



How to Purchase 3rd Party Management Solutions & Platforms

Critical Capabilities & Considerations for Evaluation of Solutions

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Complimentary Inquiry

- Organizations evaluating or considering GRC solutions are free to ask GRC 20/20 on our understanding and comparison of solutions in the market to meet your GRC requirements.
- Inquiries are single focused questions that can be answered in under 30 minutes.
- Complimentary inquiry is only available to organizations evaluating or considering GRC solutions for their internal use.

RFP Development & Support

- GRC 20/20 has an extensive library of RFP requirements across a range of GRC capability areas presented in this presentation.
- GRC 20/20 can be engaged in RFP development and support projects to streamline your process, gain perspectives learned from other organizations, and to keep solution providers honest in their responses.

Our Agenda ...

- ❑ Defining & Understanding 3rd Party Management
Definition, Drivers, Trends & Best Practices
- ❑ Critical Capabilities of a 3rd Party Management Solution/Platform
What Differentiates Basic, Common, & Advanced Solutions
- ❑ Considerations in Selection of a 3rd Party Management Solution/Platform
Decision Framework & Considerations to Keep in Mind
- ❑ Building a Business Case for a 3rd Party Management Solution/Platform
Trajectory of Value in Effectiveness, Efficiency & Agility



” Realize that everything connects to everything else.
Leonardo da Vinci

” No man is an island entire of itself; every man is a piece of the continent, a part of the main; if a clod be washed away by the sea, Europe is the less, as well as if a promontory were, as well as any manner of thy friends or of thine own were; any man's death diminishes me, because I am involved in mankind. And therefore never send to know for whom the bell tolls; it tolls for thee.

John Donne

Who is a 3rd Party?

SHARE



3rd Party Risk Bearing Down on Organizations

The issues organizations face in managing risk and compliance across extended business relationships include:

- ❑ Bribery & corruption
- ❑ Business continuity
- ❑ Code of conduct and ethics
- ❑ Conflict minerals
- ❑ Corporate social responsibility
- ❑ Environmental
- ❑ Geo-political risk
- ❑ Health and safety
- ❑ Human rights, trafficking & slavery
- ❑ Import and export compliance
- ❑ Information security
- ❑ Labor standards
- ❑ Operational risk
- ❑ Privacy
- ❑ Quality
- ❑ Regulatory compliance
- ❑ Physical security
- ❑ Supply-chain risks



You cannot outsource liability

- You “stand in the shoes” of your business relationships
- Their problems are your problems
- Their problems directly impact your brand and reputation

Increasing regulatory focus

- Can you attest to an “in-compliance” status?

Many companies focus on the on-boarding process...

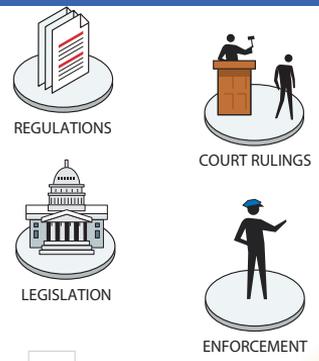
- Most risk is incurred over the life of the relationship
- Who owns on-going third party risk?
- How is third party risk assessed and reported to the board?



The Organization Has to be Able to See . . .

- ❑ **The Tree.** The individual 3rd party relationship
- ❑ **The Forest.** The interconnectedness of relationships (e.g., risk) on the organization

Change is the Greatest Challenge Impacting 3rd Party Management



Regulatory/Legal Change

Monitor change in the legal and regulatory environment to determine how pending legislation, court decisions, new/changing regulations, and enforcement actions affect current and needed policies.



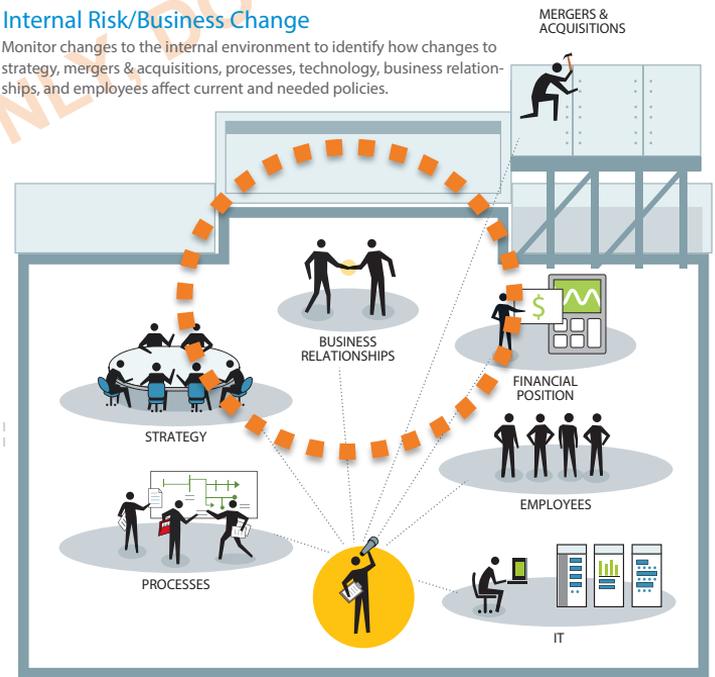
External Risk Change

Monitor change in the external risk environment to determine how uncertainty in economic, geo-political, environmental, industry, societal, and market forces affect current and needed policies.



Internal Risk/Business Change

Monitor changes to the internal environment to identify how changes to strategy, mergers & acquisitions, processes, technology, business relationships, and employees affect current and needed policies.



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Inevitability of Failure: Too Many Approaches

There are too many departments sending too many communications in different formats. The organizations and it's 3rd parties are buried in documents, spreadsheets & emails.

- Wasted resources through redundancy & overlap
- Excessive emails, documents, and paper trails
- Poor visibility & reporting
- Files and documents out of sync
- Overwhelming complexity
- Lack of accountability



...And We Hope Nothing Fails

- Hundreds to thousands of 3rd party relationships
- Different departments doing different things
- Growing regulatory and legal concern
- Reputation and brand on the line
- Lack of agility to respond timely to changing environments
- Manual processes encumbered by documents, emails, and spreadsheets



3rd party management is critical to GRC ...



GRC is the integrated collection of capabilities that enable an organization to:

G) reliably achieve objectives

R) while addressing uncertainty and

C) acting with integrity.

SOURCE: OCEG GRC Capability Model

GRC Definition Adapted to 3rd Party Management ...



3rd party management is a capability that enables an organization to:

G) reliably achieve objectives

R) while addressing uncertainty and

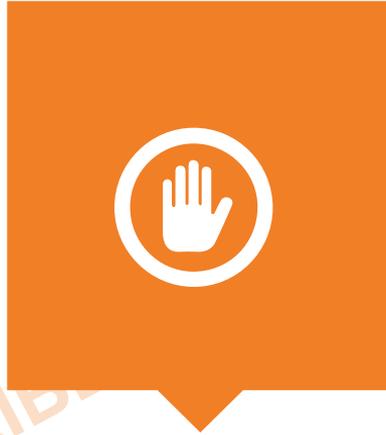
C) act with integrity

in and across its 3rd party relationships.



Governance

Governance of 3rd Parties: so the organization may reliably achieve objectives in the relationship and align those with the overall objectives of the organization.



Risk Management

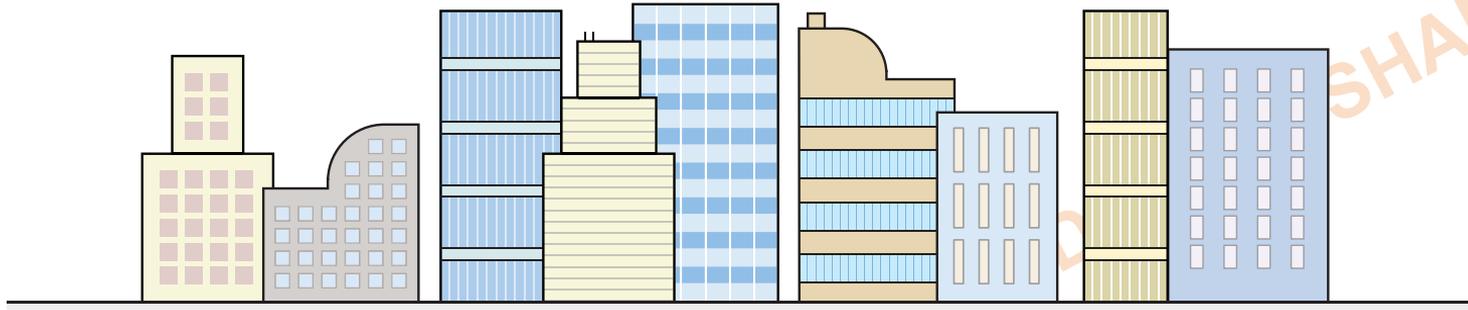
Manage & Mitigate Uncertainty: To understand risk exposure and mitigate uncertainty, issues, and loss in 3rd party relationships that impact the organization.



Compliance

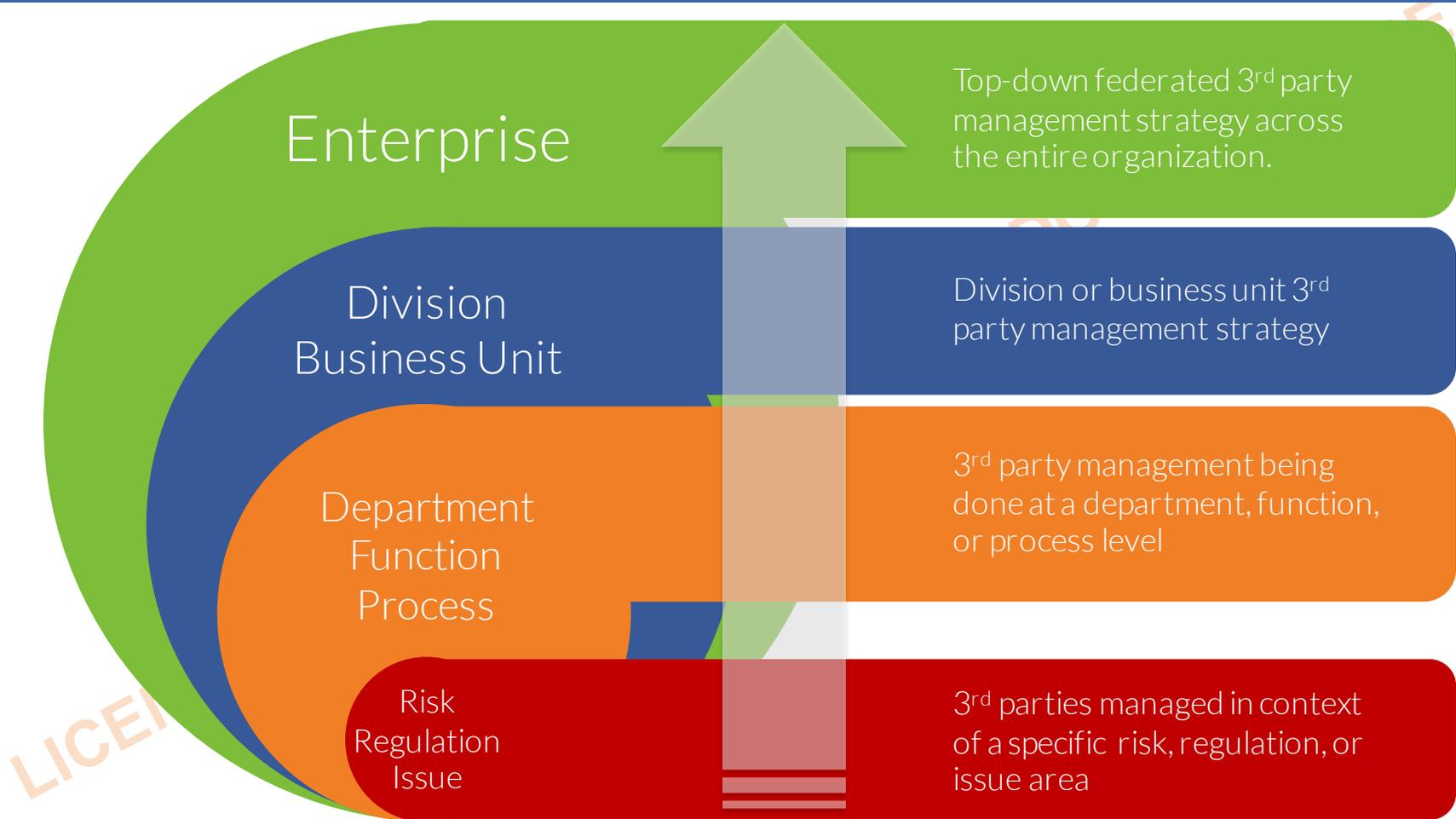
Act With Integrity: To ensure that 3rd parties align and meet the values, ethics, policies, regulatory, and contractual obligations of the organization.

