

Q.1 Hi, Abhishek, can you please introduce yourself? Yeah, yep. Thank you, Devleen. First of all, many thanks for hosting me today in this podcast. As you said, my name is Abhishek Ramavat, I lead our governance risk and compliance practice in India and glad to be here, you know, bringing some context around third party risk management and how it is helping in this area. Thank you, David. And once again. Okay, so I'll be shake, can you please shed some light on the key challenges with respect to third party risk management?

So, interesting question, first of all, the evidence. So, let me kind of give you a context in terms of what is happening when we're talking about third party risk management right, you know, there is an increased focus within the organization and businesses and our customers with whom we are talking on a regular basis in terms of you know, kind of differentiating with core versus non core right more and more organization wants to focus on what is core to the business right. And we see that this core of businesses shrinking day by day, right, for example, these days, if I talk about large firms, you know, they are only keeping strategy as core to them rest everything becomes non core. And whenever this non core comes into existence, the use of third party is quite obvious, right. So, what I mean that the increased use of these third parties for non core activities is something which we see as increasing day by day, right. The second key context in which I want to bring, before I get into challenges is the digitization right, while every firm each organization these days are talking about the use of digital platforms, but these digital platforms cannot be restricted to internal employees itself, right. So more and more third parties of large organizations are accessing the customer data, the organizational data network systems, and by virtue of that could be a source of potential vulnerabilities right, or potential risks that they might bring to the organization environment, right. So, as we're talking to our customers, and let me kind of give you in terms of what challenges to be seen, with respect to third party risk management, if I have to talk about the very first challenge, organizations are today struggling in terms of getting a visibility, right. So more and more customers and partners with us are talking about, that they don't have accurate information about the third parties, the vendors, the services, the providers, and what kind of you know, information is getting exposed to them. What kind of business processes are getting exposed to them is something which is not available, like the second key challenge, what what we've been hearing from our customers and unreliability, right. So today, more and more customers are using manual processes, they're using reactive approaches. So which is leading to, you know, kind of confidence that is needed on the liability of you know, risk exposure, which they get to know from the existing processes. The third key areas, which we've been hearing from customers is on the cost of managing third party risk. Today, if you look at a lot of contracts, which are getting signed by the organization's there's always a clause which says that, you know, right to audit, but to be able to execute that clause brings a lot of cost, right. So use of, say, traditional way of doing assessment, you know, bringing bodies to do that, right, you know, partnering with the auditing firms or consulting firms to that is adding a lot of lot of cost to the organizations, right, and especially, the way the span is increasing, it is bringing more and more cost to the organizations. The second is, you know, if I ask our customers that are really in control of their third party risk, the answer that we get from most of our organization is that they're unsure, right? So they are not in control of, you know, what kind of assessments are needed, you know, what kind of risks are existing? How often do they need to assess their third

party so they see a complete lack of control in that area. The last key risk or challenge which I would want to bring is in terms of resources. Now, to be able to run these functions, you know, there is, you know, lack of resources and most of the forms, right, if I have to really do a contract

monitoring of third parties, right? I need humongous resources that is not in just of cost. But in terms of knowledge that was needed to be able to do that, you know, bringing the discrete information from multiple systems to be able to get a complete context around it. Right. So these are a few challenges, which we've been hearing from our organization. And last, but not the least, is what I think is one of the most critical one is on the reactive and manual approaches when people are managing their third party and fourth party risk is another challenge that we've been hearing from our organizations. Does that give you a context level?

Q.2 Oh, yeah, sure, Abhishek. And I think those are some really good points that you spoke about. Also, you spoke about organizations using reactive and manual processes to manage third party risk. What role do you think in technology play in mitigating these risks?

So first of all, the technology will always be a key in terms of addressing these issues, right, kind of give you, you know, some examples in terms of how technology can help you or help address or mitigate these challenges, right? So if the firm's need to really look at third party risk very objectively, and do you know, through risk prioritization, in terms of looking at, you know, the value of assets, the magnitude of impact on the system's, you know, the spread of third parties, right? What kind of findings, you know, prioritizing scores, and all, you know, the risk prioritization is something where technology plan can play a significant role, right, and we've been kind of looking at multiple use cases for our customers where, you know, the platforms and the solutions that we can bring in can, you know, do a significant help to the organizations, the second key area where we think technology can play a very critical role from you to be able to mitigate, you know, these challenges is on the data accuracy, you know, we were referring to an independent firm, where we kind of got to the 98% data is so discreet and is not aligned to, you know, what an organization wants to do is something which is making it more and more difficult for the organizations, right. So, the data accuracy with respect to third party risk management is where technology can play a significant role, right, it is, you know, in combination of using machine learning based concepts to be able to kind of interpret the data, you know, how do we really augment the data accuracy versus human versus using technology is something which is, you know, extremely needed, you know, to be able to understand it, as opposed to to an organization, the third key area where we think, you know, technology can help mitigate these challenges, you know, automating the action based in your policy based on your control requirements based on your, you know, same objectives that you have defined for a third party perspective, right? It's something where things are shaping up more and more technology can play a significant role in this area, right? Can we really configure the policies that you want to enforce to third parties, right, can we really, you know, using a technology automation, can we really, you know, suggest third parties in terms of policy measures that they should take, you know, if there is an interest that they're bringing to them. That's where the automation is, again, and technologies, again, playing a critical role. You know, the workflow automation is also one of the key area where technology can play a significant role.

And workflow automation could be in terms of managing findings could be in terms of, you know, kind of addressing risk appetite could be in terms of collaboration with the third parties, right in terms of data and the processes and the remediation items being shared compensating controls being shared, right. So that could be a complete workflow automation that can be achieved, with respect to challenge that can be addressed with respect to technology adoption, and third party risk management. The other key area where we see a lot of investment happening, and technology is playing a fantastic role in terms of addressing these challenges on the continents monitoring, while these, you know, traditional way of doing assessments, you know, we cannot just do away with that, you know, which is questioning based workflow based, but it is there's also a need in terms of technology to be able to support, say, ongoing monitoring of third parties, it could be using the web world, it could be using the, you know, the artificial intelligence, which is going to play a significant role in time to come. Right. That's, again, we see the focus would be big time from a technology adoption perspective and the challenges that it can address right. Last but not the least, is in terms of, you know, creating transparency in terms of managing third parties, right, because there is a need of, you know, having a publicly available say standard way of looking at third parties. We see today multiple areas with respect to say, sustainability risks, cyber risk, compliance risk, you know, there are international standards being made and if the technology can adopt these standards, it could be around GRC reporting, it could be around cyber quantification. It will help us bring in more objectivity towards and transparency towards looking at third party

Technology has obviously need to play a big role in this area. Right? So these are few areas where I think that technology can help mitigate these challenges, right. I hope that they've landed on this kind of give a context of, you know, the technology adoption needed to be able to address this.