Powered Procurement - Coupa Risk Access

Managing third party risk in an unpredictable and more demanding world

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Contents

The world is changing

In a world that is not only globally connected but volatile and unpredictable too, robust third-party risk management (TPRM) has become more essential than ever.

Organisations rely on an interconnected ecosystem of suppliers and partners – but these also present risks. Mistakes can result in reputational damage, disruption, delay, and financial penalties. This has been accentuated by the recent pandemic, which has given rise to a new breed of third-party risks. Businesses need the resilience that strong TPRM brings.

The nature of the challenge is changing rapidly due to several factors in combination:

Increased exposure to digital risks as third parties embrace new digital ways of working

Increased cost pressures require organisations to outsource & utilise third party expertise

Desire for accurate third-party risk monitoring & reporting to enable strategic decision making

At the same time, regulators across the globe are increasing their scrutiny of TPRM and raising the bar with more stringent requirements.

Businesses in regulated sectors can't afford to cut any corners. In the UK, the financial services regulator, the Prudential Regulation Authority (PRA), published an enhanced set of requirements (Policy and Supervisory Statements on Outsourcing and Third-Party Risk Management) in March 2021.

Moving to tech-enabled TPRM solutions

In such an environment, manual and spreadsheet-based approaches are no longer sufficient. It has never been more important for organisations to accelerate towards tech-enabled third-party risk management and real time management.

There are several key features that characterise ‘what good looks like’. These include:

- ‘Appropriate and proportionate’ due diligence to be conducted on **all potential suppliers.** This requires a shift from reactive to proactive due diligence, with a focus on service level risk assessments
- Expected **minimum contract requirements included,** with organisations able to consider various additional contract requirements
- Requirement to assess and manage **concentration risk,** including third parties’ dependencies in a close geographical location
- Ability to **capture fourth parties** to existing third party relationships to better understand the extended landscape of external partners

A clear strategy for onboarding, managing and monitoring suppliers is vital. In regulated sectors, it is a non-negotiable matter of compliance; in other sectors, it is equally essential from a risk and cost point of view. Procurement, risk management and multiple stakeholders need a unified approach.

With regulators such as the PRA raising the bar for supply chain management globally, and the recent pandemic giving rise to a new breed of third party risks, it has never been more important for organisations to accelerate towards tech-enabled third party management and real-time monitoring.

This is something that KPMG can bring its clients through **Powered Procurement – Coupa Risk Assess** (Powered Procurement – CRA) – a uniquely powerful combination of KPMG’s proven functional transformation solution (Powered Enterprise) with Coupa’s Risk Assess solution for TPRM processes.

Change with it

Tech-enabled third party management and real-time monitoring is vital, to meet the ever changing and increasingly tightening regulations for supply chain management. KPMG Powered enterprise Coupa Risk Assess solution. Our best practise Powered approach is brought with the system. Taking the knowledge and expertise of our TPRM and Procurement teams, we ensure the process, checks and controls meet the highest regulatory standards. It's not just the system but the processes it enables and integrates that supports effective TPRM.

What is Powered Enterprise?

Powered Enterprise is KPMG's outcome-driven functional transformation solution that combines deep functional knowledge, proven delivery capability and cloud technology to drive **sustainable change, rising performance and lasting value.** It brings the capability to:

- **Transform** the way you run your business
- Build **agile functions** that evolve as you grow
- Help your people **adopt** and **embrace change**
- **Exploit new technologies** for value and performance
- **Drive future success** with continuous leading practice
- Optimise service delivery and use of data for **competitive advantage**

What is Coupa Risk Assess?

Coupa Risk Assess (CRA) is a cloud-based solution that digitises and automates your organisation's TPRM processes to enable standardised, compliant and objective risk management and reporting across your third-party landscape.

Part of Coupa's wider Business Spend Management (BSM) suite, Risk Assess provides clients with the capability to bring processes from supplier onboarding, through service level due and service termination/ exit into one solution and end to end process.

How does that work?

