

Perkins Coie XR Report Highlights New Investment Opportunities Amid Rise of AI

SEATTLE (December 12, 2024) – Despite over a decade of significant investment, extended reality (XR) industry executives still believe that the sector is underfunded. But the rise of artificial intelligence (AI) presents new opportunities to integrate advanced technologies into XR, according to [Perkins Coie’s seventh XR Report](#), released today.

“The industry is at an inflection point, and we’re seeing significant growth opportunities emerge as AI and an evolving definition of the metaverse create new avenues for innovation in XR,” said Jason Schneiderman, co-lead of Perkins Coie’s Immersive Technology industry group. “At the same time, the need for strategic investment remains critical to the industry’s future success.”

The survey of 305 XR industry insiders explores the current state and future prospects of the sector, highlighting both opportunities and challenges as the landscape continues to evolve. The report is also informed by in-depth discussions with nine prominent XR executives.

“XR is reshaping the media and entertainment landscape, from gaming and film to music and sports, but the path to mass adoption remains fraught with challenges,” said Kirk Soderquist, co-lead of Perkins Coie’s Immersive Technology practice. “While users continue to cite poor user experience and high costs as issues, there are also signs of an exciting future ahead as generative AI offers new possibilities for the technology.”

Optimism for the Future, Even Amid Insufficient Investment

The outlook for the future of XR investment is optimistic. More respondents (63%) expect an increase in XR investment and spending compared to Perkins Coie’s [previous survey](#), though fewer anticipate that those increases will be significant. Most industry insiders (83%) still believe investment is lacking, primarily due to market immaturity and economic challenges.

The industry has also seen a shift in the focus of investments. AI investment has surged, with 59% of respondents indicating active investment or development in AI-related XR projects while investment in Web3, non-fungible tokens (NFTs), and cryptogaming have seen a decline.

Despite recent claims that the metaverse is “dead,” a surprising 50% of respondents said they are currently investing and developing in the technology, consistent with the previous survey when the outlook for the metaverse was more confident.

Persistent Barriers to Mass Adoption

The top barrier to mass adoption of XR, cited by 73% of respondents, is poor user experience. The early 2024 release of Apple Vision Pro, noted for its bulkiness and high cost, exemplifies the challenges in creating a consumer-friendly experience. Content availability and quality remains a concern, with 57% of respondents

identifying it as a challenge.

That said, a substantial 83% of respondents believe that integrating generative AI into XR will be beneficial for the industry, particularly for enhancing content creation and fostering creative exploration. The growing interest in AI reflects a shift toward more advanced, intelligent XR applications.

Privacy and Regulatory Concerns

A vast majority of respondents (93%) are worried about privacy issues related to XR, with data collection and surveillance being the primary concerns. In addition, 58% support government regulation of XR to ensure privacy protection, ethical use, and adherence to security standards. Federal regulation, in collaboration with industry stakeholders, is preferred over state-level control.

The full report can be found [here](#).

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