



THIRD-PARTY RISK MANAGEMENT

Consulting | Project Delivery | Managed Services

Lift. Without the Heavy Lifting.

WHO IS RedKnot?

- ❖ RedKnot's model is simple: deliver results with a high-touch approach, without the stuffiness or costs of the Big 4 consulting brands. For over a decade, RedKnot has delivered on complex engagements, while leveraging a highly virtual model to reduce costs.
- ❖ Established in 2008 as a woman-owned consulting firm, RedKnot has played key roles in some of the most complex projects for corporations in the U.S. and Canada.

Areas of Expertise

- ✓ Strategy execution and project implementation
- ✓ Operational efficiency & optimization
- ✓ Governance, Risk & Compliance advisory
- ✓ Managed Services
 - Third-Party Risk Management, Governance & Monitoring
 - Audit & Regulatory Examination Preparation
 - Merger, Acquisition & Transaction Services
 - C-Suite Services: Fractional & Turnaround
 - Near-shore/Off-shore Support



Carol Trull Pittman, CSM, CTP
Founder & CEO




TODAY, THE VENDOR MANAGEMENT FUNCTION IS GOVERNING AND OVERSEEING –

- More vendor relationships, as niche providers emerge and specialize
- More technically complex risks
- More requirements for vendors to meet

...with less funding than ever before.

CHOOSING MANAGED SERVICES HAS ADVANTAGES

- ✓ Comprehensive management of vendor risk, including meeting regulatory compliance requirements, if applicable
- ✓ Clear oversight of the third-party risk, with a single source for vendor information
- ✓ Cost savings and risk reduction through specialized expertise
- ✓ Reduced pressure on internal resources, without assuming more expense
- ✓ Robust reporting provides data-driven analytics and vendor relationship monitoring
- ✓ Empowered negotiations based on vendor's performance through scorecard reporting
- ✓ Minimal staff required for tighter management of growing vendor networks
- ✓ Tighter controls around contracts & expiring documents



Are you
realizing
these
benefits
today?

KEY DRIVERS IN CONSIDERING MANAGED SERVICES

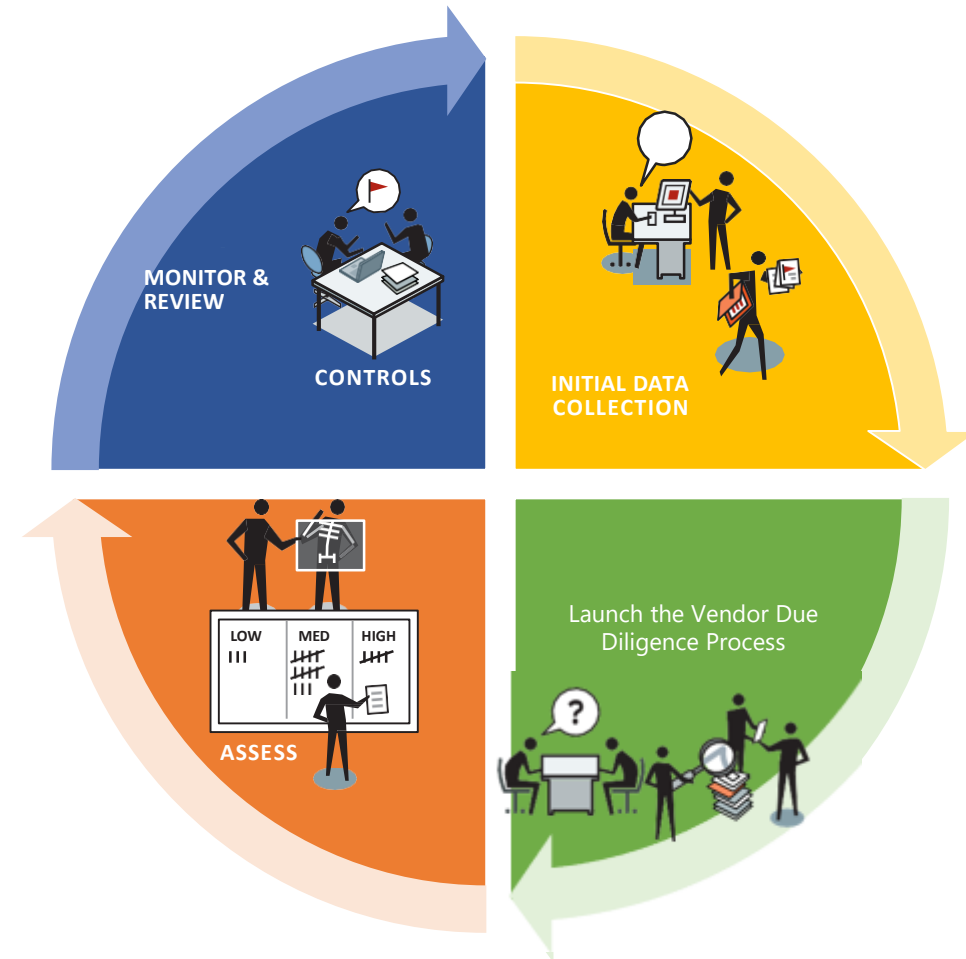
These triggers may signal a greater need for evaluating whether outsourcing vendor management and governance, either partially or fully, is right for your Organization:

- ✓ The pace and complexity of change exceed resource and/or capacity levels, i.e. keeping up has or will become a challenge.
- ✓ Significant change or investment is required to meet the demands.
- ✓ The time needed to develop what is needed internally is constraining short-term performance or regulatory compliance.
- ✓ There's an appetite to relinquish some control over evolving to a "future-state" function to achieve organizational objectives more immediately.
- ✓ The needs, demands and requirements have outgrown legacy processes, systems, functions and talent.
- ✓ The Organization is at-risk: regulatory non-compliance, lack of knowledge of vendor deficiencies, data breach exposures, etc.



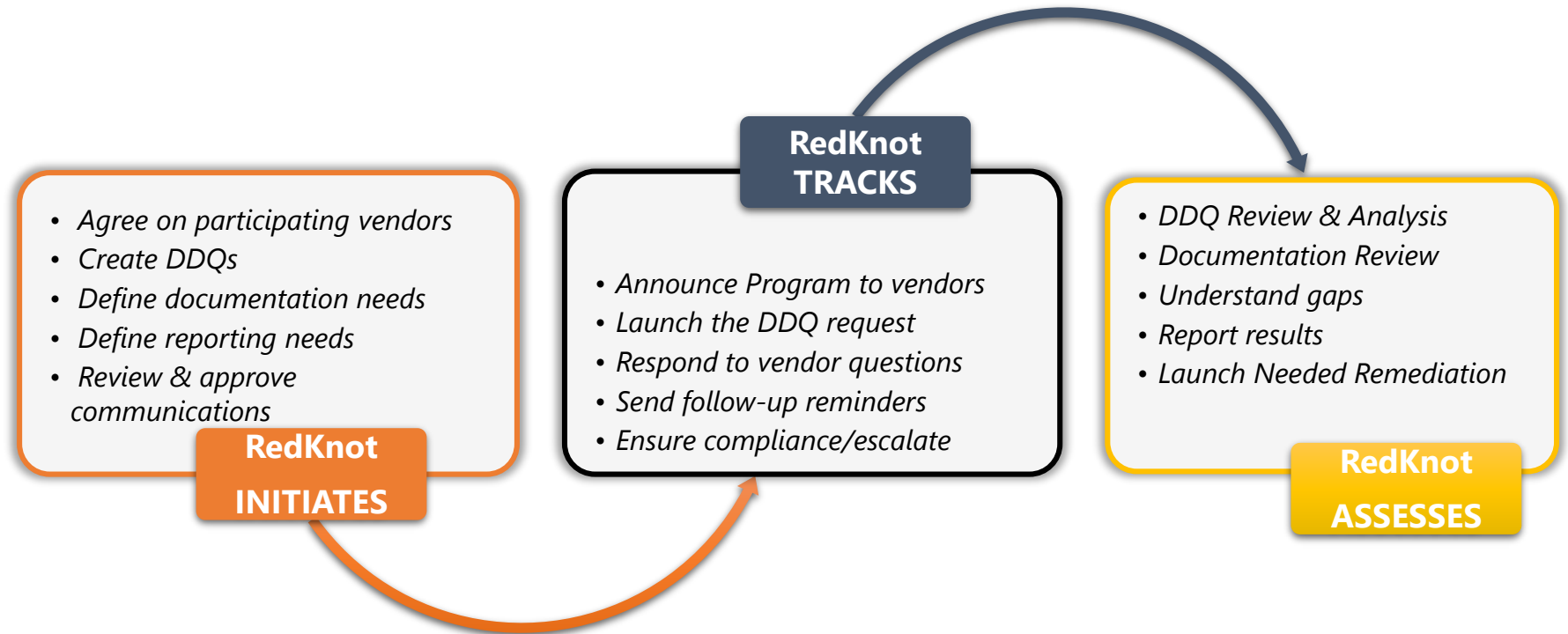
BIRD'S EYE VIEW : THIRD-PARTY RISK MANAGEMENT MANAGED SERVICES

- ✓ RedKnot provides a comprehensive vendor management framework -- from new vendor intake to ongoing governance and monitoring of existing vendors
- ✓ We execute due diligence as defined by your Organization's requirements, collect documentation and confirm independent assessment, i.e. SOC reports, ISO certifications
- ✓ All pre-approved vendor communications and follow-up are handled by RedKnot – from the managed services program announcement to remediation.
- ✓ RedKnot analyses vendors' submissions, identifying risk areas, gaps & reports on overall vendor health. For any remediation needs, we handle all of those requests as well.



HOW IT WORKS

- ✓ RedKnot's Managed Services solution is "software-agnostic." We can work with the application you already own or we can provide a SaaS-based solution to house and manage your vendor governance activities
- ✓ Through an understanding of your specific vendor management needs, RedKnot will customize the Due Diligence Questionnaire (DDQ), along with the needed documentation your vendors should provide, i.e. financials, SOC Reports, certifications, BCP test results, etc.



Your Logo Here

Vendor Governance Scorecard

Vendor:	ExampleCo
Risk Level:	High
Review Date:	2018-01-18
Reviewed By:	RedKnot Resource Group, LLC
Vendor Information Provided By:	John Doe

TOTAL POINTS EARNED	OVERALL SCORE
79%	C

ROBUST REPORTING OPTIONS WITH SUMMARY HEALTH SCORING

Based on Due Diligence Questionnaire Responses							
Category	Description	Weight %	A Met Expectations	B Minimum Expectations	C Below Expectations	Not Applicable	Score
Company Information	Provided insurance certificate and required documentation	5%	X				A