Powered Procurement – CRA – more than the sum of the parts

KPMG's Powered procurement – CRA offering combines an industry-leading technology solution with pre-defined TPRM Processes to enable clients to transform their supply chain management – accelerating delivery and enabling clients to maximise the value of their technology investment.

The key benefits of the solution are:

- Sustainable approach to regulatory compliance, operating effectiveness and effective risk management
- Cost efficient delivery and reduced delivery risk; the solution is 80% pre-configured with 20% configuration for client requirements
- Seamless integration between functional capability requirements and enabling technologies

80% pre-configured solution

20% configuration for client requirements

Powered Procurement – CRA has clearly defined processes and assets that meet regulatory expectations and bring a best practice approach:

- Service level assessments and third-party management processes
- Action and mitigation plans
- Controls and escalation process
- Offboarding and termination process
- Overarching governance and support model post go-live

These processes are supported by pre-defined and maintained assets covering the most critical risk domains including:

- Inherent Risk Questionnaire (IRQ)
- Third Party Questionnaires (TPQs)
- Residual Risk Scoring Methodology
- Reports & Dashboards
- Tailored Training Material
- Key Performance Indicators (KPIs)

A pre-configured cloud solution, embedded with years of KPMG leading practice and enhanced with automation, Powered Procurement – CRA can help you to transform your third party risk management processes into a digital and scalable end-to-end process, that will enable you to manage and monitor your supply chain risks, meet regulatory requirements.

With the ability to embed your organisation's internal objectives using Key Performance Indicators and MI Reporting, CRA can enable your organisation to move towards a smarter and more strategic approach to third party management.

KPMG professionals understand the human factors involved in business transformation. We can help inspire and empower your people to embrace change, as you align your transformation with industry disruption. As part of our wider offering, full training is provided to staff during implementation. This includes active promotion of knowledge sharing and transfer from our experienced team members, as well as full training to all relevant stakeholders during the implementation. This not only enables your organisation to actively manage and own CRA and TPRM processes but also derive greater insight and value from the transformation post go-live. We will develop training materials to cover assets and processes that can be continually maintained, reviewed and updated as required, based on both feedback from engagements and changes to the industry and external regulations

Working with KPMG ensures you have access to the most developed and advanced technology and processes as well as implementation experts within TPRM & Procurement to ensure your organisation will have confidence in the solution and processes implemented.

With you all the way

It doesn't need to end with implementation. KPMG TPRM and Managed Services are on hand to provide support and guidance on a long-term basis far beyond system go-live.

This falls into two distinct areas:

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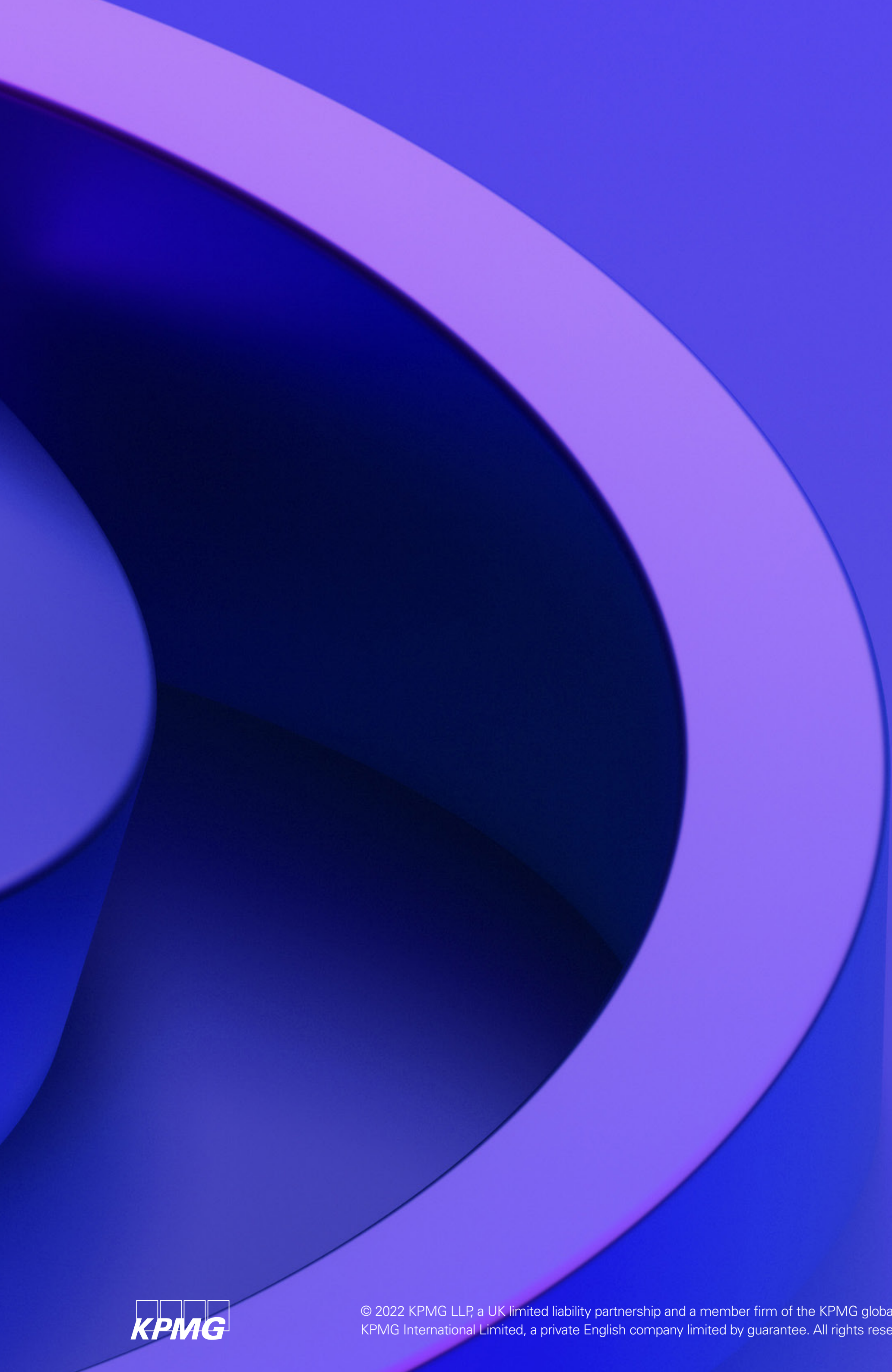
Managed services (processes)
we operate your agreed end-to-end processes for pre- and post-contract due-diligence and risk assessments of third parties. We incorporate leading technologies and data sources with best practice processes delivered by risk domain experts. Our global model ensures we can support you in managing your suppliers anywhere across the world

02

Managed services (system) – our flexible managed services offering gives you access to the best experience and knowledge, and reduces risk around system upgrades, enabling you to focus on continuing to evolve and improve your business offerings



TPRM fit for the future

The nature of third-party risk management is changing as the business environment becomes ever more complex and inter-connected. The regulatory stakes are rising too. New solutions are needed that bring resilience and peace of mind.

By combining KPMG's Powered Enterprise solution - The culmination of sustained investment, decades of leading practice experience and ongoing collaboration with clients and industry partners - with Coupa Risk Assess, the result is a truly comprehensive suite of TPRM capabilities configured in the cloud.

Simplified workflows accurately identify, monitor, manage and mitigate third-party risks. Real-time monitoring and reporting integrate seamlessly with your ERM program. While all the support you need is available for ongoing evolution and innovation as requirements or market dynamics change.

This means you can embrace transformation as a positive state rather than a disruptive event. With a TPRM solution that is agile and adaptable for the future, you're ready for whatever challenge comes next.

Our global TPRM and Procurement capabilities

To find out more about Powered Enterprise | Procurement and the impact it can have on your business visit: home.kpmg/poweredprocurement.

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