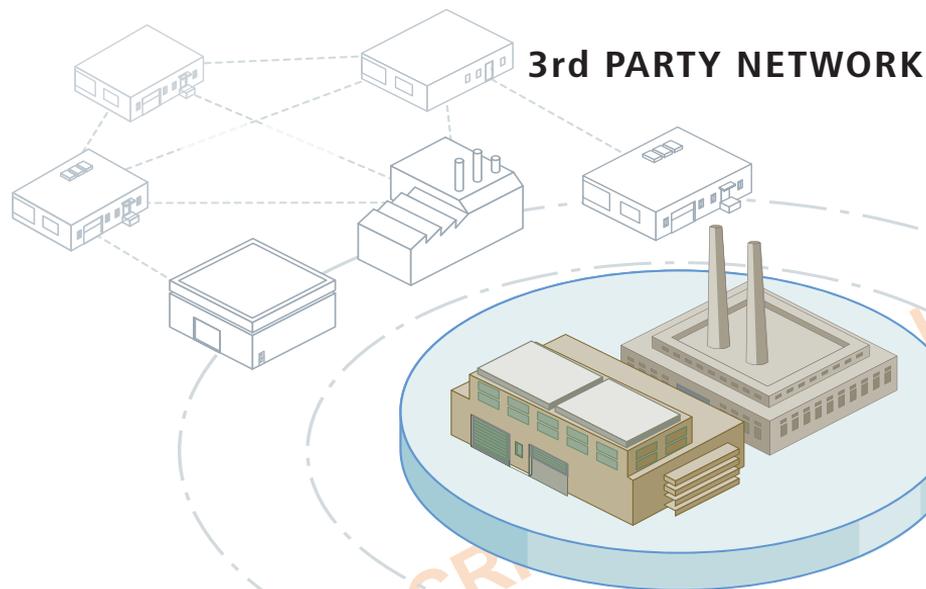
Basic Components of a Third Party Management Program



- The organization does not start and stop with traditional brick and mortar walls the modern organization is a complex web of business relationships and activities that cross business boundaries.
- The organization should clearly define which policies, procedures and controls cross business relationships and ensure that compliance is covered in contracts.
- Periodic communication of policies, starting with a code of conduct, should be done across all business relationships. Where needed, training should also be provided.
- Business partner relationships should undergo a minimum annual self-assessment process to attest to their compliance status to governing policies, procedures, and controls.
- The organization should have defined audit processes to exercise right to audit clauses to validate compliance in extended business relationships.

Varying Levels of 3rd Party Management





3rd PARTY MANAGEMENT

Organizations' operations are distributed across a maze of business relationships: suppliers, vendors, outsourcers, contractors and agents. Federated GRC includes the integration and oversight of performance, risk, and compliance across the organization's third party relationships and transactions.



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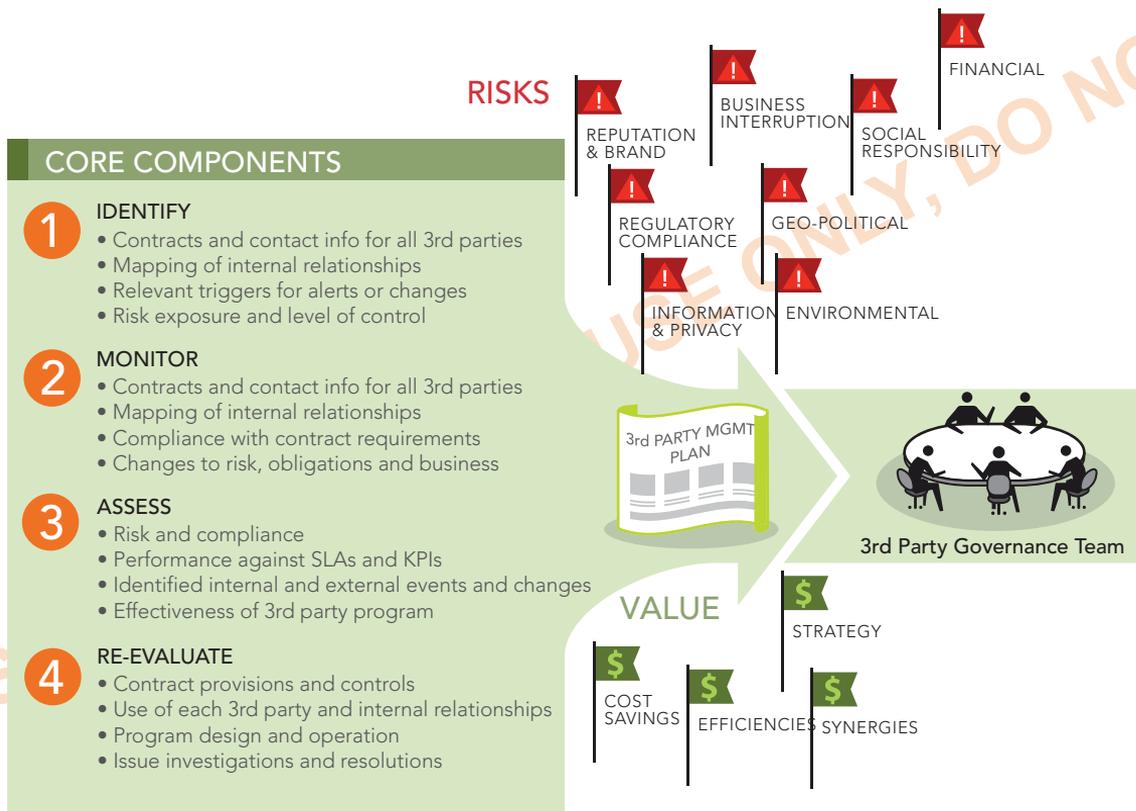
Overview of a 3rd Party Management Process



LICENSED SUBSCRIBER USE ONLY DO NOT SHARE

Core Components: 3rd Party Management Program

In today's complex economy, your suppliers, distributors, sub-contractors, agents and other 3rd parties play critical roles in your business success. Its too complex to manage without an integrated strategy that includes people, process and technology . The goal is to protect and grow value by establishing a capability to see your entire 3rd party landscape with real time information about external and internal events that may change risk profiles and impact performance.



Core Components: 3rd Party Management Program



GOALS

Define specific 3rd party management goals and strategies in context of governance, risk and compliance.



MEASUREMENT

Decide on the metrics for each phase of the 3rd party management process.



ALIGNMENT

Align 3rd party management strategies with the corporate culture and Code of Conduct.



INTERNAL STAKEHOLDERS

Collaborate with and enlist the support of internal stakeholders across the business.



EXECUTIVE SUPPORT

Gain executive support of the 3rd party management program



AUDIENCE

Define 3rd parties and and who within those 3rd party relationships do we communicate with.



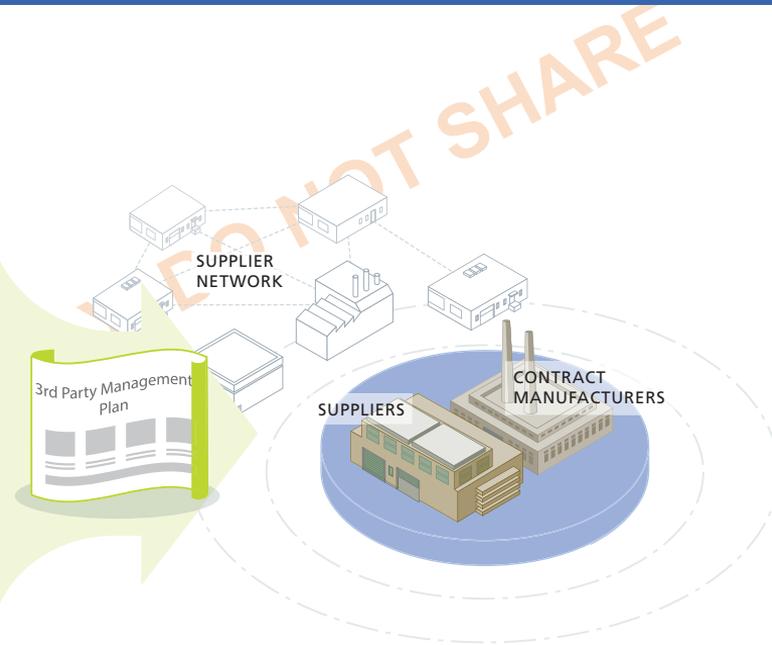
RESOURCES

Assign the appropriate people, budget and other resources to ensure 3rd party management goals are met.



ACCESSIBILITY

Ensure that 3rd party communications are be accessible, understandable and actionable by all groups regardless of education level, geography, culture, language, ethnic group or disability status.



1

IDENTIFY

- Contracts and contact info for all 3rd parties
- Mapping of internal relationships
- Relevant triggers for alerts or changes
- Risk exposure and level of control



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2

MONITOR

- Contracts and contact info for all 3rd parties
- Mapping of internal relationships
- Compliance with contract requirements
- Changes to risk, obligations and business



3

ASSESS

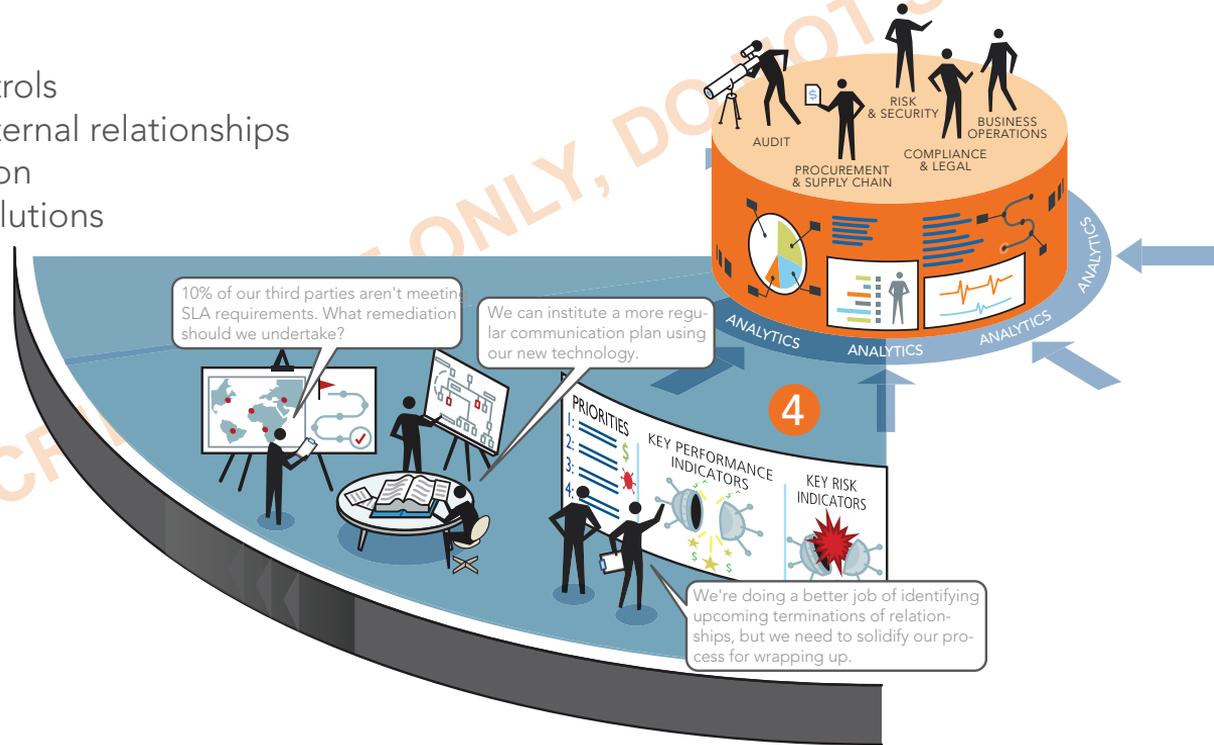
- Risk and compliance
- Performance against SLAs and KPIs
- Identified internal and external events and changes
- Effectiveness of 3rd party program



4

RE-EVALUATE

- Contract provisions and controls
- Use of each 3rd party and internal relationships
- Program design and operation
- Issue investigations and resolutions



START THE INTEGRATED PROCESS

A fully integrated risk management process supported by unified technology ensures consistency, effective communication and documentation in each step throughout the relationship lifecycle.

