

Rules to Receive CPE Credits



By attending today's session, you are eligible to receive 1 CPE Credit per the following guidelines:

In order to receive this credit, the following items MUST be completed:

- ✓ Each person wishing to receive CPE Credit must log into the session individually with their credentials
- ✓ You **MUST** answer ALL of the polling questions throughout the presentation
- ✓ You **MUST** be in attendance for the entire live session
- ✓ You **MUST** complete the follow-up survey regarding the session

State of Third-Party Risk Management 2021




venminder

Agenda

1. About the Survey

2. Survey Results

3. Best Practices in 2021

About the Survey

- 5th annual survey
- Collected responses from December 2020 through January 2021
- Collected anonymously
- Wide variety of organizations and industries

Survey Highlights

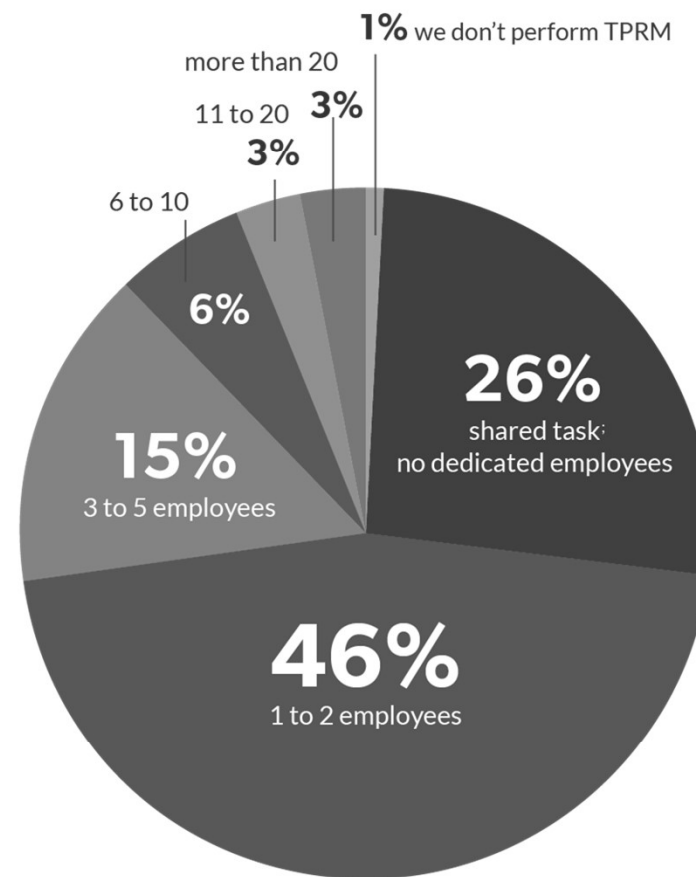
- The maturity of third-party risk management practices continues to evolve and, notably, improve
- More organizations than ever are placing a priority on third-party risk management, as evidenced by the investment of budget expenses increasing for many
- 46% have between 1 and 2 employees dedicated to third-party risk management
- Organizations are continuing to see a practical advantage of third-party risk management as a positive return on investment (ROI)
- 76% have a formal risk assessment processes in place to determine inherent risk and residual risk for all new vendors pre-contract
- The #1 biggest vendor management challenge is not having enough internal resources to manage the workload

Survey **Results**

State of Third-Party
Risk Management
2021

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How many full-time employees are dedicated to your vendor management program?

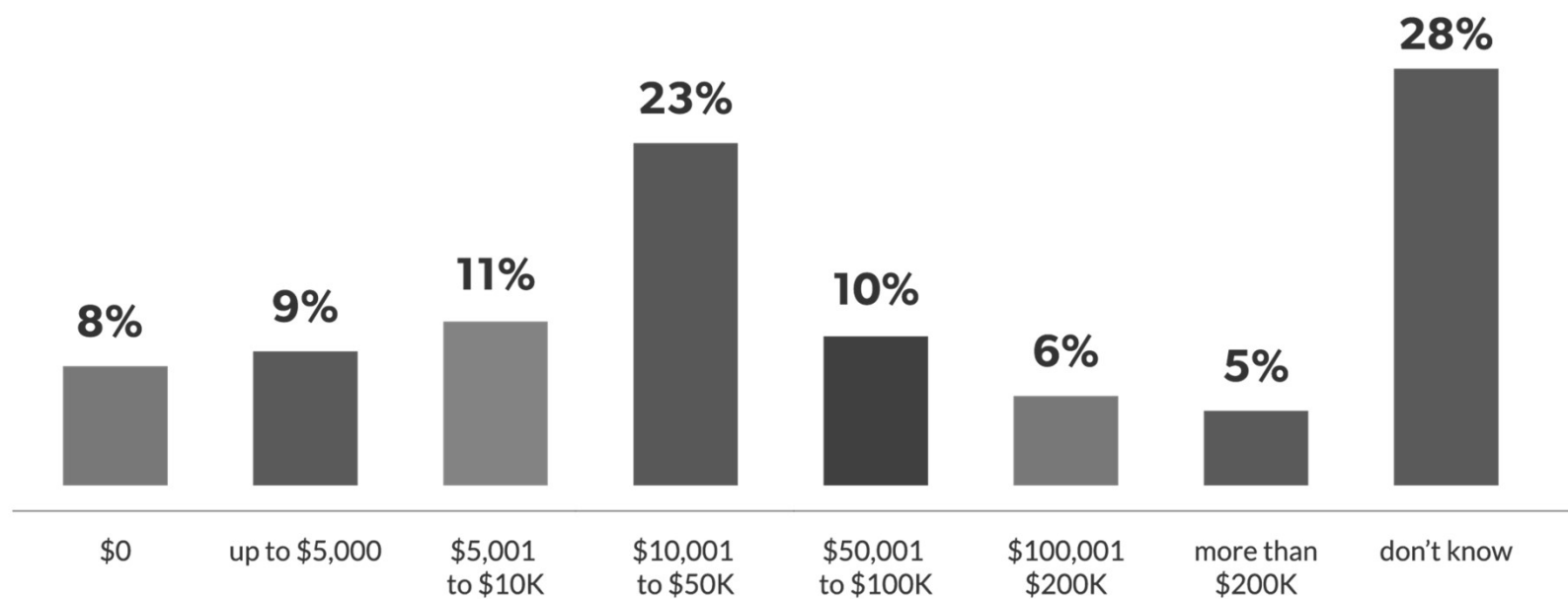


Poll Question

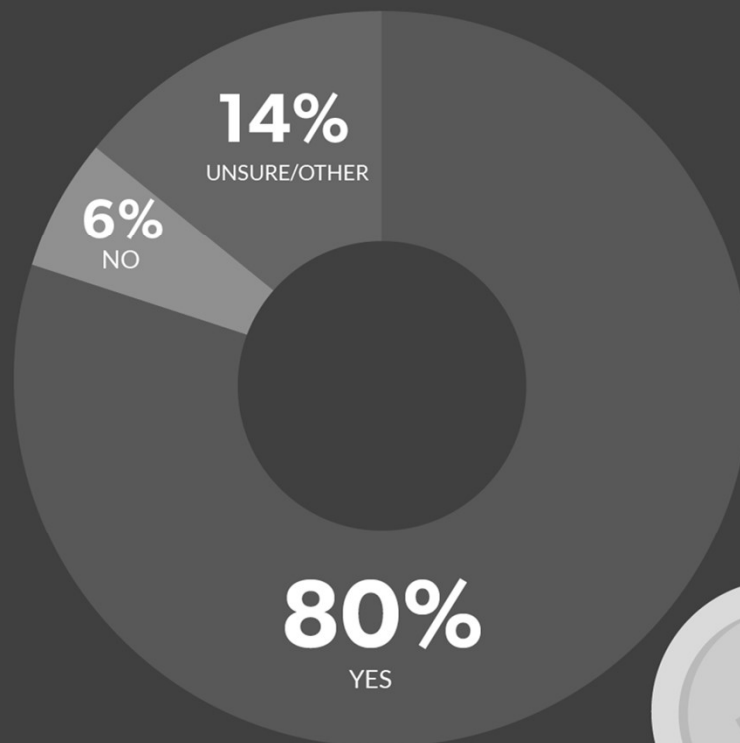
Which stage of the vendor management lifecycle do you consider to be your weakest link?

