

Value creation in the metaverse

Separating 'hype' from reality

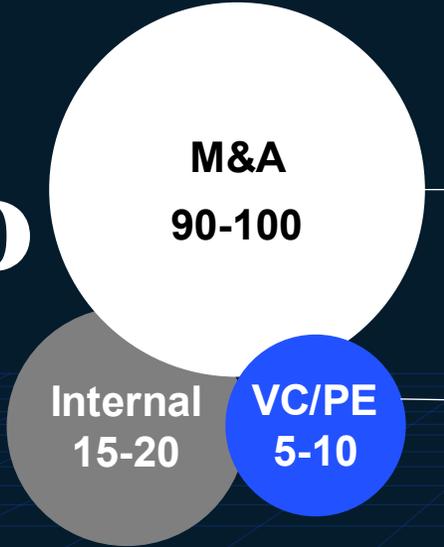
November 2022



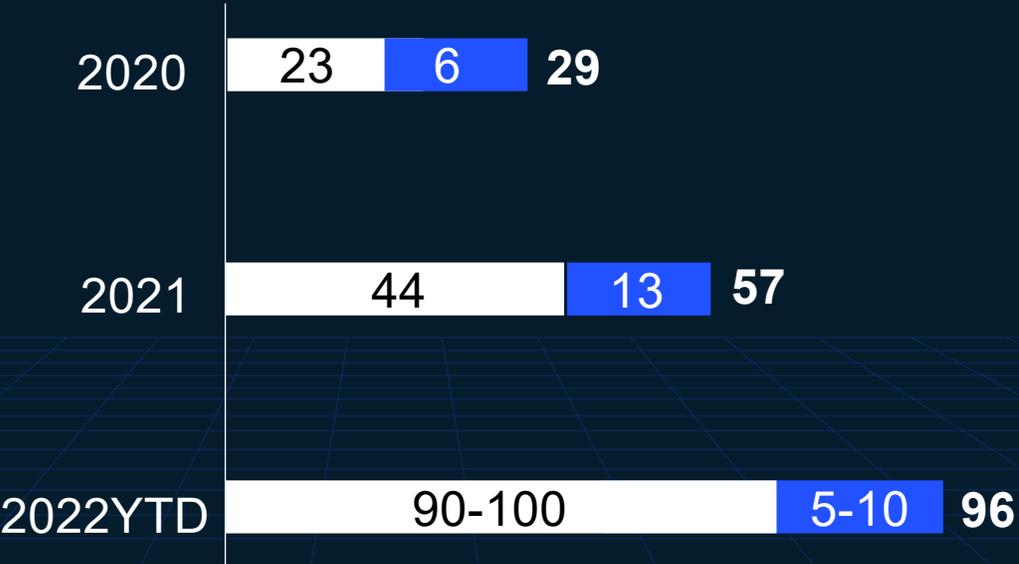
The metaverse may reach \$5 trillion by 2030

Metaverse investment in 2022
\$ billions

**~120
billion**



M&A and VC/PE 2020 through 2022



95%

Executives said the metaverse will have a “positive” impact on their industry

31%

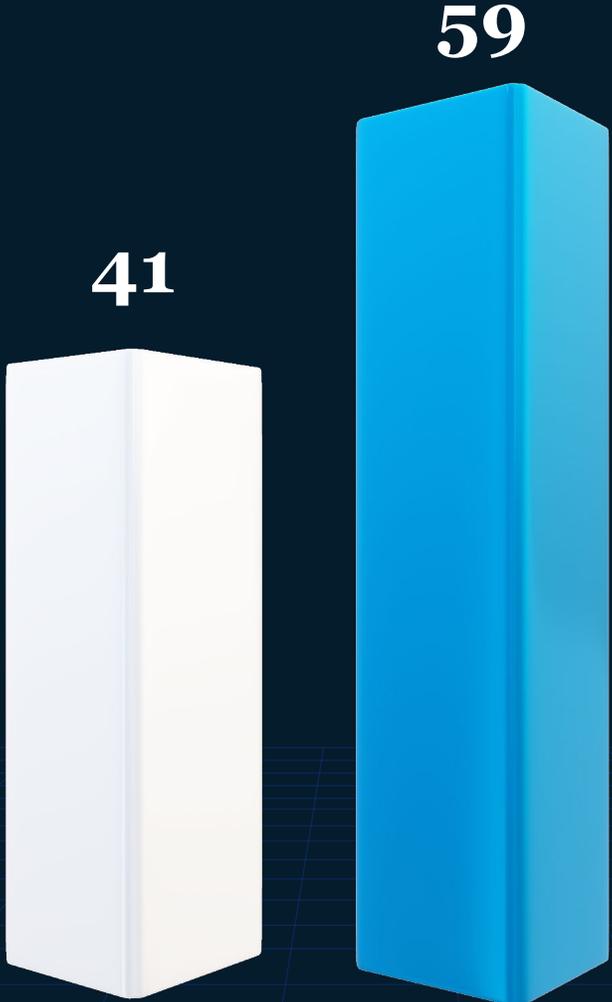
said the metaverse will bring “significant” change to how their industry operates

