Facebook is not a company of grass-roots tech enthusiasts. Facebook is not a game tech company. Facebook has a history of caring about building user numbers and nothing [else]. People have made games for Facebook platforms before, and while it worked great for a while, they were stuck in a very unfortunate position when Facebook eventually changed the platform to better fit the social experience they were trying to build." Persson, an early Oculus investor, recently cancelled his plans to put Minecraft on the Rift, "parting ways" with the company.

Oculus began like many successful tech companies—out of its founder's garage—but the company is unique in earning its first major wave of funding ($2.4 million) on Kickstarter, receiving donations from average users instead of multimillionaire investors. Its success on Kickstarter is directly attributable to Luckey's "for gamers" message. Some argue that this attitude began to change as Oculus attracted first a $16 million investment in June and then a $75 million investment in December of 2013. Finally, Facebook's Mark Zuckerburg resolved the issue completely by purchasing Oculus for $2 billion in March this year. Whether Oculus was originally for gamers or not, it was *for* Mark Zuckerberg now. Just what does Facebook have in mind for Oculus? Will the Rift primarily be a social media platform? Zuckerberg has promised Luckey autonomy. Will (and should) Oculus be a gaming company first?

A few problems with Oculus' current position:

- Undefined, open-ended technical specifications
- Undefined price point
- Undefined launch date (probably late 2015)
- Users' GPU must be powerful (high acquisition cost for consumers)
- No known first party development
- Unknown software support/number of compatible games in development
- Skepticism from core gamers disillusioned with the Facebook brand
- No app store/content delivery system other than the Facebook frontend or a tentative partnership with Valve's Steam
- Game-induced nausea after an hour of playing
- Eye-strain, neck soreness, and other physical concerns
- Complexity of creating a product that adjusts for near or far-sightedness

- User error, complexity of development kit set-up
- Skepticism from the public after the failure of 3-D gaming technology in the 1990s
- Skepticism from the public after the failure of 3-D TVs in the late 2000s
- Disillusionment from former backers on Kickstarter
- Unknown extent of partnership with Samsung
- Expense of Samsung's OLED displays
- Distracting lawsuit with former partner ZeniMax (iD software) over poaching John Carmack and several other programmers
- Unknown competition (Valve, Microsoft)
- Known competition (Sony)

If Oculus cannot overcome some of its challenges (and swiftly), Sony's Project Morpheus may enjoy a first mover advantage as a mass-market VR machine.

Challenge

Don't give Sony the chance.

Your consulting firm has a meeting Wednesday, June 4th, 2014 with Palmer Luckey, founder of Oculus VR. While Mark Zuckerberg and the rest of the Facebook executives have controlling interest, Luckey is the man you need to sway if you have gaming aspirations. At stake is a million dollar contract for your start-up consulting firm. Sell Oculus on your ideas for the Rift brand. How can it be marketed? Should the Facebook name be on the device?

Beyond marketing, should the Rift aim for cutting-edge tech, maybe even delaying the consumer release until after Sony's Morpheus launches? Will the Rift need a special controller for gaming applications, or should it use off-the-shelf third party PC controllers? Should Oculus create officially branded peripherals to compete with the Virtuix Omni? Perhaps Oculus should create its own "killer app" software to bundle with the device. If so, what kind of game is best for launching VR into the mainstream?

Can the company carve out a niche for itself in the games industry, or will its most important functionality be in virtual tourism or medical training or education apps?

Unlike rival Morpheus, Oculus has the wealth of Facebook behind it. Your hardware, software, and marketing suggestions are limited only by time. Morpheus is probably coming in 2015. Is it important to beat Sony to market? What's the best strategy?

In your 6-7 minute group presentations, your team might discuss:

- Your slogan/campaign/idea
- The philosophy/theory behind your idea
- Target demographics for your campaign
- What you see as the unique selling point(s) of the Oculus Rift platform (what you choose to highlight in your campaign)
- What you see as the major weaknesses of the competition in this market segment (what you choose to exploit)

- Hardware choices
- Software Choices
- Implementation/Time Tables/Channels/Campaign details
- Evidence for your campaign's eventual success
- A suggestion of costs

Your team should prepare a Visual Aid for your meeting Wednesday and a small Works Cited page. Palmer Luckey is eager to hear your proposal, so your team should be ready to answer questions from his team at Oculus after your speech. All team members should speak during the presentation.

Relevant links

http://www.businessinsider.com/samsung-working-with-oculus-on-mobile-virtual-reality-for-phones-2014-5

http://www.theverge.com/2014/5/21/5739086/oculus-vr-and-its-founder-sued-by-zenimax-and-id-software

http://www.pcworld.com/article/2088747/valve-and-oculus-team-up-for-virtual-reality-supergroup.html

http://www.vg247.com/2014/02/28/valve-vr-prototype-is-lightyears-ahead-of-the-original-oculus-dev-kit-says-dev-after-studio-visit/

http://www.tomshardware.com/reviews/ar-vr-technology-discussion,3811-5.html

http://notch.net/2014/03/virtual-reality-is-going-to-change-the-world/

http://blogs.wsj.com/moneybeat/2014/03/26/reality-is-facebooks-2-billion-deal-is-a-long-term-investment/

http://www.robdogga55.net/136_Palmer-Luckey-speaks-out-about-Facebook-and-Oculus-VR.html

http://www.virtuix.com/

Useful terms

OLED
HMD (Head-mounted Display)
1080p
Hz
Refresh Rate/Frame Rate
Latency
Spatial audio
Immersion
Field of View
Motion-tracking
Haptic feedback
Stereoscopic display