Rhetoric to Reality:

While it all sounds good, what can we really do?

John Bree
Chief Evangelist & Chief Risk Officer

SUPPLY WISDOM®
Now it's all clear℠

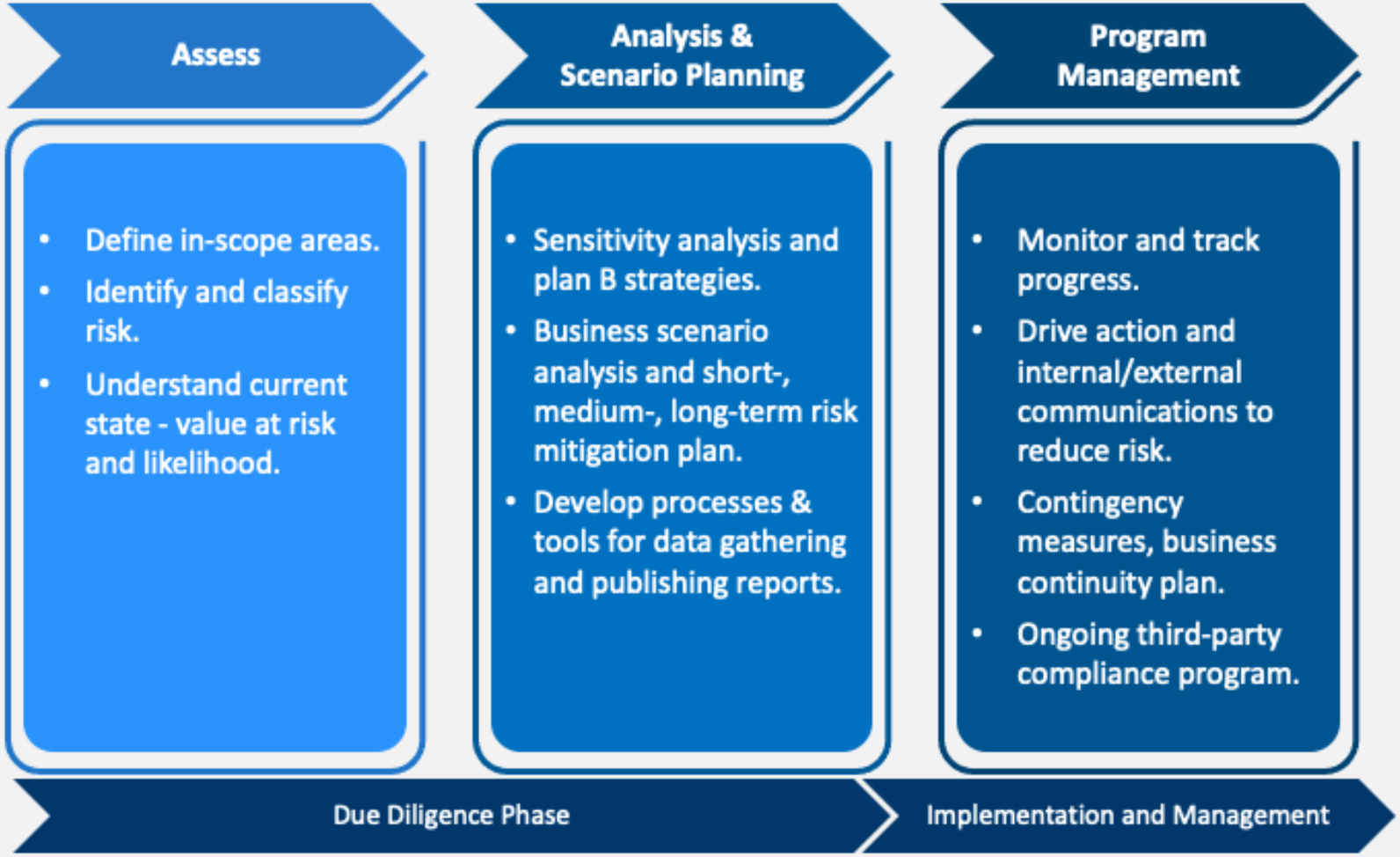
TPRA | THIRD PARTY RISK ASSOCIATION
Fall Virtual Conference 2023

Third-Party Risk Management

Third-Party Risk Management (TRPM) is an ongoing evaluation process for organizations that want to manage the risks that occurs with using vendors and outsourcing services and products. A TPRM strategy helps shine a light into areas of potential business risks. **MindPoint Group**