25%

said >15% of corporate revenue is expected to come from the metaverse in the next 5 years

Consumers look forward to shifting their activities to the virtual world

Preference for at least one activity in immersive world compared to physical alternative
% of respondents



Prefer all activities physically

Prefer at least one activity virtually

Top 5 activities most preferred in an immersive world compared to traditional alternatives, % of respondents



What people are already doing today

Buying NFTs

\$250m+

Daily trading volume of NFTs at peak

Attending virtual events

33m+

participants in Travis Scott's Fortnite concert

Buying hardware

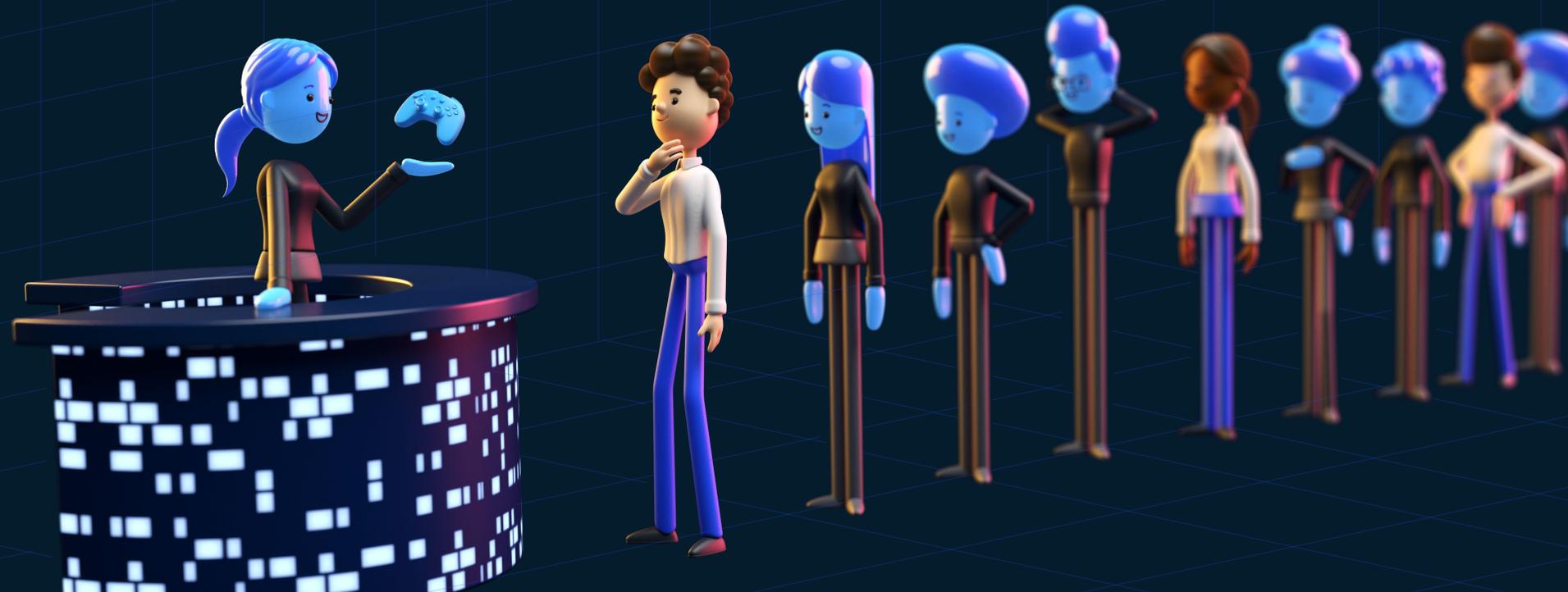
11m+

XR headsets shipped, 80% produced by Meta

Opening crypto-wallets

30m+

Monthly active Metamask wallets



In our client work, we continue to map cross-sector metaverse-related use cases

Non-exhaustive examples

	FRONT Know & serve consumers			MIDDLE Optimize operations			BACK Support the enterprise	
Domains	Marketing	Sales & Service	New Products & Services	Planning	Production	Supply Chain & Logistics	People Development	Technology
								
Key use cases	<p>Branded experiences & storytelling</p> <p>Immersive digital marketing, incl. product marketing (e.g. immersive demos)</p> <p>Customer Engagement (incl. content personalization)</p>	<p>Meta/ virtual commerce</p> <p>Fully immersive buying process (e.g., XR-enabled sales demos/ events)</p> <p>Customer