

Risky Relationships: A Holistic View of Third-Party Risk Management

Josh Rapp, Cisco - Senior Information Security Compliance Engineer

January 11, 2023

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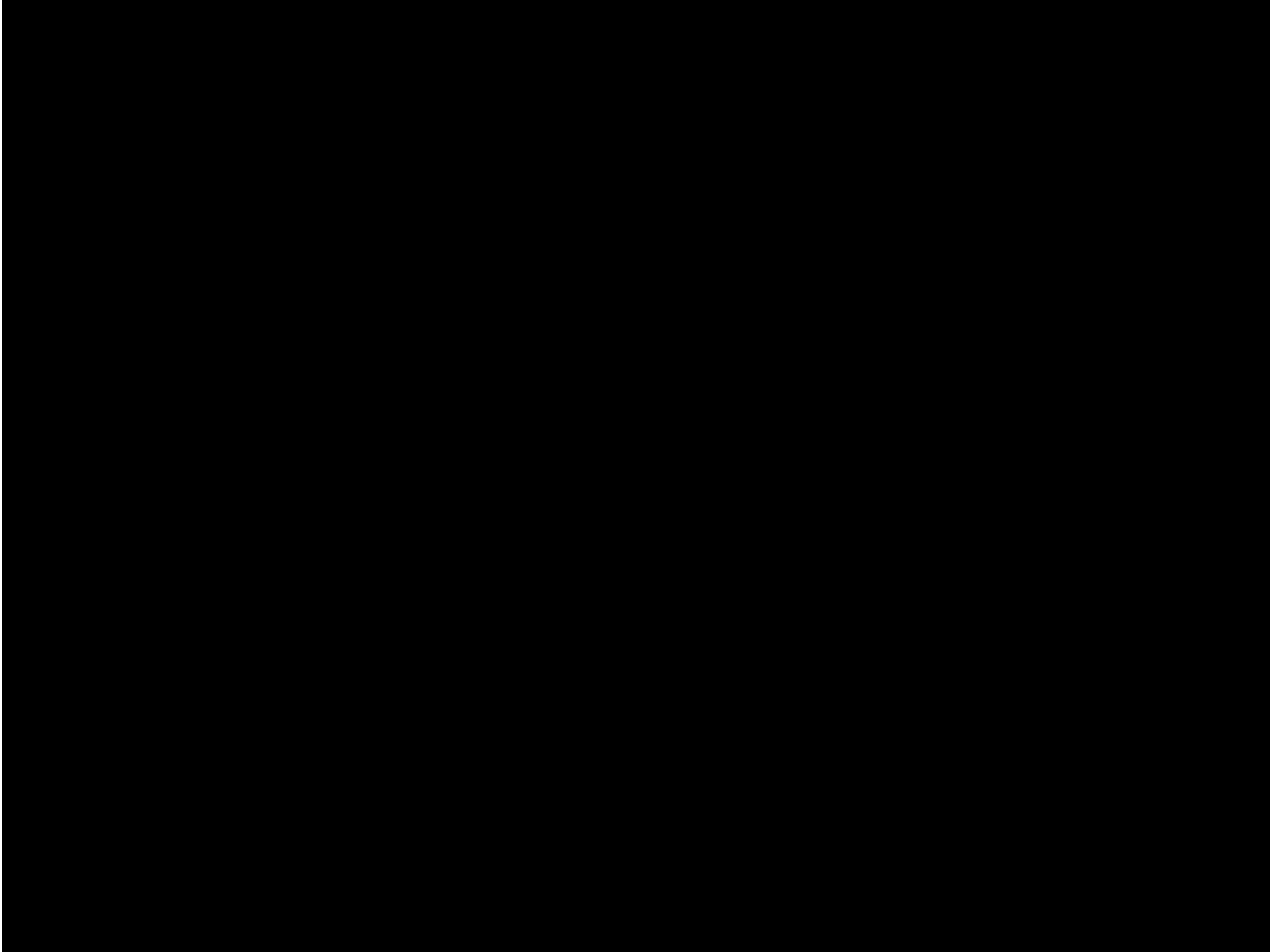
Grant Thornton



Crowe

RGP

To the Power of Human™



Housekeeping

Session:

- 50 Minutes session with Q&A
- Participant audio and video are disabled
- Please use Q&A button to submit your questions for the speaker at any time
- Use chat to share your feedback or other comments if any
- Session recording will be available after this session

CPE Eligibility:

- Attend 50 minutes and answer at least 3 out of 4 polling questions for earning CPE
- CPE certificate will be sent to eligible participants within 2 weeks

If you interested in speaking or volunteering, please contact us at **contact@iasj.org**

Speaker Introduction



Josh Rapp

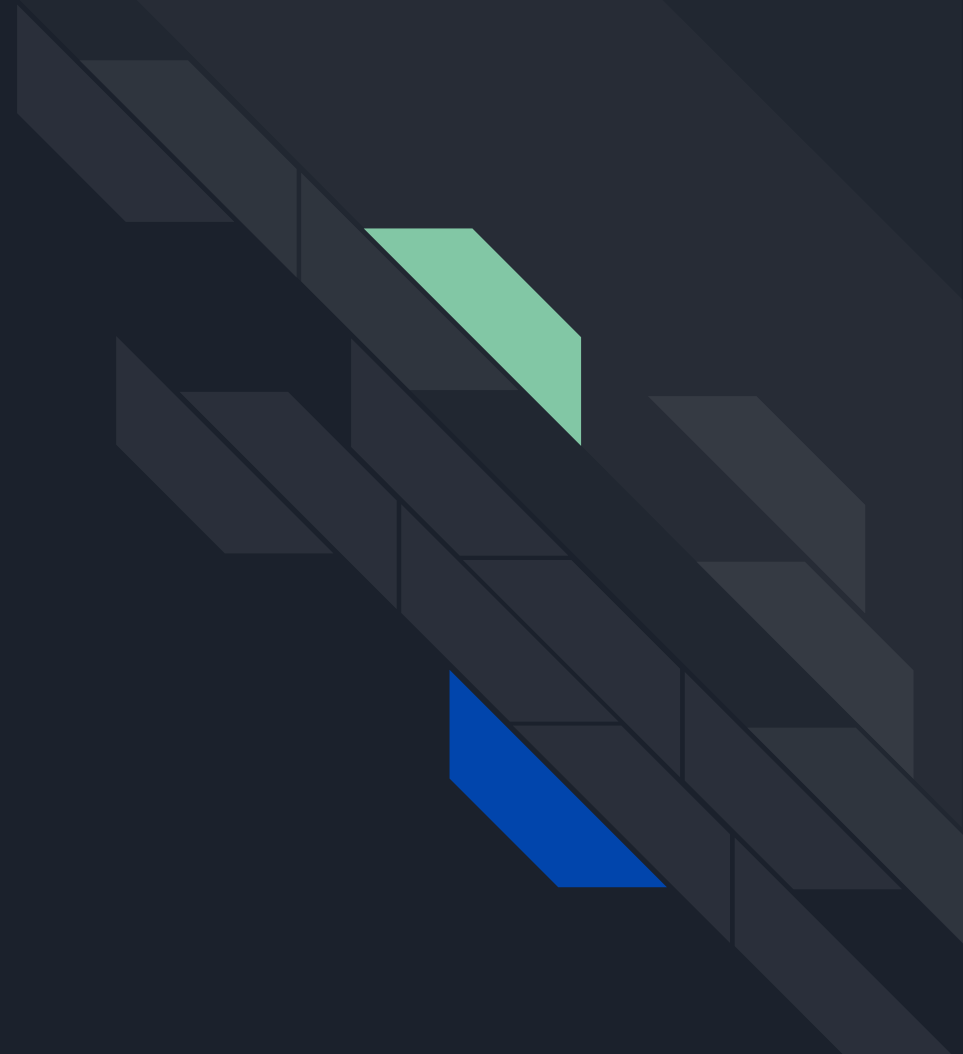
Cisco - Senior Information Security Compliance Engineer