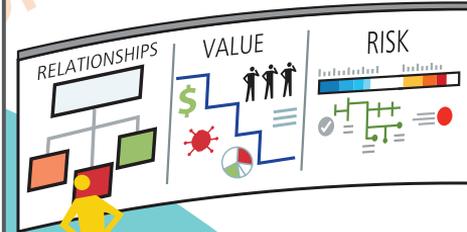
1

PLAN AND ORGANIZE

Develop a plan to assess the level and complexity of inherent risk presented by each activity, segment to identify critical or high risk activities, and

THINGS TO CONSIDER

- Volume of Activity
- Nature of Risks
- Use of Subcontractors
- Customer Interactions
- Information Security
- Regulatory Requirements
- Contingency Plans
- Required Approvals



Our strategic plan addresses when and how we use third parties.



LICENSED SOFTWARE

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2 - Perform Due Diligence

2

PERFORM DUE DILIGENCE

Evaluate each third-party's controls relative to the level of defined inherent risk; determine mitigating controls to implement and document in the

ITEMS TO EVALUATE

- Compliance and Risk Management
- Financial Condition and Resilience
- Experience and Reputation
- Company Principals
- Information Security and Systems
- Incident Management and Reporting
- Human Resource Management
- Conflicts of Interest

We put the self-disclosure surveys, interview reports and documentation of other credible information into the system.



NOT SHARE

LICENSED

3 - Manage Contracts

CONTRACT TERMS

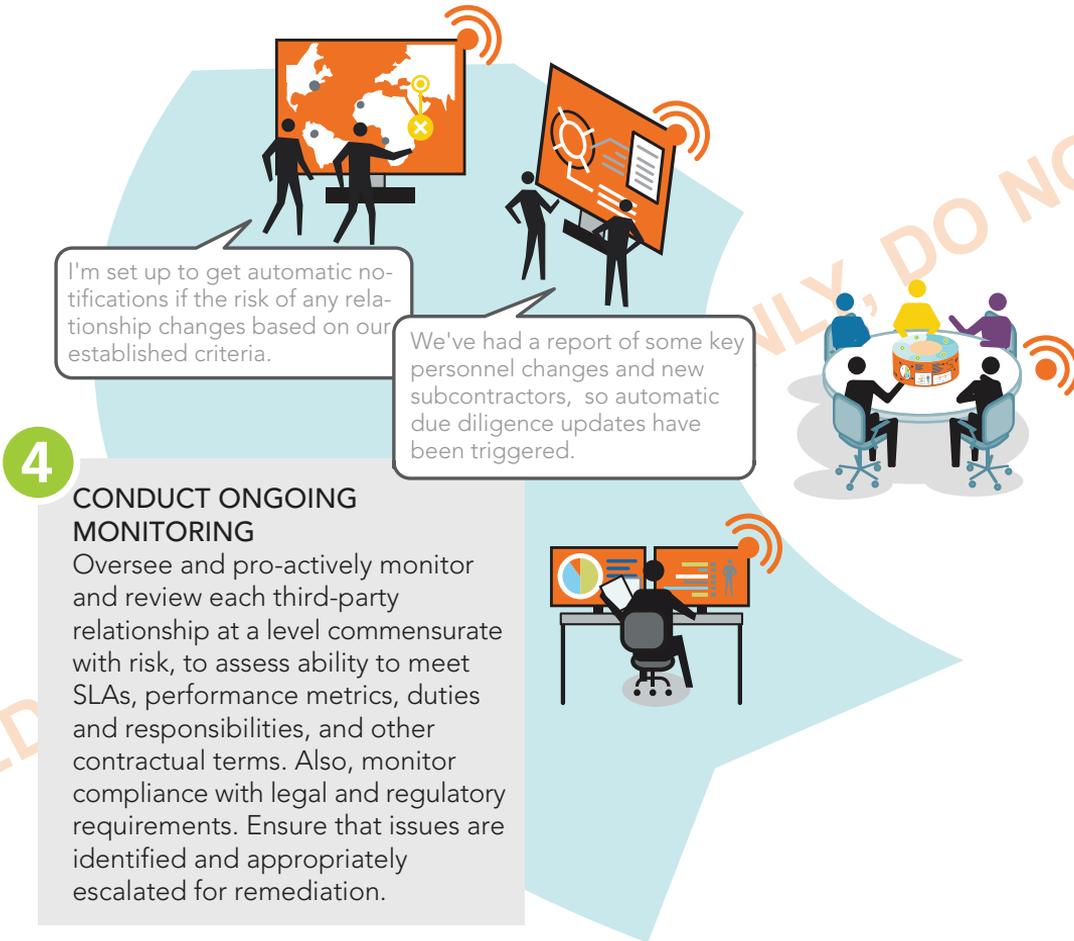
Key Performance Indicators (KPI)
Information Management/Reporting
Audit and Oversight Rights
Compliance Requirements
Use of Information, IP and Technology
Confidentiality and Integrity
Conflicts of Interest
Subcontractor Requirements
Termination Terms
Covenants



MANAGE CONTRACTS

Establish contract terms based on due diligence conclusions; through ongoing review of the relationship, re-negotiate terms addressing required and prohibited actions, SLAs and KPIs; gain oversight approval for critical contracts or those with exceptional risk.

4 - Conduct Ongoing Monitoring



4 **CONDUCT ONGOING MONITORING**
Oversee and pro-actively monitor and review each third-party relationship at a level commensurate with risk, to assess ability to meet SLAs, performance metrics, duties and responsibilities, and other contractual terms. Also, monitor compliance with legal and regulatory requirements. Ensure that issues are identified and appropriately escalated for remediation.

5

MANAGE TERMINATIONS

Whatever the reason for termination, follow an established plan for transitioning to another third-party, bringing activities in-house, or ending activities. Consider need to protect information, maintain smooth operations and protect reputation during transition.

STEPS TO TERMINATION

1. Implement established transition plan
2. Manage disposition of data, IP and assets
3. Discontinue and monitor all access points
4. Evaluate need to address reputation risk

Have we allocated adequate resources to efficiently manage the transition?

I'm set up to get automatic notifications if the risk of any relationship changes based on our established criteria.



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INDEPENDENT ASSESSMENT

Conduct independent review of the risk management system design and operation to ensure alignment with organizational strategy and effective third-party risk management. The level of assurance desired will determine the scope and frequency of internal and external audit. Assessment also enables preparation for supervisory review.



DEFINING THE THIRD-PARTY RELATIONSHIP

- Outsourced products and services
- Independent consultants
- Networking and joint ventures
- Merchant payment processing
- Affiliates and subsidiaries
- Other business arrangements

COMMON MISTAKES



MANAGING MANUALLY

Allowing siloed oversight of 3rd party contracts in spreadsheets and documents that do not provide a unified approach or view of information; failing to keep information updated in context of change in internal or external events.



NOT STANDARDIZING POLICIES & PROCEDURES

Allowing different parts of the organization to use different procedures and systems for onboarding 3rd parties, conducting risk assessments and managing relationships.



FAILING TO CONSIDER INTERNAL PARTIES

Failing to map responsibilities for aspects of 3rd party relationships; applying the same controls to all internal relationship managers, regardless of the level of risk or value presented by their 3rd party contracts.

COMMON MISTAKES



Addressing only a small subset of parties in the supply chain, and then failing to manage even these based on risk ranking.



Failing to do business continuity planning



Having inadequate communication between management and personnel involved



Allowing activities that reduce supply chain transparency



Not considering consolidated impact

KEYS TO SUCCESS



KNOW WHO, WHERE & WHAT

Maintain a database on each 3rd party and 3rd party relationship, internal relationship owners, locations of operations, contract terms, risk and value assessments, required controls and measurements, and issues that arise.



CONTINUALLY EVALUATE RISK & VALUE

Use a 3rd party management platform to rank each party for risk in areas of concern and value added by the relationship; establish appropriate requirements and controls and revisit as factors



ENSURE NOTIFICATION & ACTION

Automate triggers for notifications to all necessary internal and external parties when new information arises or review is needed; automate revised risk assessments, new training or other actions where possible and appropriate.

KEYS TO SUCCESS



Identify every link in every supply chain, the roles they play, and the risks associated with them.



Use a code of conduct, policies and training to promote awareness of supply chain risk and understanding of required conduct for both employees and parties in the supply chain.



Select the right technology platform and due diligence partners to build risk intelligence



Identify, evaluate and manage risk consistently across and throughout all supply chain, using a standard approach to risk ranking and prioritization.



Continually monitor and evaluate the supply chain risk management capability

units, and tested to identify illicit payments. Moreover, Morgan Stanley conducted extensive due diligence on all new business partners and imposed stringent controls on payments made to business partners."

Emphasis added to illustrate elements of effective GRC management and engagement. Source of this statement is at: <http://www.justice.gov/opa/pr/2012/April/12-crm-534.html>.

Drivers & Trends: Third Party Management

Drivers	1 Constant Change	Exponential growth in regulatory, risk and business change is making scattered 3 rd party processes and information constantly behind and exposing the organization.
	2 Expanding Regulations & Liability	The regulatory environment continues to expand in context of 3 rd party management (e.g., OCC, Conflict Minerals, UK Modern Slavery) as well as contractual & legal liability (e.g., PCI DSS, Target suit).
	3 Growing Relationships & Exposure	The growing array of 3 rd party relationships with increasing exposure due to interconnectivity and complexity of environments.
	4 Scattered Information & Platforms	Many organizations still find they are encumbered by silos of disconnected processes that are often manual and burdened by documents, spreadsheets, and email.
	5 Need for Both Technology & Content	There is growing demand and need for the integration of external 3 rd party content and intelligence feeds into 3 rd party management solutions and platforms.

Trends	1 3 rd Party Management Strategy	Organizations are building committees to collaboratively oversee 3 rd party management across departments and functions with coordinated processes and architecture.
	2 3 rd Party Management Technology	To facilitate the 3 rd party management strategy organizations are looking for 3 rd party platforms that can integrate information from other systems and manage 3 rd party governance, risk & compliance.
	3 Integration with Enterprise GRC	Organizations tend to look for solutions that can deliver on their requirements for 3 rd party management and do not necessarily require that this be part of their enterprise GRC platform, but do need integration with it.
	4 Critical Need for 3 rd Party Content	Organizations are looking for 3 rd party management platforms that integrate with a range of 3 rd party content and intelligence services to provide analysis and automation of 3 rd party due diligence and analysis.
	5 Move from 3 rd Party Solutions to Platforms	Organizations are becoming more strategic and less tactical. They are starting to inquire more about overall end to end 3 rd party management platforms instead of pursuing a variety of disparate point solutions.

Our Agenda ...

