

Facebook's cheap consumer headsets are propelling VR competitors to pivot to enterprise

Article

There was no shortage of eye-grabbing virtual reality (VR) developments last week, with HTC, HP, and Pico all either announcing or releasing new headsets. While most VR use cases are still

limited to gaming and social media, **experimentation** with the technology by businesses during the pandemic has opened up a more diverse array of applications.

Notably, the bulk of the newly announced headsets are tailored toward enterprises, reflecting device-makers' pivot away from the consumer market driven by Facebook's unbeatable Oculus price point.

- **HTC announced its enterprise-focused Vive Focus 3 (\$1,300)**, a standalone headset with a 5K screen, 120-degree field of view, and a swappable battery, which incorporated feedback from carmakers, medical companies and others in its design.
- **HTC also announced the Vive Pro 2 (\$799)**, geared toward both enterprise and consumers. The headset will be the first to support **Display Stream Compression** —which reduces bandwidth demands—and also offers similar resolution specs to the Vive Focus 3.
- **HP launched the Reverb G2 Omnicept (\$1,249)**, featuring pupil-tracking technology and built-in face tracking sensors which HP **claims** will enhance the effectiveness of VR training applications.
- **Pico announced its enterprise-focused Neo 3 Pro (\$699) and Neo 3 Pro Eye (\$899)**, both of which feature single 5.5" displays. These models build off Pico's consumer-only Neo 3 headset exclusive to China.

Headset-makers' pivot toward enterprise markets is partly driven by Facebook's "artificially subsidized" headset prices. According to a 2019 survey of global VR professionals conducted by VR Intelligence, 46% said they saw strong or very strong enterprise growth compared with 24% in consumer markets. Overall, consumers have come to expect lower prices than enterprise customers. In an **interview** with the Verge, HTC's VP Dan O'Brien blamed these price expectations on "artificially subsidized price points," an apparent nod to Facebook's Oculus Quest 2 (\$299). Omdia senior analyst George Jijiashvili **echoed** this point, noting that many companies are shifting focus to enterprise VR because they can't compete with Facebook's loss-leading strategy.

Facebook's ad revenues can subsidize devices to sell at cost for now, enabling the company to undercut hardware-focused competitors and grow its VR user base in the near term. In a recent **interview**, CEO Mark Zuckerberg said Facebook wasn't interested in maximizing profits from Oculus devices, but rather in growing the total number of VR users. Facebook's prioritization of VR adoption over hardware profits aligns with the company's longer-term **ambition** to create a VR-based social platform.

Enterprise VR Software Spending, by Vertical, 2020

millions

Other corporate/commercial	\$84.10
AEC	\$75.40
Real estate	\$69.60
Retail	\$58.00
Automotive	\$52.20
Finance	\$46.40
Aviation and aerospace	\$40.60
Government/military	\$34.80
Education	\$29.00
Developers/creative agencies	\$28.86
Healthcare	\$26.10
Other industrial	\$23.20
Location-based entertainment	\$22.50
Transportation	\$17.40
Oil, gas, and utilities	\$12.18
Telecom	\$11.02

Note: figures reflect market factors at the time of creation

Source: ARTillery Intelligence as cited in company blog, Dec 7, 2020

262078

eMarketer | InsiderIntelligence.com