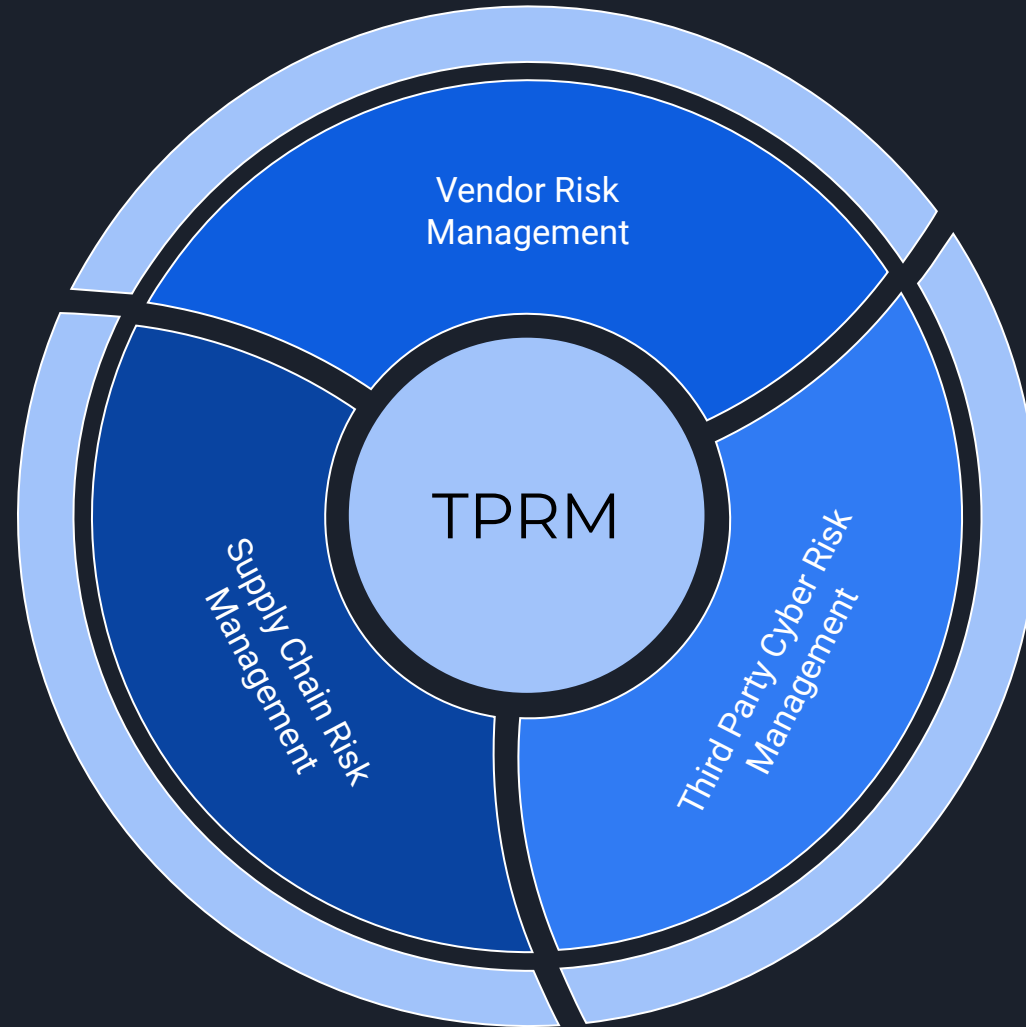


Agenda

- Definition and Objective
- Current State
- Back to Basics
- Third Party Risk Management Lifecycle
- Investment Considerations

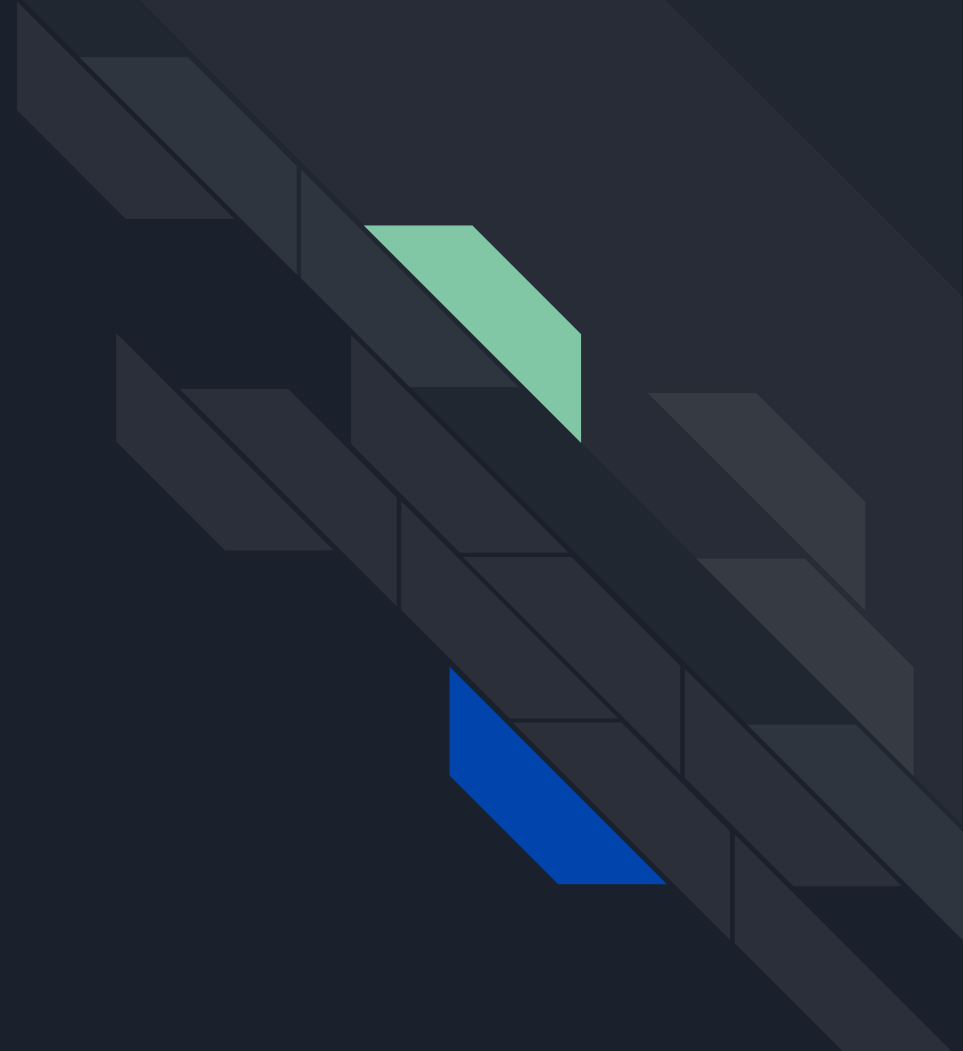
What Is Third-Party Risk Management?