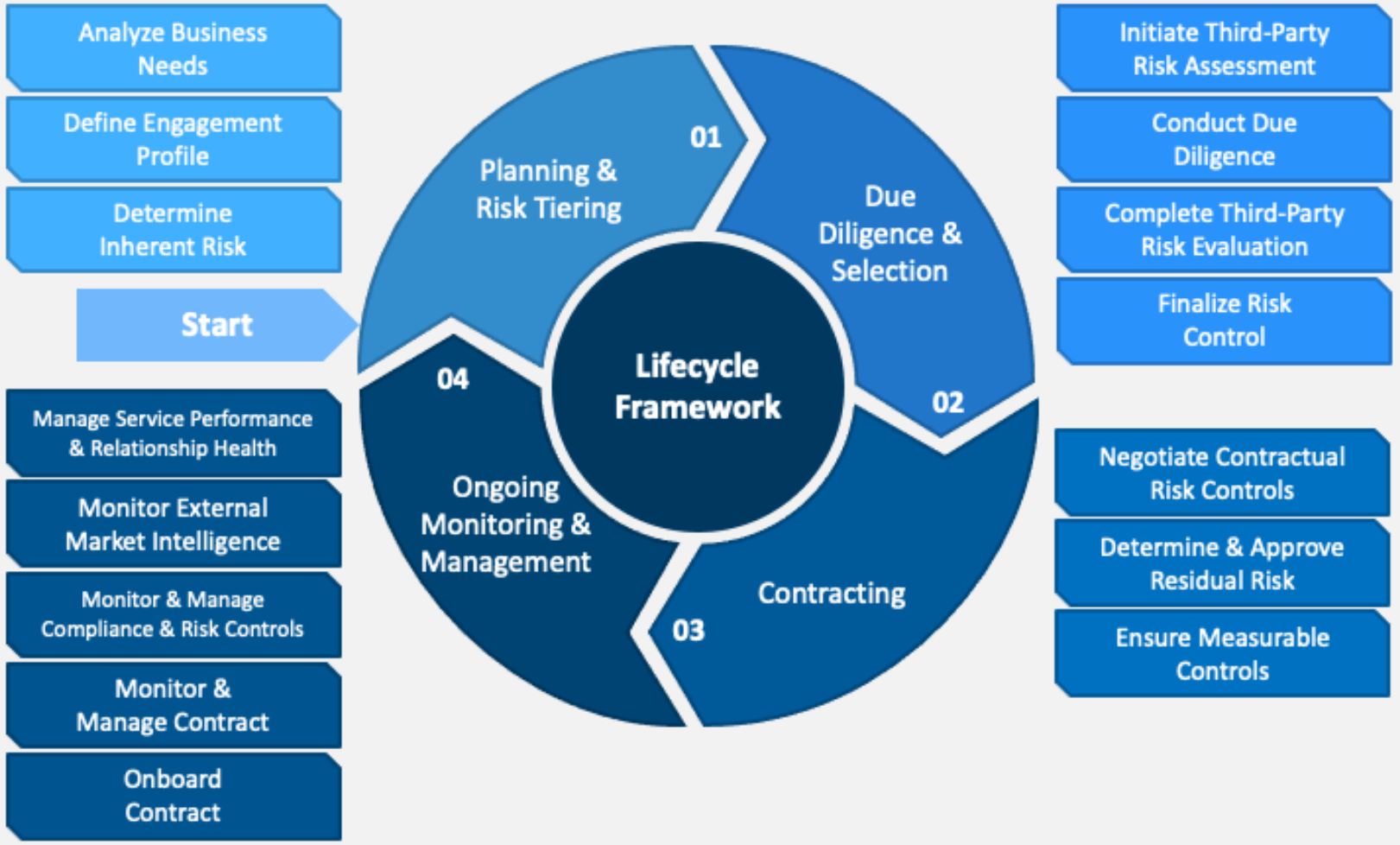
Third-party risk management (TPRM) is the process of analyzing and controlling risks associated with outsourcing to third-party vendors or service providers. This could include: Unnecessary access to your intellectual property, customer information, or other sensitive data. **Upguard**

