

Third party governance and risk management The threats are real

Over **90%** of organisations feel ill-equipped to manage the risk of third parties



THIRD PARTY ECOSYSTEM

A strategic perspective



73.9% believe **third parties will play a highly important or critical role** in the year ahead, up from 60.3% a year ago



71.6% expect to have **integrated or optimised** TPGRM systems in the year ahead



9.5% had integrated or optimised their TPGRM systems a year ago

From focus on cost to focus on value

44.9% see the need for organisational agility characterised by flexibility and scalability – the strongest emerging value-driver

MANAGING THIRD PARTY RISK

Incidents on the rise



87% have faced a **disruptive incident** with third parties in the last 2-3 years

of which...



28% faced major **disruption**

11% complete third party **failure**

Increased monitoring and assurance

59.7% are enhancing their monitoring activities

57.1% are increasing their assurance activities over third parties as their key initiative to reduce third party risk

THIRD PARTY GOVERNANCE

Mind the execution gap

94.3%

have only low to moderate levels of confidence in the **tools and technology**

88.6%

have low to moderate confidence in the **quality of the underlying risk management processes**

Consistently on the Board agenda

55.1% feature third party risk consistently on the Board agenda

86% mandate common third party standards to ensure a consistent approach across business units

DELIVERY MODELS

To insource or outsource TPGRM?



58.4%

are moving to a **centralised in-house function** to support third party management



33.6%

are **unsure** about their future direction

REPUTATION ON THE LINE

Third party actions – The threats are real



26.2%

have suffered **reputational damage**



23%

have been **non-compliant** with regulatory requirements



20.6%

have experienced **breach of sensitive customer data**

2016 global survey representing eight major industry segments: (over 170 organisations)

1 Financial Services, 2 Energy & Resources, 3 Manufacturing, 4 Public Sector, 5 Technology Media & Telecom, 6 Consumer Business, 7 Healthcare and Life Sciences, 8 Business, Infrastructure and Professional Services.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

Deloitte LLP is the United Kingdom member firm of DTTL.

This publication has been written in general terms and therefore cannot be relied on to cover specific situations; application of the principles set out will depend upon the particular circumstances involved and we recommend that you obtain professional advice before acting or refraining from acting on any of the contents of this publication. Deloitte LLP would be pleased to advise readers on how to apply the principles set out in this publication to their specific circumstances. Deloitte LLP accepts no duty of care or liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

© 2016 Deloitte LLP. All rights reserved.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Tel: +44 (0) 20 7936 3000 Fax: +44 (0) 20 7583 1198