

Coupa for Third-Party Risk Management

Risk, Compliance, and IT leaders struggle to manage today’s complex regulatory environment, myriad business partners in critical relationships, and the associated compliance burden. Successfully managing third-party risk in this environment gets more difficult each year as business relationships and regulations grow ever-more complex. The consequences of failure are high, with headlines showing large fines from regulators and negative publicity that destroys brand value.

Struggling to deal with this complexity and the high stakes involved, many companies have responded by adding still more personnel to their back-office and compliance teams. Even as compliance costs escalate, manual processes and siloed systems limit effectiveness and lead to compliance gaps.

Coupa brings a complete, user-centric vision for third-party risk management to let companies make more of their compliance investments, make better business decisions, and avoid damage to the brand and the bottom line.

Key Benefits of Coupa Risk Management

- Proactively reduce risk by assessing inherent risk, assessing 3rd and 4th parties across multiple domains, and managing action plans to address residual risk
- Continually monitor risk and performance
- Get compliant faster with easy configuration, Accelerator templates, and full audit trail
- Operationalize risk culture by channeling spend to the right suppliers and immediately responding to risk

84%

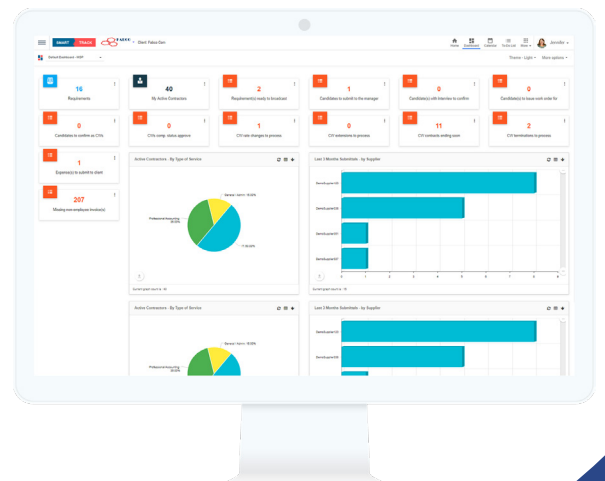
of organizations experienced a third-party incident in the last three years¹

10%

estimated fall in share price after an incident if third-party risks are not adequately managed¹

\$50M-1B

estimated financial impact of a third-party or subcontractor failure in 2020¹



(1) Deloitte Extended Enterprise Risk Management (EERM) Third-Party Risk Management (TPRM) Global Survey 2020

Third-Party Risk in Today's Business Relationships

Every year, companies engage more third parties—suppliers, resellers, agents, and others. These relationships provide many benefits, but they also pose risks from supply chain disruption to fraud, bribery, data breaches, and more. Misdeeds by critical partners of a company's third parties—the suppliers and other fourth parties trusted with company resources—are just as likely to cause harm. A third or fourth party's actions or failures can result in regulator exposure, devastating reputational harm, and lost revenue.

What Companies Need to Know

Simply understanding the relevant regulations and the information that must be captured from suppliers to ensure compliance can be challenging. Using manual processes and legacy tools, even the basics can be difficult to manage:

- Who are my third parties and their relevant subcontractors?
- What business am I doing with them, and why?
- Which of my third-party relationships expose us to risk, and which risks?

Managing Increased Compliance Pressures

It can be very difficult to understand the data that must be collected and actions that must be taken to ensure compliance across multiple regulators and changing requirements. Companies operating in Europe must have assertions that third parties have effective controls to avoid GDPR violations. International companies need assertions that their agents don't engage in corrupt practices which could lead to violations of U.S. FCPA or the U.K. Bribery Act. Banks and others must comply with their own industry-specific regulators, such as the US Office of the Comptroller of the Currency (OCC). The list of risk domains is extensive and changes frequently with legislation around the world.

Moving to Scalable Processes to Assess and Manage Risk

Executives and boards must insist that their companies move to processes and tools that can effectively safeguard company resources. Many companies have tried—and failed—to manage third parties and third-party relationships using manual processes and legacy tools. Coupa brings together all internal teams involved in third-party risk management to collaboratively reduce the cost of compliance, minimizing risk, and maximizing the value of their relationships.

