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The Internet of Things (IoT) is driving productivity increases: 72% of manufacturers saw increases in productivity and 69% saw improved profitability in the past year. According to The MPI Internet of Things Study, sponsored by BDO, half of plant production and equipment processes are already being managed via the IoT, and that number is set to climb. Findings exclusive to BDO reveal, however, that many

manufacturers are leaving cybersecurity and research and development (R&D)

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disruption. The question companies need to ask themselves isn't whether they can afford to invest in the future of manufacturing; it's whether they can afford *not* to," says [Rick Schreiber](#), partner and national leader of BDO's [Manufacturing & Distribution](#) practice.

Additional findings:

Manufacturers play catch-up to supply chains and products

Because cyber attackers often exploit third-party vulnerabilities to gain access to their eventual targets, any security gaps in manufacturers' supplier networks could be dangerous. Most manufacturers are cognizant of and actively address third-party cyber risk, but 27% of manufacturers surveyed do not have a security policy in place for their supply-chain partners and other vendors.

In today's high-risk environment, manufacturers can't afford to make cybersecurity an afterthought. While almost half (47%) of manufacturers surveyed start thinking about cybersecurity during the product conceptualization and design stage, a good number are failing to consider cybersecurity until later, making it more difficult to make significant changes if needed. More than one-in-five (21%) wait until the production stage, while another 18% hold off until the quality control phase. Worse, 10% either don't start weighing cyber considerations until they're marketing the product or don't consider cybersecurity at all.

"A data breach can result in angry customers and lost business, particularly if the victim company is deemed cyber negligent," notes [Shahryar Shaghaghi](#), [Technology Advisory Services](#) national leader and head of International BDO Cybersecurity. "And for manufacturers that sell to highly regulated industries or the government, an insufficient cyber posture—even if they haven't had a data breach—can knock them out of the running for new business or result in terminated contracts."

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progress manufacturers are trying to achieve. Qualifying activities don't need to be flashy or revolutionary, though, or even succeed," says [Chris Bard](#), tax partner and [R&D practice](#) leader at BDO. "If you're trying to make products, processes or software better, faster, cheaper or greener, you probably qualify."

The MPI Internet of Things Study, sponsored by BDO, evaluated the readiness of global manufacturers to incorporate smart devices and embedded intelligence within their plants and into their companies' products. The study was conducted by The MPI Group and sponsored by BDO. In November and December 2016, 374 global manufacturers participated in the study. For additional study findings and information on the respondents, read the [executive summary](#).

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