Information Security	Formally documented, communicated policies with appropriate third-party assessments and encryption and security measures in place.	15%			X		C
Change Management	Documented plan and process for change control from development to production deployment.	5%		X			B
System Maintenance	Policy documented for managing systems, security patches, restoration and regular maintenance.	10%			X		C
Access Controls	Adopted formal policy & procedures, login, password, entitlements, remote access, etc.	5%			X		C
Network Security	Adopted formal policy & procedures for access, threats, protection, appropriate testing and	10%		X			B
Physical Security	Company offices facilitate access for authorized personnel, surveillance and access controls in place.	5%		X			B
Business Continuity	Fully developed plan, with testing protocol, uptimes defined and back-up solution in place.	10%			X		C
Cyber Incident Response	Formal documented CIRP, staff training, notification plan and no breaches disclosed.	10%		X			B
Software Development	Environmental, outsourcing, access, testing and release structures in place.	5%		X			B
Third-Party/Outsourcing	Subcontractors and outsourcing parties subject to due diligence, security-related contractual provisions and guaranteed response times.	5%	X				A
Records/Discovery	Data lifecycle Management process in place for electronic and hard copy data; process in place handling electronic evidence; records destruction audited and certified.	5%	X				A
Financial Condition	Provided financial information & unqualified auditor's opinion	10%		X			B
Total % Available in This Category:		100%					79%

Comments:

Vendor handles NPP/PII:	Yes
NDA Status:	There is no NDA on file.
MSA Status:	The MSA and/or Terms of Service have been uploaded.
SOW Status:	The only contractual arrangement on file presently was uploaded.
Regulated by:	N/A
Any litigation (self-disclosed):	No
SOC Auditor's Statement:	No SOC Report - Handles PII
OFAC Check:	2018-01-08
Terrorist Exclusion List Check:	2018-01-08
Foreign Terrorist Organization Check:	2018-01-08
Charity/Front Org for Terror Check:	2018-01-08

Score Weighting	
A	100%
B	80%
C	70%
X	0%

Overall Grade Weighting*	
0%	X
70%	C
80%	B
90%	A

*Below 60% represents insufficient data for standard scorecard results.

HEAR ABOUT IT, BEFORE YOUR BOARD DOES...

Adaptive reputational monitoring, as risks evolve, is crucial to understanding how a vendor's health and actions can impact your organization.

