



Can we future-proof operations with the industrial metaverse?

Business Transformation Perspective



The better the question. The better the answer. The better the world works.



Shape the future
with confidence

Intro

German industry leaders recently came together to present an agenda for values-led business growth for the next German and European government. Roland Busch, CEO of Siemens, Christian Sewing, CEO of Deutsche Bank, and Ola Kaellenius, CEO of Mercedes, called for a growth plan grounded in values such as diversity, openness and tolerance to achieve Europe's "Economic Miracle 2.0."

The group's ten-point program for Germany focuses on the economy, society and technology. Among other issues, industry leaders are calling for a push to digitalization, promotion of future technologies, and commitment to open, sustainable transformation and more. What's striking about it is that Europe can further these priorities by investing in the industrial metaverse, starting now.

The industrial metaverse is the future of industry. That future is now.

The industrial metaverse has enormous potential to transform industries and entire economies. It's not a faraway future state or science fiction story. The industry metaverse is here and now.

Companies including Siemens, NVIDIA and BMW are pioneering the industrial metaverse, unlocking operations in ways that were not even possible a few years ago. Sixty-two percent of companies increased investment in the industrial metaverse last year – and 81% already use these technologies or plan to do so. The World Economic Forum expects that waste reduction and energy optimization from AI-powered factories will help Europe progress toward its net-zero goals by 2030.

Distinct from the enterprise metaverse and the consumer metaverse, the industrial metaverse is a digital world with real-life overlap. It enables physical-digital fusion and human augmentation for products, systems, production and industrial environments.

Rather than think of the industrial metaverse as a destination – as people did when the metaverse burst onto the scene in 2022 – think of it as a convergence of technologies in a dynamic ecosystem (Figure 1). These ecosystem dependencies are key. No single company will “own” all of the industrial metaverse because its power comes from ecosystem players’ unique and complementary contributions.

