

Supplier Risk Management Webinar - Financial Services

Financial Services edition - 5 October 2021



salesforce

Rules/tips for the webinar

Your questions You can ask your questions via the chat function

Engagement Continuous interaction thrives this webinar

Distractions Please put other work / activities aside

Material Will become available after the webinar

Contacting Contact details will be shown in the end



Agenda

Time	Activity
0. 09:00 – 09:05	Drop in, word of welcome and discuss agenda – <i>Marcel Prinsenber</i>
1. 09:05 – 09:15	Key Supplier Risk Management (SRM) challenges in the market - <i>Marcel Prinsenber</i>
2. 09:15 – 09:25	How PwC can add value for Supplier Risk Management (SRM) - <i>Xander de Jong</i>
3. 09:25 – 09:40	PwC's Supplier Risk Management model (SRM) on the Salesforce platform - <i>Jasper Kakes & Robin Bhowmick</i>
4. 09:40 – 09:50	Use case: Industry expert(s) on Supplier Risk Management - <i>Casper Ruizendaal</i>
5. 09:50 - 10:00	Closing, questions (Q&A) and contact details - <i>All participants</i>


1


Key Supplier Risk Management challenges in the market


Marcel Prinsenber
PwC


Why is Supplier Risk Management relevant?

 **33%** of the Dutch CEO's have indicated digitalization of risk management as their top priority

 **31%** of the Dutch CEO's have indicated collaborating with supply chain partners to collectively manage risks as their top priority

 **50%** of Dutch executives have cited lack of mature Third Party Risk Programme as a source of Third Party Fraud

 **21%** of Dutch executives have cited no due diligence or monitoring programme at all as a source of Third Party Fraud

 **42%** of CEOs name over-regulation as the #1 threat (e.g. Sanctions, (Anti) Bribery & Corruption, Cyber Security, Data Privacy)



Platform economics: rising interactions with suppliers

Interactions with suppliers are essential for every company



Rapidly changing supplier and trade regulations

Borderless supplier marketplaces by globalisation and digitalisation



Increased responsibility for financial and social well-being

Suppliers can cause significant financial and reputational damage to companies

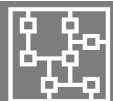
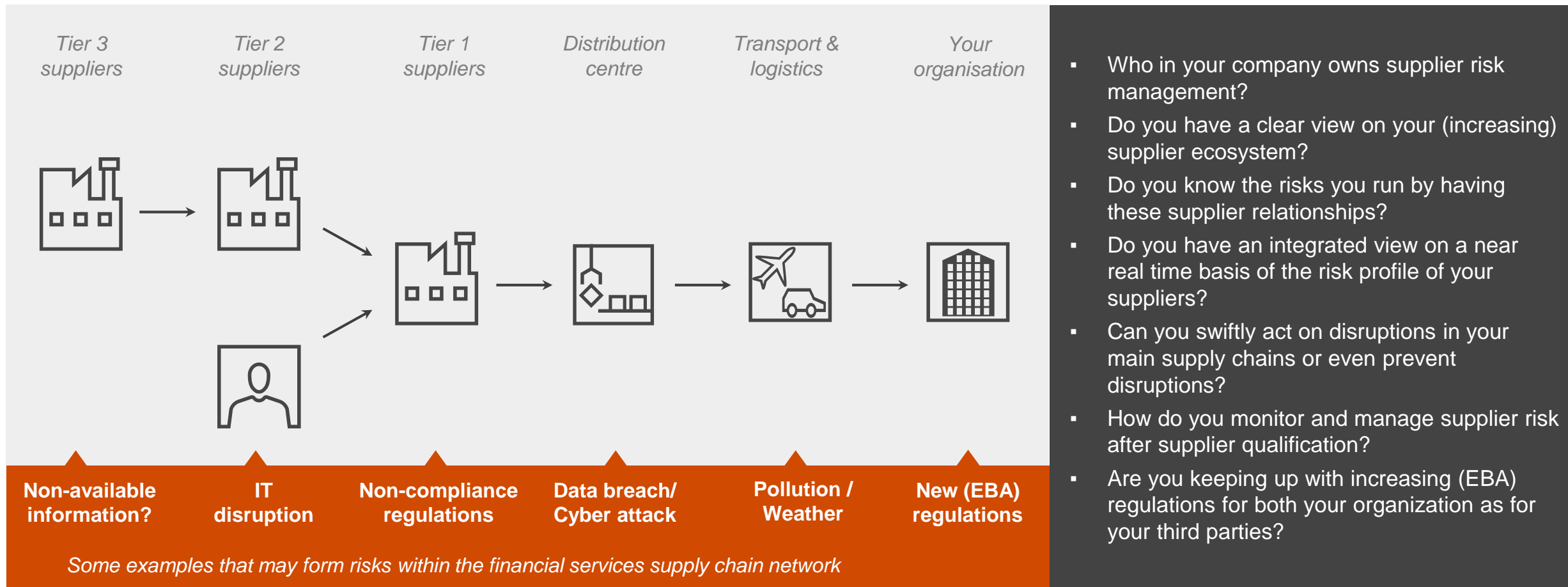


Rising costs to cover global requirements

Manual processes causes continuously increasing costs and affecting the effectiveness of the organization

Reality check: Is it possible at all to manage all the supplier risks your company is facing? And how are you now dealing with these risks?

Financial organizations that are in the dark about their supplier network may bare risks in e.g. new regulations, reputation and compliance.



Challenges that organizations in the financial service industry are facing and our view:

Organizations only partly have a view on their suppliers' risks and their impact on business and therefore do not achieve building and maintaining a resilient supplier ecosystem.

Challenges related to financial service supplier risks

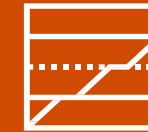
- Supply chains become **longer and more complex** due to globalization and outsourcing
- Truly understand supplier ecosystem and the **(hundred) thousand suppliers**
- The **high variety of risks** makes a full assessment virtually impossible; domains are needed
- **Rapidly changing** supplier ecosystems require transparency beyond tier-1 (and tier-n).
- Risk types should be treated differently as there is a difference in **predictability**.

Our view

Take preventive action in the boardroom while protecting your corporate strategy

- **Eliminate silos** by aligning supplier risk strategy with corporate strategy
- **Increase consistency** in mitigating actions and decisions
- **Reduce errors** through AI powered and data-driven decisions

The benefits for businesses:



Enhanced process efficiency



Confidence for decision-making



Full supplier network transparency

2

How PwC can add value to Supplier Risk Management

Xander de Jong
PwC

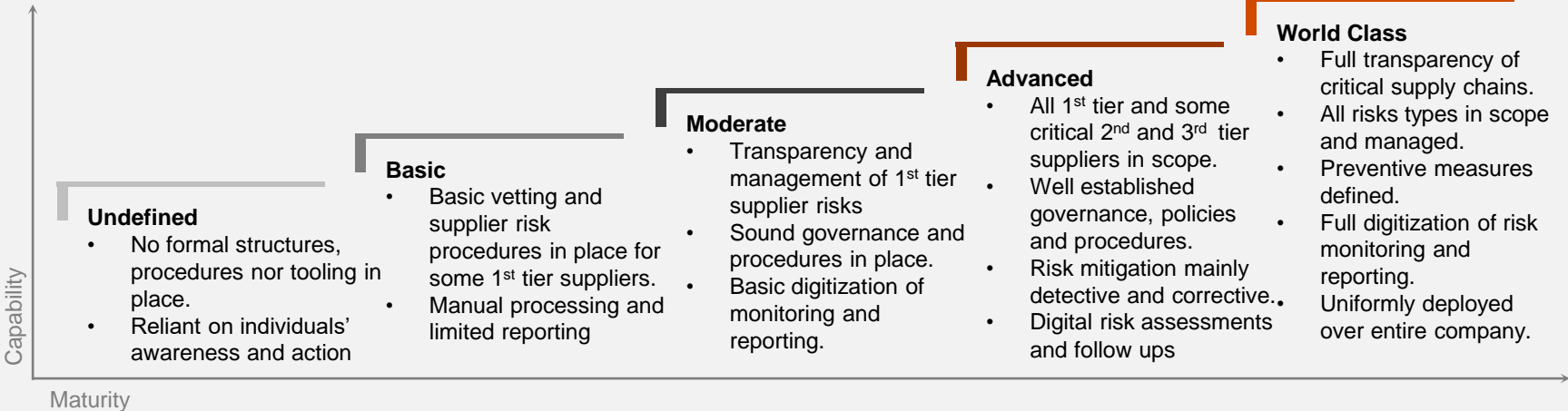
PwC's 'Know Your Supplier' framework to serve as your foundation

PwC's Supplier Risk Management Framework: A holistic framework that tackles all elements that are relevant for a reliable and effective supplier risk management approach, enabling organizations to manage risks associated with suppliers over their lifecycle.

