

The 2021 Prevalent

Third-Party Risk Management Study

In February and March 2021, Prevalent conducted a study on current trends, challenges and initiatives impacting third-party risk management practitioners worldwide.

Four Key Observations:

- 1. Organizations Are Missing Important Risks – at Their Peril**
- 2. Attention Should Be Paid to More Stages in the Third-Party Risk Lifecycle**
- 3. Procurement and Business Teams Are Struggling for a Seat at the TPRM Table**
- 4. Most Organizations Don't Want to Tackle Third-Party Risk on Their Own**

Why Assess Third Parties?

87% of study respondents cited the need to ensure that third parties do not introduce risks to their businesses.

60% of study respondents said they are required to report against specific regulatory, industry or data privacy requirements.

2021 TPRM Drivers

Study respondents cited these as the top factors that pointed the rudder toward increased organizational focus on TPRM:

83% COVID-19

47% SolarWinds Breach

Despite these factors, **only 40%** of respondents said their TPRM programs are expanding



Cybersecurity: The Tip of the Iceberg

88% Cybersecurity

It's no surprise that the top risks tracked by organizations today include cybersecurity (88%), regulatory compliance (78%), privacy (73%) and business continuity (71%). But more risk lies beneath the surface...

Off the Radar

Respondents reported that their organizations are NOT tracking these risks, but should be:

47% Geo-political

45% Labor Standards

45% Environmental

44% Supply Chain

40% Human Rights Trafficking and Slavery Risks

39% Anti-Bribery and Corruption

While respondents most frequently reported assessing cybersecurity risks, procurement and business teams are not always getting the visibility they need.

59% Are not tracking the offboarding of vendors

47% Are not assessing SLA and performance management

42% Are not assessing business and financial risks

Lost in the Fog

These top-reported challenges left organizations without clear visibility into their vendor risk:

51% Not Enough Pre-contact Due Diligence

46% Lack of Real-time Vendor Risk Insights

35% Manual Collection of Vendor Information

Who's Captaining the TPRM Ship?

IT and Security Are Still at the Wheel

50% of respondents indicated that IT or IT security owns third-party risk management in their organizations, and 55% noted that IT security teams were more responsible than ever for TPRM.

Procurement Is Not on the Bridge

55% of respondents say their organizations have seen an increase in ownership by security over the past year...

While only **22%** say their organizations have seen an increase in procurement ownership.

Top Officers Are on the Lookout

Likely in response to recent breaches, third-party risk management is gaining increased visibility among executives and boards:

40% Executives Have More TPRM Visibility

36% Board of Directors Have More TPRM Visibility

Still Using the Stars to Navigate?

42% Stuck on Spreadsheet-based Questionnaires

42% of respondents said they still assess their third parties using spreadsheet-based questionnaires, while only 24% reported using a third-party risk management platform.

Many respondents aren't thrilled with their current assessment method, with almost no one feeling "extremely satisfied."

26% Dissatisfied with Spreadsheets

48% Neutral Satisfaction with Spreadsheets or Current GRC Tools

55% Seeking Help at Sea

A majority of respondents cited a hybrid approach that balances internal management of some assessments and outsourcing others as their ideal TPRM approach.

Conclusion

Though organizations are recognizing the importance of expanding third-party risk visibility beyond cybersecurity, most respondents this year made it clear that their organizations are still trying to achieve a more holistic understanding of third-party risk through the right people, processes and solutions.

Recommended Course Corrections

From onboarding to offboarding, here are our recommendations for unifying IT security and business for better outcomes:

Expand Assessments Beyond Cybersecurity

Bridge the Gap Between Business and IT

Manage Risk at Every Step of the Third-Party Lifecycle

Outsource all of the Hard Stuff

Download the 2021 Prevalent Third-Party Risk Management Study for comprehensive findings, analysis and recommendations.

[Download the Study >](#)