Industry: Insurance

Geographies: U.S.

Challenges
- Flexibility of programs
- Continuous risk monitoring
- Inconsistent risk assessments

Solutions
- 3rd-Party Risk Management
- Procure-to-Pay
- Contract Lifecycle Management

Results
- More efficient risk management process
- Improved controls and approvals
- Greater visibility and auditability

Insurance Group Extends BSM Strategy to Include Third-Party Risk Management in Just Two Months

As a provider of insurance products, the organization understands that any issues with information security or data privacy could be detrimental to its brand. In addition, any financial viability or other issues at critical service providers had the potential to negatively impact business operations. While the risk team had invested extensively in third-party risk management (TPRM) to address these concerns, they faced a difficult situation when their vendor chose to "sunset" the technology platform they had used for several years. With Coupa, it was possible to add TPRM in just two months while improving ongoing risk monitoring and supporting Corporate Social Responsibility (CSR) goals.

Strict Regulatory and Compliance Requirements

To protect its subscribers and its brand, the organization must assess and monitor critical suppliers to ensure they meet the high standards required to protect customer data. Multiple risks must be managed for every supplier, including financial viability, reputational risk, and operational resilience. To ensure full compliance with regulatory requirements, these risks are monitored across direct suppliers and their relevant suppliers (4th parties). Newer standards regarding spend with small and diversity suppliers are also a concern.

Existing Vendor Sunsets Risk Management Solution

The risk team had to work under a tight timeline to find a new TPRM solution after learning that their platform was facing sunset. Although they already had a robust risk management process, they also saw an opportunity to address some key challenges as part of the move:

- **Responding to Changing Requirements:** When regulations changed or a process needed to be adjusted, technical expertise was needed to make the required changes in the TPRM platform.

- **Frequency and Consistency of Assessments:** The risk team faced challenges with frequency of monitoring fast-moving risks like financial viability. Periodic reassessments of vendors was cumbersome and inconsistent. Also, some reviews were qualitative, creating the potential for subjective assessments.

Two Months to Go Live

The organization was able to quickly turn on Coupa's TPRM capabilities quickly, building on their teams' familiarity with the platform and existing ERP integrations from their use of Procure-to-Pay (P2P) and Contract Lifecycle Management (CLM) with Coupa. Coupa's configuration didn't require extensive technical expertise to set up the questionnaires the organization had developed over the years. **They were able to go live with Coupa TPRM in just two months.**

Accelerated Third-Party Risk Management with a Single Platform

The organization now has a consistent end-to-end process that lets them move faster and ensures auditable, effective controls. With this single-platform approach for Business Spend Management (BSM) that spans TPRM, P2P and CLM, the company has seen vast improvements in the speed, consistency, and frequency of assessments. Key benefits from the move include:

- **Simplified End-to-End Process:** As new projects are considered and potential suppliers are identified, the organization can easily see if a supplier has contracts already in place, including non-disclosure agreements (NDAs) and master services agreements, without having to move between systems. NDAs are automatically sent to new suppliers, and finalists go through the fully digital assessment process prior to the contract being awarded.

- **Automated Controls and Approvals:** The organization uses digital workflows to route vendor responses to the appropriate subject matter expert. If the determined risk level exceeds guidelines, the company looks for an alternate vendor. If an alternate vendor with lower risk can't be found, **the business must formally accept the risk before the project can move forward.** All sole-source awards require executive approval, which is part of the automated workflow.

- **A True Risk Culture:** 3rd parties are reassessed on an annual or biannual basis, with new evidence such as certificates of insurance captured in Coupa. Employees choose from risk-vetted suppliers when making purchases, and additional risk assessments are automatically triggered anytime additional services are requested from a supplier that expand potential risk. If a risk flag is raised, **the organization can immediately put the supplier on hold to stop in-flight purchases and invoices.**

Supporting Small and Diversity Suppliers

This organization works to engage small business and diversity suppliers and must report actual spend with these suppliers to stakeholders. During the pandemic, they were able to easily identify small-business suppliers and accelerate payment terms to payment-on-receipt. The comprehensive BSM approach makes it easy to report supplier and spend information for Diversity and Inclusion (D&I) and Corporate Social Responsibility (CSR) commitments.

The Next Step in Community-Powered Third-Party Management

The organization is continuing to improve its risk management process by adding new sources of risk information from publicly available sources. They will be able to flag risks between periodic risk assessments with financial, judicial, reputational, and other risk data through Coupa's out-of-the-box data service. The organization can also look to the Supplier Insights capability to find highly-rated suppliers already interacting with the Coupa community, including small and diversity suppliers. Coupa's Community Intelligence lets the platform flag issues with suppliers spotted across the community of many Coupa customers and gives actionable suggestions on how to respond.

> **"** Adding 3rd-Party Risk Management into our BSM strategy helped us quickly harden our risk management process and reduce our overall risk exposure.**"**
>
> — **Senior Manager, Procurement Operations**

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