Understand Inherent Risk — document all types of relevant relationships (including suppliers, agents, distributors, etc.), what the third party is doing, and what company resources they have access to.

Assess and Manage Residual Risk — based on supplier- and employee-provided information on relevant fourth parties and risk mitigation measures across multiple risk domains.

Continuously Monitor Risk and Performance — by drawing in risk data from providers such as BitSight along with risk insights from across the community of participating customers, Coupa-provided supplier risk data, and ongoing performance management.

During the pandemic, a large international bank used Coupa to quickly deploy a Coronavirus risk assessment to understand the measures their suppliers and third-parties have taken to stay safe and resilient. With this data at hand, the bank’s team has been able to take action and easily respond to external inquiries on pandemic preparedness risk.

Deploy Faster — with an easy configuration-based approach and pre-configured Accelerator templates for common risk domains that give you a head start on implementation decisions.

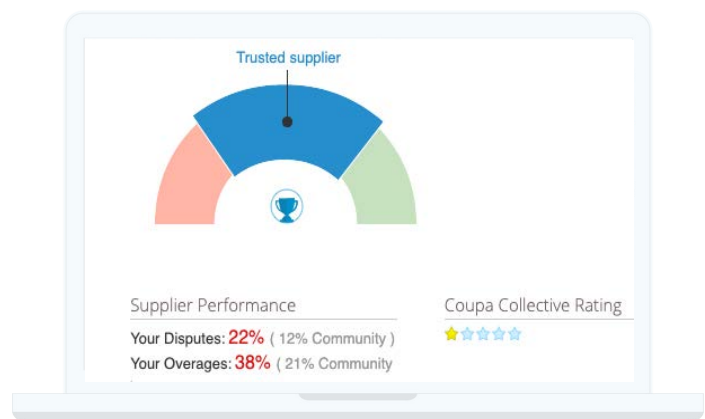
Get Compliant Faster — with an easy-to-use experience for internal and external users that helps Coupa customers achieve best-in-class performance on cycle times and other KPIs. Demonstrate consistent execution with full audit trail and compliance reporting.

Operationalize Risk Culture — by making sure that employees have visibility into risk when making spend decisions using Coupa Procure-to-Pay, giving risk teams visibility into off-contract spending, and quickly incorporating any new relationships from sourcing and contracting into inherent and residual risk calculation.

Proactively Mitigate Risk — by transitioning spend away from high-risk or non-performing suppliers, freezing transactions as needed, and managing mitigation plans.

Supplier Performance

Performance Criteria	Totals	Score	You	Community
Disputed Invoices	830,488.00 USD	C	22%	12%
Overages	993,628.00 USD	C	38%	21%
Rejected Invoices	622,515.00 USD	D	11%	6%
HSE Rating	0 reviews	E	★★★★★	N/A
Ease of Sourcing	0 reviews	E	★★★★★	N/A



Key Capabilities

- **Third-Party On-Boarding** – including use of “Right-Time Participation” to ask suppliers for any missing information at the time of invoicing and transactions.
- **Multi-Domain Risk Assessments** – determine inherent and residual risk across multiple domains based on a configurable scoring methodology.
- **“N-Tier” Risk Scoring** – collect and incorporate information on 3rd and 4th parties in scoring.
- **Risk Mitigation Plans** – create and manage plans to bring residual risk to acceptable levels.
- **Continuous Monitoring** – using easy integrations with partner data providers, community-based insights, and the Coupa data service for supplier financial, judicial, and other risks.
- **Performance Tracking and Scorecards** – including data collection in context of transactions.
- **Audit Trail and Compliance Reporting** – including ready-made reports for specific domains.
- **In-Flight Transaction Control** – put transactions on hold across P2P and Payments if needed.
- **Diversity and Inclusion Tracking** – track diverse spend and find community-vetted suppliers.
- **Operational Insights** – with KPI tracking and prescriptive insights for improvement.
- **Analytics (with Coupa Analytics)** – get deep insights into risk and program effectiveness.

To Learn More about Coupa Third-Party Risk Management,
go to coupa.com/products/supplier-management/risk-assess/