- a. Scoping
- b. Inherent Risk and Criticality Assessment
- c. Due Diligence and Residual Risk Determination
- d. Vendor Selection and Contract Management
- e. Ongoing Monitoring
- f. Termination
- g. Not sure

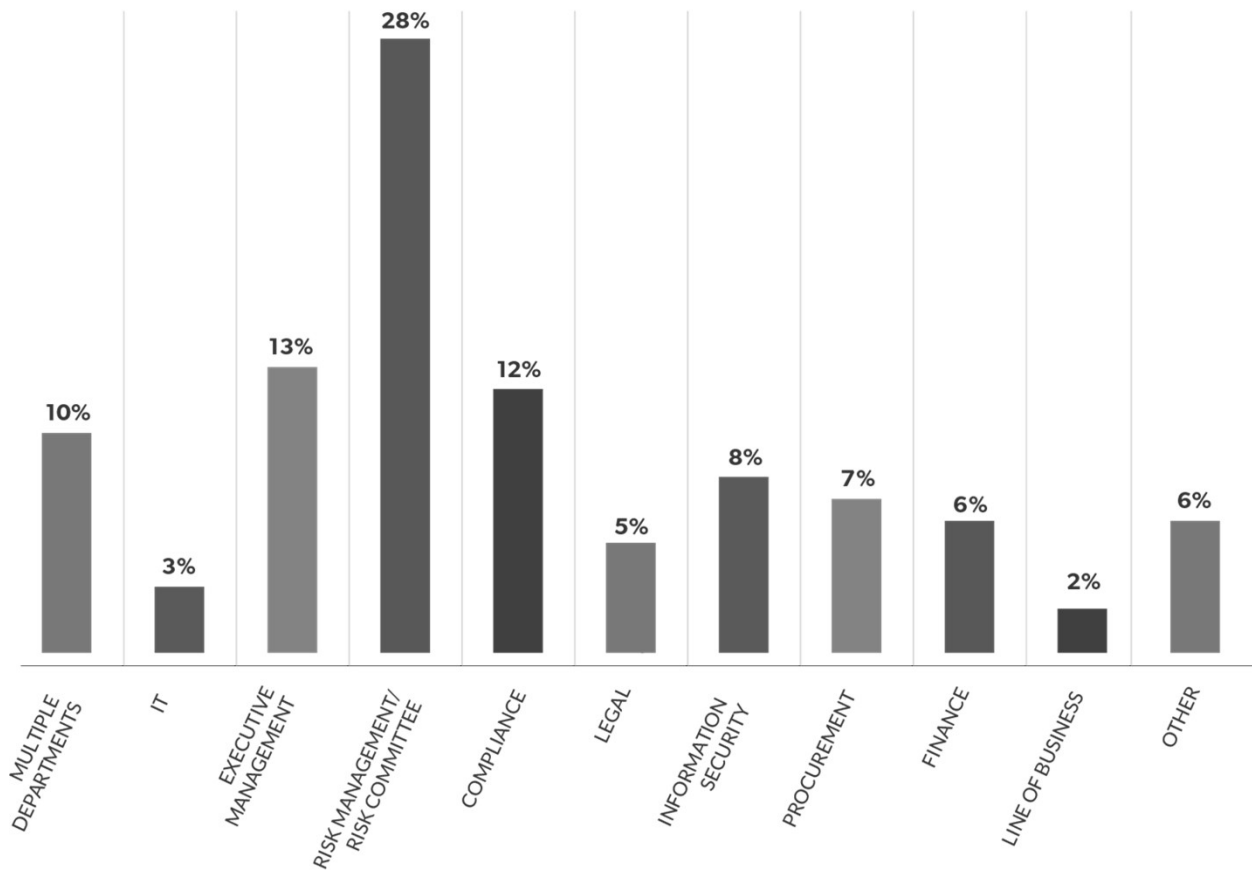
Besides full-time employees cost, how much budget has been dedicated to vendor management?



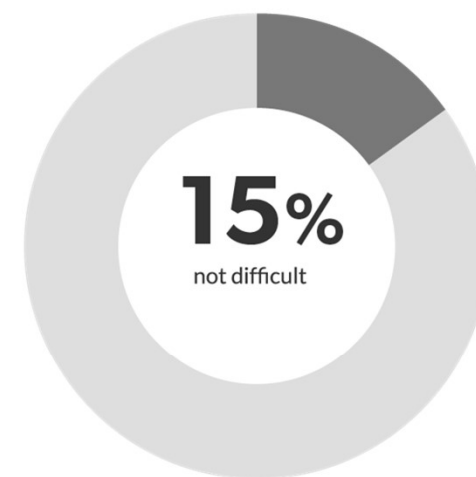
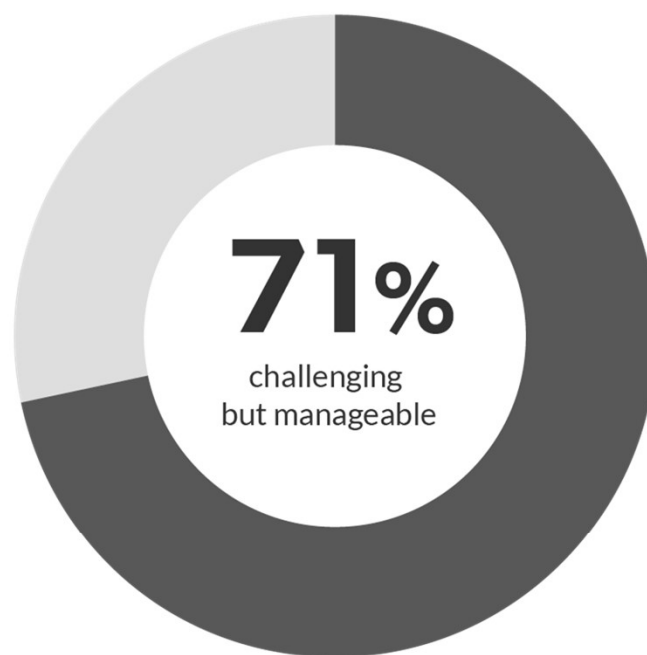
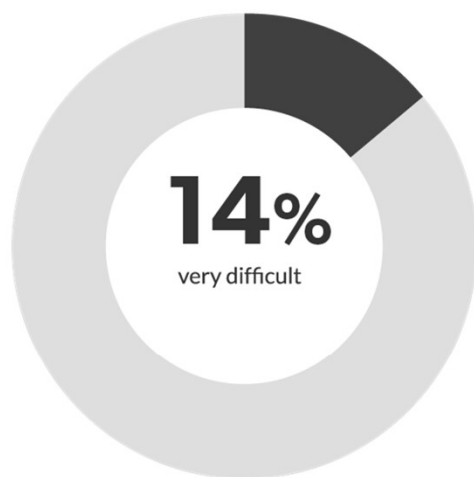
Does your organization believe there is a return on investment (ROI) from efficient vendor risk management?



