

Maverick* Research: World Order 2.0: The Birth of Virtual Nations

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Initiatives: [CIO Leadership of Innovation, Disruptive Trends and Emerging Practices](#)

Social networks, digital services and the decentralized web are leading to virtual nations with self-enforcing rules to self-control their governance, coexisting with geographical states. Governments and CIOs should understand the challenges that virtual nations will bring to their organizations.

Additional Perspectives

- [Summary Translation: Maverick* Research: World Order 2.0: The Birth of Virtual Nations](#)
(20 July 2021)

More on This Topic

This is part of an in-depth collection of research. See the collection:

- [Maverick* Research: Push Yourself to Think Beyond Conventional Wisdom](#)

Overview

Specific Maverick Caution

This Maverick* research breaks new ground by presenting a new kind of digital entity, one that is guarded by digital rails, with its own social fabric, culture, policies and governance structure. However, this will pose a challenge to the nation states and will have a profound impact on the organizations and society as a whole. Its findings and advice should therefore be treated with caution.

Maverick Findings

- There is a desire by groups of people to create associations based on shared affiliations, beliefs and behavior, unbounded by physical and geographical factors. Digital technology is allowing for these associations to be created.
- Through the use of algorithmic control, digital borders are being erected around these associations. The concepts of citizenship, rule of law, and shared culture, all important factors in defining a sovereign nation, will be equally relevant to these affiliations.
- These digitally bound affiliations exist within and between geographically bound nation states. As they grow in number, they will pose new challenges to national policymakers and executive business leaders.

Maverick Recommendations

CIOs and business executives should:

- Embrace social networks, digital services and decentralized governance as enablers to the creation of new virtual nations of the future, because your customers will be the virtual citizens.
- Prepare and create plausible scenarios for the proxy services as described in this Maverick* research. Sooner or later, you will underpin the value proposition through these proxy services, because the regulations will be around these proxy services.

Strategic Planning Assumption

By 2035, the world will have its first virtual nation recognized as a sovereign state by a geographic nation.

Maverick Research

Gartner Maverick research delivers breakthrough, disruptive and sometimes contradictory ideas that challenge conventional thinking. Formed in our research incubator, it is designed to explore alternative opportunities and risks that could influence your IT or business strategy.*

Analysis

This Maverick* research is going to define a totally different world, which is right there before your eyes. It is slowly being built with all the elements around us. It would have its own economy, complete with jobs, culture, social fabric and governance structure needed to define a nation. There is growing evidence of its germination, and organizations around the globe need to start preparing for it. There are both advantages and disadvantages of being part of this nation. This Maverick* research unveils this storm of a nation brewing just below the surface and promises to leave you with answers to the following questions:

1. What is the structure of a virtual nation?
2. What are the elements promoting the evolution of a virtual nation?
3. What are the implications of the virtual nation? How would it affect nation states and organizations?

This is for CIOs and other organizational leaders willing to prepare Maverick* solutions to be ahead of the competitors in this kind of a nation. Those organizations that will be forerunners in this nation will be the ones to have a sustainable competitive advantage.

Executive Overview

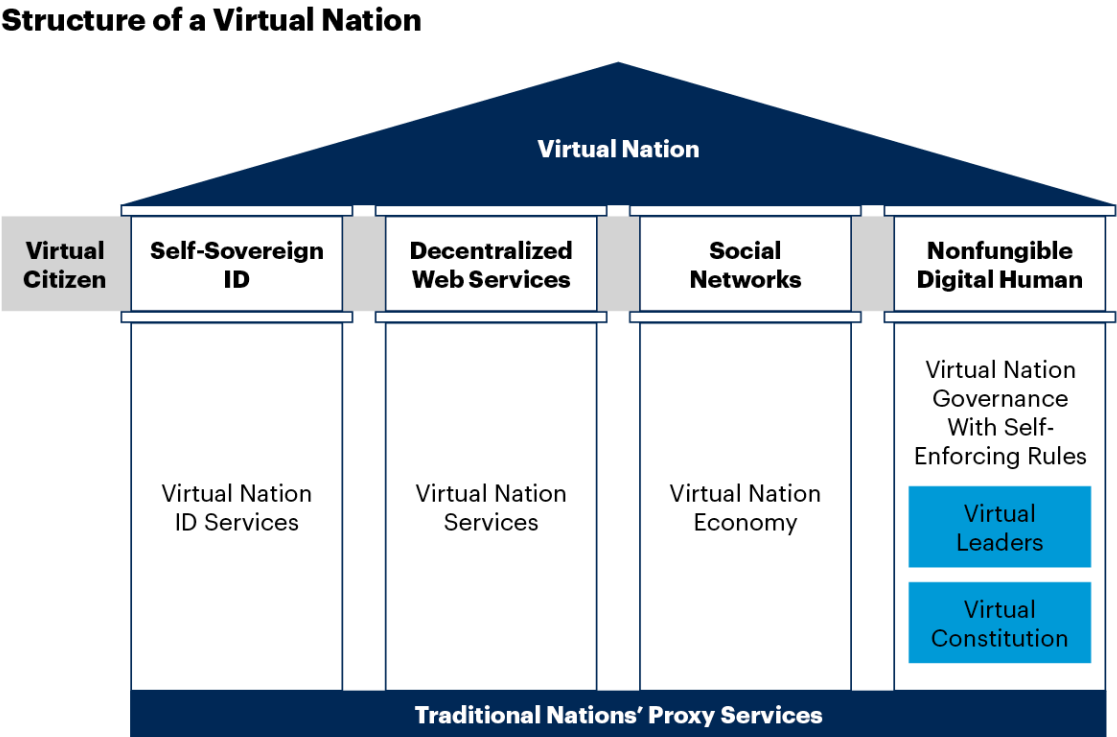
A virtual nation is an entity made up of people and businesses that have come together for their shared beliefs, behaviors and affiliations through digital technology. It has its own membership, governance and culture that give it the form and the content of a sovereign nation, unbounded by traditional geographical boundaries, but shaped by digital algorithms.

