

Assessing the Financial Services Pandemic Response Plan:

What we've learned about Third-Party Risk and what we still need to know



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TPRM Pandemic Response: Case Study

Key Challenge:

Understand pandemic impacts on third-party business arrangements supporting core business functions



Solution:

Through RedKnot's TPRM Managed Service, leveraging VendorRisk, hundreds of third-party partners were contacted within hours. Survey data was aggregated to provide clients with potential risk exposures.

Goals of the Initial Survey:

- Derive scope of impacts for further review by Crisis Teams/Management
- Data-driven questions avoid speculation and gain transparency
- High-risk Vendor types: Cloud technology, operationally critical, key network partners
- Make intelligence actionable for follow-up surveys or dialogue

Survey Response Rate

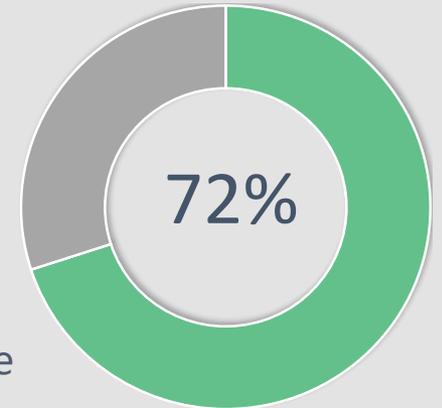


- 300+ respondents surveyed
- All high-risk/operationally critical vendors surveyed

72% response rate

Participation attributable to:

- Urgency of the situation
- Comprehensive vendor management framework in place
- Survey was on-point



Key Observations

85%

SUPPLY CHAIN

No anticipated Supply chain disruptions to providing support, products or services

90%

TRAVEL BAN

No impacts due to Travel bans on supporting, products or services

85%

SOCIAL DISTANCING

No impacts due to self-imposed social distancing or government-mandated quarantines

65%

WORK REMOTE

Readiness of working/telecommuting infrastructures to securely facilitate employees, consultants or contingent workers providing support

75%

BCP/DRP TESTING

Had tested their Business Continuity Plan/Disaster Preparedness Plan in the last three months

Revisit Scorecards and Scoring Models



- Will they have to be changed and how will they be weighted as compared to 6 months from now?
- New ranking – how well the vendor did to not expose client to “unavoidable risk”.
- Under the circumstances, how well did the vendor uphold contractual agreements.
- Client decision – does low score or low compliance tolerance weighted the same as it was 6 months ago?
- Will there be a change in weighted elements after this crisis?
- Are there new elements to be weighted?