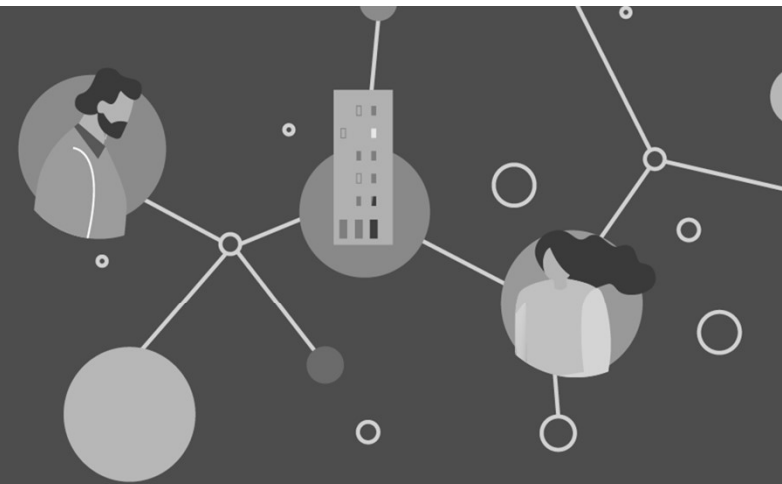
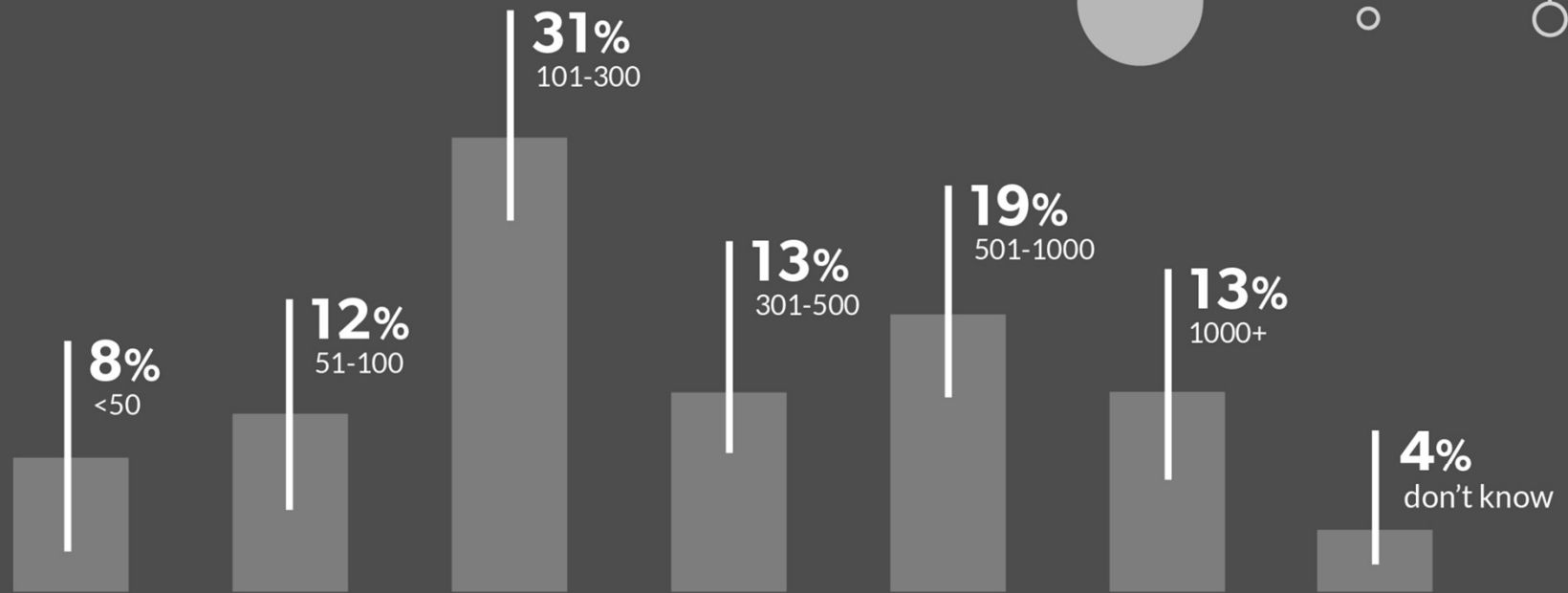
Where does vendor management report to?



How difficult is it to secure business unit support for your vendor management program requirements?

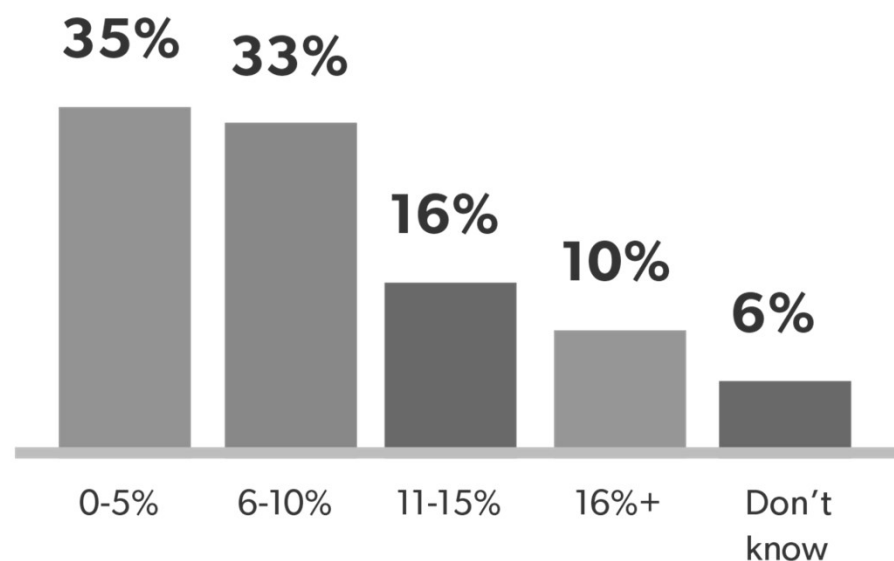


How many total vendors are included in your vendor management program?

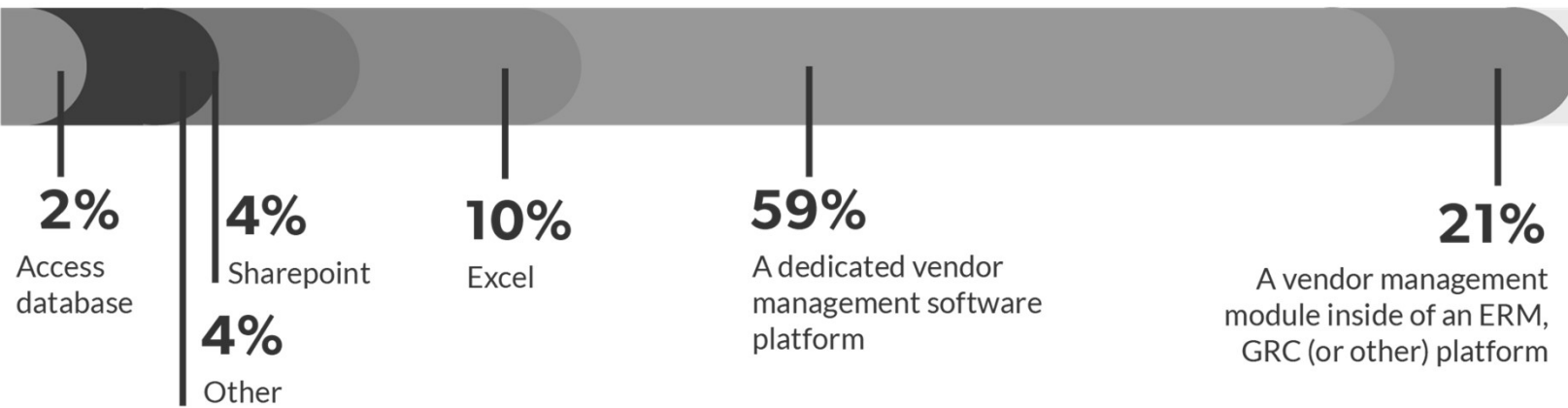


What percent of your vendors would you classify as business critical?