 Strategy	Supplier risk management integrated in ERM	Supplier risk appetite	Supplier risk management strategy	Integration in procurement cycle	Stakeholder alignment and management	
 Governance	Governance	Roles and responsibilities	Escalation process	KPIs	Monitoring and reporting	
 Process	Strategy process	Sourcing process	P2P process	Contract Management process	Supplier Management Process	Reporting Process
 People	Leadership commitment and role modelling	Quality and quantity of Resources	Competences and skills	Knowledge sharing	Evaluation and incentivization	Risk culture
 Technology	Supply base visibility	Quality and availability of data	Tooling	Integration and operational readiness	Risk modelling and analysis	

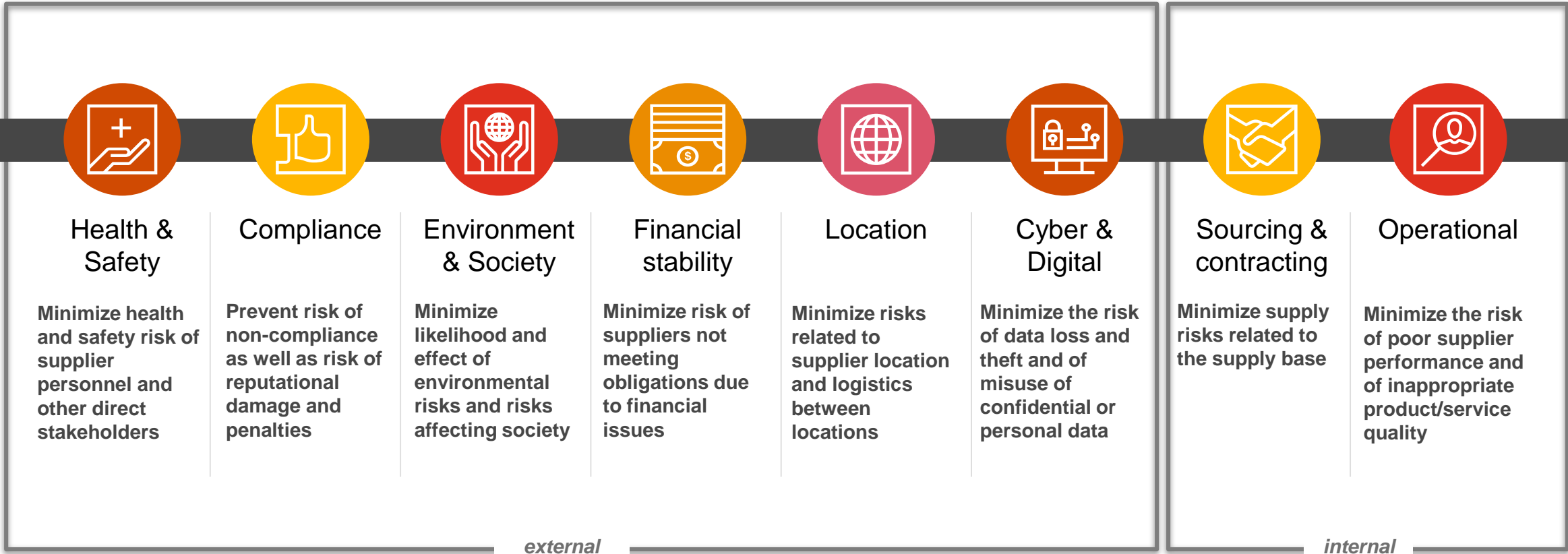
A Supplier Risk Management maturity assessment and a clear and committed ambition are the first critical steps towards World Class Supplier Risk Management.

How mature is your organisation in terms of 'Supplier Risk Management'?



Building on the KYS framework results, your supplier risk is assessed

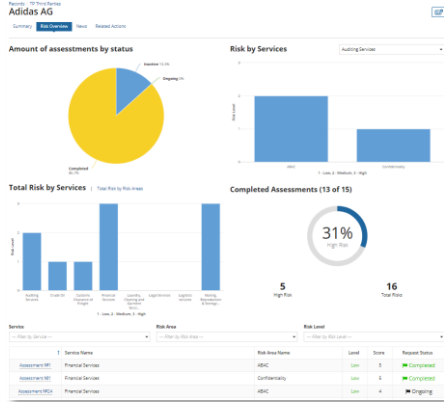
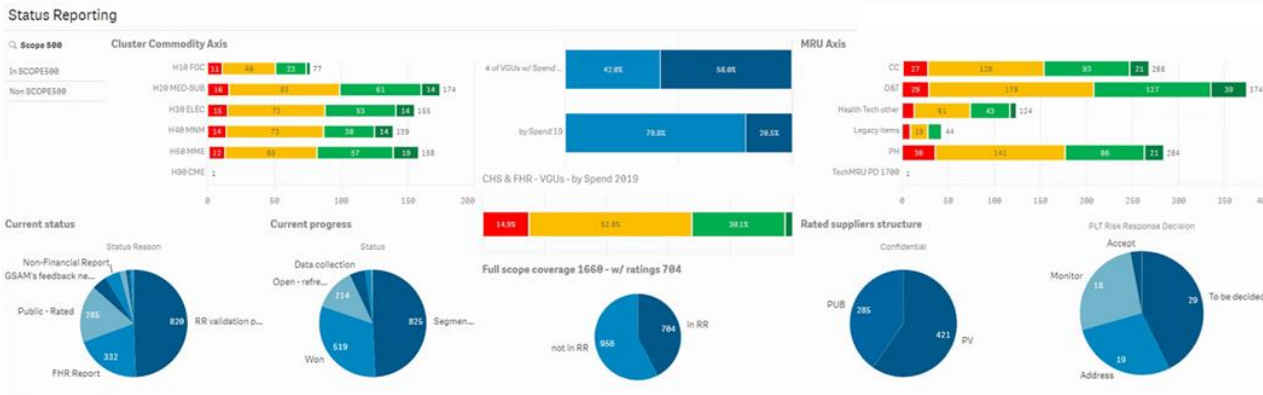
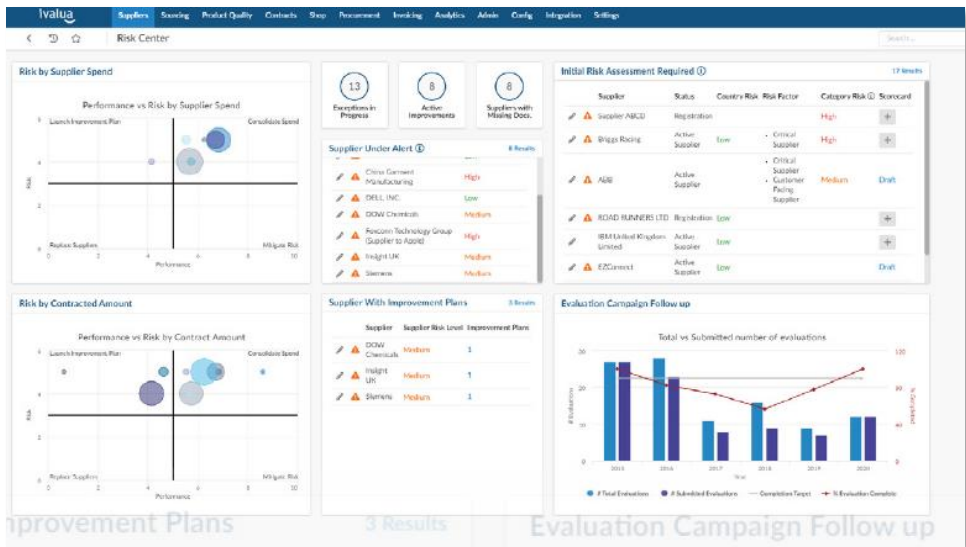
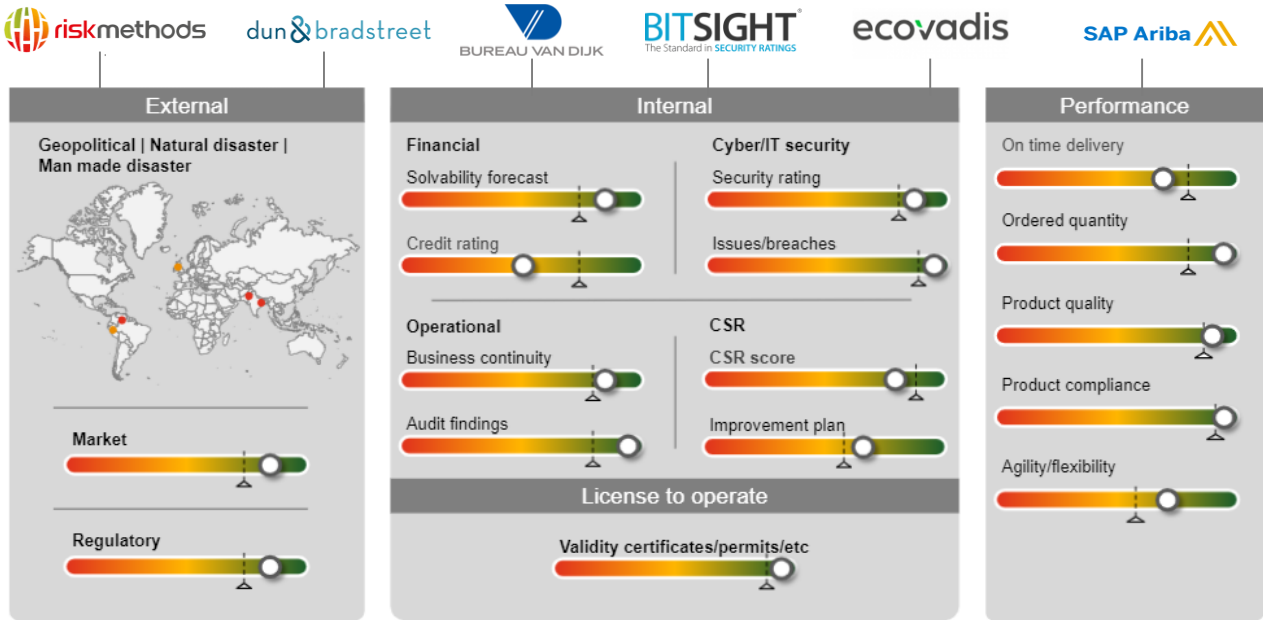
To truly have a good insight in and understanding of the risks your suppliers may bring with them, a clear view on all risk domains must be combined with a thorough and well deployed risk management framework



