Vendor Risk Management

Many risk programs have only an internal focus to ensure all people, processes and systems are in control. However, as organizations rely more heavily on outsourcing key business processes, a comprehensive risk strategy requires awareness of both internal and external risks. Executives have more and more reason to be concerned about external risks as they read the news. Market dynamics, currency fluctuations, global stability, and supply chain risks including outsourcing and business partners are all making headlines. In fact, an organization's ability to effectively deliver products and services to its customers depends heavily on these factors. Vendors that do not adhere to the same moral, ethical and overall quality standards can quickly damage an organization's reputation with existing customers as well as the general public. BWise Vendor Risk Management allows an organization to optimize performance for each of its vendors by managing vendor relationships and monitoring risks that may adversely impact the organization's day-to-day operations. BWise offers an integrated enterprise Governance, Risk Management and Compliance (GRC) solution which includes Vendor Risk Management as a key component to the overall GRC framework.

Vendor Risk Management Lifecycle

The Vendor Risk Management Lifecycle involves managing and monitoring the overall vendor relationship which includes identifying risks prior to vendor selection, maintaining a current business profile for all vendors, performing targeted and ongoing risk assessments, monitoring Service Level Agreements, and eventually, managing the vendor off-boarding process.

Vendor Evaluation

The Vendor Management Lifecycle starts with evaluating vendors and determining which ones best support the organization's business needs. Risk management must be incorporated at this stage of the process to help ensure a successful business relationship. Key questions must be answered to minimize risks such as:

What is the financial strength of this vendor?

Does the vendor have an acceptable business continuity plan if their operations fail while supporting our business?

How will this vendor secure our data if they are granted access to sensitive information?

These questions, and many others, must be addressed to effectively evaluate vendors and mitigate risk once a vendor is selected.

Vendor Business Profiles

A critical component in the Vendor Risk Management Lifecycle is understanding who an organization's current vendors are. This involves maintaining a comprehensive, centralized list of all vendors and business partners supporting the organization's business operations. BWise provides a central repository of all vendors along with their business profile information. This is comprised of key information such as products and services provided, address information, and primary contact persons. BWise is able to leverage this basic business profile information to perform targeted risk assessments based on the vendor's product and service offerings, geographical locations, and people involved.

Contract Management

Once a vendor is selected as a business partner, a contract must be negotiated including the terms of products and services to be delivered and costs associated with these offerings. BWise allows organizations to manage the entire contract management process from initial drafting to reviews by internal resources and vendor resources, and ultimately, final approval. Often, Procurement and Legal teams already maintain this information in one or more data sources throughout the organization. BWise is able to simply link to these data sources rather than re-entering contract information in multiple locations. Whether managing contracts directly within BWise or linking to contracts in separate data sources, BWise provides a clear overview of all vendors and any historical, current, and upcoming contracts established with each vendor.

SLA Management

Though not commonly part of individual risk management solutions or broader eGRC solutions, BWise offers Service Level Agreement (SLA) management to help organizations track overall vendor performance. SLA's are typically included within the contract itself. However, BWise allows organizations to capture key SLA objectives that can be measured and monitored through the use of key performance indicators (KPI)s and key risk indicators (KRI)s.

Information for these KPI's and KRI's are regularly provided by the vendor, either directly into BWise via secure interface, or via pre-defined data sheets that can be uploaded. Information housed in BWise can be made available for status reporting, trending, and even showing benchmarks compared to similar vendors. These reports may also be provided to the respective vendor, via secure reporting interface or automated email alerts with the report included as attachments.

Initial Vendor Assessments

Organizations typically work with hundreds, if not, thousands of vendors to support their business operations. However, all vendors are not necessarily equally critical, and also do not pose the same amount of potential risk to the organization. Ranking vendors by the level of criticality is accomplished by performing criticality assessments to help keep vendor risk management scalable and relevant. For example, a vendor who is a strategic supply chain partner will be more critical than a vendor providing occasional part supplies.

Vendor risk management also involves assessing risks based not only on the criticality of the vendor, but also on other factors such as products and services being delivered, geographical location, and people associated with each vendor. For example,

vendors providing physical security services will be assessed differently than vendors providing information security services. Additionally, vendors providing offshore services will present different risks than vendors providing localized services.