(Sudden loss of those vendors would be business disruptive/impact your customers/take more than 24 hours to recover normal operations from the loss)



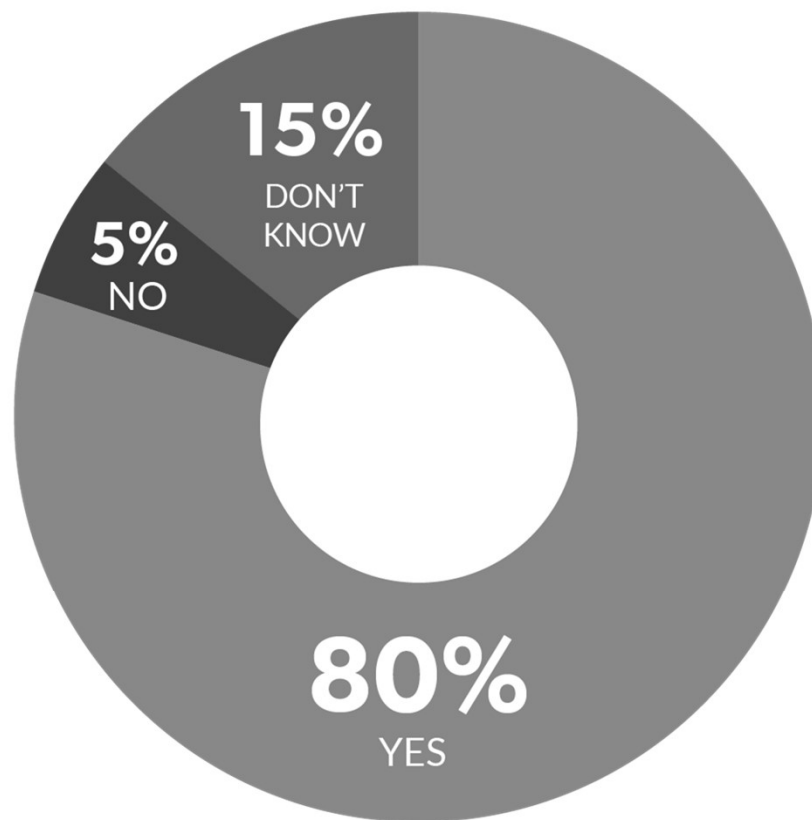
What is your primary tool for managing your vendors?



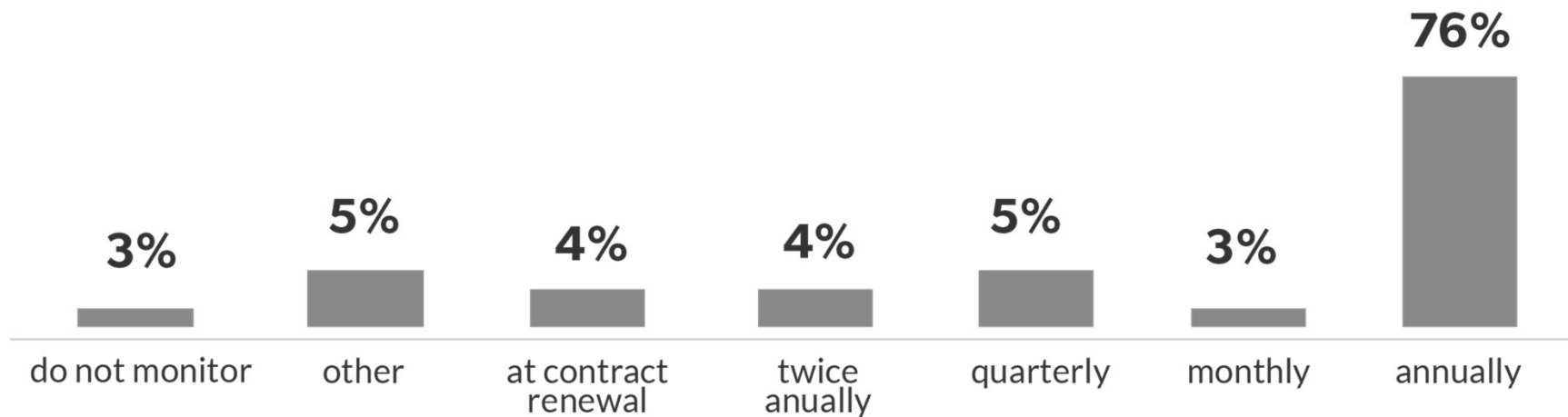
Do you have formal risk assessment processes in place to determine inherent risk and residual risk for all new vendors pre-contract?



Do you have a formal process in place to determine criticality for all new vendors pre-contract?



How often are you reviewing/analyzing your high-risk or critical vendor documentation?