As an added module to the Managed Services solution, RedKnot offers Reputational Monitoring, to alert you as events occur, including criminal background check on guarantors, liens, litigation, lawsuits, judgments, mergers/acquisitions, CFPB updates, earnings updates, changes in control, changes in ownership, Board of Director changes, issue/redemption/ repurchase, website content, weather impacts, etc.

RedKnot uses a proprietary tool to monitor and assess vendor health, risk and material events, with the following attributes:

- Access to 32+ Million Businesses
- 20+ Million with 1-4 Employees
- 10,000 Data Points Checked
- Updated Daily and reported to you when events occur that could negatively impact your organization



HELPING WHERE YOU ARE, GUIDING WHERE YOU WANT TO GO

As an extension of our Managed Services, RedKnot offers support that fits where you need it most -- bringing skills and experience from a diverse portfolio of successful projects to strengthen your company.

- Develop a governance and control roadmap
- Define requirements based on internal/regulatory needs
- Identify resource needs and constraints
- Explore technology solutions
- Implement the solution
- Integrate cross-functional components within the Organization
- Outsource fully or partially, to give you scale
- Strategic Sourcing
- RFI/RFP and Vendor Selection Management
- Vendor Segmentation
- Privacy Impact Assessments
- Materiality Assessments
- Data Impact Assessments
- On-site Audit Reviews
- Incident & Performance Tracking (SLAs/KPIs)

MANAGED SERVICES PHILOSOPHY

RedKnot supports the outsourced solution exclusively with U.S.-based team members. Three differentiating and critical components separate us from all the others, including:

- **Dedicated Support** – RedKnot Team members are assigned to your Organization’s relationship to perform the service. This offers continuity and helps build expertise regarding the specific arrangements and services being provided to your Organization, along with greater ongoing intelligence to help identify risks, trends and opportunities.
- **Adaptive Monitoring** – Your needs require a tailored approach, as well as scrutiny, evaluation and ongoing monitoring. As we service and grow our Managed Services relationship with you, we will adapt our approach to ensure we address specific concerns which may emerge.
- **Timely Evaluation and Reporting** – Given the dynamics of outsourcing, we provide visibility through robust reporting options for all levels in your Organization on specific cadences.



RECENT APPLICATIONS OF OUR EXPERTISE

Program Risk Governance for a \$150 million loan origination platform build-out for Top 10 bank including change control, integrated program plan, vendor management, communications and audit compliance. Collaboration with over 300 project participants to migrate commercial loan services and thousands of users to the new platform.

Vendor Management & Governance managed services for a San Francisco-based debt collection company, regulated by the CFPB and examined by numerous bank clients. Managed onboarding of new vendors, while providing inaugural due diligence for 80+ vendors who handle consumer data (PII/NPPI) and strategically significant services. Provided independent assessment & health scorecard, plus remediation tracking. Upon successful implementation, the client enrolled in additional services, including RedKnot's Quality Assurance and On-site Audit Program. Compliance with third-party risk management requirements allowed them to **more aggressively pursue new market share and new bank clients.**

Vendor Management & Governance transformation for a Georgia-based, nationwide lending company with 170 vendor owners from 23 departments. Established four governing employee "roles" for controlling users' access rights and permissions in a vendor management software application and populated the application with >650 vendors in four vendor categories. Implemented risk review and due diligence procedures; established comprehensive documentation of vendor relationships; provided employee training and support during organizational launch. Program has supported the Client's significant growth over last 12 months, including: **40% increase in Branch locations and over 200% growth in vendor relationships without adds to staff.**

Business Process Management program leveraging Agile methodology for a \$60 million treasury management services implementation platform build-out for a Top 3 bank, replacing two legacy platforms through designing, developing, testing and implementation to **bring significant cost savings and efficiency.**

New Business Services offering, including treasury management services for a large credit union in the southeast, requiring product selection, implementation, sales training for front-end and a dedicated sales team, with backroom support and operational functions. The initiative **garnered millions in new deposits and recurring revenue streams.**

CFPB risk assessment, policy and procedures development, exam preparation, training and workflow optimization for a San Francisco-based medical debt collection company. One year following the implementation, the CFPB determined to examine our client, however after providing all the upfront documentation, the regulator **cancelled the examination indefinitely.**

RedKnot's Key Clients

Headquartered in Birmingham, Alabama, RedKnot serves organizations who need a hands-on approach to building new programs, providing needed expertise to fill gaps or providing fully managed services for key risk areas of the organization. Industry representation: private equity, banks, insurance, non-bank lending and accounts receivable management.



THANK YOU

Let's talk

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