- ✓ Defining & Understanding 3rd Party Management
Definition, Drivers, Trends & Best Practices
- ❑ Critical Capabilities of a 3rd Party Management Solution/Platform
What Differentiates Basic, Common, & Advanced Solutions
- ❑ Considerations in Selection of a 3rd Party Management Solution/Platform
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Trajectory of Value in Effectiveness, Efficiency & Agility



GRC Technology Solutions



731 technology solution providers that offer solutions related to GRC

GRC Intelligence & Content Solutions



112 providers with 384 content/intelligence solutions across a range of GRC areas

GRC Professional Services Solutions



1,000+ professional service firms offering services related to GRC

GRC Technology Market Segments



Third Party Management Technology

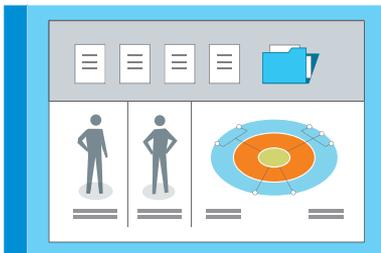
Third Party Management Platforms

Third Party Risk Management Solutions

Procurement & ERP Third Party Solutions

Screening & Due Diligence Solutions

Miscellaneous Third Party Management Tools



AUTOMATION AND TRACKING

Technology enables the change tracking and monitoring process by integrating information and content sources with software that automates and tracks workflow, accountability, and analysis of changes or additions

Third Party Intelligence & Content

Third Party Forms & Templates

PEP/Sanction/Watch Lists

Negative News

Organization/Corporate Ratings

Geo-Political Risk

Reputation & Brand Lists & Monitoring

Sourcing Information

Vessels Data

Controlled Goods & Substances

IT Security Ratings

The 3rd Party Management Market: Varying Perspectives

Traditional
Procurement &
Lifecycle
Solutions

Focused Solutions
for 3rd Party Management
Some Broad in Focus
(e.g., across departments)
Some Narrow in Focus
(e.g., specific issue or department)

GRC
Platforms

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Integrated 3rd Party Management

In today's complex economy, your suppliers, distributors, sub-contractors, agents and other 3rd parties play critical roles in your business success. Its too complex to manage without an integrated strategy that includes people, process and technology . The goal is to protect and grow value by establishing a capability to see your entire 3rd party landscape with real time information about external and internal events that may change risk profiles and impact performance.

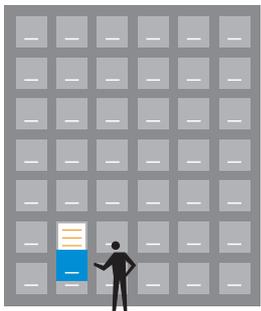


3rd Party Management Solutions Provide Automation & Tracking

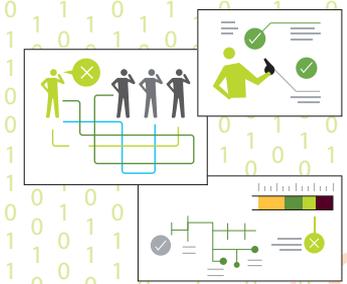
MANAGEMENT REPORTING



AUDIT TRAIL



WORKFLOW & TASKS



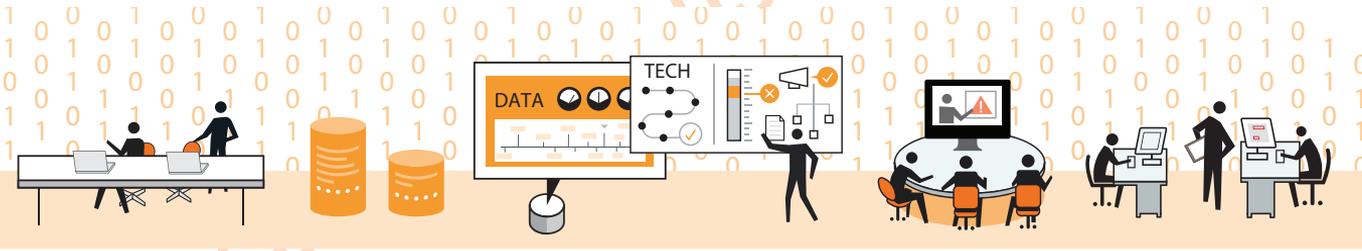
COLLABORATION



ENFORCEMENT



IFORCE
munication, policies aren't always fol-



Integration

Visibility

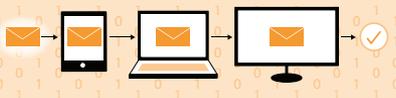
Global Reach

Availability

Accountability



Automation



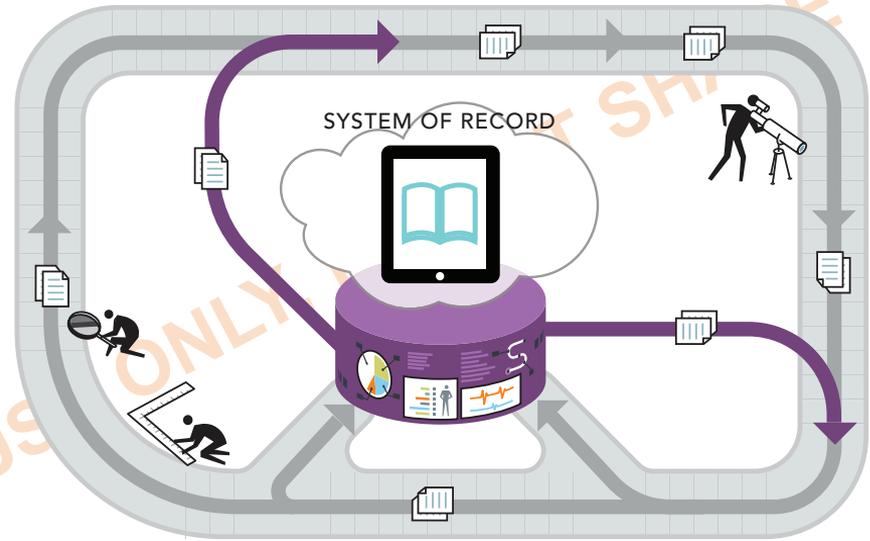
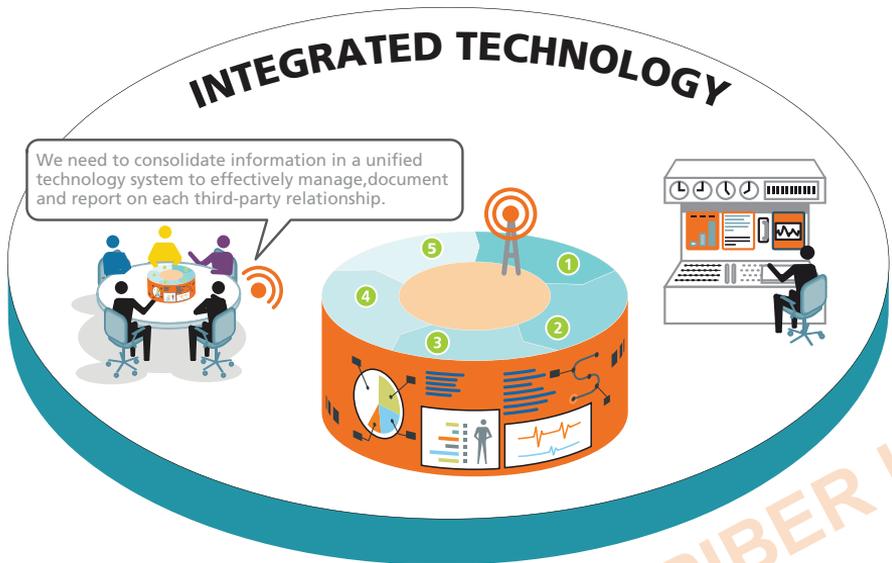
Repository



Consistency



3rd Party Management Solutions Provide Defensibility & Accountability



VERSION (DATE/TIME)



ASK & RESOLVE QUESTIONS



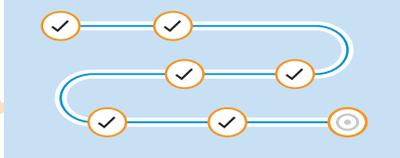
MEET REQUIREMENTS



MANAGE EXCEPTIONS



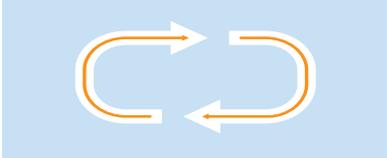
UNDERSTAND CONTEXT



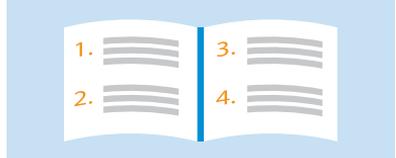
PROVIDE AUDITABLE RECORDS



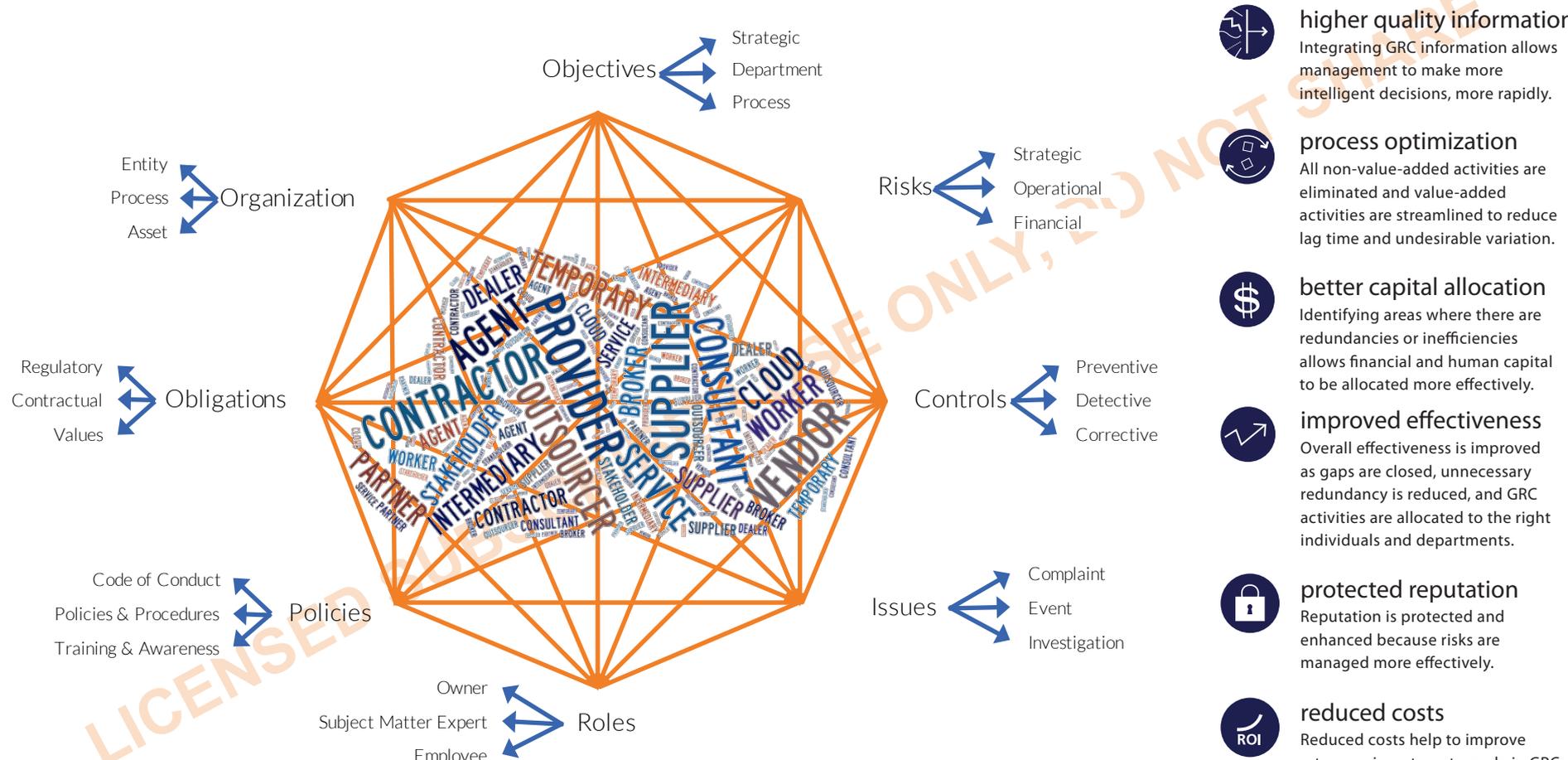
REPEATABLE CYCLE



DEMONSTRATE SEQUENCE



3rd Party Information Architecture Provides 360° Contextual Intelligence



higher quality information
 Integrating GRC information allows management to make more intelligent decisions, more rapidly.

process optimization
 All non-value-added activities are eliminated and value-added activities are streamlined to reduce lag time and undesirable variation.

better capital allocation
 Identifying areas where there are redundancies or inefficiencies allows financial and human capital to be allocated more effectively.