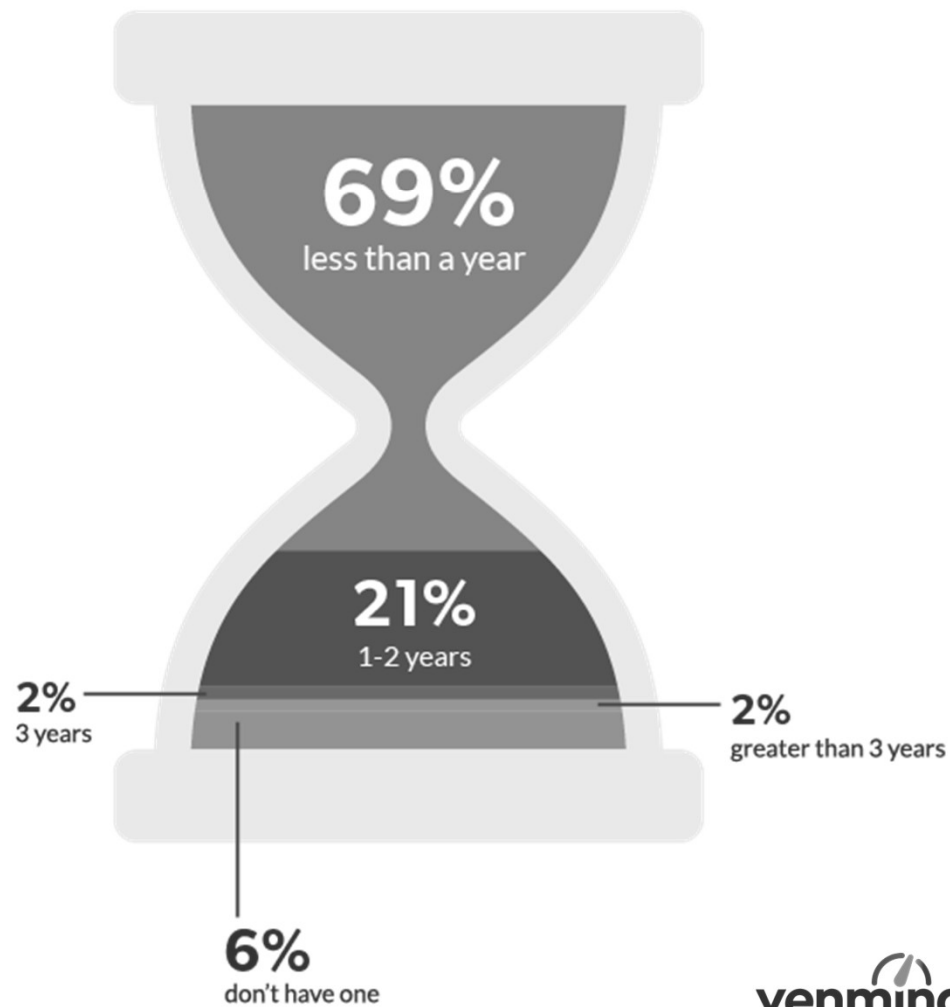


Poll Question

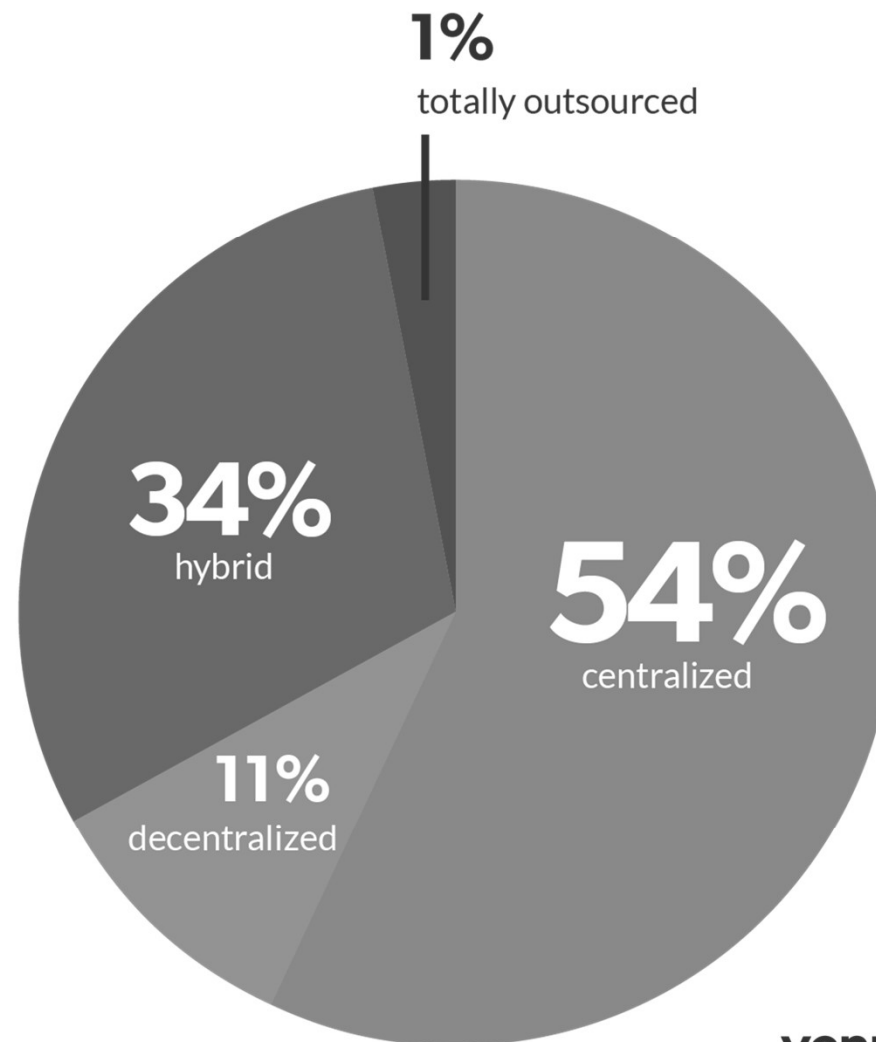
Did any of your critical vendors go out of business as a result of the COVID-19 pandemic?

- a. Yes
- b. No
- c. Not sure

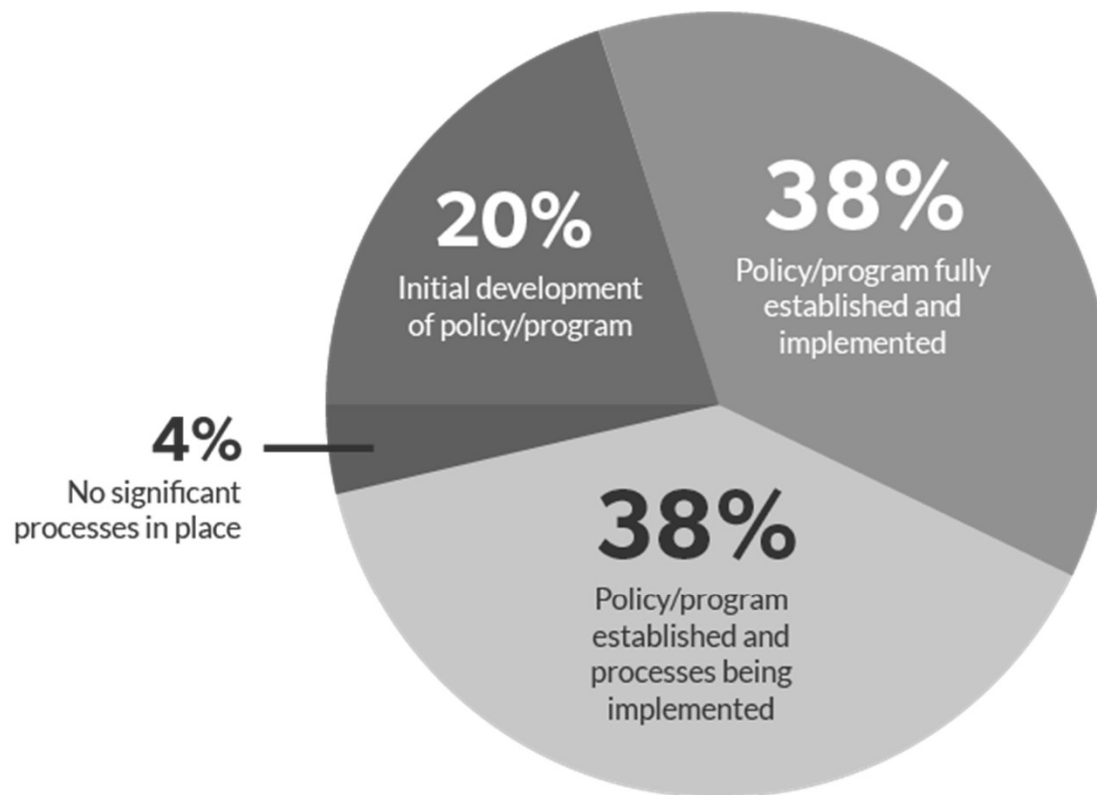
When is the last time you updated your vendor management policy document?