Structure of a Virtual Nation

Virtual nations are decentralized nations with self-enforcing rules to self-control their governance as explained in Figure 1 below. The underlying digital affiliations and beliefs define the social fabric or the constitution of the virtual nation. The top influencers, for example, may become leaders of the virtual nations in their decentralized structure.

These virtual nations will claim their power of existence when they establish identification through issuance of passports or IDs, the power of which will be equivalent to that of a sovereign nation. Virtual nation services would take care of psychological healthcare and safety, privacy protection, and cybersecurity, providing self-sovereign ID services.

Figure 1: Structure of a Virtual Nation



Source: Gartner
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Virtual nations would provide proxy services to traditional nations, such as marriages, birth certificates, land titles and education services. For example, on the proxy services, Bitnation ¹ is the world’s first “decentralized borderless voluntary nation” (DBVN). Bitnation started in July 2014 providing proxy services. It hosted the world’s first blockchain marriage, birth certificate, refugee emergency ID, world citizenship, DBVN constitution and more. The website proof of concept, including the blockchain ID and public notary, is used by tens of thousands of Bitnation citizens and embassies around the world.

The virtual nation economy would be driven by a digital currency. Whether it is its own digital currency or a cryptocurrency, it would depend on the virtual nation services on the decentralized web. It could consist of several services, for example, self-sovereign ID, quadratic funding, credit scoring and anti-spam tools.

However, these virtual nations are different from a digital nation. An early stage of this is Estonia as a “digital nation” that is mainly digitalizing traditional services, while a virtual nation is transcending geographical and physical boundaries. Virtual nation captures the attention of its virtual citizen’s needs.

Elements Promoting the Evolution of a Virtual Nation

Digital Services and the Decentralized Web: Currently, data storage and computing power are heavily managed by centralized data centers and tightly managed by the nations controlling the physical facilities. Moreover, data has been weaponized historically, and we have witnessed enormous discussions around the location of the data, making it a “national security issue” in recent years. Data protection, data residency, data sovereignty and data localization are some of the fundamental challenges for a public cloud provider. ² However, we do have the internet evolving toward a decentralized web structure. This is foundational for a virtual nation to achieve digital sovereignty. We are currently witnessing new decentralized digital services empowering individuals like decentralized domain name services, decentralized file storage services (for example, Filecoin and IPFS), decentralized computing power (for example, the Internet Computer ICP, Smart Oracle services and Chainlink) and interoperability (for example, THORChain). Storing and processing information in a decentralized web helps to tackle privacy and security issues and, most importantly, empowers an individual or a virtual citizen to act in their own digital capacity without the physical constraints.

Social Networks: Social digital networks have become an important aspect of human day-to-day life with increasing easily accessible digital services. Governments worldwide have generally been focused on the geopolitical and economic growth of their geographic nations, where citizens are the means to achieve these goals. The focus has generally been on the output from the citizenry and hardly on their citizens' psychological health capacity. Hence, this need for psychological health safety is being fulfilled mostly by the social groups available online like Facebook, Twitter, YouTube, WhatsApp or WeChat, where they share affiliations. LBRY (YouTube), OpenBazaar (eBay) and Steem (Twitter) use new novel decentralized governance models. In fact, COVID-19 has exacerbated this belonging ³ wherein working, playing, studying and socializing happened on digital platforms. It provided the perfect opportunity to create more immersive experiences in games, education, gambling, investing (especially day trading), online chats, videos (the rise of TikTok), social networks, sociopolitical movements, alternative realities and others.