Supplier risk management should be incorporated in the procurement cycle; each step of the cycle has distinct risk mitigating activities



Various data sources will have to be combined with additional intelligence to monitor and report supplier performance and risk - *example dashboards*



3

PwC Supplier Risk Management model on Salesforce platform

Jasper Kakes
Bhowmick
PwC

Salesforce

Robin

Our Point of View on Supplier Management

Supplier Management is all about choosing the right suppliers and optimizing collaboration with suppliers to sustain contracted savings, manage risks, unlock new value through innovation and become a customer of choice for the most important suppliers.

0. Supply Base Strategy & Segmentation

Translation of business strategy and objectives into the value needed from the supply base

1. Relationship management

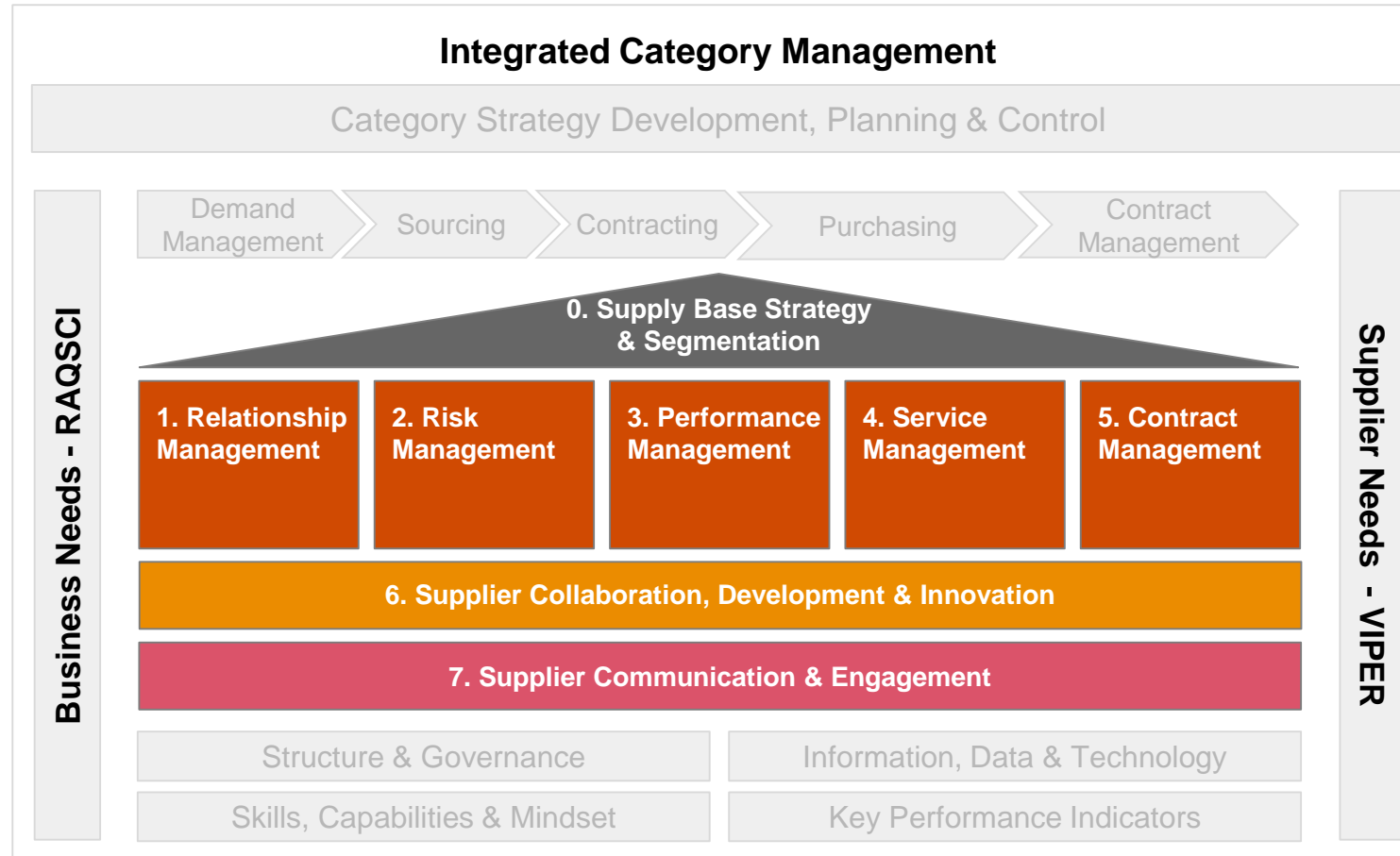
supports buyer-supplier relationship development, capturing of contact moments and one global account view

2. Risk management: Full visibility on supplier audits, supplier related risks and support in managing the corresponding mitigation actions

3. Performance Management

one integrated view on supplier performance, also enabling supplier benchmarking

Integrated Category Management



RAQSCI: Regulations, Assurance of supply, Quality, Service, Costs and Innovation

VIPER: Volume, Information, Profitability, Efficiency and Reliability

4. Service Management:

One-point of entry for service to suppliers for issues, questions, and claims

5. Contract Management:

Contract repository and contract approval flow

6. Supplier Collaboration, Development & Innovation:

collaboration and development on projects with supplier(s) (such as innovation and product development)

7. Supplier Communication & Engagement:

communication with individual suppliers, and mass communication to (parts of) the supply base.