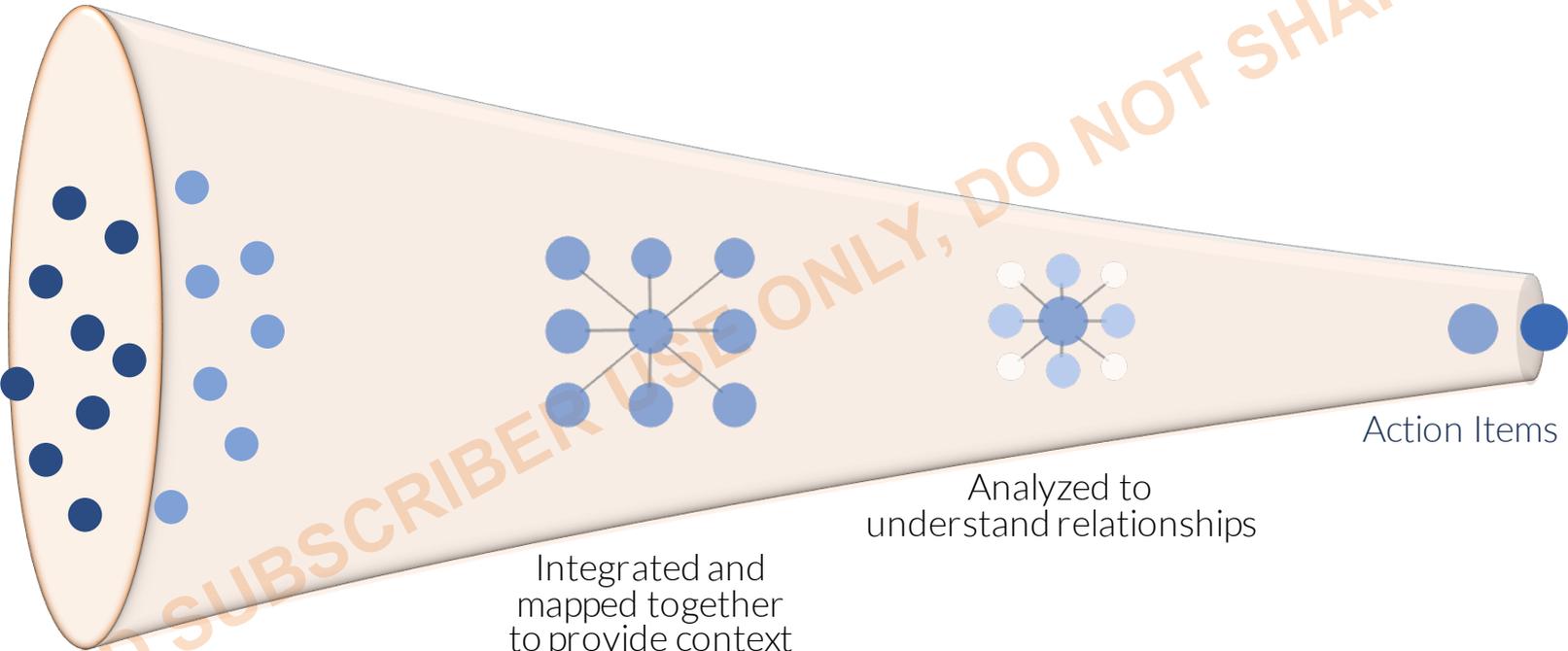
improved effectiveness
 Overall effectiveness is improved as gaps are closed, unnecessary redundancy is reduced, and GRC activities are allocated to the right individuals and departments.

protected reputation
 Reputation is protected and enhanced because risks are managed more effectively.

reduced costs
 Reduced costs help to improve return on investments made in GRC activities.

360° 3rd Party Contextual Intelligence

- Contracts
- Transactions
- Due Diligence
- Geo-Political Events
- Assessments
- Attestations
- Capabilities
- Training
- Disclosures
- Performance
- Quality
- Audits
- Inspections
- SLAs
- Negative News
- Sanctions



Distributed & Disconnected
3rd Party Data Points

Integrated and
mapped together
to provide context

Analyzed to
understand relationships

Action Items

Solution Area Definition

3rd Party Management solutions provide capabilities to govern, manage, and monitor the array of 3rd party relationships in the enterprise, particularly risk and compliance challenges these relationships bring.

This enables organizations to manage:

- **3rd party management process** of onboarding, approval, due diligence, communications, assessment, evaluation, issue management, and off-boarding. This includes workflow, task management, and content management capabilities.
- **3rd party portal** for 3rd parties to be able to submit and share information, take assessments, provide attestations, and other related requests and forms, to complete tasks.
- **Provide evidence** to provide a system of record and audit trail of all interactions, assessments, audits/inspections, and interactions with 3rd parties.

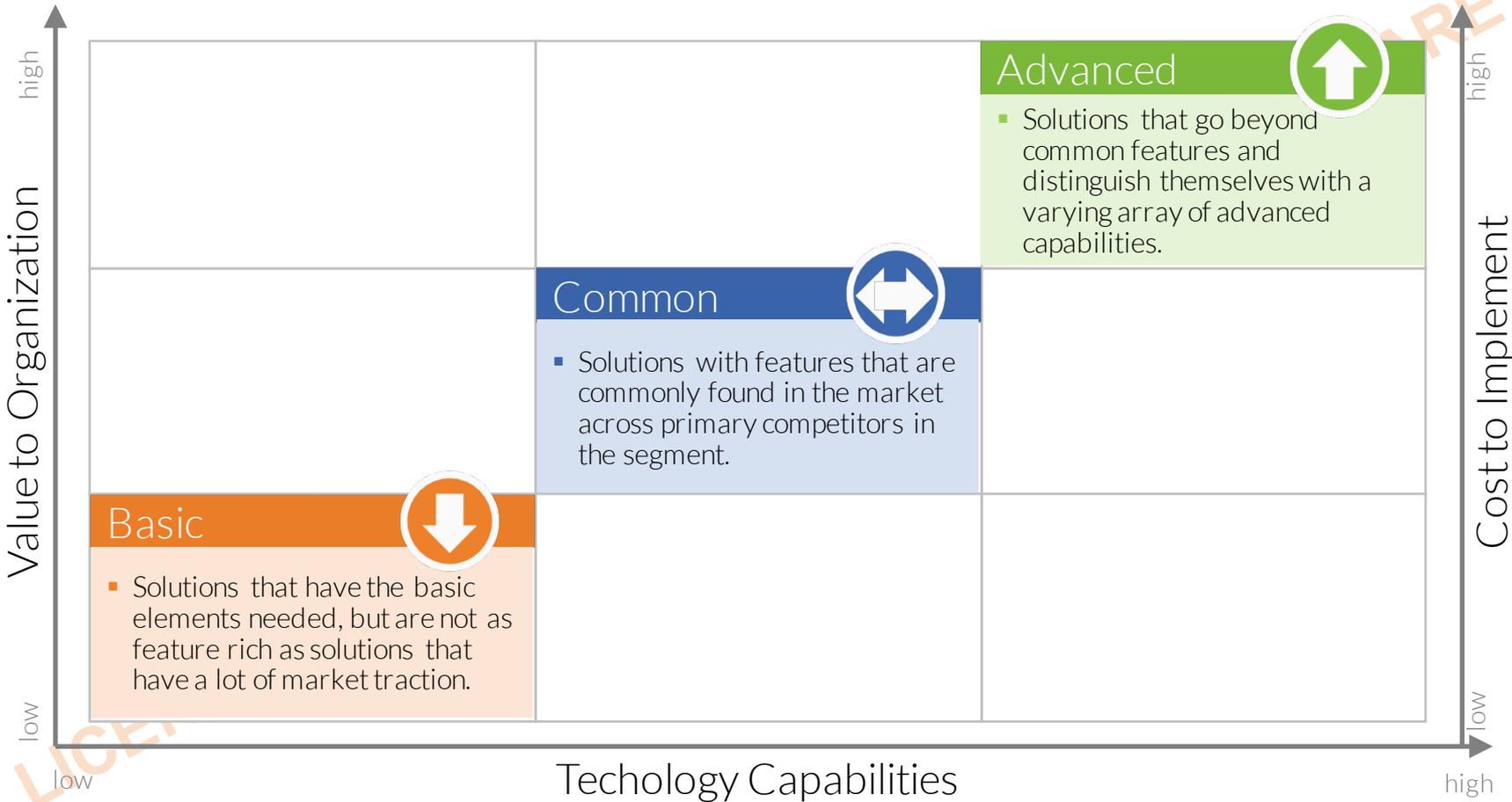


Critical Capabilities

- ❑ Onboarding process to register suppliers and have them submit necessary documentation
- ❑ Due diligence process during onboarding and periodically or continually thereafter
- ❑ Risk assessment and analysis of 3rd party relationships
- ❑ Policy communication & attestation to 3rd parties
- ❑ Training & awareness of 3rd parties
- ❑ Compliance assessment and analysis of 3rd party relationships
- ❑ Issue management through issue reporting/identification, response/investigation, and resolution.
- ❑ Forms & disclosure management for 3rd parties to fill out forms and submit information
- ❑ Audit & inspection management of 3rd parties in context of right to audit clauses
- ❑ Management of the off-boarding process



Basic, Common & Advanced Solutions



What Differentiates Basic, Common & Advanced Solutions?

Characteristics: Basic 3rd Party Management Solutions



Basic 3rd party management platforms focus on the workflow, forms, and tasks of 3rd party management. The value focus is on task automation by removing inefficiencies of manual approaches of documents, spreadsheets, and emails and replacing this with a solution that can collect information, manage workflow and tasks, and simplify reporting. Content, if provided, is typically in context of a single 3rd party management area (e.g., anti-bribery & corruption, information security).

Capabilities

- ✓ Supports back-end process of 3rd party management
- ✓ Workflow & task management
- ✓ Compliance & risk self-assessments & reporting
- ✓ Basic due diligence in context of workflow and tasks
- ✓ Notification
- ✓ Tracking attestations
- ✓ Reporting and tracking issues
- ✓ Survey capabilities to deliver self-assessments
- ✓ Audit trail/system of record of 3rd party related activities

Limitations

- Limited content integration, typically in context of one area and not across the organization
- Focus is rather narrow in addressing specific issues of 3rd party management and not a platform for managing a range of 3rd party governance, risk, and compliance

What Differentiates Basic, Common & Advanced Solutions?

Characteristics: Common 3rd Party Management Platforms



Common 3rd party management platforms have the range of features commonly found in enterprise 3rd Party Management RFPs that span the organization's 3rd party needs. They build upon the foundation of workflow, tasks, assessments, and forms with features to provide greater integration with other systems, and have better content integration.