There are several companies which have been envisioning this virtual world — and building their own versions of the digital society. Roblox, Epic, Genies and Zepeto use the term metaverse, ⁴ while Facebook uses Live Maps, and Magic Leap prefers the Magicverse. ⁵ NVIDIA uses the term Omniverse for engineers, an alternate term for metaverse. ⁶ Others prefer the term AR Cloud, Spatial Internet, or Spatial Web. Accenture uses the term “the Nth Floor,” where it is building a global, virtual world for its more than 530,000 people and rapidly growing, and can engage in whole new ways. ⁶ This is pushing the limits of interactivity in the digital world where a community is built based on their behavior and digital affiliations. However, as these communities have been built with their self-enforcing rules and are getting codified through digital borders, these will start defining the rule of law using algorithmic control in a virtual nation.

Self-Controlled Privacy and Data Protection: Privacy and data protection are enforced by a growing number of regulations around the world. People are actively demanding privacy protection — and legislators are reacting. ⁷ More than 60 countries have introduced privacy laws in response to citizens' cry for transparency and control. However, these are mostly privacy protection laws for central services (Twitter, Facebook, etc.). There are ways now for self-controlled privacy, for example, self-sovereign IDs, ⁸ which are the identities through which individuals will control their digital identities. In such a case, users control the credentials which are verifiable, and their consent is required to use these credentials. It also takes care of the data privacy concerns of an individual's credentials.

The Emergence of a Nonfungible Digital Human: The age of a digital human has already begun. It is expected to grow exponentially.⁹ Digital humans¹⁰ are an instantiation of a digital twin of the person and are being used by organizations to develop generic digital human personas. This will represent the perceived monetary value of everyone in the virtual nation. The collective perceived value of a group of individuals belonging to a virtual nation will dictate the digital value and direct the virtual economy and the potential future perceived GDP, as well.

These elements when stitched together within a virtual nation, for example in a Metaverse, to address a virtual nation citizen's needs such as physiological, safety, belonging, esteem and actualization (Maslow's hierarchy of needs¹¹) through social networks and digital services will lead to digital perpetuity for a virtual citizen.

Implications of the Virtual Nation — How It Would Affect Nation States, Organizations and Businesses

Virtual nations are borderless and not restricted to physical boundaries; however, they are yet placed on physical coordinates. Hence, there is an overlap with the jurisdiction of existing geographic nations. People may have a loyalty to their virtual nation but will need to accept the obligations of the physical state:

1. Traditional nations need to deal with decentralized autonomous nations and maintain a cohesive society as a basis for consensus governance.
2. There will be other challenging regulations that will need to be formed and dealt with, such as tax and other regulatory issues, and legal validity of businesses founded in virtual nations. The current initiatives of Europe wanting the G20¹² to make it a priority to make global rules for taxing digital giants is like a transition in this case. However, this gets invalid when decentralized models are in place.
3. The traditional nations will need rules of engagement defined between virtual and nonvirtual business entities.

However, virtual nations will not put existing sovereign geographic nations in a position of ceding their claims over their citizens but coexist with the sovereign geographic nations.

CIOs and business executives should take these steps:

1. Embrace social networks, digital services and decentralized governance as enablers to the creation of new virtual nations of the future, because your customers will be the virtual citizens.
2. Prepare and create plausible scenarios for the proxy services as described in this Maverick* research. Sooner or later, you will underpin the value proposition through these proxy services because the regulations will be around these proxy services.

Organizations will need Maverick solutions to tread this path as this will be something as revolutionary as the internet. The engagement with virtual nation citizens will be as per their shared affiliations and behaviors; They need to appeal to the social group as per their affiliations and behaviors. Many new opportunities will unfold as the virtual nation is shaping up, and those organizations that will be forerunners will be digital giants in the virtual nation to have a long-term sustainable competitive advantage.

Evidence

- ¹ [Bitnation](#)
- ² [Emerging Technologies: Compliance Regimes Will Break Public Cloud Scale and Innovation](#), Gartner.
- ³ [Coronavirus: Impact on Online Usage in the U.S. — Statistics & Facts](#), Statista.
- ⁴ [Silicon Valley Is Racing to Build the Next Version of the Internet. Fortnite Might Get There First](#), Washington Post.
- ⁵ [The Metaverse Is Coming](#), Wired.
- ⁶ [Defining The Metaverse Today](#), Forbes.
- ⁷ [Predicts 2020: Embrace Privacy and Overcome Ambiguity to Drive Digital Transformation](#), Gartner.
- ⁸ [What Is Self-Sovereign Identity?](#) Sovrin Foundation.
- ⁹ [Maverick* Research: Digital Humans Will Drive Digital Transformation](#), Gartner.
- ¹⁰ [Maverick* Research: Nonfungible Tokens Enabling Hyper-Tokenization of Digital Humans](#), Gartner.

¹¹ [Maslow's Hierarchy of Needs Explained](#), ThoughtCo

¹² [Europe wants G20 to make taxing digital giants top priority this year](#), Reuters. [A European Digital Tax for Tech Giants](#), European and International Booksellers Federation.

[Proof of Humanity](#)

[Filecoin](#)

[Chainlink](#)

[THORChain](#)

[The Metaverse Is Everything](#), Out of Scope

[Self-Sovereign Identity](#), SearchSecurity

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