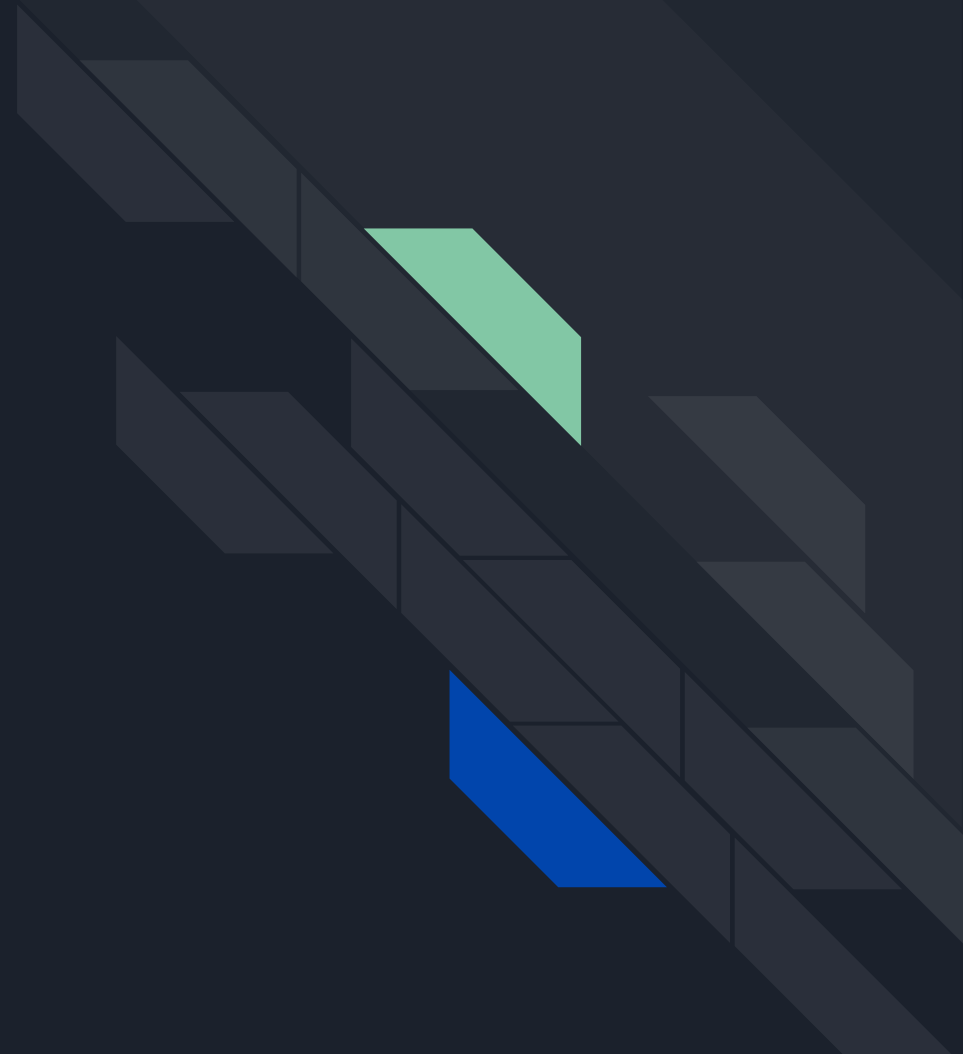


What is Third-Party Risk Management?

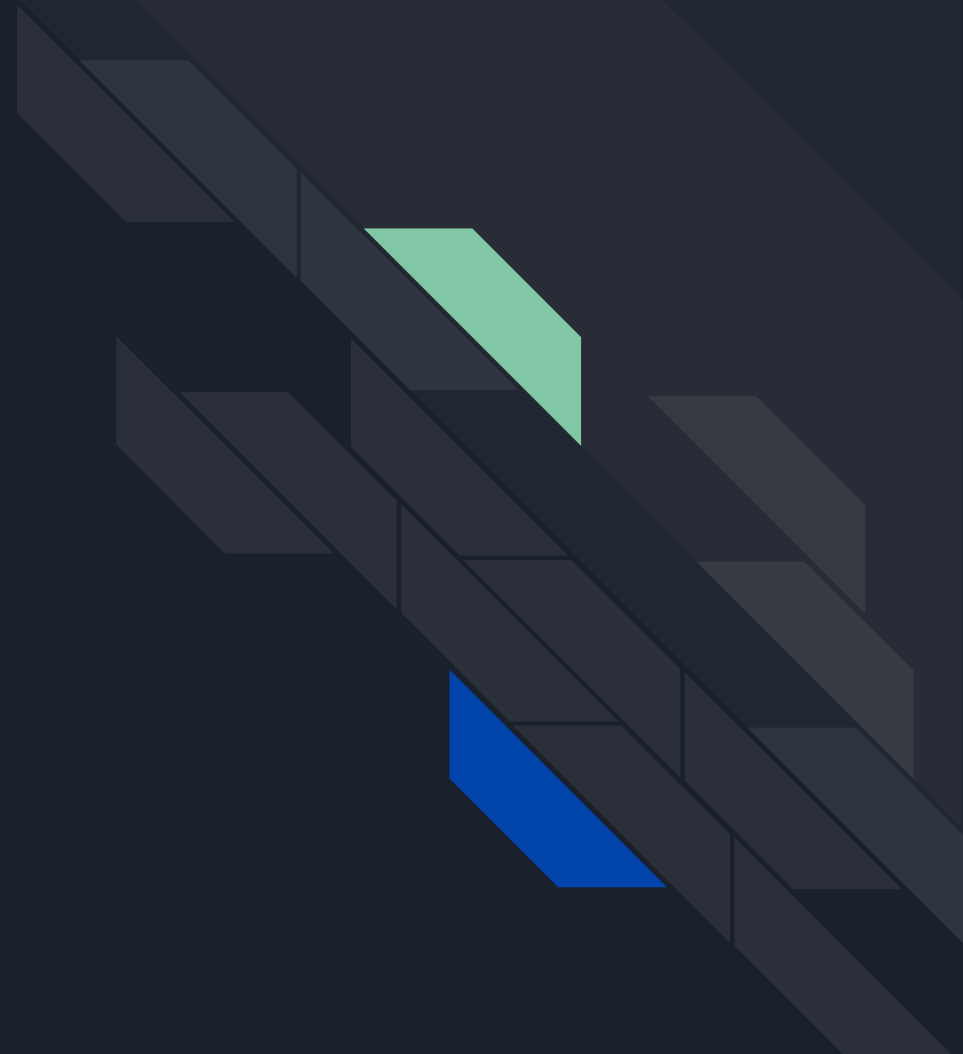
“Reduce the risk of a third-party adversely impacting an organization from achieving its business objectives”