salesforce

PwC SRM Finance Event Salesforce Intro Slides

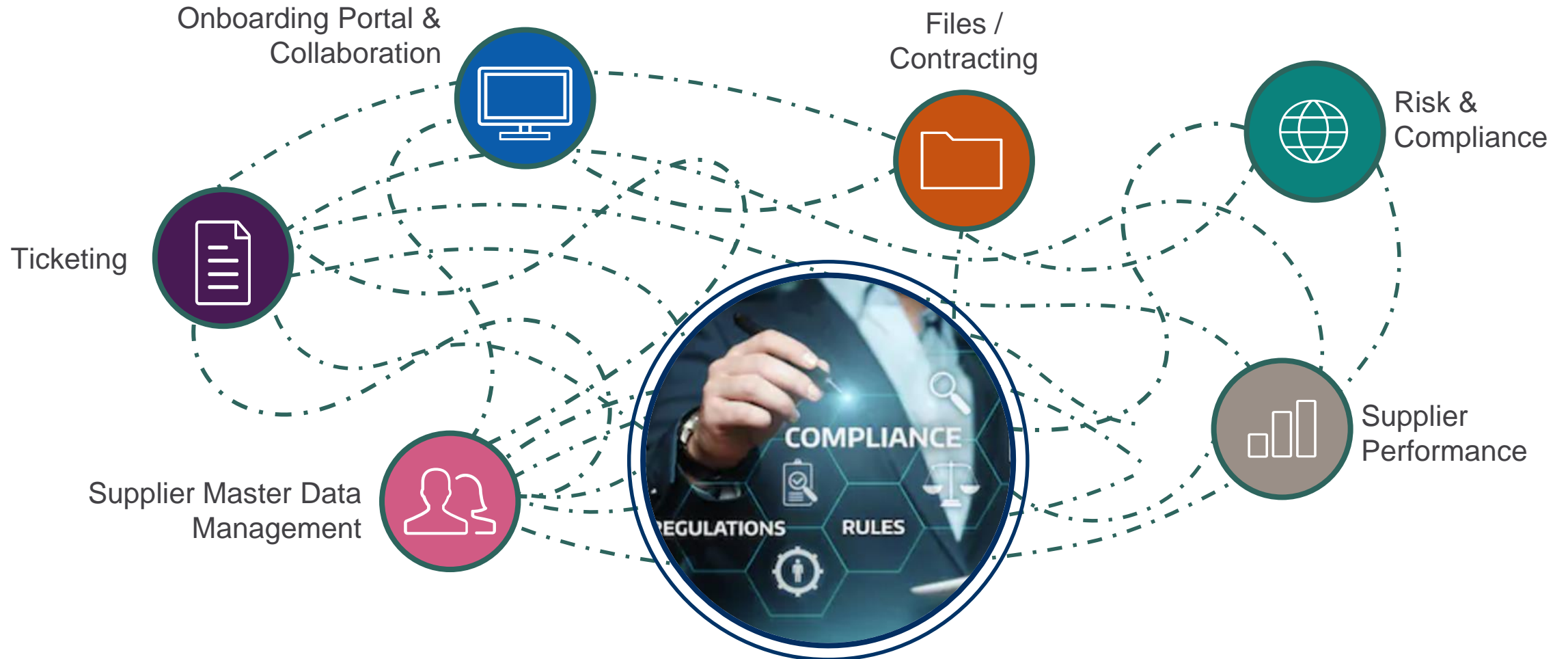
FY22 Q3

Salesforce Netherlands



Procurement Systems Still Run on Legacy Technology

Disparate and non-collaborative systems impede working fast



CRM and SRM - Two Sides of the Same Coin

Why Traditional SRM Practices Need to be Challenged

SRM on Salesforce

Master Data and Analytics

- Spend Mgmt & Analytics (SMA)
- Supplier Information Mgmt (SIM)
- Supply Base Analytics (SBA)

Transactional Procurement

- Source to Contract (S2C)
- Procure to Pay (P2P)

Legal and Risks

- Supplier Due Diligence (SDD)
- Vendor Risk Mgmt (VRM)
- Contract Lifecycle Mgmt (CLM)

Procurement Performance

- Savings Tracking and Reporting (STR)

Supplier Management

- Vendor Performance Mgmt (VPM)
- Supplier Relationship Mgmt (SRM)



Customer 360

Master Data and Analytics

- Revenue Mgmt & Analytics (RMA)
- Customer Info Mgmt (CIM)
- Client Base Analytics (CBA)

Transactional Sales

- Digital Commerce

Legal and Risks

- Enterprise Risk Mgmt (ERM)
- Contract Lifecycle Mgmt (CLM)

Sales Performance

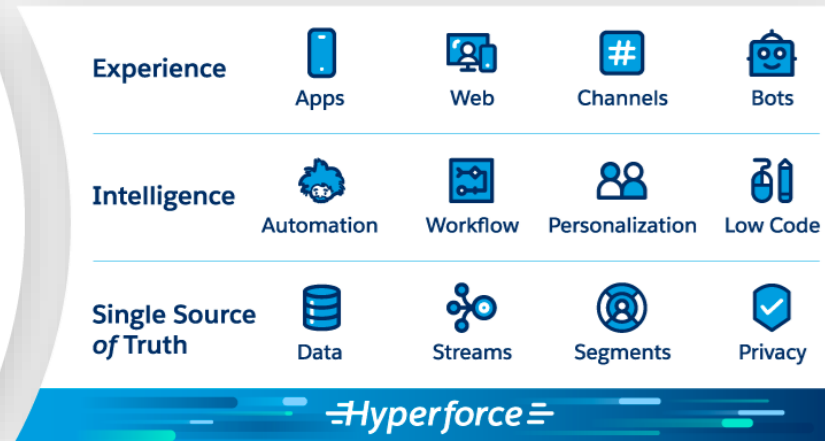
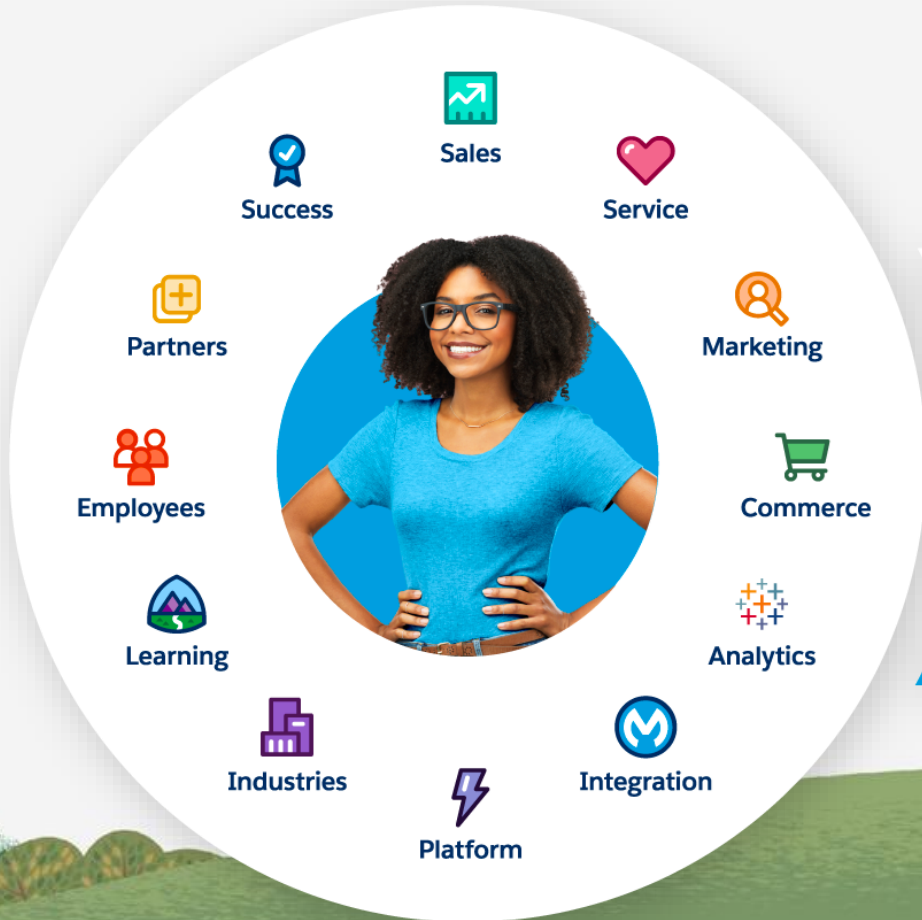
- Sales Force Automation (SFA)
- Sales Performance Mgmt (SPM)

Customer Management

- Customer Communications Mgmt (CCM)
- Social CRM (SCRM)
- Customer Service and Engagement (CSE)

Navigate the New Normal with Customer 360

Build secure and scalable apps from anywhere



Trusted, reliable platform
Fast time to value
Flexible configuration & updates
Smart apps with analytics & AI

= ROI



Salesforce Platform

World's #1 platform, powering the Customer 360

salesforce

Innovate Fast

Agile innovation of intelligent, enterprise-quality apps to rapidly adjust to business needs

