



# SUBROSA

CYBER SOLUTIONS

Vendor Risk Management

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## 3 Reasons Why Vendor Risk Management is Key to Cybersecurity



Vendor management has emerged as one of the most critical factors in cybersecurity programs for today's businesses. While risk management has mostly taken center stage, companies are able to better manage their legal risks and maintain a higher competitive advantage if they have a vendor management program in place.

As businesses continue to use third parties and other suppliers to augment their operations, it is important to regularly assess supply-chain risk and evaluate the potential impact it may have on your business.

The process of conducting vendor risk management involves the organizing, categorizing and profiling of third parties based on their respective risks to your organization. There are several main reasons why vendor risk management is beneficial to cybersecurity:



### 1. Mitigates risk

Because third-party suppliers have access to your regulated data, these vendors pose a significant risk to your organization. The question becomes: Do you know what the most critical risks are? Have you gauged whether the impact of the risk would have a major effect on your company? Without a vendor risk management program in place, businesses may not be able to answer these questions and put in place solutions to mitigate risks.



### 2. Save money

If your business is smaller in size and you work with 10 or 12 third-party suppliers that provide individual services, you may not have the funds to actually manage every supplier and ensure their cybersecurity programs are effective. As your business continues to grow, you will likely end up with even more suppliers, which may work with a number of your departments. Without vendor risk management, it will be challenging to have a centralized process for managing the cybersecurity protocols and policies of each third-party supplier you employ. By prioritizing visibility and assessing each vendor, you can reduce costs and be made aware of opportunities to negotiate better pricing.



### 3. Meet regulatory expectations

Another advantage of a vendor risk management service is the ability to meet governmental or financial requirements. A solid vendor risk management program will guarantee that you are monitoring and aware of your third-party suppliers in regards to the federal or international changes that may be affecting their operations. If a vendor becomes troubled financially or operationally, the risk manager can alert your business or develop a strategy to meet the regulatory requirements that are being neglected.