BASIC and KISS

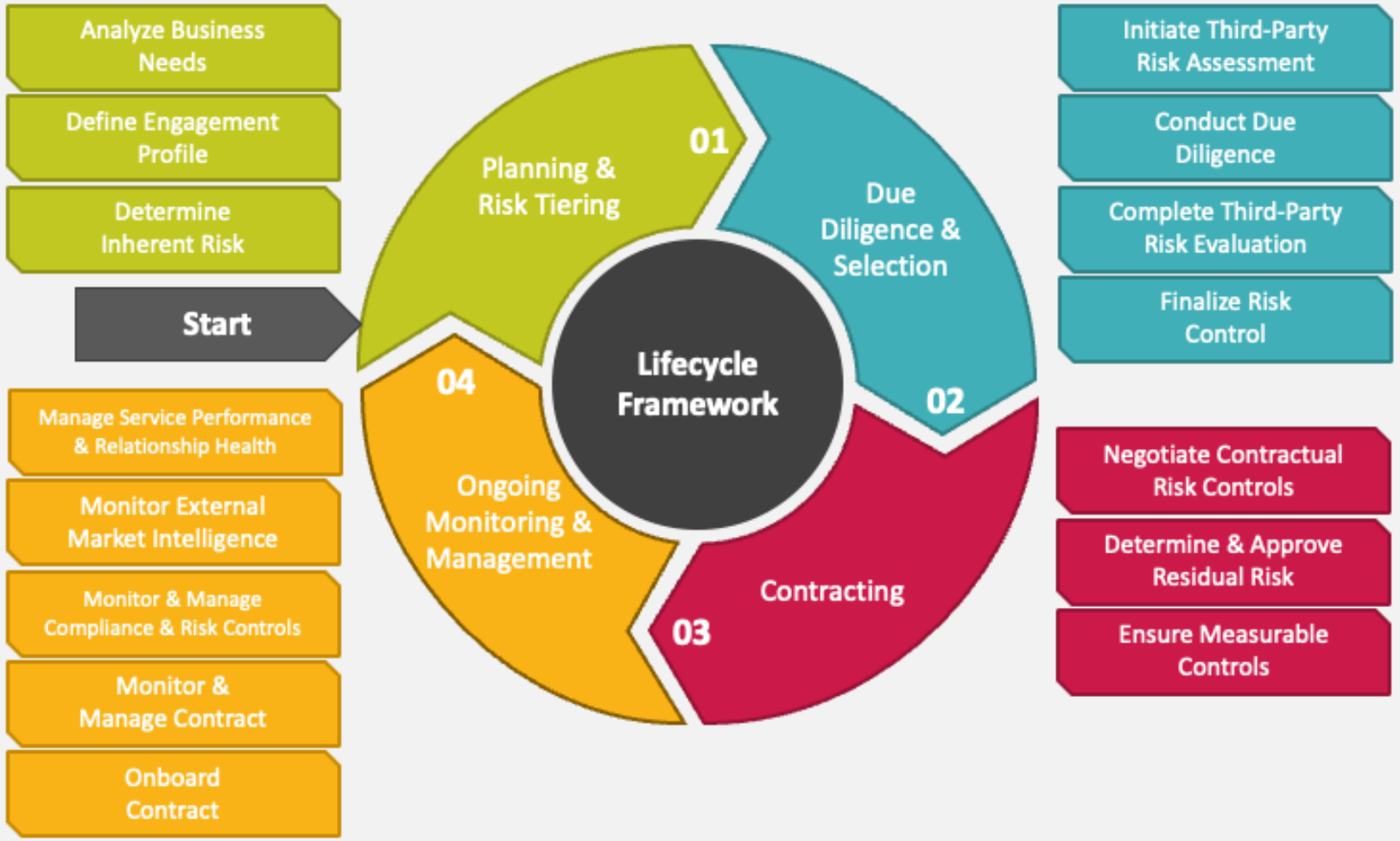


Source: world Economic forum Geneva copyright © 2013

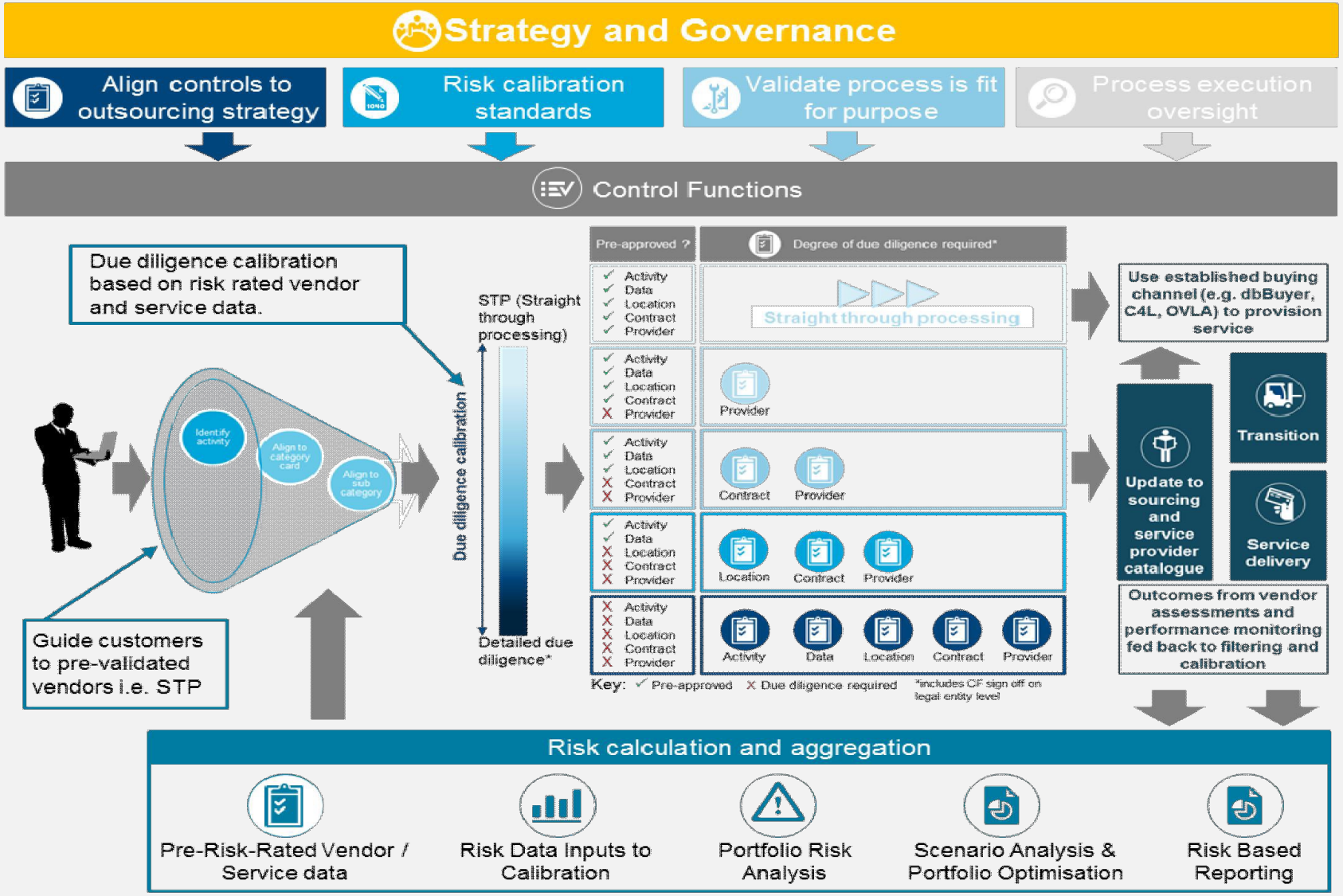
Jazz it up!


Analyze Business Needs
Define Engagement Profile
Determine Inherent Risk
Start
Manage Service Performance & Relationship Health
Monitor External Market Intelligence
Monitor & Manage Compliance & Risk Controls
Monitor & Manage Contract
Onboard Contract
01
Planning & Risk Tiering
02
Due Diligence & Selection
03
Contracting
04
Ongoing Monitoring & Management
Lifecycle Framework
Initiate Third-Party Risk Assessment
Conduct Due Diligence
Complete Third-Party Risk Evaluation
Finalize Risk Control
Negotiate Contractual Risk Controls
Determine & Approve Residual Risk
Ensure Measurable Controls

Getting Serious…



Over the top… Yup, it was me!



The Lifecycle

The REAL lifecycle… Hold on

Planning Phase

1. Business unit or Function group identifies a new product, enhancement, or process efficiency that will have a material positive impact
2. Internal, External, or a combination of operational availability is determined
3. Potential Project Team is scoped, and regulatory mandates identified
4. Business case with estimated development and maintenance as well as projected ROI

Initial Management Approval

...And

Design Phase

5. Project Team finalized
6. Non-negotiable minimum requirements, compliance, and controls established
7. Business/Function Requirements Document completed and approved
8. Business/Function Technical Requirements Document completed and approved

Business case revised, approved, budget assigned.

