

# THE MISSING MEASURE IN THIRD-PARTY INFORMATION RISK

Making third-party information risk governable, comparable, and transferable.

## THE PROBLEM: ACTIVITY WITHOUT A TRUSTED MEASURE

### What TPRM Does Today

- ✓ Collects evidence
- ✓ Reviews questionnaires, certifications & reports
- ✓ Evaluates control gaps
- ✓ Requires contracts & insurance
- ✓ Routes exceptions



### LIMITED COVERAGE



Organizations evaluate only a subset of vendors based on inherent risk.

### DIVERSE INPUTS, DIFFERING FORMATS



Limited time, resources and input complexity prevent adequate evaluation of the entire vendor population.

### The Impact

- Inconsistent decisions
- Thresholds drift
- Exceptions accumulate
- Hidden concentrations
- Weak benchmarking
- Unclear risk transfer value
- Incomplete view of total residual exposure

## KEY DECISIONS NEEDING A TRUSTED MEASURE



### VENDOR DECISIONS

Is the vendor within risk tolerance after controls, contracts, and insurance?



### THRESHOLD GOVERNANCE

Apply risk appetite consistently across vendors, reviewers, and business units.



### EXCEPTION MANAGEMENT

Weigh residual risk against business impact and document accepted exposure.



### PORTFOLIO RISK AGGREGATION

Identify cumulative risk and concentration across the vendor portfolio.



### BENCHMARKING AND CALIBRATION

Compare posture and calibrate thresholds with peers.



### RISK TRANSFER DECISIONS

Determine what risk is retained, reduced, or transferred.

## THE SOLUTION: A UNIVERSAL, ASSURED MEASUREMENT INDEX



### 1. Intake & Normalize

Standardize diverse artifacts (questionnaires, certifications, audit reports, contracts, insurance, remediation).



### 2. Assess & Weight

Evaluate evidence by scope, independence, rigor, recency, completeness, and applicability.



### 3. Calculate Residual Risk

Adjust inherent risk for controls, assurance, confidence, gaps, compensating controls, and business context.



### 4. Measure & Score

Produce a comparable residual-risk score on a common scale (the Index).



### 5. Act & Monitor

Inform decisions, aggregate portfolios, report, benchmark, and monitor change over time.

## WHAT AN EFFECTIVE INDEX DELIVERS



### CLARITY

See what risk remains after controls, contracts, remediation, and insurance.



### CONSISTENCY

Interpret evidence consistently across teams and vendors.



### PORTFOLIO INSIGHT

Spot concentrations across vendors, processes, data types, geographies, and technologies.



### COMPARABILITY

Benchmark with peers and calibrate thresholds with confidence.



### BETTER RISK TRANSFER

Understand what is retained, transferred, and the financial impact that remains.



### EFFICIENCY

Move quickly when risk is acceptable; escalate material exposure and evidence gaps.



Consistent measurements makes third-party information risk governable, comparable, scalable, benchmarkable, and transferable.