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The extended enterprise
The extended enterprise is the concept that an organisation does not operate in isolation. Its success is dependent upon a complex network of third-party relationships.
Third party risks in an extended enterprise network
Third party risks in an extended enterprise network

- **Loss of reputation** – Risk to the reputation of the organisation from the use of third-party relationships due to a myriad of reasons, including misuse of intellectual property, poor product quality, lack of compliance to human rights, and environmental regulations, etc.

- **Supply chain disruption** – Key third-party business disruptions due to bankruptcy, geopolitical issues, macro risks, etc. can result in supply chain disruption.

- **Data risk** – Loss, misuse, or mishandling of critical data of the organisation or its customers by a third-party relationship can result in financial loss; hefty fines and decrease in shareholder value.

- **Product recall** – Poor product quality, safety issues, or faulty packaging by third parties can lead to product recalls resulting in recall costs, lawsuits from consumers, increased costs from settlements, and lost revenue from missed sales opportunities.

- **Financial impact** – Financial loss from under-reporting of revenue from licenses, royalty partners, distributors, franchisees, etc. and over-payment for services from third-party relationships.

- **Lack of compliance** – Third party acts corruptly to gain business advantage for organisation resulting in hefty fines or is not in compliance with the environment, conflict minerals, health and safety, labour rights, etc. regulations.

- **Poor performance** – Lack of sustained performance from third-party relationships, resulting in costly mistakes, over allocation of capital to oversee relationships, and defeating the purpose of outsourcing strategy.
Deloitte’s Third-Party Risk Management (TPRM) solution
How can we help?

Our delivery model is scalable, adaptable, and built on industry-specific benchmarks to fast-track an organisation's extended enterprise management function.

With our TPRM solution, executives across the value chain receive the following:

**A holistic view of risks and third-parties** through the central repository of Deloitte's automated platform with an executive dashboard and benchmarking against industry standards.

**Leading standardised processes** applied across all markets and businesses, with a consistent application of third-party risk scoring, sensing, and monitoring.

**Optimising risk management efficiency, enhancing revenue recovery, and driving cost reduction** in managing the third-party risk management programme at an operational level

**Information for enhanced decision-making** through analysis of the latest data from the ongoing assessments to arrive at a more informed decision from a governance perspective

**Access to subject-matter expertise** through trained Deloitte professionals with risk domain experience.

**Ongoing monitoring and zero instance of non-compliance to regulations** by leveraging Deloitte's proprietary industry-specific risk intelligence maps

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In today’s digital world, TPRM capabilities need to also be technology-driven to automate processes, report generation, analyse data that TPRM activities generate, and track overall improvements.

The TPRM automation platform increases efficiency along with productivity, reduces overall cost of the TPRM programme, and enables efficient monitoring of ongoing activities, including third-party risks and compliance through a centralised platform. This provides a consistent client user experience and reduces human errors.

Additionally, the use of technology increases data integrity and provides seamless and reliable reporting.

These benefits outweigh the cost of acquiring technology solutions to automate the TPRM process.
Deloitte’s third-party risk management - Approach and methodology
Deloitte’s third party risk management - Approach and methodology

Policy, procedures, standards and guidelines

Data sources (Company internal systems like ERP, CRM, billing system)

New/Existing third-parties
- Third-party evaluation
- Third-party selection
- Contract and on-board
- Termination

Third-party prioritisation
- Parameters/Third-party information
  - Spend
  - Services
  - Others
  - • Confidentiality
  - • Availability
  - • Integrity
- Risk engine
  - • Service categorisation
  - • Inherent risk profile
- Third-party profile
- Third-party coverage model
  - • Review method
  - • Review type
  - • Frequency
  - • Reporting

Review type
- Financial health/solvency
- Contract risk and compliance review
- Information security and cyber security
- Privacy review
- Health and safety
- SLA/Performance review
- Integrity and regulatory review
- Quality review
- Employment practices

Review method
- Self Assessment
- Onsite
- Remote
- Continuous Monitoring
- Hybrid

Manage, monitor and remediate

Reporting
- CISO Team
- Chief Risk Office
- Supply chain
- Business controller

Key Performance Indicators (KPI)

Automation
- Views
- Workflow
- Data repository
- Analytics and reporting

Review coverage
- Review of business controls
- Review of both business and information security controls
- Review of information security controls

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Deloitte’s engagement delivery models for TPRM program
Deloitte’s engagement delivery models for TPRM program
Various engagement delivery model

**Project based / Assessment specific**

*Description:*
- Client engages Deloitte to assess their third parties on a fixed cost or T&M basis

*Trend:*
- Works when there is a tactical requirement to address specific assessments
- Client are moving to other models since third-party Risk Management has become more strategic

**Staff augmentation / Co-sourcing**

*Description:*
- Deloitte delivers TPRM through its trained staff
- Client may provide the tools, framework, and methodology
- Client and Deloitte teams work as one

*Trend:*
- Increasing trend when client have their centralised captive centres operating out of India and other low-cost geographies

**Managed service**

*Description:*
- The client receives service delivery as per the defined SLA
- Trained staff, framework, and tools are provided by Deloitte

*Trend:*
- Clients use this model to deliver TPRM effectively and efficiently as per the assessment costing model

**Build-Operate-Transfer**

*Description:*
- In a Build-Operate-Transfer (BOT) model, the TPRM offshore delivery centre is usually developed based on specific requirements of a client

*Trend:*
- Often selected by clients who do not have skill sets, scale, or capability within a function or geography
# Key contacts

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