Capabilities

- ✓ Has workflow, task, assessment, and content capabilities of Basic solutions
- ✓ Ability to manage the entire 3rd party management process from onboarding through offboarding
- ✓ Integration with ERP and other business systems to collect and monitor 3rd party information and transactions
- ✓ Basic contract management capabilities with ability to define and monitor SLAs, KPIs, and KRIs in 3rd party relationships
- ✓ Basic portal capability to collect and communication information with 3rd parties
- ✓ Audit & inspection management of 3rd parties

Limitations

- 3rd party content and intelligence sources is still often limited in scope
- Portal for 3rd parties is more utilitarian in focus and lacks advanced collaborative features
- Typically does not offer self-registration capabilities

Characteristics: Advanced 3rd Party Management Platforms



Advanced 3rd party management platforms are Common Platforms that have distinguished themselves from competitors by offering advanced capabilities in different areas. Areas of Advanced Capabilities (note, a solution might have one or more of these) include:

- ✓ **3rd party portal.** The solution has a strong, intuitive, engaging portal for 3rd parties to access and interact with policies.
- ✓ **Self-registration.** The solution and portal supports a 3rd party self-registration process during onboarding with a wizard interface to scope relationship, level of due diligence and acceptance and collect information.
- ✓ **Master data records & 3rd party information management.** The solution can integrate with a variety of ERP and other business systems to collect information and be the primary source of master data records on 3rd parties.
- ✓ **Ongoing/continuous due diligence.** The solution provides the capability to monitor 3rd parties on a continuous basis against a range of screening, sanction, negative news databases to proactively alert the organization on changes.
- ✓ **Contract lifecycle management.** The solution has full contract lifecycle management capabilities.
- ✓ **3rd party networks.** The solution provides a collaborative platform for organizations to participate in that allows many to many interactions and the ability to assess once and the assessment to be good for multiple relationships.
- ✓ **Spend analysis.** The solution allows for overall spend analysis and performance management of 3rd party relationships.
- ✓ **3rd party planning.** The solution enables the organization to strategically plan 3rd party relationships.

3rd Party Feature/Functionality Competitive Comparison

Feature										
Ability to Execute	🟡	🟢	🟢	🟢	🟡	🟠	🟡	🟠	🟡	🟠
Supporting Prof. Services	🟡	🟡	🟢	🟢	🟡	🟠	🟢	🟡	🟡	🟠
3rd Party Management Content	🟡	🟡	🟠	🟠	🟠	🟡	🟢	🟢	🟡	🟡
3rd Party Portal & Collaboration	🟡	🟡	🟠	🟢	🟠	🟠	🟠	🟠	🟢	🟠
3rd Party Self-Registration	🟡	🟡	🟠	🟢	🟠	🟠	🟠	🟠	🟢	🟠
3rd Party Information Management	🟡	🟡	🟠	🟢	🟡	🟠	🟠	🟠	🟢	🟠
Analytics, Dashboards & Reporting	🟡	🟢	🟡	🟡	🟡	🟠	🟡	🟠	🟡	🟡
Audit Management	🟠	🟢	🟢	🟠	🟢	🟠	🟠	🟠	🟠	🟡
Content Management	🟢	🟢	🟢	🟢	🟢	🟠	🟡	🟠	🟢	🟡
Contract Management	🟡	🟡	🟡	🟢	🟡	🟠	🟠	🟠	🟡	🟠
Data Collection (e.g., forms, surveys)	🟢	🟢	🟢	🟢	🟢	🟡	🟡	🟡	🟢	🟢
Due Diligence (e.g., on-boarding, ongoing)	🟡	🟡	🟠	🟠	🟡	🟡	🟢	🟢	🟡	🟠
Integration Capabilities	🟢	🟢	🟢	🟢	🟢	🟡	🟡	🟡	🟢	🟡
Policy Awareness & Training Management	🟢	🟢	🟡	🟡	🟢	🟢	🟡	🟡	🟡	🟡
Performance Management	🟡	🟡	🟠	🟢	🟠	🟠	🟠	🟠	🟢	🟠
Remediation & Issue Management	🟢	🟢	🟢	🟢	🟢	🟡	🟢	🟢	🟢	🟢
Risk Management	🟡	🟢	🟡	🟢	🟡	🟠	🟡	🟠	🟡	🟡
Workflow, Process & Task Management	🟢	🟢	🟢	🟢	🟢	🟡	🟢	🟡	🟢	🟢
Market position	3rd Party GRC	Enterprise GRC	Enterprise GRC	Enterprise GRC	Enterprise GRC	Issue Focused	3rd Party GRC	Issue Focused	3rd Party GRC	Issue Focused

Our Agenda ...

- ✓ Defining & Understanding 3rd Party Management
Definition, Drivers, Trends & Best Practices
- ✓ Critical Capabilities of a 3rd Party Management Solution/Platform
What Differentiates Basic, Common, & Advanced Solutions
- ❑ Considerations in Selection of a 3rd Party Management Solution/Platform
Decision Framework & Considerations to Keep in Mind
- ❑ Building a Business Case for a 3rd Party Management Solution/Platform
Trajectory of Value in Effectiveness, Efficiency & Agility

What is Your Approach to 3rd Party Management?

Distributed 3rd Party Management

- Disconnected departments managing 3rd party relationships in different ways with little or no collaboration with other departments



Federated 3rd Party Management

- An integrated approach that balances 3rd party management centralization with distributed participation and collaboration



Enterprise GRC Platforms

3rd party management is one module of several

Key element is the integration of information to other modules

Value is they can show 3rd party risk in context with other areas

Tends to focus more on risk and compliance of 3rd party relationships

Dedicated 3rd Party Management Platforms

Solutions that were built with the express purpose to manage 3rd parties

Does not provide other GRC modules

Typically offers more advanced capabilities

Procurement & ERP Solutions

Tends to focus more on the performance and management of 3rd parties with very little risk and compliance functionality.

Sourcing, contract management, and spend analytics are often common components.

Issue Specific 3rd Party Solutions

Built to focus on a specific area of 3rd party management (e.g., anti-bribery, information security, conflict minerals).

Solutions tend to offer deep content and capabilities in the context they were built for.

Many of these solutions are expanding and working to become a broader dedicated 3rd party management platform.

3rd Party Management

What are your needs

Do we buy a procurement platform?

Do we buy an issue-focused 3rd party platform(s)?

Do we buy a dedicated 3rd party management platform?

Do we buy enterprise GRC platform with 3rd party module?

Or do we purchase some combination of above and integrate?

3rd Party Management Strategy

Single Platform

Core Platform w/ Integration to Others

Siloed 3rd Party Solutions

Deployment Model

Traditional Software, On-Premise

Traditional Software, Hosted in Cloud

Cloud, SaaS Multi-Tenant Architecture

Policy Management Needs

Back-End Management of Policies

Front-End Portal for Policies

Integrated Training & LMS

Integrated Reg Content & Change

GRC Integration

Needs to be a Module in our Enterprise GRC Platform

Needs to Integrate with Enterprise GRC Platform, but Can Be Separate

Disconnected from GRC Platform

Deployment Models

	On-Premise (Traditional)	Cloud Hosted Solution	Cloud SaaS Multi-Tenet
Overview	Installed in local data center in a client-server model, most solutions support web-browser interfaces, but some still require a thick client (application installed on user computers).	Implementation of a traditional on-premise implementation in a 3 rd party data center and adds a layer of online delivery	Cloud delivering with a single code-base (multi-tenant).
Deployment	Installed on your own hardware in your own data center. Each instance of the application requires its own hardware, software, and network connectivity.	Installed on a 3 rd party's hardware in a 3 rd party's data center, delivered over Internet. Each instance of the application requires its hardware, software, and network connectivity (may be virtual).	Single code base supports all a solution provider's clients in a common data center, delivered over Internet.
Implementation	6 months or more	3 to 6 months	2 to 12 weeks
Customization	Often expensive and time-consuming. High risk of issues with upgrades due to customization.	Same as On-Premise	Tends to be highly configurable and avoids customization, low-risk of issues on upgrades.
Upgrades	Once a year or more	Same as On-Premise	Typically quarterly, so new features are rolled out regularly.
IT Support	Provided by customer	Mixture of customer and 3 rd party hosting provider	Included in subscription and provided by solution provider
Technology Requirements	Requires IT to support a specific operating environment for the server application and database.	Same as on-premise.	Delivered by web browser over the Internet and tends to be operating system and browser agnostic.
Accountability	Solution provider is responsible for providing software updates and patches, IT is responsible for maintaining software and hardware.	Solution provider is responsible for software updates and patches as well as maintenance of software and hardware.	Solution provider is responsible for software updates and patches as well as maintenance of software and hardware.

Organization Profile

- Company Profile
- Financial Profile
- Vision & Solution Plans
- Geographic Reach
- Industry Footprint
- Client References & Case Studies
- Brand, Reputation & Track Record
- Customer Service
- Training & Education
- Consulting & Implementation Services
- Channels, alliances, partnerships
- Demonstrated Value, Financial Benefits, & ROI
- Service Level Agreements
- Evaluation Instance & Proof of Value Support
- Post-Sales Support

Solution Architecture

- Development Platform & Technology Architecture
- Information Architecture
- Flexibility of Technology & Information Architecture
- Product Life Cycle & Updates
- Security Architecture - enterprise, entity, record, field
- Single Sign-On & LDAP
- Deployment Model – On-Premise, Hosted, SaaS
- Scalability of Solution
- Integration with Other Systems & Data
- Responsive Interface & Mobility Architecture
- Data Management & Bulk Changes
- Configuration & Customization
- Availability of Toolkits, flexibility of architecture
- Administration
- Internationalization & Contextualization
- Documentation

NOTE: these are just a selection of some common elements from GRC 20/20's RFP template containing over 300 requirements for 3rd Party Management Platforms

Foundational Capabilities

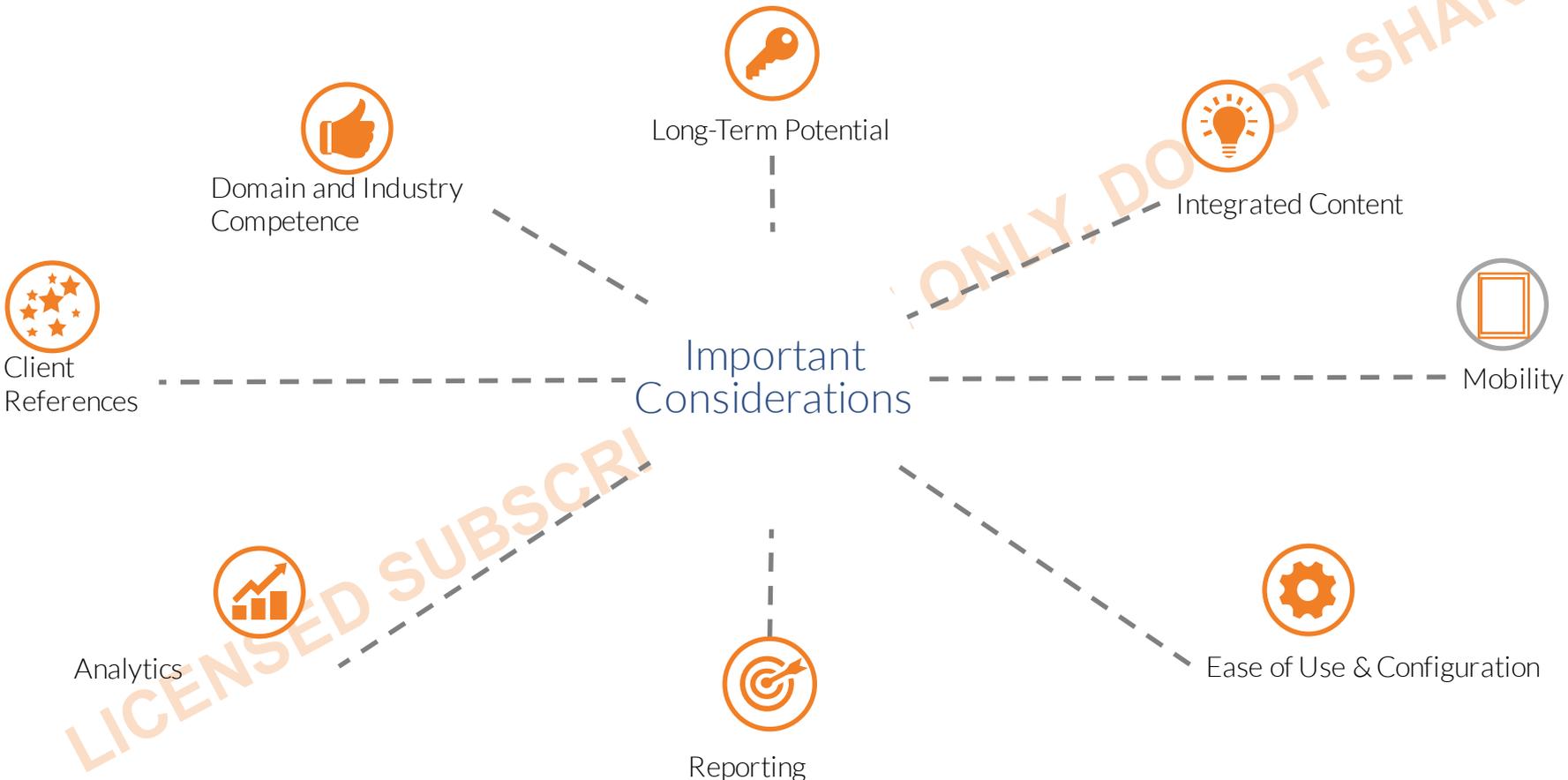
- Workflow & Task Management
- Process Modeling
- Content & Document Management
- Cross-Referencing & Relationships of Data
- Survey & Assessment Management
- Audit Trail & Records Management
- Reporting, Dashboards & Business Intelligence
- Notifications & Alerts
- Mobility Apps
- Visualization & Analytics
- Standard & Framework Support
- Collaboration
- Business Rules Engine

