

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.

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