DATA SHEET

ARAVO SUPPLIER RISK MANAGEMENT

Trouble Can Come From Any Direction

How do you define supplier risk? Is it the risk that comes from a key supplier financial failure? From supplier product quality or liability? From supply chain disruption due to natural disasters? Infrastructure failures? Geo-political factors? From commodity price volatility? Social responsibility failures or code of conduct violations? Regulatory compliance?

Unfortunately, in today's business environment the correct answer is "All of the above" – and more. Add to that the difficulty in measuring and monitoring those risks, combined with the complexity of developing mitigation plans, and it's no surprise that many enterprises are ill prepared to deal proactively with supplier risk. And for those that do have risk management programs, they too often are infrequent "check box" risk assessments limited to strategic suppliers that do not adequately protect the business or the brand.

Off-shoring, emerging market sourcing, and spend reduction initiatives have increased exposure without a related increase in comprehensive closed-loop risk assessment, planning and mitigation solutions. Companies must look beyond supplier credit ratings to understand and manage their full supplier risk exposure in a single view.

KEY BENEFITS

- Reduce the cost of supplier disruptions by anticipating risk through predictive risk metrics and alerts
- Improve risk management effectiveness with common processes and measures
- Enforce supplier policies and procedures to avoid risk
- Mitigate COGS impacts through proactive risk planning and intervention
- Prevent brand erosion from supplier actions
- Improve risk mitigation planning with a single centralized view of all supplier risk factors

SOLUTION SUMMARY

Aravo Supplier Risk Management is the industry's leading SaaS solution to measure, monitor and manage supplier risk in a closed-loop process. You can leverage supplier segmentation processes to prioritize the suppliers on which to assess risk, tailor the factors to your priority drivers, and automatically initiate corrective action and contingency planning. Further, *Aravo Supplier Risk Management* allows for custom configurations with industry or geographic inputs allowing you to create your own risk profile/model, scoring calculations, acceptance thresholds, etc. By combining individual risk scores into configurable, dynamic calculations that yield indexes and dashboards, you simplify proactive risk identification and decision-making. *Aravo Supplier Risk Management* significantly reduces the cost and time of planning and executing an effective and comprehensive risk program, resulting in reduced risk and improved business predictability.

> **"Over the past year, fifty-eight percent (58%) of companies suffered financial losses as a result of supply chain disruptions."**
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> *- Aberdeen Supply Chain Risk Management Study: Building a Resilient Global Supply Chain*

> ARAVO BEST PRACTICES: PROCESS EXAMPLES

Aravo Supplier Risk Management is a core component of Aravo's market-leading Supplier Information Management (SIM) platform. By automating and managing supplier risk assessment and mitigation, *Aravo Supplier Risk Management* allows you to proactively reduce supplier risk across the enterprise.

RISK TYPES

Aravo Supplier Risk Management makes risk assessment and mitigation a proactive, comprehensive and automated process that turns risk management into a competitive advantage. Tailored to the unique needs of your business and your industry, it moves beyond today's limited use of financial credit information and adds Aravo's best-practice library of quantitative and qualitative factors covering everything from insurance coverage, to corporate and regulatory policy compliance, supply chain disruption, and corporate social responsibility. Examples of key risk areas supported by Aravo include:

Financial	SCM Disruption	Regulatory Comp
FCPA	Sustainability & CSR	Watch Lists
Geo-political	Data Security/Privacy	Production reliability

RISK MANAGEMENT

Aravo Supplier Risk Management combines Aravo's project management, document management, workflow, supplier surveys, and dynamic scoring capabilities to facilitate the process of assessing, measuring and managing supplier risk. Best-practice risk management process steps include:

1. Define targeted risk factors and related information to be gathered from suppliers and 3rd parties to support assessment.
2. Specify calculations – from Altman Z-scores to scoring based upon answers to a set of questions – to create scores covering targeted factors.
3. Define how scores are to be weighted and rolled up into a total risk score.
4. Create assessment workflows to collect information and enforce procedures.
5. Identify suppliers to participate in initiative and drive email communication to begin collection of required risk information.
6. Complete dynamic online surveys (suppliers) and attach required documents.
7. User-defined workflows manage review, approve, escalate, and validate data.
8. Configure alerts tied to specific risk conditions and thresholds.
9. Highlight risk status and remediation plan via dashboards.
10. Automatically trigger corrective action based upon the risk factors.

KEY FEATURES

- Best-practice risk factor library
- User-defined factors/calcs
- User-defined risk surveys
- Configurable collection and assessment workflows
- Dynamic score calculation
- Weighted risk scores with roll-up into total risk measures
- Purpose-built rules engine
- Configurable alerts
- Workflow-based corrective actions
- Policy/regulatory monitoring and alerts
- Health meters with workflow triggers based on 'meet/exceed' scores and calcs
- Audit trails and data repository for internal/external reporting
- Real-time dashboards to track risk projects and initiatives
- Collaborative workspaces for supplier audits/communications

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About Aravo

The world's best-run businesses utilize Aravo's SaaS Supplier Information Management platform to reduce the cost of managing suppliers by up to 72% and to transform their supplier on-boarding, compliance, enablement, and risk management challenges into competitive advantage. General Electric, Goldman Sachs, Accenture, and Deutsche Bank rely on Aravo to manage information and processes for over 1.5 million global suppliers. Aravo is based in San Francisco, with offices in Chicago, New York, and Ahmedabad, India, and is backed by over $50 million in investment from Cisco Systems, Big Sky Partners, and the Charles Schwab family. For more information regarding Aravo's award-winning solutions please visit http://www.aravo.com or view our blogs at http://www.2sustain.com and http://atrisk.net