service optimization (e.g., Metaverse-powered assistants)</p> <p>AR-powered retail experiences (e.g., in-store navigation)</p> <p>Remote assistance for field workers</p>	<p>Branded virtual goods (e.g., goods, NFTs, experiences)</p> <p>DeFi products (financial services, insurance, ...)</p> <p>Immersive digital media (e.g., entertainment, advertising, gaming)</p>	<p>Planning & Pre-viewing (e.g., layout optimization)</p> <p>Data visualization use cases (e.g., itinerary planning)</p> <p>Digital twins/ Remote Monitoring</p> <p>Itinerary planning</p>	<p>Predictive Maintenance/ Remote Monitoring</p> <p>Production site optimization (e.g., production flows)</p> <p>XR-assisted product design/ R&D</p> <p>Virtual product engineering</p>	<p>Digital twins/ remote monitoring</p> <p>XR-powered route optimization</p> <p>Data visualization use cases (e.g., stock positioning across the network)</p>	<p>Collaboration tools (e.g., XR-enabled calls & messaging)</p> <p>Virtual Offices</p> <p>XR-enabled Recruitment & Onboarding</p> <p>Learning & Development optimization (e.g., immersive training)</p>	<p>Interface Hardware (e.g., VR/AR, sensor, haptics, ...)</p> <p>Application development (e.g., social, virtual worlds, data visualization tools)</p> <p>Cybersecurity / Digital data protection</p> <p>Infrastructure provision (e.g., 5G, Cloud, ...)</p>

Example 1: BMW is partnering with NVIDIA to create a “future factory” - using digital twins that reflect activities in real time