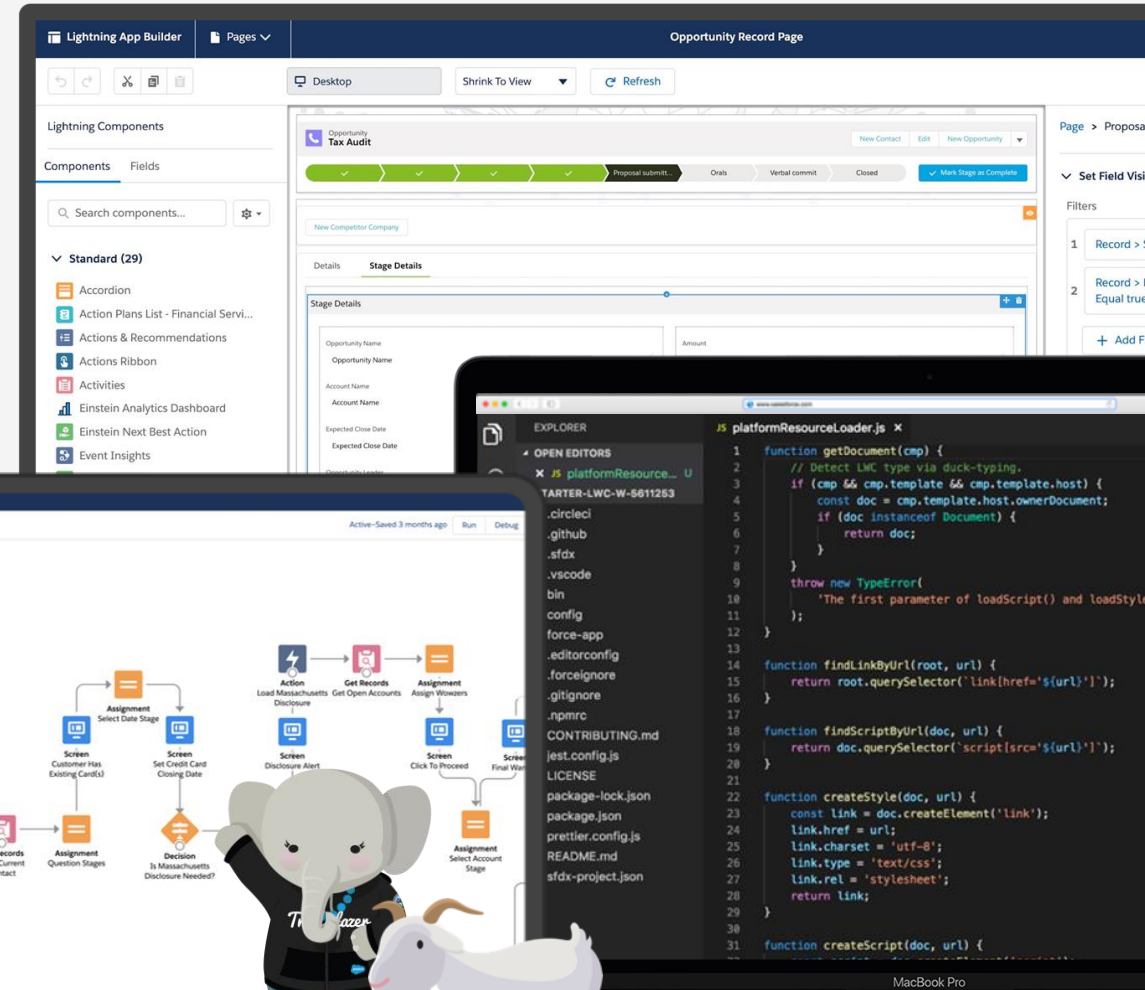
Scale with Confidence

Build on the most trusted enterprise platform with out-of-box security, performance, and governance

Empower Everyone

Create with clicks or code using responsive, customizable components and services

68% faster app development

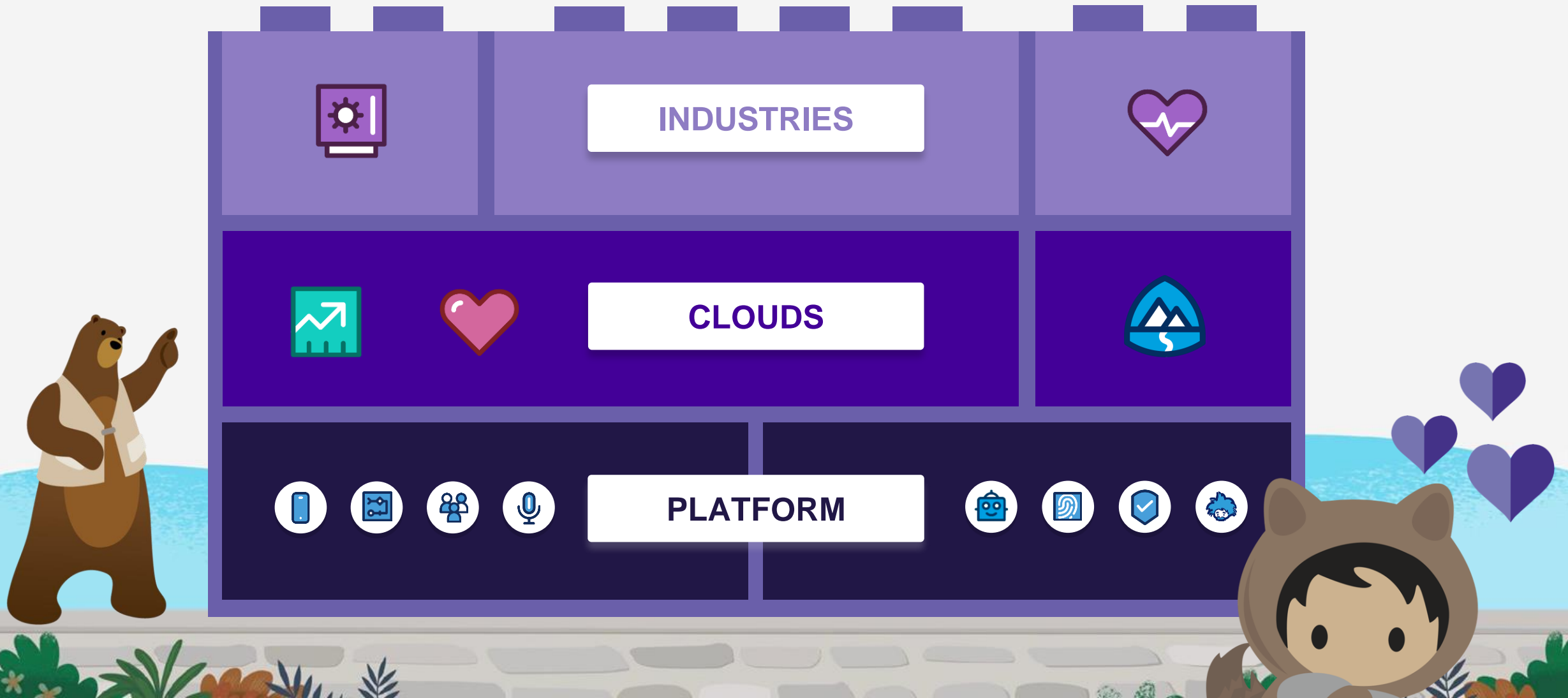


Salesforce Platform is a Set of Building Blocks



Salesforce is Built with Platform

salesforce



SRM on Salesforce Pillars



Trust

Make personalization secure and safe for large enterprises



Ease

Make it easy for anyone to implement

Make it easy for anyone to use



Integration

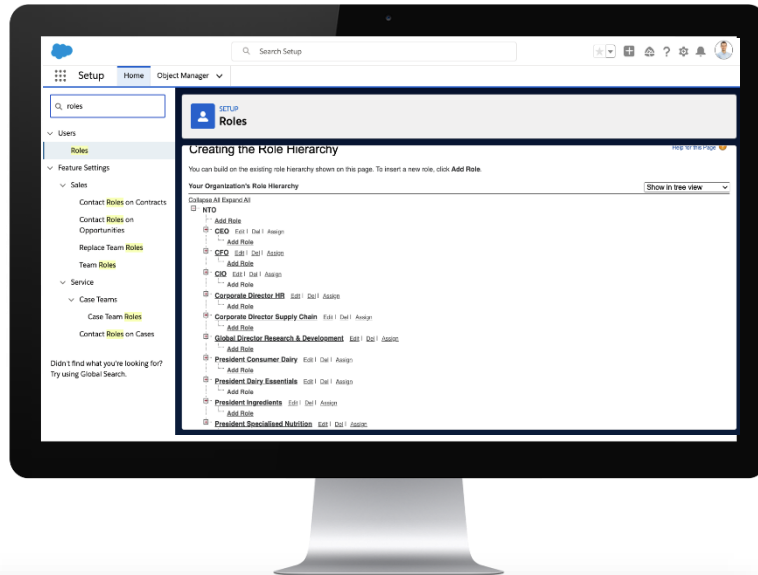
Connect with your critical systems and other internal/external sources



Intelligence

Decision with rules and AI/ML

Trust



Advanced Permissions

Granular access control ensuring appropriate data isolation and role configuration.



SOC2 Certified

Published certifications and Penetration/Vulnerability tests available in our [Compliance Portal](#).



