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## THE THREE KEY INGREDIENTS FOR SUCCESSFUL THIRD PARTY RISK MANAGEMENT

with Sandhya Mohan-Pilla, Director, Malcolm Parker, Senior Managing Consultant, Amanda Hechter, Senior Managing Consultant for Mobius Consulting and, Lee Bristow, Chief Technology Officer for Phinity Risk Solutions.



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Originally a tedious and repetitive manual process, Third Party Risk Management (TPRM) has been an unrefined field of expertise that often fails to yield the intended results and value.

“The world is changing and organisations are getting to grips with the benefits of TPRM especially when technology is added to the mix.” [says Malcolm Parker, Senior Managing Consultant for Mobius Consulting.](#)

Establishing where, when and how technology can be incorporated into organisational processes is an essential part of successful Third Party Risk Management.

Along with technology, two of the biggest success factors in Third Party Risk Management are people and process.

“Of the many clients we have assisted with TPRM across the globe, we often see a lack of one or more of the three key ingredients for a successful TPRM capability,” [says Amanda Hechter, Senior Managing Consultant for Mobius Consulting.](#)

For the most part, companies are aware of the need for these ingredients but are unsure of the quantities needed to make for a successful outcome. As with any recipe, it comes down to the relative quantities of the ingredients needed, but how do you know what the relative quantities should be? The answer lies in the level of maturity across people, process and technology.

It wouldn't make sense to have a fully automated technology in place when you don't have the right people who understand the output of the technology to make informed decisions (i.e. people maturity is low). It wouldn't make sense to have a technology in place when you haven't defined what processes will work for your organisation (i.e. process maturity is low). Finally, it wouldn't make sense to have the people and process at high levels of maturity and not consider the need for technology which creates process efficiencies and results in long term cost savings.

The recipe for success exists within this trilateral symbiosis of people, process and technology. Neither makes sense without the other and all are essential for the success of your Third Party Risk Management.



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## 1. People

“One of the major success factors is people. Buy-in from key stake-holders is essential, they need to realise the value that TPRM provides to the organisation,” **says Sandhya Mohan- Pillai, Director for Mobius Consulting.**

With buy-in being the point of departure for the people ingredient, collaboration is key for the effective implementation of a Third Party Risk Management programme, between the people within the organisation as well as the participation of the third parties involved.

“It is about everyone across the organisation working together with the understanding that the value in third party risk management extends past just ticking boxes. On-going risk management exposes areas where the company can improve, not only from a risk management perspective, but also a process perspective as well,” **says Sandhya Mohan- Pillai.**

**Buy-in to the Third Party Risk Management programme and collaboration is essential from:**

- High-level stake-holders;
- All of the divisions of the organisation;
- Third parties; and
- Third party relationship managers

## Technology and People

Where technology is in place, collaboration extends to the degree with which people make use of the tools available. Investments in these technologies may not be maximised if this collaboration is not exercised properly. People need to make use of the technology and so it is critical that they firstly understand the role they need to play within Third Party Risk Management and how to use the tools available to them.



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## 2. Process

“Along with understanding and cooperation between all of the people involved, comes the need for defined TPRM processes,” [says Amanda Hechter](#).

If processes are not defined and the organisation is not clear on how their TPRM programme should be run, how can the responsible people know the steps to follow and where to begin. Having a defined process in place doesn't only create clear direction for the responsible people but it also informs how the technology you use within your TPRM programme should function.

### Technology and Process

With increasing attention given to technology by organisations, they are quick to adopt them without ensuring that these technologies align with the processes already in place. The relationship between technology and processes can make or break a TPRM programme. We often see organisations struggle during implementation of their TRPM technology due to the lack of defined process and similarly unclear roles and responsibilities.

Ultimately, processes need to be defined so that people know how to execute the TPRM process, this also allows organisations to make informed decisions when investing in technology.



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### 3. Technology

“TPRM is not a new concept by any means but has become more prevalent in the world we live in today, due to the nature of how we now do business and the level of interaction we have with our third parties, now more than ever we need to be focused on our third party risk but we need to do this as efficiently as possible”. [says Sandhya Mohan-Pillai.](#)

As with many risk management processes, TPRM started out with the use of spreadsheets, manual processes, time intensive workshops and the admin of running these manual processes, as the world is evolving we see the value that technology brings.

“We are seeing that processes are often repetitive and the internal risk management team may become fatigued; rather take advantage of technology and remain cutting edge,” [says Lee Bristow, Chief Technology Officer for Phinity Risk Management Solutions..](#)

The value in technology is not only in creating process efficiencies within TPRM but it is also about scale and visibility throughout the third-party landscape creating a holistic point of view. Technology also allows for better and more streamlined collaboration across all stakeholders, making it easier to review and validate risks across your organisation.

The dashboard reporting that comes along with TPRM technology, like Triplicity from Phinity Risk Solutions, provides a high level view of risk throughout the organisation with both pre and post TPRM assessments. This insight into third parties provides decision support.

Another important aspect is remediation. Companies are often caught up in the assessment of risk and lose sight of remediation. Resilience, from Phinity Risk Solutions, as an automated workflow tool, which helps drive the remediation process while ensuring accountability between departments.



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## Conclusion

“The key at the end of the day, is to know exactly what you want to achieve, and this is accomplished by using the people, process and technology streams of TPRM,” says **Sandhya Mohan-Pillai**.

It is not to say that if you don't have a process in place you shouldn't consider the use of technology in your TPRM programme but rather if you are considering the implementation of a TPRM technology to remember the other two key ingredients; people and process. Of the many TPRM recipes we have seen, the most successful is the one that has considered all three ingredients and the extent to which these are needed based on the maturity of the organisation.

### CONTACT US

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