Other Topics of Consideration

- Out of the Box Features & Functionality
- Breadth of Functionality
- Depth of Functionality
- Advanced Features & Differentiators
- Usability & User Experience
- Integrated Content & Intelligence
- Embedded Domain/Industry Expertise
- R&D & Innovation
- Wizards & Contextual Help
- Role-based Experiences Devoid of Clutter

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Important Considerations



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Key Considerations in Evaluating 3rd Party Management Platforms



Client References

Check client references. Talk to the primary reference, but also ask to talk to someone on their team that uses the solution every day.



Market Presence

Determine if the solution provider has enough market momentum or differentiating technology to be in the market for the long haul.



Enterprise Strategy

Ensure that the solution provider shares your definition and direction for your strategy for both today and tomorrow.



Business Value

The solution needs to demonstrate a clear return of value to the business in efficiency, effectiveness, and agility.



RFP Hype

Test drive the solution and asked the direct questions on features, particularly if the features are natively in the solution or have to be built out.



Solution Reach

Determine if the solution meets your industry and geographic needs to be able to support operations, languages, and content.



Cost

What does the solution cost to acquire? Implement? Maintain?



Ease of Use

Does the solution bring efficiency through ease of use and intuitiveness of the platform?



Security

What is the security architecture of the platform?
How does the solution provider resolve security issues in their platform?



Information Architecture

Is the solution readily configurable and adaptable to your environment?
Does it require costly customization, programming, or consultants to adapt?



Integration

Does the solution allow for the right integration points with other analytic, control, and GRC solutions?

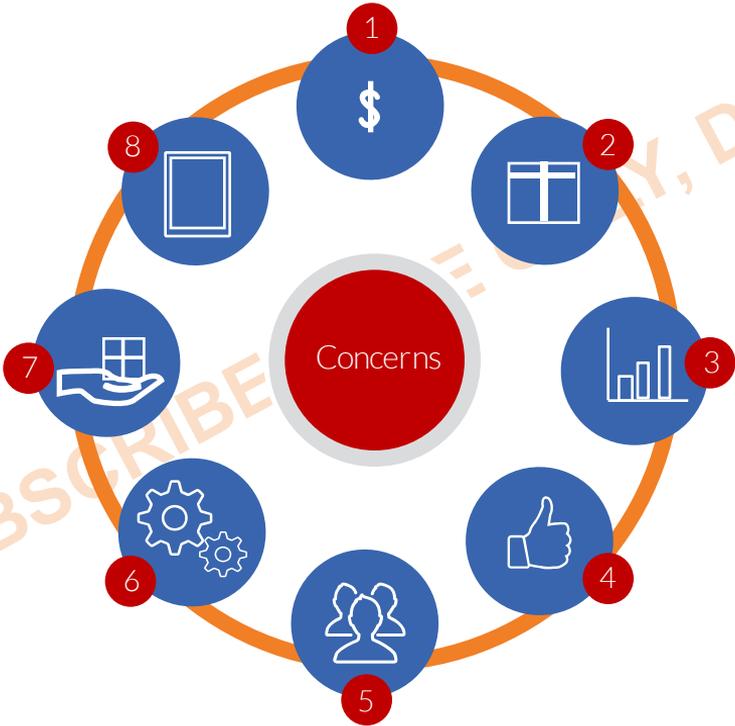


Agility

Does the solution meet not only your current needs but also your long term strategy over the next 3 to 5 years?

Most Significant Concerns in Evaluating 3rd Party Management Providers

- 1 Costs**
What is the reality of the acquisition and maintenance costs?
- 2 Content**
Does the solution provide the right GRC content integrations?
- 3 Technology Debt**
How much technology debt does the solution provider carry in promised features undelivered?
- 4 RFP Responses**
Is the solution provider saying yes to everything in the RFP to win a deal?



- 5 Client References**
Are the client references people actually using the solution every day?
- 6 Customization**
Can you configure the solution or does it require customization & coding?
- 7 Implementtion Team**
Does the implementation team have real world experience in aspects of GRC?
- 8 User Experience**
Is the user experience intuitive and easy to use?
Is mobility supported?

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What if we could design 3rd party management?

3rd Party Management Collaboration: Providing Collaboration on 3rd Party Management Across the Organization





3rd Party Management Strategy



3rd Party Management Process



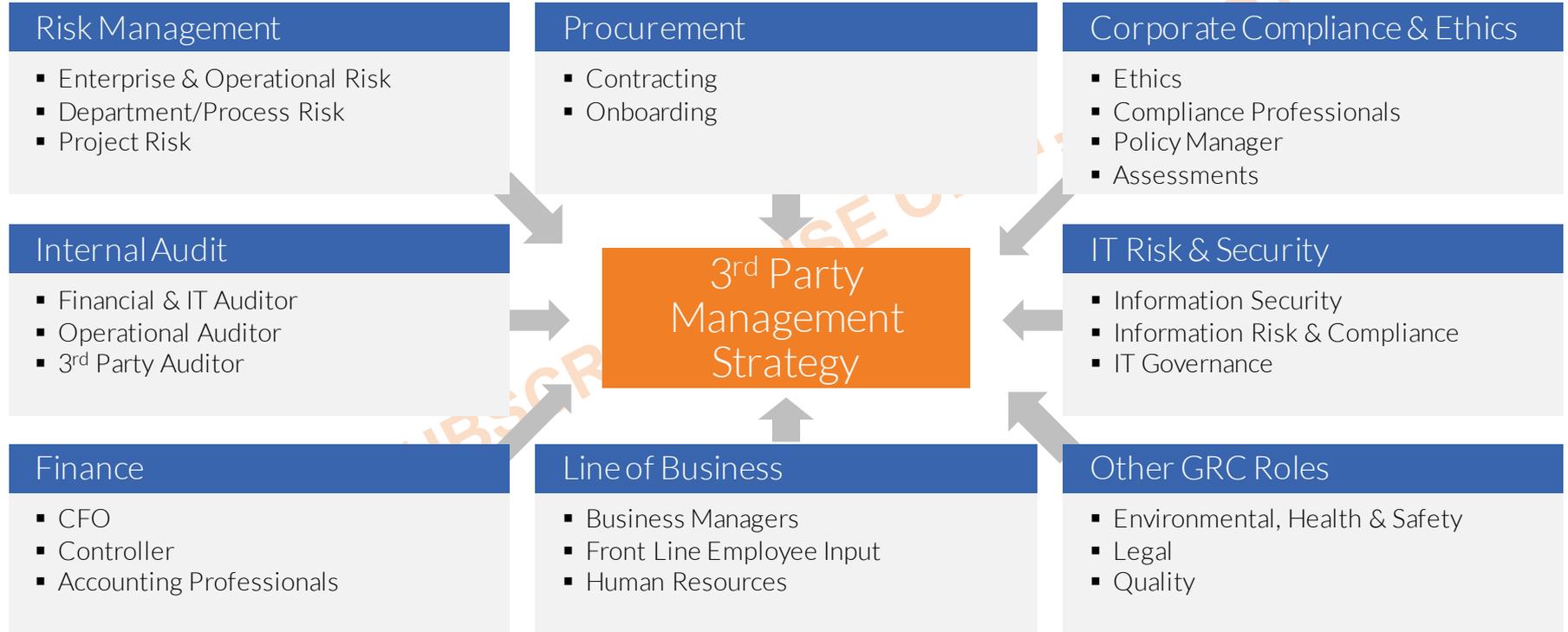
3rd Party Management Information



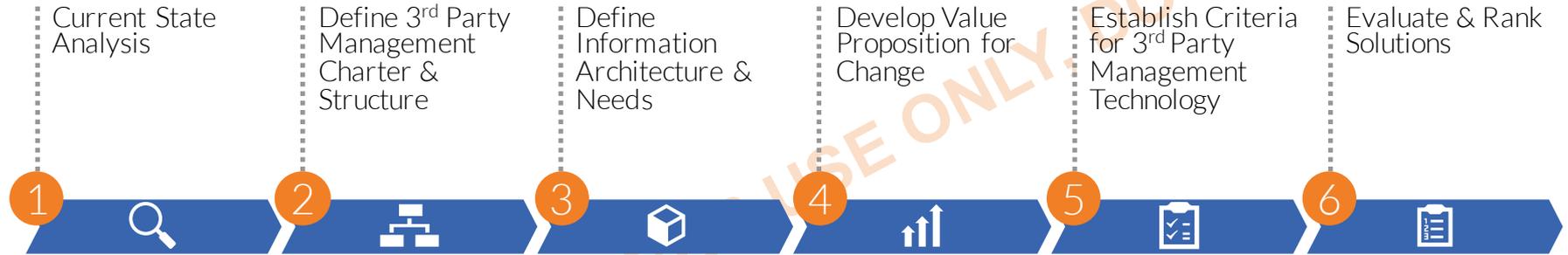
3rd Party Management Technology

Critical Roles in 3rd Party Management

Board of Directors & Executive Management Oversight



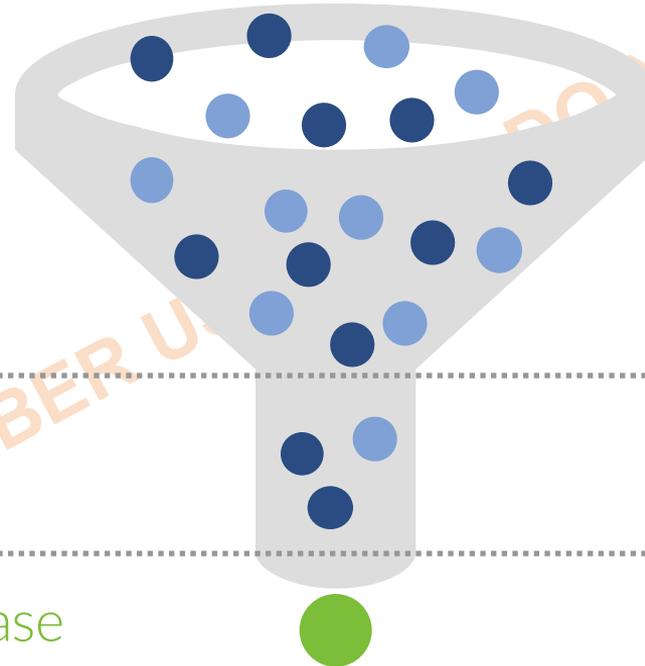
Steps in Building an for Enterprise 3rd Party Management Strategy & RFP



1 Understand fragmented approaches

2 Determine synergies

3 Business Case



Mission Statement

STATEMENT



Accountability

REPORTING



Roles Groups Involved



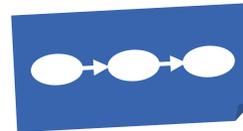
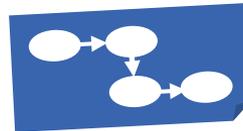
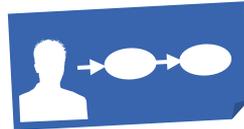
PERSONAS