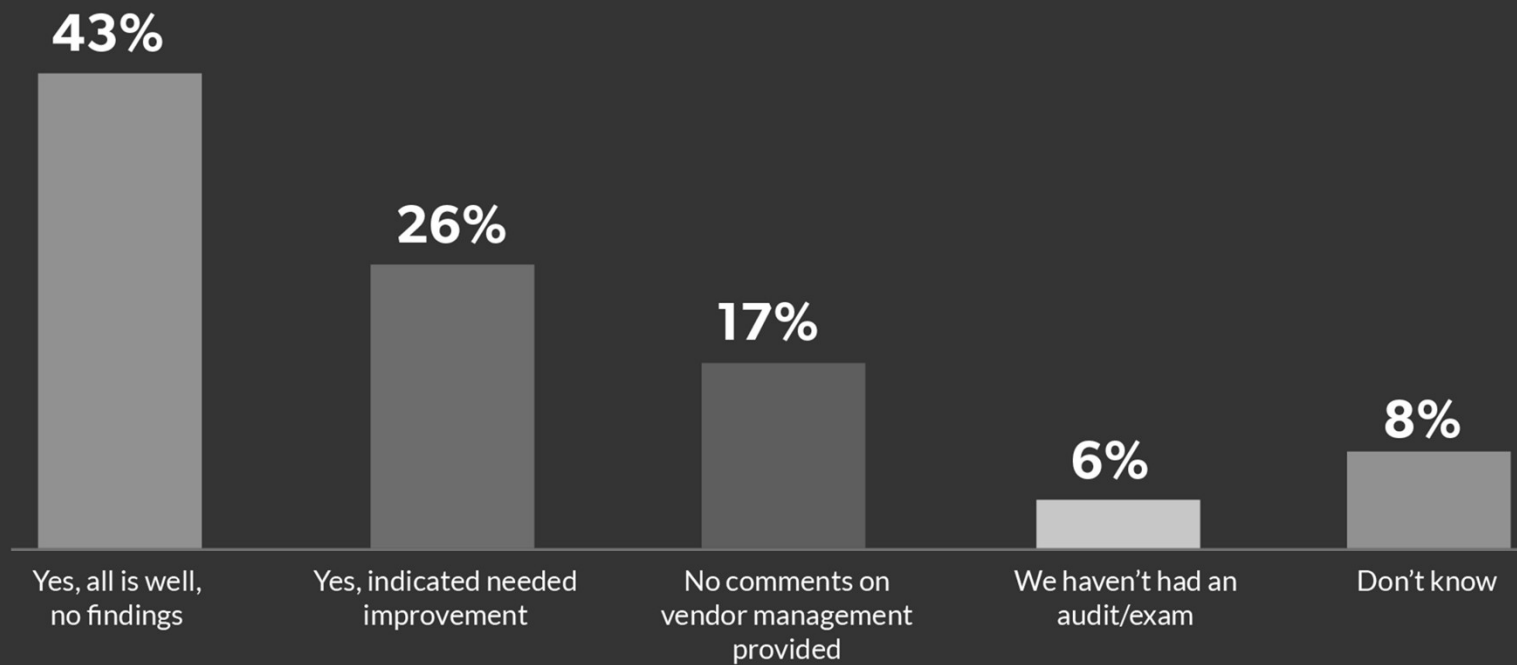
What operating model do you use for your vendor management program?



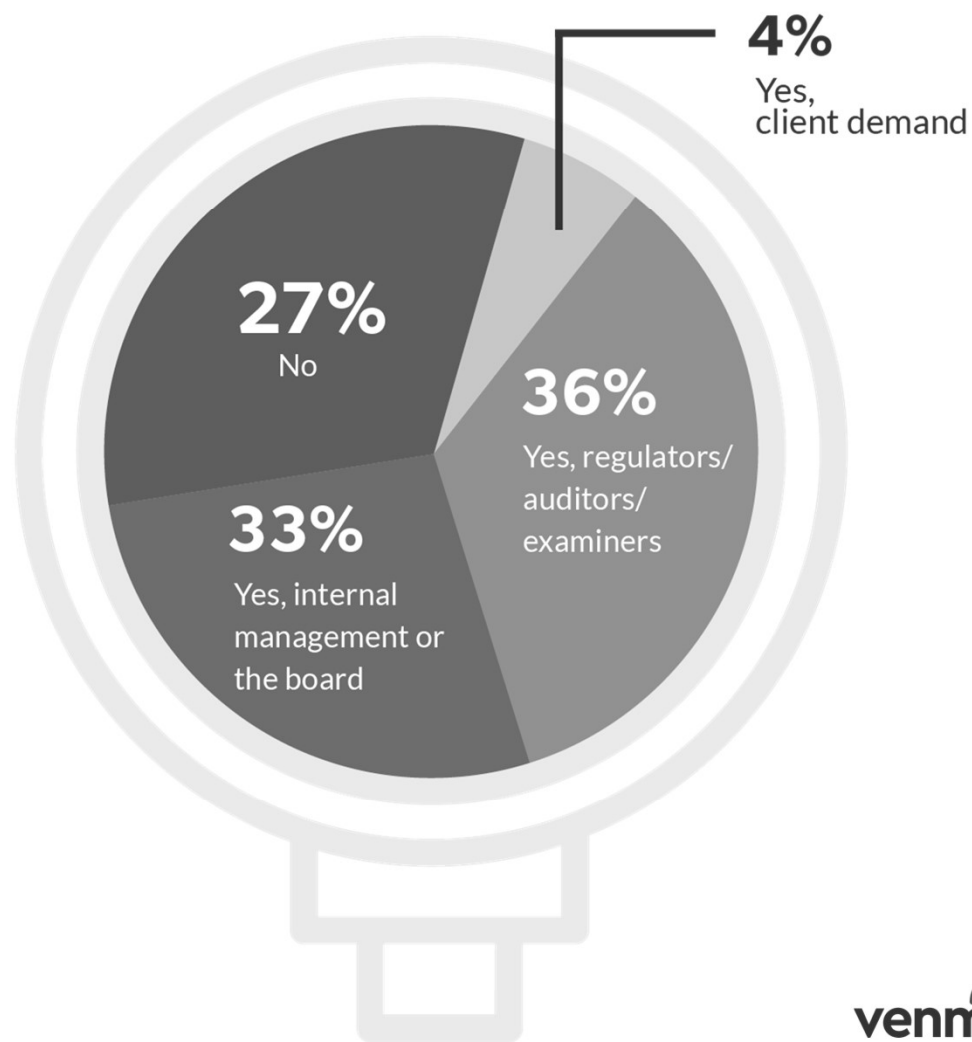
What would you estimate is the maturity level of your vendor management program?