...And

Procurement Phase

9. Vendor capability review and RFI list developed
10. Request for Information (RFI) with NDA developed
11. Review and Revised Cost/Benefit Analysis
12. Sourcing list finalization
13. Request for Quotation
14. Review and Revised Cost/Benefit Analysis
15. Formal Risk Assessment completed
16. Selection and Contract

Whew!

Implementation Phase

17. Project Team and vendor Data sharing
18. Implementation
19. Monitoring
20. Expansion/Reduction/Modification
21. Exit/Sunset

THE RISK…….. THEN AND NOW

NOT KNOWING

KNOWING AND NOT ACTING

The Future is Exciting!

AND CHALLENGING!

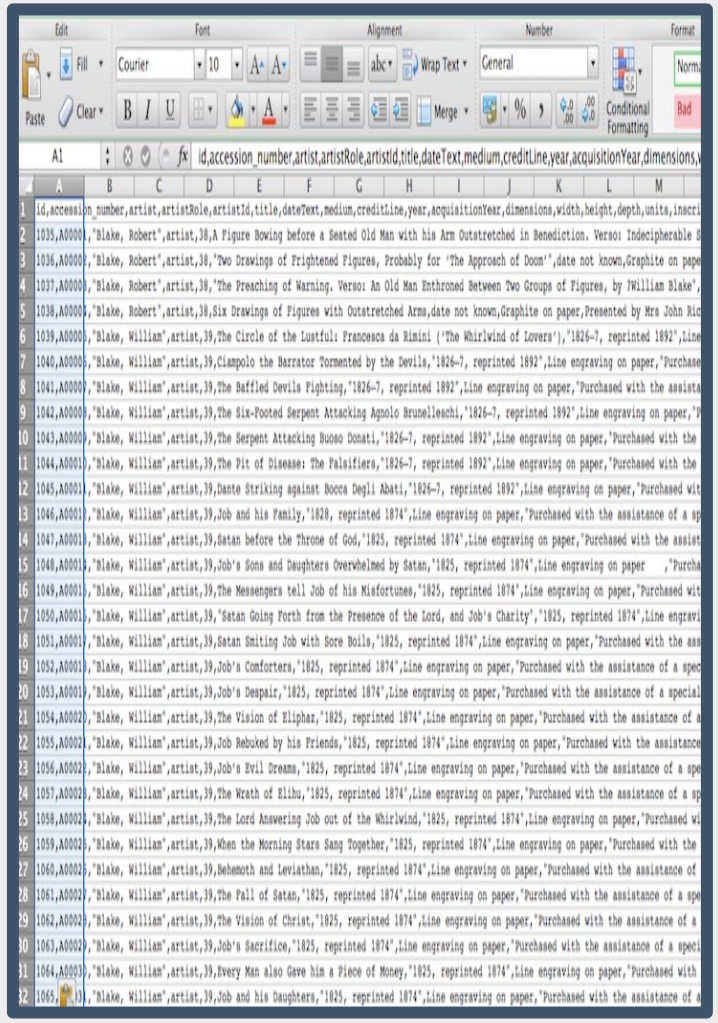
- Evolving Governance Landscape
- Keeping pace with trends and regulations
- Balancing innovation and regulation
- Innovating while complying. Is this feasible?
- How to innovate while being compliant to laws?