Poll #1



Current State



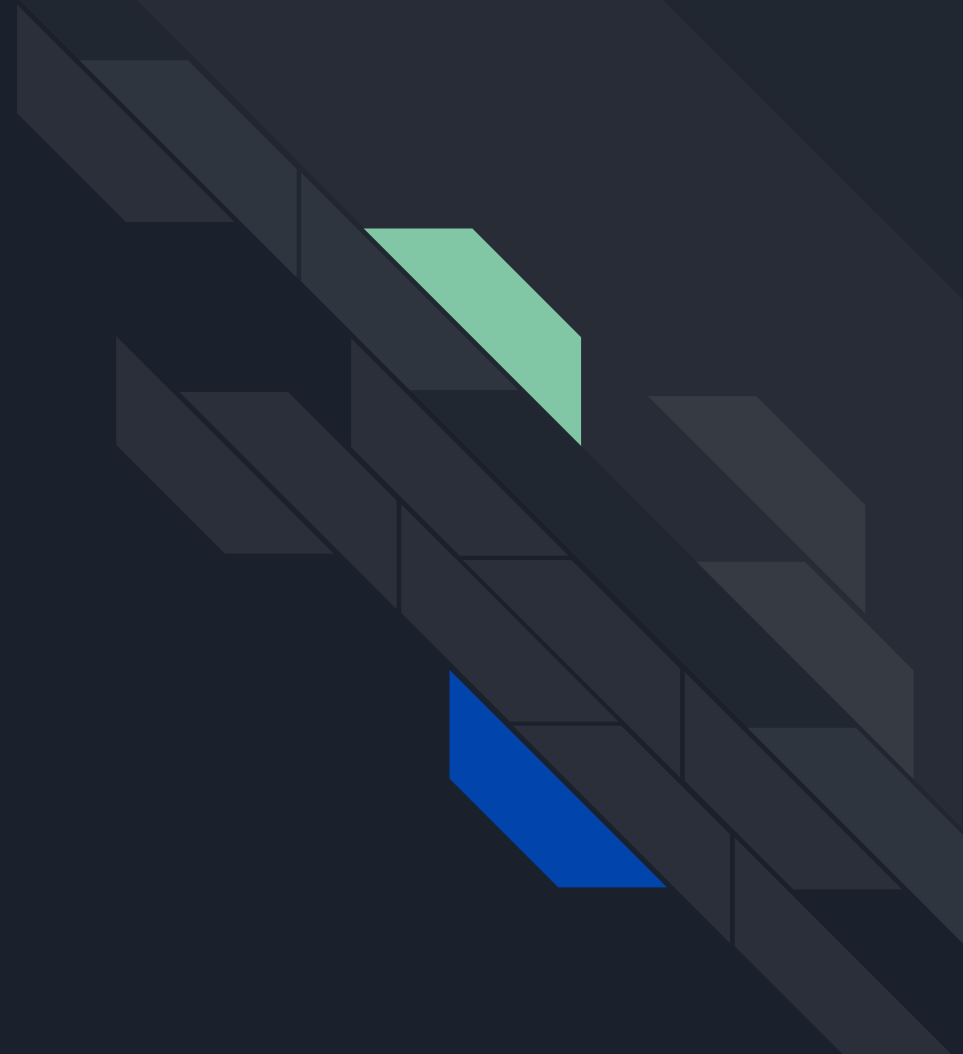


RISK

RISK EVERYWHERE

makeameme.org

Resiliency

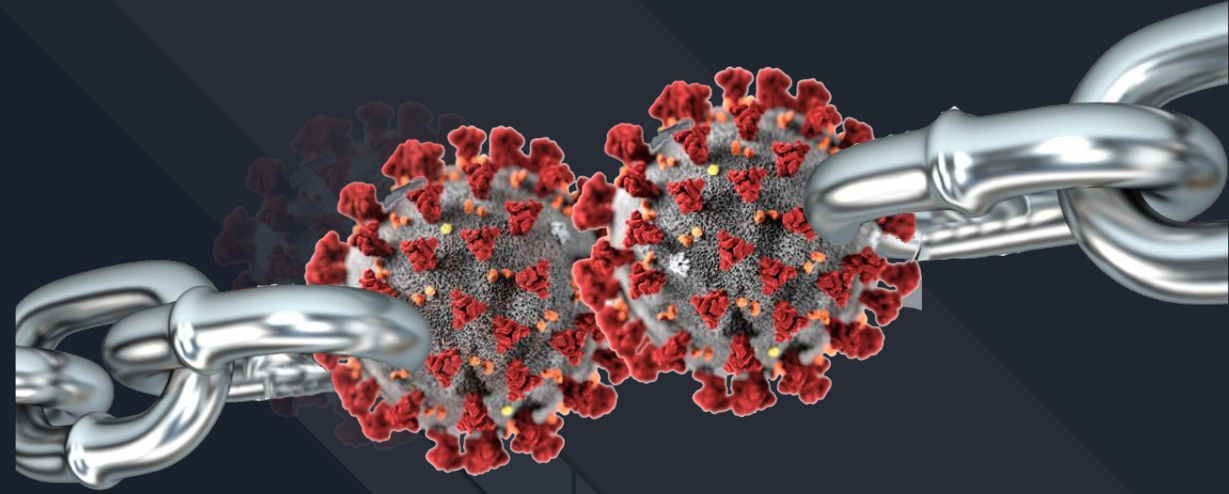


72%

Stated that the pandemic has had a negative impact on our company.

55% Most negative impact

17% Significantly negative impact



Resiliency



War in Ukraine – Supply Chain Impacts US COMPANIES

450+

firms in the U.S. have **tier-1 suppliers in Ukraine**

2,100+

U.S.-based firms have **at least one direct supplier in Russia**

15,000+

firms in the U.S. have **tier-2 suppliers based in Ukraine**

65,000+

firms having connections to **Russian suppliers at tier-2**

190,000+

firms in the U.S. have **Russian or Ukrainian suppliers at tier-3**

Resiliency



Environmental

- Renewable fuels
- Greenhouse gas (GHG) emissions
- Energy efficiency
- Climate risk
- Water management
- Recycling processes
- Emergency preparedness



Social

- Health and safety
- Working conditions
- Employee benefits
- Diversity and inclusion
- Human rights
- Impact on local communities



Governance

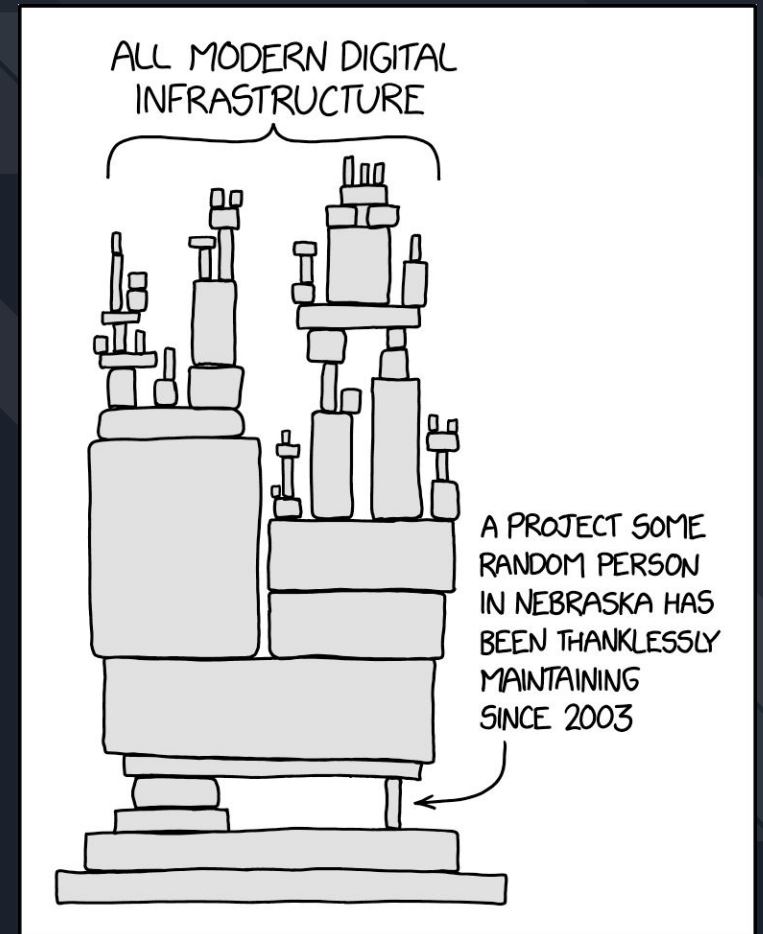
- Ethical standards
- Board diversity and governance
- Stakeholder engagement
- Shareholder rights
- Pay for performance

\$9.44M

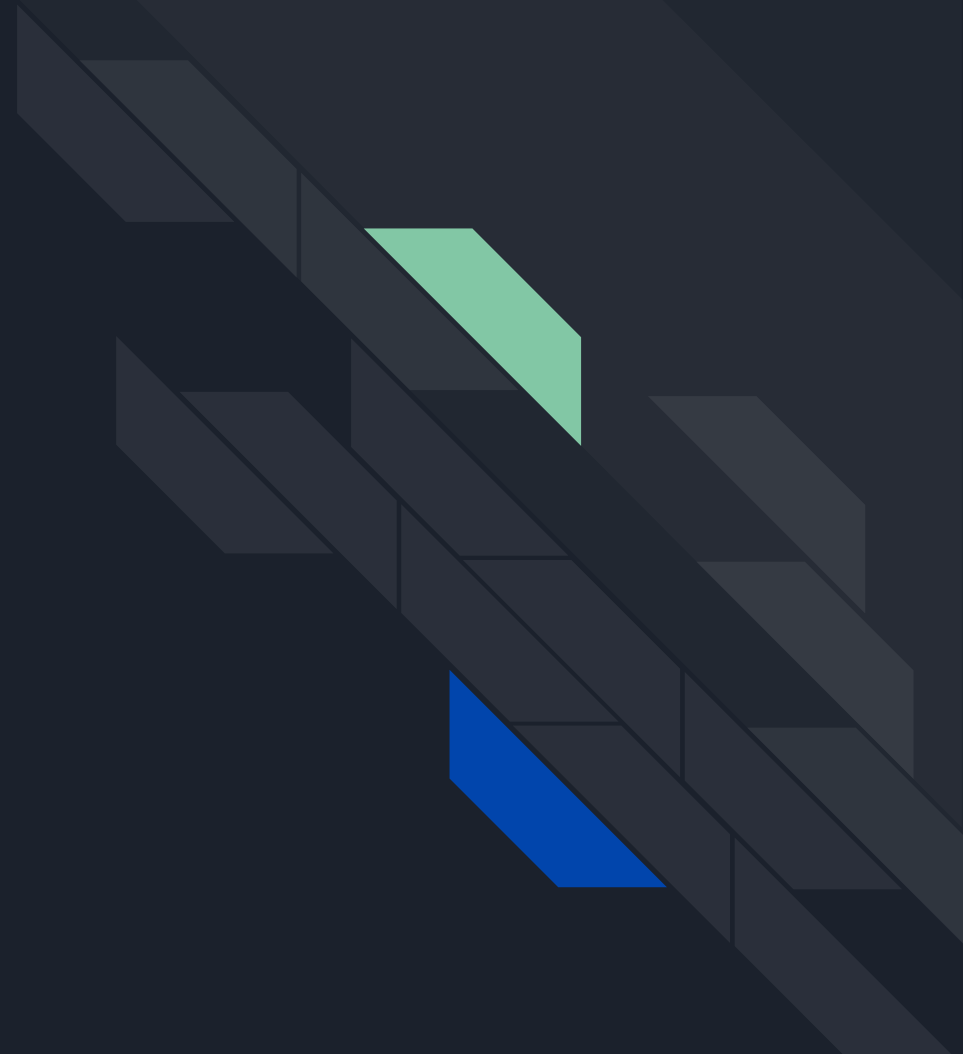
A data breach in the US costs over twice the global average

For the 12th year in a row, the United States holds the title for the highest cost of a data breach, USD 5.09 million more than the global average.

