



Powered Procurement – Risk

Embedding supplier risk with KPMG Powered
Procurement

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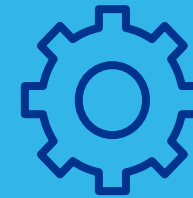
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Regulators across the globe are increasing standards for supplier risk due diligence and demand accurate reporting from organisations to demonstrate compliance

Businesses in regulated sectors cannot 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.

A platform that can automate end to end supplier risk processes & reporting is ever more important, but organisations face a challenging environment with a growing abundance of siloed risk technologies that do not achieve compliance.

Why is managing your supplier risk critical?

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 present risks. Mistakes can result in reputational damage, disruption, delay, and significant financial penalties. The recent pandemic has also given rise to a new breed of third-party risks and technologies – further accentuating the complexity of supplier risk management and compliance.

Businesses need the reassurance and resilience that only a strong supplier risk management process enabled through technology can bring. The nature of the challenge is changing rapidly due to several factors in combination:



Increased exposure to digital risks with remote working and more technologies integrated into the supply chain than ever before



Increased regulatory landscape and consumer expectations enforcing supplier risk processes along with heavy financial costs associated with non-compliance



Desire for insightful, real time risk reporting of supplier risks & coverage of critical risk areas such as IT, sustainability & diversity to align with organisations' long term business objectives

An accelerated transformation driven by our leading technology

Tech-enabled TPRM and real-time monitoring is vital to meet the ever changing and increasingly tightening regulations and cost of non-compliance. KPMG Powered Procurement – Risk solution. Our best practice Powered approach, brought to life with Coupa. Taking the knowledge and expertise of Procurement & Supplier Risk, we ensure the process, reports and controls meet the highest regulatory standards and streamline compliance as part of holistic Procurement. It's not just the system but the processes it enables and integrates that supports effective, strategic & compliant Procurement.

What is Powered Procurement - Risk?



Powered Procurement - Risk is an 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 part of Coupa's wider Risk & Performance Management Accelerated (RPMA) suite - a cloud-based solution that can transform the way your organisation does Procurement. By automating supplier risk due diligence & monitoring as part of end-to-end Procurement, it provides a modern, streamlined approach to managing your suppliers – all within a globally leading platform.

Along with automating due diligence, the suite includes pre-enabled integrations with industry leading data feeds such as D&B and EcoVadis – allowing unique, powerful insight into your supplier risk landscape. In real time.

Interactive dashboards that integrate operational governance & KPI reporting allows for opportunities to introduce efficiencies & operational excellence.

Automate your supplier risk management with Powered Procurement – Risk

Regulatory mandated supplier risk due diligence, along side heavy financial penalties & reputational damage for non-compliance, has led many organisations' investing heavily in highly manual and inconsistent risk processes & technologies, yet failing to see the results.

Organisations are now facing the challenge of navigating a complex ecosystem of supplier risk technologies, and struggle to meet regulatory and industry standards for risk management and reporting of critical areas such as IT, Cyber and ESG.

A transparent strategy for onboarding, managing, and monitoring suppliers and risk reporting is vital. In regulated sectors, it is a non-negotiable matter of compliance; in other sectors, it is equally essential for risk mitigation, reputation, and revenue-protection. Procurement and risk functions need a unified and effective approach to modernise end to end supplier procurement & risk processes.

KPMG Powered have modernised Procurement and supplier risk through its integrated offering: Powered Procurement – Risk.

A uniquely powerful combination of KPMG's proven functional transformation solution (Powered Enterprise) with Coupa's globally leading Risk Assess solution to automate and embed leading practice supplier risk processes into the entire Procurement lifecycle.



Powered Procurement – Risk includes:

- Automation of industry leading regulatory standard supplier risk mitigation & reporting
- Seamless integration of Procurement & supplier risk allowing processes to run in parallel
- Integration with third party data feeds
- Pre-designed multi-risk level due diligence
- Continuous improvement & risk evolution services with a scalable risk model



The Powered Risk Framework digitised in our Risk platform enables:

- 'Appropriate and proportionate' proactive due diligence
- Risk standards cascaded to contractual requirements
- Effective reporting on supplier risk exposure (inc. concentration & geopolitical risks)
- Fourth party assessments for better understanding of risk landscape

Technology driven integration of procurement & TPRM is not only optimal. It is the future.



We support TPRM compliance globally. Including the most stringent regulators:

- Bank of England's Prudential Regulation Authority (PRA) & Financial Conduct Authority (FCA)
- European Union's General Data Protection Act (GDPR)
- United States Office of the Comptroller of the Currency (OCC)



How does that work?

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

KPMG’s Powered procurement – Risk 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 – Risk 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 can be supported using pre-defined assets that are maintained in line with the most globally stringent regulators. This includes:

- 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 – Risk can help you to transform your third-party risk processes into a digital and scalable end-to-end process. Supporting you in compliance, and risk mitigation.

With the ability to embed your organisation's internal objectives using Key Performance Indicators and MI Reporting, our platform can enable your organisation to move towards a smarter and more strategic approach to supplier 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 platform and supplier risk 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 Procurement & Risk 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 Powered Suite Managed Services & Evolution Services are on hand to provide support and guidance on a long-term basis far beyond system go-live.

This falls into three distinct areas:

01

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 (Technology) – 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

03

Evolution Services – Following our implementation, evolution services will support you with maximising the benefit of a scalable and modular technology and configuration, by gradually expanding the platforms depth of content (such as additional supplier risk processes, risk domains & data feed integrations) and system functionality including operational management & reporting

Achieving compliance with Powered Procurement – Risk

The nature of third-party risk interactions 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 supplier risks and automate risk proportionality throughout the Procurement process – supporting you to seamlessly embed compliance into Procurement, without the long lead times. All the support you for ongoing evolution and innovation as requirements or market dynamics change is available as part of the KPMG Powered Procurement Suite of Solutions.

This means you can embrace transformation as a positive state rather than a disruptive event. With a supplier risk 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: kpmg.com/uk/poweredorprocurement.

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