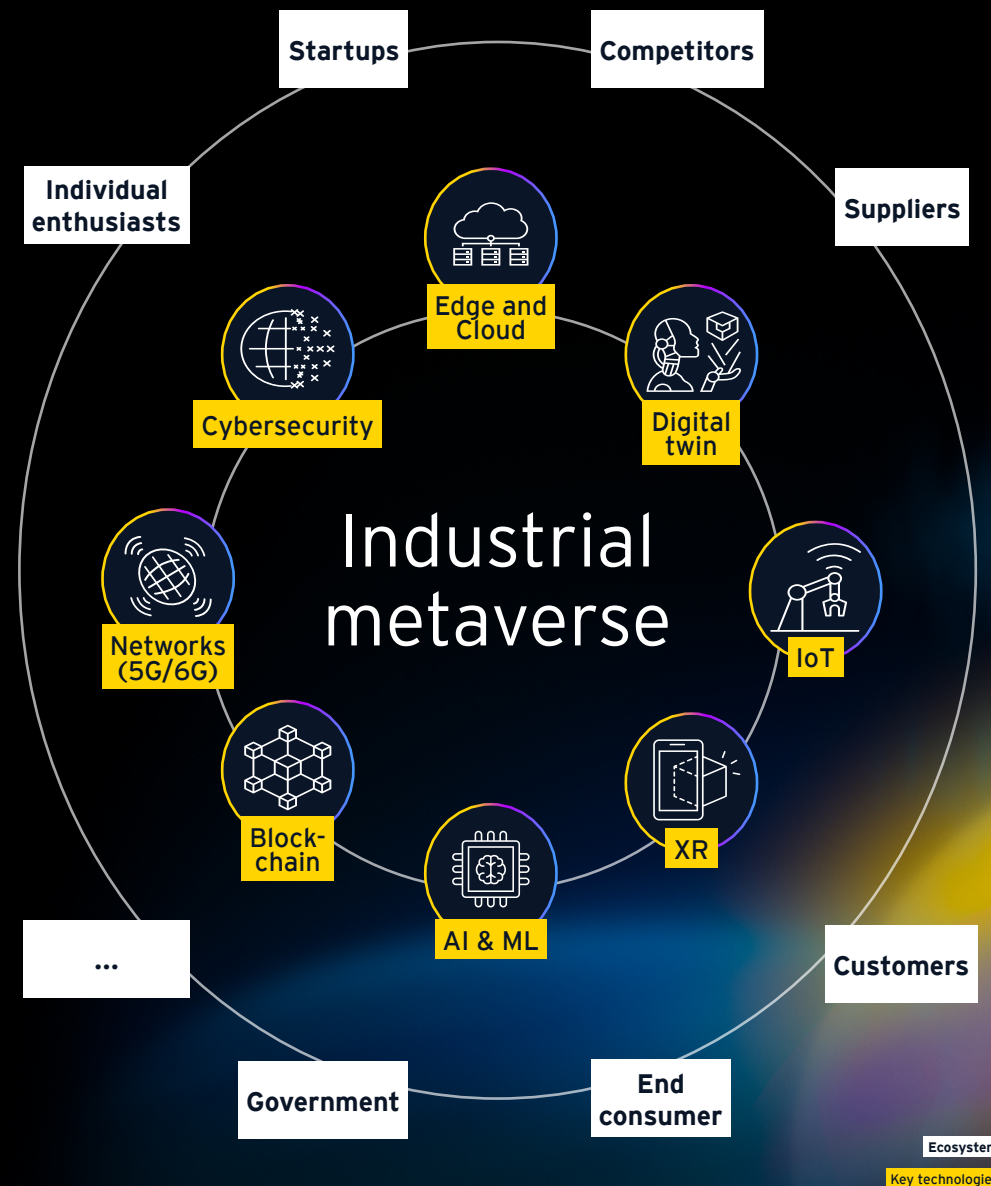
62%

of companies increased investment in the industrial metaverse last year – and

81%

already use these technologies or plan to do so.

The industrial metaverse is enabled by converging technologies in a co-opetitive ecosystem



Solving problems in the digital world

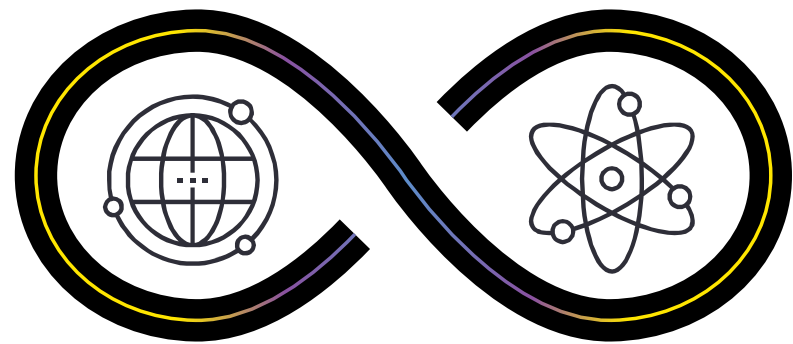
What makes the industrial metaverse a game changer is that manufacturers can solve real-world problems digitally with less strain on the business. They can accelerate speed to market and increase profitability while reducing risk and saving resources – an ideal balance (Figure 2). Put simply, they can get better results faster with less investment. Consider the possibilities of these use cases:

- **Fast, reliable simulations.** Rapidly simulate and monitor products, manufacturing, services and processes virtually in real time by combining digital twins with AI simulations.
- **Proactive problem solving.** Conduct virtual tests to manage risk and optimize performance before anything is built in the physical world.
- **Resource optimization.** Use both physical and human resources more efficiently.

Digital-physical fusion delivers the balance that manufacturers need

Accelerate speed

Reduce risk



Increase profitability

Save resources

The perfect time for the industrial metaverse

It's the ideal time for the industrial metaverse. Industries can no longer operate as they have for decades and expect to drive sustained growth and competitiveness. The world is too uncertain. Markets are in flux. And the challenges of the disruptive global environment are building on each other.

Stalled growth agenda	Shifting customer expectations	Falling profit margins	Rigid supply chains	Customer disconnection	Limited talent pools
Product-centered business models that rely on operational excellence and inorganic growth are less relevant.	Customers have high expectations for solutions and services that meet their specific needs in the moment.	Costs of component parts are on the rise while organic top line growth is stalling.	Lack of visibility stalls manufacturers' agility and customer responsiveness.	Outdated sales channels and poor customer service dampen customer intimacy.	A growing skills gap makes it difficult to replace an aging workforce.

Industry is making a profound shift in response to these disruptive forces.

The traditional focus on driving operational efficiencies with low-cost manufacturing and distribution is moving to a new focus on creating value through insight-driven operations and digitally enabled solutions.

