

# Building the Supplier Risk Business Case: *Quantifying Avoided Disruption and Loss*

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***RISK IS OUR  
BUSINESS***  
grc report





**The Modern Organization is the Extended Enterprise**

# The Extended Enterprise: The Baseline Is Instability





**The Weak Supplier Links  
Bring Risk Exposure**

**TPRM too Often is Looking in the Rearview Mirror**







**3<sup>rd</sup> Party GRC (Risk) Management** is a capability that enables an organization to:

- G) reliably achieve *objectives***
- R) address *uncertainty* and**
- C) act with *integrity***

**in and across its 3<sup>rd</sup> party relationships.**

# TPRM Orchestration, a Cross-Enterprise Capability



# Navigating TPRM Uncertainty



# Measuring TPRM Risk Reduction

*Reduce measurable exposure — not just increase activity . . .*

## Before

12% of spend with high-risk suppliers  
18 days to detect critical changes  
42 unresolved critical issues

## After

4% of spend with high-risk suppliers  
5 days to detect critical changes  
15 unresolved critical issues

## Impact

**67% lower high-risk spend exposure**  
**72% faster detection**  
**64% fewer open critical issues**

# Inherent Risk → Residual Risk

*A Hubbard-style lens: quantify what exposure remains after mitigation . . .*

**High → medium / low**

suppliers moved to lower residual risk bands after due diligence

**25–50%**

reduction in average risk score after controls, evidence, and remediation

**40–70%**

fewer suppliers requiring full manual escalation after better triage

**Decision-grade**

more approvals supported by weighted evidence instead of guesswork

# Prevented Fraud / Improper Payment Exposure

*Quantify the exposure that never reaches the payment stage . . .*

## **Blocked**

suspicious bank account and supplier change requests before approval

**70%**

improvement benchmark in duplicate payment recovery / prevention

## **0 known fraud**

example outcome framing after stronger controls are deployed

**\$ expected loss avoided**

event rate reduction × average loss per event

***Risk reduction can be expressed as expected annual loss avoided.***

# Forward-Looking Risk Exposure

*Where agility, planning, forecasting, and scenario analysis come together . . .*

## **Revenue / spend at risk**

linked to suppliers, facilities, categories, and scenarios

## **Scenario cycles**

run faster as trusted data replaces manual gathering and reconciliation

## **Earlier warning**

from continuous monitoring across cyber, event, financial, and compliance signals

## **Capacity reallocated**

from administration to planning, forecasting, and mitigation design



**Building the Business Case: TPRM Value, It Is More Than Just ROI**



PRODUCTIVITY

TIME  
MANAGEMENT

GOAL  
SETTING

EFFICIENCY

WORKFLOW

**Efficiency** = Traditional ROI (Time-Saved, Money-Saved)

# TPRM Efficiency

## ***Reducing friction, manual effort, and redundant work across third-party processes . . .***

- ✓ Automating onboarding, screening, validation, and periodic review workflows.
- ✓ Capturing supplier data once and reusing it across procurement, risk, compliance, and finance.
- ✓ Reducing email, spreadsheet, and status-chasing work through supplier self-service and workflow routing.
- ✓ Eliminating duplicate effort so skilled resources can focus on planning, analysis, and decisions.
- ✓ Eliminating repetitive manual checks across identity, banking, tax, and documentation.
- ✓ Creating cleaner data foundations that support faster reporting and better downstream automation.
- ✓ Freeing capacity for scenario planning, forecasting, and forward-looking risk management.