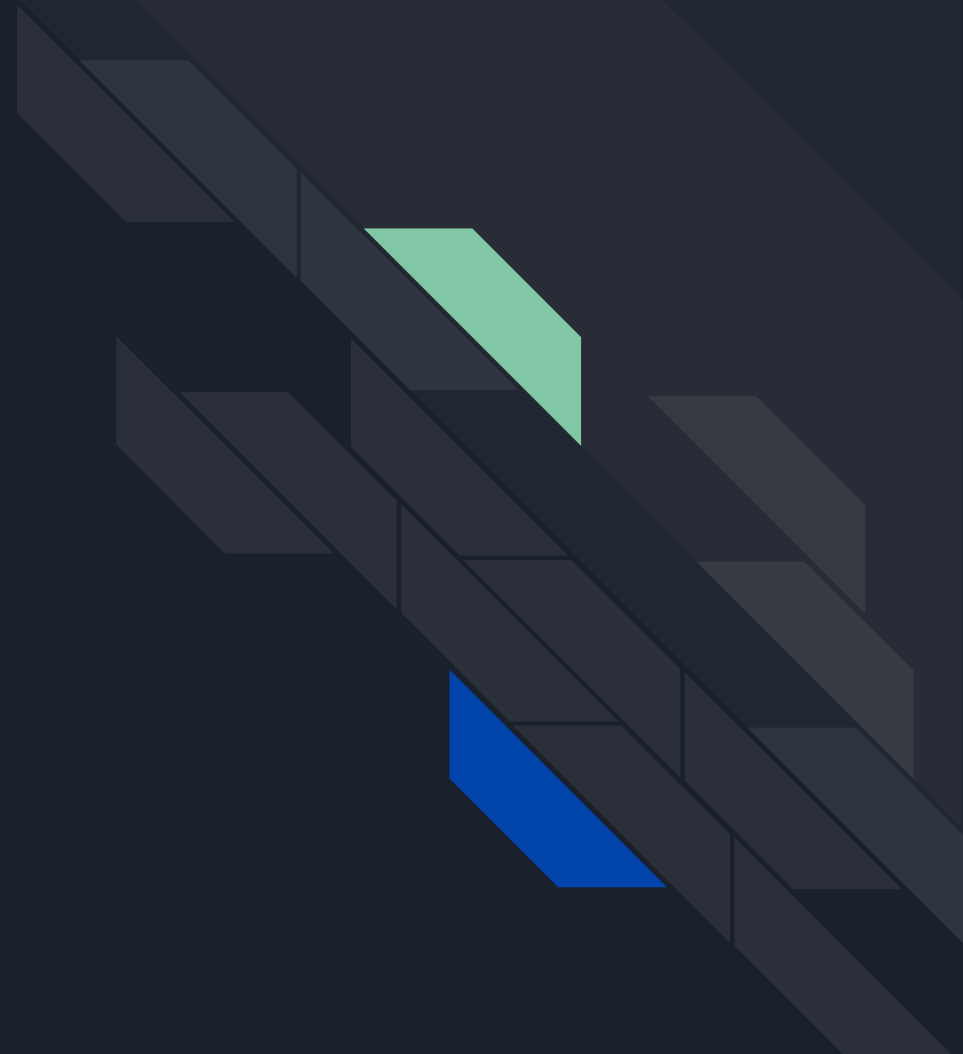
<https://www.ibm.com/reports/data-breach>