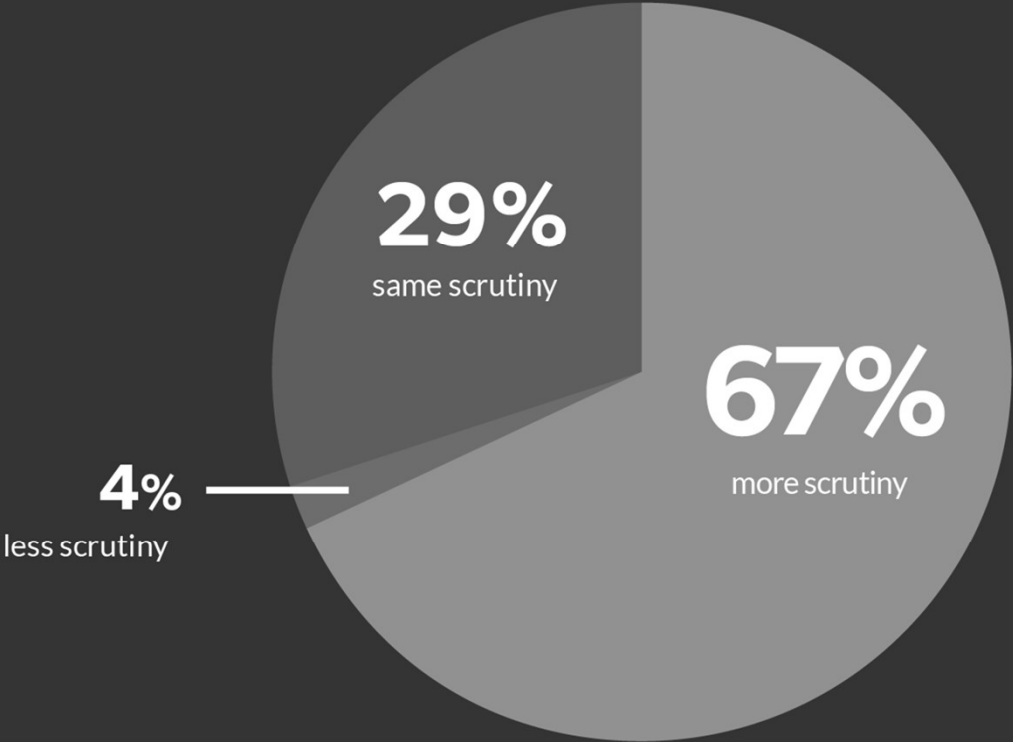
During your last exam/audit, did your regulator/auditors provide feedback on your current vendor management program?



Are you feeling pressure to improve your vendor management program? If yes, what is the source?



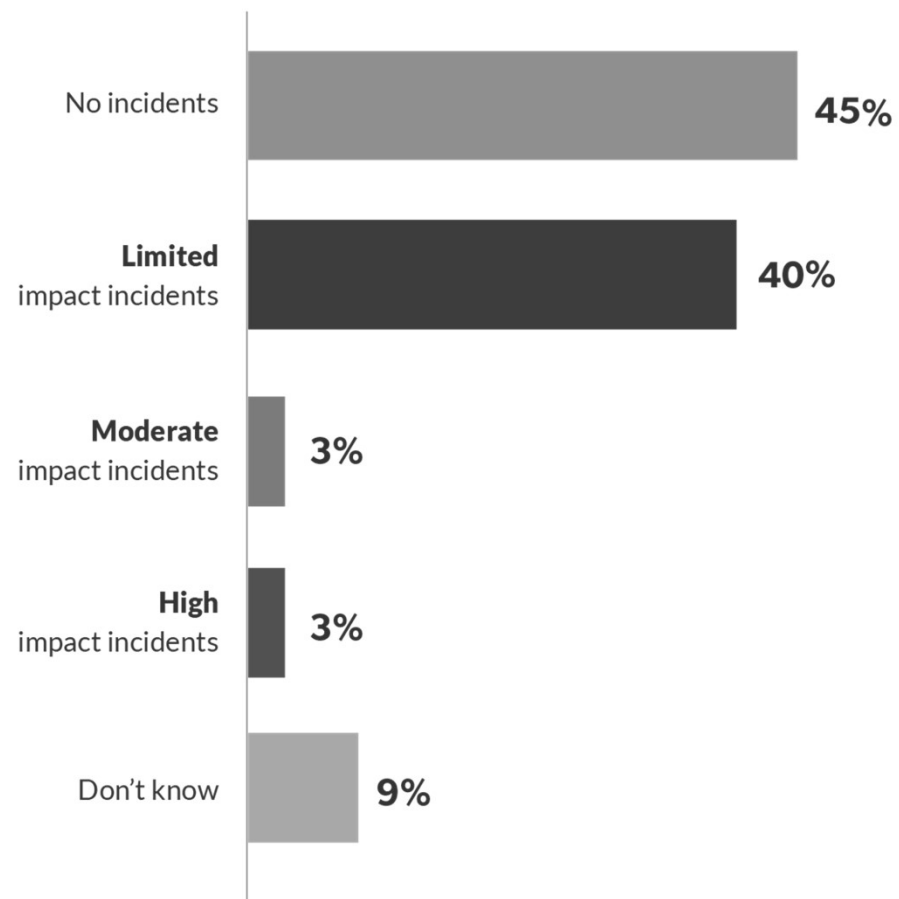
From your perspective, has vendor risk management been getting more scrutiny or less scrutiny over the last 12 months by your regulators/auditors?



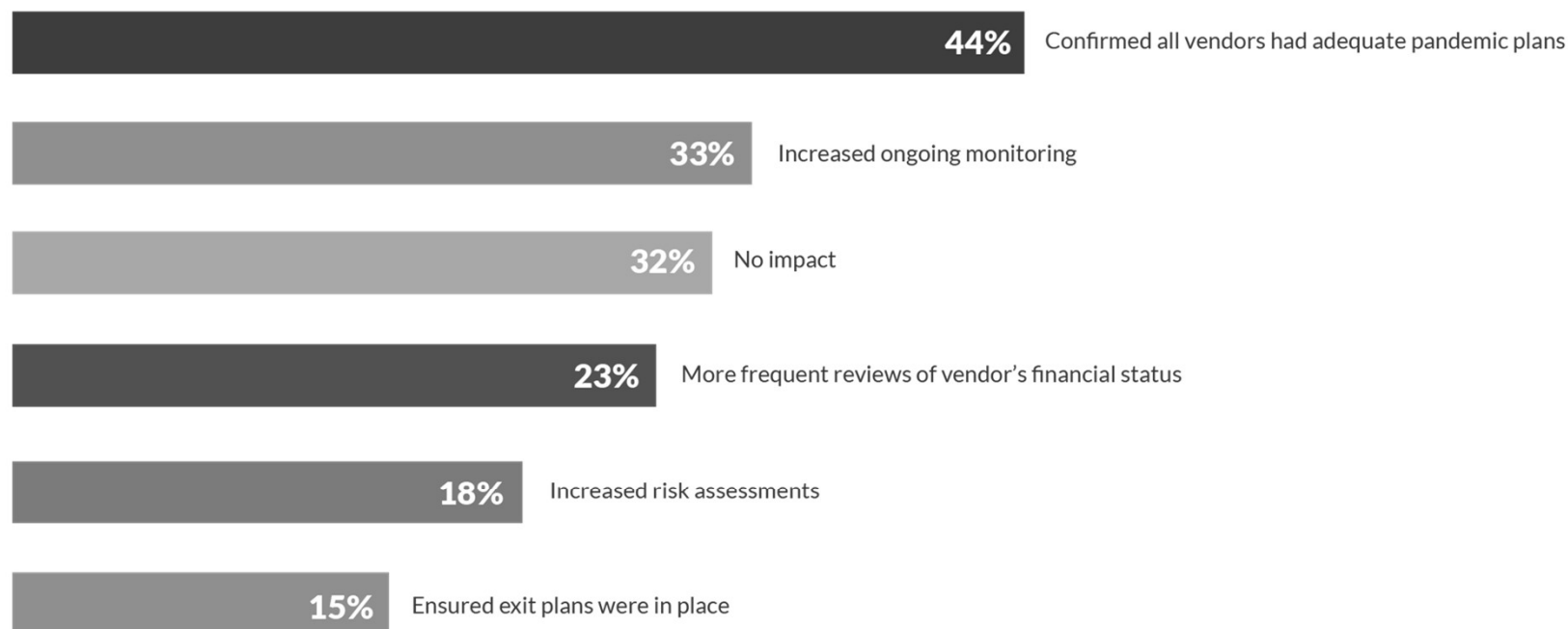
Top Vendor Management Challenges

1. Having enough internal resources
2. Getting the right documents from vendors
3. Time management
4. Automating the process
5. Tailoring our due diligence requests to be appropriate for each vendor

Did you experience third-party cyber incidents during 2020?



