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The apexanalytix Supplier Risk Management Toolkit

In this white paper, we'll explore how apexanalytix supports procure-to-pay organizations in managing supplier risk from identifying inherent risk to effectively monitoring residual risk.

Understanding Inherent and Residual Risks

Before we dive into the specifics of apexanalytix, it's essential to understand the difference between inherent and residual risks.

Inherent Risk

The level of risk that exists before any mitigation or controls are applied. This derives from various industry, regional or company-specific attributes.

Residual Risk

The risk that remains after mitigation efforts have been applied. This includes the effectiveness of controls, compliance measures and other risk-reducing activities.

Understanding apexanalytix's Risk Scoring Methodology

apexanalytix's Supplier Risk Management solution produces three levels of risk scores—composite, category and signal-level scores—to elevate and automate the mitigation of critical risks. Each score level offers a different granularity of insight, ensuring that risk assessments are both comprehensive and actionable.

1 Composite Scores

A composite score provides an overall risk rating for each supplier derived from a combination of various risk categories (IT, ethics, financial health, etc.) and the subsequent subcategories to make informed decisions about supplier relationships.

2 Category Scores

Risk category scores break down the composite score into specific risk areas: IT, ethics, financial health, regulatory compliance, performance and company-specific categories. These categories provide a view into where the more significant risks lie and an organization can take targeted actions to mitigate them.

3 Signal Scores

Signal level scores offer the most granular view focusing on individual risk indicators: media mentions, transactional data, prohibited list alerts and any specific data point within a category. By drilling down to this level, organizations can gain a deep understanding of the specific factors contributing to a supplier's risk profile.

Sourcing Inherent Risk Signals

apexanalytix sources inherent risk signals from a wide variety of origins with a strong preference for trusted data sources to automate assessments and reduce human workload.

Supplier Onboarding Questionnaires

Capture all the supplier data to assess inherent risk at onboarding and throughout the lifecycle with pre-built, dynamic supplier onboarding journeys. Everything from standard company information to deep dives into ethics, IT, BCP, sustainability or any area that helps assess potential risk. Easily update requirements as your compliance requirements evolve so you can protect your company.

1000+ Integrated Data Sources

apexanalytix integrates with 1000+ trusted data sources – global governments, regulators and authoritative third parties – to validate supplier risk at onboarding and through continuous monitoring. Important supplier checks include tax verification, bank account ownership and prohibited list checks to ensure compliance, prevent fraud and manage risk based on accurate data.

250 Million Supplier Golden Record Database

apex's proprietary database of 250M+ suppliers provides the most complete and accurate data to accelerate onboarding, improve master data and predict supplier behavior. Every data point is scored based on accuracy and age.

Multi-Enterprise Community Data

apexanalytix has a customer community of Fortune 1000 enterprises. Data from this network of client suppliers is also leveraged to enhance risk assessments through the anonymous sharing of critical data: *Is the supplier working with apex clients? If yes, how long has the supplier been working with apex clients? Does the supplier use the same tax ID and bank account with other apex clients?*

News & Dark Web Monitoring

apexanalytix also monitors for media mentions and the dark web to gather risk signals to ensure that risk assessments are current and reflective of the recent developments. For example, if a cyber criminal is attempting to sell company data on the dark web, this activity would expose that company and its suppliers to potential risk prior to a disruptive event happening.

Transactional Data Analysis

Transactional data, where available and appropriate, can provide insight into potential fraud risk stemming from a supplier. Examples of how fraud can be identified within transactional data is within payments that are below key approval thresholds, invoice numbers that conflict with past invoice number formats and sudden significant increases of invoice amounts. These indicators are easily hidden within systems and tracking them provides an important review of suppliers that an organization is already doing business with.

Best Practice Scoring Models and Criticality Thresholds

apexanalytix's scoring models and criticality thresholds come out-of-the-box and are highly configurable to match an organization's unique risk tolerances.

Flexibility & Customization

The flexibility of the scoring models allows segments to be based on segment-specific risk and can easily be adjusted based on changing business landscapes or emerging risks.

Supplier Segmentation for Tailored Risk Scorecards

By categorizing suppliers based on various criteria—such as industry, geography and transaction volume—organizations can apply different risk management strategies to different segments.

Risk scorecards, scorecard components, scoring, weighting and alert thresholds can vary by supplier segment. This tailored approach ensures that risk assessments are relevant and effective across multiple supplier categories and global regions.

Criticality Thresholds

Criticality thresholds are predefined limits set to trigger specific actions to ensure that high-risk situations are flagged for immediate review, streamlining the risk management process and reducing the likelihood of issues slipping through the cracks.

Converting Risk Signals to Scores to Action

The layered approach of identifying risk at the signal, category and composite level ensures that risk assessments are both comprehensive and actionable.

Automated Alerts & Review Processes

Scores that cross configurable thresholds are automatically routed for review by the appropriate risk owners with full details regarding the inherent risk – including data behind scores and recommended next best actions. The solution supports fully automated engagement with the supplier, internal users or relevant third parties to expand the scope of data gathering needed for risk analysis.

Collaboration

Once the reviewer evaluates the risk item, they can attach notes or documents and create follow-up tasks for themselves or others. If a deeper investigation is required, users can launch a mini-project with assigned team members, milestones and action items.

Documentation

Eventually, a conclusion can be made whether to discontinue the relationship with the supplier or to continue it with documented residual risks and ongoing monitoring requirements. This informed decision-making process ensures that supplier relationships are managed effectively, well-documented and easily trackable.

Ultimate Risk Management

At the core of apex's approach to risk management is automation and configurability to protect our clients more than any manual process. Automation to assess constantly evolving risk and configurability to adjust a risk management program as the world changes.

By leveraging powerful data sources, flexible scoring models, and robust collaboration tools, apexanalytix helps procure-to-pay organizations make informed decisions about managing risk within their supplier relationships.

Ready to elevate your risk management strategy?

Explore how apexanalytix can transform your approach to supplier risk management.

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