# TPRM Efficiency – Example Quantification

*Illustrative examples of measurable efficiency gains . . .*

**40–70%**

less manual effort in onboarding,  
validation, and supplier service workflows

**3–10 days**

faster average onboarding cycle time

**2–5 FTEs**

capacity freed for higher-value  
planning and analysis

**50–80%**

fewer supplier inquiry touches and  
callbacks

**60–90%**

less duplicate data entry across  
teams

***Efficiency creates capacity for agility.***

# An Example from a Large Retailer

<b>I. Labor Savings Opportunity from Current Environment:</b>					
	<u>Fully Loaded Cost/FTE</u>	<u># FTE's</u>	<u>Labor Savings</u>	<u>Sunsetting of existing solutions - savings</u>	<u>Total Cost Reduction Opportunity</u>
<b>Risk Mgmt Group</b>					
Employment Compliance/Responsible Sourcing/Specialty Compliance	\$ 100,000	2	\$ 200,000	\$ 100,000	\$ 300,000
Insurance Compliance	\$ 100,000	2	\$ 200,000	\$ 100,000	\$ 300,000
Bank Account Fraud (Non-incremental)					
Procurement Fraud Monitoring	\$ 100,000	1	\$ 100,000	\$ -	\$ 100,000
Tax Identifications/Validations & corrections	\$ 100,000	2	\$ 200,000	\$ -	\$ 200,000
D&B/Financial Risk Compliance	\$ 100,000	2	\$ 200,000	\$ 100,000	\$ 300,000
General Functions Risk Mgmt	\$ 100,000	2	\$ 200,000	\$ -	\$ 200,000
Post Audit/Inaccurate Billing Risk Mgmt	\$ 100,000	2	\$ 200,000	\$ -	\$ 200,000
Cyber Risk Mgmt for suppliers	\$ 100,000	2	\$ 200,000	\$ 100,000	\$ 300,000
Global Environmental Compliance & Risk Mgmt	\$ 100,000	2	\$ 200,000	\$ 100,000	\$ 300,000
Global Social/Governance Compliance and Risk Mgmt	\$ 100,000	1	\$ 100,000	\$ -	\$ 100,000
Supply Chain Diversity Mgmt	\$ 100,000	2	\$ 200,000	\$ 100,000	\$ 300,000
GenAI/LLM enabled Fraud Hotline/email tip consumption conversion to risk scores (ACFE says 42% come from tips)	\$ 100,000	4	\$ 400,000	\$ -	\$ 400,000
OFAC & FCPA	\$ 100,000	2	\$ 200,000	\$ -	\$ 200,000
Analysts to evaluate, drive decisions and take action	\$ 100,000	8	\$ 800,000	\$ 50,000	\$ 850,000
- ability to do collaborate case mgmt and reach in to ERP to potentially place suppliers on hold					
<b>Totals</b>			\$ 3,400,000	\$ 650,000	\$ 4,050,000



**Effectiveness** = Effectiveness is about actual/measurable risk reduction

# TPRM Effectiveness

## *Improving decision quality, control confidence, and measurable risk reduction . . .*

- ✓ Identifying high-risk third parties earlier through holistic risk assessment and situational awareness.
- ✓ Improving the accuracy of identity, tax, banking, compliance, cyber, and performance data.
- ✓ Prioritizing reviews based on weighted exposure rather than treating every third party the same.
- ✓ Creating clearer audit trails, approvals, and evidence to support consistent decisions.
- ✓ Reducing fraud exposure, false reassurance, and blind spots with continuous monitoring and better evidence.
- ✓ Turning fragmented inputs into one decision-ready view that supports stronger approvals and remediation.
- ✓ Reducing real exposure by moving suppliers from higher inherent risk to lower residual risk.

# TPRM Effectiveness – Example Quantification

*Illustrative examples of measurable control and exposure reduction . . .*

**25–60%**

reduction in control failures, risky approvals, or preventable third-party issues