Sustainability Measurement

Integration with Sustainability Cloud next to Strategic Sustainable Goals

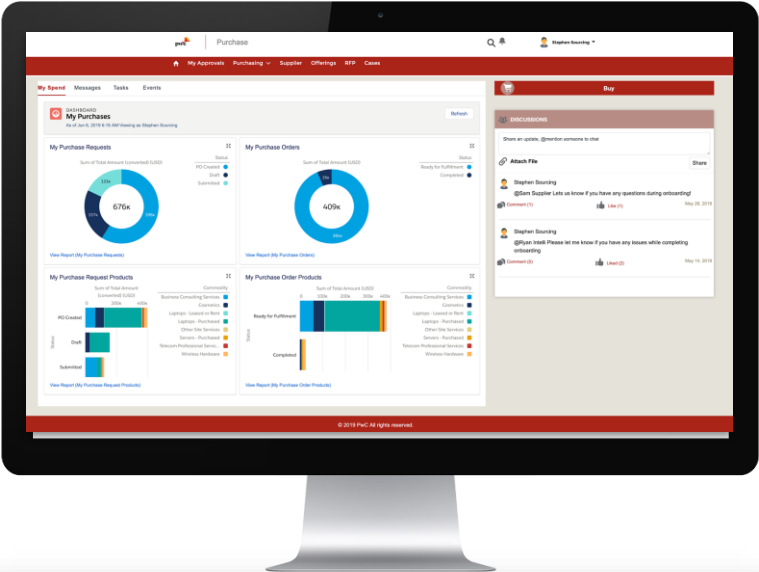
Ease

INSERT PwC Solution Screen here
(Plan B : I have created OHANA Financial)



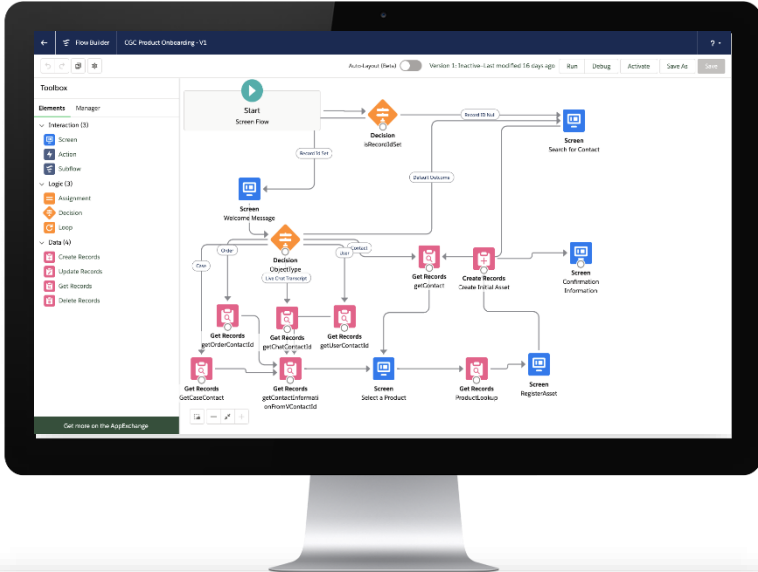
Templates for Surveys and Dashboards

Out of the box templates for 20 different use cases. Standardized feeds for Suppliers, Risks, Improvement Plans etc..



Single view of Supplier

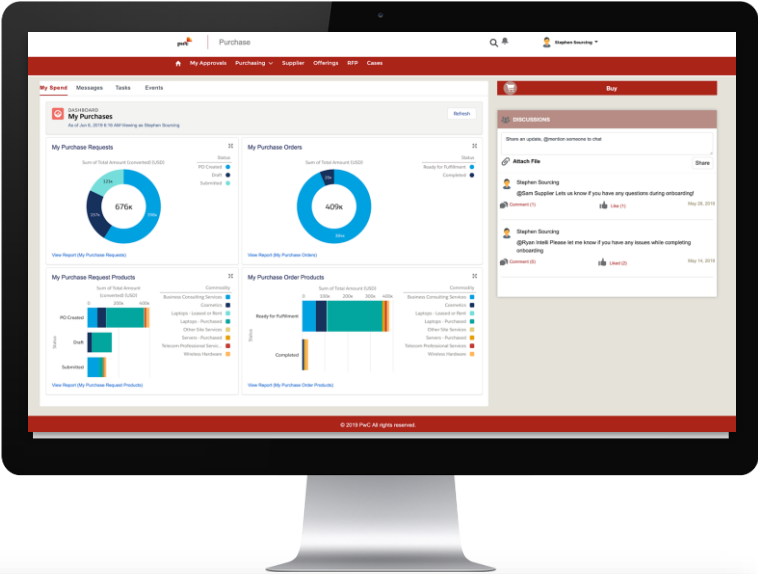
Overview at a glance to make fast decisions with visual KPIs and integrated Action Plans for Improvement.



Declarative Approvals, Flows and Automation

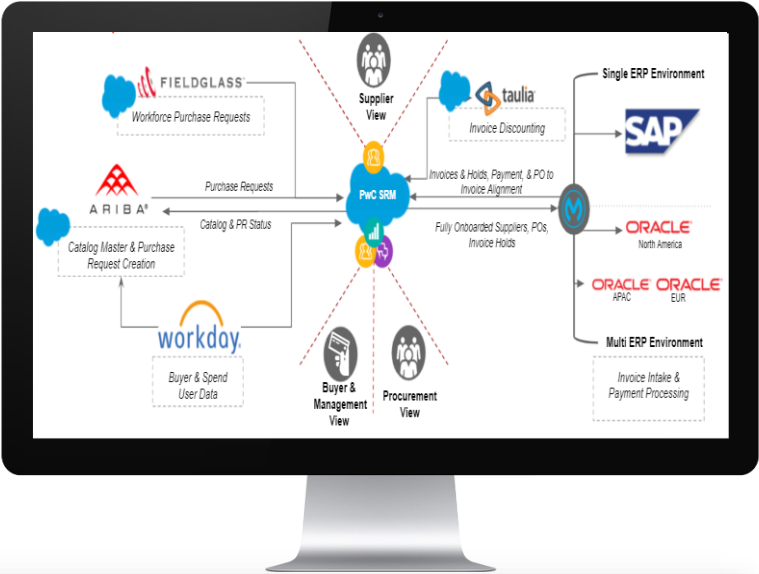
On-boarding, Feedback Templates, Process Flows and Nurturing Processes.

Integrations



Contract Management

Collaboration and Action around existing contracts and activities with deep links to contract management legacy systems or integrated



Third Party Connectors

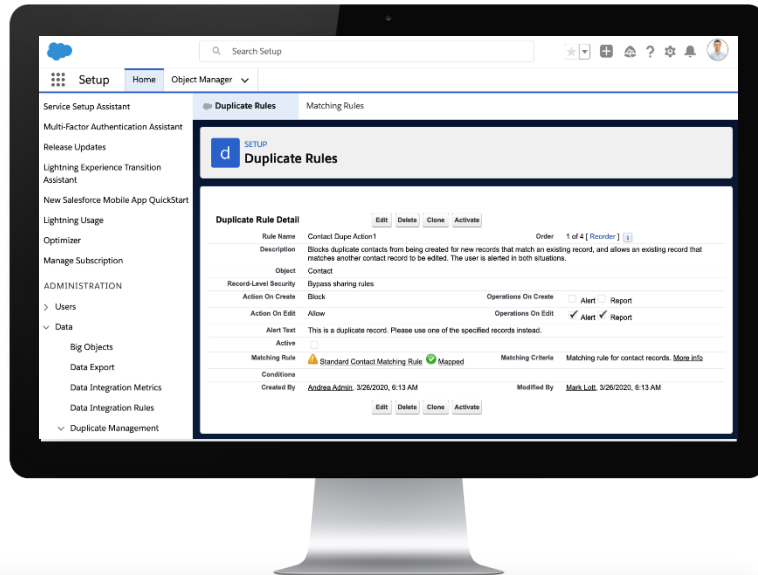
Connect data from any system faster. Empower IT and Business to create connected experiences with faster time to market