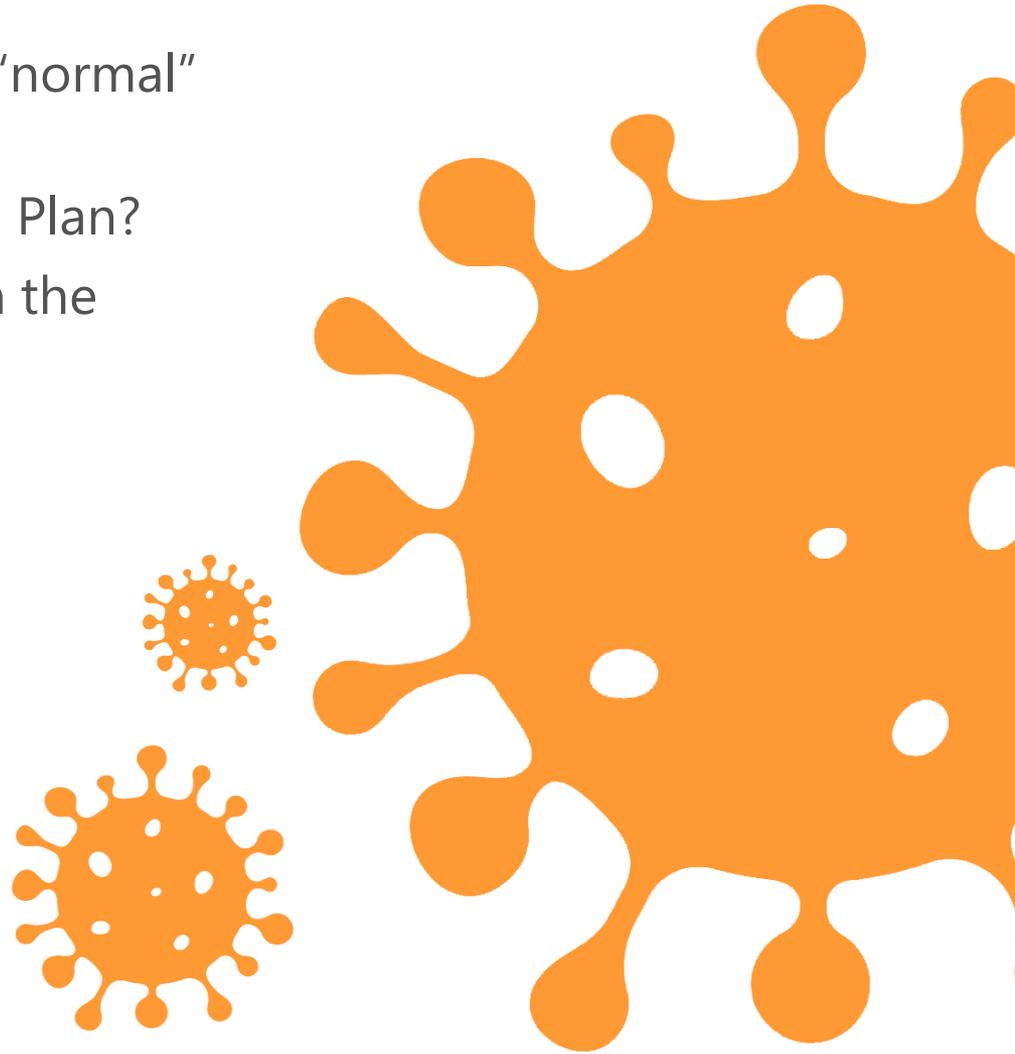
“Work From Home” audit ASAP

- Change in auditing structure and requirements.
- May need to consider auditing an employee’s home either on site or employee must supply information (pictures, videos) to ensure security and proper working environment.
- Renter’s insurance of employee or addendum to Employer’s insurance.
- New compliance check list
- Certifications/affidavits from employees.
- Assurance of online training at home.
- What is employee’s BCP/DRP
- New NDA’s and confidentiality agreements



Overall Post Pandemic Assessment of Vendor

- How well did the vendor resume “normal” operations after pandemic?
- Was there a Business Resumption Plan?
- How well did the vendor maintain the “team” environment?



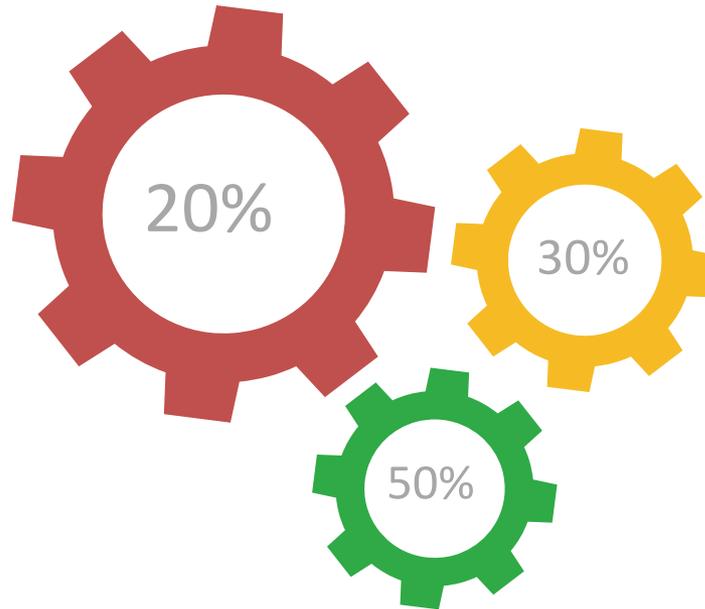
VendorRisk by the Numbers

VendorRisk

260

AVERAGE ACTIVE VENDORS
PER VENDORRISK CUSTOMER

RISK BY THE NUMBERS



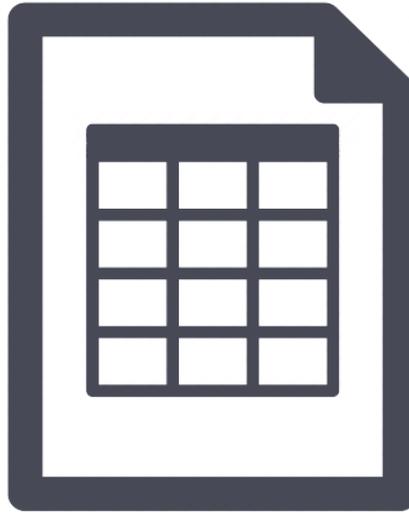
- HIGH RISK
- MODERATE RISK
- LOW RISK

THE CHALLENGE

There could be as many as 50-60 High/Critical risk vendors

Potentially hundreds of Medium/Low risk vendors

REALITY:
Some of your vendors won't survive.



Vendor management and spreadsheets do not mix well.

SaaS (Software as a Service)

One-stop shopping for all things vendors

- Vendors
- Contracts
- Risk reviews
- Due diligence reviews
- Incident tracking
- Performance reviews
- Regulatory reporting

Advantages of SaaS

- Location agnostic
- Centrally hosted
- Accessible via browser
- Quick set up and deployment
- Easy upgrades
- Scalable



The good news is - you're spoiled for choice!

Final Thoughts

Use this as an opportunity to ORGANIZE

- Streamline your VM process
- Reconfirm your risk classification
- Efficiently pivot
- Focus on high risk/critical vendors first
- Financial “health check” with vendors
- Review your SLA’s
- Document vendor incidents
- Conduct regular performance reviews
- Review contracts and spend



Communicate with your vendors!

Questions?

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