**20–50%**

reduction in spend tied to suppliers above risk threshold

**30–70%**

improvement in risky supplier identification before activation

**50–80%**

increase in evidence-backed, policy-aligned approvals

**1–3 events**

potential fraud or loss events avoided per year

***Measure exposure reduced — not just controls added.***

# An Example from a Large Retailer

<b>II. Opportunity to protect against Fines/financial loss/fraud</b>	<b>Estimated Fines/per Occurrence *</b>	<b>Annual Occurrences Avoided (1/5,000 suppliers)</b>	<b>Total Fraud/Fines/Legal Fees avoided</b>	<b>Legal Fees/Fines per occurrence</b>	<b>Total Estimated Legal fees/yr</b>	<b>Estimated Fraud/Instance *</b>	<b>Annual Fraud Instances Avoided/Year (1/5,000 Suppliers)</b>	<b>Total Estimated Fraud Loss</b>	<b>Total Costs avoided/yr</b>
Employment Compliance/Responsible Sourcing/Specialty Compliance	\$ 100,000	8	\$ 800,000	\$ 50,000	\$ 400,000	\$ 117,000	8	\$ 936,000	\$ 2,136,000
Insurance Compliance	\$ 100,000	8	\$ 800,000	\$ 50,000	\$ 400,000	\$ 117,000	8	\$ 936,000	\$ 2,136,000
Bank Account Fraud (Non-incremental)	\$ -	0	\$ -	\$ 50,000	\$ -				
Procurement Fraud Monitoring	\$ -	0	\$ -	\$ 50,000	\$ -	\$ 117,000	8	\$ 936,000	\$ 936,000
Tax Identifications/Validations & corrections	\$ 100,000	8	\$ 800,000	\$ 50,000	\$ 400,000	\$ 117,000	8	\$ 936,000	\$ 2,136,000
D&B/Financial Risk Compliance	\$ 100,000	8	\$ 800,000	\$ 50,000	\$ 400,000	\$ 117,000	8	\$ 936,000	\$ 2,136,000
General Functions Risk Mgmt	\$ 100,000	8	\$ 800,000	\$ 50,000	\$ 400,000	\$ 117,000	8	\$ 936,000	\$ 2,136,000
Post Audit/Inaccurate Billing Risk Mgmt		8	\$ -	\$ 50,000	\$ 400,000	\$ 117,000	8	\$ 936,000	\$ 1,336,000
Cyber Risk Mgmt	\$ 100,000	8	\$ 800,000	\$ 50,000	\$ 400,000	\$ 117,000	8	\$ 936,000	\$ 2,136,000
Global Environmental Compliance & Risk Mgmt (incl. greenwashing controls) *	\$ 100,000	8	\$ 800,000	\$ 50,000	\$ 400,000	\$ 117,000	8	\$ 936,000	\$ 2,136,000
Global Social/Governance Compliance and Risk Mgmt	\$ 100,000	8	\$ 800,000	\$ 50,000	\$ 400,000	\$ 117,000	8	\$ 936,000	\$ 2,136,000
Supply Chain Diversity Mgmt	\$ 100,000	8	\$ 800,000	\$ 50,000	\$ 400,000	\$ 117,000	8	\$ 936,000	\$ 2,136,000
GenAI/LLM enabled Fraud Hotline/email tip consumption conversion to risk scores (ACFE says 42% come from tips)	\$ 100,000	60	\$ 6,000,000	\$ 50,000	\$ 3,000,000	\$ 117,000	65	\$ 7,605,000	\$ 16,605,000
OFAC & FCPA	\$ 100,000	8	\$ 800,000	\$ 50,000	\$ 400,000	\$ 117,000	8	\$ 936,000	\$ 2,136,000
Analysts to evaluate, drive decisions and take action	\$ -	0	\$ -	\$ 50,000	\$ -	\$ 117,000	-	\$ -	\$ -
- ability to do collaborate case mgmt and reach in to ERP to potentially place suppliers on hold									
<b>Totals</b>		<b>148</b>	<b>\$ 14,000,000</b>		<b>\$ 7,400,000</b>		<b>161</b>	<b>\$ 18,837,000</b>	<b>\$ 40,237,000</b>



**Resilient** = Ability to Anticipate and Recover from Incidents & Disruption

# TPRM Resilience

## ***Strengthening the ability to anticipate, absorb, and respond to disruption . . .***

- ✓ Continuously monitoring suppliers for cyber, financial, compliance, sustainability, event, and performance signals.
- ✓ Detecting issues earlier so teams can intervene before losses, outages, or headline events occur
- ✓ Seeing changes in risk posture over time, not just at onboarding or annual review.
- ✓ Improving visibility into concentration, location, facility, and critical supplier dependencies.
- ✓ Understanding which suppliers, sites, and business units are exposed when events occur.
- ✓ Triggering coordinated action plans, remediation, and escalation before issues become losses.
- ✓ Supporting continuity through earlier warning, better triage, and faster action.
- ✓ Building a more adaptive third-party program that stays aligned as risk conditions change.

# TPRM Resilience – Example Quantification

## *Illustrative examples of measurable resilience improvements . . .*

**30–50%**

faster detection of meaningful supplier risk changes or disruptive events

**25–60%**

faster escalation and response to supplier incidents

**20–40%**

reduction in exposure to inactive, high-risk, or non-compliant suppliers

**15–30%**

improvement in continuity preparedness for critical suppliers

**2–4x**

improvement in monitoring breadth across the supply base

***Resilience is what keeps a risk event/exposure from becoming a crisis.***



**Agility** = Navigating Uncertainty on the Road Ahead

# TPRM Agility

***Enabling the business to plan ahead and move faster without sacrificing control . . .***

- ✓ Freeing capacity from administration so teams can spend more time on planning and scenario analysis.
- ✓ Onboarding strategic suppliers faster while applying the right level of due diligence.
- ✓ Supporting planning, forecasting, scenario analysis, and early action with cleaner data and continuous risk visibility/signals.
- ✓ Adapting workflows, due diligence, and controls as business needs, policies, and regulations change.
- ✓ Scaling third-party oversight across geographies, business units, and acquisitions without rebuilding the process.
- ✓ Helping leaders move from reactive issue handling to predictive and prescriptive decision-making and risk/uncertainty management.

# TPRM Agility – Example Quantification

*Illustrative examples of measurable speed and planning gains . . .*

**2–4x**

more team capacity available for planning, forecasting, and scenario work

**30–70%**

faster rollout of new rules, controls, or questionnaires

**20–50%**

shorter cycle time for urgent or strategic supplier activation

**Weeks to days**

to refresh due diligence, forecast exposures, and model scenarios

**15–35%**

improvement in forecast confidence or planning speed

***Forward-looking TPRM is where agility becomes strategic.***

***TPRM should not be the handbrake.***

*It should be the navigation system — helping the business steer safely through uncertainty toward its objectives in third-party relationships.*

# TPRM End Game: Business Confidence




# Thank You! Questions?

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