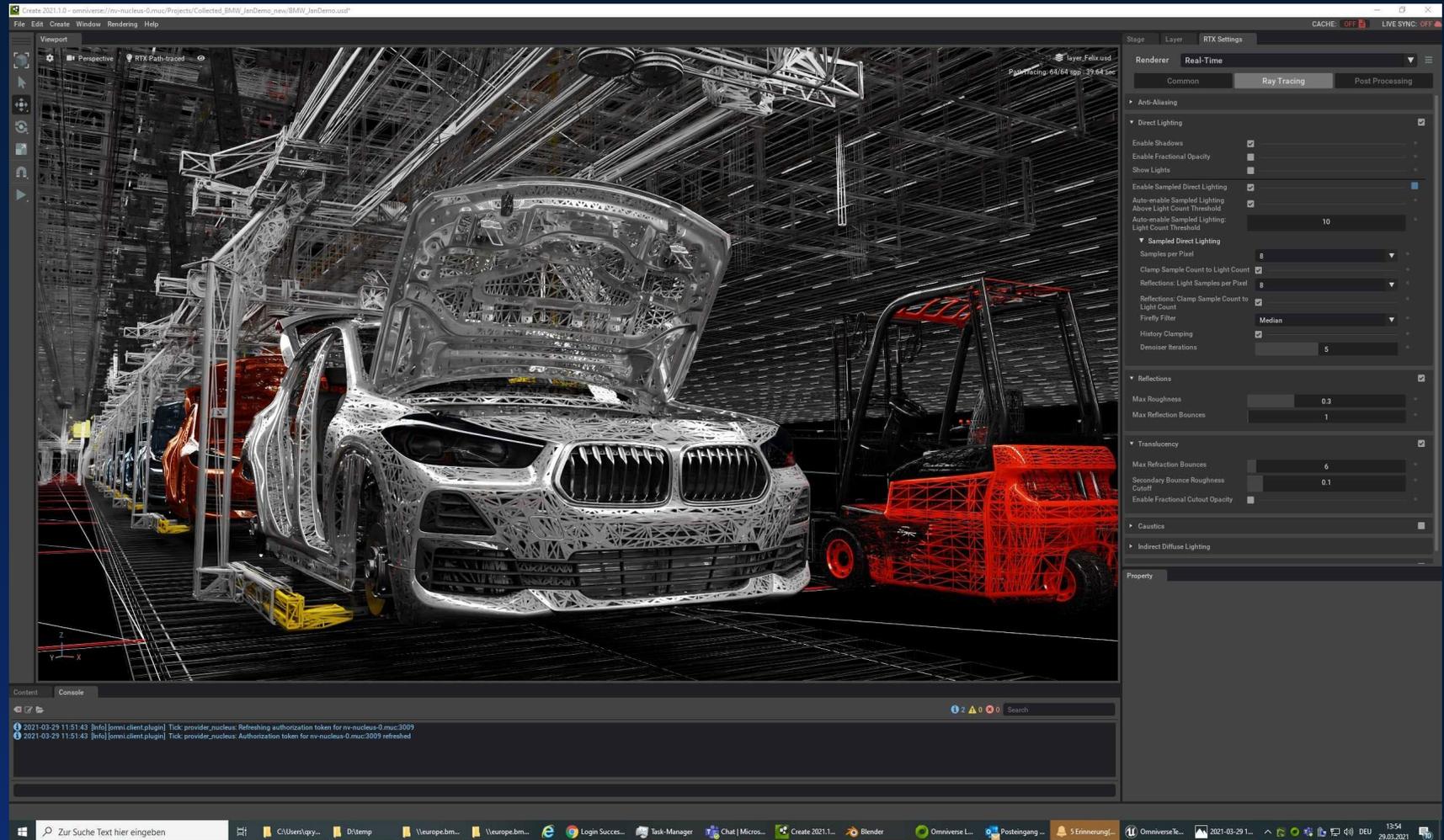


BMW created a digital twin of the fabrication processes of an entire factory that mimics real-life activities

This allows global teams to remotely collaborate at scale, in real-time

It has the potential to revolutionize virtual planning and engineering for highly complex manufacturing systems

BMW have estimated their efforts to bring a 30% boost in planning efficiency



Example 2: HSBC partnered with Sandbox to offer consumers ‘gamified experiences’



Initiative description

The partnership between The Sandbox and HSBC will see the global financial services provider acquire a plot of LAND, virtual real estate in The Sandbox metaverse, which will **be developed to engage and connect with sports, esports and gaming enthusiasts.**

The agreement opens the door for other global institutions to continue innovating in Web3 as consumer adoption demands more robust experiences in the metaverse through decentralized and gamified offerings.

Suresh Balaji, Chief Marketing Officer, Asia-Pacific, HSBC, said: “The metaverse is how people will experience Web3, the next generation of the Internet – using immersive technologies like augmented reality, virtual reality and extended reality. **At HSBC, we see great potential to create new experiences through emerging platforms, opening up a world of opportunity for our current and future customers and for the communities we serve.** Through our partnership with The Sandbox we are making our foray into the metaverse, allowing us to create innovative brand experiences for new and existing customers. We’re excited to be working with our sports partners, brand ambassadors, and Animoca Brands to **co-create experiences that are educational, inclusive and accessible.**”



Act now to prepare the business for the revolution

1

Develop a strategy

Define your metaverse goals

Determine the role you aim to play

2

Test, Learn, Adopt

Select and prioritize the most impactful use cases

Monitor near-term results refine long-term potential

Learn more about users

3

Prepare to scale

Identify and start scaling capabilities

Embed in business strategy and operating model