Poll #2



Back to Basics



Back To Basics

Centralized Inventory

Inventory Tracking
Contact / Document
Management
Access Management



Risk-Based Decision Making

Tiered Prioritization
Tailored Due Diligence
Risk Intelligence



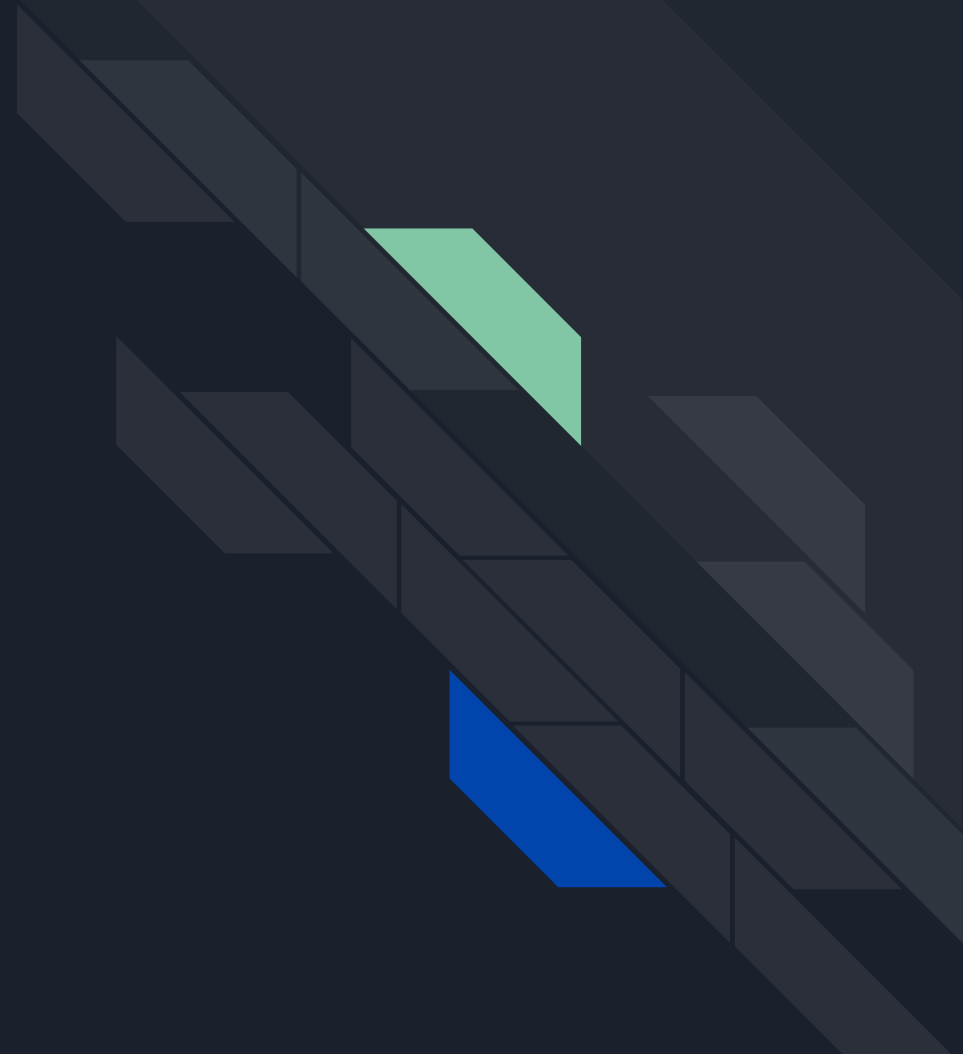
Third-Party Governance

Central Reporting
Enforcement
Process Integration

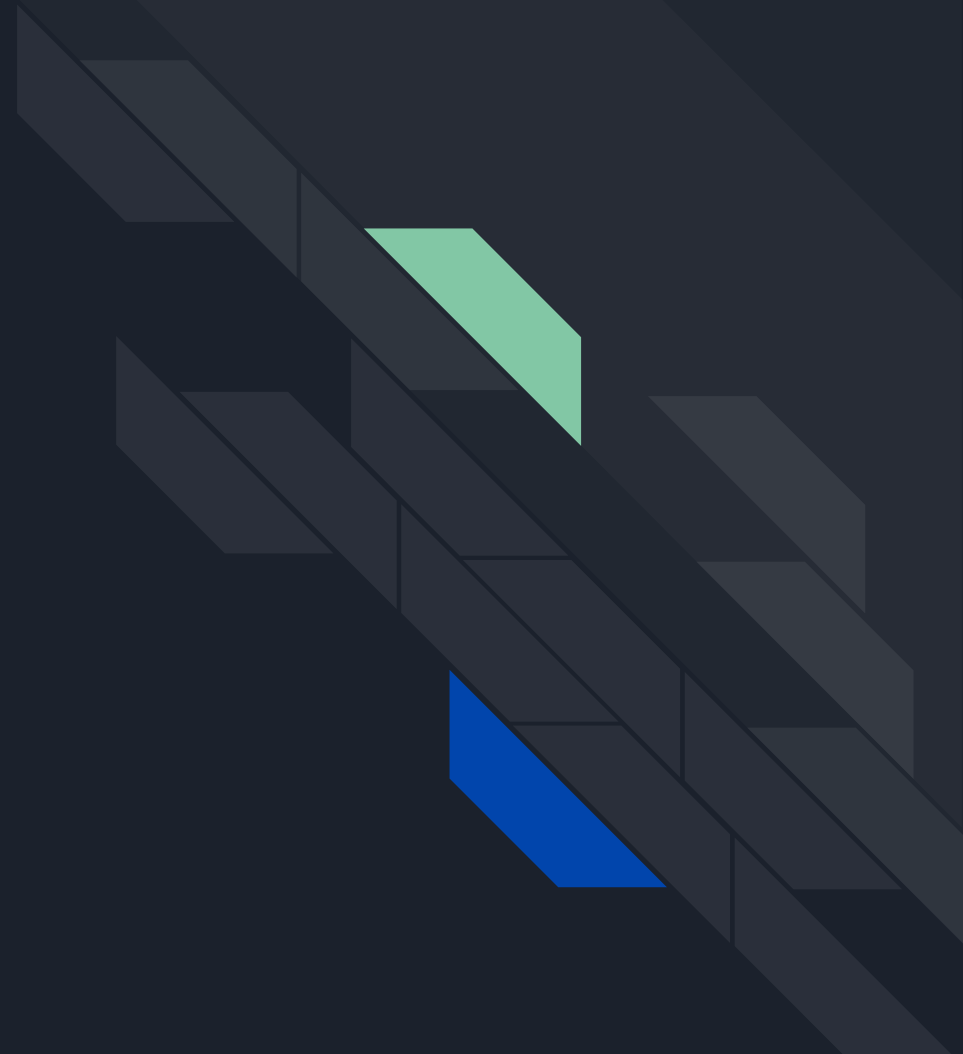
Automation / Data Analytics

Tech Stack Inventory
Continuous Monitoring
Real-Time Alerts & Reporting

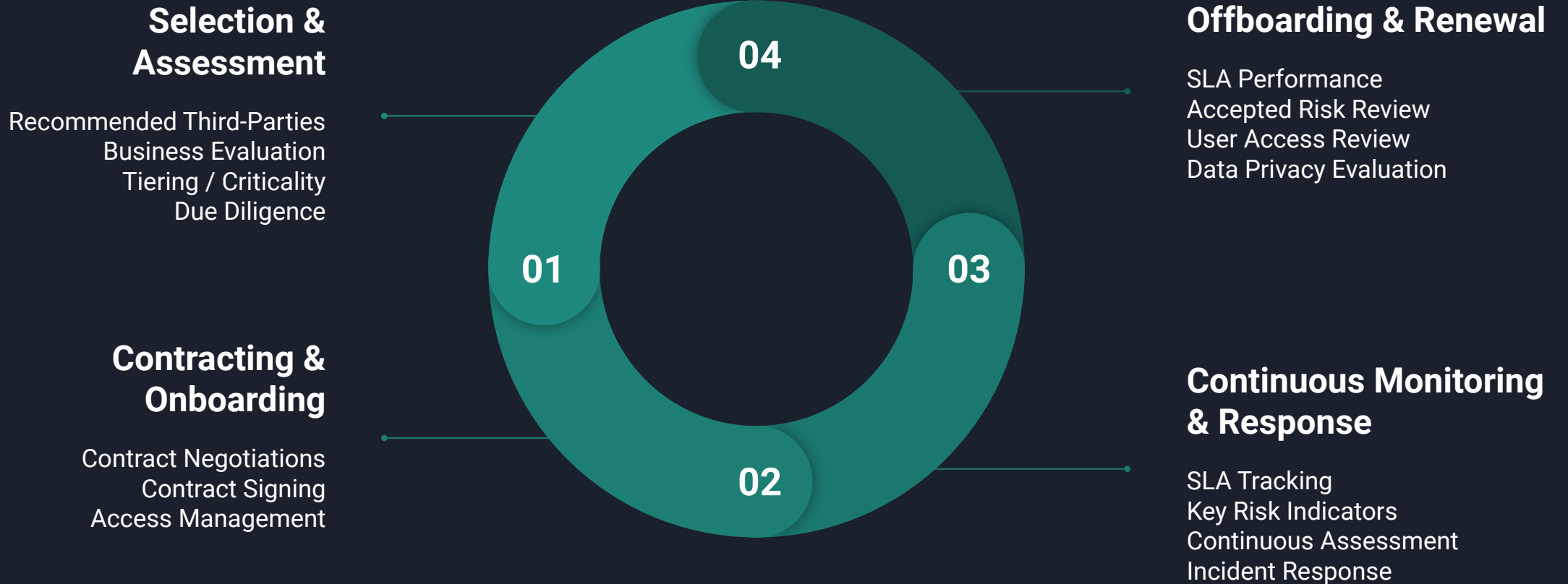
The Third-Party Lifecycle



Poll #3



Third-Party Risk Management Lifecycle



Tiering

		Business Critical	Sensitive Data Access	Description
1	Critical to business operations and have access to sensitive data	✓	✓	<ul style="list-style-type: none">• Core service / product provider• Alternative third-parties not available in event of failure• Sensitive data is stored, processed, or transmitted
2	Not critical to business operations, but have access to sensitive data	✗	✓	<ul style="list-style-type: none">• Component service / product provider• Alternative third-parties available in event of failure• Sensitive data is accessible
3	Not critical to business operations and do not have access to sensitive data	✗	✗	<ul style="list-style-type: none">• Limited service / product provider• Alternative third-parties available in event of failure• Sensitive data is not accessible

