

Vendor Risk Management - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Vendor Risk Management Market size is estimated at USD 11.98 billion in 2024, and is expected to reach USD 21.59 billion by 2029, growing at a CAGR of greater than 12.5% during the forecast period (2024-2029).

The increasing number of third-party vendors in large as well as in small and medium enterprises, rapidly changing regulations across different regions, and the need to continuously monitor and analyze vendor performance are some of the factors responsible for the growing demand for vendor risk management.

Key Highlights

-Vendor risk management programs have an exhaustive plan for identifying and mitigating business uncertainties, legal liabilities, and reputational harm. As companies increase their use of outsourcing, VRM and third-party risk management evolve into an increasingly essential part of any enterprise risk management framework. A vendor risk program can enable organizations to observe supplier relationships over time, identify new risks, and measure supplier performance.

-Many extensive businesses are discovering that their systems and procedures related to VRM need to be revised from a purely business standpoint. They might have to pay substantial damages due to inadequate vendor risk management framework. For instance, an average of 30,000 different parts is required to create a single vehicle, increasing the complex processes and supply chain coordination necessary to manufacture automobiles globally. The supply chains, with numerous third-party manufacturers and service providers, contain a significant source of risk for manufacturers in a domino effect, which, in turn, is expected to increase the need for vendor risk management.

-In July 2023, AuditBoard launched its new IT risk management offering, AuditBoard ITRM, a purpose-built solution for CISOs and their teams. AuditBoard ITRM is designed to enable collaboration between IT security and other organizational functions to accelerate the identification and classification of IT systems, perform business impact assessments, and remediate identified

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issues, according to AuditBoard.

-Moreover, various laws and agencies such as the Office of the Comptroller of the Currency (OCC), the Health Insurance Portability and Accountability Act (HIPAA), the Consumer Financial Protection Bureau (CFPB), the Foreign Corrupt Practices Act (FCPA), Dodd-Frank, the HITECH Act, and the Gramm-Leach-Bliley Act require enterprises to set up a robust VRM framework, driving the end-user to adopt these solutions.

-The spread of the COVID-19 pandemic emphasized the need for solutions that would help organizations efficiently manage supply chains, identify critical suppliers, and omit any risks that are expected to augment the growth of vendor risk management solutions across various industries. The increased adoption of the cloud and the need for real-time analytics are expected to proliferate the market growth.

Vendor Risk Management Market Trends

BFSI is Expected to Witness Significant Growth

- The Banking sector is, by the nature of its business, a highly interconnected sector owing to rapidly growing third-party integration, increasing connected devices, online banking, and the need for faster transactions. Greater interconnectivity introduces higher cybersecurity risks, given that there are too many things to secure and monitor. The interconnected entities are likely connected to new entities, which could also be the source of cybersecurity risk.

- Third-party vendors can often pose some serious cybersecurity risks to outsourcing banks, such as financial/reputational damage, regulatory problems, operational disruptions, etc. For instance, Australian P&N Bank recently sent its customers a notification letter about a data breach that put the personal and sensitive account information of customers at risk. The bank stated that the breach occurred through its customer relationship management (CRM) platform operated by a third-party hosting firm. The information exposed included name, address, and contact details, e.g., email, phone number, customer number, age, account number, and account balance.

- In November 2023, True Digital Group strategically collaborated with FiscalNote Holdings, Inc., an AI-driven enterprise SaaS technology provider of policy and global intelligence, to map 3rd and 4th party vendors and monitor critical risks, presenting an opportunity for financial institutions to understand and monitor risks within their expansive supplier networks and elevate transparency throughout the vendor ecosystem.

- The IT department, data protection concerns, and the dangers of exchanging data with third parties may be the emphasis in the banking industry. Risks to product quality and safety may be the emphasis in the consumer products industry, with a goal of protecting both end consumers and the brand's reputation. Although organizations have been right to be proactive in managing risks to specific functions or aspects of the business, many haven't stepped back from this focused perspective to examine the broader business exposure, the holistic view that's essential to understanding overall risk exposure resulting from third parties and managing it enterprise-wide.

- The need for vendor risk management for compliance management, vendor information management, and financial control is rapidly increasing in the BFSI industry due to greater exposure and continuously changing regulations. For instance, the guidance provided by the Office of the Comptroller of the Currency (OCC) addresses specific types of third parties, such as cloud service providers, data aggregators, fintech companies, and subcontractors, and how regulations to follow while conducting business with these providers.

North America is Expected to Hold Major Share

- The vendor risk management market in the region is proliferating owing to advanced technological developments in the field of

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AI, machine learning, cloud, and IoT, growth of end-user industries such as BFSI, healthcare, and others, increasing levels of investments, and a growing emphasis on data security.

- In North America, extended enterprise risk management is a primary concern for companies as they work to reduce their exposure to third-party incidents and safeguard their brand in the market due to rising regulatory demands, compliance-related punishments, and heightened scrutiny regarding third parties. By creating an integrated enterprise technology infrastructure and following well-defined procedures, businesses are improving risk management and making use of their partnerships with third parties to generate value throughout the entire organization.

- Further, in June 2023, The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency, the major regulating agencies in the United States, issued final guidelines to help banks manage risks associated with their third-party relationships. The guidance provides principles for effective third-party risk management for all types of relationships, regardless of how they may be structured.

- Moreover, the region is home to numerous major business players who have supply chains spread on an international level, such as Amazon and Walmart, among others. Thus, the vendor risk management players have the opportunity to penetrate further in the region by offering advanced functionalities with the help of AI and machine learning.

Vendor Risk Management Industry Overview

The market for vendor risk management is semi-consolidated as few established players in the market have gained the majority of the market share and thus are highly competitive. The huge initial investment and capability to cope with the rapidly changing technology have made it difficult for new vendors to enter the market.

- November 2023 - Mertic Stream has announced a cloud GRC solution powered by MetricStream CyberGRC and AWS Audit Manager from Amazon Web Services (AWS), MetricStream's new cloud GRC solution is designed to provide customers with the ability to centrally manage risks, compliance standards, frameworks, and controls, and provides automated evidence gathering and assessments across on-premises and AWS environments.

- August 2022 - The most recent version of Prevalent, Inc.'s Third-Party Risk Management Platform was launched. Automated document analysis and customized dashboards are introduced in version 3.28 to expedite and streamline vendor management throughout the third-party lifecycle and the examination of supporting documentation.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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