BWise Vendor Risk Management allows organizations to determine the criticality of vendors based on their level of involvement with the organization. In addition, vendors can undergo targeted risk assessments based on any information related to the vendor's business profile. This versatility provides an unparalleled assessment capability to apply the correct actions for each vendor.

Continuous Vendor Assessments

A key component of Vendor Risk Management is continuously collecting accurate information from each vendor. Collecting this information is typically performed by distributing self-assessment questionnaires or checklists that can be completed by the vendor or the internal relationship manager for an organization. Assessments can be focused on a number of risk factors such as financial stability, physical safety, information security, ethical conduct, and many other areas. BWise offers an easy-to-use assessment capability for vendors to securely enter their data directly into the BWise online system. Alternatively, BWise provides offline tools such as a downloadable application or a secured Excel spreadsheet allowing vendors to enter their information and submit to an internal resource for importing into BWise.

Standardized Assessments

With the ever-increasing number of risk assessments vendors are required to complete, it comes as no surprise companies are looking for more standardized and efficient approaches for assessing vendor risks. One of the most commonly adopted approaches is the Shared Assessments Program. This program is comprised of two primary assessment tools, the Standardized Information Gathering (SIG) Questionnaire and the Agreed Upon Procedures (AUP). BWise is able to support these and other similar standard assessments, and it even allows vendors to upload their SIG response documentation to improve efficiency. With the vendor risk management market maturing, the need for better and more standards will increase; BWise will follow this trend by continuously supporting new and emerging standards.

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Vendor Audits

Vendor Audits are becoming more commonplace as a collaborative effort between Internal Audit and Enterprise Risk Management (ERM) teams, particularly for an organization's highest risk vendors. These vendors may include vital supply chain partners, resellers and distributors, or IT partners. BWise seamlessly supports vendor audits by managing work papers, collecting evidence, and capturing findings. BWise Internal Audit capabilities enhance and complement the activities performed by other groups also involved with assessing vendors such as ERM, Procurement, Legal, Information Security, and Compliance. In addition, BWise can also provide strong offline audit capabilities that allow all audit activities to be performed on the vendor premises such as factories, data centers, and branch locations.

Issue Tracking

Whether collecting information via risk questionnaires or audits, the primary purpose of these activities is to proactively identify issues before they become an actual incident. BWise provides a centralized repository where all issues are categorized, tracked, and managed as a result of the completed risk assessments and audits. Issues can be assigned specific owners with due dates to ensure they are remediated as efficiently as possible. Additionally, action plans can be assigned to multiple groups in order to help resolve a single issue. Vendors are able to access the BWise system to respond to issues and upload evidence that the issue was resolved.

Incident Management

Although the organizations may do a solid job of conducting risk assessments, performing audits, and proactively resolving issues with each vendor, incidents will still occur that can adversely impact the organization. An organization must be able to quickly respond to these incidents in order to minimize financial losses, avoid legal consequences, and limit its reputational impact to the business. The integrated nature of BWise helps organizations to collaborate across departments to resolve each incident as quickly as possible and also ensure appropriate measures are put in place to avoid similar incidents from occurring in the future. These measures can be incorporated into future risk assessments and audits for the same vendor or similar vendors.

Vendor Off-Boarding

Vendor relationships begin and end on a daily basis. However, many organizations do not have a strategy in place to ensure the vendor relationship is appropriately terminated. Vendors are often left with a significant amount of the company's intellectual property. It is critical for organizations to be able to track the off-boarding process to ensure its property is delivered back to the company or completely destroyed. BWise provides the ability for internal off-boarding checklists to be completed across all teams involved. For example:

- Has Information Security appropriately removed the vendor's access to internal networks?

- Has Legal ensured all contractual obligations were fulfilled based on payments made to the vendor?

- Has the vendor certified that all physical artifacts have been delivered back to the organization and soft copy documentation destroyed?

BWise allows organizations to effectively manage the off-boarding process by providing internal checklists as well as certifications for vendors to complete indicating they are no longer in possession of the organization's assets.