Information Overload…… The Hidden Risk

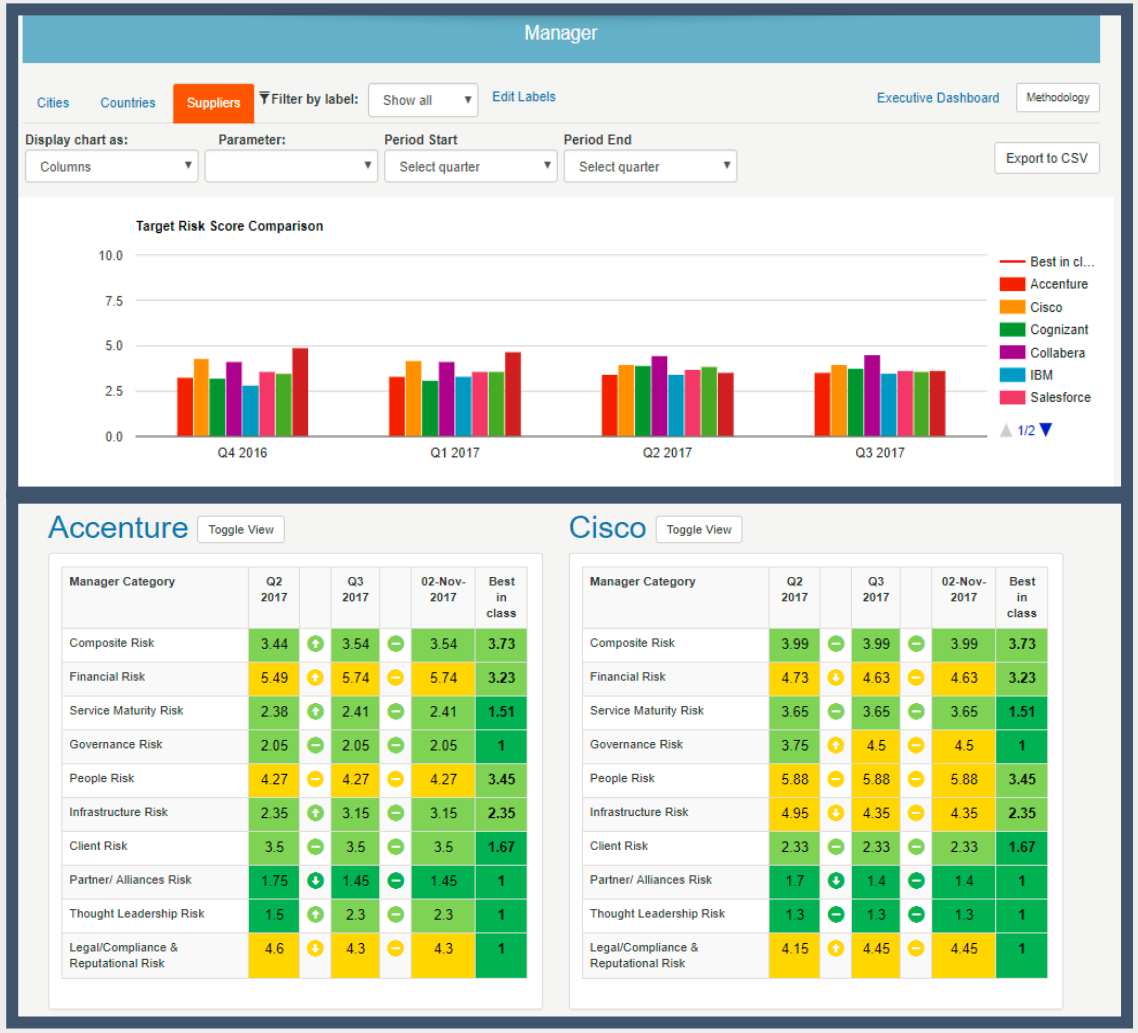
FROM HERE

TO HERE

Data Must be Functional



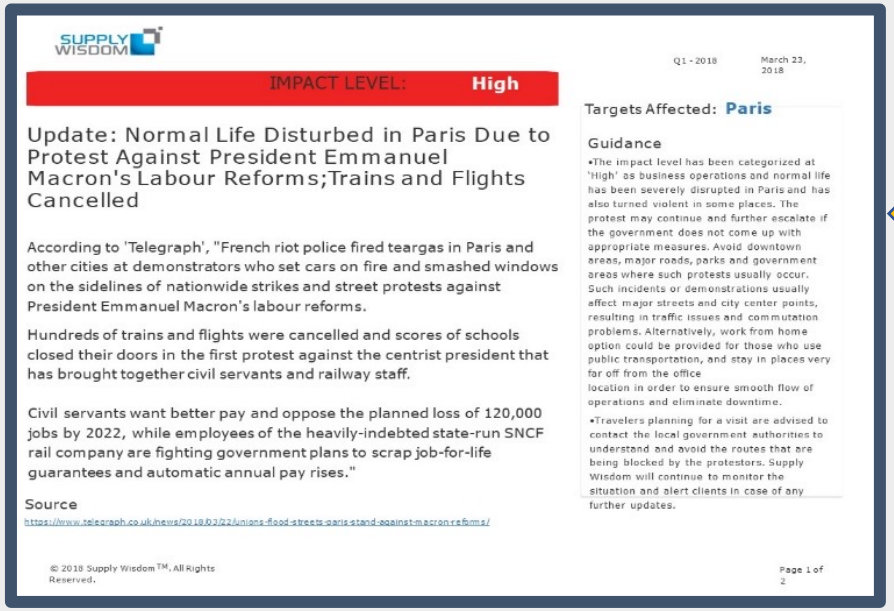
ALGORITHMS & ANALYSTS



Manager Category	Q2 2017	Q3 2017	02-Nov-2017	Best in class
Composite Risk	3.44	3.54	3.54	3.73
Financial Risk	5.49	5.74	5.74	3.23
Service Maturity Risk	2.38	2.41	2.41	1.51
Governance Risk	2.05	2.05	2.05	1
People Risk	4.27	4.27	4.27	3.45
Infrastructure Risk	2.35	3.15	3.15	2.35
Client Risk	3.5	3.5	3.5	1.67
Partner/ Alliances Risk	1.75	1.45	1.45	1
Thought Leadership Risk	1.5	2.3	2.3	1
Legal/Compliance & Reputational Risk	4.6	4.3	4.3	1

Manager Category	Q2 2017	Q3 2017	02-Nov-2017	Best in class
Composite Risk	3.99	3.99	3.99	3.73
Financial Risk	4.73	4.63	4.63	3.23
Service Maturity Risk	3.65	3.65	3.65	1.51
Governance Risk	3.75	4.5	4.5	1
People Risk	5.88	5.88	5.88	3.45
Infrastructure Risk	4.95	4.35	4.35	2.35
Client Risk	2.33	2.33	2.33	1.67
Partner/ Alliances Risk	1.7	1.4	1.4	1
Thought Leadership Risk	1.3	1.3	1.3	1
Legal/Compliance & Reputational Risk	4.15	4.45	4.45	1

Current



SUPPLY WISDOM

IMPACT LEVEL: High

Q1 - 2018 March 23, 2018

Update: Normal Life Disturbed in Paris Due to Protest Against President Emmanuel Macron's Labour Reforms;Trains and Flights Cancelled

According to 'Telegraph', "French riot police fired teargas in Paris and other cities at demonstrators who set cars on fire and smashed windows on the sidelines of nationwide strikes and street protests against President Emmanuel Macron's labour reforms.

Hundreds of trains and flights were cancelled and scores of schools closed their doors in the first protest against the centrist president that has brought together civil servants and railway staff.

Civil servants want better pay and oppose the planned loss of 120,000 jobs by 2022, while employees of the heavily-indebted state-run SNCF rail company are fighting government plans to scrap job-for-life guarantees and automatic annual pay rises."

Source

https://www.telegraph.co.uk/news/2018/03/22/unions-flood-streets-paris-stand-against-macron-reforms/

Targets Affected: Paris

Guidance

•The impact level has been categorized at 'High' as business operations and normal life has been severely disrupted in Paris and has also turned violent in some places. The protest may continue and further escalate if the government does not come up with appropriate measures. Avoid downtown areas, major roads, parks and government areas where such protests usually occur. Such incidents or demonstrations usually affect major streets and city center points, resulting in traffic issues and commutation problems. Alternatively, work from home option could be provided for those who use public transportation, and stay in places very far off from the office location in order to ensure smooth flow of operations and eliminate downtime.

•Travelers planning for a visit are advised to contact the local government authorities to understand and avoid the routes that are being blocked by the protestors. Supply Wisdom will continue to monitor the situation and alert clients in case of any further updates.

