

## 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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