Comprehensive Dashboards and Reporting

With hundreds or thousands of vendors, each with their own criticality level, risk ratings, SLA objectives, regulatory impacts, and numerous interactions across the organization, managing risk exposure can be daunting, BWise provides visibility across all of these areas for executives and managers to understand the true risk posture of their business operations based on current vendor relationships. Additionally, all teams involved with monitoring the vendor relationship including Procurement, Legal, Information Security, Internal Audit, and many others can share information and work from a common view of each vendor, including "next steps" involved in the Vendor Risk Management Lifecycle.

About BWise

BWise, a NASDAQ OMX company, is a global leader in Enterprise Governance, Risk Management and Compliance (GRC) software. Based on a strong heritage in business process management, the BWise® GRC platform provides companies with highly-rated, proven software solutions for Risk Management, Internal Control, Internal Audit, Compliance & Policy Management, IT GRC and Sustainability Performance Management.

BWise's end-to-end solutions support an organization's ability to understand, track, measure, and manage key organizational risks. BWise helps companies truly be in control by balancing performance with their financial and reputational risks, improving corporate accountability, increasing financial, strategic and operating efficiencies. Using BWise, organizations are able to efficiently comply with anti-corruption regulations like FCPA and the UK Bribery Act, the Sarbanes-Oxley Act, European Corporate Governance Codes, ISAE3402/SAS-70, PCI-DSS, Solvency II, Basel II and III, Dodd-Frank, ISO-standards, and many more.

BWise sales, service and support offices around the globe provide for the GRC needs of hundreds of clients, including: adidas, AEGON, Ahold, AngloGold Ashanti, Connexxion, Health Alliance Plan (HAP) of Michigan, LeapFrog, Liebherr, Marathon Oil, Southern Company, Swiss Life, and Transcontinental. For more information, visit www.bwise.com.

BWise® GRC Platform

BWise offers multiple role-based software solutions for Risk Management, Internal Control, Internal Audit, Compliance & Policy Management, IT GRC and Sustainability Performance Management. Each solution derived from the BWise integrated Governance, Risk management, and Compliance Platform supports the end-to-end process of a given role.

Role		Professional	Advanced
Gerard Parker Chief Risk Officer (Risk Management)		BWise® Risk Management Professional	BWise® Risk Management Advanced
Michael Bauer Corporate Group Controller (Internal Control over Financial Reporting)		BWise® Internal Control Professional	BWise® Internal Control Advanced
Ann Green Internal Auditor Internal Audit (IA)		BWise® Internal Audit Professional	BWise® Internal Audit Advanced
Jackie McLaren Compliance Officer (Compliance & Policy Management)		BWise® Compliance & Policy Management Advanced	BWise® Compliance & Policy Management Advanced
Damian Thomson Chief Information Security Officer (IT GRC)		BWise® IT GRC Professional	BWise® IT GRC Advanced
Kim Lee VP Corporate Sustainability (Sustainability Performance Management)		BWise® Sustainability Performance Management Professional	BWise® Sustainability Performance Management Advanced

Contact Information

BWise has sales, service and support offices worldwide.
To contact us at our local offices in Asia, Australia, Europe,
South Africa and the United States, visit www.bwise.com/offices.

BWise Headquarters
Rietbeemdenborch 14 - 18
5241 LG Rosmalen
The Netherlands
+31 (0)73-6464911
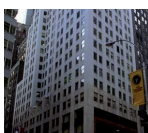
BWise, Inc.
1450 Broadway, 38th Floor
New York, NY 10018
USA
+1 212-584-2260

BWise France
19, boulevard Malesherbes
75008 Paris
France
+33 (0) 1 55 27 37 28

BWise Germany GmbH
Kaiserswerther Strasse 115
40880 Ratingen
Germany
+49 (0)2102 420 663

BWise South Africa
2nd Floor, West Tower
Maude Street
Nelson Mandela Square
Johannesburg 2196
South Africa
+27 (0) 11 881 5436

BWise Thailand
36/F CRC Tower, All Seasons Place
87/2 Wireless Road, Phatumwan
Bangkok, 10330
Thailand
+66 2 625 3087

BWise United Kingdom
1 Bell Street
Maidenhead
Berkshire, SL6 1BU
United Kingdom
+44 (0)1628 421750

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