How has the COVID-19 pandemic impacted your vendor management processes?



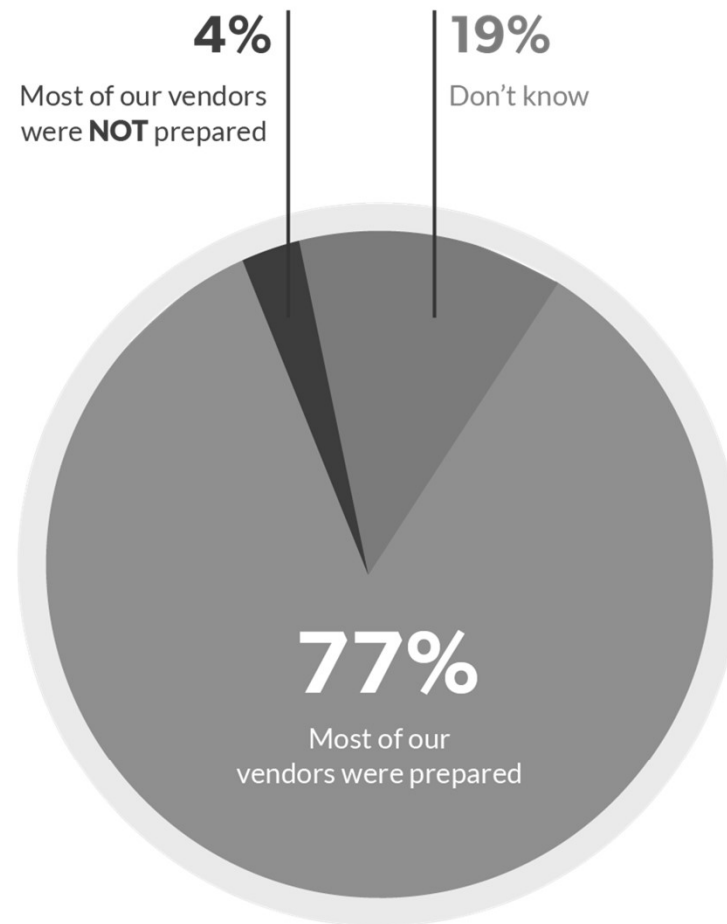
*Respondents were asked to mark all that applied

Poll Question

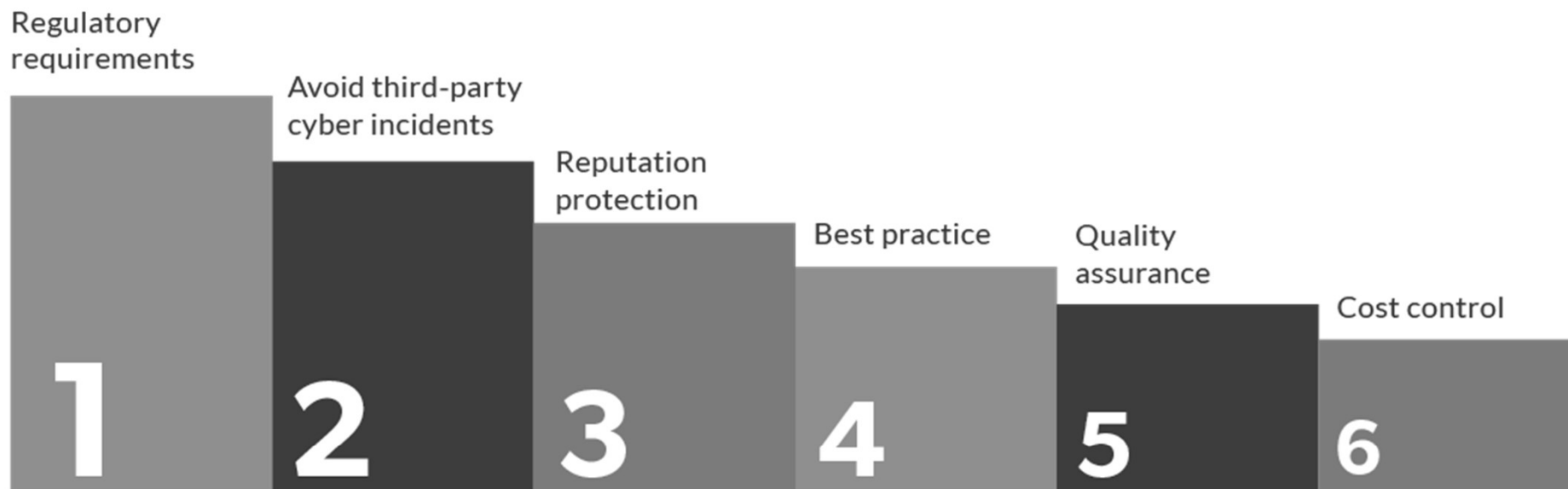
Do you typically review your vendor's business continuity, disaster recovery and pandemic plans?

- a. Yes
- b. No
- c. Not sure

In the first few months of the COVID-19 pandemic, did your vendors have adequate pandemic plans in place to avoid impacting services to you/your customers?



Rank 1 to 6 your primary reasons for doing vendor risk management.



What do you believe the primary benefits vendor risk management gives your organization?

Risk reduction at initial vendor selection. Risk reduction through monitoring and renegotiating or terminating vendor relationships. Getting ahead of issues through monitoring.
Government, 5001+ employees

Cost effectiveness.
Bank, \$1B to \$10B

An **important component** of our overall IT security framework.
Education, 5001+ employees

Gives our business stakeholder **more information about their vendors** and knowledge to make better business decisions when engaging with vendors.

Healthcare,
5001+ employees

The ability to identify Business Continuity Risks, Information Security risks, and Data Privacy Risks amongst our vendors.
Wealth/Asset Management,
251-500 employees

Insight information about vendors to **help my organization make an informed decision** to partner with specific vendor.
Retail, 5001+ employees

Understanding about what type of risk is caused by vendors, better discipline over vendor performance and tighter adherence to complimentary controls required by key vendors.
Bank, \$1B to \$10B

Understanding our risk of outsourcing.
Bank, \$10B+

Identifying and excluding those companies whose practices **put us at risk of penalty or loss.**
Lender, 1001-5000 employees

Security and **peace of mind.**
Bank, Less than \$1B

Recommendations & Best Practices

- 1 **Continue to invest and track** the investment of time and resources
- 2 **Have well-documented governance documents** such as a policy, program and set of procedures
- 3 **Use lessons learned in the pandemic** to determine what went well and what to improve
- 4 Ensure adequate and appropriately **experienced staffing**
- 5 **Educate** all levels of management and anyone who works with vendors
- 6 Keep documents and due diligence artifacts **up to date and relevant**
- 7 Stay on top of the **industry news and enforcement actions**
- 8 Monitor and track **vendor issues through remediation**
- 9 Keep senior management **well informed**
- 10 **Measure the impact** of vendor management and make sure practices are consistent with the enterprise risk management program

Questions & Answers

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Risk Management
2021

Post a Question:

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February 9, 2021

Developing & Managing Effective Third-Party Risk Management Governance Documents

February 23, 2021

How to Conduct Risk-Based Due Diligence on Vendors

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Thank You

