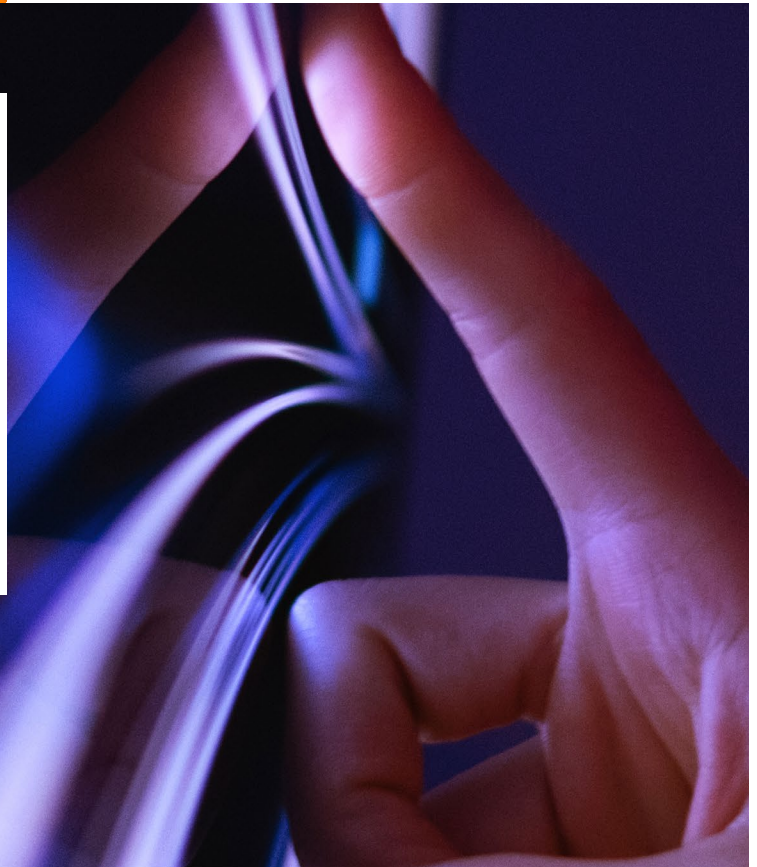


Industry insight: Protecting intangible assets

Technology sector



The tech industry designs, manufactures, and supplies a wide variety of electronic devices and digital services that include computer hardware, related equipment and services, software programs, digital platforms, scientific instruments, electronic components, semiconductor chips, microprocessor boards, cloud-based services, sharing and gig economy platforms, and online retail and services that support the digital economy. These technologies are built on a foundation of intangible assets essential to a tech company's competitive advantage, innovation, and growth strategy.

Intangible asset threat trends in the technology sector

Today, the world thrives on technology, and in this modern era, the tech industry will continue to innovate and greatly influence the global economy. Key emerging areas include AI, cloud, blockchain, metaverse/Web 3.0, super apps, and eCommerce. The value of AI and the metaverse is expected to grow substantially by 2030, creating a wealth of opportunity across diverse industries and businesses globally. The threat of cyber-attacks continues to increase along with the ongoing pressures of regulatory compliance and ESG.

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Intangible assets make up 99% of enterprise value in the technology industry.

Everedge intangible benchmark index

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Examples of intangible assets

- Semiconductor chip designs
- Code libraries
- Processor board designs
- Software programs and platforms including gig economy, trading, and online retail platforms
- Proprietary chip fabrication processes
- Proprietary databases
- Source code and other proprietary software code
- Algorithms
- Wireless standards
- Software development plans

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

In recent years, the tech industry has faced challenges in streamlining its workforce to optimize costs while trying to attract and retain skilled talent. Remote work has become an integral part of the employee value proposition and a key factor in both retaining and attracting new talent. Currently, 57% of employees in the tech, media and telecommunications (TMT) industry work remotely in some capacity, though this may change in the future based on organizational needs and employee preferences.

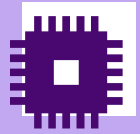
Remote work can mean less oversight, resulting in more employee mistakes that can impact intangible assets. Streamlining the workforce has meant reductions in the tech industry, and when employees leave, they may take valuable intangible assets with them. Less employee oversight and low employee retention rates mean increasing accidental and malicious insider threats (see sidebar). These threats create greater risk across the organization and pose significant financial impact to your business.

Today, 93% of organizations are concerned about insider risks. At least 23% of insider risk events impact intangible assets. Having the ability not only to both quantify the financial impact of these risks on your organization's valuable intangible assets and but also to secure the needed insurance allows you to both manage threats to those assets and minimize the related financial loss.

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.

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 tech 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	Technology services company	Augmented reality technology company
Annual revenue	\$130M	\$225M
No. of employees	350	1,300
IA description	Source code/development plan	Techniques and proprietary technologies used in head-mounted virtual retinal display; deep learning techniques applied to machine vision technology for robotics
Actor	Developer misconfiguration	Former VP of Advanced Perception & Intelligence and former VP of Special Projects
Event	Source code and code development plans stored in a misconfigured GitHub repository; due to misconfiguration, were exposed/seen by third parties	While still employed by the IA owner, the employees planned their own artificial reality startup, ultimately leaving the company to run the new company full-time, taking IA with them, and disclosing IA to potential investors in their new startup
Financial losses covered	Investigation costs to confirm event; Redevelopment costs to change source code and revise code development plans	Investigation costs to confirm event; Prosecution costs to pursue legal action against the former employees and their startup

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 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.

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