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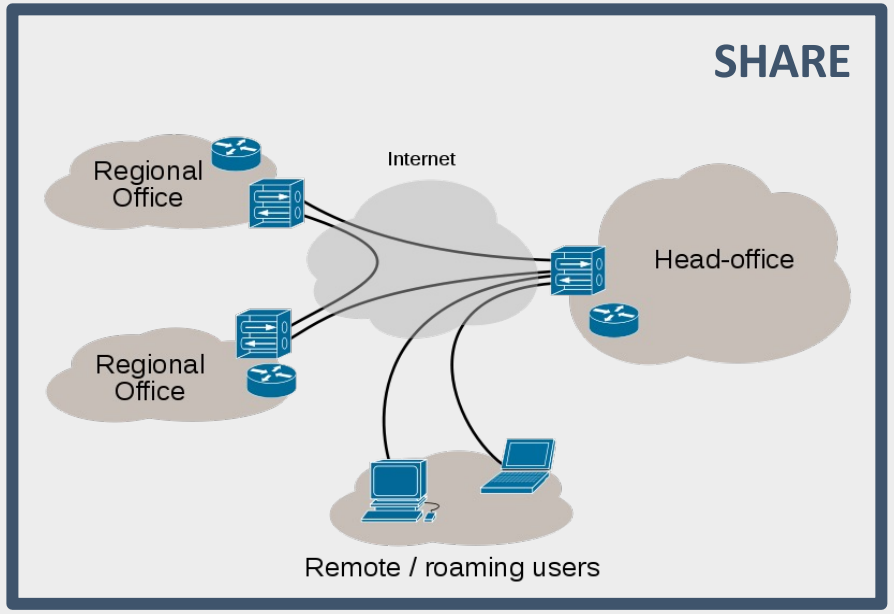
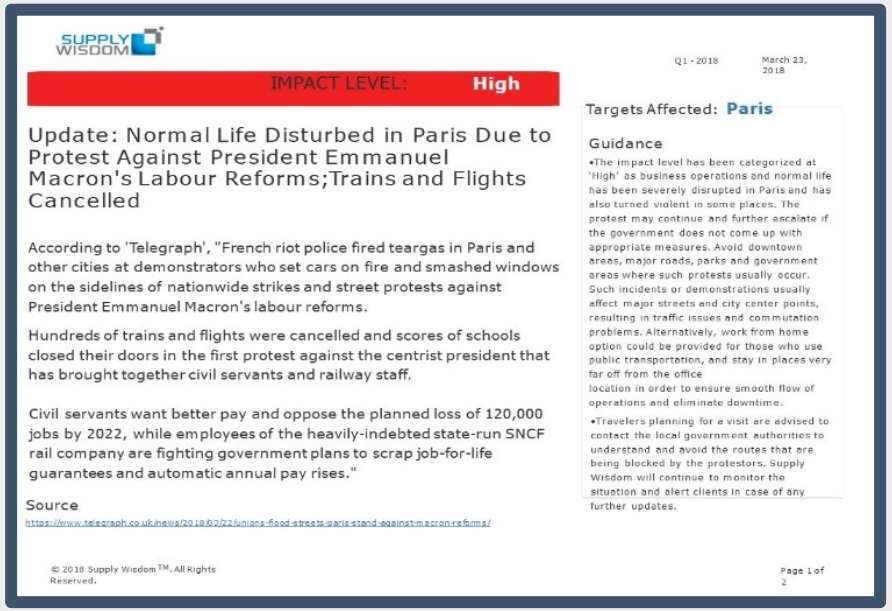


Future



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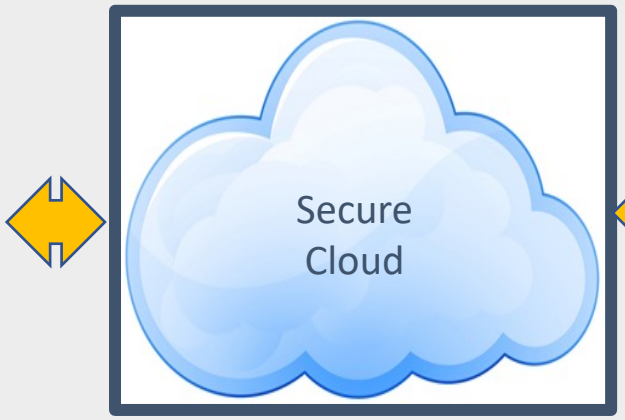

How Do We Get There?

- ✓ Establish a Board Approved Sourcing Strategy Framework
- ✓ Identify and validate Vendors versus Payees
- ✓ What data is involved
- ✓ Risk Rank/Tier Service Providers
- ✓ Determine what vendors do and where they do it from
- ✓ Who else touches the data in the vendor service
- ✓ Complete catalogue of Domestic and Foreign regulations
- ✓ Implement a Governance Fora

Governance in a rapidly changing world

Sourcing Strategy Approval

Proposal Approval and Support

Approves Risk Appetite Values and Exceptions

Updates Outsourcing Strategy on an annual basis consistent with regulatory requirements
Processes Exception Requests
Monitors compliance with approved Outsourcing Policy
Consequence Management and Issue Escalation

Develops Outsourcing Strategy and Appetite parameters
Updates Division/Business Outsourcing program
First Line RCSA and Relationship monitoring

Q & A

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