External Data Sources & Industry Metrics

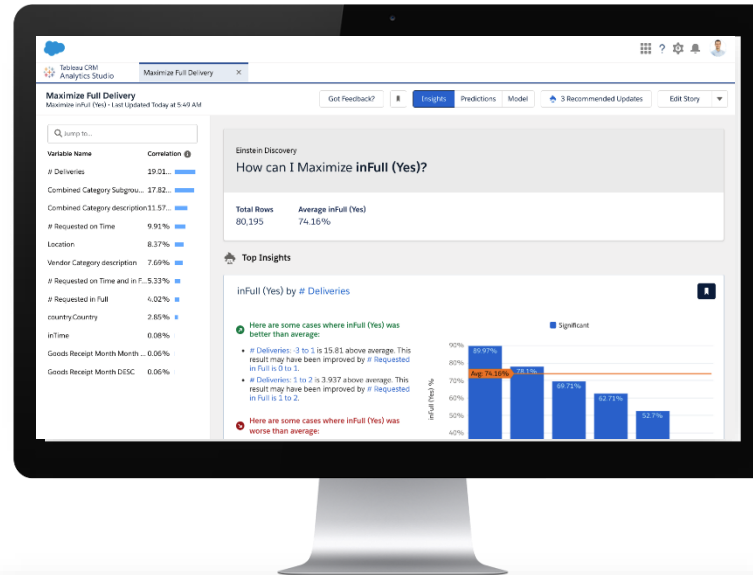
Dun & Bradstreet, CompanyInfo, EMS Tools eg Celonis

Intelligence



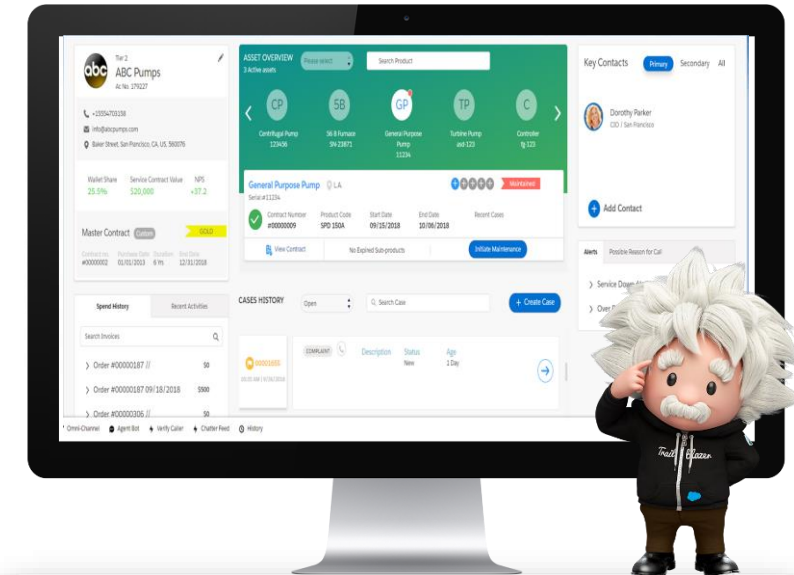
Data Quality and De-Duplication

Duplicate Management and Data Merge/Cleaning



Machine Learning and AI

Discover patterns in the behaviour of your suppliers to maximise In Full Metrics and other key KPIs around your business



Smart Decisions that guide Next Best Action

Machine learning and scoring models that drive next best actions with Suppliers in your business



SRM on Salesforce Pillars



Trust

Make personalization secure and safe for large enterprises



Ease

Make it easy for anyone to implement

Make it easy for anyone to use



Integration

Connect with your critical systems and other internal/external sources



Intelligence

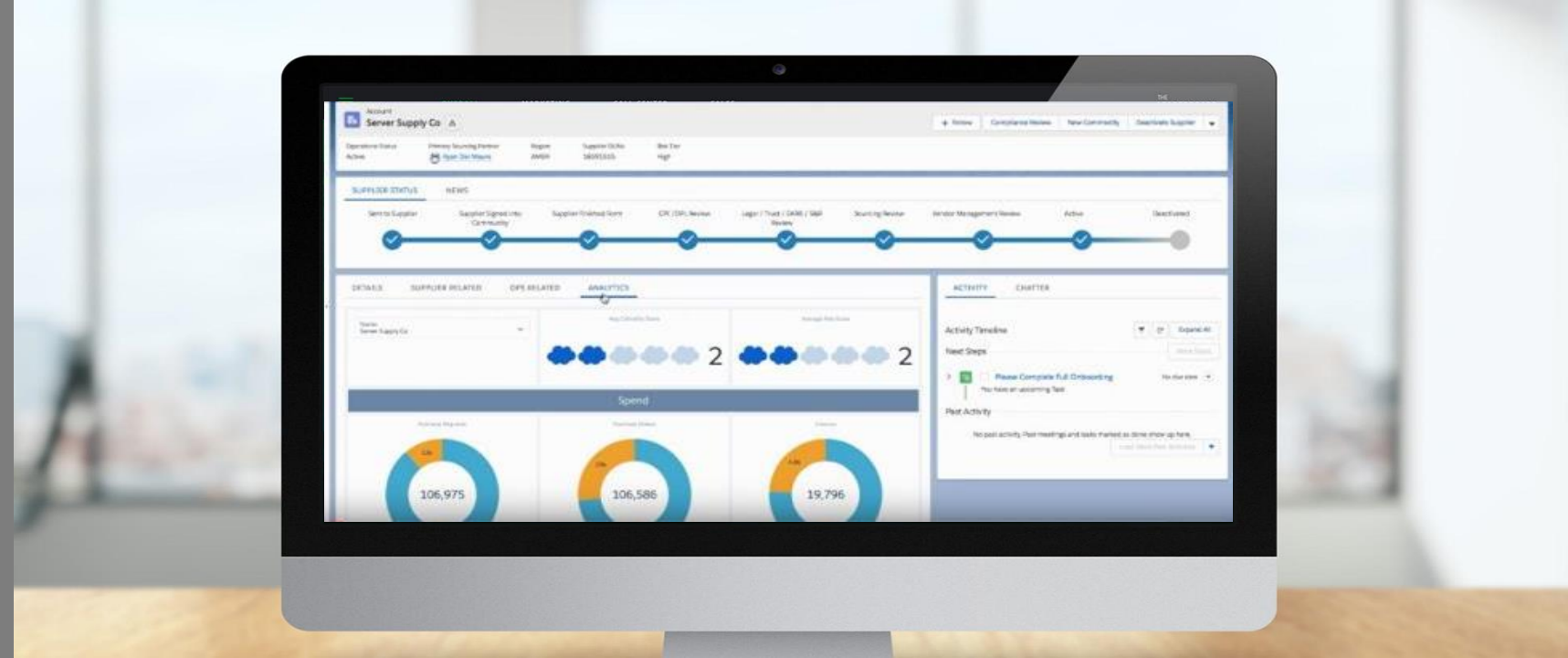
Decision with rules and AI/ML

Supplier Relationship Management (SRM)

A cloud-based integrated solution powered by Salesforce, PwC's SRM facilitates collaboration and increases relationship visibility between suppliers and buyers by providing intuitive self-service in a central location.

Key features

- 360° view of suppliers on a single platform
- Real-time collaboration between internal and external stakeholders
- Consolidated supplier data in one centralized location
- Fast installation and minimal code for faster results and ROI
- Einstein Analytics
- Anywhere anytime mobile access
- Built-in workflows that accelerate cycle time
- Cost-effective solution to drive profitable growth



Transforming the way procurement and suppliers engage

Problem

Organizations are challenged with delivering improved efficiency across the procurement process, along with scalability to align with the needs of a growing company. They also need a centralized repository, allowing suppliers and buyers easy and quick access to important information so they can manage all interactions and transactions more effectively and transparently.