3rd Party Management Lifecycle & Responsibilities



PROJECTS



Resources



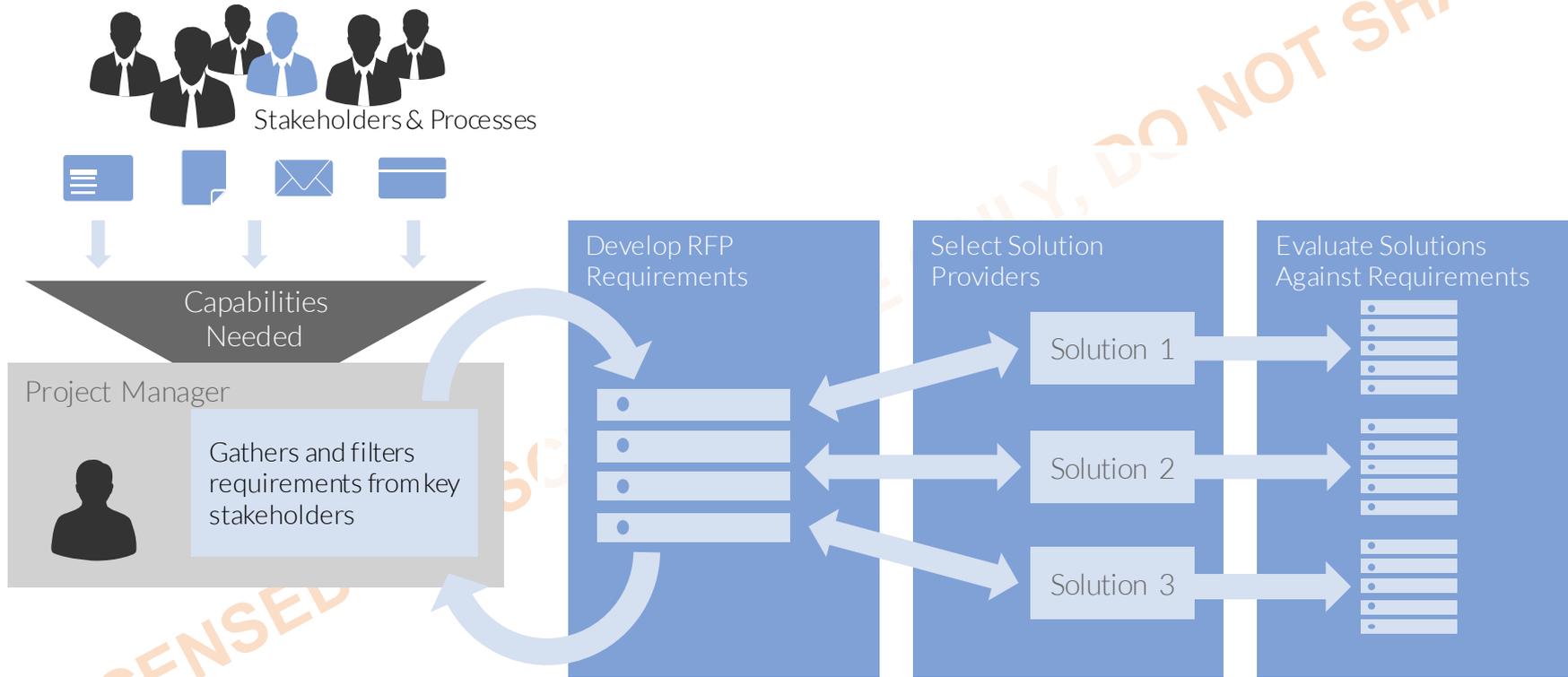
PORTAL

GRC

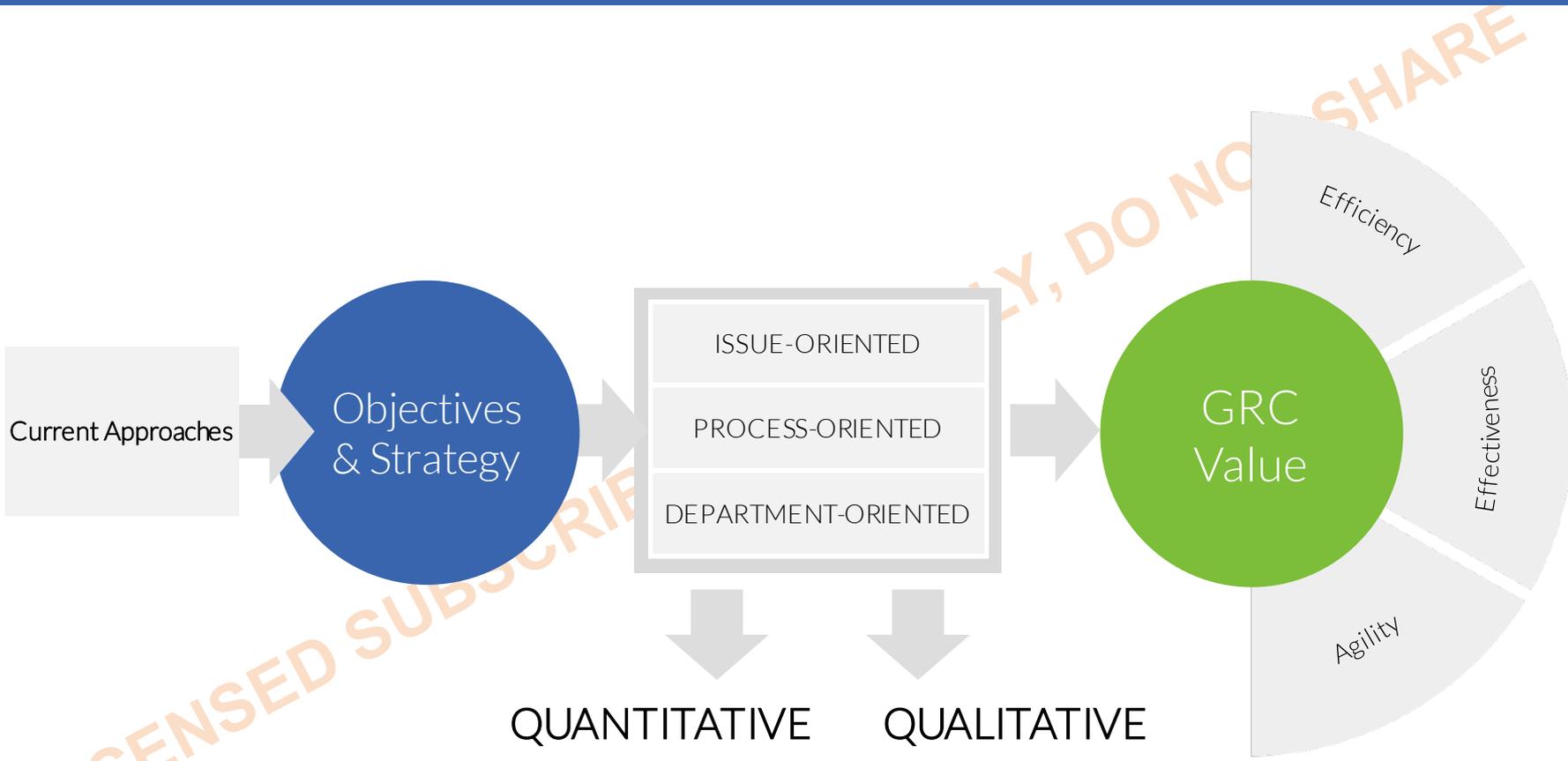
PROCUREMENT

FORMS

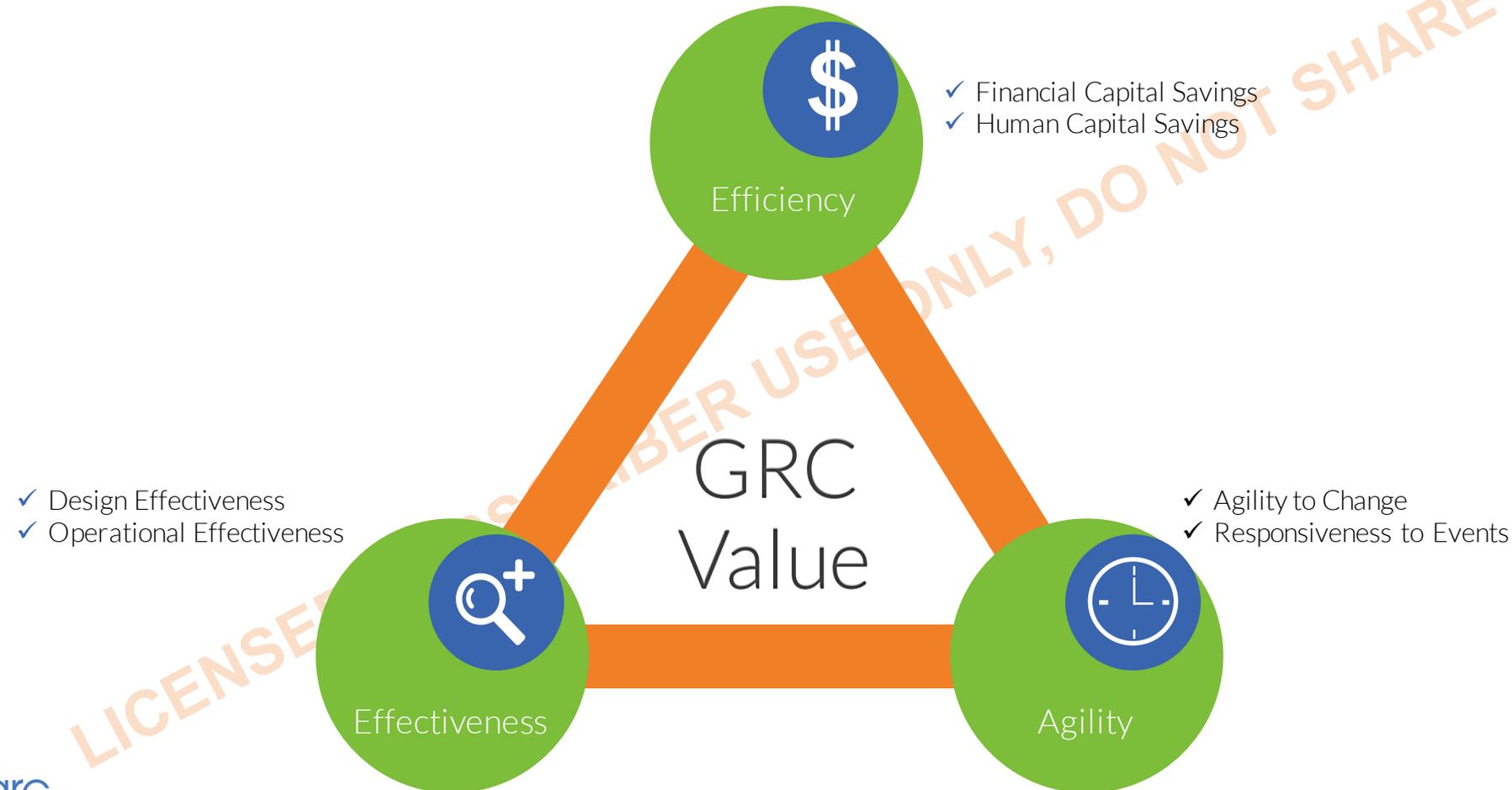
3rd Party Management Platform Selection Process



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GRC 20/20 Value Perspective: 3 Angles of GRC Value



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- ✓ **Inquiry.** Complimentary inquiry to organizations looking for GRC solutions and have straight forward questions that can be answered quickly via email or phone.
- ✓ **RFP Development.** GRC 20/20 has an extensive list of GRC related RFP requirements built over years to streamline your RFP development process.
- ✓ **Training.** GRC 20/20 is regularly engaged to come in and train organizations on GRC related strategies, processes, and architecture.



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Questions?

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