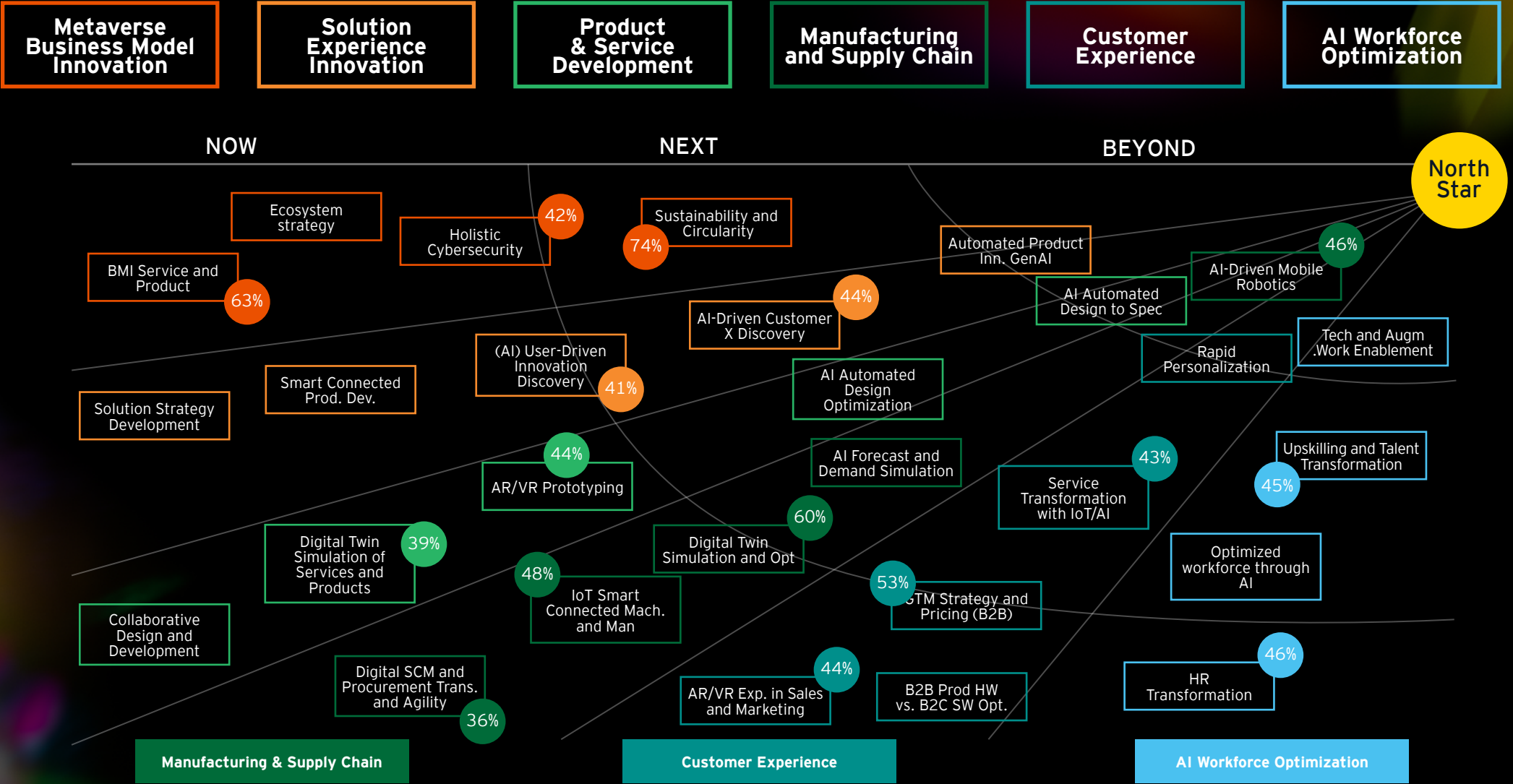
It's possible because of the industrial metaverse.

Multiplying value across the business

The industrial metaverse is a value multiplier in every sense of the word. It can deliver value in six fundamental pillars across manufacturers' business. With collective

transformation in these pillars, manufacturers can evolve fully. Driving transformation with the industrial metaverse is not a one-time action. It is an ongoing journey that will

require setting priorities and flexing to take advantage of new opportunities as technology advances. What stays constant is the North Star that guides the journey.



Ask yourself

What are our priority goals for implementing the industrial metaverse?

What skills will our workforce need to operate within the industrial workforce?

Do we have a sufficient data infrastructure to build digital twins to conduct effective simulations?

What external partners have the skills we need to ease the transformation?

How do we measure success along the phases of the industrial metaverse journey?

There's more to EY organization than you think

A vision for the future of the industrial metaverse.

EY organization is more than a trusted auditor. We are also an experienced transformation partner that can help manufacturers along the industrial metaverse journey.

We see the industrial metaverse through the lens of our Transformation Realized blueprint and its three fundamentals:

innovating at scale, leveraging technology at speed and putting humans at the center.

We can help manufacturers set their desired targets – their North Star – and bring together talented people to help get maximum value from one of the most profound transformations that industry has seen in decades.

Are you interested in future-proofing operations with the industrial metaverse?

EY teams can help.

Contact

Dr. Michael Zapf
michael.zapf@de.ey.com

Dr. Adrian Reisch
adrian.reisch@de.ey.com



**Join us at Hannover Messe to
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31 March–4 April
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