

Industry insight: Protecting intangible assets

Telecommunications sector



Telecommunications makes the digital world in which we now live possible. This is because telecommunications companies provide voice and data communication through fixed-line, cellular, wireless, fiber-optic and broadband networks. These communication services are underpinned by intangible assets, which help drive growth within a highly competitive industry.

Intangible asset threat trends in the telecommunications sector

At the heart of the digital economy lies the telecommunications industry, an essential force bringing together individuals, enterprises, and global communities. This dynamic sector is at the epicenter of unprecedented innovation and transformation, which is fueled by an increasing demand for connectivity, the boundless potential of artificial intelligence, automation, and virtual reality to Web 3.0, the Internet of Things, blockchain, cloud-based applications, and 5G-supported edge computing. This opens a vast landscape of opportunity and risk, and highlights the importance of safeguarding intellectual property and intangible assets in a complex and hyper-competitive environment.

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Communication services recognizes 96% of enterprise value as intangible assets.

Everedge intangible benchmark index

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Examples of intangible assets

- Telecommunications equipment designs
- Control software
- Communication system architectures
- Proprietary wireless, optical networking, cellular, and satellite technologies

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

In recent years, the telecommunications 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 top attribute in 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, increasing accidental and malicious insider threats (see sidebar). These types of events are on the rise, creating greater risk across the organization and posing a significant financial impact on your business.

Today, **93% of organizations are concerned about insider risks**. At least 23% of insider risk events impact intangible assets. Having the ability to both quantify the financial impact of these risks on your organization's valuable intangible assets and secure the needed insurance allows you to manage threats to those assets and minimize the related financial loss.

Did you know?

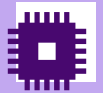
The FINEX specialists at WTW have developed **Intangible Asset Protection (IAP)**, an insurance product that protects intangible assets against financial impacts not currently covered in other lines of insurance. IAP protects non-public, proprietary intangible assets from accidental or malicious insider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

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 telecommunications 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	\$128M	\$225M
No. of employees	350	1,339
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

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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