In the aftermath of recent high-profile supplier failures, risk in the supply chain is now on the list of top executive priorities.

The failures and mistakes of third-party suppliers not only impact downstream operations and cost—they also harm the reputation of the purchasing company.

Managing the complexity of third-party risk management (TPRM) is a common challenge across many industries. Like the suppliers they source from, the employees and facilities that must comply with risk processes are often dispersed across the globe, making standardization difficult. In addition, companies face these common problems:

- Manually intensive processes with redundancies and deficiencies
- Lack of visibility preventing insight into supplier compliance
- Multiple, disparate systems, making it hard to gather due diligence information
- Excessive effort and resources required for gathering information and tracking approvals
- Difficulty generating real-time reports on global compliance readiness, issue resolution, risk assessment, and compliance metrics

Responding to these challenges, KPMG LLP (KPMG) has developed a secure, flexible, cloud-based offering, enabled by the Appian Low-Code Automation Platform. This offering automates the TPRM process while accommodating your unique requirements. With a deployment timeline of a mere 8–10 weeks, it offers global organizations across all industries the opportunity to strengthen compliance and reduce risk by identifying, ranking, vetting, and monitoring suppliers.

TPRM on the executive radar

In 2020, KPMG International surveyed 1,100 executives across 14 countries and six industries. The findings reveal the importance of managing supplier risk.

77% say TPRM is a strategic priority
50% say they do not have sufficient in-house capabilities to manage third-party risks they face
74% say they need to make TPRM processes more consistent across the company

Source: Third-party Risk Management Outlook 2020, KPMG International, July 2020
KPMG: An effective TPRM approach

With the right mix of technology skills, industry experience, and process knowledge, KPMG teams can guide your organization in improving supplier collaboration and institutionalizing a TPRM program that supports growth objectives and manages risk.

By supporting global clients with third-party compliance processes and programs, KPMG has identified market-leading practices from a wide variety of organizations. Consolidated and incorporated into this offering, these practices guide you through onboarding new suppliers, assessing risk, conducting due diligence, and evaluating and monitoring performance.

Appian Low-Code Automation Platform

The enterprise-grade Appian Low-Code Automation Platform enables you to quickly build and deploy applications that unify data from across your organization into meaningful views. These capabilities are critical when managing complex supplier relationships across multiple, siloed systems.

With Appian, organizations can connect and automate disparate applications, unifying the supplier and vendor management process through a single system that combines work automation and low-code development. Leveraging the experience of KPMG professionals with governance, process, and data, Appian technology can help manage business risk, meet regulations, and maintain quality control.

Transform your TPRM program

TPRM is an urgent, high-level priority, so we have designed the complete offering—built on a powerful rules engine—so that it can be implemented quickly. The offering supports customizable business process flows and routing logic tailored to your operations. It enables conditional, automatic workflow routing based on set red-flag triggers and an escalation process based on your unique risk matrix. Users interact with the following components:

Dashboards

The TPRM landing page provides a list of tasks assigned to each user, based on their user profile. These profiles are based on roles and responsibilities within the risk review process. They include the business sponsor who submits the initial request; the third-party’s representative who fills out the questionnaire; a local compliance officer who reviews red flags, interacts with the business sponsor, and makes decisions about additional reviews; and finally, a corporate compliance officer at headquarters who has ultimate decision-making authority. Users can access records, forms, and reports from the dashboard.

Forms

Modern, web-based questionnaire forms—with dynamic fields, data validations, complex formatting, and conditional rules—capture the supplier details needed for risk reviews. KPMG builds a customized scoring methodology based on your risk thresholds.

Records

Auditable case records capture details in one logical location, creating an audit trail for each supplier and providing insight into status and activities for each due diligence. The records provide easy access to all data related to questionnaires, responses, and related documents. Real-time status tracking and detailed risk scores are also displayed.

Reports

Interactive reports with real-time data and advanced filtering options deliver important insights. They support customized operational reporting, displaying your key metrics and data.

In addition to these components, the offering is cloud- and mobile-enabled. The cloud offers scalability, reliability, and security. You get 24/7 system monitoring, maintenance, backup, and geographic redundancy in addition to active directory authentication and single sign on. The mobile features support mobile initiation, review, and approvals as real-time alerts and notifications. You can also view reports on smartphones and tablets.

Overcome TPRM challenges

KPMG helps you directly address the toughest challenges associated with TPRM. Potential benefits of this offering include the following:

- Eliminating manual and redundant steps with an automated flow
- Gaining end-to-end visibility with real-time reports and configurable dashboards
- Reducing time and effort for tracking compliance and certifying intermediaries
- Integrating systems with low-code technology to extract data from multiple sources
- Establishing a consistent, global approach to third-party due diligence
- Instilling the flexibility to adapt to regulatory changes
Take action to manage third-party risk

Managing third-party risk is a complex and high-profile problem. Fortunately, KPMG can help evolve manual, ad hoc steps into an advanced, automated process based on governance, data, and technology. Talk with us about how we can help you reduce the complexity of third-party risk management.

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