TPRM Program on a budget

The objective of this podcast is to discuss the current challenges on cost overrun that enterprises are facing in executing the TPRM programs. We will also be discussing at length, various measures that enterprises can take to run cost efficient assessments without compromising on the overall risk landscape identification while maintaining the quality of the assessments performed.

Question 1: Hi Manmohan, can you please introduce yourself?

Sure, hi, Devleen. Firstly, thanks for having me on. My name is Manmohan Singh. I'm a part of the GRC practice, engaged as a regional SME looking out for the North America region. And pretty much involved in providing both pre-sales as well as delivery governance over to a lot of the engagements we drive across the North America region. Happened to be a part of this podcast and look forward to this conversation.

Question 2: Thank you Manmohan for the introduction. Diving into the topic, what areas do you see enterprises spending more while executing third-party risk assessments?

Based on our engagement history, we are working with a lot of our customers and enterprises in the space. We clearly see, and especially post-pandemic, the third-party risk assessment, as a service line has gained a lot of traction and criticality. Now, organizations have been historically doing this for a while, but they are not subjected to look at this from a totally different lens. There are two different aspects to how they are relooking at their TPRM program. Firstly, is more from a risk lens perspective, to see now that the third-party is, in terms of the whole access parameter being pushed for organizations in third parties, are now connecting to the environment, from different remote locations. So, they are relooking from that risk lens perspective and trying to evaluate the third-parties based on the new risk parameters, which the pandemic has introduced. The second aspect, which we will focus more in our conversation is, they are expanding the area of assessment, what can be the measures they can deploy to still run a very optimal under the budget, and not really pushing the budget criteria a lot and still achieve the objective, which they are looking to achieve. So, in a nutshell, we have seen broadly five different areas, which we see enterprises are kind of spending more in their current model in terms of how they are doing third-party assessments. So firstly, you know, one big challenge area we have seen is they are prioritizing that third parties based on the assessments they want to perform. We have seen historically, this very, cookie-cutter approach defines a set of questionnaires, tears the proof to the vendor profiles in a high, medium, low critical, categorizes questions, and then goes ahead and performs the assessment. Many times, we have seen this to be a big challenge, because even though it may be a critical supplier, but they're delivering only a certain set of services to you, so it becomes more important to really prioritize not just based on the category of the supplier, but also introduce what services are the supplier doing for you, and create only relevant questions, which brings in a lot of optimization to the program, because then you're not going ahead and asking questions to the supplier, which is not applicable by virtue of the services they're providing to you. So, it is optimizing on a lot of questions, and hence for cutting down eventually on the effort and time and costs spent on performing those assessments for those third-parties. So, that is one critical area.

The second is obviously it is kind of related. So, once you categorize your vendors appropriately, you are able to ask only relevant questions. So, selection to offer the right fit question. There, we have seen again, and most of the enterprises adhering to some very standard questionnaires, they don't modulate or put enough logic on the questions, which makes the whole exercise a lot cumbersome, in terms of, the third-parties will take more time to respond, your risk team will take more time to analyze those responses. So, it obviously delays the whole process and adds to the effort and cost associated. So, the first one leads to this one that once you have the right prioritized aspect of third-parties defined based on the services they are providing, select only relevant logic-based applicable questionnaires, which would help drive more optimization to the program. So that's again, one challenge we see organizations are struggling with. The third aspect is, a lot of enterprises are kind of focusing on this now, is how much I can learn from what is available in terms of information already, vis-à-vis how much do I ask the third-party? And this is one challenge, which significantly leads to the efforts spent behind performing these assessments. Because now, there is a lot of information available over the internet, a lot of information available from the historical assessments you've done from the third-parties. For the same third parties, there is a lot of information available from these independent monitoring websites that can provide this content to you. So, again, the objective is, if there is something which has been known off, is aware already, you try and learn from it and not kind of repeat asking the same questions to third-parties. So that also brings in a lot of efficiency to the program, because we still see, an approach that is more focused on asking the same questions again, and again, when there's a clear opportunity to learn on some of those risk parameters. It does not just help you cut down on the effort but also brings efficiency to the program because then you have less questions to ask, you're relying on industry data sources to learn more. And then less questions obviously result in less effort spent and less cost, which would eventually entail to conduct those assessments. The next one is on the technology investment. Organizations are struggling with many customers; we talk to in our enterprises. Big enterprises, still have, manual or semi-manual steps to set up a process, one aspect of it is done over an email. The second aspect of it may be through a tool or technology. But one big challenge we see organizations are facing is to bring optimization to the spending aspect of the TPRM, is to invest in a right-fit technology, which helps you see the process end-to-end. So right from when a supplier gets onboarded, to a time where someone could raise a request for that assessment, and then kind of going ahead and completing that assessment, in a single centralized platform definitely brings in a lot of efficiencies. And that is one big challenge area, most of the enterprises kind of struggle on there. And last, but not the least, is how do you manage multiple stakeholders throughout the lifecycle of third-parties. So, there are a lot of stakeholders, who get involved in the process, your vendor management team in a company plays a very critical role, you are looking at the security team to go ahead and do a security assessment. Similarly, finance will do a financial assessment, based on the credit rating or financial viability of third-parties. Similarly, legal would do data privacy or a legal aspect review of the vendor. Again, the key challenge we see is because these processes have run and in silos is that it eventually leads to a lot of effort and time spent. Many of our enterprises we talk to write on a day-to-day basis, would come back and say and tell us that, eventually taking them a good amount of time, in many cases, more than a month to two months to complete one assessment. And just because, there are multiple stakeholders in the process. They are not

integrated with a common processor, common workflow, which is eventually leading to a lot more time spent, and associated costs and effort which go with that. So that is really some of the areas, we see where, the enterprises are kind of spending more- or some of the challenges, which is adding to limiting their spend on conducting third-party risk assessments. I hope that's kind of helpful information.