



Industry insight: Protecting intangible assets

Manufacturing sector

The manufacturing industry faces disruptive innovation with a shift towards new technologies, like automation, artificial intelligence, and robotics. The sector is highly competitive and is dealing with talent and workforce challenges that make the protection of intangible assets like proprietary process technologies, software solutions, and innovative product designs essential for staying competitive.

Intangible asset threat trends in the manufacturing sector

Despite disruptions in the global supply chain and workforce in recent years, the manufacturing industry remains resilient. It is undergoing a transformation by harnessing the capabilities of AI, machine learning, automation, IoT, augmented reality, and digital twins. The adoption of connected machinery and equipment is driving greater organizational effectiveness, creating operational efficiency, improving waste reduction, and helping companies in this industry to mitigate supply chain challenges. R&D investment in technological transformation also presents opportunities for new visionary leaders and disruptors to emerge, heightening the need to protect intangible assets in this increasingly competitive industry.

// **The manufacturing (industrials) sector shows a high percentage of its enterprise value as intangible assets (87%).**

Everedge intangible benchmark index //

Examples of intangible assets

- Proprietary process technologies
- Product designs (e.g., circuit board, packaging, machinery, electrical components)
- manufacturing facility blueprints
- manufacturing robotics/AI software

What is the additional risk that your workforce poses to intangible assets?

In recent years, the manufacturing industry has faced challenges in streamlining its workforce to optimize costs while trying to attract and retain skilled talent. Nearly half (48%) of manufacturing employees are looking for a new role or are open to offers.

Flexible and remote work has become an integral part of the employee value proposition and a top attribute in retaining and attracting new talent. Currently, 36% of employees in the manufacturing industry work remotely in some capacity, and they expect this to continue in the future.

Flexible and remote work contribute to environments with less oversight, increasing the risk of employee mistakes that can impact valuable intangible assets. Combined with high turnover, which increases the risk of malicious insider threats. These types of accidental and malicious insider events are on the rise, creating greater risk across the organization and potentially posing a significant financial impact to your business (see sidebar).

The ability to quantify the financial impact of these risks on your organization's valuable intangible assets is critical. At least 23% of insider risk events impact intangible assets and securing the right insurance will allow you to manage potential threats to your intangible assets and minimize related financial losses.

Did you know?

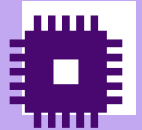
The FINEX specialists at WTW have developed [Intangible Asset Protection \(IAP\)](#), an insurance product that protects intangible assets against financial impacts not currently covered in other lines of insurance. IAP protects non-public, proprietary intangible assets from accidental or malicious insider actions resulting in misappropriated, damaged, destroyed, leaked, or lost IA.

How we can help

Our global specialists can assist you in assessing your intangible asset risk and recommend suitable risk transfer solutions to safeguard your business from financial loss. Speak to your local representative to discuss your intangible asset protection needs and learn more about how IAP insurance protects non-public, proprietary intangible assets by offering:

- Broad coverage for insider event investigation costs
- Flexible coverage to pursue legal action against malicious insiders and related third parties
- Financial loss coverage for employee mistakes, including a prompt interim claim payment

Most lines of insurance exclude coverage for intangible assets. How important are intangible assets to your business?



Given the high percentage of enterprise value represented by intangible assets in the manufacturing sector, protecting those assets is critical. Such assets are especially vulnerable to insider threats, both accidental and malicious.

Event	Accidental insider event example	Malicious insider event example
IA owner description	Automotive manufacturer	Steel manufacturing company
Annual revenue	\$1.65B	\$400M
No. of employees	14,000	2,600
IA description	Proprietary electric vehicle telemetry system information	Stainless steel casting processes including precise quantities of ingredients, best processing times, and temperatures
Actor	Employee	Former employee
Event	Confidential and proprietary company vehicle telemetry information was exposed on the Internet due to a misconfigured database	Longtime employee induced by a competitor to leave and join a competitor and turn over the trade-secret protected processes of his former employer
Financial losses covered	Investigation costs, which confirmed confidential information not viewed or taken by any third party due to short exposure duration	Investigation costs to confirm the event; Prosecution costs to pursue legal action against the former employee and competitor that received the data

Contact us today to discuss which of your intangible assets is most valuable and learn more about how you can protect them against financial loss.

Contacts:

Christian Ryan

North America Industry Verticals Leader

christian.ryan@wtwco.com



Kimberly K. Cauthorn, JD

Intellectual Property and Intangible Asset

Protection Leader

kim.cauthorn@wtwco.com

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