Due Diligence

Third-Party Provided

Completed Assessments
Penetration Test Reports
Contract Review

Public Sources

Public Watchlists
Data Breach Sites
Review Sites
Social Media & News



Private Sources

Credit Reporting Agencies
Legal Action Sites
Threat Feeds

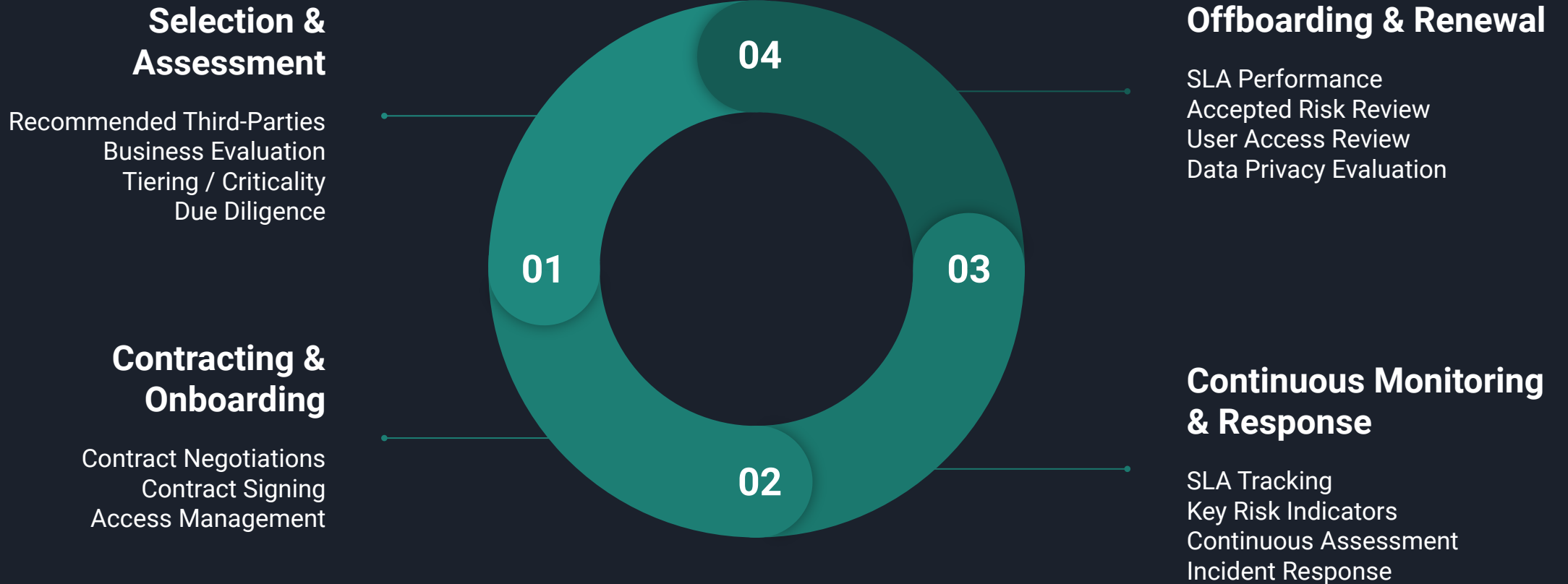
Technology Integrations

Risk Intelligence Feeds
Third-Party Rating Services
Assessment Exchanges

Risk Factor Considerations

Resiliency
Solvency
Security Controls
Regulatory Compliance
AML / KYC / ABC
Corporate Social Responsibility
Health and Safety

Third-Party Risk Management Lifecycle



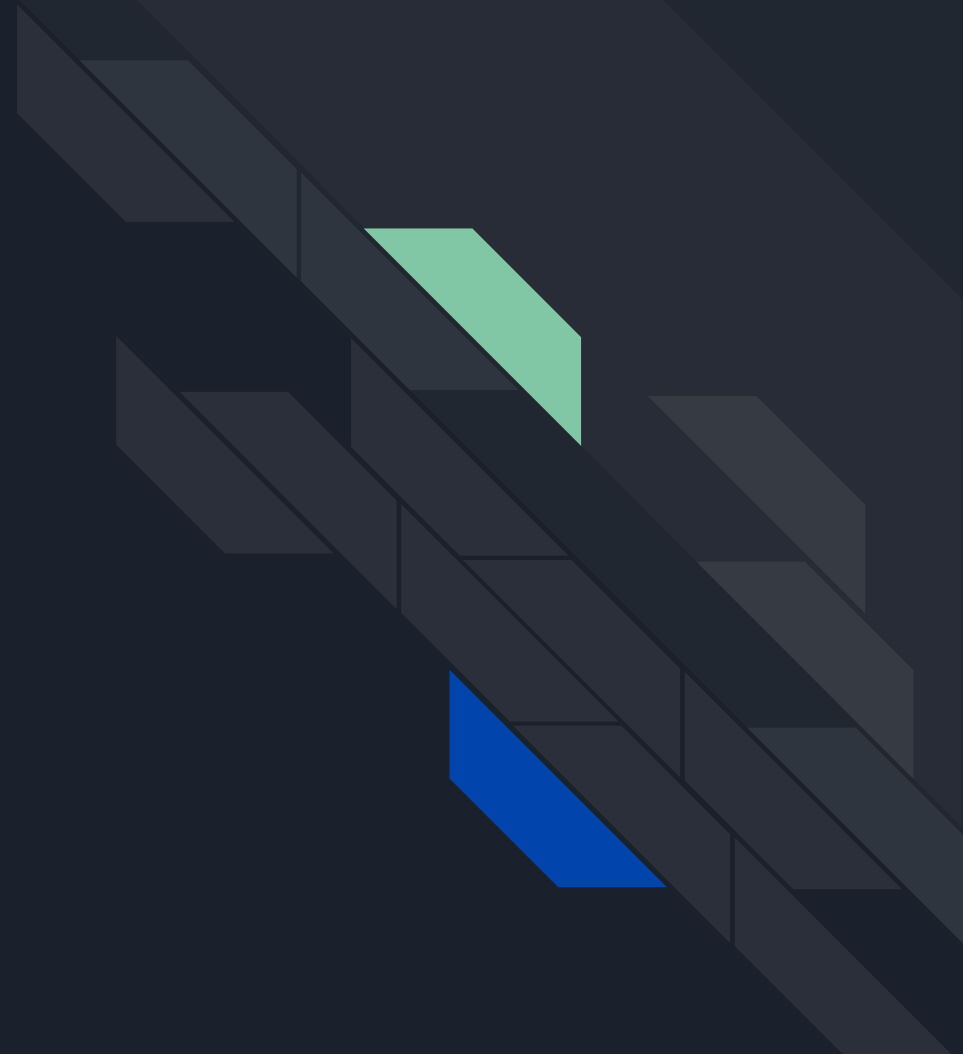
Investment Considerations



53%

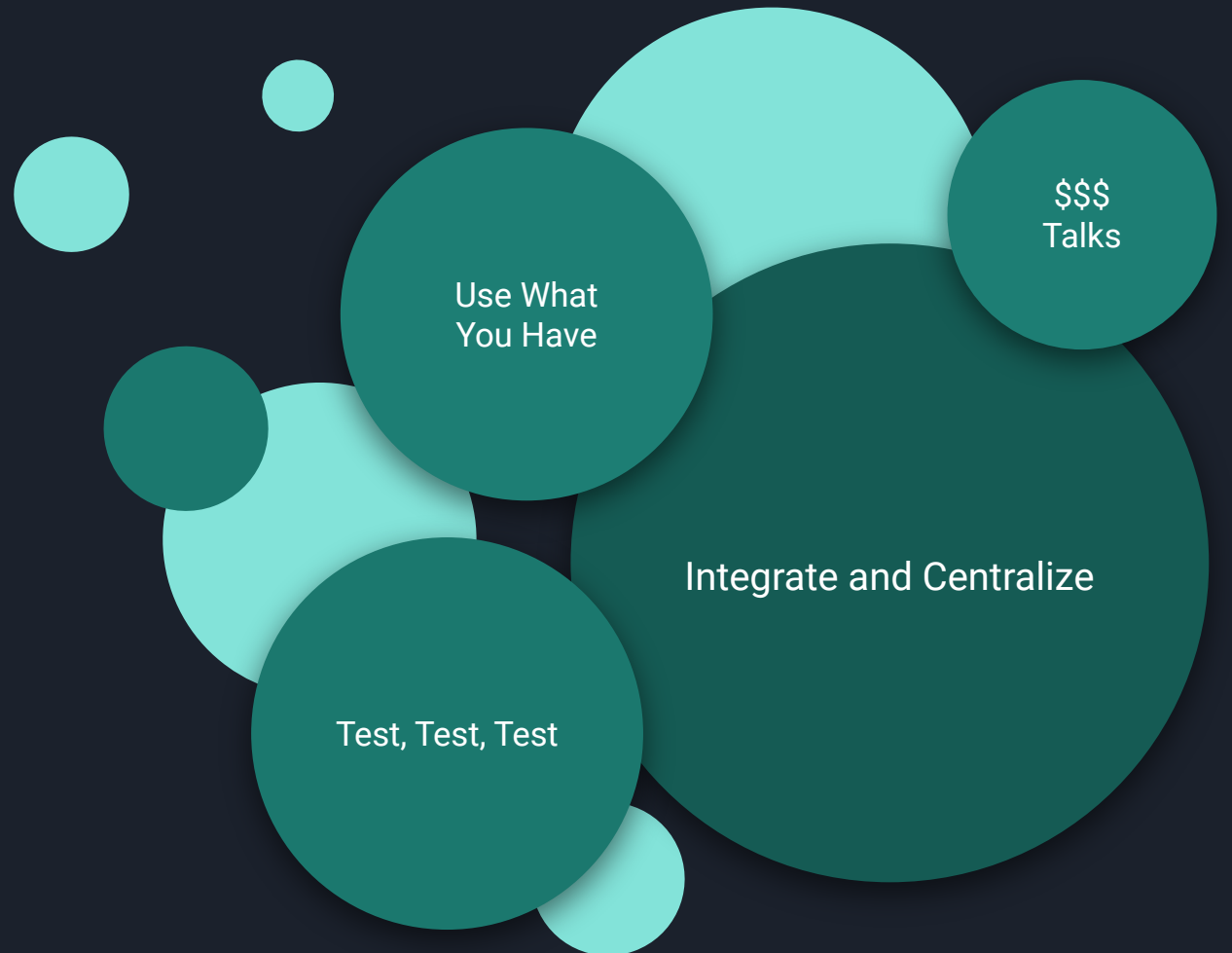
The biggest barrier to a more integrated and holistic approach to third-party management, is that the related systems do not seamlessly integrate with each other.

