

## *Managing Risk and Security Efficiently and Affordably*

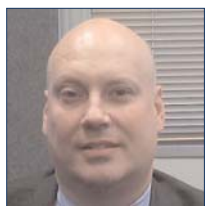
Banks now realize that they must manage vendor risk the same way that they manage customer related risk. The exposure to banks that do not adequately monitor vendors is significant as seen in the examples of Centrix or Millionaire's University. Having an automated solution that risk-rates vendors, generates emails directly to vendors requesting information updates and to bank employees informing them of various tasks to complete significantly saves time, which is usually the biggest expense in compliance monitoring.

In addition, allowing all authorized employees to access information and contracts on vendors saves time and mitigates risk. Many banks allow their contracts to rollover because they do not keep track of the automatic renewal dates in the contracts. Sending automatic alerts to employees can save a bank tens of thousands of dollars a year and more than pay for a vendor tracking package.

Many banks are searching for a solution that can help them manage risk, minimize costs and maximize the benefits of utilizing third party vendors, and many have found that solution in VendorXpert.

Because the FDIC has made vendor due diligence a high priority in 2010 and beyond, banks must work toward developing a risk methodology based on a mathematical formula and apply this consistently to all vendors. Banks also need to allow employees to input and access information on vendors so that all of the knowledge within the organization is shared. Having an automated scheduler that informs management and employees of tasks that must be performed and which tasks are past due strengthens the security of the organization. Finally, documenting the access a vendor has to the bank and the times that vendor uses that access allows the organization the ability to identify a potential security concern immediately. Both FDIC examiners and internal auditors are looking for this type of information that can only be provided by a specialized vendor management package - spreadsheets are simply inadequate.

For banks to truly manage the risks posed by outsourcing and other third-party relationships - which are growing exponentially at many banks - they must have a robust system in place that centralizes and integrates all the information regarding vendors including their financial statements, performance, contracts, renewal dates and much more. They must have a risk analysis methodology that is either applied systematically to all vendors or that tracks exceptions. Our comprehensive application for vendor management, VendorXpert, handles all of the documentation, the risk rating and follows the FDIC's guidelines strictly for vendor management - all in a user-friendly Web-based environment. No bank today can afford to stand by and allow vendor relationships to "run themselves", which is why so many are turning to our VendorXpert solution to affordably handle this task.



**Jon Rhodes**  
Treasurer

**Jon Rhodes** is Treasurer of Innovative Strategic Solutions, LLC. Jon has a Bachelor of Science in Economics from George Mason University and a MBA from Averett University. Innovative Strategic Solutions, LLC was formed to help financial institutions optimize their operational potential by offering needed services of superior quality at a cost that is affordable. Innovative Strategic Solutions, LLC currently provides collection services, software solutions and other services to more than twenty financial institutions across the United States.