Perspective

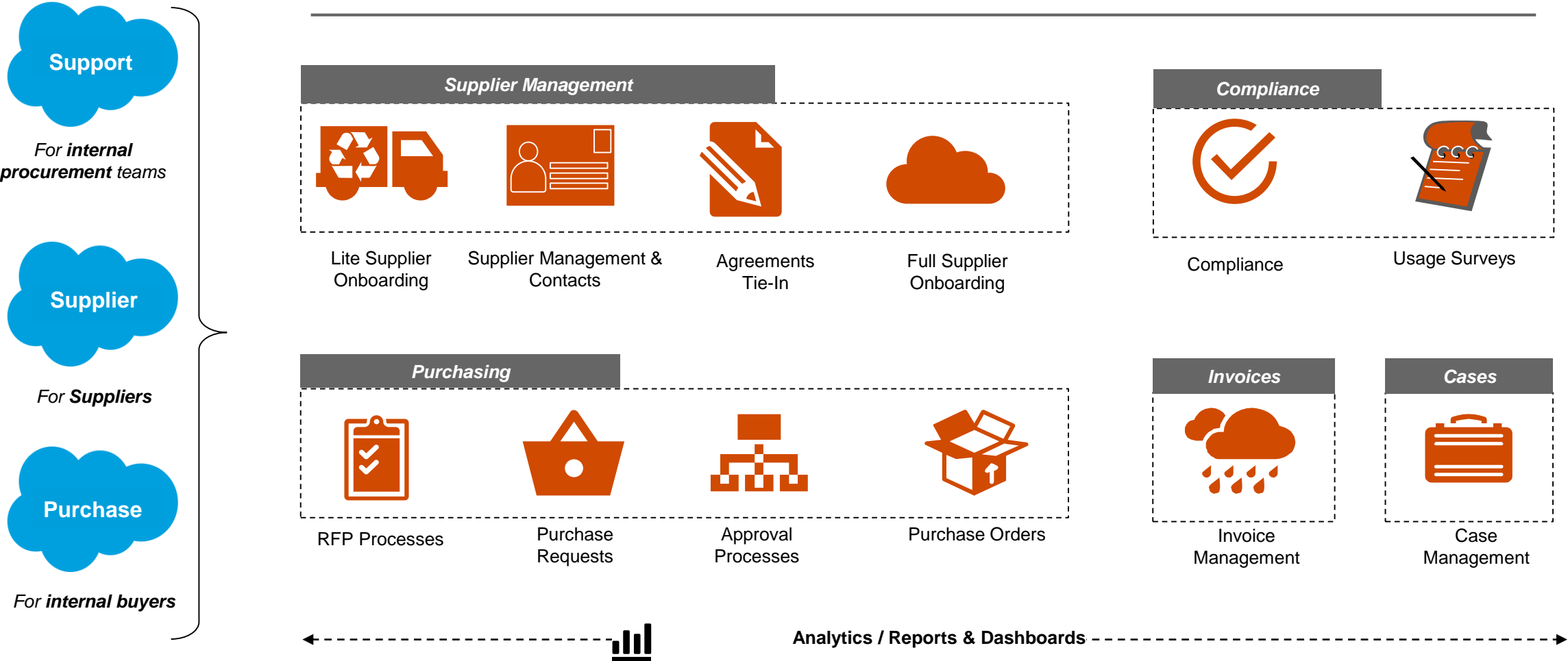
Providing a 360-degree view of the procurement and supplier engagement lifecycle at all levels, SRM is a cloud-based, integrated solution powered by Salesforce technology that accelerates time-to-value and facilitates collaboration, engagement and automation.

Payoff

- Procurement Engagement—allows buyers and suppliers to perform functions across the procurement cycle
- Supplier Engagement—gives suppliers access to manage their profiles and offerings all while leveraging Chatter
- Mobility—buyers & suppliers can access the solution via any device
- Reporting—view and proactively manage a 360 relationship internally and externally

SRM Accelerator Modules

Module Design across packages for smaller starting scope & 'bite-size' implementations



4

Use case: Industry experts on Supplier Risk Management

Casper Ruizendaal
PwC

EBA Guidelines background and context

- **Increase in outsourcing** of business activities by firm in order to reduce cost, improve flexibility and increase efficiency.
- Growing use of third parties has led to **increased complexity** in supply chains, requiring enhanced governance and oversight.
- Rise in the use of **new technologies such as cloud** and fintech pose risks and challenges to firm as well as to the broader financial ecosystem.

EBA Outsourcing Guidelines

Published on 25 Feb 2019, the European Banking Authority (EBA)'s Outsourcing Guidelines update the 2006 Committee of European Banking Supervisors (CEBS) and seek to:

Reflect the significant increase in the scale and complexity of outsourcing arrangements

Establish a more harmonised supervisory framework for financial institutions in the EU/ EEA region.

Effective from 30 September 2019, they integrate the EBA's *Recommendations on Outsourcing to Cloud Service Providers* that came into effect on 1 July 2018.

UK Implementation

On 5 Dec 2019, the PRA published **CP30/19**, which includes a draft Supervisory Statement (SS) on outsourcing and third party risk management that aims to:

- Implement the **EBA Outsourcing Guidelines**
- Complement policy proposals on **operational resilience** in CP29/19
- Facilitate greater resilience and adoption of the **cloud and other new technologies**

Scope: The revised EBA Outsourcing Guidelines apply to all financial institutions that are within the scope of the EBA's mandate, namely credit institutions and investment firms subject to the Capital Requirements Directive (CRD), as well as payment and electronic money institutions.



Key impact areas

Outsourcing Criteria

Defined criteria for what constitutes outsourcing (**recurrent and ongoing**) and what does not. This applies to a function or “parts thereof” where function covers any process, service or activities.

Criticality Criteria

Clearly defined criteria to determine criticality of an outsourcing arrangements. Additional criteria for identifying critical or important outsourcing including consideration of relationship to **core business lines**, the need for **regulatory authorisation** and outsourcing of operational tasks of **internal control functions**, with consideration of other elements including substitutability.

Intra-group arrangements

Recognition that intra-group outsourcing is ‘**no less inherently risky**’ but also ‘**that due diligence can be different**’. Focus on managing conflict of interest, appropriate oversight and level of control.

Exit Strategies

Requirement for **documented** exit strategies including specific content, (e.g. objectives and success criteria) and **sufficient testing** of these for all critical outsourcing

Written Agreements

Greater **proportionality** with many provisions only for critical outsourcing, e.g. location of data, sub-outsourcing, audit and access rights.

Sub-contracting (sub-outsourcing)

For critical outsourcing, specific consideration of third country service providers and complexity of supply chains, with consent for sub-contracting subject to compliance with the obligations of primary service provider.



Other areas include specific requirements of **Internal Audit** as an effective third line of defence and specific considerations in assessing **concentration risk** and when outsourcing to service providers located in **third countries**.

Outsourcing life cycle management



Outsourcing is an ongoing activity that requires life cycle management



Two ways of managing Supplier / Third Party Risk

The vendor way

- Organised within procurement
- Procurement focused tooling
- Enables Vendor risk management op tactical levels

The process way

- Organised with 1st LoD business owners
- Process risk focused tooling
- Enables e2e operational process in control statements

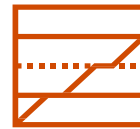
How to tie TPRM in risk taxonomy?

5

Closing, questions (Q&A) and contact details

All
PwC & Salesforce

Three quick benefits for your business when adopting our Know Your Supplier approach:



Enhanced process efficiency



Confidence for decision-making



Supplier network transparency

- Centrally coordinated
- Segmented suppliers
- Scheduled reviews

- Quantified supplier risks
- Predictive analytics
- High quality data

- Three-tier scope
- Real-time monitoring
- Preventive alerts

Feel free to try our 'Know Your Supplier' maturity assessment on our [PwC NL website](#)

Know Your Supplier
maturity assessment

Q1. Do you have a supplier risk strategy in place (e.g. have strategic steps defined to identify, assess and mitigate risks related to suppliers)?

☐ Yes ☐ No

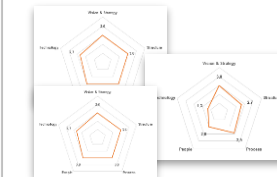
Q2. To what extent is your supplier risk management approach aligned with your overall business strategy?

☐ Not at all ☐ To a small extent ☐ To a moderate extent ☐ To a great extent

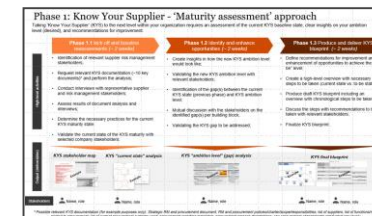
Q3. To what extent are the stakeholders, that are impacted by supplier risks, involved in the set up and execution of supplier risk management (e.g. stakeholders from business such as marketing, sales, logistics, etc.)?

☐ Not at all ☐ To a small extent ☐ To a moderate extent ☐ To a great extent

Maturity assessment



As is situation To be situation



Thank you

Know More about PwC Salesforce Model



Take the SRM maturity assessment survey built by PwC



Marcel Prinsenbergh

Senior Director Risk Consulting
marcel.prinsenbergh.@pwc.com
+31 (0)6 51 22 52 70



Casper Ruizendaal

Director Risk consulting
casper.ruizendaal@pwc.com
+31 (0)6 22 27 45 09



Angela Bouckaert

Regional VP Financial Services
abouckaert@salesforce.com
+31 (0)6 13 77 52 69



Jasper Kakes

Director Customer Consulting
jasper.kakes@pwc.com
+31 (0)6 22 21 72 09



Xander de Jong

Senior Manager Procurement
xander.de.jong@pwc.com
+31 (0)6 39 27 78 20



Robin Bhowmick

Distinguished Solution Engineer
rbhowmick@salesforce.com
+31 (0)6 31 69 21 37

Connect with us and learn more about how we can help you transform the way you work with your suppliers by scanning the QR codes above

7

Appendix