[Deloitte Third Party Risk Management Survey 2022](#)

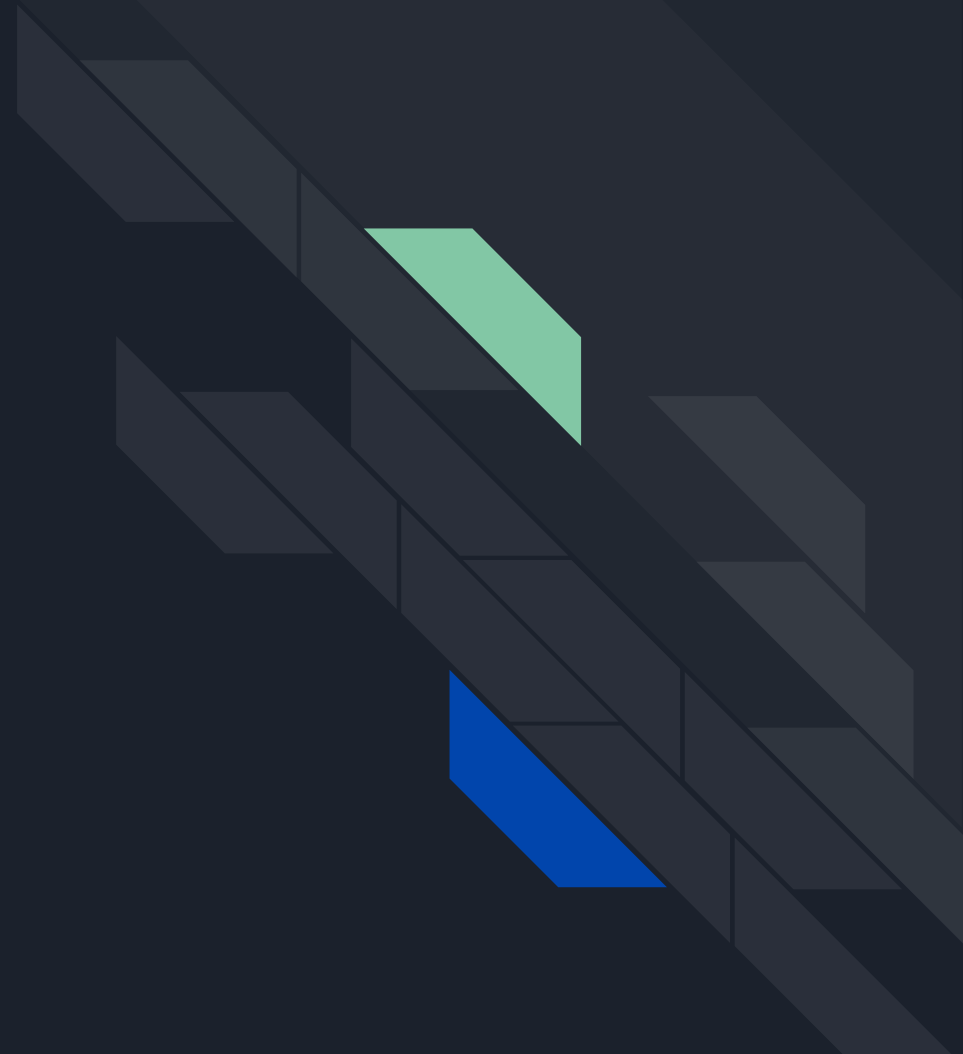




Investment Considerations

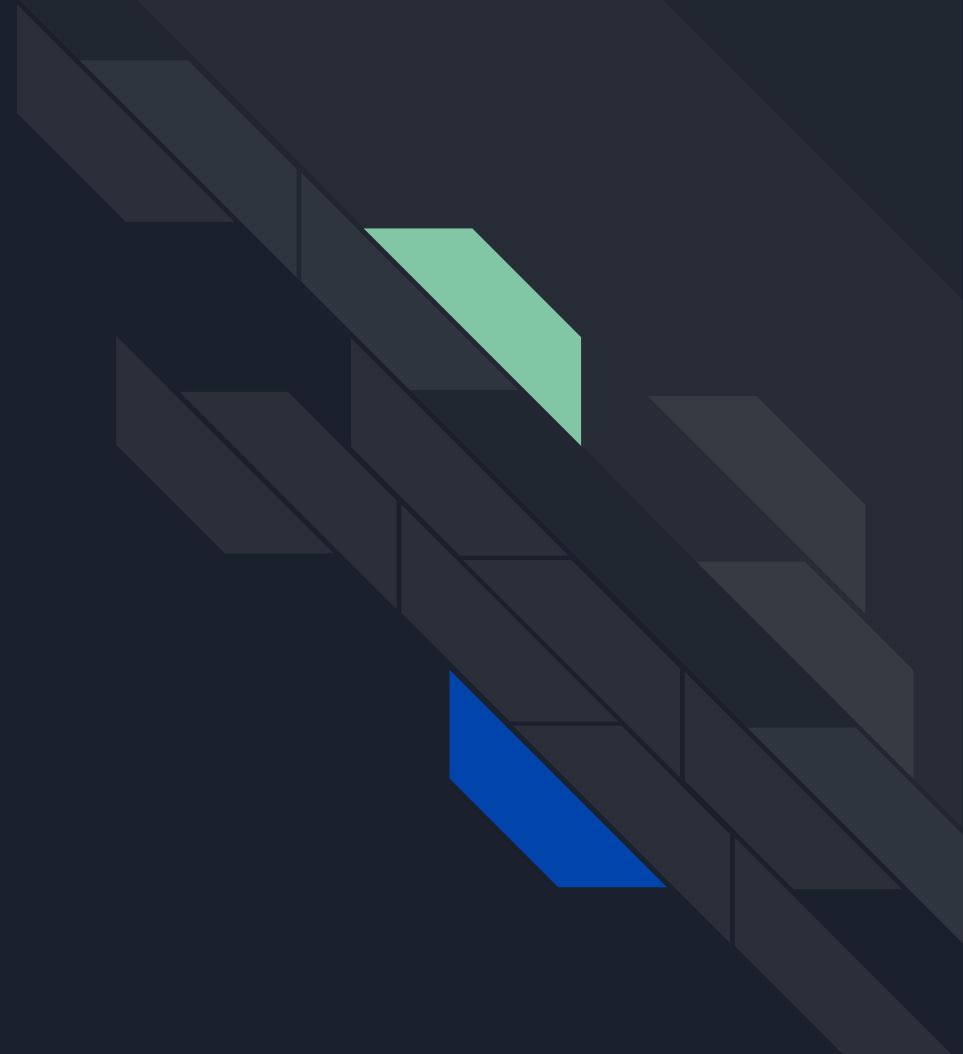


Poll #4



Q&A

<https://www.linkedin.com/in/joshrapp/>





Resource List

[Deloitte Third Party Risk Management Survey 2022](#)

[Prevalent Third Party Risk Management Study 2022](#)

[Venminder State of Third Party Risk Management](#)

[IBM Data Breach Report 2022](#)

[McKinsey Supply Chains to Build Resilience Manage Proactively](#)

[EY How COVID-19 impacted supply chains and what comes next](#)

[ProcessUnity ESG Reporting Mandates for TPRM](#)

[Ponemon Report State - Third Party Access Risk](#)

[Prevalent Third Party Risk Intelligence](#)

[Interos Ukraine Crisis Resource Center](#)



Thank You!

Next Webinar:

Second Line of Duty Roles & Responsibilities
February 8, 2023